

BANK BRADESCO
Form 6-K
August 12, 2003

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

FORM 6-K

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

For the month of August, 2003

Commission File Number 1-15250

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

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

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

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

Form 20-F Form 40-F

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

Yes No

**Report on Economic and
Financial Analysis**

JUNE 2003

Financial Market Indicators (%)

| Index | 2002 | | | 2003 | | |
|-----------------------|----------|----------|----------|----------|----------|----------|
| | 1st Qtr. | 2nd Qtr. | 1st Half | 1st Qtr. | 2nd Qtr. | 1st Half |
| CDI | 4.20 | 4.28 | 8.67 | 5.68 | 5.78 | 11.79 |
| IBOVESPA Average | (2.38) | (15.96) | (17.96) | 0.04 | 15.07 | 15.12 |
| USD - Commercial rate | 0.14 | 22.41 | 22.58 | (5.10) | (14.35) | (18.72) |
| IGP-M | 0.51 | 2.95 | 3.48 | 6.26 | (0.35) | 5.89 |
| IPCA IBGE | 1.49 | 1.43 | 2.94 | 5.13 | 1.43 | 6.64 |
| TJLP | 2.41 | 2.29 | 4.76 | 2.63 | 2.87 | 5.58 |
| TR | 0.55 | 0.60 | 1.16 | 1.28 | 1.31 | 2.61 |

| Index | 2002 | | | 2003 | | |
|--------------------------------|----------|----------|----------|----------|----------|----------|
| | 1st Qtr. | 2nd Qtr. | 1st Half | 1st Qtr. | 2nd Qtr. | 1st Half |
| USD Commercial rate (in reais) | 2.3236 | 2.8444 | 2.8444 | 3.3531 | 2.8720 | 2.8720 |

U.S. dollar (closing price sell)

Compulsory Deposit Rates (%)

| Index | 2002 | | 2003 | |
|---------------------------------|----------|----------|----------|----------|
| | 1st Qtr. | 2nd Qtr. | 1st Qtr. | 2nd Qtr. |
| Demand deposits ⁽¹⁾ | 45 | 45 | 60 | 60 |
| Additional ⁽²⁾ | - | - | 8 | 8 |
| Time deposits ⁽³⁾ | 10 | 15 | 15 | 15 |
| Additional ⁽²⁾ | - | - | 8 | 8 |
| Savings deposits ⁽⁴⁾ | 15 | 20 | 20 | 20 |

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| | | | | |
|---------------------------|---|---|----|----|
| Additional ⁽²⁾ | - | - | 10 | 10 |
|---------------------------|---|---|----|----|

- (1) Cash deposit no remuneration.
(2) Cash deposit SELIC rate.
(3) Deposit in Government Securities.
(4) Cash deposit Reference Rate (TR) + interest of 6.17% p.a.

Rates and Limits (%)

| Index | 2002 | | 2003 | |
|-----------------------------|----------|----------|----------|----------|
| | 1st Qtr. | 2nd Qtr. | 1st Qtr. | 2nd Qtr. |
| Income tax | 25 | 25 | 25 | 25 |
| Social contribution | 9 | 9 | 9 | 9 |
| PIS | 0.65 | 0.65 | 0.65 | 0.65 |
| COFINS | 3 | 3 | 3 | 3 |
| Legal reserve on net income | 5 | 5 | 5 | 5 |
| Maximum fixed assets (*) | 70 | 60 | 50 | 50 |
| Minimum capital Basel (**) | 11 | 11 | 11 | 11 |

(*) On reference equity.

(**) Reference equity may not be lower than 11% of weighted assets.

Forward-Looking Statements

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

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

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

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1 Analysis of Consolidated Results

Profitability

Bradesco reported first-half net income of R\$ 1.027 billion, corresponding to R\$ 0.65 per thousand shares and a return of 17.08% on stockholders' equity, annualized, and 18.66% on average stockholders' equity.

Net income for 1H03 increased by 13.61%, compared to the same period in 2002.

Net income for the second quarter of 2003 (2Q03) was R\$ 519 million, an increase of 2.39% in comparison with the first quarter of 2003 (1Q03).

The annualized return on total assets was 1.33%.

Comparative Statement of Income (in millions of reais)

| | 1st Half 2002 | 1st Half 2003 | % Var. | 1st Qtr. 2003 | 2nd Qtr. 2003 | % Var. |
|---|--------------------------|--------------------------|-------------------|--------------------------|--------------------------|-------------------|
| INCOME FROM LENDING AND TRADING ACTIVITIES | 13,018 | 12,182 | (6.4) | 7,083 | 5,099 | (28.0) |
| Credit operations | 6,862 | 5,628 | (18.0) | 2,940 | 2,688 | (8.6) |
| Leasing operations | 206 | 143 | (30.6) | 77 | 66 | (14.3) |
| Securities | 3,921 | 2,786 | (28.9) | 1,791 | 995 | (44.4) |
| Financial income on insurance, private pension plans and savings bonds | 1,103 | 2,613 | 136.9 | 1,441 | 1,172 | (18.7) |
| Derivative financial instruments | (795) | 13 | (101.6) | 374 | (361) | (196.5) |
| Foreign exchange transactions | 1,580 | 268 | (83.0) | 99 | 169 | 70.7 |
| Compulsory deposits | 141 | 731 | 418.4 | 361 | 370 | 2.5 |
| EXPENSES | 9,661 | 7,593 | (21.4) | 4,525 | 3,068 | (32.2) |
| Interest and charges on: | | | | | | |
| Deposits | 4,949 | 4,496 | (9.2) | 2,670 | 1,826 | (31.6) |

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| | | | | | | |
|---|----------------|----------------|--------------|----------------|----------------|---------------|
| Price-level restatement and interest on technical reserves for insurance, private pension plans and savings bonds | 743 | 1,658 | 123.1 | 902 | 756 | (16.2) |
| Borrowings and onlendings | 2,619 | 38 | (98.5) | 141 | (103) | (173.0) |
| Leasing operations | 6 | 6 | - | 3 | 3 | - |
| Provision for loan losses | 1,344 | 1,395 | 3.8 | 809 | 586 | (27.6) |
| INCOME FROM FINANCIAL INTERMEDIATION | 3,357 | 4,589 | 36.7 | 2,558 | 2,031 | (20.6) |
| OTHER OPERATING INCOME (EXPENSES) | (2,201) | (2,590) | 17.7 | (1,418) | (1,172) | (17.3) |
| Commissions and fees | 1,786 | 2,093 | 17.2 | 1,013 | 1,080 | 6.6 |
| Retained insurance premiums, private pension plans and savings bonds | 4,212 | 5,679 | 34.8 | 2,770 | 2,909 | 5.0 |
| Variation in technical reserves for insurance, private pension plans and savings bonds | (427) | (1,725) | 304.0 | (988) | (737) | (25.4) |
| Claims Insurance operations | (1,758) | (2,256) | 28.3 | (1,019) | (1,237) | 21.4 |
| Savings bond redemptions | (372) | (452) | 21.5 | (198) | (254) | 28.3 |
| Insurance and pension plan selling expenses | (321) | (363) | 13.1 | (180) | (183) | 1.7 |
| Expenses with pension plan benefits and redemptions | (760) | (851) | 12.0 | (390) | (461) | 18.2 |
| Personnel expenses | (1,884) | (2,201) | 16.8 | (1,053) | (1,148) | 9.0 |
| Other administrative expenses | (1,854) | (2,254) | 21.6 | (1,101) | (1,153) | 4.7 |
| Tax expenses | (404) | (506) | 25.2 | (268) | (238) | (11.2) |
| Equity in the earnings of subsidiary and associated companies | 23 | (33) | (243.5) | (5) | (28) | 460.0 |
| Other operating income | 660 | 1,494 | 126.4 | 657 | 837 | 27.4 |
| Other operating expenses | (1,102) | (1,215) | 10.3 | (656) | (559) | (14.8) |
| OPERATING INCOME | 1,156 | 1,999 | 72.9 | 1,140 | 859 | (24.6) |
| NON-OPERATING INCOME | (10) | (777) | 7,670 | (682) | (95) | (86.1) |
| INCOME BEFORE TAXES AND PROFIT SHARING | 1,146 | 1,222 | 6.6 | 458 | 764 | 66.8 |
| PROVISION FOR INCOME TAX AND SOCIAL CONTRIBUTION | (234) | (190) | (18.8) | 53 | (243) | (558.5) |
| MINORITY INTEREST | (8) | (5) | (37.5) | (3) | (2) | (33.3) |
| NET INCOME | 904 | 1,027 | 13.6 | 508 | 519 | 2.2 |
| ANNUALIZED RETURN ON STOCKHOLDERS EQUITY (%) | 18.7 | 17.1 | - | 18.5 | 17.6 | - |

Analysis of the Statement of Income (in millions of reais)

Income from Credit and Leasing Operations

| 1st Half | | | Quarter 2003 | | |
|----------|-------|-------------|--------------|----------|-------------|
| 2002 | 2003 | % Variation | 1st Qtr. | 2nd Qtr. | % Variation |
| 7,062 | 5,765 | (18.4) | 3,014 | 2,751 | (8.7) |

This decrease mainly reflects: (i) negative exchange variation of 18.72% in 1H03 against positive exchange variation of 22.58% in 1H02, impacting U.S. dollar-denominated or dollar-indexed operations, comprising 23.67% of total credit and leasing operations.

This decrease mainly reflects negative exchange variation of 14.35% in 2Q03 against negative exchange variation of 5.10% in 1Q03, impacting U.S. dollar-denominated or dollar-indexed operations.

Results of Securities and Derivative Financial Instrument Operations

| 1st Half | | |
|----------|-------|-------------|
| 2002 | 2003 | % Variation |
| 3,126 | 2,799 | (10.5) |

The variation was mainly due to: (i) negative exchange variation for the period; and (ii) increase in the compulsory deposit rate; offset by (iii) market recovery; and by (iv) increase in financial volume.

| Quarter 2003 | | |
|--------------|----------|-------------|
| 1st Qtr. | 2nd Qtr. | % Variation |
| 2,165 | 634 | (70.7) |

The decrease was mainly generated by negative exchange variation in 2Q03, impacting securities denominated or indexed in U.S. dollars and derivative financial instruments, used to hedge operations. In addition, the positive impact verified in 1Q03 as a result of market recovery, was not repeated.

Financial Income on Insurance, Private Pension Plans and Savings Bonds

| 1st Half | | |
|----------|-------|-------------|
| 2002 | 2003 | % Variation |
| 1,103 | 2,613 | 136.9 |

The increase for the period was derived from (i) the growth in the average volume of investments; (ii) market recovery; and (iii) the increase in investment rates.

| Quarter 2003 | | |
|--------------|----------|-------------|
| 1st Qtr. | 2nd Qtr. | % Variation |
| 1,441 | 1,172 | (18.7) |

This variation was mainly generated by: (i) the downturn in IGPM-indexed securities; (ii) non-repetition in 2Q03 of the positive impact following the market recovery verified in 1Q03; partially offset by (iii) the increase in the volume of securities subject to technical reserves.

Results of Foreign Exchange Transactions

| 1st Half | | |
|----------|------|-------------|
| 2002 | 2003 | % Variation |
| 1,580 | 268 | (83.0) |

This account should be analyzed net of foreign funding expenses used to finance import/export operations, as described in Note 14a to the financial statements. Net of these deductions, results would total R\$ 173 in 1H02 and R\$ 178 in 1H03.

| Quarter 2003 | | |
|--------------|----------|-------------|
| 1st Qtr. | 2nd Qtr. | % Variation |
| 99 | 169 | 70.7 |

This account should be analyzed net of foreign funding expenses used to finance import/export operations. Net of these deductions, results would total R\$ 72 in 1Q03 and R\$ 106 in 2Q03, affected by an increase in foreign exchange portfolio volume.

Results of Compulsory Deposits

| 1st Half | | |
|----------|------|-------------|
| 2002 | 2003 | % Variation |

| Quarter 2003 | | |
|--------------|----------|-------------|
| 1st Qtr. | 2nd Qtr. | % Variation |

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| | | |
|------------|------------|--------------|
| 141 | 731 | 418.4 |
|------------|------------|--------------|

This variation was mainly due to: (i) the creation of an additional rate of 8% for demand and time deposits and of 10% for savings account deposits, both remunerated based on the SELIC rate; (ii) the 5% increase in the compulsory savings account deposit rate; (iii) the increase in the TR reference rate used to remunerate savings account deposits, from 1.16% in 1H02 to 2.61% in 1H03; and (iv) the increase in the average volume of deposits.

Interest and Charges on Deposits

| 1st Half | | |
|-----------------|--------------|--------------------|
| 2002 | 2003 | % Variation |
| 4,949 | 4,496 | (9.2) |

This decrease mainly reflects: negative exchange variation in 1H03, particularly impacting securities issued abroad, offset by an increase in deposit volume /rates.

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

| 1st Half | | |
|-----------------|--------------|--------------------|
| 2002 | 2003 | % Variation |
| 743 | 1.658 | 123,1 |

The increase for the period was derived from: (i) the increase in the average volume of technical reserves; (ii) market recovery and the increase in the investment rates of assets subject to technical reserves, reflected accordingly.

Expenses for Borrowings and Onlendings

| 1st Half | | |
|-----------------|-------------|--------------------|
| 2002 | 2003 | % Variation |
| 2,619 | 38 | (98.5) |

This decrease was mainly due to: (i) negative exchange variation in 1H03 against positive exchange variation in 1H02.

| | | |
|------------|------------|------------|
| 361 | 370 | 2.5 |
|------------|------------|------------|

This increase mainly reflects: (i) the variation in the balance of deposits as a result of the consolidation of BBV Banco; and, to a lesser degree, (ii) the increase in the TR reference rate used to remunerate savings account deposits, from 1.28% in 1Q03 to 1.31% in 2Q03.

| Quarter 2003 | | |
|---------------------|-----------------|--------------------|
| 1st Qtr. | 2nd Qtr. | % Variation |
| 2,670 | 1,826 | (31.6) |

This decrease mainly reflects negative exchange variation in 2Q03, particularly impacting securities issued abroad.

| Quarter 2003 | | |
|---------------------|-----------------|--------------------|
| 1st Qtr. | 2nd Qtr. | % Variation |
| 902 | 756 | (16,2) |

The variation was mainly generated by: (i) the downturn in IGPM-indexed reserves; (ii) the positive impact following market recovery verified in 1Q03, affecting assets subject to technical reserves, reflected accordingly, partially offset by the increase in the volume of technical reserves.

| Quarter 2003 | | |
|---------------------|-----------------|--------------------|
| 1st Qtr. | 2nd Qtr. | % Variation |
| 141 | (103) | (173.0) |

This decrease was mainly generated by negative exchange variation on foreign borrowings and onlendings.

Financial Margin

| 1st Half | | |
|----------|-------|-------------|
| 2002 | 2003 | % Variation |
| 4,701 | 5,984 | 27.3 |

Margin growth reflects increased volume and market recovery, partially offset by the increase in the compulsory deposit rate and negative exchange variation in 1H03. The annualized financial margin on average total assets increased from 8.1% in 1H02 to 8.3% in 1H03. Adjusting the additional provision for market risk fluctuation recorded/reversed for these periods, the annualized financial margin would be 8.3% and 9.0%, respectively.

Expenses for Provision for Loan Losses

| 1st Half | | |
|----------|-------|-------------|
| 2002 | 2003 | % Variation |
| 1,344 | 1,395 | 3.8 |

Excluding the additional provisions of R\$ 57 and R\$ 312, recorded in 1H02 and 1H03, respectively, the decrease of R\$ 203 in this expense reflects the Bank's selective credit granting policy.

Income on Commissions and Fees

| 1st Half | | |
|----------|-------|-------------|
| 2002 | 2003 | % Variation |
| 1,786 | 2,093 | 17.2 |

This growth reflects increased revenue from: (i) cards - R\$ 99; (ii) checking accounts - R\$ 79, mainly maintenance charges; (iii) credit operations - R\$ 79, mainly from contracting and opening of credit; (iv) collection - R\$ 18; and (v) the consolidation of BBV Banco - R\$ 10; offset by decreased revenue from (vi) managed funds - R\$ 11.

Income on Insurance Premiums, Private Pension Plans and Savings Bonds

| 1st Half | | |
|----------|--|--|
|----------|--|--|

| Quarter 2003 | | |
|--------------|----------|-------------|
| 1st Qtr. | 2nd Qtr. | % Variation |
| 3,367 | 2,617 | (22.3) |

The decrease in this margin reflects the increase in the compulsory deposit rate, greater negative exchange variation in 2Q03 and non-repetition in 2Q03 of the positive impact following market recovery verified in 1Q03. The annualized financial margin on average total assets decreased from 9.7% in 1Q03 to 7.2% in 2Q03. Adjusting the additional provision for market risk fluctuation recorded/reversed for these periods, the annualized financial margin would be 10.2% and 8.1%, respectively.

| Quarter 2003 | | |
|--------------|----------|-------------|
| 1st Qtr. | 2nd Qtr. | % Variation |
| 809 | 586 | (27.6) |

Excluding the additional provisions of R\$ 298 and R\$ 14, recorded in 1Q03 and 2Q03, respectively, there is an increase of R\$ 63.

| Quarter 2003 | | |
|--------------|----------|-------------|
| 1st Qtr. | 2nd Qtr. | % Variation |
| 1,013 | 1,080 | 6.6 |

Growth for the quarter reflects increased revenue from: (i) income on fund management - R\$ 23; (ii) checking accounts - R\$ 15, mainly maintenance charges; (iii) credit operations - R\$ 13, mainly from contracting and opening of credit; (iv) the consolidation of BBV Banco - R\$ 10; and (v) collection - R\$ 5, offset by decreased revenue from (vi) credit cards - R\$ 8.

| Quarter 2003 | | |
|--------------|--|--|
|--------------|--|--|

| 2002 | 2003 | % Variation |
|-------|-------|-------------|
| 4,212 | 5,679 | 34.8 |

This variation was mainly derived from a greater sales volume of Vida e Previdência (VGBL/PGBL) line products, as well as savings bonds and auto-line insurance.

| 1st Qtr. | 2nd Qtr. | % Variation |
|----------|----------|-------------|
| 2,770 | 2,909 | 5.0 |

This variation was mainly derived from an increase in auto-line sales and savings bonds.

Variation in Technical Reserves for Insurance, Pension Plans and Savings Bonds

| 1st Half | | |
|----------|---------|-------------|
| 2002 | 2003 | % Variation |
| (427) | (1,725) | 304.0 |

This variation was derived from the growth in technical reserves, mainly as a result of an increase in VGBL and auto product sales, as well as savings bond certificates.

| Quarter 2003 | | |
|--------------|----------|-------------|
| 1st Qtr. | 2nd Qtr. | % Variation |
| (988) | (737) | (25.4) |

This variation was generated by: (i) fewer supplementary pension plan product sales in 2Q03; offset by (ii) increased sales of auto-line products and savings bond certificates.

Insurance Claims

| 1st Half | | |
|----------|---------|-------------|
| 2002 | 2003 | % Variation |
| (1,758) | (2,256) | 28.3 |

The increase in claims was mainly generated by: (i) increased Life and VGBL insurance premium redemptions, as well as the lengthening of the provision for claims incurred but not reported (IBNR) from 6 to 12 months in the health line and to a lesser degree: (ii) the increase in Auto-line claims.

| Quarter 2003 | | |
|--------------|----------|-------------|
| 1st Qtr. | 2nd Qtr. | % Variation |
| (1,019) | (1,237) | 21.4 |

The increase in claims was mainly generated by: (i) increased Life and VGBL insurance premium redemptions, as well as the lengthening of the provision for claims incurred but not reported (IBNR) from 6 to 12 months in the health line and to a lesser degree: (ii) the increase in Auto-line claims.

Savings Bond Redemptions

| 1st Half | | |
|----------|-------|-------------|
| 2002 | 2003 | % Variation |
| (372) | (452) | 21.5 |

This growth is a direct reflection of the increase in the volume of single payment bonds falling due in 1H03, which were redeemed.

| Quarter 2003 | | |
|--------------|----------|-------------|
| 1st Qtr. | 2nd Qtr. | % Variation |
| (198) | (254) | 28.3 |

This growth is a direct reflection of the increase in the volume of single payment bonds falling due in 2Q03, which were redeemed.

Insurance and Pension Plan Selling Expenses

| 1st Half | | |
|----------|-------|-------------|
| 2002 | 2003 | % Variation |
| (321) | (363) | 13.1 |

This increase was generated for the most part by growing Auto and Basic line insurance sales even though the ratio of sales to premiums remained consistent with the prior period.

Expenses with Pension Plan Benefits and Redemptions

| 1st Half | | |
|----------|-------|-------------|
| 2002 | 2003 | % Variation |
| (760) | (851) | 12.0 |

The variation in this account was mainly due to the increase in the payment of pension plan redemptions as a result of specific PGBL plan features which permit withdrawals at any time.

Personnel Expenses

| 1st Half | | |
|----------|---------|-------------|
| 2002 | 2003 | % Variation |
| (1,884) | (2,201) | 16.8 |

This increase was mainly generated by: (i) salary increases, pursuant to trade-union agreements (September/02); (ii) increased expenses for benefits; and (iii) an increase in the number of employees, subsequent to the acquisition of BBV Banco in 2Q03 R\$ 29 and Banco Mercantil R\$ 70, following consolidation in 2Q02.

Other Administrative Expenses

| 1st Half | | |
|----------|---------|-------------|
| 2002 | 2003 | % Variation |
| (1,854) | (2,254) | 21.6 |

| Quarter 2003 | | |
|--------------|----------|-------------|
| 1st Qtr. | 2nd Qtr. | % Variation |
| (180) | (183) | 1.7 |

Selling expenses remained practically stable for the quarter.

| Quarter 2003 | | |
|--------------|----------|-------------|
| 1st Qtr. | 2nd Qtr. | % Variation |
| (390) | (461) | 18.2 |

The variation in this account was mainly due to the increase in the payment of pension plan redemptions as a result of specific PGBL plan features which permit withdrawals at any time.

| Quarter 2003 | | |
|--------------|----------|-------------|
| 1st Qtr. | 2nd Qtr. | % Variation |
| (1,053) | (1,148) | 9.0 |

This increase was generated mainly by: (i) increased expenses for benefits R\$ 36; (ii) an increase in the number of employees, following the consolidation of BBV Banco, with expenses of R\$ 29; (iii) training R\$ 10; and (iv) lower expenses as a result of the concentration of vacation pay in 1Q03.

| Quarter 2003 | | |
|--------------|----------|-------------|
| 1st Qtr. | 2nd Qtr. | % Variation |
| (1,101) | (1,153) | 4.7 |

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The increase in this expense mainly reflects expansion in the customer service network, in particular: (i) depreciation and amortization - R\$ 60; (ii) third-party services - R\$ 50; (iii) rents - R\$ 44, mainly relating to branches which were auctioned subsequent to June 2002; (iv) communications - R\$ 39, mainly as a result of increases in public utility tariffs; (v) leasing - R\$ 36; and (vi) consolidation of BBV Banco - R\$ 31.

The increase for this quarter reflects increased expenses for: (i) consolidation of BBV Banco - R\$ 31; (ii) publicity and advertising - R\$ 11; and (iii) third-party services - R\$ 9.

Tax Expenses

| 1st Half | | |
|----------|-------|-------------|
| 2002 | 2003 | % Variation |
| (404) | (506) | 25.2 |

The growth rate mainly reflects increases in expenses for: (i) PIS/COFINS, consistent with taxable income growth for the period and (ii) CPMF.

| Quarter 2003 | | |
|--------------|----------|-------------|
| 1st Qtr. | 2nd Qtr. | % Variation |
| (268) | (238) | (11.2) |

The variation in this quarter mainly reflects less expense for PIS, COFINS and CPMF.

Equity in the Earnings of Subsidiary and Associated Companies

| 1st Half | | |
|----------|------|-------------|
| 2002 | 2003 | % Variation |
| 23 | (33) | (243.5) |

This variation was mainly generated by equity in earnings determined in IRB Brasil Resseguros S.A. of R\$ 22 in 1H02 against equity in loss of R\$ 28 in 1H03.

| Quarter 2003 | | |
|--------------|----------|-------------|
| 1st Qtr. | 2nd Qtr. | % Variation |
| (5) | (28) | 460.0 |

The variation mainly reflects equity in loss determined in IRB Brasil Resseguros S.A. - R\$ 1 in 1Q03 and R\$ 27 in 2Q03.

Other Operating Income

| 1st Half | | |
|----------|-------|-------------|
| 2002 | 2003 | % Variation |
| 660 | 1,494 | 126.4 |

The increase for the period is mainly due to reversal of the provision for exchange variation - R\$ 504 and other operating provisions - R\$ 322 in 1H03.

| Quarter 2003 | | |
|--------------|----------|-------------|
| 1st Qtr. | 2nd Qtr. | % Variation |
| 657 | 837 | 27.4 |

The increase for the quarter is mainly due to reversal of the provision for exchange variation - R\$ 166 in 1Q03 and R\$ 338 in 2Q03.

Other Operating Expenses

| 1st Half | | |
|----------|--|--|
|----------|--|--|

| Quarter 2003 | | |
|--------------|--|--|
|--------------|--|--|

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| 2002 | 2003 | % Variation |
|---------|---------|-------------|
| (1,102) | (1,215) | 10.3 |

The variation is mainly due to: (i) increase in financial expenses - R\$ 48; (ii) cost of services rendered - R\$ 37; and (iii) amortization of goodwill in subsidiary and associated companies - R\$ 23.

Operating Income

| 1st Half | | |
|----------|-------|-------------|
| 2002 | 2003 | % Variation |
| 1,156 | 1,999 | 72.9 |

This growth is mainly derived from: (i) the positive variation in financial margin; (ii) reversal of provisions, mainly for exchange variation; (iii) increase in income from commissions and fees; partially offset by (iv) lower income from insurance; and by (v) an increase in personnel and administrative expenses.

Non-operating Income

| 1st Half | | |
|----------|-------|-------------|
| 2002 | 2003 | % Variation |
| (10) | (777) | 7,670.0 |

The variation for the period is mainly due to extraordinary amortization of goodwill of Banco Mercantil - R\$ 681. N.B. Goodwill held by Boavista DTVM in Banco Mercantil, following the merger approved on March 31, 2003, was amortized on an extraordinary basis pursuant to BACEN Circular 3017/2000.

Income Tax and Social Contribution

| 1st Half | | |
|----------|-------|-------------|
| 2002 | 2003 | % Variation |
| (234) | (190) | (18.8) |

The variation in income tax and social contribution expense reflects tax charges on pre-tax income adjusted by permanent additions and exclusions, as described in Note 36 to the financial statements.

| 1st Qtr. | 2nd Qtr. | % Variation |
|----------|----------|-------------|
| (656) | (559) | (14.8) |

The quarterly variation is mainly due to lower financial expenses.

| Quarter 2003 | | |
|--------------|----------|-------------|
| 1st Qtr. | 2nd Qtr. | % Variation |
| 1,140 | 859 | (24.6) |

This oscillation was mainly generated by: (i) negative variation in financial margin; (ii) increase in personnel and administrative expenses; partially offset by (iii) reversal of provisions, mainly for exchange variation; (iv) decrease in expenses for PDD; and (v) increase in income from commissions and fees.

| Quarter 2003 | | |
|--------------|----------|-------------|
| 1st Qtr. | 2nd Qtr. | % Variation |
| (682) | (95) | (86.1) |

The variation for the quarter mainly reflects extraordinary amortization of goodwill of Banco Mercantil - R\$ 681, in 1Q03. N.B. Goodwill held by Boavista DTVM in Banco Mercantil, following the merger approved on March 31, 2003, was amortized on an extraordinary basis pursuant to BACEN Circular 3017/2000.

| Quarter 2003 | | |
|--------------|----------|-------------|
| 1st Qtr. | 2nd Qtr. | % Variation |
| 53 | (243) | (558.5) |

The variation in income tax and social contribution expense reflects tax charges on pre-tax income adjusted by permanent additions and exclusions.

Results by Activity (in millions of reais)

| | June/2003 | | | | | | |
|---|----------------|-------------|-----------------|------------|---------------------|----------------------|-----------------------|
| | Financial | | Insurance Group | | Other Activities | Amount Eliminated | Total Consolidated |
| | Local | Foreign | Local | Foreign | | | |
| Income from financial intermediation | 3,500 | 136 | 952 | 1 | - | (1) | 4,588 |
| Other operating income (expenses) | (2,868) | (46) | (690) | (3) | 45 | 1 | (3,561) |
| Commissions and fees | 1,892 | 3 | 76 | - | 244 | (122) | 2,093 |
| Personnel expenses | (1,888) | (12) | (216) | - | (85) | - | (2,201) |
| Other administrative expenses | (2,021) | (30) | (256) | (2) | (92) | 147 | (2,254) |
| Other revenue (expenses) | (851) | (7) | (294) | (1) | (22) | (24) | (1,199) |
| Net income | 632 | 90 | 262 | (2) | 45 | - | 1,027 |

Increase in the Main Statement of Income Items for the Six-month Period (in millions of reais)

Increase in the Main Statement of Income Items for the Quarter (in millions of reais)

Increase in Financial Margin Items plus Exchange Adjustment for the Six-month Period (in millions of reais)

Increase in Financial Margin Items plus Exchange Adjustment for the Quarter (in millions of reais)

Analysis of the Adjusted Financial Margin and Average Rates

Credit Operations x Income

| | 1st Half 2002 | 1st Half 2003 | 1st Qtr. 2003 | 2nd Qtr. 2003 |
|--|------------------|------------------|------------------|------------------|
| Credit operations | 41,129 | 43,297 | 42,489 | 43,398 |
| Leasing operations | 1,771 | 1,515 | 1,511 | 1,481 |
| Advances on foreign exchange contracts | 5,433 | 5,676 | 5,607 | 5,773 |
| 1 Total Average balance (quarterly) | 48,334 | 50,488 | 49,607 | 50,652 |
| 2 Income (credit, leasing and foreign exchange transactions) (*) | 8,642 | 6,031 | 3,113 | 2,918 |
| 3 Average return annualized exponentially (2/1) | 39.0% | 25.3% | 27.6% | 25.1% |

(*) Includes income from credit operations, net results of leasing operations and results on foreign exchange transactions.
Securities x Income on Security Transactions

| 1st Half 2002 | 1st Half 2003 | 1st Qtr. 2003 | 2nd Qtr. 2003 |
|------------------|------------------|------------------|------------------|
|------------------|------------------|------------------|------------------|

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| | | | | |
|---|----------|----------|----------|----------|
| Securities | 39,125 | 38,076 | 35,717 | 38,613 |
| Interbank investments | 4,904 | 21,960 | 22,442 | 22,204 |
| Subject to repurchase agreements | (11,989) | (16,308) | (15,178) | (16,456) |
| Derivative financial instruments | (256) | (409) | (458) | (325) |
| 4 Total Average balance (quarterly) | 31,784 | 43,319 | 42,523 | 44,036 |
| 5 Income on security transactions (net of expenses for repurchase agreements) | 3,216 | 3,583 | 2,591 | 993 |
| 6 Average rate annualized exponentially (5/4) | 21.3% | 17.2% | 26.7% | 9.3% |
| Total Assets x Income from Financial Intermediation | | | | |

| | 1st Half 2002 | 1st Half 2003 | 1st Qtr. 2003 | 2nd Qtr. 2003 |
|---|------------------|------------------|------------------|------------------|
| 7 Total assets Average balance (quarterly) | 118,014 | 147,425 | 143,892 | 149,745 |
| 8 Income from financial intermediation | 13,018 | 12,182 | 7,083 | 5,098 |
| 9 Average rate annualized exponentially (8/7) | 23.3% | 17.2% | 21.2% | 14.3% |
| Funding x Expenses | | | | |

| | 1st Half 2002 | 1st Half 2003 | 1st Qtr. 2003 | 2nd Qtr. 2003 |
|---|------------------|------------------|------------------|------------------|
| Deposits | 45,956 | 56,019 | 55,617 | 55,847 |
| Funds from acceptance and issuance of securities | 4,922 | 4,615 | 4,050 | 5,354 |
| Interbank and interdepartmental accounts | 861 | 1,834 | 1,884 | 1,779 |
| Subordinated debt | 1,490 | 3,350 | 3,356 | 3,365 |
| 10 Total funding Average balance (quarterly) | 53,229 | 65,818 | 64,907 | 66,344 |
| 11 Expenses (*) | 3,796 | 1,937 | 1,295 | 642 |
| 12 Average rate annualized exponentially (11/10) | 14.8% | 6.0% | 8.2% | 3.9% |
| (*) Expenses = Funding expenses without repurchase agreements less income on compulsory deposits. | | | | |
| Borrowings and Onlendings (Local and Foreign) x Expenses | | | | |

| | 1st Half 2002 | 1st Half 2003 | 1st Qtr. 2003 | 2nd Qtr. 2003 |
|--|------------------|------------------|------------------|------------------|
| Borrowings | 8,855 | 8,844 | 9,410 | 8,570 |
| Onlendings | 6,162 | 6,903 | 6,924 | 6,831 |
| 13 Total borrowings and onlendings - Average balance (quarterly) | 15,017 | 15,747 | 16,334 | 15,401 |
| 14 Expenses | 2,619 | 38 | 141 | (104) |
| 15 Average rate annualized exponentially (14/13) | 37.9% | 0.5% | 3.5% | (2.7%) |
| Total Assets x Financial Margin | | | | |

| | 1st Half 2002 | 1st Half 2003 | 1st Qtr. 2003 | 2nd Qtr. 2003 |
|--|------------------|------------------|------------------|------------------|
|--|------------------|------------------|------------------|------------------|

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| | | | | | | |
|----|---|-----------------------------|---------|---------|---------|---------|
| 16 | Total assets | Average balance (quarterly) | 118,014 | 147,425 | 143,892 | 149,745 |
| 17 | Financial margin (*) | | 4,700 | 5,983 | 3,367 | 2,616 |
| 18 | Average rate annualized exponentially (17/16) | | 8.1% | 8.3% | 9.7% | 7.2% |

(*) Income from financial intermediation excluding provision for loan losses (PDD).
Financial Market Indicators

Analysis of the Adjusted Financial Margin and Average Rates

Bradesco's consolidated financial margin (before PDD) totaled R\$ 5,983 million for 1H03, a 27% increase compared with R\$ 4,700 million for the same period in 2002. However, in comparison with the prior quarter, the second-quarter margin dropped by some 22%.

We stress that a number of economic factors motivated this drop in financial margin, among which we highlight the following:

- The increase in the compulsory demand deposit rate from 45% to 60%, following the introduction of the corresponding Central Bank Circular published on February 19, 2003. However, the impact on Bradesco's bank reserves was verified as from February 26, 2003, generating a drop in the volume of resources earmarked for investment for the quarter.
- Activity and credit growth failed to respond to the downturn in the future interest rate between 1Q03 and 2Q03 (see following exhibit), mainly as a result of greater selectivity and increased competition, which prompted lower charges and a consequent decrease in banking spreads.

Future interest rates

| Period | Average 1st Qtr. 2003 | Average 2nd Qtr. 2003 | June 2003 |
|----------|--------------------------|--------------------------|-----------|
| 30 days | 26.1% | 26.0% | 25.7% |
| 60 days | 26.4% | 25.7% | 25.4% |
| 90 days | 26.7% | 25.4% | 24.9% |
| 120 days | 26.8% | 25.0% | 24.4% |
| 360 days | 28.1% | 23.6% | 22.2% |

Source: Bloomberg

- Following the improved economic scenario (falling inflation and U.S. dollar rates in 2Q03) and the increase in external facilities, the spreads for export and import financing returned to historical rates.
- As mentioned above, slowing economic activity levels and the upturn in default rates prompted Bradesco to maintain its more selective credit granting strategy during the period, reflected by Credit Portfolio growth for the second quarter. If we disregard the incorporation of BBV Banco, Bradesco's credit volume would have remained almost stable compared to the prior quarter.

In 1Q03, income on securities transactions was favored by the recovery, affected by prior year volatility. This effect was not repeated in 2Q03.

Accordingly, the annualized financial margin for 2Q03 (obtained from dividing the lending and trading margin by the average balance of total assets) dropped from 9.7% to 7.2% as compared to 1Q03.

Adjusting the additional provision for market risk fluctuation recorded/reversed for the periods (exchange provision), annualized financial margin would be 8.1% for the quarter, compared with 10.2% in 1Q03.

Nevertheless, comparing growth for 1H03 with the same period in 2002, the financial margin increased by 8.3% in 1H03 and 8.1% in 1H02. Adjusting the additional provision for market risk fluctuation, these rates would increase to 9.0% in 1H03 and 8.3% in 1H02.

Provision for Loan Losses

Movement of allowance for loan losses

| | In millions of reais | | | | | |
|--|----------------------|--------------|--------------|--------------|--------------|--------------|
| | 2002 | | | 2003 | | |
| | 1st Qtr. | 2nd Qtr. | 1st Half | 1st Qtr. | 2nd Qtr. | 1st Half |
| Credit portfolio | 49,546 | 52,576 | 52,576 | 49,655 | 53,048 | 53,048 |
| Opening balance | 2,941 | 3,480 | 2,941 | 3,665 | 3,902 | 3,665 |
| Amount recorded | 633 | 711 | 1,344 | 808 | 587 | 1,395 |
| Amount written off | (296) | (694) | (990) | (571) | (551) | (1,122) |
| Balance derived from acquired institutions | 202 | 32 | 234 | - | 171 | 171 |
| Closing Balance | 3,480 | 3,529 | 3,529 | 3,902 | 4,109 | 4,109 |
| Specific provisions | 2,113 | 2,231 | 2,231 | 1,944 | 2,006 | 2,006 |
| Generic provisions | 1,124 | 1,009 | 1,009 | 1,156 | 1,286 | 1,286 |
| Additional provision | 243 | 289 | 289 | 802 | 817 | 817 |
| Credit recoveries | 88 | 49 | 137 | 112 | 128 | 240 |
| Allowance for Loan Losses (PDD) on Credit and Leasing Operations | | | | | | |

| | In millions of reais | | | | | | |
|---|----------------------|--------|--------|--------|--------|--------|--------|
| | December | | | | | 2003 | |
| | 1998 | 1999 | 2000 | 2001 | 2002 | March | June |
| Allowance for loan losses PDD (A) | 1,215 | 1,908 | 2,507 | 2,941 | 3,665 | 3,902 | 4,109 |
| Credit operations (B) | 25,095 | 27,559 | 38,872 | 44,444 | 50,801 | 49,655 | 53,048 |
| PDD on credit operations (A/B) | 4.8% | 6.9% | 6.5% | 6.6% | 7.2% | 7.9% | 7.7% |
| Ratio of PDD coverage to abnormal course credits (D to H) | | | | | | | |

| | In millions of reais | | | | |
|--------------------------------------|----------------------|----------|----------|----------|--------|
| | 2002 | | 2003 | | |
| | 1st Qtr. | 2nd Qtr. | 1st Qtr. | 2nd Qtr. | |
| (1) Total provisions | | 3,480 | 3,529 | 3,902 | 4,109 |
| (2) Abnormal course credits (D to H) | | 3,095 | 3,088 | 2,742 | 2,871 |
| PDD coverage ratio (1/2) | | 112.4% | 114.3% | 142.3% | 143.1% |
| Commissions and Fees | | | | | |

| | In millions of reais | | | | | |
|--|----------------------|----------|----------|----------|----------|----------|
| | 2002 | | | 2003 | | |
| | 1st Qtr. | 2nd Qtr. | 1st Half | 1st Qtr. | 2nd Qtr. | 1st Half |
| | | | | | | |

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| | | | | | | |
|--------------------------------|------------|------------|--------------|--------------|--------------|--------------|
| Checking account | 206 | 220 | 426 | 245 | 264 | 509 |
| Collection | 127 | 138 | 265 | 139 | 146 | 285 |
| Fund management | 124 | 130 | 254 | 110 | 133 | 243 |
| Credit card | 146 | 149 | 295 | 201 | 193 | 394 |
| Credit operations | 87 | 97 | 184 | 125 | 139 | 264 |
| Interbank charges | 56 | 65 | 121 | 63 | 61 | 124 |
| Collection of taxes | 38 | 43 | 81 | 45 | 46 | 91 |
| Custody and brokerage services | 10 | 9 | 19 | 8 | 10 | 18 |
| Other | 67 | 74 | 141 | 77 | 88 | 165 |
| Total | 861 | 925 | 1,786 | 1,013 | 1,080 | 2,093 |

Administrative and Personnel Expenses

| | In millions of reais | | | | | |
|--------------------------------|----------------------|--------------|--------------|--------------|--------------|--------------|
| | 2002 | | | 2003 | | |
| | 1st Qtr. | 2nd Qtr. | 1st Half | 1st Qtr. | 2nd Qtr. | 1st Half |
| Third-party services | 141 | 170 | 311 | 172 | 190 | 362 |
| Communications | 118 | 133 | 251 | 146 | 148 | 294 |
| Depreciation and amortization | 90 | 108 | 198 | 128 | 138 | 266 |
| Financial system services | 74 | 84 | 158 | 84 | 85 | 169 |
| Leasing | 42 | 52 | 94 | 68 | 62 | 130 |
| Transport | 71 | 74 | 145 | 83 | 90 | 173 |
| Data processing | 53 | 61 | 114 | 60 | 65 | 125 |
| Publicity and advertising | 64 | 76 | 140 | 69 | 81 | 150 |
| Rents | 39 | 48 | 87 | 68 | 66 | 134 |
| Maintenance and repairs | 49 | 55 | 104 | 53 | 61 | 114 |
| Materials | 32 | 37 | 69 | 40 | 43 | 83 |
| Water, electricity and gas | 19 | 24 | 43 | 28 | 28 | 56 |
| Travel | 12 | 16 | 28 | 14 | 15 | 29 |
| Other | 40 | 72 | 112 | 88 | 81 | 169 |
| Administrative expenses | 844 | 1,010 | 1,854 | 1,101 | 1,153 | 2,254 |
| Remuneration | 441 | 512 | 953 | 524 | 577 | 1,101 |
| Benefits | 170 | 182 | 352 | 201 | 240 | 441 |
| Social charges | 159 | 182 | 341 | 185 | 206 | 391 |
| Training | 8 | 13 | 21 | 10 | 20 | 30 |
| Employee profit sharing | 31 | 33 | 64 | 42 | 38 | 80 |
| Other | 79 | 74 | 153 | 91 | 67 | 158 |
| Personnel expenses | 888 | 996 | 1,884 | 1,053 | 1,148 | 2,201 |
| Total | 1,732 | 2,006 | 3,738 | 2,154 | 2,301 | 4,455 |

Human Resources

At June 30, 2003, Bradesco's headcount, including its subsidiaries, totaled 78,148 employees. This increase compared with the headcount at December 2002 was generated mainly by the acquisition of BBV Banco. The following table presents the evolution of Bradesco's headcount.

Year

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| | 1998 | 1999 | 2000 | 2001 | 2002 | 1st Half 2003 |
|---------------------------|---------------|---------------|---------------|---------------|---------------|------------------|
| Banco Bradesco | 47,233 | 47,521 | 49,177 | 51,633 | 53,732 | 56,808 |
| Subsidiaries | 7,501 | 7,301 | 6,575 | 6,943 | 8,729 | 9,298 |
| Subtotal Bradesco | 54,734 | 54,822 | 55,752 | 58,576 | 62,461 | 66,106 |
| Banco BCN | 5,024 | 4,784 | 4,780 | 5,857 | 6,105 | 5,729 |
| Subsidiaries | 1,408 | 1,099 | 1,172 | 1,280 | 1,504 | 1,636 |
| Subtotal BCN | 6,432 | 5,883 | 5,952 | 7,137 | 7,609 | 7,365 |
| Banco Baneb | - | 2,756 | 2,514 | - | - | - |
| Subsidiaries | - | 50 | - | - | - | - |
| Subtotal Baneb | - | 2,806 | 2,514 | - | - | - |
| Banco Boavista | - | - | 1,564 | - | - | - |
| Subsidiaries | - | - | 22 | - | - | - |
| Subtotal Boavista | - | - | 1,586 | - | - | - |
| Banco Mercantil | - | - | - | - | 3,970 | - |
| Subsidiaries | - | - | - | - | 353 | - |
| Subtotal Mercantil | - | - | - | - | 4,323 | - |
| BBV Banco | - | - | - | - | - | 4,638 |
| Subsidiaries | - | - | - | - | - | 39 |
| Subtotal BBV Banco | - | - | - | - | - | 4,677 |
| Total | 61,166 | 63,511 | 65,804 | 65,713 | 74,393 | 78,148 |

**Human Resources
June 2003**

| BY AGE | | BY GENDER | | BY EDUCATIONAL BACKGROUND | | BY YEARS OF SERVICE WITH BRADESCO | | BY MANAGERIAL POSITION | |
|-----------------|-----|-----------|-----|------------------------------|-----|---|-----|---------------------------|-----|
| Younger than 30 | 46% | | | | | Less than 5 years | 42% | | |
| From 31 to 40 | 38% | Men | 55% | High School | 33% | From 6 to 10 years | 9% | Non-managerial | 51% |
| From 41 to 50 | 14% | Women | 45% | University | 66% | From 11 to 20 years | 39% | Managerial | 49% |
| Older than 50 | 2% | | | Other | 1% | More than 20 years | 10% | | |

Personnel Expenses

At June 30, 2003, Bradesco's personnel expenses totaled R\$ 2.2 billion, including expenses for remuneration, social charges, benefits, training, employee profit sharing and others.

Benefits offered by Bradesco to its employees include health insurance and dental care, as well as a supplementary retirement pension plan.

The following pie graph presents the percentage share of each item in relation to total Bradesco personnel expenditure:

Composition of Personnel Expenses

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Personnel Expenses by Types of Company

Training

Bradesco's staff training activities are tuned to its organizational strategies, to the ongoing improvement of its customer service quality and to its capacity to produce results.

Accordingly, the Training Program uses tailor-made methodologies, offering in-class or self-training courses to all its staff, designed to meet both their professional and personal development needs.

The most innovative of these training methodologies, permitting the rapid inclusion of a considerable number of employees, is the TreiNet, an online training program which was used in the first six-month period of 2003 by 113,328 participants for courses in Integration and Basic Banking, Financial Mathematics, Business Accounting and Balance Sheet Analysis, Financial Market and Investments, Loans and Financing, Business Support Platforms, Convenience Services, Internal Control Systems, Savings Bonds, Vida e Previdência pension plans, Cashier Training and Written Communication.

Through the important partnerships entered into with Consulting Firms, Universities and Business Schools, such as USP, FGV and IBMEC, the Bank qualifies its professional staff to operate in the Organization's diverse specialist segments, such as Bradesco Empresas (Middle Market), Corporate and Private Banking, Prime and Consortium.

Particular emphasis should also be given to the specialization courses offered at post-graduate level. Two groups have been formed for courses such as: Business Process Management and Foreign Trade and International Operations, given at the following institutions, FIA, and FIPE.

Bradesco's compliance culture was also strengthened through distance learning courses, via manuals and TreiNet programs available to all the Organization's employees.

During the first half of 2003, 702 courses were given, in 7,444 groups, with 206,056 employee participations and a total of 3,659,210 hours spent in training, as well as investments to the order of R\$ 30.0 million.

Employee Training Participation - In Thousands

Total Amount Invested in Training - In millions of reais

Operating Efficiency

| | In millions of reais | | | | | |
|--|----------------------|--------------|--------------|--------------|--------------|------------------------------------|
| | Year | | | | | |
| | 1998 | 1999 | 2000 | 2001 | 2002 | 1st Half 2003 Acc. 12 months(*) |
| Personnel expenses | 2,642 | 2,784 | 3,221 | 3,549 | 4,076 | 4,393 |
| (-) Employee profit sharing | 87 | 104 | 112 | 160 | 140 | 156 |
| (+) Other administrative expenses | 2,159 | 2,567 | 2,978 | 3,436 | 4,028 | 4,428 |
| (=) Total (1) | 4,714 | 5,247 | 6,087 | 6,825 | 7,964 | 8,665 |
| Financial margin = Gross income from financial intermediation (-) PDD | 6,087 | 7,494 | 7,839 | 10,109 | 11,472 | 12,754 |
| Commissions and fees | 1,775 | 2,100 | 3,043 | 3,473 | 3,712 | 4,019 |
| Income from retained insurance premiums, private pension plans and savings bonds | 5,015 | 5,975 | 6,920 | 8,959 | 10,135 | 11,602 |
| Variation in technical reserves for insurance, private pension plans and savings bonds | (1,392) | (2,342) | (3,001) | (3,492) | (2,785) | (4,083) |

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| | | | | | | |
|---|--------------|--------------|---------------|---------------|---------------|---------------|
| Claims insurance operations and savings bond redemptions | (2,631) | (2,844) | (2,866) | (3,996) | (4,336) | (4,914) |
| Insurance and pension plan selling expenses | (518) | (635) | (645) | (689) | (667) | (709) |
| Expenses with pension plan benefits and redemptions | (423) | (558) | (913) | (1,370) | (1,689) | (1,780) |
| Equity in the earnings of subsidiary and associated companies | 157 | 127 | 156 | 71 | 65 | 9 |
| Other operating expenses | (813) | (1,296) | (1,376) | (1,831) | (3,148) | (3,261) |
| Other operating income | 560 | 1,070 | 903 | 1,326 | 1,321 | 2,155 |
| Adjustment of provision for exchange variation | - | - | - | - | 504 | (198) |
| Total (2) | 7,817 | 9,092 | 10,060 | 12,560 | 14,584 | 15,594 |
| Efficiency ratio (%) = (1/ 2) | 60.3 | 57.7 | 60.5 | 54.3 | 54.6 | 55.6 |

(*) For comparison purposes, first-half amounts are accumulated over the prior 12-month period.
Operating Efficiency (%)

The slight downturn in the operating efficiency ratio was motivated by acquisitions made by the Bradesco Organization in the prior 12 months. We stress that the synergy process of these acquisitions has still not been fully concluded.

Activity-Based Costing

As part of the Organization's ongoing pursuit to optimize its results and performance, Bradesco commenced a process in 2000 designed to introduce a cost control culture through the implementation of Activity-Based Costing (ABC) methodology which provided, among others, support for studies relating to the formation and negotiation of banking charges, costing information for performance and decision-making support management and for customer profitability purposes, and for the formation of a database for analyses regarding the unification and rationalization of the Bank's different units.

The Organization is currently implementing ABM (Activity-Based Management) methodology which will rapidly lead to cost prevention practices and a pro-active approach as regards the identification of opportunities. Thus, at the same time as we improve our processes, we are also able to seamlessly integrate operating performance with strategic objectives, in the pursuit to create and/or sustain competitive advantages and value for both our customers and stockholders.

Accordingly, the future mission of the activity-based management model is to provide ongoing support for planning and controlling the Bank's business processes and to promote the permanent improvement of operating and tactical issues and to provide a firm basis for their strategic gearing.

