

BANK BRADESCO  
Form 6-K  
August 12, 2003

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

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**FORM 6-K**

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

**For the month of August, 2003**

**Commission File Number 1-15250**

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

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

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

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

Form 20-F  Form 40-F

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

Yes  No

**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 <sup>(1)</sup>	45	45	60	60
Additional <sup>(2)</sup>	-	-	8	8
Time deposits <sup>(3)</sup>	10	15	15	15
Additional <sup>(2)</sup>	-	-	8	8
Savings deposits <sup>(4)</sup>	15	20	20	20

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Additional <sup>(2)</sup>	-	-	10	10
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- (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)

	<b>1st Half 2002</b>	<b>1st Half 2003</b>	<b>% Var.</b>	<b>1st Qtr. 2003</b>	<b>2nd Qtr. 2003</b>	<b>% Var.</b>
<b>INCOME FROM LENDING AND TRADING ACTIVITIES</b>	<b>13,018</b>	<b>12,182</b>	<b>(6.4)</b>	<b>7,083</b>	<b>5,099</b>	<b>(28.0)</b>
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
<b>EXPENSES</b>	<b>9,661</b>	<b>7,593</b>	<b>(21.4)</b>	<b>4,525</b>	<b>3,068</b>	<b>(32.2)</b>
<b>Interest and charges on:</b>						
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)
<b>INCOME FROM FINANCIAL INTERMEDIATION</b>	<b>3,357</b>	<b>4,589</b>	<b>36.7</b>	<b>2,558</b>	<b>2,031</b>	<b>(20.6)</b>
<b>OTHER OPERATING INCOME (EXPENSES)</b>	<b>(2,201)</b>	<b>(2,590)</b>	<b>17.7</b>	<b>(1,418)</b>	<b>(1,172)</b>	<b>(17.3)</b>
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)
<b>OPERATING INCOME</b>	<b>1,156</b>	<b>1,999</b>	<b>72.9</b>	<b>1,140</b>	<b>859</b>	<b>(24.6)</b>
<b>NON-OPERATING INCOME</b>	<b>(10)</b>	<b>(777)</b>	<b>7,670</b>	<b>(682)</b>	<b>(95)</b>	<b>(86.1)</b>
<b>INCOME BEFORE TAXES AND PROFIT SHARING</b>	<b>1,146</b>	<b>1,222</b>	<b>6.6</b>	<b>458</b>	<b>764</b>	<b>66.8</b>
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)
<b>NET INCOME</b>	<b>904</b>	<b>1,027</b>	<b>13.6</b>	<b>508</b>	<b>519</b>	<b>2.2</b>
<b>ANNUALIZED RETURN ON STOCKHOLDERS EQUITY (%)</b>	<b>18.7</b>	<b>17.1</b>	<b>-</b>	<b>18.5</b>	<b>17.6</b>	<b>-</b>

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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<b>141</b>	<b>731</b>	<b>418.4</b>
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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.

<b>361</b>	<b>370</b>	<b>2.5</b>
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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		
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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		
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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.

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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		
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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			
<b>Income from financial intermediation</b>	<b>3,500</b>	<b>136</b>	<b>952</b>	<b>1</b>	-	(1)	<b>4,588</b>
<b>Other operating income (expenses)</b>	<b>(2,868)</b>	<b>(46)</b>	<b>(690)</b>	<b>(3)</b>	<b>45</b>	<b>1</b>	<b>(3,561)</b>
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)
<b>Net income</b>	<b>632</b>	<b>90</b>	<b>262</b>	<b>(2)</b>	<b>45</b>	-	<b>1,027</b>

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
<b>Opening balance</b>	<b>2,941</b>	<b>3,480</b>	<b>2,941</b>	<b>3,665</b>	<b>3,902</b>	<b>3,665</b>
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
<b>Closing Balance</b>	<b>3,480</b>	<b>3,529</b>	<b>3,529</b>	<b>3,902</b>	<b>4,109</b>	<b>4,109</b>
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
<b>Credit recoveries</b>	<b>88</b>	<b>49</b>	<b>137</b>	<b>112</b>	<b>128</b>	<b>240</b>
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
<b>Total</b>	<b>861</b>	<b>925</b>	<b>1,786</b>	<b>1,013</b>	<b>1,080</b>	<b>2,093</b>

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
<b>Administrative expenses</b>	<b>844</b>	<b>1,010</b>	<b>1,854</b>	<b>1,101</b>	<b>1,153</b>	<b>2,254</b>
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
<b>Personnel expenses</b>	<b>888</b>	<b>996</b>	<b>1,884</b>	<b>1,053</b>	<b>1,148</b>	<b>2,201</b>
<b>Total</b>	<b>1,732</b>	<b>2,006</b>	<b>3,738</b>	<b>2,154</b>	<b>2,301</b>	<b>4,455</b>

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
<b>Banco Bradesco</b>	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
<b>Subtotal Bradesco</b>	<b>54,734</b>	<b>54,822</b>	<b>55,752</b>	<b>58,576</b>	<b>62,461</b>	<b>66,106</b>
<b>Banco BCN</b>	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
<b>Subtotal BCN</b>	<b>6,432</b>	<b>5,883</b>	<b>5,952</b>	<b>7,137</b>	<b>7,609</b>	<b>7,365</b>
<b>Banco Baneb</b>	-	2,756	2,514	-	-	-
Subsidiaries	-	50	-	-	-	-
<b>Subtotal Baneb</b>	-	<b>2,806</b>	<b>2,514</b>	-	-	-
<b>