2 Consolidated Equity Analysis

Balance Sheet by Currency at June 30, 2003 (in millions of reais)

| | Balance Sheet | Currency | |
|--|----------------|----------------|---------------|
| | | Local | Foreign (1) |
| ASSETS | | | |
| Current and long-term receivables | 149,316 | 125,494 | 23,822 |
| Funds available | 1,773 | 1,530 | 243 |
| Interbank investments | 20,996 | 18,586 | 2,410 |
| Securities and derivative financial instruments | 42,796 | 37,924 | 4,872 |
| Interbank and interdepartmental accounts | 15,024 | 15,018 | 6 |
| Credit and leasing operations | 42,519 | 35,777 | 6,742 |
| Other assets | 26,208 | 16,659 | 9,549 |
| Permanent assets | 5,173 | 5,159 | 14 |
| Investments | 494 | 494 | - |
| Property and equipment in use and leased assets | 2,666 | 2,654 | 12 |
| Deferred charges | 2,013 | 2,011 | 2 |
| Total assets | 154,489 | 130,653 | 23,836 |
| LIABILITIES | | | |
| Current and long-term liabilities | 121,966 | 99,902 | 22,064 |
| Deposits | 56,822 | 53,768 | 3,054 |
| Deposits received under security repurchase agreements | 18,569 | 18,265 | 304 |
| Funds from acceptance and issuance of securities | 5,745 | 707 | 5,038 |
| Interbank and interdepartmental accounts | 1,735 | 944 | 791 |
| Borrowings and onlendings | 14,572 | 6,265 | 8,307 |
| Derivative financial instruments | 310 | 310 | - |
| Other liabilities | | | |
| Subordinated debt | 3,338 | 2,521 | 817 |
| Other | 20,875 | 17,122 | 3,753 |
| Technical reserves for insurance, savings bonds and | | | |

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| | | | |
|-----------------------------------|----------------|----------------|---------------|
| private pension plans | 19,857 | 19,857 | - |
| Deferred income | 37 | 37 | - |
| Minority interest in subsidiaries | 107 | 107 | - |
| Stockholders' equity | 12,522 | 12,522 | - |
| Total | 154,489 | 132,425 | 22,064 |

| | |
|---|--------------|
| Net position of assets and liabilities | 1,772 |
| Net position of derivatives (2) | 2,370 |
| Other memorandum accounts, net (3) | (973) |
| Net exchange position (asset) (4) | 3,169 |

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

(2) Excluding derivative operations maturing in D +1, to be settled in currency at June 30, 2003 price levels.

(3) Leasing commitments and others controlled in memorandum accounts.

(4) Excluding investments in foreign branches and subsidiaries (Note 16a), the net exchange position would be negative in the amount of R\$ 520 million (liability).

Balance Sheet by Maturity at June 30, 2003 (in millions of reais)

| | Up to 30 days | From 31 to 180 days | From 181 to 360 days | More than 360 days | Indeterminate | Total |
|--|------------------|---------------------------|----------------------------|-----------------------|---------------|----------------|
| ASSETS | | | | | | |
| Current assets and long-term receivables | 94,277 | 19,241 | 11,404 | 24,394 | - | 149,316 |
| Funds available | 1,773 | - | - | - | - | 1,773 |
| Interbank investments | 19,978 | 408 | 416 | 194 | - | 20,996 |
| Securities and derivative financial instruments | 32,803 | 2,138 | 2,583 | 5,272 | - | 42,796 |
| Interbank and interdepartmental accounts | 14,699 | 5 | 6 | 314 | - | 15,024 |
| Credit and leasing operations | 8,623 | 15,215 | 6,353 | 12,328 | - | 42,519 |
| Other receivables and other assets | 16,401 | 1,475 | 2,046 | 6,286 | - | 26,208 |
| Permanent assets | 52 | 261 | 313 | 3,425 | 1,122 | 5,173 |
| Investments | - | - | - | - | 494 | 494 |
| Property and equipment in use and leased assets | 22 | 113 | 136 | 1,767 | 628 | 2,666 |
| Deferred charges | 30 | 148 | 177 | 1,658 | - | 2,013 |
| Total | 94,329 | 19,502 | 11,717 | 27,819 | 1,122 | 154,489 |
| LIABILITIES | | | | | | |
| Current and long-term liabilities | 71,557 | 11,217 | 9,952 | 29,240 | - | 121,966 |
| Deposits | 34,938 | 3,876 | 4,308 | 13,700 | - | 56,822 |
| Deposits received under security repurchase agreements | 17,517 | 67 | 22 | 963 | - | 18,569 |
| Funds from the acceptance and issuance of securities | 796 | 2,133 | 1,072 | 1,744 | - | 5,745 |
| Interbank and interdepartmental accounts | 1,735 | - | - | - | - | 1,735 |
| Borrowings and onlendings | 1,565 | 3,846 | 3,417 | 5,744 | - | 14,572 |
| Derivative financial instruments | 225 | 29 | 27 | 29 | - | 310 |
| Other liabilities: | | | | | | |
| - Subordinated debt | 10 | 35 | - | 3,293 | - | 3,338 |
| - Other | 14,771 | 1,231 | 1,106 | 3,767 | - | 20,875 |
| Technical reserves for insurance, private pension plans and savings bonds | - | - | - | 19,857 | - | 19,857 |
| Deferred income | 36 | 1 | - | - | - | 37 |
| Minority interest in subsidiaries | - | - | - | - | 107 | 107 |
| Stockholders' equity | - | - | - | - | 12,522 | 12,522 |
| Total | 71,593 | 11,218 | 9,952 | 49,097 | 12,629 | 154,489 |

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| | | | | | | |
|--|---------------|---------------|---------------|---------------|----------|----------|
| Accumulated net assets | 22,736 | 31,020 | 32,785 | 11,507 | - | - |
| Comparative Balance Sheet (in millions of reais) | | | | | | |

| ASSETS | June 2002 | June 2003 | % Variation | March 2003 | June 2003 | % Variation |
|--|----------------------|----------------------|------------------------|-----------------------|----------------------|------------------------|
| Current assets and long-term receivables | 118,797 | 149,316 | 25.7 | 140,132 | 149,316 | 6.6 |
| Funds available | 2,131 | 1,773 | (16.8) | 3,718 | 1,773 | (52.3) |
| Interbank investments | 5,402 | 20,996 | 288.7 | 23,411 | 20,996 | (10.3) |
| Securities and derivative financial instruments | 37,909 | 42,796 | 12.9 | 34,430 | 42,796 | 24.3 |
| Interbank and interdepartmental accounts | 6,978 | 15,024 | 115.3 | 15,059 | 15,024 | (0.2) |
| Restricted deposits: | | | | | | |
| Brazilian Central Bank | 5,744 | 13,792 | 140.1 | 13,620 | 13,792 | 1.3 |
| Other | 1,234 | 1,232 | (0.2) | 1,439 | 1,232 | (14.4) |
| Credit and leasing operations | 42,240 | 42,519 | 0.7 | 39,582 | 42,519 | 7.4 |
| Credit and leasing operations | 45,704 | 46,436 | 1.6 | 43,322 | 46,436 | 7.2 |
| Allowance for loan and leasing losses | (3,464) | (3,917) | 13.1 | (3,740) | (3,917) | 4.7 |
| Other receivables and assets | 24,137 | 26,208 | 8.6 | 23,932 | 26,208 | 9.5 |
| Foreign exchange portfolio | 12,662 | 13,131 | 3.7 | 12,127 | 13,131 | 8.3 |
| Other receivables and assets | 11,540 | 13,269 | 15.0 | 11,967 | 13,269 | 10.9 |
| Allowance for losses | (65) | (192) | 195.4 | (162) | (192) | 18.5 |
| Permanent assets | 5,905 | 5,173 | (12.4) | 4,868 | 5,173 | 6.3 |
| Investments | 816 | 494 | (39.5) | 483 | 494 | 2.3 |
| Property and equipment in use and leased assets | 2,635 | 2,666 | 1.2 | 2,538 | 2,666 | 5.0 |
| Deferred charges | 2,454 | 2,013 | (18.0) | 1,847 | 2,013 | 9.0 |
| Deferred charges | 449 | 562 | 25.2 | 561 | 562 | 0.2 |
| Goodwill on acquisition of subsidiaries, net of amortization | 2,005 | 1,451 | (27.6) | 1,286 | 1,451 | 12.8 |
| Total | 124,702 | 154,489 | 23.9 | 145,000 | 154,489 | 6.5 |

| LIABILITIES | June 2002 | June 2003 | % Variation | March 2003 | June 2003 | % Variation |
|---|----------------------|----------------------|------------------------|-----------------------|----------------------|------------------------|
| Current and long-term liabilities | 101,051 | 121,966 | 20.7 | 114,648 | 121,966 | 6.4 |
| Deposits | 50,849 | 56,822 | 11.7 | 54,871 | 56,822 | 3.6 |
| Demand deposits | 10,005 | 11,525 | 15.2 | 10,964 | 11,525 | 5.1 |
| Savings deposits | 18,901 | 20,736 | 9.7 | 20,236 | 20,736 | 2.5 |
| Interbank deposits | 152 | 40 | (73.7) | 40 | 40 | . |
| Time deposits | 21,791 | 24,521 | 12.5 | 23,631 | 24,521 | 3.8 |
| Deposits received under security repurchase agreements | 8,695 | 18,569 | 113.6 | 14,342 | 18,569 | 29.5 |
| Funds from acceptance and issuance of securities | 5,123 | 5,745 | 12.1 | 4,963 | 5,745 | 15.8 |
| Securities issued abroad | 4,209 | 5,038 | 19.7 | 4,365 | 5,038 | 15.4 |
| Other resources | 914 | 707 | (22.6) | 598 | 707 | 18.2 |
| Interbank and interdepartmental accounts | 956 | 1,735 | 81.5 | 1,823 | 1,735 | (4.8) |
| Borrowings and onlendings | 16,302 | 14,572 | (10.6) | 16,229 | 14,572 | (10.2) |
| Borrowings | 10,003 | 7,711 | (22.9) | 9,429 | 7,711 | (18.2) |
| Onlendings | 6,299 | 6,861 | 8.9 | 6,800 | 6,861 | 0.9 |

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| | | | | | | |
|--|----------------|----------------|---------------|----------------|----------------|--------------|
| Derivative financial instruments | 552 | 310 | (43.8) | 340 | 310 | (8.8) |
| Other liabilities | 18,574 | 24,213 | 30.4 | 22,080 | 24,213 | 9.7 |
| Foreign exchange portfolio | 5,566 | 7,854 | 41.1 | 6,558 | 7,854 | 19.8 |
| Taxes and social security contributions, social and statutory payables | 3,968 | 4,642 | 17.0 | 4,200 | 4,642 | 10.5 |
| Technical reserves for insurance, private pension plans and savings bonds | 2,006 | 2,875 | 43.3 | 2,545 | 2,875 | 13.0 |
| Subordinated debt | 1,990 | 3,338 | 67.7 | 3,391 | 3,338 | (1.6) |
| Sundry | 5,044 | 5,504 | 9.1 | 5,386 | 5,504 | 2.2 |
| Technical reserves for insurance, private pension plans and savings bonds | 13,206 | 19,857 | 50.4 | 18,505 | 19,857 | 7.3 |
| Deferred income | 12 | 37 | 208.3 | 26 | 37 | 42.3 |
| Minority interest in subsidiaries | 314 | 107 | (65.9) | 113 | 107 | (5.3) |
| Stockholders equity | 10,119 | 12,522 | 23.7 | 11,708 | 12,522 | 7.0 |
| Total | 124,702 | 154,489 | 23.9 | 145,000 | 154,489 | 6.5 |

Equity Analysis (in millions of reais)

Funds Available

| 1st Half | | |
|----------|-------|-------------|
| 2002 | 2003 | % Variation |
| 2,131 | 1,773 | (16.8) |

The variation for the period mainly reflects the decrease in the volume of foreign currency cash funds.

| Quarter 2003 | | |
|--------------|----------|-------------|
| 1st Qtr. | 2nd Qtr. | % Variation |
| 3,718 | 1,773 | (52.3) |

The variation for the quarter mainly reflects the decrease in the volume of foreign currency cash funds.

Interbank Investments

| 1st Half | | |
|----------|--------|-------------|
| 2002 | 2003 | % Variation |
| 5,402 | 20,996 | 288.7 |

The variation in the balance of this account reflects the increase in deposits received under security repurchase agreements, principally in the third-party portfolio, which grew from R\$ 3,625 in 1H02 to R\$ 16,686 in 1H03, reflecting the option to invest in assets with greater liquidity, during the period.

| Quarter 2003 | | |
|--------------|----------|-------------|
| 1st Qtr. | 2nd Qtr. | % Variation |
| 23,411 | 20,996 | (10.3) |

This decrease was generated mainly by the migration of resources to securities.

Securities and Derivative Financial Instruments

| 1st Half | | |
|----------|------|-------------|
| 2002 | 2003 | % Variation |

| Quarter 2003 | | |
|--------------|----------|-------------|
| 1st Qtr. | 2nd Qtr. | % Variation |

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| | | |
|---------------|---------------|-------------|
| 37,909 | 42,796 | 12.9 |
|---------------|---------------|-------------|

The variation in this account balance reflects mainly: (i) additional funds derived from the increase in funding, particularly technical reserves; (ii) the consolidation of BBV Banco; and (iii) adjustments in securities; partially mitigated by (iv) redemption/maturity of securities during the period.

Interbank and Interdepartmental Accounts

| 1st Half | | |
|-----------------|---------------|--------------------|
| 2002 | 2003 | % Variation |
| 6,978 | 15,024 | 115.3 |

The variation mainly reflects the increase in compulsory Brazilian Central Bank deposits as a result of: (i) the increase in the compulsory deposit rate by 5% on savings account deposits and by 15% for demand deposits; (ii) the creation of an additional compulsory rate of 8% on demand and time deposits and of 10% on savings account deposits; and (iii) the increase in the average volume of deposits for the period.

Credit and Leasing Operations

| 1st Half | | |
|-----------------|---------------|--------------------|
| 2002 | 2003 | % Variation |
| 52,576 | 53,048 | 0.9 |

The variation in the credit portfolio for the period is mainly due to: (i) the consolidation of BBV Banco; offset by (ii) contract settlements, and (iii) less credit demand for the period and as a result of greater credit granting selectivity.

N.B. Includes advances on foreign exchange contracts, other receivables and does not consider the allowance for loan losses, as described in Note 13 to the financial statements.

Allowance for Loan Losses (PDD)

| 1st Half | | |
|-----------------|--------------|--------------------|
| 2002 | 2003 | % Variation |
| 3,529 | 4,109 | 16.4 |

| | | |
|---------------|---------------|-------------|
| 34,430 | 42,796 | 24.3 |
|---------------|---------------|-------------|

The variation in this account balance reflects: (i) migration of interbank investments; (ii) additional funds derived from the increase in funding, particularly technical reserves; (iii) the consolidation of BBV Banco; partially mitigated by (iv) negative exchange variance in 2Q03 of 14.35%.

| Quarter 2003 | | |
|---------------------|-----------------|--------------------|
| 1st Qtr. | 2nd Qtr. | % Variation |
| 15,059 | 15,024 | (0.2) |

These account balances remained practically stable.

| Quarter 2003 | | |
|---------------------|-----------------|--------------------|
| 1st Qtr. | 2nd Qtr. | % Variation |
| 49,655 | 53,048 | 6.8 |

The variation in the credit portfolio for the quarter is mainly due to: (i) the consolidation of BBV Banco; partially offset by (ii) negative exchange variance in 2Q03, affecting operations which are indexed or denominated in foreign currency.

N.B. Includes advances on foreign exchange contracts, other receivables and does not consider the allowance for loan losses, as described in Note 13 to the financial statements.

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The nominal increase in PDD for the period was 16.4%, however, if we disregard the additional provisions of R\$ 289 recorded in 1H02 and of R\$ 817 recorded in 1H03, the allowance would present an increase of 1.5%. Total PDD on credit operations increased from 6.7% to 7.7% for the period. The total allowance on the abnormal course credit portfolio, rated from D to H, increased from 114.3% in 1H02 to 143.1% in 1H03.

The variation for the quarter was mainly derived from the consolidation of BBV Banco. Total PDD on credit operations decreased from 7.9% in 1Q03 to 7.7% in 2Q03. On the other hand, the total allowance on the abnormal course credit portfolio, rated from D to H, increased from 142.3% in 1Q03 to 143.1% in 2Q03.

Other Receivables and Assets

| 1st Half | | |
|----------|--------|-------------|
| 2002 | 2003 | % Variation |
| 23,693 | 25,602 | 8.1 |

The increase is mainly derived from: (i) growth in the average volume of the foreign exchange portfolio; and (ii) the consolidation of BBV Banco.

N.B. This total is less (net of corresponding PDD) an amount of R\$ 444 in 1H02 and R\$ 607 in 1H03, allocated to credit and leasing operations and allowance for doubtful accounts .

| Quarter 2003 | | |
|--------------|----------|-------------|
| 1st Qtr. | 2nd Qtr. | % Variation |
| 23,494 | 25,602 | 9.0 |

This variation is mainly derived from: (i) growth in the average volume of the foreign exchange portfolio; and (ii) the consolidation of BBV Banco.

N.B. This total is less (net of corresponding PDD) of an amount of R\$ 438 in 1Q03 and of R\$ 607 in 2Q03, allocated to credit and leasing operations and allowance for doubtful accounts .

Permanent Assets

| 1st Half | | |
|----------|-------|-------------|
| 2002 | 2003 | % Variation |
| 5,905 | 5,173 | (12.4) |

The decrease for the period was mainly generated by (i) sale of branches by auction; and (ii) amortization of goodwill in subsidiary companies; partially offset by (iii) the consolidation of BBV Banco.

| Quarter 2003 | | |
|--------------|----------|-------------|
| 1st Qtr. | 2nd Qtr. | % Variation |
| 4,868 | 5,173 | 6.3 |

This increase was mainly derived from the consolidation of BBV Banco in June 2003 and was partially offset by amortization of goodwill in subsidiaries.

Deposits

| 1st Half | | |
|----------|--------|-------------|
| 2002 | 2003 | % Variation |
| 50,849 | 56,822 | 11.7 |

The increase in this account balance for the period reflects: (i) increase in the number of customers; (ii) migration of resources from managed funds; and (iii) consolidation of BBV Banco R\$ 3,469.

| Quarter 2003 | | |
|--------------|----------|-------------|
| 1st Qtr. | 2nd Qtr. | % Variation |
| 54,871 | 56,822 | 3.6 |

The variation was mainly derived from the consolidation of BBV Banco R\$ 3,469 and was offset by the partial migration of resources from deposits, returning to managed funds.

Deposits Received Under Security Repurchase Agreements

| 1st Half | | |
|----------|--------|-------------|
| 2002 | 2003 | % Variation |
| 8,695 | 18,569 | 113.6 |

The increase in this account balance was due to the intensification of this type of funding.

Funds from Acceptance and Issuance of Securities

| 1st Half | | |
|----------|-------|-------------|
| 2002 | 2003 | % Variation |
| 5,123 | 5,745 | 12.1 |

This increase mainly reflects new securities issued abroad, net of payments, as well as the consolidation of BBV Banco.

Interbank and Interdepartmental Accounts

| 1st Half | | |
|----------|-------|-------------|
| 2002 | 2003 | % Variation |
| 956 | 1,735 | 81.5 |

This growth is mainly derived from the increase in the volume of collection and money orders, following the increase in the number of customers and in the customer service network.

Borrowings and Onlendings

| 1st Half | | |
|----------|--------|-------------|
| 2002 | 2003 | % Variation |
| 16,302 | 14,572 | (10.6) |

The decrease for the period reflects mainly the settlement of a number of overdue and non-renewable operations, indexed or denominated in foreign currency.

| Quarter 2003 | | |
|--------------|----------|-------------|
| 1st Qtr. | 2nd Qtr. | % Variation |
| 14,342 | 18,569 | 29.5 |

The increase in this account balance for the quarter was derived from the intensification of this type of funding.

| Quarter 2003 | | |
|--------------|----------|-------------|
| 1st Qtr. | 2nd Qtr. | % Variation |
| 4,963 | 5,745 | 15.8 |

This increase mainly reflects: (i) new securities issued abroad, net of payments; (ii) the consolidation of BBV Banco; and was partially offset by (iii) negative exchange variation in 2Q03.

| Quarter 2003 | | |
|--------------|----------|-------------|
| 1st Qtr. | 2nd Qtr. | % Variation |
| 1,823 | 1,735 | (4.8) |

The variation is mainly due to a decrease in the volume of collection and money orders in 2Q03.

| Quarter 2003 | | |
|--------------|----------|-------------|
| 1st Qtr. | 2nd Qtr. | % Variation |
| 16,229 | 14,572 | (10.2) |

The decrease is mainly due to negative exchange variance in 2Q03, affecting principally the foreign borrowings and onlendings account, indexed or denominated in foreign currency.

Other Liabilities and Derivative Financial Instruments

| 1st Half | | |
|----------|--------|-------------|
| 2002 | 2003 | % Variation |
| 23,459 | 27,462 | 17.1 |

Growth for the period mainly reflects: (i) the increase in the volume of the foreign exchange portfolio; (ii) issuance of subordinated debt, in local currency; and (iii) the consolidation of BBV Banco.

N.B. Excluding advances on foreign exchange contracts of R\$ 6,339 and R\$ 5,814, allocated to credit operations and technical reserves of R\$ 2,006 and R\$ 2,875 in 2002 and 2003, respectively.

| Quarter 2003 | | |
|--------------|----------|-------------|
| 1st Qtr. | 2nd Qtr. | % Variation |
| 25,608 | 27,462 | 7.2 |

This oscillation mainly reflects: (i) the increase in the volume of the foreign exchange portfolio; and (ii) the consolidation of BBV Banco. N.B. Excluding advances on foreign exchange contracts of R\$ 5,733 and R\$ 5,814, allocated to credit operations and technical reserves of R\$ 2,545 and R\$ 2,875 in 1Q03 and 2Q03, respectively.

Technical Reserves for Insurance, Private Pension Plans and Savings Bonds

| 1st Half | | |
|----------|--------|-------------|
| 2002 | 2003 | % Variation |
| 15,212 | 22,732 | 49.4 |

This variation was derived principally from an ongoing strengthening of reserves arising from the increased sales of private pension plans, insurance policies and, in particular, VGBL.

N.B. Includes technical reserves of R\$ 2,006 and R\$ 2,875 in 1H02 and 1H03, respectively, classified in other liabilities .

| Quarter 2003 | | |
|--------------|----------|-------------|
| 1st Qtr. | 2nd Qtr. | % Variation |
| 21,050 | 22,732 | 8.0 |

This variation was derived principally from an ongoing strengthening of reserves arising from the increased sales of private pension plans, insurance policies and, in particular, VGBL.

N.B. Includes technical reserves of R\$ 2,545 and R\$ 2,875 in 1Q03 and 2Q03, respectively, classified in other liabilities .

Minority Interest in Subsidiaries

| 1st Half | | |
|----------|------|-------------|
| 2002 | 2003 | % Variation |
| 314 | 107 | (65.9) |

This decrease was mainly generated by incorporation of the minority stockholders of Banco Mercantil.

| Quarter 2003 | | |
|--------------|----------|-------------|
| 1st Qtr. | 2nd Qtr. | % Variation |
| 113 | 107 | (5.3) |

The slight decrease was generated by the acquisition of minority interest during the quarter.

Stockholders Equity

| 1st Half | | |
|----------|--------|-------------|
| 2002 | 2003 | % Variation |
| 10,119 | 12,522 | 23.7 |

| Quarter 2003 | | |
|--------------|----------|-------------|
| 1st Qtr. | 2nd Qtr. | % Variation |
| 11,708 | 12,522 | 7.0 |

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This variation reflects: (i) capital increase - R\$ 1,290; (ii) appropriation of net income for the period - R\$ 2,146; (iii) share premium - R\$ 7; (iv) mark-to-market adjustment of securities and derivatives - R\$ 304; offset by: (v) acquisition of treasury stock - R\$ 80; and (vi) Interest attributed to Own Capital, paid and accrued - R\$ 1,264.

This variation reflects: (i) capital increase - R\$ 630; (ii) appropriation of net income in 2Q03 - R\$ 520; and (iii) increase in the reserve for mark-to-market adjustment of securities and derivatives - R\$ 7; and was offset by: (iv) Interest attributed to Own Capital, paid and accrued - R\$ 343.

Securities (in millions of reais)

Summary of the Classification of Securities at June 30, 2003

| | Financial | Insurance/ Savings Bonds | Private Pension Plan | Other Activities | Total | % |
|----------------------------------|---------------|-----------------------------|----------------------------|---------------------|---------------|--------------|
| Trading securities | 14,184 | 2,417 | 16,480 | 70 | 33,151 | 77.5 |
| Securities available for sale | 1,371 | 1,473 | 1,238 | 97 | 4,179 | 9.7 |
| Securities held to maturity | 2,071 | - | 2,626 | - | 4,697 | 11.0 |
| Derivative financial instruments | 769 | - | - | - | 769 | 1.8 |
| Total in 2003 | 18,395 | 3,890 | 20,344 | 167 | 42,796 | 100.0 |

Composition by Maturity (1)

| | June/2003 | | | | | | Unrealized gain (loss) |
|--------------------------------------|------------------|------------------------|----------------------------|-----------------------|-----------------------|------------|------------------------------|
| | Up to 30 days | From 31 to 180 days | From 181 to 360 days | More than 360 days | Market/ Book value | Cost value | |
| TRADING SECURITIES | 6,652 | 3,440 | 5,926 | 17,133 | 33,151 | 33,104 | 47 |
| Financial Treasury Notes | 956 | 3,015 | 4,005 | 10,552 | 18,528 | 18,443 | 85 |
| National Treasury Bonds | 5,146 | 9 | 889 | 928 | 6,972 | 6,972 | - |
| Federal Treasury Notes | 36 | 19 | 692 | 3,410 | 4,157 | 4,162 | (5) |
| Debentures | 9 | 1 | - | 907 | 917 | 920 | (3) |
| Certificates of Bank Deposit | 5 | 8 | 2 | 704 | 719 | 719 | - |
| Brazilian foreign debt notes | 21 | 18 | 195 | 248 | 482 | 484 | (2) |
| Central Bank Notes | - | 267 | 80 | 35 | 382 | 385 | (3) |
| Shares | 316 | - | - | - | 316 | 316 | - |
| Foreign securities | 71 | 29 | 33 | 108 | 241 | 231 | 10 |
| Other | 92 | 74 | 30 | 241 | 437 | 472 | (35) |
| SECURITIES AVAILABLE FOR SALE | 1,901 | 630 | 146 | 1,502 | 4,179 | 4,159 | 20 |
| Shares | 1,601 | - | - | - | 1,601 | 1,448 | 153 |
| Financial Treasury Notes | 124 | 303 | 43 | 371 | 841 | 862 | (21) |
| Debentures | 3 | 43 | 75 | 656 | 777 | 812 | (35) |
| Certificates of Bank Deposit | 135 | 86 | 1 | 57 | 279 | 280 | (1) |
| Promissory notes | 14 | 177 | - | - | 191 | 191 | - |
| Brazilian foreign debt notes | 1 | - | 13 | 149 | 163 | 217 | (54) |
| Federal Treasury Notes | - | - | - | 157 | 157 | 166 | (9) |
| Other | 23 | 21 | 14 | 112 | 170 | 183 | (13) |

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| | | | | | | | |
|---|--------------|--------------|--------------|---------------|---------------|---------------|------------|
| SECURITIES HELD TO MATURITY | 55 | - | 1,013 | 3,629 | 4,697 | 4,697 | - |
| Federal Treasury Notes | - | - | 103 | 2,706 | 2,809 | 2,809 | - |
| Brazilian foreign debt notes | 49 | - | 6 | 922 | 977 | 977 | - |
| Central Bank Notes | 6 | - | 904 | 1 | 911 | 911 | - |
| DERIVATIVE FINANCIAL INSTRUMENTS | 232 | 206 | 92 | 239 | 769 | 650 | 119 |
| Derivative financial instruments | 232 | 206 | 92 | 239 | 769 | 650 | 119 |
| Total | 8,840 | 4,276 | 7,177 | 22,503 | 42,796 | 42,610 | 186 |

(1) Applications in investments fund quotas were distributed based on the securities comprising their portfolios maintaining the fund category classification.

Consolidated Portfolio Composition by Issuer

June/2003

| Securities | Up to 30 days | From 31 to 180 days | From 181 to 360 days | More than 360 days | Market/Book value | Restated Cost | Unrealized Gain (loss) | Unrealized Gain (loss), net of tax effects |
|--|---------------|---------------------|----------------------|--------------------|-------------------|---------------|------------------------|--|
| GOVERNMENT SECURITIES | 6,390 | 3,631 | 6,933 | 19,567 | 36,521 | 36,568 | (47) | (31) |
| Financial Treasury Notes | 1,080 | 3,318 | 4,048 | 10,923 | 19,369 | 19,305 | 64 | 42 |
| National Treasury Bonds | 5,146 | 9 | 889 | 928 | 6,972 | 6,972 | - | - |
| Federal Treasury Notes | 35 | 19 | 795 | 6,274 | 7,123 | 7,137 | (14) | (9) |
| Brazilian foreign debt notes | 71 | 18 | 214 | 1,319 | 1,622 | 1,678 | (56) | (37) |
| Central Bank Notes | 7 | 267 | 984 | 36 | 1,294 | 1,297 | (3) | (2) |
| Other | 51 | - | 3 | 87 | 141 | 179 | (38) | (25) |
| CORPORATE BONDS | 2,450 | 645 | 244 | 2,936 | 6,275 | 6,042 | 233 | 153 |
| Debentures | 12 | 44 | 75 | 1,563 | 1,694 | 1,733 | (39) | (26) |
| Shares | 1,917 | - | - | - | 1,917 | 1,764 | 153 | 101 |
| Certificates of Bank Deposit | 140 | 94 | 3 | 761 | 998 | 999 | (1) | (1) |
| Derivative financial instruments | 232 | 206 | 92 | 239 | 769 | 650 | 119 | 79 |
| Promissory notes | 14 | 250 | - | - | 264 | 265 | (1) | (1) |
| Foreign securities | 72 | 30 | 33 | 108 | 243 | 232 | 11 | 7 |
| Other | 63 | 21 | 41 | 265 | 390 | 399 | (9) | (6) |
| Total | 8,840 | 4,276 | 7,177 | 22,503 | 42,796 | 42,610 | 186 | 122 |
| Credit Operations (in millions of reais) | | | | | | | | |

We present below the composition of the credit portfolio by type of operation and economic activity sector.

| | In millions of reais | | | |
|---|----------------------|--------|--------|--------|
| | 2002 | | 2003 | |
| | March | June | March | June |
| Discount of trade receivables and other loans | 22,676 | 23,928 | 23,119 | 24,826 |

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| | | | | |
|--|---------------|---------------|---------------|---------------|
| Financings | 16,027 | 16,616 | 14,862 | 16,082 |
| Rural and agribusiness loans | 2,948 | 3,303 | 3,899 | 4,007 |
| Leasing operations | 1,792 | 1,881 | 1,442 | 1,521 |
| Advances on foreign exchange contracts | 5,439 | 6,339 | 5,733 | 5,814 |
| Advances in foreign currency granted | 116 | - | - | - |
| Total credit operations | 48,998 | 52,067 | 49,055 | 52,250 |
| Other receivables | 548 | 509 | 600 | 798 |
| Total for the period | 49,546 | 52,576 | 49,655 | 53,048 |
| Sureties and guarantees recorded in memorandum accounts | 3,037 | 3,434 | 4,308 | 5,581 |

Credit Portfolio by Activity Sector (in millions of reais)

| | 2003 | | | |
|--|---------------|--------------|---------------|--------------|
| | March | % | June | % |
| Public Sector | 245 | 0.5 | 196 | 0.4 |
| Private Sector | 49,410 | 99.5 | 52,852 | 99.6 |
| Manufacturing | 15,755 | 31.7 | 17,150 | 32.4 |
| Commerce | 7,914 | 16.0 | 8,617 | 16.3 |
| Financial intermediation | 758 | 1.5 | 605 | 1.1 |
| Services | 10,731 | 21.6 | 11,248 | 21.0 |
| Agriculture, livestock raising, fishing, forest development and management | 830 | 1.7 | 826 | 1.6 |
| Consumers | 13,422 | 27.0 | 14,406 | 27.2 |
| TOTAL | 49,655 | 100.0 | 53,048 | 100.0 |

At the end of the second quarter of 2003, some 99.6% of the credit portfolio was directed to the private sector, with no significant movement compared with the prior quarter. By economic activity sector, manufacturing maintained the majority of credit volume, with a 32.4% share of total operations, particularly food and beverages, steel, metal products and mechanics. Credits directed to the service sector, including financial intermediaries, comprised 22.1%, whereas commerce and farming/livestock activities recorded a 16.3% and 1.6% portfolio share, respectively. Loans to consumers comprised 27.2% of the portfolio.

Portfolio Performance

Maintaining a similar trend to that presented in the first quarter of 2003, the credit operation portfolio was down slightly by 1.2% in 2Q03 with a total consolidated balance of R\$ 49.1 billion in June, excluding operations derived from the acquisition of BBV Banco. As a result, the accumulated decline in the credit portfolio for the first half was 3.4%, lower than that recorded for the prior twelve months of 6.7%.

| Base date | In million of reais | % Variation |
|----------------------------------|---------------------|-------------|
| March 31, 2003 | 49,655 | - |
| June 30, 2003 | | |
| Consolidated excluding BBV Banco | 49,057 | (1.2) |
| Consolidated including BBV Banco | 53,048 | 6.8 |

These results were motivated once again by the weak economic activity prevailing throughout the period, confirmed by a declining GDP and affecting both the level of consumption as well as the volume of new investments. The downturn was particularly felt in the decreasing amount of credit granted to corporate entities, and as a result of the appreciation of the real against the U.S. dollar verified since the beginning of the year.

For the second half, if the government decides to cut the basic interest rate and compulsory deposit rates as projected by the majority of analysts, the forecast for Brazil's future economic performance will be much brighter, facilitating a progressive return to consumption and private-sector investment, as well as gradually increasing the demand for bank credit as a result.

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Composition of the Credit Portfolio by Risk Levels

The distribution and quality of the credit portfolio by risk level, at June 30, 2003, remained stable in comparison with the first quarter. The operations concentrated from levels AA to C, classified by BACEN as normal course operations, totaled 90.2% of the accumulated balance. 3.4% of operations were classified at risk administration level D and will remain so until this risk is reduced or guarantees with greater liquidity are obtained. Only 6.4% were considered to be abnormal course operations, subject to partial loss after the application of customary recovery procedures. The maintenance of these rates reflects the Bank's permanent use of credit assessment and monitoring instruments.

Consolidated

In millions of reais

| At June 30, 2003 | | | | | | | | | |
|--------------------------------|-------------------|---------------------------|---------------------|-------------|--------------|--------------|------------|-------------------------|--------------------|
| Risk Level | Portfolio Balance | Accumulated Percentage(1) | Minimum Requirement | | | Generic (3) | Total | Additional Allowance(4) | Existing Allowance |
| | | | Specific (2) | | | | | | |
| | | | Past Due | Falling Due | | | | | |
| AA | 15,504 | 29.2 | - | - | - | - | - | - | - |
| A | 19,406 | 65.8 | - | - | 97 | 97 | 53 | 150 | |
| B | 3,950 | 73.3 | 1 | 4 | 34 | 39 | 17 | 56 | |
| C | 8,972 | 90.2 | 6 | 16 | 247 | 269 | 174 | 443 | |
| D | 1,841 | 93.6 | 17 | 40 | 127 | 184 | 336 | 520 | |
| E | 479 | 94.5 | 38 | 45 | 61 | 144 | 75 | 219 | |
| F | 432 | 95.4 | 61 | 63 | 92 | 216 | 75 | 291 | |
| G | 406 | 96.1 | 88 | 63 | 133 | 284 | 87 | 372 | |
| H | 2,058 | 100.0 | 966 | 597 | 495 | 2,058 | - | 2,058 | |
| Total at June 30, 2003 | 53,048 | - | 1,177 | 828 | 1,286 | 3,292 | 817 | 4,109 | |
| Total at March 31, 2003 | 49,655 | - | 1,098 | 845 | 1,156 | 3,099 | 803 | 3,902 | |

(1) On total portfolio.

(2) For operations with installments overdue by more than 14 days.

(3) Recorded based on the customer/transaction classification.

(4) The additional provision is recorded based on management's experience and expected collection of the credit portfolio to determine the total allowance deemed sufficient to cover specific and general portfolio risks, as well as the provision calculated based on risk level ratings and the corresponding minimum provision requirements established by CMN Resolution 2,682. The additional provision per customer was classified in the above table according to the corresponding risk levels.

The volume of the allowance for loan losses for the first half of 2003 totaled R\$ 4,109 million, corresponding to 7.7% of total credit operations. However, of this amount, only 48.8% effectively comprises overdue operations (past due and falling due) compared to 49.8% in March and the remaining portion is recorded as a precaution only, based on the customers' internal classification or to cover specific and general portfolio risks.

Movement of the Portfolio between June 2002 and June 2003 - In millions of reais

The performance of the consolidated credit portfolio for the prior twelve months ended June 30, 2003, despite the low level of economic activity, evidences the maintenance of the quality of the assets, mainly as a result of new borrowers and acquisitions during the period, corresponding to increases of 13.4% and 7.6%, respectively, in total loans for the period.

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Portfolio Movement between June 2002 and June 2003

| Level | Borrowers remaining from June 2002 | | New borrowers between June 2002 and June 2003 | | New borrowers arising from acquisitions in June 2003 | | Total assets at June 2003 | |
|--------------|------------------------------------|--------------|---|--------------|--|--------------|---------------------------|--------------|
| | In millions of reais | % | In millions of reais | % | In millions of reais | % | In millions of reais | % |
| AA to C | 37,499 | 89.2 | 6,606 | 94.0 | 3,727 | 93.4 | 47,832 | 90.2 |
| D to H | 4,526 | 10.8 | 425 | 6.0 | 265 | 6.6 | 5,216 | 9.8 |
| Total | 42,025 | 100.0 | 7,031 | 100.0 | 3,992 | 100.0 | 53,048 | 100.0 |

As a result, the quality of the credits granted to new borrowers in annual terms is proving to be satisfactory and accordingly the percentage of credit operations classified as normal course (from AA to C) maintained its customary high level, totaling 90.2% at the end of the first half.

Concentration of Credit Portfolio

| Specification | 2002 | | | | 2003 | | | |
|-----------------------|----------------------|------|----------------------|------|----------------------|------|----------------------|------|
| | March | | June | | March | | June | |
| | In millions of reais | % | In millions of reais | % | In millions of reais | % | In millions of reais | % |
| Largest borrower | 799 | 1.6 | 963 | 1.8 | 800 | 1.6 | 784 | 1.5 |
| 10 largest borrowers | 4,304 | 8.7 | 4,718 | 9.0 | 4,409 | 8.9 | 4,871 | 9.2 |
| 20 largest borrowers | 6,733 | 13.6 | 7,231 | 13.8 | 6,959 | 14.0 | 7,926 | 14.9 |
| 50 largest borrowers | 10,888 | 22.0 | 11,875 | 22.6 | 12,052 | 24.3 | 13,265 | 25.0 |
| 100 largest borrowers | 14,085 | 28.4 | 15,436 | 29.4 | 16,052 | 32.3 | 17,305 | 32.6 |

Credit Portfolio Indicators

To facilitate the analysis of the Bank's credit portfolio performance, we present below, on a consolidated basis, a comparative summary of the main parameters, based on the rules established by BACEN for recording provisions.

| Items | In millions of reais | | |
|--|----------------------|--------|--------|
| | 2002 | | 2003 |
| | June | March | June |
| Total Credit Operations | 52,576 | 49,655 | 53,048 |
| - Consumer | 14,255 | 13,422 | 14,406 |
| - Corporate | 38,321 | 36,233 | 38,642 |
| Existing Allowance | 3,529 | 3,902 | 4,109 |
| - Specific | 2,231 | 1,943 | 2,006 |
| - Generic | 1,009 | 1,156 | 1,286 |
| - Additional | 289 | 803 | 817 |
| Existing Allowance/Specific Allowance (%) | 158.2 | 200.8 | 204.9 |
| Existing Allowance/Total Credit Operations (%) | 6.7 | 7.9 | 7.7 |

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| | | | |
|--|-------|-------|-------|
| Normal Course Operations (from AA to C)/Total Credit Operations (%) | 91.1 | 90.8 | 90.2 |
| Operations under risk management (D)/Total Credit Operations (%) | 2.4 | 2.8 | 3.4 |
| Abnormal Course Operations (from E to H)/Total Credit Operations (%) | 6.5 | 6.4 | 6.4 |
| Credit Operations (D) | 1,277 | 1,370 | 1,841 |
| Existing Allowance (D) | 242 | 372 | 520 |
| Allowance/Credit Operations (D) (%) | 19.0 | 27.2 | 28.2 |
| Credit Operations (from E to H) | 3,406 | 3,223 | 3,375 |
| Existing Provision (from E to H) | 2,887 | 2,799 | 2,939 |
| Allowance/Credit Operations (from E to H) (%) | 84.8 | 86.8 | 87.1 |

The figures at the end of June 2003 confirm the low credit risk of the Bradesco portfolio, as a result of its comfortable coverage levels and moreover that the Organization's credit asset expansion strategy is being applied on a secure and consistent basis.

Funding

Deposits by Maturity - in millions of reais

2003

| Days to maturity | March | | June | | | Total |
|------------------|---------------|---------------|---------------------|----------------------|--------------------|---------------|
| | Total | Up to 30 days | From 31 to 180 days | From 181 to 360 days | More than 360 days | |
| Demand | 10,964 | 11,525 | - | - | - | 11,525 |
| Savings | 20,236 | 20,736 | - | - | - | 20,736 |
| Interbank | 40 | 31 | 9 | - | - | 40 |
| Time | 23,631 | 2,646 | 3,867 | 4,308 | 13,700 | 24,521 |
| TOTAL | 54,871 | 34,938 | 3,876 | 4,308 | 13,700 | 56,822 |

Demand Deposits
In billions of reais

Savings Accounts

The balance of Bradesco Organization Savings Accounts at the end of the first six-month period totaled R\$ 20.7 billion in deposits, comprising an 18.9% market share of the Brazilian Savings and Loan System (SBPE).

Savings Account Deposits In billions of reais

Savings Accounts
Share of SBPE - %

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Savings Accounts
Million Accounts

Asset Management

Bradesco leads ranking published by Invest Tracker - Estadão 2003

Bradesco was ranked first place in the outstanding funds group published by Invest Tracker-Statadão 2003, which analyzed results for 2002. Through the group member company BRAM-Bradesco Asset Management, the Bank had the most five-star funds according to a study carried out by Thomson Financial do Brasil.

Bradesco is rated top fund manager in 2003

Bradesco was given the Top Gestão de Fundos 2003 award in the Derivative and Balanced Fund categories by Standard & Poor's Star Ranking, carried out exclusively in Brazil and published by the Valor Investe Magazine (Best Fund Managers) in May 2003.

BRAM completes its 2nd year

BRAM-Bradesco Asset Management, the group company responsible for managing Investment Funds completed its 2nd year in operation on July 1, 2003.

| | Net Assets In millions of reais | | | |
|--|---------------------------------|---------------|---------------|---------------|
| | 2002 | | 2003 | |
| | March | June | March | June |
| Fixed return funds | 45,659 | 42,325 | 53,311 | 59,706 |
| Floating rate funds | 1,702 | 1,907 | 1,551 | 1,939 |
| Total net assets of funds | 47,361 | 44,232 | 54,862 | 61,645 |
| Fixed return customer portfolios | 13,450 | 13,141 | 15,897 | 16,198 |
| Floating rate customer portfolios | 3,641 | 3,568 | 5,172 | 5,517 |
| Total net assets of portfolios | 17,091 | 16,709 | 21,069 | 21,715 |
| Total | 64,452 | 60,941 | 75,931 | 83,360 |

Funds under Management
In millions of reais

Funds and Portfolios

| Funds | Number |
|---------------------|------------|
| Fixed return | 307 |
| Floating rate | 73 |
| Total | 380 |
| Quotaholders | |

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| | |
|----------------------------|------------------|
| Fixed return | 1,043,736 |
| Floating rate | 1,612,106 |
| Total | 2,665,842 |
| <hr/> | |
| Portfolios | 181 |
| <hr/> | |
| Portfolio Customers | 181 |
| <hr/> | |

3 Consolidated Information for the Period and Operating Structure

Balance Sheet

| | In millions of reais | | | |
|---|----------------------|---------|---------|---------|
| | 2002 | | 2003 | |
| | March | June | March | June |
| | Total assets | 119,224 | 124,702 | 145,000 |
| Securities, derivative financial instruments and interbank investments | 44,397 | 43,311 | 57,841 | 63,792 |
| Credit and leasing operations | 49,546 | 52,576 | 49,655 | 53,048 |
| Total deposits | 45,934 | 50,849 | 54,871 | 56,822 |
| Demand deposits | 8,126 | 10,005 | 10,964 | 11,525 |
| Time deposits | 19,385 | 21,791 | 23,631 | 24,521 |
| Savings deposits | 18,337 | 18,901 | 20,236 | 20,736 |
| Interbank deposits | 86 | 152 | 40 | 40 |
| Subordinated debt | 1,509 | 1,990 | 3,391 | 3,338 |
| Technical reserves for insurance, private pension plans and savings bonds | 14,524 | 15,212 | 21,050 | 22,732 |
| Stockholders' equity | 9,926 | 10,119 | 11,708 | 12,522 |
| Statement of Income for the Period | | | | |

| | In millions of reais | | | | | |
|--|----------------------|----------|----------|----------|----------|----------|
| | 2002 | | | 2003 | | |
| | 1st Qtr. | 2nd Qtr. | 1st Half | 1st Qtr. | 2nd Qtr. | 1st Half |
| | Net income | 425 | 479 | 904 | 508 | 519 |

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| | | | | | | |
|--|-------|-------|-------|-------|-------|-------|
| Financial margin | 2,364 | 2,337 | 4,701 | 3,367 | 2,617 | 5,984 |
| Gross profit from financial intermediation | 1,731 | 1,626 | 3,357 | 2,558 | 2,031 | 4,589 |
| Commissions and fees | 861 | 925 | 1,786 | 1,013 | 1,080 | 2,093 |
| Results per Thousand Shares | | | | | | |

| | In millions of reais | | | | | |
|---|----------------------|----------|----------|----------|----------|----------|
| | 2002 | | | 2003 | | |
| | 1st Qtr. | 2nd Qtr. | 1st Half | 1st Qtr. | 2nd Qtr. | 1st Half |
| | Net Income | 0.30 | 0.33 | 0.63 | 0.33 | 0.33 |
| JCP/dividends - ON (before income tax) | 0.155 | 0.055 | 0.210 | 0.184 | 0.204 | 0.389 |
| JCP/dividends - ON (net of income tax) | 0.132 | 0.046 | 0.178 | 0.157 | 0.173 | 0.330 |
| JCP/dividends - PN (before income tax) | 0.171 | 0.060 | 0.231 | 0.203 | 0.224 | 0.427 |
| JCP/dividends - PN (net of income tax) | 0.145 | 0.051 | 0.196 | 0.172 | 0.191 | 0.363 |
| JCP Interest attributed to own capital (paid and accrued) | | | | | | |
| ON - Common stock | | | | | | |
| PN - Preferred stock | | | | | | |

Net Book Value and Market Value (per thousand shares)

| | In reais | | | |
|--------------------------------|------------------------------------|-----------|-----------|-----------|
| | 2002 | | 2003 | |
| | March | June | March | June |
| | Number of shares (million) (ON/PN) | 1,437,678 | 1,437,151 | 1,515,448 |
| Net book value (ON/PN) | 6.90 | 7.04 | 7.73 | 7.90 |
| Average last day price (ON/PN) | 12.69 | 10.21 | 10.57 | 9.96 |
| Average last day price (ON) | 11.34 | 9.13 | 9.56 | 9.12 |
| Average last day price (PN) | 14.04 | 11.29 | 11.57 | 10.79 |

Market Value (number of shares x average last-day price for the period) - In millions of reais

Cash Generation

| | In millions of reais | | | | | |
|---|----------------------|----------|----------|----------|----------|----------|
| | 2002 | | | 2003 | | |
| | 1st Qtr. | 2nd Qtr. | 1st Half | 1st Qtr. | 2nd Qtr. | 1st Half |
| | Net Income | 425 | 479 | 904 | 508 | 519 |
| (-) Equity in earnings of subsidiary and associated companies | (2) | (21) | (23) | 5 | 28 | 33 |

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| | | | | | | |
|---|--------------|--------------|--------------|--------------|--------------|--------------|
| (-) Exchange gain (loss) | 65 | (447) | (382) | (1) | 150 | 149 |
| (+) Allowance for loan losses | 633 | 711 | 1,344 | 809 | 586 | 1,395 |
| (+) Technical reserves for insurance, private pension plans and savings bonds | 255 | 172 | 427 | 988 | 737 | 1,725 |
| (+) Allowance for/reversal of mark-to-market | 10 | 96 | 106 | 15 | 16 | 31 |
| (+) Depreciation and amortization | 93 | 131 | 224 | 141 | 150 | 291 |
| (+) Amortization of goodwill | 38 | 58 | 96 | 738 | 62 | 800 |
| TOTAL | 1,517 | 1,179 | 2,696 | 3,203 | 2,248 | 5,451 |

Change in Number of Outstanding Shares (million)

| | Common Stock | Preferred Stock | Total |
|---|----------------|-----------------|------------------|
| Number of shares held at December 31, 2002 | 719,343 | 708,537 | 1,427,880 |
| Shares subscribed and allocated for the period | 79,597 | 78,402 | 157,999 |
| Number of shares held at June 30, 2003 | 798,940 | 786,939 | 1,585,879 |
| Performance Ratios (annualized) | | | |

| | % | | | | | |
|--|----------|----------|----------|----------|----------|----------|
| | 2002 | | | 2003 | | |
| | 1st Qtr. | 2nd Qtr. | 1st Half | 1st Qtr. | 2nd Qtr. | 1st Half |
| Return on stockholders' equity (total) | 18.3 | 20.3 | 18.7 | 18.5 | 17.6 | 17.1 |
| Return on stockholders' equity (average) | 18.5 | 20.6 | 19.1 | 20.0 | 18.8 | 18.7 |
| Return on assets (total) | 1.4 | 1.5 | 1.5 | 1.4 | 1.4 | 1.3 |

N.B. Return on stockholders' equity (total) = Net income/Closing stockholders' equity annualized exponentially.
Return on stockholders' equity (average) = Net income/average (daily) stockholders' equity annualized exponentially.

Historical Data In millions of reais (unless otherwise indicated)

Other Ratios

| | % | | | |
|---|----------|----------|----------|----------|
| | 2002 | | 2003 | |
| | 1st Qtr. | 2nd Qtr. | 1st Qtr. | 2nd Qtr. |
| Capital adequacy ratio - financial consolidated (1) | 15.2 | 14.7 | 19.7 | 16.4 |
| Capital adequacy ratio - total consolidated (1) | 13.6 | 13.0 | 17.1 | 14.5 |
| Permanent assets to stockholders' equity - financial consolidated (2) | 64.2 | 56.1 | 42.5 | 43.9 |
| Permanent assets to stockholders' equity - total consolidated (2) | 50.8 | 46.6 | 31.2 | 31.6 |

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- (1) Reference equity may not be lower than 11% of weighted assets.
- (2) At June 30, 2003, the ratio of permanent assets to stockholders' equity is limited to 50% of reference equity.

Other Indicators

Risk Management

Structure

The economic stability brought by the Real Plan prompted the Brazilian financial sector to develop sophisticated risk management policies. An increasingly high-powered market, globalization and advanced technology motivated the creation of specific procedures for monitoring and controlling risks.

Bradesco, permanently alert to these changes, has developed a number of mechanisms in recent years designed to plan, control and manage the risks inherent to its banking activities and which include the following: credit, market, operating and liquidity risks, as well as the management of risk capital and internal controls.

A culture focusing Risk Management and Compliance, allied with a thorough knowledge of latest-generation risk management processes, provides a decisive competitive edge, aiding the maintenance of stability, continuity and supporting profit growth, adding value to the Bradesco brand name. This culture facilitates transparency and ensures that intelligent decisions are made, controlling risks in proportion to yield and optimizing the allocation of capital in benefit of stockholders and investors.

In addition to its banking activity, Bradesco has extended its risk analysis culture to encompass its equity related companies such as Bradesco Vida e Previdência, Bradesco Saúde, Bradesco Seguros and Bradesco Capitalização, as regards actuarial and market risks.

In the first quarter of 2002, the Risk Management area incorporated the activities carried out by other areas of the Institution responsible for compliance, including Brazilian Payment System (SPB) risk management, transaction validation, internal controls, operating risks, information security and money laundering prevention.

The Risk Management and Compliance area is independent from other operating areas, reporting directly to the president:

An independent process for monitoring, controlling and managing risks is critical to effective management. The area's activities are governed by a standing committee, which evaluates positions and ratifies decisions involving control and limit policies.

A financial institution complies when all its transactions are carried out in accordance with the laws and rules in force in an ethical manner and avoiding conflict of interests. The Compliance department is designed to prevent damage and to manage legal, regulatory and reputation risks, supporting the Branches and Departments in their daily activities.

Particular emphasis is given to personnel and technology resources, ensuring that the Bradesco Group has permanent access to the cutting-edge technology required for managing the Organization's risks.

The new organizational structure is designed to facilitate a greater focus on these critical activities and confirms the Organization's adherence to best corporate governance practices.

Credit Risk Management

Credit risk is the risk arising from the possibility of loss due to the non-receipt of amounts contracted with counterparties and related creditors. Credit risk management requires a strictly disciplined control over all analyses and transactions carried out, safeguarding process integrity and independence.

Credit Policy

Designed to ensure maximum security, quality and liquidity in the investment of assets, minimizing risks inherent to all types of credit operation, the Organization's Credit Policy also seeks to offer agile and profitable business, applying appropriate methodology for each of the Bank's business segments, set forth in the following topic, as well as directing the establishment of operating limits and the granting of credit.

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Credit is granted based on a highly automated and efficient approvals system, supported by assessment policies which are geared by constantly improving technical parameters designed to ensure proper support for credit decisions.

As part of this system, the Branches operate within varying limits depending on the size and type of guarantee offered, while specialized credit scoring systems maximize the speed and security of the approvals process, based on strict protection standards.

The credit committees located at the Bank's headquarters also play an important role, centralizing, analyzing and authorizing credit operations at amounts above the branch limits and managing this core strategic activity.

Operations are diversified, non-selective and focused on consumer and corporate customers with sound payment capacity and proven creditworthiness. Care is taken to ensure that the underlying guarantees are sufficient to cover the risks assumed, considering the purpose and terms of the credit granted.

Market Segmentation

Bradesco operates on a segmented service basis, seeking to match its different products and services to the different profiles and size of its target public. In line with a world market trend, Bradesco's structure permits the grouping together of customers with similar profiles facilitating superior quality customer service, extending business opportunities with a greater focus on relationship actions.

Major corporations with annual billings in excess of R\$ 180 million are served since June 1999 by Bradesco Corporate Banking which provides a range of sophisticated financial solutions, enhancing its service structure through the use of the Asian and Euro Desks, focused on prospecting new business in these regions.

Middle market companies, with annual billings from R\$ 15 million to R\$ 180 million, are served by Bradesco Empresas which came into operation in January 2002 designed to offer a differentiated service in exclusive VIP areas, tailored to the specific needs of this type of customer, who in general prefer the use of alternative channels such as telephone, ATMs and the Internet, instruments in which Bradesco technology is outstanding.

In the consumer customer area, the first step in terms of customer segmentation was taken via Bradesco Private Banking, focused on the personalized management of high-income customer accounts with funds available for investment in excess of R\$ 1 million, which commenced operations in November 2000.

More recently in May 2003, following the incorporation of Banco Mercantil de São Paulo, the Bradesco Prime service was launched targeting consumer customers with monthly incomes in excess of R\$ 4 thousand or investments in excess of R\$ 50 thousand. Through exclusive branches, or specifically reserved areas in traditional branches, this public receives a high standard of personalized customer service with a wide range of products and services, including diverse credit lines, insurance policies and private pension plans.

Other customers are classified on a retail basis as companies or consumers. Bradesco's activities in this segment were strengthened through the partnership entered into last year with the Brazilian Postal and Telegraph Company - Correios for the purpose of creating Banco Postal, the post-office bank. Dedicated to extending banking service access to low-income bracket consumers, particularly those who live in the country's remote interior regions, Bradesco is now present in all of Brazil's states.

Methodology used for Credit Portfolio classification

In addition to supporting the establishment of minimum parameters for granting credit and managing risk, the credit risk scoring system established by the Brazilian Central Bank also facilitates the definition of differentiated credit policies based on the customer's specific characteristics and size, providing a basis for the correct pricing of operations and for establishing the most appropriate guarantees for each situation.

In accordance with internal policy, Bradesco customer risk ratings are established on a corporate basis and are permanently reviewed to maintain the quality of the credit portfolio. These ratings are segmented as follows:

Classification Corporate

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| Rating | Bradesco | % | Concept |
|--------|---------------|-------|---|
| AA | Excellent | 0.0 | Premium company/group, with size, tradition and market leadership, with excellent reputation and economic and financial position. |
| A | Very Good | 0.5 | Company/group with size, sound economic and financial position, acting in markets with good prospects and/or potential for expansion. |
| B | Good | 1.0 | Company/group which, regardless of size, has a good economic and financial position. |
| C | Acceptable | 3.0 | Company/group with a satisfactory economic and financial situation but with performance subject to economic scenario variations. |
| D | Fair | 10.0 | Company/group with economic and financial position in decline or unsatisfactory accounting information, under risk management. |
| E | Deficient | 30.0 | |
| F | Bad | 50.0 | Abnormal course credit operations, classified based on expected loss as per |
| G | Critical | 70.0 | percentage shown. |
| H | Uncollectible | 100.0 | |

In the case of consumer customers, the above risk ratings are mainly defined based on their registered reference variables which include: income, equity, restrictions and indebtedness, as well as performance and past relationship with the Bank.

Market Risk Management

Market risk is related to the possibility of the loss of income from fluctuating rates caused by mismatched maturities, currencies and indices of the Institution's asset and liability portfolios. This risk is monitored on a strict basis by the financial market to avoid losses for institutions.

At Bradesco, market risks are managed through methodologies and models which are consistent with local and international market realities, ensuring that the Organization's strategic decisions are implemented with speed and a high level of reliability.

The Organization adopts a conservative policy regarding market risk exposure; VaR (Value at Risk) limits are defined by Senior Management, and compliance is monitored daily by an area which is independent from portfolio management. The methodology used to determine VaR has a reliability level of 97.5%. The volatilities and correlations used by the models are calculated on statistical bases, whereas future prospects are calculated based on economic studies. The methodology applied and current statistical models are validated daily using backtesting techniques.

We present below the VaR of the Own Portfolio positions (Treasury):

| Risk Factors | In thousands of reais | | | | | |
|-------------------|-----------------------|---------------|---------------|---------------|---------------|---------------|
| | 2002 | | | | 2003 | |
| | March | June | September | December | March | June |
| Prefixed | 3,548 | 4,881 | 7,108 | 5,407 | 6,293 | 6,541 |
| Exchange coupon | 10,488 | 48,259 | 23,041 | 33,142 | 9,662 | 14,717 |
| Foreign currency | 3,197 | 8,422 | 1,988 | 2,876 | 1,807 | 439 |
| Floating rate | 183 | 14 | 75 | 11 | 105 | 10 |
| Correlated effect | (6,665) | (15,809) | (8,008) | (4,014) | (3,803) | (3,243) |
| VaR | 10,751 | 45,767 | 24,204 | 37,422 | 14,064 | 18,464 |

In addition, a daily Gap Analysis is performed to measure the effect of the movement in the internal interest rate and foreign exchange coupon curves (interest spread paid above the foreign exchange variation) on the portfolio.

Complementing the market risk monitoring, control and management structure and in accordance with Central Bank regulations, a daily verification is made of the values at risk for the fixed and foreign exchange positions of the Organization's entire portfolio and of minimum capital requirements.

Operating Risk Management

Operating risks are those inherent to activities which provide support for transactions in which the Organization participates and may occur as a result of the interruption of business, system failures, errors, omission, fraud or external events impacting the Institution's results.

Following recent guidelines issued by the Basel Committee, the Organization is working to adapt its processes to comply with possible future Central Bank demands, complementing its present capital management policies, based on an analysis of operating losses.

Operating risk is managed at Bradesco based on the dissemination of its culture, disclosure of its policies and development of own methodologies, models and tools designed to permit, among other factors, decreases in the cost of regulatory capital to be subscribed and at the same time increases in operating efficiency.

Bradesco's adherence to the 10 principles of good operating-risk-management practice determined by the Basel Committee was appraised by the Operating Risk Management area. As a result, a specific area activity plan and schedule was put into place, for the purpose of identifying and mapping the current processes used to record operating losses and the accounts used by the initially selected areas.

As a result of the need to compile and maintain consistent historical data on operating losses for a 5-year period, the information relating to losses managed at present was analyzed from 2000. At the same time, a number of performance indicators were selected to serve as a basis for analyzing and projecting the relevance of these operating losses in relation to the Organization's overall activities.

In line with the definition and development of the methodology and accounting and management criteria used for managing operating risk, the area is now implementing a specific Internal Management System for streamlining this information, designed to manage, enhance and increase the knowledge used to administrate operating loss events, facilitating an in-depth assessment, based on either management or accounting controls.

The cutting-edge nature of this internal operating risk management process can be regarded as a benchmark of Bradesco's important status within Brazil's financial scenario, increasing its competitive edge as a result of greater operating efficiency and adding stockholder value, as well as extending its relationship of trust with customers, the market and regulatory bodies.

Liquidity Risk Management

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

Knowledge and monitoring of this risk are critical since they enable the Organization to settle transactions on a timely and secure basis.

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

Capital Risk Management

The Organization's capital is managed to optimize the risk-return ratio, 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).

Capital Adequacy Ratio (Basel) - June 2003 - In millions of reais

Calculation

CALCULATION BASIS

Consolidate

Total

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| | Financial ⁽¹⁾ | Consolidated ⁽²⁾ |
|--|--------------------------|-----------------------------|
| Stockholders equity | 12,522 | 12,522 |
| Minority interest | 10 | 107 |
| Reference equity Level I | 12,532 | 12,629 |
| Reference equity Level II (subordinated debt) | 3,293 | 3,293 |
| Total reference equity (Level I + Level II) | 15,825 | 15,922 |
| Weighted risk assets | 96,734 | 109,989 |
| Capital adequacy ratio (%) | 16.36% | 14.48% |
| (1) Financial companies only. | | |
| (2) Financial and non-financial companies. | | |

Movement (%)

| | | |
|--|--------------|--------------|
| Ratio in June 2002 | 14.65 | 12.96 |
| Subordinated Debt: | | |
| . Local | 0.46 | 0.26 |
| . Foreign | 1.49 | 1.18 |
| Increase in assets | (2.48) | (2.38) |
| Other (results and acquisition of treasury stock, J.C.P., minority interest and risks) | 2.24 | 2.46 |
| Ratio in June 2003 | 16.36 | 14.48 |
| Internal Controls | | |

Complementing its operating risk control and management activities, the Organization has developed a number of systems, policies and internal controls over the years to mitigate possible potential losses generated by its exposure to this type of risk.

Aware of the importance of these controls, Bradesco has developed and implemented certain tools designed to optimize these processes and procedures, among which we highlight the following:

- Implementation of an internal controls system (Compliance), based on the pillars defined by Basel and the methodology of the Committee of Sponsoring Organizations (COSO), mainly as regards components in the following areas: control environment, risk assessment, control activities, information, communications and monitoring, ensuring that activities, policies and normative instructions are in constant compliance with legal and regulatory standards.

- Implementation of a Brazilian Payments System (SPB) risk management process for the specific purpose of monitoring the flow of messages transmitted between the Organization's banks and the external entities such as the Brazilian Central Bank, Special Clearance and Custody System (SELIC), clearing houses and other financial institutions. This monitoring process is based on information system tools and intense staff training activities to facilitate the identification and rectification of events in environments and systems and also to ensure that online cash transfers (TEDs) processed via SPB are properly validated. Complementing these monitoring activities, the Bank also adopts a Systems Contingency Plan for SPB to cover the main departments handling critical transactions, addressing pre-established scenarios and actions and reducing the possibility of messages not being correctly processed.

- Ongoing improvement of technology tools and employee training, focused on the process used to monitor the financial activity of customers and designed to prevent money laundering and utilization of the Organization for processing illegal transactions.

- Dissemination of processes and procedures to guarantee information security, based on Corporate Information Security Policy and Standards, the guidelines of which establish premises for protecting the confidentiality, integrity and availability of information.

Added Value

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| | In millions of reais | | | | | |
|--|----------------------|--------------|--------------|--------------|--------------|--------------|
| | 2002 | | | 2003 | | |
| | 1st Qtr. | 2nd Qtr. | 1st Half | 1st Qtr. | 2nd Qtr. | 1st Half |
| ADDED VALUE (A+B+C) | 1,675 | 1,729 | 3,405 | 1,766 | 2,128 | 3,894 |
| A Gross profit from financial intermediation | 1,731 | 1,626 | 3,357 | 2,558 | 2,031 | 4,589 |
| B Commissions and fees | 861 | 925 | 1,786 | 1,013 | 1,080 | 2,093 |
| C Other operating expenses | (917) | (822) | (1,738) | (1,805) | (983) | (2,788) |
| DISTRIBUTION OF ADDED VALUE (D+E+F+G) | 1,675 | 1,729 | 3,405 | 1,766 | 2,128 | 3,894 |
| D Employees | 768 | 855 | 1,623 | 914 | 982 | 1,896 |
| E Government | 482 | 395 | 878 | 344 | 627 | 971 |
| F JCP/Dividends to stockholders (paid and accrued) | 235 | 81 | 316 | 290 | 343 | 633 |
| G Reinvestment of profits | 190 | 398 | 588 | 218 | 176 | 394 |
| Customers Checking Accounts (million) | | | | | | |

**Consumer and Corporate Customers
June/2003**

Increase in Checking Accounts
million

Increase in Savings Accounts
(million)

Customer Service Network

| | 2002 | | 2003 | | | |
|--|--------------|-------------------|--------------|-------------------|--------------|-------------------|
| | June | | March | | June | |
| | Branches | PABs/ PAEs (1) | Branches | PABs/ PAEs (1) | Branches | PABs/ PAEs (1) |
| Consolidated | 2,927 | 1,697 | 2,965 | 1,868 | 3,362 | 1,936 |
| Bradesco | 2,473 | 1,343 | 2,521 | 1,486 | 2,700 | 1,678 |
| BCN | 234 | 169 | 224 | 186 | 222 | 193 |
| Banco Finasa (formerly Continental Banco) | 1 | - | 1 | - | 1 | - |
| Mercantil de São Paulo | 219 | 185 | 219 | 196 | - | - |
| BBV Banco | - | - | - | - | 439 | 65 |
| PAPs Collection and Payment Outlets (Mercantil) | - | - | 3 | - | - | - |
| Banco Postal | 1,000 | - | 2,745 | - | 2,830 | - |

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| | | | |
|--|---------------|---------------|---------------|
| ATMs - Bradesco Day and Night (BDN) | 20,779 | 21,285 | 21,491 |
| Finasa Promotora de Vendas (formerly Continental Promotora de Vendas) | 40 | 51 | 55 |
| Mercantil credit outlets (2) | 9 | - | - |

(1) PABs (banking service post) and PAEs (electronic service outlet) are installed exclusively in companies. PABs have at least one on-site bank clerk.

(2) Mercantil credit outlets were incorporated by Finasa Promotora de Vendas in August 2002.

Customer Service Network (Branches)

Bradesco and Financial System

| REGION | BRADESCO | BCN | BBV Banco | TOTAL CONSOLIDATED | TOTAL BRANCHES IN SYSTEM⁽¹⁾ | Bradesco's Percentage Market Share |
|---------------------|-----------------|------------|------------------|-------------------------------|---|---|
| North | | | | | | |
| Acre | 4 | - | 1 | 5 | 25 | 20.0 |
| Amazonas | 55 | 2 | 2 | 59 | 128 | 46.1 |
| Amapá | 3 | - | 1 | 4 | 17 | 23.5 |
| Pará | 45 | 1 | 5 | 51 | 253 | 20.2 |
| Rondônia | 18 | - | 1 | 19 | 73 | 26.0 |
| Roraima | 1 | - | 1 | 2 | 14 | 14.3 |
| Tocantins | 13 | 1 | 1 | 15 | 71 | 21.1 |
| Total | 139 | 4 | 12 | 155 | 581 | 26.7 |
| Northeast | | | | | | |
| Alagoas | 8 | 2 | 2 | 12 | 112 | 10.7 |
| Bahia | 226 | 3 | 42 | 271 | 727 | 37.3 |
| Ceará | 26 | 2 | 8 | 36 | 340 | 10.6 |
| Maranhão | 25 | 1 | 4 | 30 | 248 | 12.1 |
| Paraíba | 16 | - | 3 | 19 | 153 | 12.4 |
| Pernambuco | 52 | 3 | 24 | 79 | 435 | 18.2 |
| Piauí | 9 | - | 1 | 10 | 106 | 9.4 |
| Rio Grande do Norte | 11 | 1 | 3 | 15 | 129 | 11.6 |
| Sergipe | 11 | 1 | 3 | 15 | 148 | 10.1 |
| Total | 384 | 13 | 90 | 487 | 2,398 | 20.3 |
| Central West | | | | | | |
| Federal District | 27 | 4 | 6 | 37 | 292 | 12.7 |
| Goiás | 99 | 5 | 5 | 109 | 548 | 19.9 |
| Mato Grosso | 58 | 1 | 3 | 62 | 215 | 28.8 |

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| | | | | | | |
|--------------------|--------------|-------------------|------------|--------------|---------------|-------------|
| Mato Grosso do Sul | 53 | 3 | 5 | 61 | 219 | 27.9 |
| Total | 237 | 13 | 19 | 269 | 1,274 | 21.1 |
| Southeast | | | | | | |
| Espírito Santo | 35 | 2 | 5 | 42 | 306 | 13.7 |
| Minas Gerais | 264 | 15 | 42 | 321 | 1,854 | 17.3 |
| Rio de Janeiro | 235 | 36 ⁽²⁾ | 47 | 318 | 1,662 | 19.1 |
| São Paulo | 1,011 | 116 | 154 | 1,281 | 5,559 | 23.0 |
| Total | 1,545 | 169 | 248 | 1,962 | 9,381 | 20.9 |
| South | | | | | | |
| Paraná | 154 | 10 | 26 | 190 | 1,263 | 15.0 |
| Rio Grande do Sul | 143 | 9 | 32 | 184 | 1,375 | 13.4 |
| Santa Catarina | 98 | 5 | 12 | 115 | 806 | 14.3 |
| Total | 395 | 24 | 70 | 489 | 3,444 | 14.2 |
| TOTAL | 2,700 | 223 | 439 | 3,362 | 17,078 | 19.7 |

(1) Source: CADINF-DEORF/COPEC June 2003.

(2) Includes 1 Banco Finasa Branch.

**Customer Service Network (Branches) Market Share
June 2003**

Customer to Branch Ratio - Thousand

Banco Postal

The results presented by Banco Postal, at the end of the first half, confirm Bradesco's commitment to attend customers from all income brackets.

Post-office Bank Branches now total 2,830 with 331 new units opened during the period. Banco Postal increased its number of accounts by 87.78%, with 272,279 new accounts opened in the first six months of 2003, totaling 582,446 accounts in all.

The steadily growing credit operations and volume of deposits substantiates Banco Postal's important role as a channel for delivering credit and other banking services to Brazil's low-income public.

Out of a total of 1,623 municipalities with no previous access to banking services, 898, with a population of 8.9 million, now benefit from the services offered by Banco Postal. The Bank's active presence in these regions encourages business expansion, increases Bradesco's competitive edge and promotes Brazil's nationwide development.

Banco Postal plays an important role in these remote regions. For example, the 250 pensioners living in the region of Castelo dos Sonhos, in the state of Pará, had to travel over 158 km on roads which are little more than dirt tracks to the town of Novo Progresso to receive their monthly pensions, spending more than 20% of their income in travel expenses alone. The installation of a Banco Postal branch in their town has produced effective savings for these people, as well as facilitating access to other basic banking services.

In major cities or towns which already have Bradesco Branches, Banco Postal's role is still important since Bradesco Customers now have access to a greater number of outlets close to their workplaces or homes.

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Increase in Accounts Opened (Accumulated)

Transactions Carried Out (Monthly)

Units Installed (accumulated)

Bradesco Day and Night Customer Service Channels

As well as the traditional Customer Service Network (Branches), Bradesco customers are able to consult their banking affairs, carry out financial transactions and purchase products and services deployed via state-of-the-art technology through the following alternative channels: Self-service (Auto-Atendimento), Easy Phone (Fone Fácil) and Internet Banking.

Bradesco Day and Night Self-Service ATM Network

Brazil's largest Private-Sector Self-service Network, with 22,865 ATMs (Bradesco - 21,491, BCN - 884 and BBV Banco - 490).

Located in bank branches and in all areas of important economic agglomeration: Shopping Malls, Hypermarkets, Supermarkets, Airports, Service Stations, Bus Stations etc.

Bradesco Self-Service Network Distribution Monthly Productivity June 2003

Bradesco Day and Night Easy Phone Service

Nationwide 24-hour access, 7 days a week, with Electronic Voice Response (EVR) technology covering 68 regions and personalized calls in 59 regions.

Personalized calls are routed via Bradesco's Data and Voice Network to call centers in São Paulo - Santa Cecília and Osasco - Headquarters.

The Easy Phone service is widely used as a result of the large number of fixed and mobile telephones now in use throughout Brazil.

Bradesco Day and Night Internet Banking

The Bradesco Portal contains links to 21 related websites and to the BCN, BBV Banco and Finasa Bank websites. Bradesco Internet Banking (www.bradesco.com.br) online since May 31, 1996 is a worldwide benchmark for Home Banking services.

Since it was first launched, Bradesco Internet Banking has focused on innovating and deploying the largest number of online services possible for its customers.

At present, Bradesco Internet Banking offers its customers more than 210 different services, which can be accessed 24 hours a day, seven days a week anywhere on earth.

Main Available Channel Services and Products

- Consultations

- Checking/savings accounts
- Account balances and statements: summarized, or in detail, by period
- Credit card balances and statements
- Investment balances and statements
- Bank charges and credit limits

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| | |
|-----------------------------------|--|
| - Payments/scheduling of payments | - Dockets - Public utility bills - Taxes, fees and contributions - Mobile phone credits - Direct debit |
| - Transfers | - Between Bradesco accounts - Other banks DOC D, DOC E and TED - Donations |
| - Requests | - Changes to credit card limit - Checkbook - Revolving credit - Change of address |
| - Withdrawals / Deposits | - Checking / Savings account - Salary/INSS account - Card |
| - Other services | - Unblocking of cards - Travelers Checks - Financial investments - Re issue of payment receipts - Personal loans/instant credit - Advance receipt (Orpags) - PIN substitution - Sale of products and services |

Bradesco Day and Night Self-Service ATM Network

Growth:

| | 2002 | | | 2003 | | |
|---|----------|----------|----------|----------|----------|----------|
| | 1st Qtr. | 2nd Qtr. | 1st Half | 1st Qtr. | 2nd Qtr. | 1st Half |
| BDN network terminals | 20,429 | - | 20,779 | 21,285 | - | 21,491 |
| Banking service outlets in the BDN nationwide network | 5,104 | - | 5,376 | 5,762 | - | 5,845 |
| Outplaced terminals (excluding branches, PABs and PAEs) | 1,386 | - | 1,560 | 1,755 | - | 1,772 |
| BDN network cash withdrawal transactions (million) | 83.3 | 83.2 | 166.5 | 92.5 | 95.6 | 188.1 |
| Deposit transactions (million) | 48.5 | 50.4 | 98.9 | 47.0 | 47.6 | 94.6 |
| Inter-account transfers (million) | 4.4 | 4.3 | 8.7 | 4.5 | 4.6 | 9.1 |
| Express checkbooks issued (million) | 2.6 | 2.6 | 5.2 | 2.5 | 2.6 | 5.1 |
| Balance consultations (million) | 89.3 | 90.4 | 179.7 | 99.5 | 102.2 | 201.7 |
| Financial volume of BDN network transactions (In billions of reais) | 18.3 | 18.5 | 36.8 | 45.3 | 45.4 | 90.7 |
| First-half highlights for 2003: | | | | | | |

More than 697 million transactions, a daily average of 4.3 million.

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Bradesco Day and Night ATM Network terminals recorded an increase of 35.5% in the number of personal loans granted and a 24.9% growth in financial volume compared to the same period in 2002.

The Bradesco Day and Night ATM Network can also be used by BCN and BBV Banco customers.

281 new terminals were installed during the period, an average of 2 per day.

728 terminals were updated with latest-generation technology.

475 terminals were installed following the incorporation of Banco Mercantil.

The Pé Quente savings bond was launched.

The Bradesco Day and Night ATM Network is accessed by Bradesco Prime and BBV Banco customers.

Number of BDN ATMs - Bradesco

Bradesco Day and Night Easy Phone Service

Integrated Call Centers

| | |
|---------------------------|-----------------------------------|
| Bradesco Cards | Banco Bradesco |
| Card sales | Bradesco Prime |
| Card collection | Bradesco Internet Banking support |
| Advance receipts | Finasa |
| Outgoing telemarketing | Digital Bradesco |
| Private pension plans | Digital BCN |
| Telecollection | BCN Live Line (Linha Viva) |
| Bradesco Consortium Plans | |

Increase in Number of Calls (million)

Growth in Financial Volume (in millions of reais)

First-half highlights for 2003:

| | |
|--|---|
| | 13.7 million electronic voice-response calls per month. |
| | 4.3 personalized service calls per month. |
| | 95% of personalized service call queries are resolved during the first contact. |
| | 7.2 million products and services sold up to June 30, 2003. |
| | 1.2 million products and services sold during the first half of 2003. |
| | 169 call-center representatives were trained and designated to other areas of the Organization in the first six months of 2003, particularly the sales areas, totaling 1,340 representatives transferred from January 2001 through June 2003. |
| | Incorporation of Banco Mercantil. |
| | Installation of the Bradesco Prime and Bradesco Consortium call centers. |
| | Implementation of the Telecollection call center (phase 2). |

Bradesco Day and Night Internet Banking Service

Internet Banking Thousand users

Internet Banking Thousand transactions

Bradesco Internet Banking

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Bradesco online services were created to facilitate the day-to-day life of its customers, offering access to the transactions available through the branch network from any point on the globe.

The internet is an important and profitable customer relationship channel, generating benefits for both customers and stockholders.

ShopInvest Bradesco

In March 1999, Bradesco launched ShopInvest (www.shopinvest.com.br), the first Brazilian retail bank broker to operate in BOVESPA's online Home Broker.

Through ShopInvest, investors can access a variety of different information and trade shares in BOVESPA, even if they are not Bradesco account holders. All of these services are provided free-of-charge and comply with the same rules applicable to bricks-and-mortar trading.

ShopInvest stands out for its wide range of investment options, available in nine Investment Rooms: Shares; Savings Bonds; CDB; Funds; Real Estate; BM&F; Savings Accounts; Private Pension Plans and Insurance.

ShopCredit

In May 2001, Bradesco launched ShopCredit (www.shopcredit.com.br), the Bank's Financing and Loan website, which offers a complete portfolio of Bradesco's credit lines. The products are grouped together for purchase by consumer or corporate customers with full details on each option and visitors can use a simulator to calculate amounts and terms in the Personal Credit, Consumer Financing (CDC), Leasing, Housing Loans and Finame (Moderfrota, Prefixado and Proleite) modes. ShopCredit visitors can also request instant personal credit, quickly and securely.

Bradesco Net Empresa

On September 18, 2001, Bradesco launched its new corporate banking website.

With Bradesco Net Empresa, companies gained a new ally for optimizing the financial management of their businesses. Through this website, companies can operate bank accounts, make payments and collections and perform other transactions online without having to visit a bricks-and-mortar branch.

B2C (Business to Consumer)

Bradesco Electronic Trade was created in 1998 and soon became a successful hallmark. In the wake of this success, ShopFácil was launched in 2000, offering, among other services, Meios de Pagamento Eletrônico Bradesco (Bradesco Online Payment Methods) the safest, most practical and economic way to shop online.

Bradesco is currently the only Bank in the world to date to receive ISO 9001:2000 accreditation for its Online Commercial Payment Methods.

Bradesco Electronic Payment Methods comprise: Electronic Wallet (Bradesco debit cards, PoupCard and Bradesco Visa and MasterCard Credit Cards), Pagamento Fácil (Easy Payment), Boletão Bancário (Online Dockets), Interaccount Transfers and Bradesco Online Credit.

B2B (Business to Business)

In the B2B area, emphasis should be given to the business solutions offered by Bradesco comprising the following: a security and limits module, B2B payment methods, management tools (buyer, seller and bank) and a financial reconciliation module for the seller.

At present, the Bank offers the following B2B Payment Methods:

- Online Docket;
- Electronic Wallet (Credit Cards); and
- Financing lines.

First-half highlights for 2003:

- Launching of the Bradesco Consórcios website.
- Online transmission of Bradesco Consortium Member Meetings.

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- New layout of the Bradesco website index page.
- New layout of the Bradesco Corporate Banking website.
- Implementation of the Bradesco Pocket Banking transaction area.
- Launching of Personal Online Credit.
- Launching of the Bradesco University Student website.
- Launching of the Bradesco Prime website.
- Launching of the Bradesco Guidebook.

| Services | First-Half Position: |
|--|--|
| Bradesco Internet Banking | 5.3 million registered users. 151.8 million transactions carried out (a 25% increase compared to 1H02). |
| ShopInvest Bradesco | 687 thousand registered users. 257 thousand transactions carried out (an 81% increase compared to 1H02). |
| ShopCredit | 287 thousand transactions/operations carried out. |
| Bradesco Net Empresa | 114 thousand registered companies with 81 thousand in operation. 1.7 million transactions/ operations conducted (a 185% increase compared to 1H02). |
| B2C | 352 thousand transactions/sales posted. 1,680 stores operating with Bradesco Online Payment Methods. |
| Bradesco Internet Banking for the Visually Impaired | 2,720 registered users. |
| Web Point | 100 terminals installed. |
| Bradesco Net Express | 1,850 companies connected. 4.6 million transactions carried out. |
| Infoemail | 130 thousand registered users. |
| Infocelular | 3,100 registered customers. |
| Mobile Banking (WAP) | 570 thousand transactions carried out. |
| Fale com o Bradesco (Talk to Bradesco) | The Bank offers an online communications channel through which customers can clarify doubts and send suggestions or complaints regarding Bradesco products and services. |
| Donations | Aware of its social responsibility, Bradesco offers customers the opportunity to make online donations to a number of different philanthropic entities and institutions. |

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WebTA

Through this system data files can be transmitted over the internet with maximum security.

Boleto Fácil (Easy Bill Payment)

Customers can use the Bradesco free Infoemail service to receive bills for payment via e-mail, as well as balance information, financial market news and other interesting information.

Other Bradesco Organization Websites:

- Investor Relations - (<http://ri.bradesco.com.br/>)
- Bradesco Foreign Exchange - (www.bradescocambio.com.br)
- Bradesco Corporate Banking - www.corporatebradesco.com.br)
- The Bradesco Foundation - (www.fb.org.br)
- Bradesco Insurance - (www.bradescoseguros.com.br)
- Bradesco Private Pension Plans - (www.bradescoprevidencia.com.br)
- Financial Channel - (www.canal.bradesco.com.br)
- The Bradesco Card Website - (www.bradescocartoes.com.br)
- Personal Finance Portal - (www.bradesco.com.br/indexpf.html)
- Corporate Finance Portal - (www.bradesco.com.br/indexpj.html)
- Portal for the Visually Impaired - (www.bradesco.com.br/indexdvisual.html)
- Online Shopping Portal - Consumers - (www.bradesco.com.br/index_comerciofp.html)
- Online Shopping Portal - Corporate - (www.bradesco.com.br/index_comerciopj.html)

Websites, Products and Services under Construction

Corporate Banking website (new version)

Private Banking website (new version)

Bradesco Empresas Website

Bradesco Savings Bond Website

MultiChannel CRM

B2B Buyer and Vendor Financing

B2B Payments Method System

Cards (million)

| | 2002 | | | 2003 | | |
|--|----------------|----------------|----------------|----------------|----------------|----------------|
| | 1st Qtr. | 2nd Qtr. | 1st Half | 1st Qtr. | 2nd Qtr. | 1st Half |
| Number of Cards | 30.6 | 31.8 | 31.8 | 35.8 | 36.9 | 36.9 |
| Credit | 5.0 | 5.3 | 5.3 | 6.2 | 6.5 | 6.5 |
| Debit | 25.6 | 26.5 | 26.5 | 29.6 | 30.4 | 30.4 |
| Average transaction amount In reais | 2,609.8 | 2,802.3 | 5,412.1 | 3,650.3 | 3,698.7 | 7,349.0 |
| Credit | 1,814.6 | 1,945.3 | 3,759.9 | 2,350.9 | 2,330.1 | 4,681.0 |
| Debit | 795.2 | 857.0 | 1,652.2 | 1,299.4 | 1,368.6 | 2,668.0 |
| Number of transactions | 51.3 | 54.9 | 106.2 | 68.2 | 69.9 | 138.1 |
| Credit | 30.4 | 32.3 | 62.7 | 36.4 | 35.9 | 72.3 |
| Debit | 20.9 | 22.6 | 43.5 | 31.8 | 34.0 | 65.8 |
| Credit Cards | | | | | | |

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The number of Bradesco credit cards increased by 23% in the first six months compared with the same period in 2002, while the Visa and Mastercard market grew by some 11%. This growth rate expanded our market share from 14% in 2002 to 16% in 2003.

First-half billings totaled R\$ 4.7 billion, a growth rate of 24% as compared to the same period in 2002, with a 15% increase in the number of transactions.

Debit Cards (Electron)

The number of debit cards increased by 15% in the first six months of 2003, compared to the same period in the prior year, strengthening Bradesco's leadership of the Visa Electron market. In terms of billings this increase totaled 61%. These figures demonstrate clearly that Brazilians are changing their payment habits, substituting checks and cash for the use of debit cards. The commercial establishments are our allies in this market, since debit cards are preferred for their guaranteed liquidity, security and easy operation.

Acquiring Market

The network of commercial establishments in Brazil, accredited by the Visa system, is administered by Companhia Brasileira de Meios de Pagamentos - Visanet, in which Bradesco has a direct capital holding of 39%. In the first half of 2003, Visanet processed some R\$ 25.1 billion in transactions, including both credit and debit card billings, a 36% increase over the same period in 2002. Visanet expanded its network by 17% compared to the prior year and at present has 800 thousand associated establishments nationwide. The Visa network is preferred by customers precisely because of the card's wide market acceptance.

Growth

Credit Card Base - Million

Credit Card Billings In millions of reais

Market Share

Debit Card Base (Electron) Million

Debit Card Billings In millions of reais

Corporate Banking

Since its creation in 1999, Bradesco Corporate Banking has focused on enhancing its specialized structures designed to provide the best possible service to 1,159 Economic Groups comprising its target market, segmented as follows:

Corporate: The structure devised to conduct the Bank's relationship with Brazil's major corporations is growing and improving year by year. Every effort is made to ensure that the related-area professionals have a thorough working knowledge of the corresponding economic sectors and companies and as a result are able to offer complete solutions and genuine added value, developing solutions in the areas of cash management, private pension plans, asset management, overseas trade and risk management.

Sugar and Alcohol/Coffee: A specialized team formed to attend these sector companies on a national level, with business, products and services specifically focused on this target public.

Asian Desk: Created through an agreement entered into with UFJ Bank, for the purpose of developing financial solutions for fomenting the commercial and financial flows with countries in eastern Asia where UFJ has an important presence such as China, Hong Kong, Taiwan, Korea, Singapore, Malaysia, Thailand, Indonesia, Philippines, India and Vietnam.

Following the conclusion of the acquisition process of BBV Banco, a Euro Desk will also be formed for the same purpose as the Asian Desk, to develop financial solutions designed to provide leverage to the Bank's relationship with companies in Brazil that do business with other countries

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in which BBVA has a strong presence.

Bradesco Empresas (middle market)

Bradesco's middle market segment, Bradesco Empresas, was created in April 2002, designed to offer quality corporate customer service for companies all over Brazil.

Bradesco Empresas targets middle market companies with annual billings from R\$ 15 million to R\$ 180 million.

The Bank's traditional Branch customers who are compatible with this profile are invited to join Bradesco Empresas.

The Bradesco Empresas service offers exclusively reserved Branches for its corporate customers in this segment, located in strategic areas.

Up to June 30, 2003, 35 service outlets were located in São Paulo and Rio de Janeiro with 4,623 customers from the different production chain sectors.

The personalized service offered by Bradesco Empresas prompted significant investments in this area, including specific training for our Relationship Managers and the restructuring of the IT structure, designed to provide added value and increase the Bank's share of this segment.

Since they are responsible for a maximum portfolio of 25 to 30 organizations, each Relationship Manager is able to focus on increasing business in the following areas: Loans, Investments, Foreign Trade, Derivatives, Cash Management and Structured Transactions.

The recent mergers of other financial institutions by Bradesco have had a positive effect, increasing the Bank's product portfolio and market share.

Up to the end of December 2003, there will be a total of 72 Middle Market Branches with some 18,000 corporate customers.

Structured Transactions

Launched on June 23, 2003, this service is part of the Organization's strategy to strengthen its positions, considering the highly competitive scenario produced by the policies of recent governments in their pursuit for economic stability.

Designed principally to attend customers from Bradesco Corporate Banking and Bradesco Empresas, this service is focused on developing personalized solutions for customer needs in the following areas: project financing, securitization of assets, loan syndication, etc. which are known in the financial market as structured transactions.

Private Banking

Bradesco Private Banking deploys tailor-made ISO 9001:2000-accredited products and services, in both local and international markets. High-income customers receive financial advice from qualified experts on how to form the best possible investment portfolio designed to increase their wealth and maximize returns.

Bradesco Prime

As part of the segmentation strategy implemented by the Organization in 1999, Bradesco Prime commenced activities on May 19, 2003, with a Network of 109 Branches distributed nationwide.

Bradesco Prime is designed to coordinate the Bank's commercial relationship with high-wealth consumer customers, providing personalized attendance by Relationship Managers in exclusively reserved areas and offering products specifically developed for this segment's needs.

Capital Market

Underwriting Transactions

Up to June 2003, Bradesco coordinated transactions with stock, debentures and promissory notes which totaled R\$ 2.999 billion, comprising 70.78% of all issues registered at the Brazilian Securities Commission (CVM).

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Of the total number of floating and fixed-return transactions registered at CVM up to June 30, 2003, Bradesco participated in 33% of the primary and secondary stock issues and in 20% of debenture issues and 33% of promissory notes issues.

Bradesco's Share of the Issues Market (in millions of reais)

Mergers, Acquisitions, Project Finance, Corporate Reorganization and Privatizations

Confirming its dynamic approach in the prospecting of new business, Bradesco ended the first half of 2003 with 4 operations in the Mergers and Acquisitions segment totaling more than R\$ 2.6 billion.

Bradesco's presence is also notable in Project Finance operations, acting as a financial advisor to major corporations operating in electric power generation and co-related projects such as the construction of gas pipelines. These projects currently amount to some R\$ 5.5 billion.

Foreign Exchange

Structure

The Organization has 27 specialized units operating in Brazil (Bradesco - 12, BCN - 5 and BBV Banco - 10), 1 Branch in New York (Bradesco), 4 Branches in Grand Cayman (Bradesco, BCN, Boavista and Mercantil), 2 Branches in Nassau (BBV Banco and Boavista), 1 subsidiary in Buenos Aires, Banco Bradesco Argentina S.A., 1 subsidiary in Nassau, Boavista Banking Limited and 2 subsidiaries in Luxembourg, Banco Bradesco Luxembourg S.A. and Banco Mercantil de São Paulo International S.A. and 1 subsidiary in Tokyo, Bradesco Services Co., Ltd. and 1 subsidiary in Grand Cayman, Cidade Capital Markets Ltd.

In the Exchange area, emphasis should be given to the traditionally important support offered by the Bradesco Organization to Foreign Trade, with a balance of US\$ 6.0 billion recorded in the foreign exchange trading portfolio for financing imports and exports, as well as for onlending to local customers.

Foreign exchange trading for exports up to May 2003 totaled US\$ 5.4 billion, an 10.5% increase compared to the same period in 2002. We also highlight the 32% increase in foreign exchange trading for imports which totaled US\$ 2.2 billion, as compared to US\$ 1.7 billion posted for the first five months of 2002.

Volume of Foreign Currency Trade - In billions of U.S. dollars

Export Market

Import Market

We present below the composition of the foreign trade portfolio at June 30, 2003:

| | In millions of U.S. dollars | In millions of reais |
|--|--------------------------------|-------------------------|
| Export financing | | |
| Advance on Foreign Exchange Contracts - undelivered bills | 1,468 | 4,215 |
| Advance on Export Contracts - delivered bills | 457 | 1,313 |
| Exchange discounted in advance | 27 | 77 |
| Prepayments | 474 | 1,360 |
| Loans according to Export Incentive Program (Proex) | 0.1 | 0.3 |
| Onlending of funds borrowed from BNDES/EXIM | 60 | 173 |
| Documentary drafts and bills of exchange in foreign currency | 9 | 25 |
| Indirect exports | 4 | 12 |

| | | |
|--|----------------|----------------|
| Total export financing | 2,499.1 | 7,175.3 |
| Import financing | | |
| Foreign currency import loans | 309 | 887 |
| Exchange discounted in advance | 65 | 186 |
| Open import credit | 54 | 156 |
| Total import financing | 428 | 1,229 |
| Total export and import financing | 2,927.1 | 8,404.3 |

As well as the funds obtained through the Commercial Paper program in the United States, the foreign exchange portfolio is financed mainly by credit lines obtained from Correspondent Banks.

At the end of the first half, approximately 107 American, European and Asian Banks had extended credit lines to Bradesco.

Along the same lines, emphasis should also be given to two significant foreign trade finance facilities which were contracted with the Inter American Development Bank (IDB) and the International Finance Corporation (IFC) on April 17, 2003, permitting drawdowns of up to US\$ 110 million and US\$ 70 million, respectively.

In millions of U.S. dollars

June 30, 2003

| | Assets | Stockholders' equity |
|---|---------------|-----------------------------|
| Foreign Branches and Subsidiaries | | |
| Bradesco New York | 619 | 137 |
| Bradesco Grand Cayman | 2,893 | 346 |
| BCN Grand Cayman | 443 | 127 |
| Boavista Grand Cayman, Nassau and Banking Ltd. Nassau | 642 | 44 |
| Cidade Capital Markets Ltd. - Grand Cayman | 30 | 29 |
| Bradesco Services Co., Ltd Tokyo Japan | 0.1 | 0.4 |
| Mercantil Grand Cayman | 137 | 144 |
| Banco Bradesco Argentina S.A. | 21 | 20 |
| Banco Bradesco Luxembourg S.A. | 40 | 38 |
| Banco Mercantil S.P. International S.A. | 301 | 81 |
| BBV Banco Nassau | 401 | 258 |

The core objective of the foreign branches is to obtain funds in the international market for onlending to customers, principally through the financing of Brazilian foreign trade.

The main activity of the subsidiaries Banco Bradesco Luxembourg S.A. and Banco Mercantil de São Paulo International S.A. is to provide additional services to private banking customers and to increase foreign trade operations.

In the first six months of 2003, as well as short-term funds obtained from correspondent Banks for foreign trade financing, loans of US\$ 1.587 billion on a consolidated basis were raised through public and private placements in the international capital market, earmarked for foreign trade financing and working capital loans.

This amount corresponds to a 228% increase over the same period in 2002 when the Organization obtained some US\$ 483 million.

Profile of Public and Private Placements Abroad Consolidated Bradesco

Funds Obtained Abroad

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| ISSUES | CURRENCY | AMOUNT | DATE ISSUED | MATURITY |
|--|----------|----------------|-------------|------------|
| 2000 PUBLIC ISSUES - US\$ 950m | | | | |
| FxRN | US\$ | 200,000,000.00 | 2/8/2000 | 2/8/2002 |
| FxRN | US\$ | 100,000,000.00 | 5/12/2000 | 5/13/2002 |
| USCP | US\$ | 300,000,000.00 | 6/19/2000 | 6/18/2001 |
| FxRN | US\$ | 200,000,000.00 | 7/10/2000 | 7/10/2001 |
| FxRN | US\$ | 150,000,000.00 | 11/17/2000 | 11/18/2002 |
| - PRIVATE ISSUES - US\$ 250m | | | | |
| 2001 PUBLIC ISSUES - US\$ 1.075bn | | | | |
| FxRN | US\$ | 175,000,000.00 | 2/22/2001 | 2/22/2002 |
| FxRN | US\$ | 100,000,000.00 | 4/25/2001 | 10/25/2002 |
| FxRN | US\$ | 100,000,000.00 | 6/18/2001 | 6/18/2003 |
| USCP | US\$ | 250,000,000.00 | 6/18/2001 | 6/17/2002 |
| FxRN | US\$ | 100,000,000.00 | 7/24/2001 | 7/24/2002 |
| FxRN | US\$ | 200,000,000.00 | 10/24/2001 | 10/18/2002 |
| SUBORDINATED DEBT | US\$ | 150,000,000.00 | 12/17/2001 | 12/15/2011 |
| - PRIVATE ISSUES US\$ 150m | | | | |
| 2002 PUBLIC ISSUES - US\$ 708m | | | | |
| FxRN | US\$ | 150,000,000.00 | 3/5/2002 | 3/5/2004 |
| SUBORDINATED DEBT | US\$ | 133,181,126.13 | 4/25/2002 | 4/17/2012 |
| USCP | US\$ | 150,000,000.00 | 6/17/2002 | 6/16/2003 |
| FxRN | US\$ | 100,000,000.00 | 9/18/2002 | 12/19/2002 |
| FxRN | US\$ | 175,000,000.00 | 12/17/2002 | 6/17/2003 |
| PRIVATE ISSUES US\$ 160m | | | | |
| 2003 - PUBLIC ISSUES - US\$ 1.247bn | | | | |
| FxRN | US\$ | 250,000,000.00 | 1/14/2003 | 10/14/2003 |
| FxRN (EUR 70m) | US\$ | 75,456,500.00 | 2/12/2003 | 8/12/2003 |
| FxRN | US\$ | 150,000,000.00 | 2/19/2003 | 12/19/2003 |
| FxRN | US\$ | 250,000,000.00 | 4/15/2003 | 7/02/2004 |
| FxRN (EUR 100m) | US\$ | 106,820,000.00 | 4/16/2003 | 12/16/2003 |
| FxRN | US\$ | 75,000,000.00 | 5/15/2003 | 11/16/2004 |
| USCP | US\$ | 190,000,000.00 | 6/16/2003 | 6/15/2004 |
| FxRN | US\$ | 150,000,000.00 | 6/17/2003 | 12/20/2004 |
| 2003 - PUBLIC ISSUES - US\$ 340m SPREAD OVER TBILL | | | | |

Bradesco has the following programs:

| Type | Currency | Amount |
|--|----------|---------------|
| EURO CP PROGRAM (Grand Cayman) | US\$ | 300,000,000 |
| EURO CD PROGRAM (Grand Cayman) | US\$ | 100,000,000 |
| EURO CD PROGRAM (Grand Cayman) | US\$ | 1,000,000,000 |
| MTN PROGRAM | US\$ | 2,500,000,000 |
| USCP | US\$ | 190,000,000 |
| TERM LOAN FACILITY | US\$ | 100,000,000 |
| TRADE FINANCE FACILITY (IDB / IFC) | US\$ | 180,000,000 |
| TOTAL | US\$ | 4,370,000,000 |
| Collection and Tax and Utility Collections | | |

Collection

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Bradesco Collection strengthens its position yearly as an authentic partner in the management of corporate business. Combining high standards of efficiency with latest-generation IT resources, Bradesco collection services are an efficient and secure tool for use by a universe of corporate entities.

Bradesco's computer-recorded Collection services, transmitting and receiving data on a direct computer-to-computer basis, rely on one of the most advanced banking technology systems available, offering important productivity gains to companies by permitting the streamlining of services. The available services include electronic collection (computer-recorded) permitting online information consultation by user companies. This system processes approximately 98% of all documents recorded in the Bradesco collection portfolio.

Pag-For Bradesco facilitates the management of Trade Accounts Payable for more than 38 thousand companies.

Tax and Utility Collections

Developed based on high standards of efficiency and quality, Bradesco's tax and utility collections serve a dual purpose. On the one hand, they seek to provide customer satisfaction with appropriate and innovative solutions for the settlement of taxes, duties and contributions. On the other, they effectively interact with the different Government Departments in the federal, state and municipal spheres and with public utility concessionaires.

Bradesco's tax and utility collection services are noted for the speed and security of the data transmitted and amounts collected.

| | In billions of reais | | | | | |
|--|----------------------|--------------|--------------|--------------|--------------|--------------|
| | 2002 | | | 2003 | | |
| | 1st Qtr. | 2nd Qtr. | 1st Half | 1st Qtr. | 2nd Qtr. | 1st Half |
| Corporate collections (1) | 144.4 | 137.3 | 281.7 | 160.2 | 167.0 | 327.3 |
| Pag-For | 42.2 | 50.7 | 92.9 | 64.8 | 68.9 | 133.7 |
| Corporate collections + Pag-For | 186.6 | 188.1 | 374.7 | 225.0 | 235.9 | 461.0 |
| Taxes | 17.3 | 16.5 | 33.8 | 19.1 | 19.0 | 38.1 |
| Water, electricity, telephone, gas | 2.8 | 3.0 | 5.8 | 3.5 | 3.8 | 7.3 |
| Social security payments | 2.9 | 3.0 | 5.9 | 3.3 | 3.7 | 7.0 |
| Tax + utility collections | 23.0 | 22.5 | 45.5 | 25.9 | 26.5 | 52.4 |

| | Number of transactions (million) | | | | | |
|--|----------------------------------|--------------|--------------|--------------|--------------|--------------|
| | 2002 | | | 2003 | | |
| | 1st Qtr. | 2nd Qtr. | 1st Half | 1st Qtr. | 2nd Qtr. | 1st Half |
| Corporate collections (1) | 158.6 | 160.7 | 319.4 | 165.6 | 175.4 | 341.0 |
| Pag-For | 14.1 | 15.8 | 29.9 | 17.2 | 18.0 | 35.3 |
| Corporate collections + Pag-For | 172.7 | 176.6 | 349.3 | 182.8 | 193.4 | 376.3 |
| Taxes | 13.7 | 11.3 | 25.0 | 14.7 | 15.5 | 30.2 |
| Water, electricity, telephone, gas | 25.6 | 26.2 | 51.8 | 27.4 | 28.5 | 55.9 |
| Social Security payments (2) | 11.7 | 11.6 | 23.3 | 9.3 | 10.7 | 20.0 |
| Tax + utility collections | 51.0 | 49.1 | 100.1 | 51.4 | 54.7 | 106.1 |

(1) Total movement (funds obtained, used, credits, etc.).

(2) Total beneficiaries: more than 3,665 thousand retirees and pensioners (corresponding to 17.73% of all those registered with the Brazilian Institute of Social Security - INSS).

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Payment via direct debit
 25.298 million January to June 2002
 24.696 million January to June 2003

Growth in Collection and Pag-For

Growth in Tax and Utility Collections/Payments

Stock, Custody and Controllership Services

With an appropriate infrastructure and specialized personnel, Bradesco offers its customers the following quality services: custody of securities, controllership, DR-Depository Receipt and BDR-Brazilian Depository Receipt, as well as bookkeeping services for stocks, debentures and investment fund quotas. All accredited by ISO 9001:2000.

- 176 Companies comprise the Bradesco computer-registered share system, with 5.6 million shareholders.
- 28 Companies comprise the Bradesco computer-registered debenture system, which totals R\$ 12.2 billion.
- 367 Customers use the Bradesco custody services, with total assets of R\$ 73.2 billion.
- 642 Investment Funds and Managed Portfolios, with controllership services and equity of R\$ 94.2 billion.
- 13 Investment Funds comprise the Bradesco computer-registered quota system, which totals R\$ 875.8 million.
- 9 Registered DR Programs, with a market value of R\$ 11.3 billion.
- 2 Registered BDR Programs, with a market value of R\$ 231.3 million.

Customers using Custody Services x Assets under Custody

Investments in Infrastructure, Information Technology and Telecommunications

The investments for expanding operating capacity, infrastructure, IT and telecommunications at the Bradesco Organization are designed to maintain a modern, practical and secure customer service network, characterizing the Bank as one of the world's most contemporary companies and creating added value for its customers and users at home and abroad.

Investment Growth

| | In millions of reais | | | | | |
|-----------------------|----------------------|------------|------------|--------------|--------------|------------------|
| | 1998 | 1999 | 2000 | 2001 | 2002 | 1st Half 2003 |
| Infrastructure | 205 | 215 | 227 | 509 | 613 | 285 |
| IT/Telecommunications | 317 | 553 | 617 | 743 | 947 | 492 |
| Total | 522 | 768 | 844 | 1,252 | 1,560 | 777 |

BCN

Consolidated Balance Sheet - In millions of reais

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| | 2002 | | 2003 | |
|--|---------------|---------------|---------------|---------------|
| | March | June | March | June |
| ASSETS | | | | |
| Current assets and long-term receivables | 19,063 | 20,575 | 25,932 | 23,469 |
| Funds available | 588 | 761 | 2,155 | 122 |
| Interbank investments | 245 | 298 | 5,380 | 5,424 |
| Securities and derivative financial instruments | 6,104 | 5,993 | 3,612 | 3,700 |
| Interbank and interdepartmental accounts | 487 | 503 | 1,001 | 935 |
| Credit and leasing operations | 9,470 | 10,636 | 11,477 | 10,989 |
| Other receivables and other assets | 2,169 | 2,384 | 2,307 | 2,299 |
| Permanent assets | 337 | 556 | 535 | 524 |
| Total | 19,400 | 21,131 | 26,467 | 23,993 |
| LIABILITIES | | | | |
| Current and long-term liabilities | 18,084 | 19,745 | 24,409 | 21,728 |
| Demand, time and interbank deposits | 8,952 | 10,192 | 12,250 | 12,035 |
| Savings account deposits | 678 | 710 | 767 | 768 |
| Deposits received under security repurchase agreements and funds from the issuance of securities | 3,722 | 3,471 | 4,317 | 4,181 |
| Interbank and interdepartmental accounts | 21 | 55 | 133 | 133 |
| Borrowings and onlendings | 2,690 | 3,247 | 4,183 | 2,068 |
| Derivative financial instruments | 46 | 242 | 185 | 58 |
| Other liabilities | 1,975 | 1,828 | 2,574 | 2,485 |
| Deferred income | 2 | 5 | 18 | 24 |
| Minority interest in subsidiaries | -- | -- | 363 | 513 |
| Stockholders' equity | 1,314 | 1,381 | 1,677 | 1,728 |
| Total | 19,400 | 21,131 | 26,467 | 23,993 |

Statement of Income - In millions of reais

| | 2002 | | | 2003 | | |
|---|-------------|-------------|-------------|------------|-------------|--------------|
| | 1st Qtr. | 2nd Qtr. | 1st Half | 1st Qtr. | 2nd Qtr. | 1st Half |
| Income from lending and trading activities | 996 | 1,514 | 2,510 | 1,351 | 1,172 | 2,523 |
| Expenses from lending and trading activities | (609) | (1,123) | (1,732) | (840) | (679) | (1,519) |
| Gross profit from financial intermediation | 387 | 391 | 778 | 511 | 493 | 1,004 |
| Other operating income (expenses), net | (277) | (301) | (578) | (376) | (343) | (719) |
| Operating income | 110 | 90 | 200 | 135 | 150 | 285 |
| Non-operating income (expenses), net | 5 | 7 | 12 | (1) | (6) | (7) |
| Income before taxes on income | 115 | 97 | 212 | 134 | 144 | 278 |
| Income tax and social contribution | (43) | (17) | (60) | 84 | (51) | 33 |
| Minority interest in subsidiaries | -- | -- | -- | (8) | (22) | (30) |
| Net income | 72 | 80 | 152 | 210 | 71 | 281 |

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PROFILE

One of the Bradesco Organization companies, BCN is recognized in the market as the RELATIONSHIP BANK, as a result of the high-quality customer service provided to its consumer and corporate account holders and non-account holders alike.

The BCN customer service network comprises 222 Branches throughout Brazil, a branch in Grand Cayman, as well as 95 Banking Service Posts and 98 Online Service Outlets installed on corporate customer premises and a branch of Banco Finasa S.A., wholly owned subsidiary of BCN and the self-service network consists of 884 BCN ATMs, 2,207 ATMs comprising the 24-Hour Bank Network as well as 10,564 Bradesco Day and Night ATMs, which can be used by BCN customers.

Customers also have access to two BCN Digital Branches (in São Paulo and Rio de Janeiro). These branches offer an advanced concept in phonebank services whereby products and services are sold by management teams and delivered by courier service with no need for customers to leave their homes or the office. Another phone service, the BCN Live Line, is also available to branch customers nationwide, in addition to the services offered by BCN Office Banking and BCNNet Internet Banking.

At the end of the first half, Finasa Promotora de Vendas Ltda., subsidiary of Banco Finasa S.A., had 55 Branches focused on securing customers throughout Brazil, at 12,596 registered new and used vehicle dealership outlets and in 730 stores selling furniture, home décor, IT related equipment, tourism and finishing materials, among others.

At June 30, BCN had some 845 thousand customers 711 thousand account holders and 134 thousand non-account holders and had issued a total of 219 thousand credit cards. Customers served by Banco Finasa S.A totaled approximately 844 thousand.

Corporate Reorganization

As part of the ongoing process to rationalize and decrease operating, administrative and legal costs in the pursuit to improve its competitiveness and productivity, on February 28, 2003, BCN Leasing Arrendamento Mercantil S.A. incorporated Bradesco Leasing S.A. Arrendamento Mercantil and changed its name to Bradesco BCN Leasing S.A. Arrendamento Mercantil. On April 30, the company also incorporated Finasa Leasing Arrendamento Mercantil S.A., currently pending ratification by the Brazilian Central Bank

Net Income and Stockholders' Equity

First-half net income of BCN totaled R\$ 280.8 million, an increase of 84.6% compared to the same period in 2002, corresponding to an annualized return of 35.2% on stockholders' equity of R\$ 1.7 billion. Non-recurring income for the period was recorded in the amount of some R\$ 132.5 million, derived from deferred tax assets recorded on prior-year tax losses and negative bases of social contribution in Potenza Leasing S.A. Arrendamento Mercantil, a wholly owned subsidiary of BCN. Disregarding this effect, results for the six-month period totaled R\$ 148.3 million and an annualized return of 19.0% on stockholders' equity

Operating Performance

Funding and Portfolio Administration

At June 30, 2003, the overall funds obtained and managed totaled R\$ 24.4 billion, a 11.7% increase compared with the same period in 2002. Deposits totaled R\$ 12.8 billion, an increase of 17.4%, especially Interbank deposits, with a balance of R\$ 7.1 billion, and Time deposits with a balance of R\$ 4.1 billion. Total funds include an amount of R\$ 2.8 billion in Investment Funds, obtained by BCN Branches, managed by BRAM Bradesco Asset Management Ltda. and administrated by Banco Bradesco S.A.

Total Assets and Credit Operations

At the end of the first half, total assets were R\$ 24.0 billion, a 13.5% increase over the same period in 2002.

The balance of credit operations totaled R\$ 12.1 billion, including leasing operations and advances on foreign exchange contracts. Special emphasis should be given to the Consumer Sales Financing (CDC) portfolio with a balance of R\$ 4.7 billion, a 26.0% increase over the balance at June 30, 2002.

Ratings

According to Fitch Atlantic Ratings, BCN received the best rating among all banks operating in Brazil and Austin Rating gave Banco Finasa a maximum triple A rating for financial soundness and a Low Risk long-term rating.

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Products and Services

Consumer Customers

The customer service segmentation strategy, based on the consumer customers' income and investment resources, ensures that highly specialized Management teams are capable of attending account holders at all times, anticipating their every needs.

The Relationship Account continues in its position as the financial market's most advantageous program, guaranteeing current account holders, based on their level of use of the Bank's products and services, the benefit of an interest-free period of 12 to 18 days per month on special check account overdraft facilities or a reduction of up to 60% of the interest rates charged on overdrafts which overrun the interest-free period; free choice of repayment dates for interest on authorized overdrafts; weekly draws for cash prizes of up to R\$ 60 thousand; decreases of up to 100% in bank charges and Smart Club Program points which can be converted into prizes.

Corporate Customers

Among the products and services offered to corporate customers, the most diversified range in the market, we highlight BCN Collection, BCNPag supplier payment and the BCN Payroll service, with special emphasis on the growing use of online services.

Social Actions

The Bank continues its important support of sports activities through the BCN Sports program, which focuses on the formation, maintenance and dissemination of women's basketball and volleyball at 81 training centers, 49 for volleyball and 32 for basketball. At these centers, some 4,300 young athletes from 10 to 15 years of age have access to courts, uniforms, sports material, instructors and all the infrastructure required to practice these sports, completely free of charge.

Banco Finasa S.A.

Consolidated Balance Sheet - In millions of reais

| | 2002 | | 2003 | |
|--|--------------|--------------|--------------|--------------|
| | March | June | March | June |
| ASSETS | | | | |
| Current assets and long-term receivables | 2,876 | 3,092 | 4,123 | 4,260 |
| Funds available | 1 | 1 | 1 | -- |
| Interbank investments | 3 | 46 | 4 | 28 |
| Securities and derivative financial instruments | 12 | 11 | 15 | 14 |
| Interbank accounts | 9 | 11 | 17 | 42 |
| Credit and leasing operations | 2,615 | 2,816 | 3,813 | 3,908 |
| Other receivables and other assets | 236 | 207 | 273 | 268 |
| Permanent assets | 6 | 6 | 8 | 11 |
| <hr/> | | | | |
| Total | 2,882 | 3,098 | 4,131 | 4,271 |
| <hr/> | | | | |
| LIABILITIES | | | | |
| Current and long-term liabilities | 2,719 | 2,924 | 3,873 | 3,988 |
| Demand, time and interbank deposits | 2,490 | 2,636 | 3,523 | 3,624 |
| Deposits received under security repurchase agreements and funds from the issuance of securities | 3 | 13 | 3 | 3 |
| Interbank accounts | 25 | 1 | 2 | 2 |
| Borrowings and onlendings | -- | 2 | 83 | 101 |
| Derivative financial instruments | -- | 55 | 72 | 81 |
| Other liabilities | 201 | 217 | 190 | 177 |
| Deferred income | -- | 3 | 16 | 22 |

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| | | | | |
|----------------------------|--------------|--------------|--------------|--------------|
| Stockholders equity | 163 | 171 | 242 | 261 |
| Total | 2,882 | 3,098 | 4,131 | 4,271 |

Statement of Income - In millions of reais

| | 2002 | | | 2003 | | |
|---|-----------|------------|------------|------------|------------|------------|
| | 1st Qtr. | 2nd Qtr. | 1st Half | 1st Qtr. | 2nd Qtr. | 1st Half |
| Income from lending and trading activities | 257 | 267 | 524 | 362 | 395 | 757 |
| Expenses from lending and trading activities | (158) | (167) | (325) | (213) | (237) | (450) |
| Gross profit from financial intermediation | 99 | 100 | 199 | 149 | 158 | 307 |
| Other operating income (expenses), net | (81) | (76) | (157) | (108) | (115) | (223) |
| Operating income | 18 | 24 | 42 | 41 | 43 | 84 |
| Non-operating income (expenses), net | (1) | -- | (1) | (1) | (3) | (4) |
| Income before taxes on income | 17 | 24 | 41 | 40 | 40 | 80 |
| Income tax and social contribution | (6) | (9) | (15) | (13) | (14) | (27) |
| Net income | 11 | 15 | 26 | 27 | 26 | 53 |

Banco Finasa S.A., formerly Continental Banco S.A., a wholly owned subsidiary of Banco BCN S.A., operates in the financing segment, through the intermediation of Finasa Promotora de Vendas Ltda., which is responsible for securing new customers and preparing credit proposals.

Seeking to increase the volume of its business, in addition to the partnerships entered into in 2002 with Ford Credit and Microsoft, Banco Finasa signed an operating agreement during the first half with the Brazilian Association of Fiat Automobile Dealerships - ABRACAF, for financing vehicles sold by the associated dealerships.

At the end of June, Finasa Promotora had 55 Branches and was present in 12,596 new and used vehicle dealership outlets and 730 stores selling furniture and home decor, IT related equipment, tourism and finishing materials, among others.

Customers served by Banco Finasa totaled some 844 thousand.

In 2002, the Bank was rated for the first time by Austin Rating, receiving the maximum triple A rating for financial soundness and Low Risk for long-term transactions.

Net Income and Stockholders' Equity

The Bank's first-half net income was R\$ 52.9 million, an annualized return of 44.6% on stockholders' equity of R\$ 261.2 million.

Assets

At June 30, 2003, assets totaled R\$ 4.3 billion, an increase of 37.9% over the same period in 2002. Of this amount, R\$ 3.8 billion comprised funds for new and used auto financing, an increase of 43.0%, as compared to June 2002.

Auto-financing production for the first six months of 2003 totaled R\$ 1.6 billion, growing by 75.8% compared to R\$ 923.1 million produced for the same period in 2002.

This performance ensures that that portfolio is maintained above the levels attained following the acquisition of Banco Ford S.A.'s operations and the incorporation of the financing portfolio of Finasa S.A. Crédito Financiamento e Investimento in 2002.

Banco Bilbao Vizcaya Argentaria Brasil S.A. (BBV Banco)

Consolidated Balance Sheet - In millions of reais

| | 2003 |
|---|---------------|
| | June |
| ASSETS | |
| Current assets and long-term receivables | 9,876 |
| Funds available | 64 |
| Interbank investments | 3,216 |
| Securities and derivative financial instruments | 1,707 |
| Interbank and interdepartmental accounts | 410 |
| Credit and leasing operations | 3,371 |
| Other receivables and other assets | 1,108 |
| Permanent assets | 194 |
| Total | 10,070 |
| LIABILITIES | |
| Current and long-term liabilities | 7,754 |
| Demand, time and interbank deposits | 2,887 |
| Savings account deposits | 581 |
| Deposits received under security repurchase agreements and funds from the issuance of securities | 2,372 |
| Interbank and interdepartmental accounts | 21 |
| Borrowings and onlendings | 1,254 |
| Derivative financial instruments | 14 |
| Other liabilities | 625 |
| Deferred income | 2 |
| Stockholders equity | 2,314 |
| Total | 10,070 |

Statement of Income - In millions of reais

| | 2003 |
|---|-------------------------------|
| | From 1 to 30, June |
| Income from lending and trading activities | 200 |
| Expenses from lending and trading activities | (89) |
| Gross profit from financial intermediation | 111 |
| Other operating income (expenses), net | (68) |
| Operating income (loss) | 43 |
| Non-operating income, net | (3) |
| Income (loss) before taxes on income | 40 |
| Income tax and social contribution | (16) |
| Net income (loss) | 24 |

BBV Banco commenced its activities in Brazil on August 28, 1998 following the acquisition by Banco Espanhol Bilbao Vizcaya (BBVA), of Banco Excel Econômico S.A. At that time, the Bank's customer service network comprised 222 branches with 6,116 employees.

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In 1999, following a turnaround process which began in the prior year, the Bank centered its strategy on the preparation of its technology infrastructure, which was to provide the basis of its expansion project forecast to commence in 2000.

From 2000 up to the end of 2001, the Bank implemented an aggressive investment plan designed to open more than 200 branches, which would effectively double its network. As a result, the Bank is now present in all of Brazil's states and is growing steadily with the launching of differentiated customer products such as Hiperfundo, a fund in which a draw for an automobile is held every business day among investors.

In 2002, despite external market fears regarding the outcome of Brazil's presidential election, the Bank consolidated its expansion plan with the new branches recording profitable returns much earlier than expected.

Sale to Bradesco

The sales process of BBV Banco to Bradesco commenced on January 10, 2003, following the signature of the Private Business Integration Agreement and Other Accords, by Bradesco and BBVA for the acquisition of the control of BBV Banco and its subsidiaries.

On January 20, 2003, BBV Banco opened up a data room with all the information and documentation required by Bradesco's auditors. This audit was concluded on February 28, 2003.

Subsequent to the conclusion of the due diligence and approval of the transaction by the corresponding regulatory authorities, Bradesco assumed definitive control of BBV Banco on June 9, 2003.

The transaction was carried out through the acquisition by Bradesco of 4,631,991,278 shares of BBV Banco, owned by BBVA, of which 1,523,283,014 were common and 3,108,708,264 were preferred shares, corresponding to 49% of common capital and 99.99% of preferred capital for the amount of R\$ 1,849,970,549.00.

The transaction also involved the transfer to Bradesco, as payment of capital increase through incorporation of shares, of 1,585,490,409 nominative registered shares, with no par value, of which 1,585,457,830 are common and 32,579 are preferred shares of BBV Banco, corresponding to 51% of voting capital and 25.50% of total capital, transforming BBV Banco into a wholly owned subsidiary of Bradesco, under the terms of Article 252 of Law 6,404/76.

Performance/achievements during the first six months of 2003

After only five years in Brazil, BBV Banco has grown and gained an important position in the local market. With equity of R\$ 2.3 billion, the Bank is the 8th largest financial institution in the Brazilian private-sector market.

In the consolidated balance sheet, at June 30, 2003, the Bank presented assets of R\$ 10.1 billion and currently has one of the lowest default rates in the market: only 5.1% of the institution's credit operations are classified from D to H, which is particularly significant considering that the market's average default rate totals approximately 13.3%.

With R\$ 3.5 billion in demand, time, interbank and savings account deposits, the Bank commenced the gradual adaptation, during the first half, of its prices to comply with Bradesco policy, decreasing accordingly its financial costs.

One of the highlights of BBV Banco product and service portfolio is Hiperfundo, a DI fund which since its launching in May 2000 has surpassed all expectations. The fund offers the added advantage of a daily draw with prizes ranging from an automobile to thousands of other smaller prizes. Up to June 30, 2003, the BBV Hiperfundo delivered a total of 787 automobiles and some 90,000 other prizes including bicycles, CD players, microsystems, etc.

Checking accounts: consumer and corporate customers

At the end of the first half, BBV Banco had a total of 458,802 accounts of which 395,906 are held by consumer and 62,896 by corporate customers.

Savings Accounts

At the end of the first half, BBV Banco had a total of 597,731 accounts, of which 549,788 are held by consumer and 47,943 by corporate customers.

Internet users

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At June 30, 2003, a total of 146,065 BBV Banco customers were internet banking service users.

ATMs

At June 30, 2003, BBV Banco had 490 ATMs.

Branches

At the end of the first half, BBV Banco had a total of 439 branches distributed as follows:

| | |
|-------------------|-----|
| Retail/Commercial | 385 |
| Company | 47 |
| Institutional | 04 |
| Corporate | 03 |
| Employees | |

At the end of the six-month period, the Group had 4,677 employees, 4,638 at BBV Banco and 39 at the subsidiaries.

Bradesco S.A. Corretora de Títulos e Valores Mobiliários

Balance Sheet - In millions of reais

| | 2002 | | 2003 | |
|---|------------|------------|------------|------------|
| | March | June | March | June |
| ASSETS | | | | |
| Current assets and long-term receivables | 119 | 140 | 146 | 154 |
| Interbank investments and securities | 68 | 69 | 86 | 89 |
| Other receivables and other assets | 51 | 71 | 60 | 65 |
| Permanent assets | 18 | 17 | 18 | 19 |
| Total | 137 | 157 | 164 | 173 |
| LIABILITIES | | | | |
| Current and long-term liabilities | 60 | 80 | 74 | 79 |
| Other liabilities | 60 | 80 | 74 | 79 |
| Stockholders' equity | 77 | 77 | 90 | 94 |
| Total | 137 | 157 | 164 | 173 |

Statement of Income - In millions of reais

| | 2002 | | | 2003 | | |
|---|----------|----------|----------|----------|----------|-----------|
| | 1st Qtr. | 2nd Qtr. | 1st Half | 1st Qtr. | 2nd Qtr. | 1st Half |
| Income from lending and trading activities | 3 | 3 | 6 | 4 | 5 | 9 |
| Gross profit from financial intermediation | 3 | 3 | 6 | 4 | 5 | 9 |
| Other operating income (expenses), net | 2 | (1) | 1 | 1 | -- | 1 |
| Operating income | 5 | 2 | 7 | 5 | 5 | 10 |
| Income before taxes on income | 5 | 2 | 7 | 5 | 5 | 10 |
| Income tax and social contribution | (2) | (1) | (3) | (2) | (1) | (3) |
| Net income | 3 | 1 | 4 | 3 | 4 | 7 |

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At the end of the first half, Bradesco Corretora maintained its outstanding position in the Capital Market.

We present below a summary of the company's main activities for the six-month period:

Bradesco Corretora ended the 1st half of 2003, among the 10 most important brokerage firms, out of more than 90 operating in the São Paulo Stock Exchange (BOVESPA). During this period, services were provided to 27,045 investors and 117,172 buy and sell orders were carried out for a total financial volume of R\$ 4.4 billion. The Corretora participates with BOVESPA in the *Bovespa vai até você* campaign in an important effort to raise public awareness regarding the benefits of investing in the stock market.

Bradesco Corretora negotiated 962.4 thousand contracts in the Mercantile and Futures Exchange (BM&F) for a financial volume of R\$ 127.6 billion, ranking the Corretora among the 20 most important brokerage firms out of more than 100 participants. The Corretora has centered its efforts on the continued expansion of its business, as well as promoting the futures market. For example, in the agricultural area it acts directly in the country's main production centers, through visits, seminars and participation in agricultural fairs and expos. In conjunction with the BM&F, the company sponsored visits to the exchange and Bradesco Corretora in São Paulo by investors from all over the country. At the same time, the company hosted numerous visits by farmers, teachers, opinion-makers and brokers from the physical commodities market.

Online web trading for the six-month period totaled 70,765 orders with a financial volume of R\$ 391.6 million, representing 5.3% of all Home-Broker operations carried out in BOVESPA and placing the Corretora fourth in the overall ranking. The customer base increased by 11.8% with more than 1,691 new customers registered during the period and more than 18,195 e-mails received.

As a result of its role in Public Offerings of Share Purchases, Special Operations, Stock Swapping Auctions and Privatization Auctions, Bradesco Corretora continues in its important market position, with financial volume of R\$ 27.8 million for the six-month period.

Net income recorded for the first half totaled R\$ 7.0 million.

Stockholders' equity at the end of the six months increased to R\$ 93.8 million, corresponding to 54.3% of total assets of R\$ 172.8 million.

Information - Trading at BM&F and BOVESPA

| | 2002 | | | 2003 | | |
|---|----------|----------|----------|----------|----------|----------|
| | 1st Qtr. | 2nd Qtr. | 1st Half | 1st Qtr. | 2nd Qtr. | 1st Half |
| BM&F | | | | | | |
| Ranking | 1st | 6th | 2nd | 26th | 19th | 20th |
| Contracts traded (million) | 3.5 | 2.0 | 5.5 | 0.4 | 0.6 | 1.0 |
| Financial volume (in billions of reais) | 387.9 | 202.3 | 590.2 | 53.9 | 73.7 | 127.6 |
| Stock Exchange | | | | | | |
| Ranking | 7th | 10th | 9th | 9th | 13th | 10th |
| Number of investors | 16,172 | 17,164 | 29,826 | 14,781 | 16,408 | 27,045 |
| Number of orders executed | 38,604 | 41,862 | 80,466 | 50,792 | 66,380 | 117,172 |
| Volume traded (in billions of reais) | 2.5 | 2.0 | 4.5 | 1.9 | 2.5 | 4.4 |
| Home Broker | | | | | | |
| Registered customers | 11,091 | 11,821 | 11,821 | 15,127 | 16,025 | 16,025 |
| Orders executed | 21,993 | 22,236 | 44,229 | 30,454 | 40,311 | 70,765 |
| Volume traded (in millions of reais) | 128.4 | 110.2 | 238.6 | 167.6 | 224.0 | 391.6 |

Bradesco Securities, Inc.

Balance Sheet - In thousands of reais

2002

2003

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| | March | June | March | June |
|---|--------------|--------------|--------------|---------------|
| ASSETS | | | | |
| Current assets and long-term receivables | 2,887 | 3,150 | 2,825 | 59,207 |
| Funds available | 467 | 568 | 414 | 344 |
| Interbank investments | -- | -- | 2,354 | 17,739 |
| Securities and derivative financial instruments | 2,405 | 2,564 | -- | 41,086 |
| Other receivables and other assets | 15 | 18 | 57 | 38 |
| Permanent assets | 124 | 138 | 127 | 96 |
| Total | 3,011 | 3,288 | 2,952 | 59,303 |
| LIABILITIES | | | | |
| Current and long-term liabilities | 62 | 61 | 216 | 110 |
| Other liabilities | 62 | 61 | 216 | 110 |
| Stockholders' equity | 2,949 | 3,227 | 2,736 | 59,193 |
| Total | 3,011 | 3,288 | 2,952 | 59,303 |

Statement of Income - In thousands of reais

| | 2002 | | | 2003 | | |
|--|--------------|--------------|--------------|--------------|--------------|----------------|
| | 1st Qtr. | 2nd Qtr. | 1st Half | 1st Qtr. | 2nd Qtr. | 1st Half |
| Gross profit (loss) from financial intermediation | 22 | 26 | 48 | 9 | (196) | (187) |
| Other operating income (expenses), net | (313) | (475) | (788) | (530) | (319) | (849) |
| Operating expense | (291) | (449) | (740) | (521) | (515) | (1,036) |
| Loss | (291) | (449) | (740) | (521) | (515) | (1,036) |

Bradesco Securities, Inc., a wholly owned subsidiary of Bradesco, operates as a broker dealer in the United States. The company's activities are focused on the intermediation of share purchases and sales, with emphasis on ADR operations. The company is also authorized to operate with Bonds, Commercial Paper and Certificates of Deposit, among others, and to provide Investment Advisory services. This Bradesco initiative was motivated by more than 90 programs involving ADRs of Brazilian companies traded in New York and by the growing interest of foreign investors in the emerging markets and is designed to offer support for global economy investors who invest part of this flow in countries such as Brazil.

Designed to provide leverage to its brokerage transactions abroad, Bradesco Securities, Inc. increased company capital in the amount of US\$ 20 million in May 2003.

Leasing Companies

At June 30, 2003, the Organization had the following leasing companies: Bradesco BCN Leasing S.A. Arrendamento Mercantil, Boavista S.A. Arrendamento Mercantil, Potenza Leasing S.A. Arrendamento Mercantil, Bancocidade Leasing Arrendamento Mercantil S.A. and BBV Leasing Brasil S.A.

Balance Sheet in aggregate - In millions of reais

| 2002 | | 2003 | |
|-------|------|-------|------|
| March | June | March | June |

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ASSETS

| | | | | |
|---|--------------|--------------|--------------|--------------|
| Current assets and long-term receivables | 2,532 | 2,800 | 4,818 | 4,950 |
| Funds available | 2 | 9 | 6 | 6 |
| Interbank investments | 668 | 806 | 3,023 | 3,081 |
| Securities and derivative financial instruments | 18 | 34 | 21 | 12 |
| Leasing operations | 1,638 | 1,759 | 1,403 | 1,477 |
| Allowance for leasing losses | (123) | (153) | (134) | (127) |
| Other receivables and other assets | 329 | 345 | 499 | 501 |
| Permanent assets | 48 | 44 | 37 | 40 |
| Total | 2,580 | 2,844 | 4,855 | 4,990 |

LIABILITIES

| | | | | |
|---|--------------|--------------|--------------|--------------|
| Current and long-term liabilities | 1,700 | 1,904 | 2,964 | 3,012 |
| Demand, time and interbank deposits | 265 | 356 | 144 | 117 |
| Securities received under security repurchase agreements and funds received from issuance of securities | 97 | 144 | 1,454 | 1,523 |
| Borrowings and onlendings | 244 | 330 | 242 | 256 |
| Derivative financial instruments | -- | -- | 11 | 10 |
| Other liabilities | 1,094 | 1,074 | 1,113 | 1,106 |
| Stockholders' equity | 880 | 940 | 1,891 | 1,978 |
| Total | 2,580 | 2,844 | 4,855 | 4,990 |

Statement of Income - In millions of reais

| | 2002 | | | 2003 | | |
|---|-----------|------------|-----------|------------|------------|------------|
| | 1st Qtr. | 2nd Qtr. | 1st Half | 1st Qtr. | 2nd Qtr. | 1st Half |
| Income from lending and trading activities | 100 | 173 | 273 | 195 | 242 | 437 |
| Expenses from lending and trading activities | (52) | (173) | (225) | (84) | (132) | (216) |
| Gross profit from financial intermediation | 48 | -- | 48 | 111 | 110 | 221 |
| Other operating income (expenses), net | (11) | (7) | (18) | (25) | (12) | (37) |
| Operating income | 37 | (7) | 30 | 86 | 98 | 184 |
| Non-operating income | 3 | 3 | 6 | 3 | -- | 3 |
| Income before taxes on income | 40 | (4) | 36 | 89 | 98 | 187 |
| Income tax and social contribution | (13) | (1) | (14) | 102 | (34) | 68 |
| Net income (loss) | 27 | (5) | 22 | 191 | 64 | 255 |

Designed to achieve higher levels of competitiveness and productivity, consequently rationalizing and reducing operating, administrative and legal costs, the following corporate restructuring was carried out by Bradesco Organization during the first half of 2003:

- On February 28, BCN Leasing Arrendamento Mercantil S.A., a wholly owned subsidiary of Banco BCN S.A., incorporated Bradesco Leasing S.A. Arrendamento Mercantil, at book value on January 31 and changed its name to Bradesco BCN Leasing S.A. Arrendamento Mercantil on the same date.
- On April 30, Bradesco BCN Leasing incorporated Finasa Leasing Arrendamento Mercantil S.A., at book values on March 31, 2003.
- On June 9, the Organization acquired BBV Leasing Brasil S.A., at book values on May 31, 2003.

The increase in stockholders' equity between 2002 and 2003 was mainly derived from a capital increase of R\$ 500 million in Potenza Leasing S.A. Arrendamento Mercantil, in November 2002, and deferred tax assets recorded in the latter as a result of tax losses and negative basis of social contribution in the amount of R\$ 132.5 million, in March 2003. Boavista S.A. Arrendamento Mercantil also received a capital increase of R\$ 180 million in November 2002.

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Leasing Performance Consolidated Bradesco

Bradesco's leasing operations are carried out through its subsidiaries: Bradesco BCN Leasing S.A. Arrendamento Mercantil, Banco Finasa S.A. and BBV Leasing Brasil S.A.

At June 30, 2003, leasing operations totaled R\$ 1,513.7 million (present value), as well as an amount of R\$ 28.2 million receivable in operating leases.

According to the Brazilian Association of Leasing Companies (ABEL), Bradesco is leader in the national ranking of leasing companies, with a 19.0% market share (Base date: May 2003).

Bradesco leases different types of asset, including light vehicles (cars) and heavy vehicles (buses and trucks), airplanes, machinery, equipment and computers.

The following pie graph presents the composition of Bradesco's consolidated leasing portfolio by types of asset:

Portfolio by Types of Asset at June 30, 2003
(present value)

Bradesco Consórcios

Administradora (management company)

Balance Sheet In thousands of reais

| | 2003 | |
|---|---------------|---------------|
| | March | June |
| ASSETS | | |
| Current assets and long-term receivables | 21,907 | 22,521 |
| Permanent assets | 694 | 726 |
| <hr/> | | |
| Total | 22,601 | 23,247 |
| <hr/> | | |
| LIABILITIES | | |
| Current and long-term liabilities | 11,688 | 11,446 |
| Stockholders equity | 10,913 | 11,801 |
| <hr/> | | |
| Total | 22,601 | 23,247 |

Statement of Income In thousands of reais

| | 2003 | | |
|------------------|------------|--------------|--------------|
| | 1st Qtr. | 2nd Qtr. | 1st Half |
| Income | 611 | 4,368 | 4,979 |
| Operating income | 562 | 4,331 | 4,893 |
| Other income | 49 | 37 | 86 |

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| | | | |
|------------------------------------|----------------|--------------|----------------|
| Expenses | 3,990 | 3,481 | 7,471 |
| Operating expenses | 5,627 | 2,960 | 8,587 |
| Income tax and social contribution | (1,637) | 521 | (1,116) |
| Net income (loss) | (3,379) | 887 | (2,492) |

Consortium Groups

Balance Sheet In thousands of reais

| | 2003 | |
|---|----------------|------------------|
| | March | June |
| ASSETS | | |
| Current assets and long-term receivables | 1,566 | 19,341 |
| Amount offset | 123,557 | 1,465,377 |
| Total | 125,123 | 1,484,718 |
| LIABILITIES | | |
| Current and long-term liabilities | -- | 233 |
| Stockholders equity | 1,566 | 19,108 |
| Amount offset | 123,557 | 1,465,377 |
| Total | 125,123 | 1,484,718 |

Operations

On June 11, 2002, all the quotas of Administradora de Consórcios Potenza Ltda. were transferred from Banco BCN S.A. to Banco Bradesco S.A.

On June 24, 2002, approval was given to change the company's name to Bradesco Consórcios Ltda. and its principal place of business to Osasco, SP.

These acts were ratified by the Brazilian Central Bank (BACEN) on July 22, 2002.

On December 9, 2002, Bradesco Consórcios commenced the sale of consortium quotas exclusively to Bradesco Organization employees.

On January 21, 2003, Bradesco commenced the sale of consortium quotas to its account holders and non-account holders.

At June 30, 2003, a total of 31 thousand consortium quotas had been sold, with billings in excess of R\$ 1.0 billion.

The first online meeting of Bradesco Consortium holders was held on February 26, 2003 and by June 30, 2003, 10 meetings had been held.

Up to June 30, 2003, a total of 841 items had been received by consortium group participants.

The company uses all the facilities of the Bradesco Organization customer service network to commercialize the products offered.

The consortium groups managed by the former company are now closed.

Mission

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The company's mission is to manage consortium plans and groups for consumer and corporate purchasers regardless of whether they are Bradesco account holders or not, and to operate in the light and heavy vehicle (including cars, trucks, tractors and combine harvesters) and real estate segments, maintaining excellent standards in the quality of the services offered and in consortium system practice, pursuant to regulations determined by the Brazilian Central Bank and in line with the Bradesco Organization's philosophy.

Segmentation

The Bradesco Organization's entry into this segment is part of its strategy to offer the most complete range of product and services possible to its customers.

Providing all income brackets with the opportunity to purchase items through the consortium quota system, filling a market lacuna at accessible prices and considering especially regarding real estate products, the country's present housing deficit.

The Consortium segment is a complementary niche to regular banking activities and at present there are 3 million (*) consortium group members nationwide. According to information gathered, only 15% (*) of vehicles sold in Brazil are sold via the Consortium method.

At present an average 64.3 thousand (*) participants receive items monthly through this purchase method as compared to 61.3 thousand 12 months ago, an increase of 4.7% (*), including first homes and new cars and more than 20 other products sold through the consortium quota system.

In April, sales reached a record 134.9 thousand plans, a 12.4% increase over the balance for March, with Bradesco Consórcios making an important contribution towards this growth.

(*) Source: ABAC - Brazilian Association of Consortium Group Management Companies.

Representation

Bradesco plays a central role in this segment, providing Brazilians with more opportunities to acquire goods and real estate.

As a result of this activity our medium and long-term results will undoubtedly grow, with positive effects on our capacity to secure new customers.

Insurance (1)

Balance Sheet - In millions of reais

| | 2002 | | 2003 | |
|--|--------------|--------------|--------------|--------------|
| | March | June | March | June |
| ASSETS | | | | |
| Current assets and long-term receivables | 3,052 | 3,237 | 3,572 | 3,789 |
| Securities | 1,589 | 1,512 | 1,814 | 1,935 |
| Insurance transactions and other accounts receivable | 1,463 | 1,725 | 1,758 | 1,854 |
| Permanent assets | 1,986 | 2,084 | 2,054 | 2,304 |
| <hr/> | | | | |
| Total | 5,038 | 5,321 | 5,626 | 6,093 |
| <hr/> | | | | |
| LIABILITIES | | | | |
| Current and long-term liabilities | 2,698 | 3,060 | 2,854 | 3,154 |
| Tax and social security contributions | 463 | 528 | 591 | 573 |
| Insurance-related payables | 188 | 258 | 223 | 371 |
| Other liabilities | 694 | 796 | 352 | 378 |
| Technical reserves | 1,353 | 1,478 | 1,688 | 1,832 |
| Minority interest | 40 | 85 | 51 | 51 |

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| | | | | |
|--|--------------|--------------|--------------|--------------|
| Stockholders equity of the parent company | 2,300 | 2,176 | 2,721 | 2,888 |
| Total | 5,038 | 5,321 | 5,626 | 6,093 |

Statement of Income - In millions of reais

| | 2002 | | | 2003 | | |
|---|--------------|--------------|--------------|--------------|--------------|--------------|
| | 1st Qtr. | 2nd Qtr. | 1st Half | 1st Qtr. | 2nd Qtr. | 1st Half |
| Earned premiums | 1,156 | 1,263 | 2,419 | 1,328 | 1,471 | 2,799 |
| Retained claims | (861) | (918) | (1,779) | (1,035) | (1,231) | (2,266) |
| Selling expenses | (131) | (144) | (275) | (156) | (160) | (316) |
| Other operating income (expenses) | 1 | (6) | (5) | 17 | 16 | 33 |
| Contribution margin | 165 | 195 | 360 | 154 | 96 | 250 |
| Administrative costs | (138) | (171) | (309) | (169) | (181) | (350) |
| Taxes | (18) | (10) | (28) | (24) | (17) | (41) |
| Financial results | 85 | 71 | 156 | 79 | 82 | 161 |
| Operating income | 94 | 85 | 179 | 40 | (20) | 20 |
| Non-operating income | (23) | (8) | (31) | (7) | (14) | (21) |
| Results on investments in subsidiary and associated companies | 125 | 115 | 240 | 129 | 111 | 240 |
| Minority interest | -- | (5) | (5) | -- | -- | -- |
| Income before income tax and social contribution | 196 | 187 | 383 | 162 | 77 | 239 |
| Income tax and social contribution | (27) | (11) | (38) | (9) | 17 | 8 |
| Net income | 169 | 176 | 345 | 153 | 94 | 247 |

N.B. Includes insurance premiums issued by Bradesco Vida e Previdência S.A. (with VGBL).

(1) The Financial Statements presented above are consolidated and include: Bradesco Seguros, Indiana Seguros, Bradesco Saúde, União Novo Hamburgo de Seguros and Finasa Seguradora S.A.

Performance Ratios

| | % | | | |
|----------------------------------|-------|------|-------|-------|
| | 2002 | | 2003 | |
| | March | June | March | June |
| Claims ratio (1) | 71.8 | 70.9 | 71.8 | 71.6 |
| Selling ratio (2) | 11.4 | 11.4 | 11.7 | 11.3 |
| Combined ratio (3) | 99.0 | 98.8 | 102.6 | 104.8 |
| Expanded combined ratio (4) | 92.2 | 92.8 | 96.8 | 99.1 |
| Administrative expense ratio (5) | 11.7 | 12.6 | 12.4 | 12.2 |

(1) Retained claims (excluding withdrawals on life insurance from 2002 and withdrawals on VGBL from 2003)/earned premiums.

(2) Selling expenses/earned premiums.

(3) (Retained claims + Selling expenses + Administrative costs + Taxes + Other operating expenses)/earned premiums.

(4) (Retained claims + Selling expenses + Administrative costs + Taxes + Other operating expenses)/(Earned premiums + Financial result on earned premiums).

(5) Administrative expenses/earned premiums.

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Insurance Premium Market Share (%)

Bradesco Seguros secured R\$ 3.5 billion in premiums and maintained its industry leadership with a 25.0% market share. An amount of R\$ 14.2 billion was secured in premiums by this sector up to May 2003.

Growth in Technical Reserves In millions of reais

Growth in Guaranteeing Assets of Technical Reserves In millions of reais

Earned Premiums by Insurance Line

| | In millions of reais | | | | | |
|---------------------|----------------------|--------------|--------------|--------------|--------------|--------------|
| | 2002 | | | 2003 | | |
| | 1st Qtr. | 2nd Qtr. | 1st Half | 1st Qtr. | 2nd Qtr. | 1st Half |
| Insurance | | | | | | |
| Health | 557 | 582 | 1,139 | 618 | 630 | 1,248 |
| Auto/RCF (a) | 274 | 313 | 587 | 327 | 346 | 673 |
| Life/AP(b) /VGBL(c) | 223 | 255 | 478 | 265 | 381 | 646 |
| Basic Lines | 66 | 88 | 154 | 81 | 89 | 170 |
| DPVAT(d) | 36 | 25 | 61 | 37 | 25 | 62 |
| Total | 1,156 | 1,263 | 2,419 | 1,328 | 1,471 | 2,799 |

- (a) Optional third-party liability.
- (b) Personal accident.
- (c) Long-term life products.
- (d) Compulsory vehicle insurance.

In the first half of 2003, the Company's earned premiums grew by 15.7% compared to the same period in 2002.

Earned Premiums by Insurance Line - Accumulated to June - (%)

Total Claims Ratio - Prior 12 months (%)

N.B. Retained claims (from 2002, excluding Life redemptions and from 2003 VGBL redemptions)/Earned premiums.

Number of Policyholders - Thousand

Up to June 30, 2003, the number of customers grew by 5.4% for the six-month period in comparison to the same period in 2002.

Bradesco Saúde continues to maintain its outstanding market position, especially in the corporate health insurance segment. Brazilian consumers are increasingly convinced that Health and Dental Insurance are the best alternatives for meeting their medical, hospital and dental care needs. At present, Bradesco Saúde has more than 2.3 million customers.

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The increasing number of beneficiaries employed by micro, small and medium companies, as well as major corporations that have contracted Bradesco Saúde, confirms the company's high level of expertise and personalization in Corporate Insurance services, a distinct advantage in the Health Insurance market.

Approximately 11 thousand companies in Brazil have acquired Bradesco Health Insurance. Out of the 100 largest companies in Brazil, 35 are Bradesco clients in the Health and Dental Health lines and out of the country's 10 largest companies, 60% are Bradesco Saúde clients.

Emphasis should also be given to the practical nature of the Bradesco Saúde Portal (<http://www.bradescosauade.com.br>), which, in addition to providing information on available products, also offers a number of services to policyholders, prospects and brokers.

The Bradesco Insurance Group occupies a leadership position in the Basic Line Brazilian market, which comprises the following main types of insurance, named and operating risks, national and international transport, oil risks, engineering risks, third-party liability and aircraft risks, among others.

In the mass market insurance segment, focusing on consumer and small and medium corporate customers, the results achieved from policy sales continue significant, particularly Bradesco Seguro Residencial Simplificado (Bradesco Simplified Residential Insurance).

In the Corporate Insurance area, the Group consolidated its leadership position, insuring business conglomerates operating in the automobile, mining, steel, oil, electrical power, agribusiness, paper and pulp, chemical, aluminum and aircraft industries, confirming the Bradesco Insurance Group's significant presence among Brazil's major corporations.

The Automotive and RCF (Optional Third Party Liability) line posted an important increase in the number of policyholders and the technically correct pricing policy was maintained. Emphasis should also be given to the implementation of the differentiated services which add value to products, such as discounts given through the nationwide customer service networks and the increase in the number of relationships with brokers which are carried out exclusively online via the Internet.

With R\$ 591 million in accumulated premiums from January to May 2003, the Company maintained its leadership of the Auto line a 5.2% increase over the amount determined by the second-ranked company (source: SUSEP).

Awards

1. On April 25, Bradesco Seguros won the Top de Marketing 2003 award given by the Brazilian Association of Sales and Marketing Directors - ADVB with the following case: Bradesco Seguros. Liderança de ponta a ponta é isso: 1ª em share of market, e agora também a 1ª em top of mind.
2. The Bradesco Seguros website, which had already won the iBEST internet award in the Insurance and Revelation categories in 2002, also won this year's Grand Prix internet oscar awarded by popular vote and the site was also rated best Insurance category site by the Academy and popular votes.

Vida e Previdência (Private Pension Plan) (1)

Balance Sheet In millions of reais

| | 2002 | | 2003 | |
|--|---------------|---------------|---------------|---------------|
| | March | June | March | June |
| ASSETS | | | | |
| Current assets and long-term receivables | 12,866 | 13,655 | 19,055 | 20,783 |
| Funds available | 19 | 32 | 16 | 24 |
| Interbank investments | 16 | 17 | 18 | 19 |
| Securities | 12,453 | 13,231 | 18,661 | 20,355 |
| Insurance operations and other accounts receivable | 378 | 375 | 360 | 385 |
| Permanent assets | 301 | 315 | 252 | 256 |
| <hr/> | | | | |
| Total | 13,167 | 13,970 | 19,307 | 21,039 |
| <hr/> | | | | |
| LIABILITIES | | | | |

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| | | | | |
|---|---------------|---------------|---------------|---------------|
| Current and long-term liabilities | 12,121 | 12,793 | 18,126 | 19,695 |
| Tax and social security contributions | 190 | 285 | 349 | 402 |
| Operating liabilities for Insurance and Private Pension Plans | 92 | 73 | 72 | 91 |
| Other liabilities | 157 | 94 | 36 | 32 |
| Technical reserves | 11,682 | 12,341 | 17,669 | 19,170 |
| Stockholders' equity | 1,046 | 1,177 | 1,181 | 1,344 |
| Total | 13,167 | 13,970 | 19,307 | 21,039 |

Statement of Income - In millions of reais

| | 2002 | | | 2003 | | |
|--|------------|------------|------------|------------|------------|------------|
| | 1st Qtr. | 2nd Qtr. | 1st Half | 1st Qtr. | 2nd Qtr. | 1st Half |
| Retained premiums | 222 | 572 | 794 | 769 | 916 | 1,685 |
| Variations in premium reserves | (10) | (354) | (364) | (506) | (555) | (1,061) |
| Earned premiums | 212 | 218 | 430 | 263 | 361 | 624 |
| Retained claims | (120) | (108) | (228) | (190) | (284) | (474) |
| Selling expenses Insurance | (46) | (49) | (95) | (56) | (54) | (110) |
| Other operating income (expenses) | 19 | 17 | 36 | 35 | 35 | 70 |
| Income from net contributions | 298 | 389 | 687 | 151 | 387 | 538 |
| Expenses with benefits/matured plans | (349) | (344) | (693) | (399) | (463) | (862) |
| Selling expenses - Pension Plans | (30) | (23) | (53) | (25) | (24) | (49) |
| Administrative expenses | (43) | (47) | (90) | (50) | (47) | (97) |
| Tax expenses | (5) | (8) | (13) | (3) | (5) | (8) |
| Financial income | 475 | 360 | 835 | 1,242 | 973 | 2,215 |
| Financial expenses | (274) | (254) | (528) | (825) | (736) | (1,561) |
| Equity income and expenses | 3 | 2 | 5 | 2 | 2 | 4 |
| Non-operating income | (1) | (2) | (3) | 1 | (1) | -- |
| Income before taxes and contributions | 139 | 151 | 290 | 146 | 144 | 290 |
| Taxes and contributions on income | (46) | (45) | (91) | (48) | (42) | (90) |
| Net income | 93 | 106 | 199 | 98 | 102 | 200 |

(1) Including BBV Previdência e Seguradora Brasil S.A. from June 2003.

Income from Plans Market Share (%)

Since its foundation in 1981, Bradesco Vida e Previdência has recorded consistently high levels of growth confirming its leadership of a sector which from the early nineties has shown considerable potential for expansion.

Income from its private pension plans has grown some 43.3% per year over the last five years, enabling the company to maintain its leadership position with 38.3% of the market, the result of a sound product development policy structured around innovative and flexible options.

Products bearing the Bradesco Vida e Previdência hallmark reflect the company's efforts to remain ahead of its time, sensitive to future trends.

Growth in Technical Reserves
In millions of reais

Providing a secure option for participants, policyholders and beneficiaries, Bradesco Vida e Previdência has recorded an increasing growth rate in the volume of its technical reserves. During the first half, technical reserves presented an increase of 20.5% over the same period in 2002,

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highlighting the company's capacity to meet the commitments assumed.

Bradesco Vida e Previdência's unquestionable commitment to providing a care-free future for its participants has ensured its ranking as Brazil's largest listed supplementary pension plan company.

Growth in Guaranteeing Assets of Technical Reserves In millions of reais

Private Pension Plan and VGBL Investment Portfolio - Market Share (%)

Reflecting the growth in income from private pension plans, Bradesco Vida e Previdência ended the first half of 2003 with a high level of capitalization. The investment portfolio presents an ongoing growth in financial volume and results, well above the required volume of technical reserves.

The company's success and commitment to the implementation of its policies are confirmed by its 52.1% share of this segment, one of most important market indicators.

Increase in Number of Participants - Thousand

During the six-month period, Bradesco Vida e Previdência signed new contracts for individual and company plans, which accounted for a 4.6% increase in the number of participants compared to the performance recorded for the same period in 2002. Total plan participants surpassed the 1.2 million mark.

Savings Bonds (1)
Balance Sheet In millions of reais

| | 2002 | | 2003 | |
|---|--------------|--------------|--------------|--------------|
| | March | June | March | June |
| ASSETS | | | | |
| Current assets and long-term receivables | 1,563 | 1,532 | 1,863 | 1,946 |
| Securities | 1,479 | 1,446 | 1,787 | 1,871 |
| Accounts receivable and other accounts receivable | 84 | 86 | 76 | 75 |
| Permanent assets | 305 | 366 | 342 | 294 |
| <hr/> | | | | |
| Total | 1,868 | 1,898 | 2,205 | 2,240 |
| <hr/> | | | | |
| LIABILITIES | | | | |
| Current and long-term liabilities | 1,502 | 1,580 | 1,930 | 1,906 |
| Tax and social security contributions | 155 | 169 | 178 | 195 |
| Other liabilities | 10 | 46 | 96 | 13 |
| Technical reserves | 1,337 | 1,365 | 1,656 | 1,698 |
| Stockholders' equity | 366 | 318 | 275 | 334 |
| <hr/> | | | | |
| Total | 1,868 | 1,898 | 2,205 | 2,240 |
| <hr/> | | | | |

Statement of Income - In millions of reais

2002

2003

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| | 1st Qtr. | 2nd Qtr. | 1st Half | 1st Qtr. | 2nd Qtr. | 1st Half |
|------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Income from savings bonds | 192 | 230 | 422 | 249 | 301 | 550 |
| Variation in technical reserves | 1 | (30) | (29) | (35) | (40) | (75) |
| Redemption of bonds | (181) | (191) | (372) | (197) | (256) | (453) |
| Bonds redeemed | (166) | (184) | (350) | (191) | (253) | (444) |
| Winning bonds | (15) | (7) | (22) | (6) | (3) | (9) |
| Financial income | 55 | 56 | 111 | 58 | 81 | 139 |
| Administrative expenses | (16) | (18) | (34) | (17) | (20) | (37) |
| Equity results | 11 | 16 | 27 | 2 | 6 | 8 |
| Income before taxes | 62 | 63 | 125 | 60 | 72 | 132 |
| Income tax and social contribution | (17) | (15) | (32) | (19) | (21) | (40) |
| Net income | 45 | 48 | 93 | 41 | 51 | 92 |

(1) Includes: Bradesco Capitalização and Atlântica Capitalização (formerly BCN Capitalização).

Bradesco Capitalização's outstanding position in the premium bond market is the result of its transparent operating policy, which is focused on the deployment of products in line with potential consumer demand.

The company is consolidating its outstanding position in diverse regions and holds a leadership position in four Brazilian states, according to the latest figures for May published by SUSEP. The company's market share in these states was as follows: 32.7% in Bahia, 27.9% in Amazonas, 26.5% in Santa Catarina and 23.3% in São Paulo.

In pursuit of a bond which is suited to its customers' different profiles and budgets, the company developed a number of products varying in accordance with the type of payment (single or monthly), contribution terms, regularity of draws (weekly or monthly) and related prize amounts. This phase brought the company closer to the general public and consolidated the success of its 'Pé Quente' (Lucky Bond) savings bond series.

Bradesco Capitalização was the first private savings bond company in Brazil to receive ISO9002 accreditation and in December 2002 this certificate was upgraded to the 2000 Version. ISO 9001:2000. This accreditation from Fundação Vanzolini attests to the management quality of Bradesco savings bonds and confirms the principles on which their creation was based: good products, good services and continuous growth.

Income from Plans
Market Share (%)

Technical Reserves
Market Share (%)

Growth in Technical Reserves - In millions of reais

With its fast-growing volume of technical reserves, Bradesco Capitalização surpassed the mark of R\$ 1.7 billion in the first six months of 2003, presenting a growth rate of 24.47% compared to the same period in 2002. According to data from SUSEP for May 2003, the company has 21.78% of the total market volume of technical reserves.

These results transmit confidence and confirm the company's financial soundness and capacity to honor the commitments assumed with its customers.

Growth in Assets guaranteeing Technical Reserves - In millions of reais

Number of Customers - Thousand

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Outstanding Savings Bonds - Thousand

In line with its customer loyalty building policy focused on customer service and the offer of innovative products, the number of Bradesco Capitalização customers increased by 30% in the first six-month period of 2003, compared to the same period in 2002, totaling 2.7 million. The outstanding savings bond portfolio also presented a significant 25% increase over the same period in the prior year, reaching a total of 7.6 million outstanding bonds.

Highlights

Bradesco Capitalização was highlighted in an article published in the April edition of the Conjuntura Econômica magazine, in which it was ranked as leader of its corresponding sector, based on a study conducted by Austin Rating. The methodology used to rank the best companies considered indicators such as stockholders' equity, liquidity and profitability.

Awards

Bradesco Capitalização received the Top de Marketing 2003 award, given by the Brazilian Association of Sales and Marketing Directors - ADVB for the following case: Título de Capitalização Pé Quente Reserva Especial em proeza inédita: quebra paradigma e conquista público de alta renda. This award is designed to give proper recognition for the work of organizations which demonstrate excellence in sustaining their products, services or trademarks through innovative and consistent marketing tactics.

Risk Ratings Bank

| FITCH ATLANTIC RATINGS | | | | | | | | MOODY'S INVESTORS SERVICE | | | | | | | |
|------------------------|---------|-----------------|------------|----------------|------------|----------------|-----------------|---------------------------|------------|-----------------------|------------|------------------------|------------|--|--|
| International Sale | | | | National Sale | | | | International Sale | | | | | | | |
| Individual | Support | Foreign Country | | Local Currency | | National | | Foreign Currency Deposit | | Foreign Currency Debt | | Local Currency Deposit | | | |
| | | Long-Term | Short-Term | Long-Term | Short-Term | Long-Term | Short-Term | Long-Term | Short-Term | Long-Term | Short-Term | Long-Term | Short-Term | | |
| A | 1 | AAA | F1 | AAA | F1 | AAA(bra) | F1+(bra) | Aaa | P-1 | Aaa | P-1 | Aaa | P-1 | | |
| A/B | 2 | AA+ | F2 | AA+ | F2 | AA+(bra) | F1(bra) | Aa1 | P-2 | Aa1 | P-2 | Aa1 | P-2 | | |
| B | 3 | AA | F3 | AA | F3 | AA(bra) | F2(bra) | Aa2 | P-3 | Aa2 | P-3 | Aa2 | P-3 | | |
| B/C | 4 | AA- | B | AA- | B | AA-(bra) | F3(bra) | Aa3 | NP | Aa3 | NP | Aa3 | NP | | |
| C | 5 | A+ | C | A+ | C | A+(bra) | B(bra) | A1 | | A1 | | A1 | | | |
| C/D | | A | D | A | D | A(bra) | C(bra) | A2 | | A2 | | A2 | | | |
| D | | A- | | A- | | A-(bra) | D(bra) | A3 | | A3 | | A3 | | | |
| D/E | | BBB+ | | BBB+ | | BBB+(bra) | | Baa1 | | Baa1 | | Baa1 | | | |
| E | | BBB | | BBB | | BBB(bra) | | Baa2 | | Baa2 | | Baa2 | | | |
| | | BBB- | | BBB- | | BBB-(bra) | | Baa3 | | Baa3 | | Baa3 | | | |
| | | BB+ | | BB+ | | BB+(bra) | | Ba1 | | Ba1 | | Ba1 | | | |
| | | BB | | BB | | BB(bra) | | Ba2 | | Ba2 | | Ba2 | | | |
| | | BB- | | BB- | | BB-(bra) | | Ba3 | | Ba3 | | Ba3 | | | |
| | | B+ | | B+ | | B+(bra) | | B1 | | B1 | | B1 | | | |
| | | B | | B | | B(bra) | | B2 | | B2 | | B2 | | | |
| | | B- | | B- | | B-(bra) | | B3 | | B3 | | B3 | | | |
| | | CCC | | CCC | | CCC(bra) | | Caa1 | | Caa1 | | Caa1 | | | |
| | | CC | | CC | | CC(bra) | | Caa2 | | Caa2 | | Caa2 | | | |
| | | C | | C | | C(bra) | | Caa3 | | Caa3 | | Caa3 | | | |
| | | DDD | | DDD | | DDD(bra) | | Ca | | Ca | | Ca | | | |
| | | DD | | DD | | DD(bra) | | C | | C | | C | | | |
| | | D | | D | | D(bra) | | | | | | | | | |

N.B Bradesco's Risk Ratings are among the highest attributed to Brazilian Banks.

Fitch Ratings and Atlantic Rating were merged in the first half of 2003.

Risk Ratings Insurance and Savings Bond Companies

Insurance

Savings Bond

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| FITCH ATLANTIC RATINGS | | STANDARD & POOR'S | SR RATING | STANDARD & POOR'S | |
|------------------------|---------------------|-------------------|---------------------|-------------------|----------------|
| National Scale | International Scale | National Scale | International Scale | National Scale | National Scale |
| AAA(bra) | AAA | brAAA | AAASR | brAAA | brAAA |
| AA+(bra) | AA+ | brAA+ | AA+SR | brAA+ | brAA+ |
| AA(bra) | AA | brAA | AASR | brAA | brAA |
| AA-(bra) | AA- | brAA- | AA-SR | brAA- | brAA- |
| A+(bra) | A+ | brA+ | A+SR | brA+ | brA+ |
| A(bra) | A | brA | ASR | brA | brA |
| A-(bra) | A- | brA- | A-SR | brA- | brA- |
| BBB+(bra) | BBB+ | brBBB+ | BBB+SR | brBBB+ | brBBB+ |
| BBB(bra) | BBB | brBBB | BBBSR | brBBB | brBBB |
| BBB-(bra) | BBB- | brBBB- | BBB-SR | brBBB- | brBBB- |
| BB+(bra) | BB+ | brBB+ | BB+SR | brBB+ | brBB+ |
| BB(bra) | BB | brBB | BBSR | brBB | brBB |
| BB-(bra) | BB- | brBB- | BB-SR | brBB- | brBB- |
| B+(bra) | B+ | brB+ | B+SR | brB+ | brB+ |
| B(bra) | B | brB | BSR | brB | brB |
| B-(bra) | B- | brB- | B-SR | brB- | brB- |
| CCC(bra) | CCC | brCCC | CCCSR | brCCC | brCCC |
| CC(bra) | CC | brCC | CCSR | brCC | brCC |
| C(bra) | C | brC | CSR | brC | brC |
| | DDD | brD | DSR | brD | brD |
| | DD | | | | |
| | D | | | | |

Ranking

| Source | Criteria | Position |
|--------------------------|-----------------|----------------------------------|
| Forbes International 500 | Overall/Revenue | 166th (Worldwide) |
| Forbes International 500 | Banks/Revenue | 1st (Brazil) 26th (Worldwide) |
| Fortune Global 500 | Banks/Revenue | 1st (Brazil) 46th (Worldwide) |
| Fortune Global 500 | Overall/Revenue | 337th (Worldwide) |

Ranking - Bradesco Seguros

| | | |
|----------------|---|---------------------|
| Global Finance | Best Insurance Companies - Property Insurer | 1st (Latin America) |
|----------------|---|---------------------|

Awards

Bradesco was rated best financial institution in a poll carried out by IBOPE for the National Association of Construction Material Retailers (Anamaco). This traditional award reveals the best institution based on customer satisfaction levels. IBOPE interviewed 1,352 retailers in all of Brazil's states.

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For the second year running, Bradesco was considered best Brazilian Retail Bank by Austin Rating/ Conjuntura Econômica magazine, published by Fundação Getulio Vargas. The Bank received the Prêmio Comunicação 2002 award as Best Advertiser of the Year, from the Brazilian Advertising Association (ABP), the main representative of Brazilian advertising activities.

In the second quarter of this year, Bradesco Investment Funds took the Top de Gestão de Fundos 2003 award by Valor Econômico newspaper, in the Derivative and Balanced funds category.

Bradesco also received an award for excellence in customer service Prêmio Consumidor Moderno de Excelência em Serviços ao Cliente 2003. According to a study prepared by the Business Standard magazine in partnership with the Center for Banking Excellence of Fundação Getulio Vargas in São Paulo, Bradesco Internet Banking was rated best Brazilian Internet Banking service for the second year in a row.

Bradesco also received the e-finance 2003 award given by the Executivos Financeiros magazine in three categories: Internet Banking with ShopCredit, Corporate Internet Banking with Bradesco Net Empresa and Self-service/Security with Letras de Acesso Bradesco Dia e Noite.

Confirmed as overall winner of the iBest 2003, the Bradesco Organization received eight awards at this year's internet Oscars ceremony. For the seventh consecutive year, Bradesco was ranked first place in the Banks category. Bradesco Seguros won the Grand Prix as the most voted site at the 2003 awards.

Bradesco was also ranked first place among Brazil's 100 most-wired Companies by INFO Exame magazine which rates companies at the vanguard in terms of Information Technology (IT). As well as leading the overall ranking, Bradesco was also rated leader in two other categories: the most-wired banking sector company, among 17 economic segments under analysis and leader in São Paulo in the ranking which rates Brazil's six most industrialized states.

Sociocultural Events

Bradesco is a benchmark in social responsibility, implementing innumerable sociocultural projects and events which help to promote citizenship values in Brazil.

In the first six months of 2003, Bradesco gave support to innumerable social projects. These comprised regional, sector or professional venues, including trade fairs, seminars, congresses and community events.

As part of its strategy to provide incentives to agricultural development in Brazil's interior, Bradesco was present in events such as the Agricultural Fair in Londrina, Paraná, the Cerrado Agrishow in Rondonópolis, Mato Grosso and the Agrishow in Ribeirão Preto, São Paulo, which is the third largest farming technology exposition in the world. The Organization was also present at the International Machinery and Equipment Fair (Feimafe), recognized as one of the most traditional and important fairs in this segment.

Bradesco sponsored a number of important cultural events during the period, including the Parintins Folklore Festival in Amazonia, one of the Country's most important cultural expressions, as well as the Summer Festival and Carnival in Salvador and the St John's Day Festival in Caruaru, in Pernambuco, events which attract an increasing number of visitors each year.

For the fourth year running, Bradesco Seguros sponsored the Rio de Janeiro Book Bienal, now in its 11th year. The insurance company presented a number of books published under its sponsorship including Aquarelas Brasil XIX: Paisagem, Flores e Frutos (19th Century Brazilian Watercolors: Landscapes, Flowers and Fruit), Poesia Completa Carlos Drummond de Andrade (The Complete Anthology), Documentos Históricos do Brasil (Historical Documents of Brazil), among others. Bradesco Seguros was also one of the most important sponsors of the Dell'Arte series of International Classical Concerts which brought to Brazil the Russian Chamber Ensemble from Moscow, the Dutch ensemble Combattimento Consort from Amsterdam, specialized in baroque music and the Symphony Orchestra Giuseppe Verdi from Milan, one of the most important symphony orchestras in Italy, with special guest pianist, Nelson Freire.

In the educational area, the Bradesco Foundation extended its activities with the opening of its 39th school in Boa Vista, Roraima, the only state in Brazil still without a Bradesco Foundation school. More than 105 thousand students receive free education at the Foundation's schools all over Brazil.

In the second quarter, BCN organized its XIII Sports Training Center Festival, with basketball and volleyball games which attracted more than 7,000 people including students, parents, instructors and professional athletes in Osasco, São Paulo. Created 15 years ago, the BCN project provides the opportunity for thousands of young girls from 10 to 15 years of age to practice sports. BCN's main women's professional volleyball team was the 2002/2003 super-league champion.

Corporate Organization Chart

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MAJOR STOCKHOLDERS

MAIN SUBSIDIARIES AND ASSOCIATED COMPANIES

Administrative Body

Fundação Bradesco - The Bradesco Organization's Social Arm

Background

The Bradesco Foundation, a not-for-profit entity, headquartered at Cidade de Deus, Osasco (SP), was founded in 1956 and declared to be of Federal Public Utility by Decree 86,238, on July 30, 1981.

Convinced that education lies at the roots of equal opportunity and personal and collective fulfillment, the Bradesco Foundation currently maintains 39 schools installed as priority in the country's most underprivileged regions, in all of Brazil's states and in the Federal District.

Objectives and Goals

Through its pioneer action in private social investment, the Bradesco Foundation's chief mission is to provide formal quality education to children, young people and adults ensuring that they receive the qualifications required to achieve personal fulfillment through their work and the exercising of their rights and duties as citizens.

Accordingly, the Foundation has expanded its activities yearly, increasing the number of students matriculated in its schools from 13,080 to more than 103,000 over the last twenty-three years. The Bradesco Foundation schools offer education free-of-charge at pre, junior and high school levels, as well as basic professional and technical training in IT, electronics, industry, management and agriculture and livestock raising. Distance learning is also offered as part of its Youth and Adult Education programs.

Important Events

The 39th Bradesco Foundation School, in the city of Boa Vista, Roraima, opened its doors on February 6 this year with modern facilities and the capacity to attend more than 1,200 students.

On March 9, all the Foundation Schools took part in Brazil's National Voluntary Action Day. More than 190 thousand people benefited from activities promoted in the leisure and entertainment, education, culture, sports, prevention and healthcare, community development and citizenship action areas. Four thousand volunteers participated, including students, parents, teachers and professionals from partner organizations, providing more than 200 quality services to community members residing in the vicinity of the Foundation schools.

During the period, Bradesco announced the construction of another Bradesco Foundation School in the town of Osasco (SP), located in the Jardim Conceição neighborhood, the school will have the capacity to attend approximately 2,000 students from the local community.

School Locations

The majority of the Foundation's educational units are located on the outskirts of major cities or in rural areas where there is a significant lack of educational and welfare assistance. Thousands of students in all four corners of Brazil are given the opportunity to study at the Foundation schools.

School

Students School

Students School

Students

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| | | | | |
|------------------------------------|--|-----------------------|-------|---|
| Aparecida de Goiânia - GO | 2,527 | Itajubá - MG | 2,147 | |
| Bagé - RS | 1,833 | Jaboatão - PE | 2,330 | |
| Boa Vista - RR | 1,869 | João Pessoa - PB | 2,124 | |
| Bodoquena - MS | 1,187 | Laguna - SC | 2,042 | Basic Professional Education |
| Cacoal - RO | 1,849 | Macapá - AP | 2,253 | Rural Area - Artificial Insemination |
| Campinas - SP | 3,359 | Maceió - AL | 2,443 | |
| Canuanã - TO | 1,207 | Manaus - AM | 3,303 | |
| Caucaia - CE | 2,440 | Marília - SP | 3,877 | Cáceres - MT 200 |
| Ceilândia - DF | 3,445 | Natal - RN | 2,265 | Campinas - SP 390 |
| Cidade de Deus - Osasco, SP | | Paragominas - PA | 2,066 | Campo Grande - MS 250 |
| Unit I | 4,152 | Paranavaí - PR | 2,148 | Goiânia - GO 200 |
| Unit II | 2,816 | Pinheiro - MA | 2,067 | Igarapé - MG 200 |
| Basic Supplementary | | Propriá - SE | 2,152 | Uberaba - MG 440 |
| Education Telecenters in Companies | 8,567 | | | |
| Professional Training Centers | 6,068 | Registro - SP | 2,165 | |
| | | Rio Branco - AC | 2,020 | Subtotal 1,680 |
| | | Rio de Janeiro - RJ | 4,518 | |
| Conceição do Araguaia - PA | 1,944 | Rosário do Sul - RS | 940 | |
| Cuiabá - MT | 1,905 | Salvador - BA | 2,119 | |
| Feira de Santana-BA | 488 | São João Del Rei - MG | 2,124 | Total (*) 105,151 |
| Garanhuns-PE | 550 | São Luis - MA | 2,492 | |
| Gravataí - RS | 3,123 | Teresina - PI | 2,250 | (*) Projected for 2003. |
| Irecê - BA | 2,222 | Vila Velha - ES | 2,075 | |
| Fundação Bradesco | An Education Project the Size of Brazil. | | | |

Financing

The Bradesco Foundation activities are funded exclusively by resources from its own income and donations made by the Bradesco Organization Companies.

Investments in 2002

Budget for 2003

R\$ 123.3 million

R\$ 128.9 million

Courses Grades Forecast for 2003

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| | Students | % of Total |
|------------------------------------|----------------|--------------|
| Infant | 3,388 | 3.22 |
| Junior and Middle | 29,709 | 28.25 |
| High School and Technical Training | 16,366 | 15.57 |
| Youth and Adult Education | 20,734 | 19.72 |
| Basic Professional Training | 34,954 | 33.24 |
| Total | 105,151 | 100.0 |

Student Profile

Increase in Student Numbers

Statement of Social Responsibility For the First Half of 2003 (1H03)

| 1) Calculation Basis | 1H03 (in thousands of reais) | 1H02 (in thousands of reais) |
|-----------------------|------------------------------|------------------------------|
| Net revenue (RL) (1) | 4,588,565 | 3,357,165 |
| Operating income (RO) | 1,999,071 | 1,155,648 |
| Gross payroll (FPB) | 2,201,013 | 1,884,107 |

| 2) Internal Social Indicators | In Thousand of | | | In Thousand of | | |
|--|----------------|-------------|-------------|----------------|-------------|-------------|
| | reais | % of FPB | % of RL | reais | % of FPB | % of RL |
| Meals | 185,741 | 8.4 | 4.0 | 163,077 | 8.7 | 4.9 |
| Compulsory social charges | 391,281 | 17.8 | 8.5 | 341,464 | 18.1 | 10.2 |
| Private pension plans | 135,415 | 6.2 | 3.0 | 63,715 | 3.4 | 1.9 |
| Healthcare insurance | 86,687 | 3.9 | 1.9 | 90,707 | 4.8 | 2.7 |
| Safety and medical care in the workplace | -- | -- | -- | -- | -- | -- |
| Education | -- | -- | -- | -- | -- | -- |
| Culture | -- | -- | -- | -- | -- | -- |
| Professional qualification and training | 29,993 | 1.4 | 0.7 | 21,108 | 1.1 | 0.6 |
| On-site child care/child care benefit | 13,968 | 0.6 | 0.3 | 14,770 | 0.8 | 0.4 |
| Employee profit sharing | 79,573 | 3.6 | 1.7 | 63,731 | 3.4 | 1.9 |
| Other | 19,584 | 0.9 | 0.4 | 19,259 | 1.0 | 0.6 |
| Total Internal social indicators | 942,242 | 42.8 | 20.5 | 777,831 | 41.3 | 23.2 |

| 3) External social indicators | In Thousand of | | | In Thousand of | | |
|---|------------------|-------------|-------------|----------------|-------------|-------------|
| | reais | % of RO | % of RL | reais | % of RO | % of RL |
| Education | 32,440 | 1.6 | 0.7 | 25,592 | 2.2 | 0.8 |
| Culture | 6,898 | 0.4 | 0.2 | 6,873 | 0.6 | 0.2 |
| Health and basic sanitation | 2,296 | 0.1 | -- | 834 | 0.1 | -- |
| Sports | 4,569 | 0.2 | 0.1 | 2,477 | 0.2 | 0.1 |
| Prevention of hunger and food security | 532 | -- | -- | 118 | -- | -- |
| Other | 3,367 | 0.2 | 0.1 | 2,964 | 0.3 | 0.1 |
| Total contribution to society | 50,102 | 2.5 | 1.1 | 38,858 | 3.4 | 1.2 |
| Taxes (excluding social charges) | 1,242,748 | 62.2 | 27.1 | 896,536 | 77.5 | 26.7 |
| Total External social indicators | 1,292,850 | 64.7 | 28.2 | 935,394 | 80.9 | 27.9 |

| 4) Environmental Indicators | In Thousand of | | | In Thousand of | | |
|-----------------------------|----------------|---------|---------|----------------|---------|---------|
| | reais | % of RO | % of RL | reais | % of RO | % of RL |

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| | | | | | | |
|---|---|---|---|---|---|---|
| Investments related to company production/operation | - | - | - | - | - | - |
| Investments in external programs/projects | - | - | - | - | - | - |
| Total investments in environment protection | - | - | - | - | - | - |

As regards the establishment of annual goals for minimizing waste, general production/operation consumption and the efficient use of natural resources, the company:

| | |
|------------------------------|------------------------------|
| () has no established goals | () has no established goals |
| () complies (0% to 50%) | () complies (0% to 50%) |
| () complies (51% to 75%) | () complies (51% to 75%) |
| () complies (76% to 100%) | () complies (76% to 100%) |

5) Employee Indicators

| | 1H03 | 1H02 |
|--|-------------|-------------|
| Employees at the end of the period | 78,148 | 73,688 |
| Admissions during the period | 6,797 | 6,203 |
| Outsourced employees | 7,809 | 7,101 |
| Trainees/interns | 514 | 915 |
| Employees older than 45 | 5,423 | 5,488 |
| Women employees | 34,814 | 32,364 |
| % of management positions held by women | 17.9% | 16.8% |
| Black employees (2) | N/A | N/A |
| % of management positions held by blacks | N/A | N/A |
| Disabled employees or employees with special needs | 629 | 578 |

6) Significant information regarding the level of corporate citizenship

| | 1H03 | | | Goals for 1H04 | | |
|---|----------------------------|------------------------------|--|----------------------------|------------------------------|--|
| Ratio between maximum and minimum salary | N/A | | | N/A | | |
| Total number of accidents in the workplace | 186 | | | N/A | | |
| The company's social and environmental projects were established by: | () directors | (x) directors and managers | () all employees | () directors | (x) directors and managers | () all employees |
| Workplace safety and health standards were defined by: | () directors | () all employees | (x) all + CIPA | () directors | () all employees | (x) all + CIPA |
| As regards freedom of trade union activities, collective bargaining rights and internal employee representation, the company: | (x) does not interfere | () complies with OIT rules | () encourages activities and complies OIT rules | (x) does not interfere | () complies with OIT rules | () encourages activities and complies OIT rules |
| Private pension plans are offered to: | () directors | () directors and managers | (x) all employees | () directors | () directors and managers | (x) all employees |
| The company's profit sharing plan is distributed to: | () directors | () directors and managers | (x) all employees | () directors | () directors and managers | (x) all employees |
| When selecting suppliers, the ethical, social and environmental responsibility standards adopted by the company: | () are not considered | () are suggested | (x) are required | () are not considered | () are suggested | (x) are required |
| As regards the participation of employees in voluntary work programs, the company: | (x) does not interfere | () gives support | () organizes and encourages participation | (x) does not interfere | () gives support | () organizes and encourages participation |
| Total number of consumer complaints: | at the company N/A | at Procon (3) N/A | at Court level N/A | at the company N/A | at Procon (3) N/A | at Court level N/A |
| % of complaints resolved: | at the company N/A | at Procon (3) N/A | at Court level N/A | at the company N/A | at Procon (3) N/A | at Court level N/A |
| Total Added Value to be Distributed (in thousands of reais) | 1H03: R\$ 3,894,026 | | | 1H02: R\$ 3,405,771 | | |
| Distribution of Added Value (DVA): | 24.9% government | 48.7% employees | 16.3% stockholders | 25.8% government | 47.7% employees | 17.2% stockholders |

7) Other Information

- (1) Net revenue (RL) corresponds to Income from Financial Intermediation.
- (2) N/A: not available.
- (3) Consumer Protection Agency

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Independent auditors' report on supplementary account information

To
The Administrative Council and Stockholders
Banco Bradesco S.A.
Osasco - SP

We have examined, in accordance with auditing standards generally accepted in Brazil, the financial statements of Banco Bradesco S.A. and the consolidated financial statements of Banco Bradesco S.A. and its subsidiaries as of and for the semesters ended June 30, 2003 and 2002 and have issued our unqualified report, dated July 28, 2003.

Our examinations were made for the purpose of forming an opinion on the financial statements of Banco Bradesco S.A., and on the consolidated financial statements of Banco Bradesco S.A. and its subsidiaries taken as a whole. In connection with our examinations, we have performed a review of the supplementary account information included in the Report on Economic and Financial Analysis that is presented exclusively for the purpose of additional analysis and is not a required part of the financial statements.

Based in our examinations, we are not aware of any significant modifications that should be made to the supplementary account information for it to be presented adequately, in all material respects, in relation to the financial statements taken as a whole.

July 28, 2003

KPMG Auditores Independentes
CRC 2SP014428/O-6

Walter Iório
Accountant
CRC 1SP084113/O-5

Cláudio Rogélio Sertório
Accountant
CRC 1SP212059/O-0

4 Consolidated Balance Sheets and Statements of Income - 1998 to 2003

(A free translation of the original in Portuguese
prepared in conformity with accounting practices
adopted in Brazil)

Banco Bradesco SA

Consolidated Balance Sheet - In thousands of reais

| ASSETS | DECEMBER | | | | | |
|---|--------------------|--------------------|--------------------|-------------------|-------------------|-------------------|
| | 06/2003 | 2002 | 2001 | 2000 | 1999 | 1998 |
| CURRENT ASSETS AND LONG-TERM RECEIVABLES | 149,315,815 | 137,301,711 | 105,767,892 | 90,693,025 | 75,136,910 | 62,635,794 |
| FUNDS AVAILABLE | 1,772,881 | 2,785,707 | 3,085,787 | 1,341,653 | 827,329 | 709,803 |
| INTERBANK INVESTMENTS | 20,995,788 | 21,472,756 | 3,867,319 | 2,308,273 | 2,590,599 | 5,167,038 |
| Open market investments | 17,514,259 | 19,111,652 | 2,110,573 | 1,453,461 | 1,890,828 | 4,449,356 |
| Interbank deposits | 3,482,756 | 2,370,345 | 1,760,850 | 854,815 | 699,771 | 718,125 |
| Provision for losses | (1,227) | (9,241) | (4,104) | (3) | -- | (443) |
| SECURITIES AND DERIVATIVE FINANCIAL INSTRUMENTS | 42,795,532 | 37,003,454 | 40,512,688 | 33,119,843 | 29,196,857 | 19,705,200 |
| Own portfolio | 35,653,566 | 29,817,033 | 27,493,936 | 21,743,924 | 20,950,342 | 12,821,409 |
| Subject to repurchase agreements | 874,865 | 1,497,383 | 9,922,036 | 10,822,637 | 5,987,713 | 5,759,959 |
| Subject to negotiation and intermediation of securities | -- | -- | 526,219 | 9,394 | 157 | 295 |
| Restricted deposits - Brazilian Central Bank | 3,568,688 | 3,536,659 | 1,988,799 | 421,727 | 2,359,466 | 1,214,811 |
| Privatization currencies | 83,008 | 77,371 | 25,104 | 9,526 | 7,241 | 5,839 |
| Subject to collateral provided | 1,846,663 | 1,836,169 | 715,858 | 783,501 | 449,536 | 108,200 |
| Derivative financial instruments | 768,742 | 238,839 | 581,169 | -- | -- | -- |
| Allowance for mark-to-market | -- | -- | (740,433) | (670,866) | (557,598) | (205,313) |
| INTERBANK ACCOUNTS | 14,809,374 | 12,943,432 | 5,141,940 | 5,060,628 | 6,454,553 | 5,536,959 |
| Unsettled payments and receipts | 591,809 | 16,902 | 10,118 | 6,920 | 7,635 | 189,329 |
| Restricted deposits: | | | | | | |
| - Brazilian Central Bank | 13,791,640 | 12,519,635 | 4,906,502 | 4,848,668 | 6,184,959 | 5,194,724 |
| - National Treasury - Rural funding | 578 | 578 | 712 | 660 | 599 | 779 |
| - National Housing System - SFH | 384,536 | 374,177 | 217,518 | 197,191 | 142,653 | 149,826 |
| Interbank onlendings | -- | -- | -- | 2,024 | 116,733 | 1 |
| Correspondent banks | 40,811 | 32,140 | 7,090 | 5,165 | 1,974 | 2,300 |
| INTERDEPARTMENTAL ACCOUNTS | 215,081 | 191,739 | 176,073 | 111,636 | 49,018 | 38,661 |

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| | | | | | | |
|--|--------------------|--------------------|--------------------|-------------------|-------------------|-------------------|
| Internal transfer of funds | 215,081 | 191,739 | 176,073 | 111,636 | 49,018 | 38,661 |
| CREDIT OPERATIONS | 41,126,372 | 39,705,279 | 35,131,359 | 30,236,106 | 21,535,633 | 20,794,541 |
| Credit operations: | | | | | | |
| - Public sector | 196,314 | 254,622 | 199,182 | 275,479 | 154,266 | 111,141 |
| - Private sector | 44,718,813 | 42,842,693 | 37,689,671 | 32,244,482 | 22,848,128 | 21,553,453 |
| Allowance for loan losses | (3,788,755) | (3,392,036) | (2,757,494) | (2,283,855) | (1,466,761) | (870,053) |
| LEASING OPERATIONS | 1,392,775 | 1,431,166 | 1,567,927 | 1,914,081 | 1,712,343 | 1,688,761 |
| Leasing receivables: | | | | | | |
| - Public sector | -- | 45 | 138 | 160 | 800 | 1,667 |
| - Private sector | 3,077,565 | 3,141,724 | 3,248,050 | 3,813,369 | 3,515,396 | 3,410,990 |
| Unearned lease income | (1,556,528) | (1,560,278) | (1,557,642) | (1,760,305) | (1,490,803) | (1,485,780) |
| Allowance for leasing losses | (128,262) | (150,325) | (122,619) | (139,143) | (313,050) | (238,116) |
| OTHER RECEIVABLES | 25,217,163 | 20,891,869 | 15,685,433 | 16,226,725 | 12,420,787 | 8,491,994 |
| Receivables on guarantees honored | 1,363 | 1,577 | 1,131 | 2,020 | -- | 645 |
| Foreign exchange portfolio | 13,130,513 | 10,026,298 | 5,545,527 | 6,417,431 | 3,375,563 | 2,488,263 |
| Income receivable | 259,719 | 249,849 | 187,910 | 191,873 | 109,734 | 113,814 |
| Negotiation and intermediation of securities | 164,642 | 175,185 | 761,754 | 497,655 | 839,758 | 320,821 |
| Specific credits | -- | -- | 146,919 | 124,776 | 206,952 | 164,770 |
| Insurance premiums receivable | 1,142,694 | 920,724 | 995,662 | 818,773 | 994,718 | 825,162 |
| Sundry | 10,709,980 | 9,640,966 | 8,107,714 | 8,258,402 | 7,021,988 | 4,685,384 |
| Allowance for other losses | (191,748) | (122,730) | (61,184) | (84,205) | (127,926) | (106,865) |
| OTHER ASSETS | 990,849 | 876,309 | 599,366 | 374,080 | 349,791 | 502,837 |
| Other assets | 724,789 | 679,515 | 415,484 | 409,771 | 406,910 | 513,407 |
| Allowance for losses | (255,535) | (243,953) | (164,290) | (171,876) | (166,447) | (199,753) |
| Prepaid expenses | 521,595 | 440,747 | 348,172 | 136,185 | 109,328 | 189,183 |
| PERMANENT ASSETS | 5,173,459 | 5,483,319 | 4,348,014 | 4,185,458 | 5,186,682 | 4,702,082 |
| INVESTMENTS | 494,593 | 512,720 | 884,773 | 830,930 | 2,453,425 | 2,306,500 |
| Investments in associated companies: | | | | | | |
| - Local | 349,332 | 395,006 | 742,586 | 689,002 | 2,044,120 | 1,400,144 |
| Other investments | 506,058 | 439,342 | 452,871 | 525,316 | 753,901 | 1,148,977 |
| Allowance for losses | (360,797) | (321,628) | (310,684) | (383,388) | (344,596) | (242,621) |
| PROPERTY AND EQUIPMENT IN USE | 2,638,583 | 2,523,949 | 2,152,680 | 2,017,093 | 1,683,069 | 1,562,430 |
| Land and buildings in use | 1,707,658 | 1,748,409 | 1,475,581 | 1,491,847 | 1,415,720 | 1,395,530 |
| Other fixed assets | 3,847,718 | 3,459,950 | 2,988,008 | 2,705,577 | 2,285,918 | 2,169,300 |
| Accumulated depreciation | (2,916,793) | (2,684,410) | (2,310,909) | (2,180,331) | (2,018,569) | (2,002,400) |
| LEASED ASSETS | 27,471 | 34,323 | 46,047 | 10,688 | 17,026 | 22,351 |
| Leased assets | 50,458 | 51,198 | 51,214 | 19,421 | 18,451 | 38,860 |
| Accumulated depreciation | (22,987) | (16,875) | (5,167) | (8,733) | (1,425) | (16,509) |
| DEFERRED CHARGES | 2,012,812 | 2,412,327 | 1,264,514 | 1,326,747 | 1,033,162 | 810,801 |
| Organization and expansion costs | 1,242,459 | 1,037,559 | 874,970 | 731,717 | 477,058 | 553,354 |
| Accumulated amortization | (681,030) | (568,525) | (481,127) | (391,417) | (190,510) | (207,627) |
| Goodwill on acquisition of subsidiaries, net of amortization | 1,451,383 | 1,943,293 | 870,671 | 986,447 | 746,614 | 465,074 |
| TOTAL | 154,489,274 | 142,785,030 | 110,115,906 | 94,878,483 | 80,323,592 | 67,337,876 |

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Banco Bradesco SA

Consolidated Balance Sheet - In thousands of reais

| LIABILITIES AND STOCKHOLDERS' EQUITY | DECEMBER | | | | | |
|--|--------------------|--------------------|-------------------|-------------------|-------------------|-------------------|
| | 06/2003 | 2002 | 2001 | 2000 | 1999 | 1998 |
| CURRENT AND LONG-TERM LIABILITIES | 121,965,411 | 114,859,776 | 87,352,076 | 77,006,572 | 66,345,011 | 56,020,611 |
| DEPOSITS | 56,822,206 | 56,363,163 | 41,083,979 | 36,468,659 | 34,723,630 | 28,249,838 |
| Demand deposits | 11,524,911 | 13,369,917 | 8,057,627 | 7,500,518 | 6,803,429 | 4,976,836 |
| Savings deposits | 20,736,387 | 20,730,683 | 18,310,948 | 17,835,745 | 17,244,520 | 16,171,727 |
| Interbank deposits | 39,537 | 23,848 | 40,446 | 568,416 | 468,950 | 136,955 |
| Time deposits | 24,521,371 | 22,238,715 | 14,674,958 | 10,563,980 | 10,206,731 | 6,964,320 |
| DEPOSITS RECEIVED UNDER SECURITY REPURCHASE AGREEMENTS | 18,568,676 | 16,012,965 | 14,057,327 | 12,108,350 | 7,814,288 | 9,307,113 |
| Own portfolio | 1,882,930 | 915,946 | 12,178,855 | 10,696,199 | 5,973,260 | 5,729,892 |
| Third-party portfolio | 16,685,746 | 12,188,054 | 1,878,472 | 1,412,151 | 1,841,028 | 3,577,221 |
| Unrestricted portfolio | -- | 2,908,965 | -- | -- | -- | -- |
| FUNDS FROM ACCEPTANCE AND ISSUANCE OF SECURITIES | 5,744,955 | 3,136,842 | 4,801,410 | 4,111,171 | 4,628,344 | 2,067,118 |
| Exchange acceptances | -- | 1,214 | -- | -- | -- | 2 |
| Mortgage notes | 676,718 | 384,727 | 780,425 | 741,248 | 452,379 | 262,165 |
| Debentures | 30,524 | 100,369 | 48,921 | 1,039 | 1,043,125 | 44,800 |
| Securities issued abroad | 5,037,713 | 2,650,532 | 3,972,064 | 3,368,884 | 3,132,840 | 1,760,151 |
| INTERBANK ACCOUNTS | 523,626 | 606,696 | 192,027 | 107,129 | 59,607 | 42,839 |
| Interbank onlendings | 60 | 35,686 | 4,519 | 1,059 | 10,016 | 28,191 |
| Correspondent banks | 523,566 | 571,010 | 187,508 | 106,070 | 49,591 | 14,648 |
| INTERDEPARTMENTAL ACCOUNTS | 1,210,963 | 1,337,729 | 762,505 | 904,188 | 879,592 | 573,526 |
| Third-party funds in transit | 1,210,963 | 1,337,729 | 762,505 | 904,188 | 879,592 | 573,501 |
| Internal transfer of funds | -- | -- | -- | -- | -- | 25 |
| BORROWINGS | 7,711,502 | 9,390,630 | 7,887,154 | 6,463,555 | 4,864,414 | 4,035,313 |
| Local borrowings - official institutions | 1,882 | 3,368 | 2,979 | 9,737 | 10,178 | 5,147 |
| Local borrowings - other institutions | 207,576 | 216,812 | 230,468 | 170,775 | 138,279 | 31,932 |
| Foreign currency borrowings | 7,502,044 | 9,170,450 | 7,653,707 | 6,283,043 | 4,715,957 | 3,998,234 |
| LOCAL ONLENDINGS - OFFICIAL INSTITUTIONS | 6,832,327 | 7,000,046 | 5,830,633 | 5,096,604 | 4,123,486 | 3,571,562 |
| National Treasury | 53,650 | 62,187 | -- | -- | -- | -- |
| National Bank for Economic and Social Development (BNDES) | 3,033,698 | 3,437,319 | 3,067,220 | 2,589,284 | 1,650,243 | 987,997 |
| Federal Savings Bank (CEF) | 465,073 | 453,803 | 433,381 | 405,264 | 388,109 | 331,010 |
| Government Agency for Machinery and Equipment Financing (FINAME) | 3,278,210 | 3,045,176 | 2,321,508 | 2,090,374 | 2,064,153 | 2,238,674 |
| Other institutions | 1,696 | 1,561 | 8,524 | 11,682 | 20,981 | 13,881 |
| FOREIGN ONLENDINGS | 28,541 | 47,677 | 316,283 | 108,178 | 185,774 | 1,094,207 |
| Foreign onlendings | 28,541 | 47,677 | 316,283 | 108,178 | 185,774 | 1,094,207 |
| DERIVATIVE FINANCIAL INSTRUMENTS | 309,789 | 576,697 | 111,600 | -- | -- | -- |
| OTHER LIABILITIES | 24,212,826 | 20,387,331 | 12,309,158 | 11,638,738 | 9,065,876 | 7,079,095 |
| Collection of taxes and other contributions | 852,992 | 108,388 | 181,453 | 128,785 | 113,693 | 135,394 |
| Foreign exchange portfolio | 7,853,540 | 5,002,132 | 1,343,769 | 2,439,657 | 1,029,963 | 1,045,553 |
| Social and statutory payables | 581,099 | 666,409 | 572,265 | 560,533 | 603,405 | 382,676 |
| Taxes and social security contributions | 4,060,932 | 4,376,031 | 3,371,127 | 3,094,628 | 2,665,681 | 2,168,827 |
| Negotiation and intermediation of securities | 133,722 | 109,474 | 1,307,385 | 592,395 | 914,127 | 506,767 |
| Technical reserves for insurance, private pension plans and savings bonds | 2,874,761 | 2,362,861 | 1,005,793 | 689,891 | 659,450 | 529,288 |
| Subordinated debt | 3,337,745 | 3,321,597 | 969,842 | -- | -- | -- |
| Sundry | 4,518,035 | 4,440,439 | 3,557,524 | 4,132,849 | 3,079,557 | 2,310,590 |
| TECHNICAL RESERVES FOR INSURANCE, PRIVATE PENSION PLANS AND SAVINGS BONDS | 19,857,515 | 16,792,618 | 12,847,633 | 9,648,174 | 6,904,469 | 4,740,741 |
| DEFERRED INCOME | 36,987 | 15,843 | 9,020 | 34,632 | 17,543 | 33,195 |
| Deferred income | 36,987 | 15,843 | 9,020 | 34,632 | 17,543 | 33,195 |

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| | | | | | | |
|---|--------------------|--------------------|--------------------|-------------------|-------------------|-------------------|
| MINORITY INTEREST IN SUBSIDIARIES | 107,257 | 271,064 | 139,231 | 96,903 | 287,350 | 222,330 |
| STOCKHOLDERS' EQUITY | 12,522,104 | 10,845,729 | 9,767,946 | 8,092,202 | 6,769,219 | 6,320,999 |
| Capital: | | | | | | |
| - Local residents | 6,693,955 | 4,960,425 | 4,940,004 | 5,072,071 | 4,206,644 | 3,659,692 |
| - Foreign residents | 306,045 | 239,575 | 259,996 | 74,429 | 58,856 | 50,626 |
| Unpaid capital | -- | -- | -- | (400,500) | (465,500) | (246,000) |
| Capital reserves | 7,890 | 7,435 | 7,435 | 19,002 | 5,643 | 11,756 |
| Revenue reserves | 5,520,297 | 5,629,142 | 4,560,511 | 3,327,200 | 2,963,576 | 2,844,925 |
| Mark-to-market adjustment - securities and derivatives | (6,083) | 9,152 | -- | -- | -- | -- |
| STOCKHOLDERS' EQUITY MANAGED BY THE PARENT COMPANY | 12,629,361 | 11,116,793 | 9,907,177 | 8,189,105 | 7,056,569 | 6,543,329 |
| T O T A L | 154,489,274 | 142,785,030 | 110,115,906 | 94,878,483 | 80,323,592 | 67,337,876 |

Banco Bradesco S.A

Consolidated Statement of Income - In thousands of reais

| | YEAR | | | | |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|
| | 2002 | 2001 | 2000 | 1999 | 1998 |
| INCOME FROM LENDING AND TRADING ACTIVITIES | 31,913,379 | 21,411,673 | 15,519,008 | 18,286,815 | 11,935,162 |
| Credit operations | 15,726,929 | 11,611,236 | 7,787,745 | 9,602,701 | 6,623,789 |
| Leasing operations | 408,563 | 420,365 | 512,962 | 730,929 | 425,321 |
| Security transactions | 9,527,663 | 7,367,600 | 6,122,486 | 5,875,823 | 3,823,626 |
| Financial income on insurance, private pension plans and saving bonds | 3,271,913 | -- | -- | -- | -- |
| Derivative financial instruments | (2,073,247) | (270,572) | -- | -- | -- |
| Foreign exchange transactions | 4,456,594 | 2,045,092 | 872,234 | 1,776,925 | 572,104 |
| Compulsory deposits | 594,964 | 237,952 | 223,581 | 300,437 | 490,322 |
| EXPENSES | 23,259,783 | 13,312,726 | 9,132,137 | 12,821,198 | 7,441,180 |
| Interest and charges on: | | | | | |
| Deposits | 10,993,328 | 6,986,027 | 5,521,407 | 4,954,854 | 4,430,881 |
| Price-level restatement and interest on technical reserves for insurance, private pension plans and saving bonds | 2,241,282 | -- | -- | -- | -- |
| Borrowings and onlendings | 7,194,161 | 4,316,682 | 2,158,725 | 5,819,063 | 1,414,272 |
| Leasing operations | 12,486 | -- | 93 | 18,852 | 2,985 |
| Provision for loan losses | 2,818,526 | 2,010,017 | 1,451,912 | 2,028,429 | 1,593,042 |
| INCOME FROM FINANCIAL INTERMEDIATION | 8,653,596 | 8,098,947 | 6,386,871 | 5,465,617 | 4,493,982 |
| OTHER OPERATING INCOME (EXPENSES) | (6,343,850) | (5,324,166) | (4,647,041) | (4,404,370) | (3,390,095) |
| Commissions and fees | 3,711,736 | 3,472,560 | 3,042,699 | 2,099,937 | 1,774,624 |
| Retained insurance premiums, private pension plans and savings bonds | 10,134,873 | 8,959,259 | 6,919,942 | 5,975,488 | 5,014,830 |
| Change in technical reserves for insurance, private pension plans and savings bonds | (2,784,647) | (3,492,217) | (3,001,118) | (2,341,648) | (1,392,136) |
| Claims - insurance operations and savings bond redemptions | (4,335,895) | (3,996,108) | (2,866,389) | (2,844,171) | (2,631,300) |
| Insurance and pension plan selling expenses | (667,527) | (689,352) | (645,020) | (635,351) | (518,390) |
| Expenses with pension plan benefits and redemption | (1,688,639) | (1,369,424) | (912,784) | (557,608) | (422,756) |
| Personnel expenses | (4,075,613) | (3,548,805) | (3,220,607) | (2,783,627) | (2,641,801) |
| Other administrative expenses | (4,028,377) | (3,435,759) | (2,977,665) | (2,566,657) | (2,158,685) |
| Tax expenses | (847,739) | (790,179) | (670,138) | (651,801) | (319,537) |
| Equity in the earnings of associated companies | 64,619 | 70,764 | 156,300 | 127,100 | 157,223 |
| Other operating revenue | 1,320,986 | 1,326,459 | 902,807 | 1,069,562 | 560,319 |
| Other operating expenses | (3,147,627) | (1,831,364) | (1,375,068) | (1,295,594) | (812,486) |
| OPERATING INCOME | 2,309,746 | 2,774,781 | 1,739,830 | 1,061,247 | 1,103,887 |
| NON-OPERATING INCOME (EXPENSES), NET | 186,342 | (83,720) | (123,720) | (224,874) | (263,696) |
| INCOME BEFORE TAXES AND PROFIT SHARING | 2,496,088 | 2,691,061 | 1,616,110 | 836,373 | 840,191 |

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| | | | | | |
|---|------------------|------------------|------------------|------------------|------------------|
| PROVISION FOR INCOME TAX AND SOCIAL CONTRIBUTION | (460,263) | (502,257) | (258,776) | 307,186 | 240,203 |
| NON-RECURRING/EXTRAORDINARY INCOME | -- | -- | 400,813 | -- | -- |
| MINORITY INTEREST IN SUBSIDIARIES | (13,237) | (18,674) | (17,982) | (38,753) | (67,974) |
| NET INCOME | 2,022,588 | 2,170,130 | 1,740,165 | 1,104,806 | 1,012,420 |
| RETURN ON STOCKHOLDERS' EQUITY | 18.65% | 22.22% | 21.50% | 16.32% | 16.02% |

Banco Bradesco S.A

Consolidated Statement of Income - In thousands of reais

| | 2003 | | 2002 | | 2001 | | | |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| | 2nd Qtr | 1st Qtr | 4th Qtr | 3rd Qtr | 2nd Qtr | 1st Qtr | 4th Qtr | 3rd Qtr |
| INCOME FROM LENDING AND TRADING ACTIVITIES | 5,098,432 | 7,083,258 | 3,083,730 | 15,811,393 | 8,521,386 | 4,496,870 | 2,604,301 | 7,972,096 |
| Credit operations | 2,687,485 | 2,940,061 | 1,519,950 | 7,344,652 | 4,426,505 | 2,435,822 | 1,189,535 | 4,345,353 |
| Leasing operations | 65,777 | 77,386 | 74,886 | 127,240 | 116,028 | 90,409 | 62,021 | 117,633 |
| Security transactions | 995,040 | 1,790,954 | (712,805) | 6,319,688 | 3,276,536 | 644,244 | (400,625) | 3,512,339 |
| Financial income on insurance, private pension plans and saving bonds | 1,172,214 | 1,441,042 | 1,398,046 | 770,981 | 471,149 | 631,737 | -- | -- |
| Derivative financial instruments | (360,489) | 373,646 | 307,885 | (1,585,879) | (1,120,268) | 325,015 | 1,586,750 | (1,005,751) |
| Foreign exchange transactions | 168,153 | 99,498 | 169,630 | 2,706,668 | 1,271,208 | 309,088 | 103,954 | 936,425 |
| Compulsory deposits | 370,252 | 360,671 | 326,138 | 128,043 | 80,228 | 60,555 | 62,666 | 66,097 |
| EXPENSES | 3,068,353 | 4,524,772 | 721,442 | 12,877,250 | 6,895,132 | 2,765,959 | 182,949 | 5,898,611 |
| Interest and charges on: | | | | | | | | |
| Deposits | 1,826,314 | 2,669,686 | (5,215) | 6,049,300 | 3,430,308 | 1,518,935 | 53,292 | 3,128,332 |
| Price-level restatement and interest on technical reserves for insurance, private pension plans and saving bonds | 755,950 | 902,060 | 978,808 | 519,325 | 461,387 | 281,762 | -- | -- |
| Borrowings and onlendings | (103,670) | 141,355 | (834,266) | 5,409,418 | 2,289,540 | 329,469 | (489,948) | 2,287,172 |
| Leasing operations | 3,194 | 3,202 | 3,204 | 3,097 | 3,071 | 3,114 | -- | -- |
| Provision for loan losses | 586,565 | 808,469 | 578,911 | 896,110 | 710,826 | 632,679 | 619,605 | 483,107 |
| INCOME FROM FINANCIAL INTERMEDIATION | 2,030,079 | 2,558,486 | 2,362,288 | 2,934,143 | 1,626,254 | 1,730,911 | 2,421,352 | 2,073,485 |
| OTHER OPERATING INCOME (EXPENSES) | (1,170,982) | (1,418,512) | (1,703,272) | (2,439,061) | (1,087,706) | (1,113,811) | (1,512,249) | (1,452,447) |
| Commissions and fees | 1,080,345 | 1,012,644 | 991,101 | 934,418 | 925,649 | 860,568 | 874,001 | 839,110 |
| Retained insurance premiums, private pension plans and savings bonds | 2,908,922 | 2,770,492 | 3,243,557 | 2,678,997 | 2,262,775 | 1,949,544 | 2,641,322 | 2,153,652 |
| Change in technical reserves for insurance, private pension plans and saving bonds | (737,031) | (988,335) | (1,484,011) | (874,013) | (171,237) | (255,386) | (1,310,005) | (792,203) |
| Claims - insurance operations and savings bond redemptions | (1,490,359) | (1,217,167) | (1,106,755) | (1,098,887) | (1,086,640) | (1,043,613) | (1,068,032) | (1,030,772) |
| Insurance and pension plan selling expenses | (182,499) | (180,521) | (179,671) | (167,297) | (160,390) | (160,169) | (169,032) | (177,561) |
| Expenses with pension plan benefits and redemption | (461,255) | (390,013) | (508,501) | (419,728) | (411,115) | (349,295) | (415,859) | (323,815) |
| Personnel expenses | (1,147,838) | (1,053,175) | (1,047,093) | (1,144,413) | (996,105) | (888,002) | (936,519) | (922,501) |
| Other administrative expenses | (1,152,697) | (1,100,913) | (1,111,005) | (1,062,951) | (1,010,760) | (843,661) | (896,004) | (890,377) |
| Tax expenses | (238,429) | (267,852) | (257,997) | (185,527) | (200,145) | (204,070) | (209,624) | (200,828) |
| Equity in the earnings of associated companies | (27,989) | (4,725) | 32,855 | 8,660 | 20,864 | 2,240 | 55,230 | 16,835 |
| Other operating revenue | 836,658 | 657,403 | (70,632) | 731,764 | 385,839 | 274,015 | 435,891 | 345,155 |
| Other operating expenses | (558,810) | (656,350) | (205,120) | (1,840,084) | (646,441) | (455,982) | (513,618) | (469,142) |

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| | | | | | | | | |
|---|------------------|------------------|-----------------|------------------|-----------------|------------------|------------------|-----------------|
| OPERATING INCOME | 859,097 | 1,139,974 | 659,016 | 495,082 | 538,548 | 617,100 | 909,103 | 621,038 |
| NON-OPERATING INCOME (EXPENSES), NET | (95,872) | (681,563) | 54,804 | 140,964 | 19,901 | (29,327) | (36,188) | (47,426) |
| INCOME BEFORE TAXES AND PROFIT SHARING | 763,225 | 458,411 | 713,820 | 636,046 | 558,449 | 587,773 | 872,915 | 573,612 |
| PROVISION FOR INCOME TAX AND SOCIAL CONTRIBUTION | (242,190) | 52,776 | 5,271 | (231,215) | (68,457) | (165,862) | (261,664) | (35,152) |
| MINORITY INTEREST IN SUBSIDIARIES | (1,325) | (3,586) | (21,058) | 15,486 | (10,960) | 3,295 | (1,412) | (20,271) |
| NET INCOME | 519,710 | 507,601 | 698,033 | 420,317 | 479,032 | 425,206 | 609,839 | 518,189 |

5 Financial Statements, Report of the Audit Committee and Independent Auditor's Report

Directors Report

To Our Stockholders,

We are pleased to present the financial statements for the six-month period ended June 30, 2003 of Banco Bradesco S.A., as well as the consolidated financial statements prepared in accordance with the requirements of Brazilian corporate legislation.

The consistent macroeconomic policy practiced during the first half of 2003 prompted a significant downturn in the foreign exchange rate. While this downturn and the reduction in uncertainties regarding future projected inflation, solid export performance and import substitution sustained economic activity for the period. The presentation of the proposed reform bills at congress and the maintenance of rigid fiscal policies will allow the Brazilian Central Bank to reduce the basic interest rate, stimulating economic recovery.

On March 10, Bradesco commemorated its 60th anniversary, with an active presence in Brazilian everyday life, playing an important role in providing access to banking services and products for all income brackets and with renewed disposition to serve its customers and expand its business horizons. As a result, significant events marked the first half of the year at Bradesco, among which we highlight the following:

- In March, conclusion of the process to acquire the activities of Administration and Management of the Securities and Investment Fund Portfolios managed by JPMorgan Fleming Asset Management. The operation involved the transfer of approximately R\$ 7 billion in third-party funds to Bradesco, to be managed by BRAM Bradesco Asset Management Ltda.
- In March, a 20% increase in monthly interest attributed to own capital to be paid as from April 2003, from R\$ 0.0117650 to R\$ 0.0141180 (net of withholding tax - R\$ 0.0120) per thousand common shares and from R\$ 0.0129415 to R\$ 0.0155298 (net of withholding tax - R\$ 0.0132), per thousand preferred shares, traditionally paid in advance to stockholders on account of the results determined at the end of the year.
- On March 31, the Stockholders Meeting held to approve the incorporation of the shares of the minority stockholders of Banco Mercantil de São Paulo S.A., converting Mercantil into a wholly owned subsidiary of Bradesco. For each Mercantil share held, the minority stockholders received 23.94439086 Bradesco shares of which 12.06279162 were common and 11.88159924 were preferred shares.
- Conclusion of the integration process of Banco Mercantil de São Paulo with Bradesco, on May 19, with the conversion of the Mercantil Branches into Bradesco Branches. This initiative optimized resources, combining specialized services and staff dedication in the pursuit to offer customers maximum quality in products and services.
- On May 19, start-up of Bradesco Prime activities. As a result of this initiative, the Bank has made important headway in its customer service segmentation process, offering differentiated products and services based on the principle of superior quality. At the end of the first half, there were 109 Bradesco Prime branches and 99 exclusively reserved service areas in conventional branches.
- In June, conclusion of the acquisition of 49% of the voting capital and 99.99% of the non-voting capital of Banco Bilbao Vizcaya Argentaria Brasil S.A. and subsequent incorporation of the shares of the remaining stockholders by Bradesco, transforming BBV Banco into a wholly owned subsidiary. 44.422475667 Bradesco shares were attributed for each BBV Banco share, of which 22.379315072 were common and 22.043160595 were preferred shares.

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- On June 9, the election of two External Members to the Bank's Board of Directors, José Fonollosa García and Ricardo Espírito Santo Silva Salgado, representing respectively Banco Bilbao Vizcaya Argentaria, S.A. - BBVA, Spain and Banco Espírito Santo, S.A. - BES, Portugal. Specialists in both Brazilian and International Financial Systems, the new Board Members, with their professional experience and top qualifications, will join forces with the other members enhancing the Board's present activities orienting business and monitoring the Bank's development.
- Bradesco Consortium sales commenced, recording first-half billings in excess of R\$ 1.046 billion and corresponding to 31 thousand members and with more than 840 items received.
- At June 30, approval of the payment to stockholders of interest attributed to own capital on July 31, for the first half of 2003, corresponding to 10 times the monthly interest amount.

1 Results for the Period

Bradesco reported first-half net income of R\$ 1.027 billion, corresponding to R\$ 0.65 per thousand shares and an annualized return of 17.08% on stockholders' equity and 18.66% on average stockholders' equity.

Taxes and contributions, including social security contributions, payable or accrued on the main activities carried out by the Bradesco Organization, amounted to R\$ 1.634 billion, 159.06% of net income for the first half.

Monthly and interim interest attributed to own capital distributed to the stockholders totaled R\$ 354.730 million. This represents R\$ 0.2433002 (R\$ 0.2068052, net of withholding tax), including the additional 10%, per thousand preferred shares and R\$ 0.2211820 (R\$ 0.1880047, net of withholding tax) per thousand common shares.

2 - Capital and Reserves

At the end of the first half, paid-up capital totaled R\$ 7 billion, as a result of the incorporation of reserves in the amount of R\$ 510.265 million, with no new issue of shares, approved on March 10 and 31 and on June 9; the conclusion of the capital increase process through the subscription of new shares by the stockholders, in the amount of R\$ 501 million, approved on January 10 and ratified on March 31, which produced a further R\$ 7.046 million in share premium determined at the auction for the placement of the remaining shares, recorded in the Capital Reserve account as Share Premium; the increase of R\$ 158.735 million as a result of the attribution of new shares to the minority stockholders of Mercantil; and the increase of R\$ 630 million as a result of the attribution of new shares to the stockholders of BBV Banco. Paid-up capital plus reserves of R\$ 5.522 billion comprised the total stockholders' equity of R\$ 12.522 billion. Net equity per thousand shares was equivalent to R\$ 7.90.

Managed stockholders' equity corresponds to 8.17% of consolidated assets which totaled R\$ 154.489 billion, a 23.89% growth rate compared to June 2002. As a result, the capital adequacy ratios were 16.36% on a consolidated financial basis and 14.48% on a consolidated economic and financial basis, accordingly, above the 11% required minimum established by National Monetary Council Resolution 2,099 of August 17, 1994, in conformity with the Basel Accord. At the end of the first half, the ratio of permanent assets to stockholders' equity, in relation to consolidated reference equity was 43.91% on a consolidated financial basis and 31.63% on a consolidated economic and financial basis, accordingly within the maximum 50% limit.

In compliance with the provisions of Article 8 of Brazilian Central Bank Circular 3,068, of November 8, 2001, Bradesco declares that it has both the financial capacity and the intention to hold to maturity the securities classified in the securities held to maturity category.

3 Funding and Portfolio Administration

With a growth rate of 29.94% over the same period in 2002, overall funding obtained by the Bradesco Organization amounted to R\$ 221.301 billion, at June 30 and comprised the following:

- R\$ 75.391 billion in demand, time and interbank deposits, open market and savings accounts.
- R\$ 83.360 billion in managed assets, comprising investment funds and customer portfolios.
- R\$ 33.963 billion in foreign exchange portfolio, borrowings and onlendings, working capital funds, collection and tax and utility collections and similar, as well as funds from the issuance of securities and local subordinated debt.
- R\$ 22.732 billion recorded in technical reserves for insurance, private pension plans and savings bonds, a growth rate of 49.44% compared to the same period in 2002.
- R\$ 5.855 billion in foreign resources through public and private issues and subordinated debt, corresponding to a total of US\$ 2.038 billion.

4 Credit Operations

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At the end of the first half, the balance of consolidated credit operations totaled R\$ 53.048 billion, a 0.90% increase over the balance for the same period in the prior year and includes the following:

- R\$ 5.814 billion in advances on foreign exchange contracts, for a portfolio of US\$ 2.499 billion in export financing.
- US\$ 428.132 million in foreign currency import financing.
- R\$ 1.521 billion in leasing.
- R\$ 4.008 billion in agricultural loans
- R\$ 7.243 billion in foreign and domestic onlendings, mainly comprising funds from the National Bank for Economic and Social Development (BNDES).

In the housing loan area, Bradesco provided funds during the first half for the construction and purchase of residential housing in the amount of R\$ 578.150 million, comprising 9.695 properties.

5 Capital Market

Bradesco maintained its important role coordinating and intermediating the public placement of shares, debentures and promissory notes, with a total volume of R\$ 2.999 billion recorded during the period, corresponding to 70.78% of all issues registered with the Brazilian Securities Commission (CVM). The Bank also gained recognition for its role as advisor in mergers and acquisitions and project finance.

6 - Corporate Governance

The modern corporate governance practices adopted by the Bradesco Organization are chiefly designed to improve the performance of all of its activity segments. The figures posted to date confirm that this goal is being met, both in terms of increased operating efficiency and in the expansion of the Institution's funding capacity at home and abroad.

Bradesco shares are listed in BOVESPA's Level 1 Corporate Governance index since June 2001. Moreover, since Bradesco's shares are traded in foreign stock exchanges, the Bank also prepares its financial statements in US-GAAP, accepted on an international basis.

The Bradesco Organization declares that, in the first six-months of 2003, no non-audit services were contracted or rendered by KPMG Auditores Independentes for an amount which exceeds 5% of total external audit costs. The policy adopted by the Organization complies with the principles designed to maintain the independence of external auditors, based on internationally accepted criteria which determine that auditors should not audit their own work, exercise management functions for their clients or promote their interests. As recommended by the Brazilian Central Bank, the independent auditors are contracted for a maximum five-year period.

At the Ordinary General Meeting of March 10, the Audit Committee was reinstated and comprises 3 full members and 3 alternates who will hold office up to 2004. At the Extraordinary General Meeting of June 9, the Bradesco stockholders made an important decision, in line with their commitment to adopt modern corporate governance practices, nominating and electing, by unanimous decision, two external members to the Board of Directors, who based on their vast experience and knowledge of the Brazilian and international markets, will undoubtedly add significant value to the already important activities of this committee.

6.1 Internal Control Systems

Compliance is geared and monitored by the Board of Directors who ensure that related activities, policies and normative instructions comply with legal and regulatory standards on a consistent basis. The Board is also responsible for analyzing and approving the Compliance Reports prepared by the Internal Controls Area.

6.2 - Information Transparency and Dissemination Policies

During the first half, as part of its market relationship strategy, Bradesco organized 101 internal and external meetings with analysts, 4 conference calls and 5 presentations abroad. In addition to this intense activity, Bradesco publishes its results for the half year, accompanied by the Report on Economic and Financial Analysis. All significant related information is available in real time on the Bradesco website at www.bradesco.com.br in Portuguese, English and Spanish. The Bank distributes a monthly customer news bulletin called *Cliente Sempre em Dia* with a circulation of 900 thousand copies, as well as a quarterly magazine called *Revista Bradesco*, also focusing its external public, with a circulation of 110 thousand copies.

6.3 Risk Management

At the Bradesco Organization, the analysis and control of market risks is directly subordinated to the Board of Executive Officers and the Bank's President. The management of market risks involves a series of controls over exposure of financial positions to interest, exchange and liquidity

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rates, based, for the most part, on technical limits and the constant monitoring of the positions assumed. Bradesco follows a conservative policy in terms of exposure to market risks and VaR (Value at Risk) limits are defined by Senior Management and compliance therewith monitored on daily basis by a completely separate area, as are also the risks directly affecting the financial economic Group's minimum capital requirement.

6.4 Operating Risk

In compliance with the new Basel Accord and Brazilian regulatory agency requirements, operating risk is managed at Bradesco based on the dissemination of the Bank's culture, policy disclosure and development of its own methodologies, models and tools, facilitating, among other factors, a decrease in the amount of regulatory capital to be subscribed. The Operating Risk Area provides support for the decisions made to enhance processes and activities based on risk perception, generating information which permits the qualitative and quantitative assessment of operating risks, identifying existing exposure levels and accordingly decreasing losses. The combination of these assessments hones the Bank's competitive edge, by increasing the institution's operating efficiency.

6.5 Information System Security

The efficient use of information is an inseparable part of the Bradesco Organization's culture and day-to-day activities and is considered to be a key business success factor. The Corporate Information Security Policy and Guidelines cover the database, all of the IT environments, documents, files and other tools. Restricted data and information which is of exclusive interest to customers is treated internally with strict secrecy and fully protected by secure computerized systems. As well as specific staff training programs, independent reviews and updates are carried out periodically, designed to ensure compliance and maximum efficiency.

6.6 Credit Policy

As well as seeking security, quality and liquidity in the investment of assets, minimizing risks inherent to all credit operations, the Organization's credit policy is also designed to offer agile and profitable business and to guide the setting of operating limits and granting of credit, based on assessment policies geared by constantly improving technical parameters.

As part of this system, the Branches operate within varying limits based on their size and type of guarantee, while the specialized credit scoring systems expedite and protect the approvals process, based on strict security standards. The credit committees located at the Bank's headquarters also play an important role, centralizing, analyzing and authorizing credit operations at amounts above the branch limits and managing this core strategic activity.

Operations are diversified, non-selective and focused on consumer and corporate customers with sound payment capacity and proven creditworthiness, ensuring that underlying guarantees are sufficient to cover the risks assumed, considering the purpose and terms of the credit granted.

6.7 Money Laundering Prevention

The employee training programs and ongoing enhancement of technology tools ensures that financial activity is efficiently monitored, preventing use of the Organization for illegal transactions.

7 Bradesco Insurance Group

Operating in the insurance, private pension plan and savings bond areas, the Bradesco Insurance Group reported net income of R\$ 246.691 million at June 30, 2003 and stockholders' equity of R\$ 2.888 billion. The overall premium income totaled R\$ 6.058 billion, an increase of 32.76% over the same period in 2002. Insurance group customers are served by more than 29 thousand attendants at vehicle dealerships and brokers nationwide.

8 Bradesco Customer Service Network

Based on high standards of quality, efficiency and state-of-the-art technology, at June 30, the Bradesco Organization Customer Service Network offered its customers and other users access to 9,969 service outlets:

- 3,362 Branches in Brazil (Bradesco - 2,700, Banco BCN - 222, BBV Banco - 439 and Banco Finasa - 1).
- 7 Branches abroad, 1 in New York (Bradesco), 4 in Grand Cayman (Bradesco, Banco BCN, Mercantil and Banco Boavista) and 2 in Nassau, Bahamas (Boavista and BBV Banco).
- 7 Subsidiaries abroad (Banco Bradesco Argentina S.A. in Buenos Aires, Banco Bradesco Luxembourg S.A. and Banco Mercantil de São Paulo International S.A., both in Luxembourg, Boavista Banking Ltd. in Nassau, Cidade Capital Markets Ltd. in Grand Cayman, Bradesco Services Co. Ltd. in Tokyo and Bradesco Securities, Inc. in New York).

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- 2,830 Banco Postal branches.
- 1,936 Banking service posts and outlets in companies (Bradesco - 1,678, BBV Banco - 65 and Banco BCN - 193).
- 1,772 Outplaced terminals in the BDN - Bradesco Day and Night Network.
- 55 Branches of Finasa Promotora de Vendas, present in 12,596 vehicle dealerships and 730 stores selling furniture and home decor, mobile phones and IT related equipment.
- 21,491 ATMs in the BDN - Bradesco Day and Night Self-service Network, 12,272 of which also operate at weekends and on bank holidays.

9 The Bradesco Organization's Social Action Program

In the social area, the Organization's central pillar is firmly rooted in the educational program, developed by Fundação Bradesco (Bradesco Foundation), which provides education for more than 105 thousand students completely free of charge, including youth/adult education and basic professional training courses. As part of this program, the Foundation also offers its more than 49,463 infant, junior, middle and technical school pupils free meals, uniforms and school materials, as well as medical/dental care.

Following the opening this year of its new unit in Boa Vista, capital of the state of Roraima, the Bradesco Foundation has extended its reach and gained an even greater presence in Brazilian day-to-day life, and now has a total of 39 Schools, installed as a priority in Brazil's most socially and economically deprived regions, throughout its 26 states and in the Federal District.

10 Human Resources

The Bank continued its extensive training program focused on the professional qualification and development of its staff, in the ongoing pursuit to improve the quality of its customer service and standards. During the first six months of the year 702 courses were given with 206,056 employee participations.

11 Acknowledgements

The results achieved confirm Bradesco's determination and efforts to surpass expectations and offer only the very best. This headway was made possible thanks to the support and trust of our stockholders and customers and the dedicated work of our staff and other stakeholders. To all of them we offer our sincere gratitude.

Cidade de Deus, August 1, 2003

Board of Directors
and Board of Executive Officers

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Balance Sheet at June 30 - In thousands of reais

| | BRADESCO | | CONSOLIDATED BRADESCO | |
|---|-------------------|-------------------|-----------------------|-------------------|
| | 2003 | 2002 | 2003 | 2002 |
| ASSETS | | | | |
| CURRENT ASSETS | 89,214,917 | 65,560,069 | 124,921,688 | 95,893,565 |
| FUNDS AVAILABLE (Note 8) | 1,536,475 | 1,181,744 | 1,772,881 | 2,131,331 |
| INTERBANK INVESTMENTS (Notes 3b, 4 and 9) | 29,507,264 | 11,335,586 | 20,801,911 | 5,281,050 |
| Open market investments | 18,765,316 | 5,135,646 | 17,514,259 | 4,449,842 |
| Interbank deposits | 10,742,948 | 6,203,216 | 3,288,751 | 834,788 |
| Provision for losses | (1,000) | (3,276) | (1,099) | (3,580) |
| SECURITIES AND DERIVATIVE FINANCIAL INSTRUMENTS (Notes 3c, 10, 34b and 34c) | 6,149,006 | 8,372,810 | 37,522,845 | 31,974,718 |
| Own portfolio | 1,666,938 | 2,978,311 | 30,729,851 | 23,330,841 |
| Subject to repurchase agreements | 290,123 | 2,765,181 | 866,784 | 4,629,586 |
| Restricted deposits - Brazilian Central Bank | 2,545,907 | 2,230,183 | 3,549,190 | 3,115,224 |
| Privatization currencies | - | - | 61,002 | 1,619 |
| Subject to collateral provided | 1,268,743 | 333,923 | 1,786,110 | 656,428 |
| Derivative financial instruments (Notes 3d and 34c) | 377,295 | 65,212 | 529,908 | 241,020 |
| INTERBANK ACCOUNTS (Note 12) | 15,054,849 | 8,057,684 | 14,495,271 | 6,392,046 |
| Unsettled payments and receipts | 2,467,990 | 2,915,668 | 591,809 | 547,193 |
| Restricted Deposits: | | | | |
| - Brazilian Central Bank | 12,572,534 | 5,127,360 | 13,791,640 | 5,744,456 |
| - National Treasury - Rural Funding | 578 | 578 | 578 | 578 |
| - National Housing System - SFH | 13,433 | 14,054 | 70,433 | 89,995 |
| - Interbank onlendings | - | - | - | 11 |
| Correspondent banks | 314 | 24 | 40,811 | 9,813 |
| INTERDEPARTMENTAL ACCOUNTS | 194,738 | 245,575 | 215,081 | 279,189 |
| Internal transfer of funds | 194,738 | 245,575 | 215,081 | 279,189 |
| CREDIT OPERATIONS (Notes 3e, 4, 13 and 34b) | 20,455,113 | 19,799,075 | 29,391,052 | 28,533,247 |
| Credit Operations: | | | | |
| - Public sector | 6,094 | 3,426 | 21,707 | 18,650 |
| - Private sector | 22,572,518 | 21,541,882 | 32,100,330 | 30,878,877 |
| Allowance for loan losses (Notes 3e, 13f and 13g) | (2,123,499) | (1,746,233) | (2,730,985) | (2,364,280) |
| LEASING OPERATIONS (Notes 2, 3e, 13 and 34b) | - | - | 800,363 | 1,055,176 |
| Leasing Receivables: | | | | |
| - Public sector | - | - | - | 84 |
| - Private sector | - | - | 1,758,456 | 2,227,468 |
| Unearned lease income | - | - | (881,841) | (1,062,208) |
| Allowance for leasing losses (Notes 3e, 13f and 13g) | - | - | (76,252) | (110,168) |
| OTHER RECEIVABLES | 16,092,225 | 16,311,992 | 19,274,835 | 19,663,081 |
| Receivables on guarantees honored (Note 13a-2) | 1,357 | 1,099 | 1,363 | 1,189 |
| Foreign exchange portfolio (Note 14a) | 12,645,702 | 11,482,153 | 13,116,764 | 12,661,696 |
| Income receivable | 521,248 | 711,944 | 256,693 | 228,740 |
| Negotiation and intermediation of securities | 110,533 | 160,839 | 164,452 | 253,161 |
| Specific credits | - | 153,562 | - | 153,562 |
| Insurance premiums receivable | - | - | 1,137,908 | 1,035,516 |
| Sundry (Note 14b) | 2,911,475 | 3,828,206 | 4,741,239 | 5,389,897 |
| Allowance for loan losses (Notes 3e, 13f and 13g) | (98,090) | (25,811) | (143,584) | (60,680) |
| OTHER ASSETS (Note 15) | 225,247 | 255,603 | 647,449 | 583,727 |
| Other assets | 263,089 | 357,459 | 601,055 | 625,750 |
| Allowance for loan losses | (142,895) | (139,431) | (211,504) | (191,524) |

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| | | | | |
|---|-------------------|-------------------|-------------------|-------------------|
| Prepaid expenses (Note 15b) | 105,053 | 37,575 | 257,898 | 149,501 |
| LONG-TERM RECEIVABLES | 12,948,866 | 12,120,649 | 24,394,127 | 22,904,086 |
| INTERBANK INVESTMENTS (Notes 3b, 4 and 9) | 479,540 | 217,255 | 193,877 | 121,197 |
| Interbank deposits | 479,628 | 226,056 | 194,005 | 130,783 |
| Provision for losses | (88) | (8,801) | (128) | (9,586) |
| SECURITIES AND DERIVATIVE FINANCIAL INSTRUMENTS (Notes 3c, 10, 34b and 34c) | 2,667,987 | 2,188,550 | 5,272,687 | 5,934,607 |
| Own portfolio | 1,501,804 | 1,718,569 | 4,923,715 | 5,273,393 |
| Subject to repurchase agreements | 1,002,895 | 283,818 | 8,081 | 472,955 |
| Restricted deposits - Brazilian Central Bank | - | 376,398 | 19,498 | 451,633 |
| Privatization currencies | 21,996 | 29,453 | 22,006 | 16,143 |
| Subject to collateral provided | - | 133,922 | 60,553 | 161,902 |
| Derivative financial instruments (Notes 3d and 34c) | 141,292 | 96,653 | 238,834 | 108,312 |
| Allowance for mark-to-market | - | (450,263) | - | (549,731) |
| INTERBANK ACCOUNTS (Note 12) | 142,637 | 142,384 | 314,103 | 307,279 |
| Restricted Deposits: | | | | |
| - National Housing System - SFH | 142,637 | 142,384 | 314,103 | 307,279 |
| CREDIT OPERATIONS (Notes 3e, 4, 13 and 34b) | 7,136,349 | 8,185,411 | 11,735,320 | 12,009,069 |
| Credit Operations: | | | | |
| - Public sector | 53,956 | 62,673 | 174,607 | 197,101 |
| - Private sector | 7,801,866 | 8,829,797 | 12,618,483 | 12,752,843 |
| Allowance for loan losses (Notes 3e, 13f and 13g) | (719,473) | (707,059) | (1,057,770) | (940,875) |
| LEASING OPERATIONS (Notes 2, 3e, 13 and 34b) | - | - | 592,412 | 642,204 |
| Leasing Receivables: | | | | |
| - Private sector | - | - | 1,319,109 | 1,372,516 |
| Unearned lease income | - | - | (674,687) | (681,870) |
| Allowance for leasing losses (Notes 3e, 13f and 13g) | - | - | (52,010) | (48,442) |
| OTHER RECEIVABLES | 2,302,106 | 1,113,930 | 5,942,328 | 3,551,119 |
| Foreign Exchange Portfolio (Note 14a) | - | - | 13,749 | - |
| Income Receivable | 536 | - | 3,026 | - |
| Negotiation and intermediation of securities | - | - | 190 | - |
| Specific credits | - | 762 | - | 31,120 |
| Insurance premiums receivable | - | - | 4,786 | - |
| Sundry (Note 14b) | 2,306,472 | 1,114,525 | 5,968,741 | 3,524,157 |
| Allowance for losses (Notes 3e, 13f and 13g) | (4,902) | (1,357) | (48,164) | (4,158) |
| OTHER ASSETS (Notes 15) | 220,247 | 273,119 | 343,400 | 338,611 |
| Other assets | - | - | 123,734 | 68,948 |
| Allowance for losses | - | - | (44,031) | (34,862) |
| Prepaid expenses (Note 15b) | 220,247 | 273,119 | 263,697 | 304,525 |
| PERMANENT ASSETS | 18,414,493 | 14,244,349 | 5,173,459 | 5,904,840 |
| INVESTMENTS (Notes 3h, 4, 16 and 34b) | 16,858,835 | 12,852,341 | 494,593 | 815,550 |
| Investments in subsidiary and associated companies: | | | | |
| - Local | 16,635,329 | 12,522,704 | 349,332 | 477,261 |
| - Foreign | 242,739 | 209,661 | - | - |
| Other investments | 56,477 | 225,453 | 506,058 | 658,565 |
| Allowance for losses (Note 4) | (75,710) | (105,477) | (360,797) | (320,276) |
| PROPERTY AND EQUIPMENT IN USE (Notes 3i and 17) | 1,122,742 | 1,108,105 | 2,638,583 | 2,596,733 |
| Buildings in use | 517,664 | 581,362 | 1,707,658 | 1,903,188 |
| Other fixed assets | 2,326,213 | 2,160,757 | 3,847,718 | 3,322,079 |
| Accumulated depreciation | (1,721,135) | (1,634,014) | (2,916,793) | (2,628,534) |
| LEASED ASSETS (Note 17) | - | - | 27,471 | 38,409 |
| Leased assets | - | - | 50,458 | 49,151 |
| Accumulated depreciation | - | - | (22,987) | (10,742) |

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| | | | | |
|---|--------------------|-------------------|--------------------|--------------------|
| DEFERRED CHARGES (Notes 2, 3j and 18) | 432,916 | 283,903 | 2,012,812 | 2,454,148 |
| Organization and expansion costs | 866,655 | 617,885 | 1,242,459 | 973,267 |
| Accumulated amortization | (433,739) | (333,982) | (681,030) | (523,756) |
| Goodwill on acquisition of subsidiaries, net of amortization (Notes 3j and 18a) | - | - | 1,451,383 | 2,004,637 |
| TOTAL | 120,578,276 | 91,925,067 | 154,489,274 | 124,702,491 |

Balance Sheet at June 30 - In thousands of reais

| | BRADESCO | | CONSOLIDATED BRADESCO | |
|--|-------------------|-------------------|-----------------------|-------------------|
| | 2003 | 2002 | 2003 | 2002 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | | | |
| CURRENT LIABILITIES | 84,582,126 | 67,512,825 | 92,726,054 | 79,821,544 |
| DEPOSITS (Notes 3k, 4 and 19a) | 40,156,329 | 35,828,419 | 43,122,453 | 41,269,339 |
| Demand deposits | 10,164,061 | 8,770,599 | 11,524,911 | 10,005,046 |
| Savings deposits | 19,404,887 | 17,666,453 | 20,736,387 | 18,901,203 |
| Interbank deposits | 3,310,852 | 762,380 | 39,524 | 150,125 |
| Time deposits (Note 34b) | 7,276,529 | 8,628,987 | 10,821,631 | 12,212,965 |
| DEPOSITS RECEIVED UNDER SECURITY | | | | |
| REPURCHASE AGREEMENTS (Notes 3k and 19a) | 18,368,864 | 7,874,017 | 17,605,239 | 8,688,651 |
| Own portfolio | 351,154 | 3,082,101 | 919,493 | 5,063,749 |
| Third-party portfolio | 16,937,617 | 4,791,916 | 16,685,746 | 3,624,902 |
| Unrestricted portfolio | 1,080,093 | - | - | - |
| FUNDS FROM ACCEPTANCE AND ISSUANCE OF SECURITIES (Notes 19b and 34b) | 3,535,449 | 2,744,644 | 4,001,492 | 4,314,956 |
| Exchange acceptances | - | - | - | 37,396 |
| Mortgage notes | 442,667 | 255,064 | 521,503 | 641,378 |
| Debentures | - | - | 29,253 | 45,442 |
| Securities issued abroad | 3,092,782 | 2,489,580 | 3,450,736 | 3,590,740 |
| INTERBANK ACCOUNTS | 2,340,952 | 2,511,526 | 523,626 | 158,711 |
| Unsettled receipts and payments | 1,791,110 | 2,283,508 | - | - |
| Interbank onlendings | 28,211 | 76,728 | 60 | 4,313 |
| Correspondent banks | 521,631 | 151,290 | 523,566 | 154,398 |
| INTERDEPARTMENTAL ACCOUNTS | 1,161,271 | 719,537 | 1,210,963 | 797,367 |
| Third-party funds in transit | 1,161,271 | 719,537 | 1,210,963 | 797,367 |
| BORROWINGS (Notes 20a and 34b) | 6,017,831 | 7,573,826 | 6,659,971 | 9,024,869 |
| Local borrowings - Official institutions | - | - | 1,882 | 3,146 |
| Local borrowings - Other institutions | - | - | 89,348 | 130,631 |
| Foreign currency borrowings | 6,017,831 | 7,573,826 | 6,568,741 | 8,891,092 |
| LOCAL ONLENDINGS - OFFICIAL INSTITUTIONS (Notes 20b and 34b) | 1,344,356 | 1,176,089 | 2,144,759 | 1,674,191 |
| National treasury | 53,650 | - | 53,650 | 1,028 |
| National Bank for Economic and Social Development (BNDES) | 744,917 | 664,428 | 866,865 | 747,548 |
| Federal Savings Bank (CEF) | 1,553 | 1,732 | 64,877 | 20,372 |
| Government Agency for Machinery and Equipment Financing (FINAME) | 542,540 | 501,422 | 1,157,671 | 896,736 |
| Other institutions | 1,696 | 8,507 | 1,696 | 8,507 |
| FOREIGN ONLENDINGS (Notes 20b and 34b) | 23,092 | 38,872 | 23,497 | 39,237 |
| Foreign onlendings | 23,092 | 38,872 | 23,497 | 39,237 |

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| | | | | |
|---|-------------------|-------------------|-------------------|-------------------|
| DERIVATIVE FINANCIAL INSTRUMENTS (Notes 3d and 34) | 239,549 | 287,946 | 281,516 | 397,426 |
| OTHER LIABILITIES | 11,394,433 | 8,757,949 | 17,152,538 | 13,456,797 |
| Collection of taxes and other contributions | 723,131 | 757,922 | 852,992 | 902,322 |
| Foreign exchange portfolio (Note 14a) | 7,821,766 | 5,526,055 | 7,853,047 | 5,565,678 |
| Social and statutory payables | 566,038 | 319,097 | 581,099 | 394,506 |
| Taxes and social security contributions | 603,001 | 255,075 | 1,405,956 | 958,963 |
| Negotiation and intermediation of securities | 74,521 | 219,789 | 133,722 | 321,009 |
| Technical Reserves for insurance, private pension plans and savings bonds (Notes 3g, 4 and 24) | - | - | 2,874,761 | 2,005,623 |
| Subordinated debt (Note 22 and 34b) | 9,820 | 12,517 | 44,734 | 38,920 |
| Sundry (Note 23) | 1,596,156 | 1,667,494 | 3,406,227 | 3,269,776 |
| LONG-TERM LIABILITIES | 23,470,632 | 14,288,218 | 29,239,357 | 21,230,199 |
| DEPOSITS (Notes 3k, 4 and 19a) | 13,657,636 | 7,215,659 | 13,699,753 | 9,579,017 |
| Interbank deposits | 3,127,055 | 1,153,649 | 13 | 1,383 |
| Time deposits (Note 34b) | 10,530,581 | 6,062,010 | 13,699,740 | 9,577,634 |
| DEPOSITS RECEIVED UNDER SECURITY REPURCHASE AGREEMENTS (Notes 3k and 19a) | 963,437 | 6,468 | 963,437 | 6,468 |
| Own portfolio | 963,437 | 6,468 | 963,437 | 6,468 |
| FUNDS FROM ACCEPTANCE AND ISSUANCE OF SECURITIES (Notes 19b and 34b) | 1,273,981 | 407,153 | 1,743,463 | 808,496 |
| Mortgage notes | 148,501 | 49,870 | 155,215 | 59,838 |
| Debentures | - | - | 1,271 | 130,317 |
| Securities issued abroad | 1,125,480 | 357,283 | 1,586,977 | 618,341 |
| BORROWINGS (Notes 20a and 34b) | 691,308 | 863,181 | 1,051,531 | 978,278 |
| Local borrowings - Other institutions | - | - | 118,228 | 99,731 |
| Foreign currency borrowings | 691,308 | 863,181 | 933,303 | 878,547 |
| LOCAL ONLENDINGS - OFFICIAL INSTITUTIONS (Notes 20b and 34b) | 3,076,009 | 3,333,028 | 4,687,568 | 4,572,300 |
| BNDES | 1,864,391 | 2,360,755 | 2,166,833 | 2,504,904 |
| CEF | - | - | 400,196 | 422,317 |
| FINAME | 1,211,618 | 972,273 | 2,120,539 | 1,645,079 |
| FOREIGN ONLENDINGS (Notes 20b and 34b) | 5,044 | 13,208 | 5,044 | 13,350 |
| Foreign onlendings | 5,044 | 13,208 | 5,044 | 13,350 |
| DERIVATIVE FINANCIAL INSTRUMENTS (Notes 3d, and 34) | 5,803 | 25,940 | 28,273 | 154,647 |
| OTHER LIABILITIES | 3,797,414 | 2,423,581 | 7,060,288 | 5,117,643 |
| Foreign Exchange Portfolio (Note 14a) | - | - | 493 | - |
| Taxes and social security contributions | 685,354 | 918,569 | 2,654,976 | 2,614,103 |
| Subordinated debt (Note 22 and 34b) | 2,696,961 | 1,350,661 | 3,293,011 | 1,950,661 |
| Sundry (Note 23) | 415,099 | 154,351 | 1,111,808 | 552,879 |
| TECHNICAL RESERVES FOR INSURANCE, PRIVATE PENSION PLANS AND SAVINGS BONDS (Notes 3g, 4 and 24) | - | - | 19,857,515 | 13,205,936 |
| DEFERRED INCOME | 3,414 | 5,465 | 36,987 | 11,907 |
| Deferred income | 3,414 | 5,465 | 36,987 | 11,907 |
| MINORITY INTEREST IN SUBSIDIARY COMPANIES (Note 25) | - | - | 107,257 | 314,346 |
| STOCKHOLDERS' EQUITY (Note 26) | 12,522,104 | 10,118,559 | 12,522,104 | 10,118,559 |
| Capital: | | | | |
| - Local residents | 6,693,955 | 4,808,350 | 6,693,955 | 4,808,350 |
| - Foreign residents | 306,045 | 391,650 | 306,045 | 391,650 |
| Capital reserves | 7,890 | 7,435 | 7,890 | 7,435 |
| Revenue reserves | 5,520,297 | 5,227,701 | 5,520,297 | 5,227,701 |
| Mark-to-market adjustment - securities and derivatives | (6,083) | (310,727) | (6,083) | (310,727) |

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| | | | | |
|---|--------------------|-------------------|--------------------|--------------------|
| Treasury stock | - | (5,850) | - | (5,850) |
| STOCKHOLDERS' EQUITY MANAGED BY THE PARENT COMPANY | - | - | 12,629,361 | 10,432,905 |
| TOTAL | 120,578,276 | 91,925,067 | 154,489,274 | 124,702,491 |

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Statement of Income for the Six-month Period Ended June 30 - In thousands of reais
(A free translation of the original in Portuguese prepared in conformity with accounting practices adopted in Brazil)

| | BRADESCO | | CONSOLIDATED BRADESCO | |
|--|--------------------|------------------|-----------------------|--------------------|
| | 2003 | 2002 | 2003 | 2002 |
| INCOME FROM LENDING AND TRADING ACTIVITIES | 8,402,308 | 8,205,352 | 12,181,690 | 13,018,256 |
| Credit operations (Note 13i) | 4,083,563 | 4,746,247 | 5,627,546 | 6,862,327 |
| Leasing operations (Note 13i) | - | - | 143,163 | 206,437 |
| Security transactions (Notes 4a and 10f) | 3,589,931 | 2,615,893 | 2,785,994 | 3,920,780 |
| Financial income on insurance, private pension plans and saving bonds (Notes 4a and 10f) | - | - | 2,613,256 | 1,102,886 |
| Derivative financial instruments (Notes 4a and 34c V) | (245,716) | (575,943) | 13,157 | (795,253) |
| Foreign exchange instruments (Notes 4a and 14a) | 327,413 | 1,301,541 | 267,651 | 1,580,296 |
| Compulsory deposits (Note 12b) | 647,117 | 117,614 | 730,923 | 140,783 |
| EXPENSES | 6,337,825 | 6,668,427 | 7,593,125 | 9,661,091 |
| Deposits (Notes 4a and 19c) | 4,884,963 | 3,434,980 | 4,496,000 | 4,949,243 |
| Price-level restatement and interest on technical reserves for insurance, private pension plans and savings bonds (Notes 4a and 19c) | - | - | 1,658,010 | 743,149 |
| Borrowings and onlendings (Note 20c) | 221,551 | 2,174,950 | 37,685 | 2,619,009 |
| Leasing operations (Note 13i) | - | - | 6,396 | 6,185 |
| Provision for loan losses (Notes 3e, 13f and 13g) | 1,231,311 | 1,058,497 | 1,395,034 | 1,343,505 |
| INCOME FROM FINANCIAL INTERMEDIATION | 2,064,483 | 1,536,925 | 4,588,565 | 3,357,165 |
| OTHER OPERATING INCOME (EXPENSES) | (1,078,000) | (730,499) | (2,589,494) | (2,201,517) |
| Commissions and fees (Note 27) | 1,467,364 | 1,325,846 | 2,092,989 | 1,786,217 |
| Retained insurance premiums, private pension plans and savings bonds (Notes 3g and 24c) | - | - | 5,679,414 | 4,212,319 |
| Change in technical reserves for insurance, private pension plans and savings bonds (Notes 3g and 4a) | - | - | (1,725,366) | (426,623) |
| Claims - Insurance operations (Note 3g) | - | - | (2,255,377) | (1,758,061) |
| Savings bond redemptions (Note 3g) | - | - | (452,149) | (372,192) |
| Insurance and pension plan benefits and redemption (Note 3g) | - | - | (363,020) | (320,559) |
| Expenses with pension plan benefits and redemptions (Note 3g) | - | - | (851,268) | (760,410) |
| Personnel expenses,(Notes 4a and 28) | (1,550,727) | (1,340,800) | (2,201,013) | (1,884,107) |
| Other administrative expenses (Note 29) | (1,513,049) | (1,293,637) | (2,253,610) | (1,854,421) |
| Tax expenses | (268,804) | (218,077) | (506,281) | (404,215) |
| Equity in the earnings of subsidiary and associated companies (Note 16c) | 681,099 | 925,990 | (32,714) | 23,104 |
| Other operating income (Notes 4a and 30) | 501,885 | 218,603 | 1,494,061 | 659,854 |
| Other operating expenses (Notes 4a and 31) | (395,768) | (348,424) | (1,215,160) | (1,102,423) |
| OPERATING INCOME | 986,483 | 806,426 | 1,999,071 | 1,155,648 |
| NON-OPERATING INCOME (EXPENSES), NET (Note 32) | (26,277) | (38,585) | (777,435) | (9,426) |
| INCOME BEFORE TAXES AND PROFIT SHARING | 960,206 | 767,841 | 1,221,636 | 1,146,222 |
| PROVISION FOR INCOME TAX AND SOCIAL CONTRIBUTION (Notes 36a and 36b) | 67,105 | 136,397 | (189,414) | (234,319) |

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| | | | | |
|--|-------------------|-------------------|------------------|----------------|
| MINORITY INTEREST IN SUBSIDIARIES | - | - | (4,911) | (7,665) |
| NET INCOME | 1,027,311 | 904,238 | 1,027,311 | 904,238 |
| Interest attributed to own capital (Note 26c) | (633,326) | (316,249) | | |
| Number of outstanding shares (Notes 26a and 26b) | 1,585,879,423,300 | 1,437,151,301,837 | | |
| Net income per thousand shares - In reais | 0.65 | 0.63 | | |

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The accompanying notes are an integral part of these financial statements

Statement of Changes in Stockholders' Equity - In thousands of reais

(A free translation of the original in Portuguese prepared in conformity with accounting practices adopted in Brazil)

| EVENTS | PAID-UP CAPITAL | CAPITAL RESERVES | | | REVENUE RESERVES | | | MARK-TO-MARKET ADJUSTMENT SECURITIES AND DERIVATIVE | | |
|---|-----------------|-----------------------|-------|---------|------------------|--------------------------------|------------------------------------|---|-----------|-------------------------------------|
| | CAPITAL | INCOME TAX INCENTIVES | OTHER | LEGAL | STATUTORY | STATUTORY FOR CAPITAL INCREASE | STATUTORY FOR PAYMENT OF DIVIDENDS | STATUTORY FOR INVESTMENTS | OWN | ASSOCIATED AND SUBSIDIARY COMPANIES |
| At December 31, 2001 | 5,200,000 | - | 7,435 | 692,577 | - | 3,080,177 | 432,663 | 408,693 | - | - |
| Prior-year adjustments - Trading securities | - | - | - | - | - | - | - | - | - | - |
| Prior-year adjustments - Securities available for sale - Gain | - | - | - | - | - | - | - | - | 125,571 | 71,532 |
| Prior-year adjustments - Securities available for sale - Loss | - | - | - | - | - | - | - | - | (5,606) | (85,358) |
| Transfer of prior-year adjustments to reserves | - | - | - | 5,606 | 106,504 | - | - | - | - | - |
| Transfer of reserves | - | - | - | - | 3,921,533 | (3,080,177) | (432,663) | (408,693) | - | - |
| Treasury stock | - | - | - | - | - | - | - | - | - | - |
| Cancellation of treasury stock | - | - | - | - | (86,508) | - | - | - | - | - |
| Mark-to-market adjustment - Securities and derivatives | - | - | - | - | - | - | - | - | (221,212) | (195,654) |
| Net income | - | - | - | - | - | - | - | - | - | - |
| Appropriation of net income: | | | | | | | | | | |
| - Reserves | - | - | - | 45,212 | 542,777 | - | - | - | - | - |
| - Interest attributed to own capital | - | - | - | - | - | - | - | - | - | - |
| | 5,200,000 | - | 7,435 | 743,395 | 4,484,306 | - | - | - | (101,247) | (209,480) |

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At June 30,
2002

| | | | | | | | | | | |
|--|-----------|-----|---------|---------|-----------|---|---|---|----------|----------|
| At December 31, 2002 | 5,200,000 | - | 7,435 | 799,312 | 4,916,005 | - | - | - | 100,871 | (91,719) |
| Capital increase through subscription | 501,000 | - | - | - | - | - | - | - | - | - |
| Capital increase through incorporation of shares | 788,735 | - | - | - | - | - | - | - | - | - |
| Capital increase with reserves | 510,265 | - | (7,435) | - | (502,830) | - | - | - | - | - |
| Share premium | - | - | 7,046 | - | - | - | - | - | - | - |
| Cancellation of treasury stock | - | - | - | - | (86,175) | - | - | - | - | - |
| Fiscal incentives | - | 844 | - | - | - | - | - | - | - | - |
| Mark-to-market adjustment - Securities and derivatives | - | - | - | - | - | - | - | - | (26,699) | 11,466 |
| Net income | - | - | - | - | - | - | - | - | - | - |
| Appropriation of net income: | | | | | | | | | | |
| - Reserves | - | - | - | 51,366 | 342,619 | - | - | - | - | - |
| - Interest attributed to own capital | - | - | - | - | - | - | - | - | - | - |
| At June 30, 2003 | 7,000,000 | 844 | 7,046 | 850,678 | 4,669,619 | - | - | - | 74,172 | (80,255) |

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The accompanying notes are an integral part of these financial statements

Statement of Changes in Financial Position for the Six-month Period Ended June 30 - In thousands of reais
(A free translation of the original in Portuguese prepared in conformity with accounting practices adopted in Brazil)

| | BRADESCO | | CONSOLIDATED BRADESCO | |
|--|-------------------|-------------------|-----------------------|-------------------|
| | 2003 | 2002 | 2003 | 2002 |
| FINANCIAL RESOURCES WERE PROVIDED BY | | | | |
| : | 18,951,948 | 20,310,113 | 16,599,057 | 23,886,394 |
| NET INCOME | 1,027,311 | 904,238 | 1,027,311 | 904,238 |
| ADJUSTMENTS TO NET INCOME | (767,214) | (810,654) | 1,179,556 | 296,607 |
| Depreciation and amortization | 173,355 | 125,253 | 291,166 | 223,501 |
| Amortization of goodwill | 57,956 | 65,189 | 799,889 | 96,125 |
| Change in provision for investments | (9,879) | (183,060) | 39,167 | 3,856 |
| Equity in the earnings of subsidiary and associated companies | (681,099) | (925,990) | 32,714 | (23,104) |
| Other | (307,547) | 107,954 | 16,620 | (3,771) |
| Technical Reserves for Insurance, private pension plans and savings bonds | - | - | 3,064,897 | 1,331,653 |
| Change in Deferred Income | (3,311) | (629) | 21,144 | 2,887 |
| Change in Minority Interest | - | - | (163,807) | 175,116 |
| STOCKHOLDERS | 1,297,625 | - | 1,297,625 | - |
| Capital increase through subscription | 501,000 | - | 501,000 | - |
| Capital increase through incorporation of shares | 788,735 | - | 788,735 | - |
| Capital Reserves - Fiscal incentives | 844 | - | 844 | - |
| Share premium | 7,046 | - | 7,046 | - |
| THIRD PARTIES: | | | | |
| - Increase in liabilities | 16,802,639 | 14,481,132 | 9,438,597 | 18,121,841 |
| Deposits | 4,867,662 | 5,511,298 | 459,043 | 9,764,377 |
| Deposits received under security repurchase agreements | 4,566,548 | - | 2,555,711 | - |
| Funds from acceptance and issuance of securities | 2,164,091 | - | 2,608,113 | 322,042 |
| Interbank accounts | 1,757,944 | 2,320,267 | - | - |
| Interdepartmental accounts | - | 18,644 | - | 34,862 |
| Borrowings and onlendings | - | 1,546,119 | - | 2,268,155 |
| Derivative financial instruments | 51,413 | 245,775 | - | 440,473 |
| Technical reserves for insurance, private pension plans and savings bonds | - | - | 511,900 | 26,480 |
| Other liabilities | 3,394,981 | 4,839,029 | 3,303,830 | 5,265,452 |
| - Decrease in assets | 2,145 | 4,945,703 | 515,359 | 2,533,285 |
| Interbank investments | - | - | 476,968 | - |
| Securities and derivative financial instruments | - | 4,945,703 | - | 2,533,285 |
| Leasing operations | - | - | 38,391 | - |
| Other assets | 2,145 | - | - | - |
| - Sale (write-off) of assets and investments | 321,559 | 143,766 | 196,501 | 503,281 |
| Non-operating assets | 57,137 | 38,472 | 88,888 | 50,175 |
| Property and equipment in use and leased assets | 6,966 | 34,909 | 62,493 | 87,978 |
| Investments | 252,762 | 70,254 | 18,430 | 362,316 |
| Sale (write-off) of deferred charges | 4,694 | 131 | 26,690 | 2,812 |
| - Interest attributed to own capital and dividends received from subsidiary and associated companies | 271,194 | 646,557 | 21,874 | 17,486 |
| TOTAL FUNDS PROVIDED | 19,195,594 | 21,579,314 | 17,611,883 | 24,840,850 |

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| | | | | | |
|--|--|-------------------|--------------------|--------------------|-------------------|
| INTEREST ATTRIBUTED TO OWN CAPITAL AND DIVIDENDS PAID AND/OR DECLARED | | 633,326 | 316,249 | 633,326 | 316,249 |
| ACQUISITION OF OWN SHARES | | - | 38,759 | - | 38,759 |
| INVESTMENTS IN: | | 3,497,517 | 2,091,976 | 670,913 | 1,259,571 |
| Non-operating assets | | 39,313 | 63,676 | 125,274 | 123,801 |
| Property and equipment in use and leased assets | | 187,308 | 163,747 | 460,298 | 715,792 |
| Investments | | 3,270,896 | 1,864,553 | 85,341 | 419,978 |
| DEFERRED CHARGES | | 191,123 | 57,095 | 503,558 | 1,373,367 |
| INCREASE IN ASSETS | | 13,029,112 | 12,775,816 | 13,461,359 | 16,457,380 |
| Interbank investments | | 2,086,512 | 2,690,918 | - | 1,534,928 |
| Securities and derivative financial instruments | | 1,857,410 | - | 5,807,313 | - |
| Interbank accounts | | 3,807,398 | 3,426,998 | 1,865,942 | 1,557,385 |
| Interdepartmental accounts | | 17,699 | 76,591 | 23,342 | 103,116 |
| Credit operations | | 1,197,258 | 136,926 | 1,421,093 | 5,410,957 |
| Leasing operations | | - | - | - | 129,453 |
| Other receivables | | 4,062,835 | 6,377,629 | 4,103,324 | 7,488,913 |
| Insurance premiums receivable | | - | - | 221,970 | 39,854 |
| Other assets | | - | 66,754 | 18,375 | 192,774 |
| DECREASE IN LIABILITIES | | 1,844,516 | 6,299,419 | 2,342,727 | 5,395,524 |
| Deposits received under security repurchase agreements | | - | 5,568,980 | - | 5,362,208 |
| Funds from acceptance and issuance of securities | | - | 730,439 | - | - |
| Interbank accounts | | - | - | 83,070 | 33,316 |
| Interdepartmental accounts | | 23,935 | - | 126,766 | - |
| Borrowings and onlendings | | 1,820,581 | - | 1,865,983 | - |
| Derivative financial instruments | | - | - | 266,908 | - |
| DECREASE IN FUNDS AVAILABLE | | (243,646) | (1,269,201) | (1,012,826) | (954,456) |
| CHANGES IN FINANCIAL POSITION | | | | | |
| At the beginning of the period | | 1,780,121 | 2,450,945 | 2,785,707 | 3,085,787 |
| At the end of the period | | 1,536,475 | 1,181,744 | 1,772,881 | 2,131,331 |
| Decrease in funds available | | (243,646) | (1,269,201) | (1,012,826) | (954,456) |

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The accompanying notes are an integral part of these financial statements

Notes to the Financial Statements

The notes to the Financial Statements of Banco Bradesco S.A. are subdivided as follows:

- 1) OPERATIONS
- 2) PRESENTATION OF THE FINANCIAL STATEMENTS
- 3) SIGNIFICANT ACCOUNTING POLICIES
- 4) INFORMATION FOR COMPARISON PURPOSES
- 5) ADJUSTED BALANCE SHEET AND STATEMENT OF INCOME BY BUSINESS SEGMENT
- 6) BALANCE SHEET BY CURRENCY AND EXCHANGE EXPOSURE
- 7) BALANCE SHEET BY MATURITY
- 8) FUNDS AVAILABLE
- 9) INTERBANK INVESTMENTS
- 10) SECURITIES AND DERIVATIVE FINANCIAL INSTRUMENTS
- 11) ADDITIONAL PROVISION FOR MARKET RISK FLUCTUATION, NET OF TAX EFFECTS
- 12) INTERBANK ACCOUNTS RESTRICTED DEPOSITS
- 13) CREDIT OPERATIONS
- 14) OTHER RECEIVABLES
- 15) OTHER ASSETS
- 16) INVESTMENTS
- 17) PROPERTY AND EQUIPMENT IN USE AND LEASED ASSETS
- 18) DEFERRED CHARGES
- 19) DEPOSITS, DEPOSITS RECEIVED UNDER SECURITY REPURCHASE AGREEMENTS AND FUNDS FROM ACCEPTANCE AND ISSUANCE OF SECURITIES
- 20) BORROWINGS AND ONLENDINGS
- 21) CONTINGENT LIABILITIES
- 22) SUBORDINATED DEBT
- 23) OTHER LIABILITIES SUNDRY
- 24) INSURANCE OPERATIONS, PRIVATE PENSION PLANS AND SAVINGS BONDS
- 25) MINORITY INTEREST IN SUBSIDIARIES

26) STOCKHOLDERS EQUITY (PARENT COMPANY)

27) COMMISSIONS AND FEES

28) PERSONNEL EXPENSES

29) ADMINISTRATIVE EXPENSES

30) OTHER OPERATING INCOME

31) OTHER OPERATING EXPENSES

32) NON-OPERATING INCOME

33) TRANSACTIONS WITH SUBSIDIARY AND ASSOCIATED COMPANIES (DIRECT AND INDIRECT)

34) FINANCIAL INSTRUMENTS

35) EMPLOYEE BENEFITS

36) INCOME TAX AND SOCIAL CONTRIBUTION

37) OTHER INFORMATION

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1) Operations

Banco Bradesco S.A. is a private-sector open-capital company which, operating as a multiple bank, carries out all types of authorized banking activities including foreign exchange transactions through its commercial, investment, consumer financing, housing loan and credit card portfolios. The Bank also operates in a number of other activities through its direct and indirect subsidiary companies, particularly in leasing, consortium management, insurance, savings bond and private pension plan activities. Operations are conducted within the context of the companies comprising the Bradesco Group, which are jointly active in the market.

2) Presentation of the Financial Statements

The financial statements of Banco Bradesco S.A. and its foreign branches (BRADESCO) are presented in conjunction with the consolidated financial statements of Banco Bradesco S.A., which include the financial statements of Banco Bradesco S.A., its foreign branches and its direct and indirect subsidiaries and jointly controlled investments (CONSOLIDATED BRADESCO).

The financial statements of Banco Bradesco S.A. and the consolidated financial statements were prepared based on accounting policies determined by Brazilian Corporation Law for the recording of operations, as well as the rules and instructions of the National Monetary Council (CMN), Brazilian Central Bank (BACEN), Brazilian Securities Commission (CVM) and Superintendency of Private Insurance (SUSEP), and comprise the financial statements of the leasing companies based on the capital leasing method of accounting, which requires the reclassification of leasing operations to the current-asset and long-term-receivable accounts.

Accordingly, upon consolidation, intercompany investments, account balances, revenue, expenses and unrealized income were eliminated from the financial statements and, in the case of investments which are jointly controlled with other stockholders, asset, liability and income components are included in the consolidated financial statements in proportion to the parent company's percentage capital ownership of each investee. Goodwill on the acquisition of investments in subsidiaries is presented in deferred assets and minority interests in net income and stockholders' equity are separately disclosed. Exchange variation arising from permanent investments in subsidiaries and foreign branches was allocated to the statement of income accounts in accordance with the corresponding assets and liabilities from which it 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, the quantification of technical reserves for insurance, pension plans and savings bonds and the determination of the useful economic life of specific assets. Actual results could differ from these estimates and assumptions.

We present below the main direct and indirect subsidiaries, including their foreign branches and subsidiaries and jointly controlled investments:

| | Activity Area | % Ownership | |
|---|-----------------------|-------------|---------|
| | | 2003 | 2002 |
| Financial area | Local | | |
| Banco Baneb S.A. | Banking | 99.97% | 99.97% |
| Banco BCN S.A. | Banking | 100.00% | 100.00% |
| Banco BEA S.A. (1) | Banking | - | 88.68% |
| Banco Bilbao Vizcaya Argentaria Brasil S.A. (BBV Banco) (2) | Banking | 100.00% | - |
| Banco Boavista Interatlântico S.A. | Banking | 100.00% | 100.00% |
| Banco das Nações S.A. (3) | Banking | - | 100.00% |
| Banco de Crédito Real de Minas Gerais S.A. | Banking | 99.99% | 99.99% |
| Banco Finasa de Investimento S.A. (4) (5) | Investment Banking | 97.40% | 77.35% |
| Banco Finasa S.A. (6) | Banking | 100.00% | 100.00% |
| Banco Mercantil de São Paulo S.A. (4) | Banking | 100.00% | 79.73% |
| Bradesco BCN Leasing S.A. Arrendamento Mercantil (7) (8) | Leasing | 99.97% | 99.94% |
| Bradesco Consórcios Ltda. (9) | Consortium Management | 99.99% | 99.99% |
| Bradesco Leasing S.A. Arrendamento Mercantil (10) | Leasing | - | 100.00% |
| Bradesco S.A. Corretora de Títulos e Valores Mobiliários | Brokerage | 99.99% | 99.99% |
| BRAM - Bradesco Asset Management Ltda. | Asset Management | 99.99% | 99.99% |
| | Services | 39.49% | 38.97% |

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Companhia Brasileira de Meios de Pagamento

VISANET (11) (12) (13) (14)

| | | | |
|---|---------|---|--------|
| Finasa Leasing Arrendamento Mercantil S.A. (15) | Leasing | - | 79.72% |
|---|---------|---|--------|

Financial area Foreign

| | | | |
|--|-----------|---------|---------|
| Banco Bradesco Argentina S.A. (12) (13) | Banking | 99.99% | 99.99% |
| Banco Bradesco Luxembourg S.A. | Banking | 99.99% | 99.99% |
| Banco Mercantil de São Paulo International S.A. (4) (12) | Banking | 100.00% | 79.73% |
| BCN Grand Cayman | Banking | 100.00% | 100.00% |
| Boavista Grand Cayman | Banking | 100.00% | 100.00% |
| Bradesco Grand Cayman | Banking | 100.00% | 100.00% |
| Bradesco New York | Banking | 100.00% | 100.00% |
| Bradesco Securities, Inc. | Brokerage | 100.00% | 100.00% |
| Mercantil Grand Cayman (4) (12) | Banking | 100.00% | 79.73% |
| Mercantil London (12) (16) | Banking | - | 79.73% |
| Mercantil New York (12) (17) | Banking | - | 79.73% |

Insurance, pension plan and savings bond area

| | | | |
|---|-------------------------|--------|--------|
| Atlântica Capitalização S.A. (18) | Savings Bonds | 99.70% | 99.66% |
| Área Seguros S.A. (11) (12) (13) (18) | Insurance | 27.42% | 27.41% |
| Bradesco Argentina de Seguros S.A. (18) | Insurance | 99.47% | 99.43% |
| Bradesco Capitalização S.A. (18) | Savings Bonds | 99.69% | 99.65% |
| Bradesco Saúde S.A. (18) | Insurance | 99.70% | 99.66% |
| Bradesco Seguros S.A. (18) | Insurance | 99.70% | 99.66% |
| Bradesco Vida e Previdência S.A. (18) | Pension Plans/Insurance | 99.69% | 99.65% |
| Finasa Seguradora S.A. (18) (19) | Insurance | 99.46% | 99.37% |
| Indiana Seguros S.A. (18) | Insurance | 39.88% | 39.86% |
| Seguradora Brasileira de Crédito à Exportação S.A. (11) (12) (13) | Insurance | 12.05% | 12.05% |
| União Novo Hamburgo Seguros S.A. (18) (20) | Insurance | 91.41% | 91.19% |

Other activities

| | | | |
|--|------------------------|--------|--------|
| ABS Empreendimentos Imobiliários, Participações e Serviços S.A. (18) | Real Estate | 99.12% | 99.09% |
| Bradescor Corretora de Seguros Ltda. | Insurance Brokerage | 99.99% | 99.99% |
| Cibrasec - Companhia Brasileira de Securitização (11) (12) (13) (14) | Credit Acquisition | 12.50% | 10.00% |
| CPM Holdings Limited (11) (12) (13) | Holding Company | 49.00% | 49.00% |
| Latasa S.A. (11) (12) (13) (20) | Metal Products | 39.74% | 39.12% |
| Pevê Prédios S.A. (21) | Real Estate | - | 70.19% |
| Scopus Tecnologia S.A. (12) | Information Technology | 99.99% | 99.99% |
| Serasa S.A. (11) (12) (13) (14) | Services | 26.31% | 20.42% |
| Smart Club do Brasil Ltda. (11) (22) | Services | 36.36% | 20.00% |
| União de Comércio e Participações Ltda. | Holding Company | 99.99% | 99.99% |

- (1) Became a subsidiary of Banco Baneb S.A. in March and was merged in April 2003;
- (2) Acquired in June 2003;
- (3) Merged into Banco BCN S.A. in July 2002;
- (4) Percentage ownership increased through acquisition and incorporation of shares of minority stockholders of Banco Mercantil de São Paulo S.A.;
- (5) Became a direct subsidiary of Banco Bradesco in May 2003;
- (6) Previously named Continental Banco S.A.;
- (7) Percentage ownership increased as a result of the merger of Bradesco Leasing into BCN Leasing in February 2003 and of Finasa Leasing in April 2003;
- (8) Previously named BCN Leasing Arrendamento Mercantil S.A.;

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- (9) Previously named Administradora de Consórcios Potenza Ltda;
 - (10) Merged into BCN Leasing Arrendamento Mercantil S.A. in February 2003 (see item 8);
 - (11) Proportionally consolidated in accordance with CMN Resolution 2723 and CVM Instruction 247;
 - (12) Companies audited by other independent auditors in 2002;
 - (13) Companies audited by other independent auditors in 2003;
 - (14) Percentage ownership increased through acquisition of BBV Banco in June 2003;
 - (15) Merged into Bradesco BCN Leasing in April 2003 (see item 8);
 - (16) Merged into Mercantil Grand Cayman in November 2002;
 - (17) Merged into Mercantil Grand Cayman in September 2002;
 - (18) Percentage ownership increased through cancellation of treasury stock of Bradesco Seguros;
 - (19) Became a direct subsidiary of Bradesco Seguros in April 2003;
 - (20) Percentage ownership increased through acquisition of shares;
 - (21) Merged into Banco Mercantil in January 2003;
 - (22) Percentage ownership increased through acquisition of quotas in October 2002.
- 3) Significant Accounting Policies

a) Determination of net income

Income and expenses are recorded on the accrual basis and are prorated daily when of a financial nature. 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. Post-fixed or foreign-currency-indexed transactions are adjusted to the balance sheet date. Income and expenses of a financial nature are calculated based on the exponential method, except when relating to discounted notes or to cross-border transactions which are calculated on the straight-line method.

The insurance and coinsurance premiums and income on commissions, net of premiums assigned in coinsurance and reinsurance and corresponding expenses for commission, are appropriated to results upon issuance of the corresponding insurance policies and are deferred for appropriation on a straight-line basis over the terms of the policies, through the recording and reversal of a provision for unearned premiums and deferred selling expenses. The accepted coinsurance and retrocession operations are recorded based on the information received from other companies and the Brazilian Institute of Reinsurers (IRB), respectively.

The revenue from savings bond 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 at the time the savings bond plan contributions are effectively received. The payment of prizes on winning bonds is recorded as an expense in the month in which the draw takes places.

The private pension plan contributions are recorded in income at the time they are effectively received.

b) Interbank investments

These are recorded at purchase cost, including accrued income up to the balance sheet date, net of loss accrual, where applicable.

c) Securities

Pursuant to BACEN Circular 3068/2001, as from June 30, 2002, securities are classified and recorded as presented below:

- Trading securities - securities which are acquired for the purpose of being actively and frequently traded are adjusted to market value as a counter-entry to results for the period.
- Securities available for sale - securities which are not specifically intended for trading purposes or as held to maturity, are adjusted to market value as a counter-entry to a specific account in stockholders' equity, at amounts net of tax effects.
- Securities held to maturity - securities for which there exists intention and financial capacity for maintenance through to maturity are recorded at cost, plus accrued earnings, as a counter-entry to results for the period.

Up to June 2002, securities were valued at cost of acquisition, plus accrued earnings and less of the provision for adjustment to probable realizable value.

d) Derivative financial instruments (assets and liabilities)

Pursuant to BACEN Circular 3082/2002 and complementary regulations, the derivative financial instruments 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.

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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.

The derivative financial instruments used for protection against exposure to risk or for changing the characteristics of financial assets and liabilities and which are: (i) significantly co-related in relation to the adjustment of their market value to the market value of the hedged item, at both the start and over the duration of the contract; and (ii) considered to be effective in mitigating the risk associated with the exposure which is to be protected, are classified as hedges in accordance with their specific nature:

- **Market risk hedge** – the hedged financial assets and liabilities and the corresponding derivative financial instruments are recorded at market value, with corresponding mark-to-market adjustments recorded directly in income for the period.
- **Cash flow hedge** – hedged financial assets and liabilities and the corresponding derivative financial instruments are recorded at market value, with corresponding mark-to-market adjustments, net of tax effects, recorded in the stockholders' equity account. The non-hedged portion is recorded directly in results for the period.

e) Credit and leasing operations and allowance for loan and leasing losses

The credit and leasing operations are classified in compliance with: (i) the parameters established by CMN Resolution 2682/1999 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. The length of the delay in payment defined in CMN Resolution 2682/1999 is also taken into account for customer risk classification purposes as follows:

| Length of Delay | Customer Classification |
|----------------------|-------------------------|
| No delay | AA |
| Up to 14 days | A |
| 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 credit operations past due up to 60 days is recorded in income on credit operations and subsequent to the 61st 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 and no longer presented in the balance sheet.

Renegotiated operations are maintained with a maximum classification equal to their prior classification. Renegotiated operations, already written off against the allowance and which are recorded in memorandum accounts are classified at H level and any gains derived from their renegotiation are recognized as revenue only when they are effectively received.

In the case of mortgage loans, the contractual capitalization period (monthly or quarterly) for income appropriation purposes complies with applicable legislation and end-borrower financings are adjusted to the present value of the installments receivable.

The allowance for loan losses is recorded at an amount considered sufficient to cover estimated losses and is based upon current economic conditions, past loan loss experience, specific and general portfolio risks and on BACEN requirements and instructions (Notes 13 f and g).

f) Income tax and social contribution (asset and liability)

Deferred income tax and social contribution calculated on tax losses, negative basis of social contribution and temporary additions are recorded in Other receivables - sundry, and the provision for deferred income tax on excess depreciation and mark-to-market adjustments is recorded in Other liabilities - taxes and social security contributions. Only deferred tax assets which have already acquired tax deductibility rights are recorded on amortization of goodwill.

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Deferred tax assets on temporary additions are realized upon use and/or reversal of the corresponding provisions on which they were recorded. Deferred tax assets on tax losses and negative basis of social contribution will be realized as taxable income is generated (Note 36).

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

g) Technical reserves relating to insurance, pension plan and savings bond activities

Provision for unearned premiums

These are recorded at the amount of that portion of the insurance premiums issued/retained corresponding to the unexpired risk periods of the insurance contracts, in accordance with the criteria determined by SUSEP standards.

Benefits to be granted and benefits granted

Mathematical provisions comprise the amount of the liabilities assumed under the form of income, pension and savings plans and are calculated based on the financial method determined in the contract under the responsibility of a legally qualified actuary registered with the Brazilian Institute of Actuaries (IBA). The mathematical provisions comprise the present value of future benefits estimated based on actuarial methods and assumptions. The provision for benefits to be granted comprises participants whose receipt of benefits has not yet commenced and the provision for benefits granted comprises participants who are currently receiving benefits.

Savings Bonds mathematical provisions

These are recorded in conformity with the technical notes approved by SUSEP, based on a variable percentage applicable to the amounts effectively received.

Unsettled claims and IBNR

The provision for payment of unsettled claims is recorded based on estimated probable payments, net of recoveries and adjusted for price-level restatement up to the balance sheet date. The reserve for claims incurred but not reported (IBNR) is calculated on an actuarial basis to quantify the volume and amount of the claims incurred, but which have not yet been reported to the insurance companies by the policyholders/beneficiaries.

h) Investments

Significant investments in subsidiaries, associated companies and jointly controlled investments are recorded on the equity 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 Center for the Financial Clearance and Custody of Private Securities (CETIP) and the Mercantile and Futures Exchange (BM&F) were recorded at net book value and fiscal incentives and other investments were recorded at cost, plus restatements through December 31, 1995, net of the provision for loss, where applicable.

i) Property and equipment in use

Property and equipment in use is stated at cost plus restatements through December 31, 1995, net of the corresponding accumulated depreciation, calculated on the straight-line method at annual rates which take into consideration the economic useful lives of the assets as follows: buildings in use - 4%; furniture and fixtures and machinery and equipment - 10%; data processing systems - 20% to 50%; and transport systems - 20%.

j) Deferred charges

Deferred charges, other than goodwill, are recorded at cost of acquisition or formation, net of the corresponding accumulated amortization, calculated on the straight-line method and amortized at a rate of 20% to 50% per annum. Goodwill on the acquisition of investments in subsidiary companies, based on expected future results, is amortized at rates of 10% to 20% per annum and is presented on a consolidated basis in deferred charges and in investments on an unconsolidated basis.

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k) Deposits and deposits received under security repurchase agreements

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

l) Other assets and liabilities

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

4) Information for Comparison Purposes

a) Reclassifications

In order to facilitate comparison of the financial statements, certain June 30, 2002 account balances were reclassified in line with the accounting procedures/classification used at June 30, 2003.

| At June 30, 2002 - In thousands of reais | | | | | | |
|--|-----------------------|-------------------|----------------------|-------------------|-------------------|----------------------|
| | CONSOLIDATED BRADESCO | | | BRADESCO | | |
| | Prior disclosure | Reclassifications | Reclassified balance | Prior disclosure | Reclassifications | Reclassified balance |
| ASSETS | | | | | | |
| Current assets and long-term receivables | 118,797,651 | - | 118,797,651 | 77,680,718 | - | 77,680,718 |
| Interbank investments | 5,402,247 | - | 5,402,247 | 10,794,517 | 758,324 | 11,552,841 |
| Interbank deposits (1) | 965,571 | - | 965,571 | 5,670,948 | 758,324 | 6,429,272 |
| Credit operations | 40,542,316 | - | 40,542,316 | 28,742,810 | (758,324) | 27,984,486 |
| Private sector (1) | 43,631,720 | - | 43,631,720 | 31,130,003 | (758,324) | 30,371,679 |
| Permanent assets | 5,707,251 | 197,589 | 5,904,840 | 14,142,834 | 101,515 | 14,244,349 |
| Investments | 617,961 | 197,589 | 815,550 | 12,750,826 | 101,515 | 12,852,341 |
| Allowance for losses (2) | (517,865) | 197,589 | (320,276) | (206,992) | 101,515 | (105,477) |
| Total Assets | 124,504,902 | 197,589 | 124,702,491 | 91,823,552 | 101,515 | 91,925,067 |
| LIABILITIES | | | | | | |
| Current and long-term liabilities | 99,880,804 | 1,170,939 | 101,051,743 | 81,699,528 | 101,515 | 81,801,043 |
| Deposits | 50,848,356 | - | 50,848,356 | 43,044,078 | - | 43,044,078 |
| Interbank deposits (1) | 151,508 | - | 151,508 | 784,070 | 1,131,959 | 1,916,029 |
| Time deposits (1) | 21,790,599 | - | 21,790,599 | 15,822,956 | (1,131,959) | 14,690,997 |
| Other liabilities | 17,403,501 | 1,170,939 | 18,574,440 | 11,080,015 | 101,515 | 11,181,530 |
| Technical reserves for insurance, private pension plans and savings bonds (3) | 1,032,273 | 973,350 | 2,005,623 | - | - | - |
| Sundry (2) | 3,625,066 | 197,589 | 3,822,655 | 1,720,330 | 101,515 | 1,821,845 |
| Technical reserves for insurance, private pension plans and savings bonds (3) | 14,179,286 | (973,350) | 13,205,936 | - | - | - |
| Total Liabilities | 124,504,902 | 197,589 | 124,702,491 | 91,823,552 | 101,515 | 91,925,067 |

Six-month period ended June 30, 2002 In thousands of reais

| CONSOLIDATED BRADESCO | | | BRADESCO | | |
|-----------------------|--|--|----------|--|--|
|-----------------------|--|--|----------|--|--|

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| | Prior disclosure | Reclassifications | Reclassified balance | Prior disclosure | Reclassifications | Reclassified balance |
|--|--------------------|-------------------|----------------------|------------------|-------------------|----------------------|
| Income from lending and trading activities | 13,044,260 | (26,004) | 13,018,256 | 8,205,352 | - | 8,205,352 |
| Income on security transactions (5) (8) | 5,016,287 | (1,095,507) | 3,920,780 | 2,615,893 | - | 2,615,893 |
| Financial income on insurance, private pension plans and savings bonds (8) | - | 1,102,886 | 1,102,886 | - | - | - |
| Derivative financial instruments (5) | (787,874) | (7,379) | (795,253) | (575,943) | - | (575,943) |
| Foreign exchange transactions (6) | 1,606,300 | (26,004) | 1,580,296 | 1,301,541 | - | 1,301,541 |
| Expenses | 8,917,942 | 743,149 | 9,661,091 | 6,668,427 | - | 6,668,427 |
| Price-level restatement and interest on technical reserves of insurance, private pension plans and savings bonds (4) | - | 743,149 | 743,149 | - | - | - |
| Income from financial intermediation | 4,126,318 | (769,153) | 3,357,165 | 1,536,925 | - | 1,536,925 |
| Other operating income (expenses) | (2,906,939) | 705,422 | (2,201,517) | (685,287) | (45,212) | (730,499) |
| Change in technical reserves for insurance, private pension plans and savings bonds (4) | (1,169,772) | 743,149 | (426,623) | - | - | - |
| Personnel expenses (7) | (1,820,376) | (63,731) | (1,884,107) | (1,295,588) | (45,212) | (1,340,800) |
| Other operating income (6) | 635,356 | 24,498 | 659,854 | 218,603 | - | 218,603 |
| Other operating expenses (6) | (1,103,929) | 1,506 | (1,102,423) | (348,424) | - | (348,424) |
| Operating income (expense) | 1,219,379 | (63,731) | 1,155,648 | 851,638 | (45,212) | 806,426 |
| Income before taxes and profit sharing | 1,209,953 | (63,731) | 1,146,222 | 813,053 | (45,212) | 767,841 |
| Employee profit sharing (7) | (63,731) | 63,731 | - | (45,212) | 45,212 | - |
| Net income | 904,238 | - | 904,238 | 904,238 | - | 904,238 |

- (1) Reclassification of transactions relating to the transfer of funds between foreign branches from credit operations private sector to interbank deposits and from time deposits to interbank deposits;
 - (2) Reclassification of the provision for exchange variation;
 - (3) Reclassified in compliance with SUSEP's new plan of accounts;
 - (4) Transfer of price-level restatement of technical reserves for insurance, private pension plans and savings bonds to expenses for price-level restatement and interest on technical reserves of insurance, private pension plans and savings bonds;
 - (5) Transfer of income on securities transactions to income on derivative financial instruments, pursuant to BACEN Circulars 3068 and 3082;
 - (6) Transfer of income from price-level restatement of assets of Banco Bradesco Argentina S.A.;
 - (7) Transfer of expenses for employee profit sharing to personnel expenses;
 - (8) New opening for financial income on insurance, private pension plans and savings bonds.
- b) During the first half of 2003, Bradesco acquired the share control of BBV Banco and its subsidiaries. We present below the main balance sheet and statement of income accounts of the Bank and its subsidiaries at June 30, 2003:

| | In thousands of reais |
|---|-----------------------------------|
| | BBV Banco and subsidiaries |
| | June 30, 2003 |
| ASSETS | |
| Current assets and long-term receivables | 9,875,795 |
| Funds available | 64,420 |

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| | |
|---|-------------------|
| Interbank investments | 3,215,674 |
| Securities and derivative financial instruments | 1,706,620 |
| Interbank and interdepartmental accounts | 410,034 |
| Credit and leasing operations | 3,371,270 |
| Other receivables and other assets | 1,107,777 |
| Permanent assets | 194,356 |
| - Investments | 41,842 |
| - Property and equipment in use | 149,827 |
| - Deferred charges | 2,687 |
| Total | 10,070,151 |
| LIABILITIES | |
| Current and long-term liabilities | 7,754,018 |
| Demand, time and interbank deposits | 2,887,114 |
| Savings deposits | 581,557 |
| Deposits received under security repurchase agreements and funds from acceptance and issuance of securities | 2,371,948 |
| Interbank and interdepartmental accounts | 20,646 |
| Borrowings and onlendings | 1,253,927 |
| Derivative financial instruments | 13,929 |
| Other liabilities | 624,897 |
| Deferred income | 2,053 |
| Stockholders' equity | 2,314,080 |
| Total | 10,070,151 |

In thousands of reais

**BBV Banco
and subsidiaries**

June 1 to 30, 2003

STATEMENT OF INCOME

| | |
|--|----------------|
| Income from lending and trading activities | 200,074 |
| Expenses for lending and trading activities | (89,362) |
| Income from financial intermediation | 110,712 |
| Other operating income (expenses) | (67,969) |
| Operating income (expenses) | 42,743 |
| Non-operating income (expenses), net | (2,526) |
| Income before taxes | 40,217 |
| Provision for income tax and social contribution | (16,468) |
| Adjusted net income | 23,749 |

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

The consolidated balance sheet and statement of income, by business segment, are presented below at June 30, 2003 in accordance with the Chart of Accounts for National Financial System Institutions (COSIF).

a) Balance sheet

At June 30 - In thousands of reais

| | Financial (1) (2) | | Insurance (2) (3) | | Other activities (2) | Amount eliminated (4) | Total consolidated |
|---|--------------------|-------------------|-------------------|---------------|----------------------|-----------------------|--------------------|
| | Local | Foreign | Local | Foreign | | | |
| ASSETS | | | | | | | |
| Current assets and long-term receivables | 114,641,200 | 12,368,125 | 26,779,314 | 46,308 | 631,581 | (5,150,713) | 149,315,815 |
| Funds available | 1,672,107 | 75,007 | 67,478 | 32,679 | 7,267 | (81,657) | 1,772,881 |

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| | | | | | | | |
|--|--------------------|-------------------|-------------------|---------------|------------------|---------------------|--------------------|
| Interbank investments | 18,773,549 | 2,545,258 | 35,754 | - | - | (358,773) | 20,995,788 |
| Securities and derivative financial instruments | 16,412,300 | 3,456,412 | 24,302,593 | 8,911 | 180,101 | (1,564,785) | 42,795,532 |
| Interbank and interdepartmental accounts | 15,018,541 | 5,914 | - | - | - | - | 15,024,455 |
| Credit and leasing operations | 39,073,387 | 6,139,548 | - | - | - | (2,693,788) | 42,519,147 |
| Other receivables and other assets | 23,691,316 | 145,986 | 2,373,489 | 4,718 | 444,213 | (451,710) | 26,208,012 |
| Permanent assets | 10,732,219 | 13,513 | 854,631 | 493 | 545,163 | (6,972,560) | 5,173,459 |
| Investments (5) | 7,077,375 | - | 359,758 | - | 30,020 | (6,972,560) | 494,593 |
| Property and equipment in use and leased assets | 1,911,560 | 11,609 | 315,193 | 484 | 427,208 | - | 2,666,054 |
| Deferred charges | 1,743,284 | 1,904 | 179,680 | 9 | 87,935 | - | 2,012,812 |
| Total | 125,373,419 | 12,381,638 | 27,633,945 | 46,801 | 1,176,744 | (12,123,273) | 154,489,274 |
| LIABILITIES | | | | | | | |
| Current and long-term liabilities | 112,810,548 | 8,754,097 | 4,923,574 | 34,518 | 593,387 | (5,150,713) | 121,965,411 |
| Deposits | 53,923,700 | 3,393,327 | - | - | - | (494,821) | 56,822,206 |
| Deposits received under security repurchase agreements | 18,264,329 | 304,347 | - | - | - | - | 18,568,676 |
| Funds from the acceptance and issuance of securities | 7,362,170 | 708,926 | - | - | 1,271 | (2,327,412) | 5,744,955 |
| Interbank and interdepartmental accounts | 1,734,529 | 60 | - | - | - | - | 1,734,589 |
| Borrowings and onlendings | 12,755,870 | 3,482,125 | 965 | - | 199,765 | (1,866,355) | 14,572,370 |
| Derivative financial instruments | 299,391 | 65 | - | - | 10,333 | - | 309,789 |
| Other liabilities: | | | | | | | |
| - Subordinated debt | 2,525,035 | 816,813 | - | - | - | (4,103) | 3,337,745 |
| - Other | 15,945,524 | 48,434 | 4,922,609 | 34,518 | 382,018 | (458,022) | 20,875,081 |
| Technical reserves for insurance, private pension plans and savings bonds | - | - | 19,857,515 | - | - | - | 19,857,515 |
| Deferred income | 30,064 | 94 | - | - | 6,829 | - | 36,987 |
| Minority interest and stockholders equity in subsidiaries | 10,703 | 3,627,447 | 2,852,856 | 12,283 | 576,528 | (6,972,560) | 107,257 |
| Stockholders' equity of the parent company | 12,522,104 | - | - | - | - | - | 12,522,104 |
| Total in 2003 | 125,373,419 | 12,381,638 | 27,633,945 | 46,801 | 1,176,744 | (12,123,273) | 154,489,274 |
| Total in 2002 | 103,693,851 | 12,353,458 | 19,388,783 | 48,276 | 1,716,711 | (12,448,588) | 124,702,491 |

b) Statement of income

Six-month periods ended June 30 - In thousands of reais

| | Financial (1) (2) | | Insurance (2) (3) | | Other activities (2) | Amount eliminated (4) | Total consolidated |
|---|-------------------|----------------|-------------------|----------------|----------------------|-----------------------|--------------------|
| | Local | Foreign | Local | Foreign | | | |
| Income from lending and trading activities | 9,405,364 | 307,973 | 2,610,472 | 868 | 1,820 | (144,807) | 12,181,690 |
| Expenses for lending and trading activities | 5,905,268 | 171,564 | 1,658,010 | - | 2,211 | (143,928) | 7,593,125 |
| Income from financial intermediation | 3,500,096 | 136,409 | 952,462 | 868 | (391) | (879) | 4,588,565 |
| Other operating income (expenses) (5) | (2,115,705) | (48,631) | (493,378) | (2,475) | 69,146 | 1,549 | (2,589,494) |
| Operating income (expenses) | 1,384,391 | 87,778 | 459,084 | (1,607) | 68,755 | 670 | 1,999,071 |
| Non-operating income (expenses), net | (737,226) | 4,074 | (49,048) | (2) | 5,437 | (670) | (777,435) |

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| | | | | | | | |
|---|----------------|---------------|----------------|-----------------|---------------|---|------------------|
| Income before taxes and profit sharing | 647,165 | 91,852 | 410,036 | (1,609) | 74,192 | - | 1,221,636 |
| Provision for income tax and social contribution | (12,066) | (1,635) | (147,912) | (52) | (27,749) | - | (189,414) |
| Minority interest in subsidiaries | (2,899) | - | (696) | - | (1,316) | - | (4,911) |
| Net income in 2003 | 632,200 | 90,217 | 261,428 | (1,661) | 45,127 | - | 1,027,311 |
| Net income in 2002 | 571,386 | 4,444 | 325,460 | (19,257) | 22,205 | - | 904,238 |

- (1) The financial segment comprises financial institutions and holding companies which are mainly responsible for managing financial resources, as well as credit card administration and asset management companies.
- (2) Asset and liability and income and expense account balances are eliminated between companies from the same segment.
- (3) The Insurance Group segment comprises insurance, private pension plan and savings bond companies.
- (4) Amounts eliminated between companies from different segments.
- (5) Investments and equity in earnings of associated companies are allocated to the segment to which the companies pertain.
- (6) Balance Sheet by Currency and Exchange Exposure

We present below the consolidated account balances by currency and exchange exposure, at June 30, 2003:

| | At June 30, 2003 - In thousands of reais | | |
|--|---|--------------------|--------------------|
| | Balance Sheet | Currency | |
| | | Local | Foreign (1) |
| ASSETS | | | |
| Current assets and long-term receivables | 149,315,815 | 125,493,688 | 23,822,127 |
| Funds available | 1,772,881 | 1,529,323 | 243,558 |
| Interbank investments | 20,995,788 | 18,586,008 | 2,409,780 |
| Securities and derivative financial instruments | 42,795,532 | 37,923,844 | 4,871,688 |
| Interbank and interdepartmental accounts | 15,024,455 | 15,018,541 | 5,914 |
| Credit and leasing operations | 42,519,147 | 35,776,879 | 6,742,268 |
| Other receivables and other assets | 26,208,012 | 16,659,093 | 9,548,919 |
| Permanent assets | 5,173,459 | 5,159,453 | 14,006 |
| Investments | 494,593 | 494,593 | - |
| Property and equipment in use and leased assets | 2,666,054 | 2,653,961 | 12,093 |
| Deferred charges | 2,012,812 | 2,010,899 | 1,913 |
| Total | 154,489,274 | 130,653,141 | 23,836,133 |
| LIABILITIES | | | |
| Current and long-term liabilities | 121,965,411 | 99,901,130 | 22,064,281 |
| Deposits | 56,822,206 | 53,768,581 | 3,053,625 |
| Deposits received under security repurchase agreements | 18,568,676 | 18,264,329 | 304,347 |
| Funds from acceptance and issuance of securities | 5,744,955 | 707,242 | 5,037,713 |
| Interbank and interdepartmental accounts | 1,734,589 | 943,694 | 790,895 |
| Borrowings and onlendings | 14,572,370 | 6,265,036 | 8,307,334 |
| Derivative financial instruments | 309,789 | 309,724 | 65 |
| Other liabilities: | | | |
| - Subordinated debt | 3,337,745 | 2,520,932 | 816,813 |
| - Other | 20,875,081 | 17,121,592 | 3,753,489 |
| Technical reserves for insurance, private pension plans and savings bonds | 19,857,515 | 19,857,515 | - |
| Deferred income | 36,987 | 36,987 | - |
| Minority interest in subsidiaries | 107,257 | 107,257 | - |
| Stockholders' equity | 12,522,104 | 12,522,104 | - |
| Total | 154,489,274 | 132,424,993 | 22,064,281 |
| Net position of assets and liabilities | | | 1,771,852 |
| Net position of derivatives (2) | | | 2,369,549 |
| Other memorandum accounts, net (3) | | | (972,798) |
| Net exchange position (asset) (4) | | | 3,168,603 |

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- (1) Amounts expressed and/or indexed mainly in USD.
- (2) Excluding derivative operations maturing in D +1, to be settled in currency at June 30, 2003 price levels.
- (3) Leasing commitments and others controlled in memorandum accounts.
- (4) Excluding investments in foreign branches and subsidiaries (Note 16a), the net exchange position would be negative in the amount of R\$ 519,733 thousand (liability).
- 7) Balance Sheet by Maturity

We present below the consolidated balance sheet at June 30, 2003, by days to maturity, based on accounting classification:

At June 30, 2003 - In thousands of reais

CONSOLIDATED BRADESCO

| | Up to 30 days | From 31 to 180 days | From 181 to 360 days | More than 360 days | Indeterminate | Total |
|--|-------------------|------------------------|-------------------------|-----------------------|-------------------|--------------------|
| ASSETS | | | | | | |
| Current assets and long-term receivables | 94,276,714 | 19,240,978 | 11,403,996 | 24,394,127 | - | 149,315,815 |
| Funds available | 1,772,881 | - | - | - | - | 1,772,881 |
| Interbank investments | 19,977,338 | 408,254 | 416,319 | 193,877 | - | 20,995,788 |
| Securities and derivative financial instruments (1) | 32,802,884 | 2,137,727 | 2,582,234 | 5,272,687 | - | 42,795,532 |
| Interbank and interdepartmental accounts | 14,699,576 | 4,859 | 5,917 | 314,103 | - | 15,024,455 |
| Credit and leasing operations | 8,622,813 | 15,215,186 | 6,353,416 | 12,327,732 | - | 42,519,147 |
| Other receivables and other assets | 16,401,222 | 1,474,952 | 2,046,110 | 6,285,728 | - | 26,208,012 |
| Permanent assets | 52,126 | 260,628 | 312,755 | 3,425,419 | 1,122,531 | 5,173,459 |
| Investments | - | - | - | - | 494,593 | 494,593 |
| Property and equipment in use and leased assets | 22,588 | 112,937 | 135,525 | 1,767,066 | 627,938 | 2,666,054 |
| Deferred charges | 29,538 | 147,691 | 177,230 | 1,658,353 | - | 2,012,812 |
| Total | 94,328,840 | 19,501,606 | 11,716,751 | 27,819,546 | 1,122,531 | 154,489,274 |
| LIABILITIES | | | | | | |
| Current and long-term liabilities | 71,556,501 | 11,217,246 | 9,952,307 | 29,239,357 | - | 121,965,411 |
| Deposits (2) | 34,937,689 | 3,875,991 | 4,308,773 | 13,699,753 | - | 56,822,206 |
| Deposits received under security repurchase agreements | 17,516,801 | 67,005 | 21,433 | 963,437 | - | 18,568,676 |
| Funds from the acceptance and issuance of securities | 796,160 | 2,133,079 | 1,072,253 | 1,743,463 | - | 5,744,955 |
| Interbank and interdepartmental accounts | 1,734,589 | - | - | - | - | 1,734,589 |
| Borrowings and onlendings | 1,565,082 | 3,846,260 | 3,416,885 | 5,744,143 | - | 14,572,370 |
| Derivative financial instruments | 225,629 | 29,086 | 26,801 | 28,273 | - | 309,789 |
| Other liabilities: | | | | | | |
| - Subordinated debt | 9,820 | 34,914 | - | 3,293,011 | - | 3,337,745 |
| - Other | 14,770,731 | 1,230,911 | 1,106,162 | 3,767,277 | - | 20,875,081 |
| Technical reserves for insurance, private pension plans and savings bonds | - | - | - | 19,857,515 | - | 19,857,515 |
| Deferred income | 36,244 | 743 | - | - | - | 36,987 |
| Minority interest in subsidiaries | - | - | - | - | 107,257 | 107,257 |
| Stockholders' equity | - | - | - | - | 12,522,104 | 12,522,104 |
| Total | 71,592,745 | 11,217,989 | 9,952,307 | 49,096,872 | 12,629,361 | 154,489,274 |
| Accumulated net assets in 2003 | 22,736,095 | 31,019,712 | 32,784,156 | 11,506,830 | - | - |
| Accumulated net assets in 2002 | 7,771,334 | 15,768,068 | 17,231,053 | 4,725,654 | - | - |

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- (1) Investment fund applications are classified as up to 30 days.
(2) Demand and savings account deposits are classified as up to 30 days without considering average historical turnover.
8) Funds Available

a) Funds available are comprised by:

| | At June 30 In thousands of reais | | | |
|---------------------|----------------------------------|------------------|------------------|------------------|
| | CONSOLIDATED BRADESCO | | BRADESCO | |
| | 2003 | 2002 | 2003 | 2002 |
| Local currency | 1,528,608 | 1,145,411 | 1,381,095 | 1,045,095 |
| Foreign currency | 243,558 | 985,458 | 155,344 | 136,617 |
| Investments in gold | 715 | 462 | 36 | 32 |
| Total | 1,772,881 | 2,131,331 | 1,536,475 | 1,181,744 |

b) Statement of cash flows

As additional information for readers, we present below the statement of cash flows prepared based on the indirect method. The information is presented in conformity with the definitions set forth in the Chart of Accounts for National Financial System Institutions (COSIF).

| | At June 30 In thousands of reais | | | |
|--|----------------------------------|----------------|------------------|----------------|
| | CONSOLIDATED BRADESCO | | BRADESCO | |
| | 2003 | 2002 | 2003 | 2002 |
| OPERATING ACTIVITIES | | | | |
| NET INCOME | 1,027,311 | 904,238 | 1,027,311 | 904,238 |
| ADJUSTMENTS TO RECONCILE NET INCOME TO CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES | | | | |
| Provision for loan losses | 1,395,034 | 1,343,505 | 1,231,311 | 1,058,497 |
| (Reversal of) Provision for losses on short-term interbank investments, securities and investments | 31,153 | 105,738 | (17,398) | 16,124 |
| Variation in technical reserves for insurance, private pension plans and savings bonds | 1,725,366 | 426,623 | - | - |
| Depreciation and amortization | 291,166 | 223,501 | 173,355 | 125,253 |
| Amortization of goodwill (Notes 31 and 32) | 799,889 | 96,125 | 57,956 | 65,189 |
| Results of investments accounted for by the equity method | 32,714 | (23,104) | (681,099) | (925,990) |
| Other | 16,620 | (3,771) | (307,547) | 107,954 |
| CHANGE IN ASSETS AND LIABILITIES: | | | | |
| Decrease (increase) in short-term interbank investments | 484,982 | (1,543,990) | (2,078,993) | (2,700,057) |
| Decrease (increase) in securities and derivative financial instruments | (6,074,221) | 2,880,938 | (1,805,997) | 5,001,433 |
| Decrease (increase) in interbank accounts | (677,007) | (752,747) | (698,634) | (587,053) |
| Decrease (increase) in interdepartmental accounts | (150,108) | (68,254) | (41,634) | (57,947) |
| Decrease (increase) in credit operations | (1,690,750) | (5,756,721) | (1,486,151) | (364,102) |
| Decrease (increase) in leasing operations | 64,112 | (139,675) | - | - |
| Decrease (increase) in insurance premiums receivable | (221,970) | (39,854) | - | - |
| Decrease (increase) in other receivables | (4,132,325) | (7,486,144) | (4,082,474) | (6,381,462) |
| Decrease (increase) in other assets | (18,375) | (192,774) | 2,145 | (66,754) |
| | (1,122,097) | (990,288) | (922,779) | (827,488) |

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Amounts written off against the allowance for loan losses

Increase (decrease) in technical reserves for insurance, private

| | | | | |
|--|-----------|-----------|-----------|-----------|
| pension plans and savings bonds | 1,851,431 | 931,510 | - | - |
| Increase (decrease) in other liabilities | 3,303,830 | 5,265,452 | 3,394,981 | 4,839,029 |
| Increase (decrease) in deferred income | 21,144 | 2,887 | (3,311) | (629) |

NET CASH PROVIDED BY (USED IN)

OPERATING ACTIVITIES (3,042,101) (4,816,805) (6,238,958) 206,235

INVESTING ACTIVITIES

| | | | | |
|---|-------------|-------------|-------------|-------------|
| Decrease (increase) in compulsory deposits Brazilian Central Bank | (1,272,005) | (837,954) | (1,350,820) | (519,678) |
| Sale of non-operating assets | 88,888 | 50,175 | 57,137 | 38,472 |
| Sale of investments | 18,430 | 362,316 | 252,762 | 70,254 |
| Sale of property and equipment in use and leased assets | 62,493 | 87,978 | 6,966 | 34,909 |
| Decrease in deferred charges | 26,690 | 2,812 | 4,694 | 131 |
| Acquisition of non-operating assets | (125,274) | (123,801) | (39,313) | (63,676) |
| Acquisition of investments | (85,341) | (419,978) | (3,270,896) | (1,864,553) |
| Acquisition of property and equipment in use and leased assets | (460,298) | (715,792) | (187,308) | (163,747) |
| Deferred charges | (503,558) | (1,373,367) | (191,123) | (57,095) |
| Interest attributed to own capital / dividends received | 21,874 | 17,486 | 271,194 | 646,557 |

NET CASH PROVIDED BY (USED IN)

INVESTING ACTIVITIES (2,228,101) (2,950,125) (4,446,707) (1,878,426)

FINANCING ACTIVITIES

| | | | | |
|--|-------------|-------------|-------------|-------------|
| Increase (decrease) in deposits | 459,043 | 9,764,377 | 4,867,662 | 5,511,298 |
| Increase (decrease) in deposits received from security repurchase agreements | 2,555,711 | (5,362,208) | 4,566,548 | (5,568,980) |
| Increase (decrease) in funds from issuance of securities | 2,608,113 | 322,042 | 2,164,091 | (730,439) |
| Increase (decrease) in borrowings and onlendings | (1,865,983) | 2,268,155 | (1,820,581) | 1,546,119 |
| Capital increase through subscription | 501,000 | - | 501,000 | - |
| Capital increase through incorporation of shares | 788,735 | - | 788,735 | - |
| Capital reserves fiscal incentives | 844 | - | 844 | - |
| Share premium | 7,046 | - | 7,046 | - |
| Interest attributed to own capital and dividends paid and/or accrued | (633,326) | (316,249) | (633,326) | (316,249) |
| Acquisition of own shares | - | (38,759) | - | (38,759) |
| Variation in minority interest | (163,807) | 175,116 | - | - |

NET CASH PROVIDED BY (USED IN)

FINANCING ACTIVITIES 4,257,376 6,812,474 10,442,019 402,990

DECREASE IN FUNDS AVAILABLE, NET (1,012,826) (954,456) (243,646) (1,269,201)

| | | | | | |
|---------------------------------------|----------------------------------|-------------|-----------|-----------|-------------|
| CHANGE IN FUNDS AVAILABLE, NET | At the beginning of the period | 2,785,707 | 3,085,787 | 1,780,121 | 2,450,945 |
| | At the end of the period | 1,772,881 | 2,131,331 | 1,536,475 | 1,181,744 |
| | Decrease in funds available, net | (1,012,826) | (954,456) | (243,646) | (1,269,201) |

9) Interbank Investments

a) Interbank investments are presented below with their corresponding days to maturity:

At June 30 - In thousands of reais

| Up to 30 days | From 31 to 180 days | From 181 to 360 days | More than 360 days | Total |
|---------------|---------------------|----------------------|--------------------|-------|
|---------------|---------------------|----------------------|--------------------|-------|

| | | | | | Consolidated | Bradesco |
|--|-------------------|----------------|----------------|----------------|-------------------|-------------------|
| Securities purchased under resale agreements: | | | | | | |
| Own portfolio position | 828,462 | - | - | - | 828,462 | 1,827,647 |
| National Treasury Bonds | 674,698 | - | - | - | 674,698 | 448,197 |
| Financial Treasury Notes | 152,185 | - | - | - | 152,185 | 1,273,129 |
| National Treasury Notes | - | - | - | - | - | 106,321 |
| Others | 1,579 | - | - | - | 1,579 | - |
| Third-party portfolio position | 16,685,797 | - | - | - | 16,685,797 | 16,937,669 |
| National Treasury Bonds | 11,296,518 | - | - | - | 11,296,518 | 11,548,390 |
| Financial Treasury Notes | 5,389,279 | - | - | - | 5,389,279 | 5,389,279 |
| Subtotal | 17,514,259 | - | - | - | 17,514,259 | 18,765,316 |
| Interbank deposits: | | | | | | |
| Interbank deposits | 2,463,110 | 408,936 | 416,705 | 194,005 | 3,482,756 | 11,222,576 |
| Provision for loss | (31) | (682) | (386) | (128) | (1,227) | (1,088) |
| Subtotal | 2,463,079 | 408,254 | 416,319 | 193,877 | 3,481,529 | 11,221,488 |
| Total in 2003 | 19,977,338 | 408,254 | 416,319 | 193,877 | 20,995,788 | 29,986,804 |
| % | 95.2 | 1.9 | 2.0 | 0.9 | 100.0 | |
| Total in 2002 | 4,717,487 | 377,993 | 185,570 | 121,197 | 5,402,247 | 11,552,841 |
| % | 87.3 | 7.0 | 3.5 | 2.2 | 100.0 | |

b) Income from interbank investments

We present below income from interbank investments, classified in the statement of income as income on security transactions:

Six-month periods ended June 30 - In thousands of reais

| | CONSOLIDATED BRADESCO | | BRADESCO | |
|--|-----------------------|----------------|------------------|----------------|
| | 2003 | 2002 | 2003 | 2002 |
| Income on investments in purchase and sale commitments: | | | | |
| Own position | 239,477 | 6,946 | 323,599 | 3,094 |
| Third-party position | 1,862,954 | 252,951 | 2,011,375 | 399,063 |
| Subtotal | 2,102,431 | 259,897 | 2,334,974 | 402,157 |
| Interbank deposits | 156,171 | 103,636 | 933,918 | 423,481 |
| Total (Note 10e) | 2,258,602 | 363,533 | 3,268,892 | 825,638 |

10) Securities and Derivative Financial Instruments

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

At June 30 - In thousands of reais

| | Financial | Insurance/ Savings bond | Pension plan | Other activities | 2003 | % | 2002 | % |
|---------------------------|-------------------|----------------------------|-------------------|---------------------|-------------------|--------------|-------------------|--------------|
| Trading Securities | 14,183,717 | 2,417,075 | 16,480,096 | 69,895 | 33,150,783 | 77.5% | 19,266,510 | 50.8% |
| - Government securities | 12,262,828 | 2,261,983 | 16,071,685 | 37,272 | 30,633,768 | 71.6% | 18,133,781 | 47.8% |
| - Corporate bonds | 1,920,889 | 155,092 | 408,411 | 32,623 | 2,517,015 | 5.9% | 1,132,729 | 3.0% |
| | 1,371,215 | 1,472,542 | 1,238,109 | 96,631 | 4,178,497 | 9.7% | 14,781,745 | 39.0% |

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Securities available for sale

| | | | | | | | | |
|-------------------------|-----------|---------|-----------|--------|-----------|------|------------|-------|
| - Government securities | 212,935 | 976,710 | - | - | 1,189,645 | 2.7% | 10,868,956 | 28.7% |
| - Corporate bonds | 1,158,280 | 495,832 | 1,238,109 | 96,631 | 2,988,852 | 7.0% | 3,912,789 | 10.3% |

Securities held to maturity

| | | | | | | | | |
|--|------------------|---|------------------|---|------------------|--------------|------------------|-------------|
| | 2,071,503 | - | 2,626,007 | - | 4,697,510 | 11.0% | 3,515,671 | 9.3% |
|--|------------------|---|------------------|---|------------------|--------------|------------------|-------------|

| | | | | | | | | |
|-------------------------|-----------|---|-----------|---|-----------|-------|-----------|------|
| - Government securities | 2,071,503 | - | 2,626,007 | - | 4,697,510 | 11.0% | 3,515,671 | 9.3% |
|-------------------------|-----------|---|-----------|---|-----------|-------|-----------|------|

Derivative financial instruments

| | | | | | | | | |
|--|----------------|---|---|------------|----------------|-------------|----------------|-------------|
| | 768,448 | - | - | 294 | 768,742 | 1.8% | 345,399 | 0.9% |
|--|----------------|---|---|------------|----------------|-------------|----------------|-------------|

| | | | | | | | | |
|-------------------|---------|---|---|-----|---------|------|---------|------|
| - Corporate bonds | 768,448 | - | - | 294 | 768,742 | 1.8% | 345,399 | 0.9% |
|-------------------|---------|---|---|-----|---------|------|---------|------|

Total in 2003

| | | | | | | | | |
|-------------------------|-------------------|------------------|-------------------|----------------|-------------------|---------------|-------------------|---------------|
| | 18,394,883 | 3,889,617 | 20,344,212 | 166,820 | 42,795,532 | 100.0% | 37,909,325 | 100.0% |
| - Government securities | 14,547,266 | 3,238,693 | 18,697,692 | 37,272 | 36,520,923 | 85.3% | 32,518,408 | 85.8% |
| - Corporate bonds | 3,847,617 | 650,924 | 1,646,520 | 129,548 | 6,274,609 | 14.7% | 5,390,917 | 14.2% |

b) Consolidated portfolio composition by issuer

At June 30, 2003 - In thousands of reais

| SECURITIES (1) | Up to 30 days | From 31 to 180 days | From 181 to 360 days | More than 360 days | Market/book value (2) (3) (4) | Restated Cost | Unrealized gain (loss) | Unrealized gain (loss), net of tax effects |
|----------------------------------|------------------|---------------------|----------------------|--------------------|-------------------------------|-------------------|------------------------|--|
| GOVERNMENT SECURITIES | 6,390,441 | 3,630,981 | 6,932,814 | 19,566,687 | 36,520,923 | 36,567,532 | (46,609) | (30,762) |
| Financial Treasury Notes | 1,080,030 | 3,318,223 | 4,047,983 | 10,923,026 | 19,369,262 | 19,304,799 | 64,463 | 42,546 |
| National Treasury Bonds | 5,146,358 | 9,221 | 888,845 | 927,809 | 6,972,233 | 6,971,802 | 431 | 284 |
| Federal Treasury Notes | 34,998 | 18,479 | 795,091 | 6,273,885 | 7,122,453 | 7,136,969 | (14,516) | (9,580) |
| Brazilian Foreign Debt Notes | 70,825 | 17,833 | 213,758 | 1,319,030 | 1,621,446 | 1,677,844 | (56,398) | (37,223) |
| Central Bank Notes | 6,699 | 266,911 | 983,932 | 36,066 | 1,293,608 | 1,296,626 | (3,018) | (1,992) |
| Other | 51,531 | 314 | 3,205 | 86,871 | 141,921 | 179,492 | (37,571) | (24,797) |
| CORPORATE BONDS | 2,449,639 | 645,314 | 244,367 | 2,935,289 | 6,274,609 | 6,041,787 | 232,822 | 153,663 |
| Debentures | 11,775 | 44,073 | 75,357 | 1,563,080 | 1,694,285 | 1,732,688 | (38,403) | (25,346) |
| Shares | 1,917,005 | - | - | - | 1,917,005 | 1,763,959 | 153,046 | 101,011 |
| Certificates of Bank Deposit | 140,308 | 94,299 | 3,252 | 760,656 | 998,515 | 998,925 | (410) | (271) |
| Derivative financial instruments | 231,642 | 206,103 | 92,163 | 238,834 | 768,742 | 649,802 | 118,940 | 78,500 |
| Promissory Notes | 14,241 | 250,247 | - | - | 264,488 | 264,625 | (137) | (90) |
| Foreign Securities | 72,242 | 29,397 | 32,552 | 107,898 | 242,089 | 232,251 | 9,838 | 6,493 |
| Other | 62,426 | 21,195 | 41,043 | 264,821 | 389,485 | 399,537 | (10,052) | (6,634) |
| TOTAL | 8,840,080 | 4,276,295 | 7,177,181 | 22,501,976 | 42,795,532 | 42,609,319 | 186,213 | 122,901 |

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

At June 30, 2003 - In thousands of reais

| SECURITIES (1) | Up to 30 days | From 31 to 180 days | From 181 to 360 days | More than 360 days | Market/book value (2) (3) (4) | Restated Cost | Unrealized gain (loss) | Unrealized gain (loss), net of tax effects |
|------------------------------|------------------|---------------------|----------------------|--------------------|-------------------------------|-------------------|------------------------|--|
| I. TRADING SECURITIES | 6,652,321 | 3,439,976 | 5,926,589 | 17,131,897 | 33,150,783 | 33,103,361 | 47,422 | 31,299 |

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| | | | | | | | | |
|--|------------------|------------------|------------------|-------------------|-------------------|-------------------|-----------------|-----------------|
| - Financial | 5,697,462 | 1,787,317 | 1,406,312 | 5,292,626 | 14,183,717 | 14,144,757 | 38,960 | 25,714 |
| National Treasury Bonds | 5,145,321 | 8,789 | 301,720 | 66,025 | 5,521,855 | 5,521,423 | 432 | 285 |
| Financial Treasury Notes | 329,651 | 1,372,365 | 100,240 | 2,719,484 | 4,521,740 | 4,444,813 | 76,927 | 50,772 |
| Federal Treasury Notes | 34,621 | 18,380 | 692,531 | 498,250 | 1,243,782 | 1,249,097 | (5,315) | (3,507) |
| Debentures | 4,465 | 586 | 8 | 860,353 | 865,412 | 865,412 | - | - |
| Certificates of Bank Deposit | 3,264 | 828 | 498 | 696,502 | 701,092 | 701,092 | - | - |
| Brazilian Foreign Debt Notes | 21,582 | 17,816 | 194,762 | 247,013 | 481,173 | 483,714 | (2,541) | (1,677) |
| Central Bank Notes | - | 266,911 | 78,832 | 35,159 | 380,902 | 383,920 | (3,018) | (1,992) |
| Foreign securities | 71,364 | 29,397 | 32,552 | 107,898 | 241,211 | 231,373 | 9,838 | 6,493 |
| Other | 87,194 | 72,245 | 5,169 | 61,942 | 226,550 | 263,913 | (37,363) | (24,660) |
| - Insurance and Savings Bond | 225,908 | 352,847 | 798,062 | 1,040,258 | 2,417,075 | 2,417,084 | (9) | (6) |
| Financial Treasury Notes | 75,276 | 351,020 | 644,476 | 1,011,876 | 2,082,648 | 2,082,657 | (9) | (6) |
| National Treasury Bonds | 250 | 432 | 152,632 | - | 153,314 | 153,314 | - | - |
| Shares | 116,833 | - | - | - | 116,833 | 116,833 | - | - |
| Other | 33,549 | 1,395 | 954 | 28,382 | 64,280 | 64,280 | - | - |
| - Private Pension Plan | 713,121 | 1,286,369 | 3,694,755 | 10,785,851 | 16,480,096 | 16,471,631 | 8,465 | 5,587 |
| Financial Treasury Notes | 543,883 | 1,278,317 | 3,257,912 | 6,807,429 | 11,887,541 | 11,879,075 | 8,466 | 5,588 |
| Federal Treasury Notes | 377 | 99 | - | 2,886,213 | 2,886,689 | 2,886,689 | - | - |
| National Treasury Bonds | - | - | 434,491 | 861,784 | 1,296,275 | 1,296,276 | (1) | (1) |
| Shares | 166,669 | - | - | - | 166,669 | 166,669 | - | - |
| Other | 2,192 | 7,953 | 2,352 | 230,425 | 242,922 | 242,922 | - | - |
| - Other activities | 15,830 | 13,443 | 27,460 | 13,162 | 69,895 | 69,889 | 6 | 4 |
| Financial Treasury Notes | 7,495 | 13,307 | 2,688 | 12,991 | 36,481 | 36,474 | 7 | 5 |
| Funds of other institutions | 7,403 | - | 24,770 | 14 | 32,187 | 32,187 | - | - |
| National Treasury Bonds | 787 | - | 2 | - | 789 | 789 | - | - |
| Other | 145 | 136 | - | 157 | 438 | 439 | (1) | (1) |
| II. SECURITIES AVAILABLE FOR SALE | 1,901,177 | 630,216 | 145,549 | 1,501,555 | 4,178,497 | 4,158,646 | 19,851 | 13,102 |
| - Financial | 477,175 | 267,429 | 102,099 | 524,512 | 1,371,215 | 1,435,261 | (64,046) | (42,270) |
| Shares | 449,063 | - | - | - | 449,063 | 404,131 | 44,932 | 29,655 |
| Debentures | 3,112 | 11,859 | 75,194 | 247,998 | 338,163 | 358,780 | (20,617) | (13,607) |
| Promissory Notes | - | 176,376 | - | - | 176,376 | 176,376 | - | - |
| Brazilian Foreign Debt Notes | 1,002 | 17 | 12,596 | 149,291 | 162,906 | 216,763 | (53,857) | (35,545) |
| Certificates of Bank Deposit | 1,928 | 68,316 | - | 3,524 | 73,768 | 74,179 | (411) | (271) |
| Other | 22,070 | 10,861 | 14,309 | 123,699 | 170,939 | 205,032 | (34,093) | (22,502) |
| - Insurance and Savings Bond | 499,056 | 330,969 | 43,450 | 599,067 | 1,472,542 | 1,446,660 | 25,882 | 17,082 |

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| | | | | | | | | |
|---|------------------|------------------|------------------|-------------------|-------------------|-------------------|-----------------|-----------------|
| Financial Treasury Notes | 115,114 | 303,214 | 42,667 | 358,364 | 819,359 | 816,778 | 2,581 | 1,703 |
| Shares | 381,264 | - | - | - | 381,264 | 331,110 | 50,154 | 33,102 |
| Federal Treasury Notes | - | - | - | 157,344 | 157,344 | 166,545 | (9,201) | (6,073) |
| Other | 2,678 | 27,755 | 783 | 83,359 | 114,575 | 132,227 | (17,652) | (11,650) |
| - Private Pension Plan | 887,567 | 25,722 | - | 324,820 | 1,238,109 | 1,179,988 | 58,121 | 38,360 |
| Shares | 771,160 | - | - | - | 771,160 | 712,906 | 58,254 | 38,448 |
| Debentures | 6 | 10,374 | - | 324,820 | 335,200 | 335,333 | (133) | (88) |
| Other | 116,401 | 15,348 | - | - | 131,749 | 131,749 | - | - |
| - Other activities | 37,379 | 6,096 | - | 53,156 | 96,631 | 96,737 | (106) | (70) |
| Certificates of Bank | | | | | | | | |
| Deposit | 28,564 | 6,096 | - | 53,156 | 87,816 | 87,816 | - | - |
| Other | 8,815 | - | - | - | 8,815 | 8,921 | (106) | (70) |
| III. SECURITIES HELD TO MATURITY | 54,940 | - | 1,012,880 | 3,629,690 | 4,697,510 | 4,697,510 | - | - |
| - Financial | 54,940 | - | 1,012,880 | 1,003,683 | 2,071,503 | 2,071,503 | - | - |
| Brazilian Foreign Debt | | | | | | | | |
| Notes | 48,241 | - | 6,400 | 922,726 | 977,367 | 977,367 | - | - |
| Central Bank Notes | 6,699 | - | 903,920 | 907 | 911,526 | 911,526 | - | - |
| Federal Treasury Notes | - | - | 102,560 | 80,050 | 182,610 | 182,610 | - | - |
| - Private Pension Plan | - | - | - | 2,626,007 | 2,626,007 | 2,626,007 | - | - |
| Federal Treasury Notes | - | - | - | 2,626,007 | 2,626,007 | 2,626,007 | - | - |
| IV. DERIVATIVE FINANCIAL INSTRUMENTS (ASSETS) | 231,642 | 206,103 | 92,163 | 238,834 | 768,742 | 649,802 | 118,940 | 78,500 |
| - Financial | 231,348 | 206,103 | 92,163 | 238,834 | 768,448 | 649,508 | 118,940 | 78,500 |
| Derivative financial instruments | 231,348 | 206,103 | 92,163 | 238,834 | 768,448 | 649,508 | 118,940 | 78,500 |
| - Other activities | 294 | - | - | - | 294 | 294 | - | - |
| Derivative financial instruments | 294 | - | - | - | 294 | 294 | - | - |
| Total | 8,840,080 | 4,276,295 | 7,177,181 | 22,501,976 | 42,795,532 | 42,609,319 | 186,213 | 122,901 |
| DERIVATIVE FINANCIAL INSTRUMENTS (LIABILITIES) | (225,629) | (29,086) | (26,801) | (28,273) | (309,789) | (285,515) | (24,274) | (16,021) |

(1) Investment fund applications were distributed based on the securities comprising their portfolios, maintaining the fund category classification.

(2) The number of days to maturity was based on the maturity of the securities, regardless of accounting classification.

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- (3) This column reflects book value subsequent to mark-to-market, except for securities held to maturity, whose market value is higher than book value by R\$ 159,054 thousand, net of tax effects.
- (4) The market value of securities is determined based on the market price practiced on the balance sheet date. In the event no market prices are available, amounts are estimated based on the prices quoted by dealers, on price definition models, quotation models or quotations for instruments with similar characteristics.
- d) Composition of the portfolios by account:

At June 30, 2003 - In thousands of reais

| | Up to 30 days | From 31 to 180 days | From 181 to 360 days | More than 360 days | Total | |
|-------------------------------------|------------------|------------------------|-------------------------|-----------------------|-------------------|------------------|
| | | | | | Consolidated | Bradesco |
| Own Portfolio | 8,510,180 | 3,160,811 | 4,836,013 | 19,146,562 | 35,653,566 | 3,168,742 |
| Fixed income securities | 6,595,097 | 3,160,811 | 4,836,013 | 19,146,562 | 33,738,483 | 2,728,965 |
| Financial Treasury Notes | 1,030,559 | 2,702,912 | 3,428,045 | 8,459,680 | 15,621,196 | 102,272 |
| National Treasury Bonds | 5,146,357 | 438 | 791,458 | 927,414 | 6,865,667 | 258,483 |
| Federal Treasury Notes | 30,757 | 102 | 161,307 | 5,884,046 | 6,076,212 | 88,439 |
| Debentures | 11,775 | 44,074 | 75,356 | 1,563,080 | 1,694,285 | 693,932 |
| Brazilian Foreign Debt Notes | 64,607 | 17,833 | 143,335 | 1,139,845 | 1,365,620 | 1,101,320 |
| Certificates of Bank Deposit | 140,308 | 94,299 | 3,252 | 760,656 | 998,515 | 69,208 |
| Promissory notes | 14,241 | 250,247 | - | - | 264,488 | 4,453 |
| Foreign securities | 35,936 | 29,397 | 32,552 | 107,898 | 205,783 | 143,883 |
| Central Bank Notes | 6,699 | - | 156,459 | 35,160 | 198,318 | 161,979 |
| Other | 113,858 | 21,509 | 44,249 | 268,783 | 448,399 | 104,996 |
| Equity securities | 1,915,083 | - | - | - | 1,915,083 | 439,777 |
| Shares of listed companies | | | | | | |
| (technical reserve) | 1,122,472 | - | - | - | 1,122,472 | - |
| Shares and quotas (other) | 792,611 | - | - | - | 792,611 | 439,777 |
| Subject to commitments | 329,900 | 1,115,484 | 2,341,168 | 3,355,414 | 7,141,966 | 5,648,251 |
| Purchase and sale agreements | 54,196 | 18,158 | 620,177 | 182,334 | 874,865 | 1,293,018 |
| Financial Treasury Notes | 11,673 | 12,640 | 545,687 | 2,242 | 572,242 | 24,712 |
| Brazilian Foreign Debt Notes | 6,218 | - | 70,423 | 179,185 | 255,826 | 255,826 |
| Foreign securities | 36,305 | - | - | - | 36,305 | - |
| National Treasury Bonds | - | 5,518 | - | - | 5,518 | 5,518 |
| Central Bank Notes | - | - | 4,067 | 907 | 4,974 | 4,974 |
| Debentures | - | - | - | - | - | 1,001,988 |
| Brazilian Central Bank | 22,936 | 792,253 | 1,415,343 | 1,338,156 | 3,568,688 | 2,545,907 |
| Financial Treasury Notes | 18,694 | 506,966 | 49,696 | 1,041,924 | 1,617,280 | 613,997 |
| Federal Treasury Notes | 4,242 | 18,377 | 624,114 | 296,232 | 942,965 | 923,467 |
| Central Bank Notes | - | 266,910 | 655,408 | - | 922,318 | 922,318 |
| National Treasury Bonds | - | - | 86,125 | - | 86,125 | 86,125 |
| Privatization currencies | 101 | - | - | 82,907 | 83,008 | 21,996 |
| Collateral provided | 21,025 | 98,970 | 213,485 | 1,513,183 | 1,846,663 | 1,268,743 |
| Financial Treasury Notes | 19,103 | 95,705 | 24,555 | 1,419,181 | 1,558,544 | 1,046,759 |
| Central Bank Notes | - | - | 167,998 | - | 167,998 | 167,998 |
| Federal Treasury Notes | - | - | 9,670 | 93,606 | 103,276 | 42,724 |
| National Treasury Bonds | - | 3,265 | 11,262 | 396 | 14,923 | 11,262 |
| Equity securities | 1,922 | - | - | - | 1,922 | - |

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| | | | | | | |
|---|-------------------|-------------------|------------------|-------------------|-------------------|-------------------|
| Derivative financial instruments | 231,642 | 206,103 | 92,163 | 238,834 | 768,742 | 518,587 |
| Total in 2003 | 8,840,080 | 4,276,295 | 7,177,181 | 22,501,976 | 42,795,532 | 8,816,993 |
| % | 20.7 | 10.0 | 16.8 | 52.5 | 100.0 | |
| Total in 2002 | 10,201,582 | 12,698,619 | 1,256,743 | 13,752,381 | 37,909,325 | 10,561,360 |
| % | 26.9 | 33.5 | 3.3 | 36.3 | 100.0 | |

Investment fund applications were distributed based on the securities comprising their portfolios. The number of days to maturity was based on the maturity of the securities, regardless of accounting classification.

e) At June 30, 2003, an amount of R\$ 1,521,134 thousand of investment fund applications was reclassified from securities available for sale to trading securities and an amount of R\$ 215,137 thousand of Brazilian foreign debt notes from securities held to maturity to securities available for sale. These reclassifications decreased stockholders' equity by R\$ 53,757 thousand with no effect, however, on income. The reclassifications were based on Management's reassessment of the new profile of the securities portfolio following the acquisition of BBV Banco.

f) Income on security transactions, financial income on insurance, private pension plans and savings bonds and derivative financial instruments

We present below the composition of the results of transactions with securities and derivative financial instruments:

| Revenue | Six-month periods ended June 30 In thousands of reais | | | |
|--|---|------------------|------------------|------------------|
| | CONSOLIDATED BRADESCO | | BRADESCO | |
| | 2003 | 2002 | 2003 | 2002 |
| Fixed income securities (1) | 1,147,867 | 2,764,139 | 307,361 | 1,811,238 |
| Interbank investments (2) | 2,258,602 | 363,533 | 3,268,892 | 825,638 |
| Allocation of exchange variation of foreign branches | (782,429) | 683,173 | - | - |
| Equity securities | 162,061 | 109,805 | 13,685 | (20,991) |
| Other | (107) | 130 | (7) | 8 |
| Subtotal | 2,785,994 | 3,920,780 | 3,589,931 | 2,615,893 |
| Financial income on insurance, private pension plans and savings bonds | 2,613,256 | 1,102,886 | - | - |
| Transactions with derivatives (3) | 13,157 | (795,253) | (245,716) | (575,943) |
| Total | 5,412,407 | 4,228,413 | 3,344,215 | 2,039,950 |

(1) Includes foreign securities.

(2) Note 9b.

(3) Note 34c.

11) Additional Provision for Market Risk Fluctuation, Net of Tax Effects

| | In thousands of reais | | |
|-------------------------------------|-----------------------|--------------------|----------------|
| | Investment | Exchange variation | Total |
| Balance at December 31, 2002 | 22,446 | 504,160 | 526,606 |
| Amount written off | (22,446) | (504,160) | (526,606) |
| Balance at June 30, 2003 | - | - | - |

12) Interbank Accounts Restricted Deposits

a) We present below the Restricted Deposits account:

| | At June 30 In thousands of reais | |
|--|----------------------------------|----------|
| | CONSOLIDATED BRADESCO | BRADESCO |
| | | |

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| | 2003 | 2002 | 2003 | 2002 |
|--|-------------------|------------------|-------------------|------------------|
| Compulsory deposits demand deposits (1) | 5,280,237 | 2,976,762 | 4,848,395 | 2,542,308 |
| Compulsory deposits savings account deposits (2) | 4,130,582 | 2,767,694 | 3,864,038 | 2,585,052 |
| Additional compulsory deposits (3) | 4,380,821 | - | 3,860,101 | - |
| Restricted deposits National Housing System (4) | 384,536 | 397,274 | 156,070 | 156,438 |
| Funds from agricultural loans (4) | 578 | 578 | 578 | 578 |
| Total | 14,176,754 | 6,142,308 | 12,729,182 | 5,284,376 |

- (1) Without remuneration.
(2) Remunerated at the same rate as savings account deposits.
(3) Additional compulsory deposit on demand, savings and time deposits remunerated based on the variation in the Brazilian Central Bank reference rate (SELIC).
(4) Remunerated based on the reference rate (TR).
b) Income on compulsory deposits

We present below income on restricted deposits:

Six-month periods ended June 30 In thousands of reais

| | CONSOLIDATED BRADESCO | | BRADESCO | |
|---|-----------------------|----------------|----------------|----------------|
| | 2003 | 2002 | 2003 | 2002 |
| Restricted deposits BACEN (compulsory deposits) | 708,109 | 131,509 | 639,069 | 111,977 |
| Restricted deposits National Housing System (SFH) | 22,814 | 9,274 | 8,048 | 5,637 |
| Total | 730,923 | 140,783 | 647,117 | 117,614 |

13) Credit Operations

The information relating to credit operations including advances on foreign exchange contracts, leasing operations and other receivables is presented as follows:

- a) Credit operations by type and maturity.
b) Credit operations arising from new acquisitions.
c) Credit operations by type and risk level.
d) Concentration of credit operations.
e) Credit operations by activity sector.
f) Composition of credit operations and allowance for loan losses.
g) Movement of the allowance for loan losses.
h) Recovery and renegotiation of credit operations.
i) Income on credit operations.

- a) Credit operations by type and maturity

At June 30 - In thousands of reais

| | CONSOLIDATED BRADESCO | | | | | | | | | |
|---|-----------------------|------------------|------------------|------------------|------------------|--------------------|-------------------|-------------|-------------------|-------------|
| | Normal Course | | | | | | | | | |
| | Up to 30 days | 31 to 60 days | 61 to 90 days | 91 to 180 days | 181 to 360 days | More than 360 days | Total in 2003 (A) | % | Total in 2002 (A) | % |
| Discount of trade receivables and other loans | 6,940,971 | 4,919,265 | 2,545,724 | 2,529,232 | 2,787,837 | 2,658,536 | 22,381,565 | 41.1 | 21,246,191 | 41.5 |
| Financings | 1,211,717 | 1,083,327 | 918,575 | 1,929,062 | 2,704,449 | 6,832,075 | 14,679,205 | 27.0 | 15,037,298 | 29.3 |
| Rural and agribusiness loans | 205,138 | 178,251 | 173,876 | 540,720 | 422,516 | 2,448,185 | 3,968,686 | 7.3 | 3,252,393 | 6.3 |
| Subtotal | 8,357,826 | 6,180,843 | 3,638,175 | 4,999,014 | 5,914,802 | 11,938,796 | 41,029,456 | 75.4 | 39,535,882 | 77.1 |

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| | | | | | | | | | | |
|--|-------------------|------------------|------------------|------------------|------------------|-------------------|-------------------|--------------|-------------------|--------------|
| Leasing operations | 112,354 | 77,343 | 76,325 | 208,751 | 310,907 | 607,603 | 1,393,283 | 2.5 | 1,634,933 | 3.2 |
| Advances on foreign exchange contracts (1) | 1,361,572 | 1,006,907 | 730,488 | 1,490,271 | 1,162,459 | 12,593 | 5,764,290 | 10.6 | 6,304,334 | 12.3 |
| Subtotal | 9,831,752 | 7,265,093 | 4,444,988 | 6,698,036 | 7,388,168 | 12,558,992 | 48,187,029 | 88.5 | 47,475,149 | 92.6 |
| Other receivables (2) | 76,905 | 38,851 | 55,655 | 37,362 | 119,320 | 381,244 | 709,337 | 1.3 | 482,048 | 0.9 |
| Total credit operations | 9,908,657 | 7,303,944 | 4,500,643 | 6,735,398 | 7,507,488 | 12,940,236 | 48,896,366 | 89.8 | 47,957,197 | 93.5 |
| Sureties and guarantees(3) | 782,763 | 370,552 | 258,949 | 764,259 | 583,547 | 2,821,261 | 5,581,331 | 10.2 | 3,348,179 | 6.5 |
| Total in 2003 | 10,691,420 | 7,674,496 | 4,759,592 | 7,499,657 | 8,091,035 | 15,761,497 | 54,477,697 | 100.0 | | |
| Total in 2002 | 12,520,941 | 5,699,009 | 5,084,388 | 7,229,069 | 7,412,197 | 13,359,772 | | | 51,305,376 | 100.0 |

At June 30 - In thousands of reais

CONSOLIDATED BRADESCO

Abnormal Course

Past Due Installments

| | Up to 30 days | 31 to 60 days | 61 to 90 days | 91 to 180 days | 181 to 720 days | Total in 2003 (B) | % | Total in 2002 (B) | % |
|---|----------------|----------------|----------------|----------------|-----------------|-------------------|--------------|-------------------|--------------|
| Discount of trade receivables and other loans | 265,970 | 185,675 | 180,974 | 353,494 | 396,378 | 1,382,491 | 75.6 | 1,628,438 | 75.9 |
| Financings | 71,240 | 74,182 | 28,048 | 59,343 | 54,228 | 287,041 | 15.7 | 289,091 | 13.5 |
| Rural and agribusiness loans | 2,364 | 1,878 | 1,945 | 2,175 | 21,213 | 29,575 | 1.6 | 37,917 | 1.8 |
| Subtotal | 339,574 | 261,735 | 210,967 | 415,012 | 471,819 | 1,699,107 | 92.9 | 1,955,446 | 91.2 |
| Leasing operations | 8,634 | 5,554 | 3,282 | 6,369 | 6,649 | 30,488 | 1.7 | 50,760 | 2.4 |
| Advances on foreign exchange contracts (1) | 17,658 | 8,184 | 2,420 | 5,120 | 11,486 | 44,868 | 2.5 | 34,557 | 1.6 |
| Subtotal | 365,866 | 275,473 | 216,669 | 426,501 | 489,954 | 1,774,463 | 97.1 | 2,040,763 | 95.2 |
| Other receivables (2) | 5,698 | 3,935 | 1,184 | 3,539 | 38,666 | 53,022 | 2.9 | 18,004 | 0.8 |
| Total credit operations | 371,564 | 279,408 | 217,853 | 430,040 | 528,620 | 1,827,485 | 100.0 | 2,058,767 | 96.0 |
| Sureties and guarantees (3) | - | - | - | - | - | - | - | 85,945 | 4.0 |
| Total in 2003 | 371,564 | 279,408 | 217,853 | 430,040 | 528,620 | 1,827,485 | 100.0 | | |
| Total in 2002 | 597,327 | 271,598 | 293,201 | 414,487 | 568,099 | | | 2,144,712 | 100.0 |

At June 30 - In thousands of reais

CONSOLIDATED BRADESCO

Abnormal Course

Installments Falling Due

Total

| | Up to 30 days | 31 to 60 days | 61 to 90 days | 91 to 180 days | 181 to 360 days | More than 360 days | Total in 2003 (C) | % | Total in 2002 (C) | % | In 2003 (A+B+C) | % | In 2002 (A+B+C) | % |
|--|----------------|----------------|----------------|----------------|-----------------|--------------------|-------------------|-------------|-------------------|-------------|-------------------|-------------|-------------------|-------------|
| Discount of trade receivables other loans | 120,668 | 97,389 | 67,544 | 188,686 | 215,387 | 371,996 | 1,061,670 | 45.7 | 1,053,488 | 41.2 | 24,825,726 | 42.3 | 23,928,117 | 42.7 |
| Financings | 90,420 | 65,041 | 60,745 | 165,062 | 257,305 | 477,046 | 1,115,619 | 48.0 | 1,289,758 | 50.4 | 16,081,865 | 27.4 | 16,616,147 | 29.7 |
| Rural and agribusiness loans | 388 | 351 | 890 | 999 | 1,395 | 5,252 | 9,275 | 0.4 | 12,897 | 0.5 | 4,007,536 | 6.9 | 3,303,207 | 5.9 |
| Subtotal | 211,476 | 162,781 | 129,179 | 354,747 | 474,087 | 854,294 | 2,186,564 | 94.1 | 2,356,143 | 92.1 | 44,915,127 | 76.6 | 43,847,471 | 78.3 |
| Leasing operations | 7,843 | 6,486 | 5,779 | 16,434 | 23,905 | 36,819 | 97,266 | 4.2 | 194,848 | 7.6 | 1,521,037 | 2.6 | 1,880,541 | 3.4 |
| Advances on foreign exchange contracts (1) | 4,895 | - | - | - | - | - | 4,895 | 0.2 | - | - | 5,814,053 | 9.9 | 6,338,891 | 11.3 |
| Subtotal | 224,214 | 169,267 | 134,958 | 371,181 | 497,992 | 891,113 | 2,288,725 | 98.5 | 2,550,991 | 99.7 | 52,250,217 | 89.1 | 52,066,903 | 93.0 |

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| | | | | | | | | | | | | | | |
|--------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|------------------|--------------|------------------|--------------|-------------------|--------------|-------------------|--------------|
| Other receivables (2) | 23,750 | 993 | 1,014 | 3,211 | 3,428 | 3,522 | 35,918 | 1.5 | 8,716 | 0.3 | 798,277 | 1.4 | 508,768 | 0.9 |
| Total credit operations | 247,964 | 170,260 | 135,972 | 374,392 | 501,420 | 894,635 | 2,324,643 | 100.0 | 2,559,707 | 100.0 | 53,048,494 | 90.5 | 52,575,671 | 93.9 |
| Sureties and guarantees (3) | - | - | - | - | - | - | - | - | - | - | 5,581,331 | 9.5 | 3,434,124 | 6.1 |
| Total in 2003 | 247,964 | 170,260 | 135,972 | 374,392 | 501,420 | 894,635 | 2,324,643 | 100.0 | | | 58,629,825 | 100.0 | | |
| Total in 2002 | 211,154 | 181,480 | 161,893 | 412,593 | 601,885 | 990,702 | | | 2,559,707 | 100.0 | | | 56,009,795 | 100.0 |

On an unconsolidated basis, normal course operations determined on the same bases as in the above exhibit total R\$ 37,030,748 thousand (2002 - R\$ 35,446,191 thousand), past-due installments total R\$ 1,420,121 thousand (2002 - R\$ 1,519,034 thousand) and installments falling due total R\$ 1,309,189 thousand (2002 - R\$ 1,454,680 thousand).

- (1) Advances on foreign exchange contracts and advances in foreign currency granted are recorded as a reduction of Other Liabilities .
 - (2) Other Receivables comprise receivables on guarantees honored, receivables on purchase of assets, credit instruments receivable; income receivable on foreign exchange contracts and receivables arising from export contracts.
 - (3) Recorded in memorandum accounts.
- b) Credit operations arising from new acquisitions.

We present below credit operations arising from the acquisition of BBV Banco:

| | At June 30, 2003 | In thousands of reais |
|--|------------------|-----------------------|
| Credit operations | | 3,398,505 |
| Leasing operations | | 146,433 |
| Other receivables | | 176,064 |
| Advances on foreign exchange contracts | | 270,849 |
| Total | | 3,991,851 |
| Normal course | | 3,807,226 |
| Abnormal course | | 184,625 |

c) Credit operations by type and risk level

At June 30 - In thousands of reais

| CONSOLIDATED BRADESCO | | | | | | | | | | | | | |
|---|-------------------|-------------------|------------------|------------------|------------------|----------------|----------------|----------------|------------------|-------------------|--------------|-------------------|--------------|
| Risk Levels | | | | | | | | | | | | | |
| CREDIT OPERATIONS | AA | A | B | C | D | E | F | G | H | Total in 2003 | % | Total in 2002 | % |
| Discount of trade receivables and other loans | 6,890,393 | 9,523,329 | 1,560,217 | 3,368,296 | 1,188,794 | 288,810 | 288,353 | 212,309 | 1,505,225 | 24,825,726 | 46.8 | 23,928,117 | 45.5 |
| Financings | 4,167,075 | 7,289,520 | 1,246,772 | 2,466,961 | 341,165 | 71,986 | 72,672 | 51,607 | 374,107 | 16,081,865 | 30.3 | 16,616,147 | 31.6 |
| Rural and agribusiness loans | 294,634 | 889,817 | 262,232 | 2,168,577 | 159,532 | 45,439 | 14,283 | 120,118 | 52,904 | 4,007,536 | 7.5 | 3,303,207 | 6.3 |
| Subtotal | 11,352,102 | 17,702,666 | 3,069,221 | 8,003,834 | 1,689,491 | 406,235 | 375,308 | 384,034 | 1,932,236 | 44,915,127 | 84.6 | 43,847,471 | 83.4 |
| Leasing operations | 56,768 | 562,339 | 208,496 | 519,734 | 39,367 | 11,229 | 51,101 | 8,522 | 63,481 | 1,521,037 | 2.9 | 1,880,541 | 3.6 |
| Advances on foreign exchange contracts | 3,835,636 | 919,049 | 588,847 | 336,207 | 98,274 | 7,012 | 2,931 | 11,737 | 14,360 | 5,814,053 | 11.0 | 6,338,891 | 12.0 |
| Subtotal | 15,244,506 | 19,184,054 | 3,866,564 | 8,859,775 | 1,827,132 | 424,476 | 429,340 | 404,293 | 2,010,077 | 52,250,217 | 98.5 | 52,066,903 | 99.0 |
| Other receivables | 259,169 | 222,921 | 83,453 | 111,982 | 13,550 | 54,553 | 3,133 | 1,518 | 47,998 | 798,277 | 1.5 | 508,768 | 1.0 |
| Total credit operations in 2003 | 15,503,675 | 19,406,975 | 3,950,017 | 8,971,757 | 1,840,682 | 479,029 | 432,473 | 405,811 | 2,058,075 | 53,048,494 | 100.0 | | |
| % | 29.2 | 36.6 | 7.4 | 16.9 | 3.5 | 0.9 | 0.8 | 0.8 | 3.9 | 100.0 | | | |
| Total credit operations in 2002 | 16,676,662 | 18,370,484 | 5,020,012 | 7,826,479 | 1,276,844 | 460,695 | 379,984 | 524,509 | 2,040,002 | | | 52,575,671 | 100.0 |
| % | 31.7 | 35.0 | 9.5 | 14.9 | 2.4 | 0.9 | 0.7 | 1.0 | 3.9 | | | 100.0 | |

At June 30 - In thousands of reais

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BRADESCO

Risk Levels

| CREDIT OPERATIONS | AA | A | B | C | D | E | F | G | H | Total in 2003 | % | Total in 2002 | % |
|--|-------------------|-------------------|------------------|------------------|------------------|----------------|----------------|----------------|------------------|----------------------|--------------|----------------------|--------------|
| Discount of trade receivable and other loans | 4,815,397 | 7,690,026 | 1,002,174 | 2,400,955 | 931,974 | 239,005 | 214,903 | 159,108 | 1,123,389 | 18,576,931 | 51.3 | 17,473,112 | 48.7 |
| Financings | 3,312,813 | 1,789,744 | 698,566 | 1,765,043 | 247,136 | 44,377 | 49,541 | 30,857 | 251,790 | 8,189,267 | 22.6 | 9,982,562 | 27.8 |
| Rural and agribusiness loans | 258,876 | 790,517 | 233,101 | 2,096,699 | 88,303 | 43,642 | 7,172 | 120,118 | 29,808 | 3,668,236 | 10.1 | 2,982,104 | 8.3 |
| Subtotal | 8,387,086 | 10,270,287 | 1,933,841 | 6,262,697 | 1,267,413 | 327,024 | 271,616 | 310,083 | 1,404,387 | 30,434,434 | 84.0 | 30,437,778 | 84.8 |
| Advances on foreign exchange contracts | 3,702,858 | 733,342 | 501,128 | 290,711 | 77,969 | 4,101 | 2,931 | 10,583 | 578 | 5,324,201 | 14.7 | 5,260,225 | 14.6 |
| Subtotal | 12,089,944 | 11,003,629 | 2,434,969 | 6,553,408 | 1,345,382 | 331,125 | 274,547 | 320,666 | 1,404,965 | 35,758,635 | 98.7 | 35,698,003 | 99.4 |
| Other receivables | 160,613 | 123,818 | 53,059 | 88,729 | 5,470 | 760 | 1,772 | 459 | 23,543 | 458,223 | 1.3 | 200,685 | 0.6 |
| Total credit operations in 2003 | 12,250,557 | 11,127,447 | 2,488,028 | 6,642,137 | 1,350,852 | 331,885 | 276,319 | 321,125 | 1,428,508 | 36,216,858 | 100.0 | | |
| % | 33.8 | 30.7 | 6.9 | 18.4 | 3.7 | 0.9 | 0.8 | 0.9 | 3.9 | 100.0 | | | |
| Total credit operations in 2002 | 13,448,928 | 11,038,569 | 2,856,233 | 5,329,034 | 773,805 | 328,007 | 286,669 | 435,061 | 1,402,382 | | | 35,898,688 | 100.0 |
| % | 37.5 | 30.7 | 8.0 | 14.8 | 2.2 | 0.9 | 0.8 | 1.2 | 3.9 | | | 100.0 | 100.0 |

d) Concentration of credit operations

At June 30 - In thousands of reais

CONSOLIDATED BRADESCO

BRADESCO

| | 2003 | 2002 | 2003 | 2002 |
|--|-------------|-------------|-------------|-------------|
| Largest borrower | 783,795 | 962,630 | 783,735 | 857,954 |
| Percentage of total credit operation portfolio | 1.5% | 1.8% | 2.2% | 2.4% |
| 10 largest borrowers | 4,871,243 | 4,718,273 | 4,223,658 | 3,914,170 |
| Percentage of total credit operation portfolio | 9.2% | 9.0% | 11.7% | 10.9% |
| 20 largest borrowers | 7,926,324 | 7,231,443 | 6,605,547 | 6,037,820 |
| Percentage of total credit operation portfolio | 14.9% | 13.8% | 18.2% | 16.8% |
| 50 largest borrowers | 13,264,813 | 11,874,792 | 11,066,170 | 9,696,074 |
| Percentage of total credit operation portfolio | 25.0% | 22.6% | 30.6% | 27.0% |
| 100 largest borrowers | 17,305,236 | 15,436,433 | 14,299,583 | 12,630,734 |
| Percentage of total credit operation portfolio | 32.6% | 29.4% | 39.5% | 35.2% |

e) Credit operations by activity sector

At June 30 - In thousands of reais

CONSOLIDATED BRADESCO

BRADESCO

| | 2003 | % | 2002 | % | 2003 | % | 2002 | % |
|-----------------------------|----------------|------------|----------------|------------|---------------|------------|---------------|------------|
| PUBLIC SECTOR | 196,511 | 0.4 | 215,973 | 0.4 | 60,248 | 0.2 | 66,236 | 0.2 |
| FEDERAL GOVERNMENT | 196,007 | 0.4 | 215,835 | 0.4 | 60,050 | 0.2 | 66,098 | 0.2 |
| Petrochemical | 196,007 | 0.4 | 215,835 | 0.4 | 60,050 | 0.2 | 66,098 | 0.2 |
| MUNICIPAL GOVERNMENT | 504 | - | 138 | - | 198 | - | 138 | - |
| Direct administration | 504 | - | 138 | - | 198 | - | 138 | - |

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| | | | | | | | | |
|---|-------------------|-------------|-------------------|-------------|-------------------|-------------|-------------------|-------------|
| PRIVATE SECTOR | 52,851,983 | 99.6 | 52,359,698 | 99.6 | 36,156,610 | 99.8 | 35,832,452 | 99.8 |
| MANUFACTURING | 17,149,578 | 32.4 | 17,421,681 | 33.2 | 13,675,444 | 37.7 | 13,789,330 | 38.4 |
| Steel, metallurgical and mechanical | 3,823,635 | 7.2 | 3,448,280 | 6.6 | 3,134,073 | 8.7 | 2,704,921 | 7.5 |
| Food and beverage | 3,237,103 | 6.1 | 3,555,948 | 6.9 | 2,741,296 | 7.6 | 3,042,258 | 8.5 |
| Chemical | 1,628,059 | 3.1 | 1,629,635 | 3.1 | 1,087,992 | 3.0 | 1,278,528 | 3.6 |
| Light and heavy vehicles | 1,331,878 | 2.5 | 1,148,617 | 2.2 | 1,088,054 | 3.0 | 1,021,019 | 2.8 |
| Paper and pulp | 1,067,455 | 2.0 | 957,104 | 1.8 | 846,783 | 2.3 | 680,714 | 1.9 |
| Textiles and clothing | 852,902 | 1.6 | 920,150 | 1.8 | 708,857 | 2.0 | 649,962 | 1.8 |
| Rubber and plastic articles | 728,187 | 1.4 | 493,145 | 0.9 | 660,584 | 1.8 | 445,311 | 1.2 |
| Electro-electronics | 624,883 | 1.2 | 716,379 | 1.4 | 490,470 | 1.3 | 547,003 | 1.5 |
| Publishing, printing and reproduction | 600,257 | 1.1 | 653,263 | 1.2 | 515,279 | 1.4 | 530,405 | 1.5 |
| Furniture and wood products | 507,662 | 1.0 | 437,102 | 0.8 | 415,622 | 1.1 | 342,670 | 1.0 |
| Automotive parts and accessories | 418,307 | 0.8 | 242,150 | 0.5 | 387,219 | 1.1 | 215,219 | 0.6 |
| Extraction of metallic and non-metallic ores | 391,357 | 0.7 | 1,165,234 | 2.2 | 348,134 | 1.0 | 957,258 | 2.7 |
| Oil refining and production of alcohol | 378,215 | 0.7 | 331,383 | 0.6 | 292,862 | 0.8 | 328,107 | 0.9 |
| Leather articles | 318,749 | 0.6 | 264,539 | 0.5 | 235,634 | 0.6 | 195,493 | 0.5 |
| Non-metallic materials | 242,401 | 0.5 | 439,096 | 0.8 | 237,851 | 0.7 | 411,052 | 1.2 |
| Other industries | 998,528 | 1.9 | 1,019,656 | 1.9 | 484,734 | 1.3 | 439,410 | 1.2 |
| COMMERCE | 8,616,974 | 16.3 | 7,822,629 | 14.9 | 6,023,980 | 16.7 | 4,924,847 | 13.7 |
| General merchandise wholesalers | 1,549,816 | 2.9 | 783,615 | 1.5 | 1,144,375 | 3.2 | 880,285 | 2.5 |
| Specialty store products | 1,459,880 | 2.8 | 1,359,817 | 2.6 | 1,148,388 | 3.2 | 1,160,668 | 3.2 |
| Food, beverages and tobacco products | 1,120,330 | 2.1 | 875,697 | 1.7 | 567,832 | 1.6 | 517,067 | 1.5 |
| Waste material and scrap | 608,770 | 1.1 | 290,752 | 0.6 | 592,522 | 1.6 | 285,887 | 0.8 |
| Vehicles | 533,561 | 1.0 | 614,024 | 1.2 | 314,357 | 0.9 | 99,858 | 0.3 |
| Non-specialized retailers | 495,491 | 0.9 | 436,209 | 0.8 | 458,872 | 1.3 | 371,345 | 1.0 |
| Clothing and footwear | 426,761 | 0.8 | 370,050 | 0.7 | 328,180 | 0.9 | 248,939 | 0.7 |
| Commercial intermediary | 361,580 | 0.7 | 179,682 | 0.3 | 335,102 | 0.9 | 166,793 | 0.5 |
| Articles for personal use and for use in the home | 350,187 | 0.7 | 366,767 | 0.7 | 311,120 | 0.9 | 248,105 | 0.7 |
| Repairs, parts and accessories for vehicles | 287,715 | 0.5 | 311,065 | 0.6 | 268,931 | 0.7 | 264,697 | 0.7 |
| Fuel | 271,896 | 0.5 | 258,826 | 0.5 | 227,459 | 0.6 | 189,578 | 0.5 |
| Agricultural products | 246,821 | 0.5 | 215,498 | 0.4 | 184,729 | 0.5 | 190,927 | 0.5 |
| Other commerce | 904,166 | 1.8 | 1,760,627 | 3.3 | 142,113 | 0.4 | 300,698 | 0.8 |
| FINANCIAL INTERMEDIATION | 605,216 | 1.1 | 474,487 | 0.9 | 580,049 | 1.6 | 551,491 | 1.5 |
| SERVICES | 11,247,762 | 21.0 | 11,467,811 | 21.8 | 6,617,760 | 18.3 | 7,238,734 | 20.2 |
| Telecommunications | 2,113,635 | 3.9 | 2,311,351 | 4.4 | 1,552,242 | 4.3 | 1,818,639 | 5.1 |
| Transport and storage | 1,863,992 | 3.5 | 1,633,419 | 3.1 | 816,982 | 2.2 | 788,165 | 2.2 |
| Civil construction | 1,614,316 | 3.0 | 1,630,438 | 3.1 | 1,044,898 | 2.9 | 1,167,955 | 3.3 |
| Real estate activities, rents and corporate services | 1,503,732 | 2.8 | 1,048,576 | 2.0 | 1,018,953 | 2.8 | 764,975 | 2.1 |
| Production and distribution of electric power, gas and water | 1,293,451 | 2.4 | 866,719 | 1.6 | 1,014,588 | 2.8 | 866,305 | 2.4 |
| Social services, education, health, defense and social security | 565,026 | 1.1 | 663,208 | 1.3 | 319,897 | 0.9 | 255,328 | 0.7 |
| Holdings, legal, accounting and business advisory services | 501,911 | 0.9 | 1,213,326 | 2.3 | 364,188 | 1.0 | 992,946 | 2.8 |
| Clubs, leisure, cultural and sports activities | 375,753 | 0.7 | 317,790 | 0.6 | 176,346 | 0.5 | 145,488 | 0.4 |
| Hotel and catering | 210,487 | 0.4 | 245,616 | 0.5 | 180,156 | 0.5 | 208,424 | 0.6 |
| Other services | 1,205,459 | 2.3 | 1,537,368 | 2.9 | 129,510 | 0.4 | 230,509 | 0.6 |
| AGRICULTURE, LIVESTOCK RAISING, FISHING, FOREST DEVELOPMENT AND MANAGEMENT | 826,171 | 1.6 | | | | | | |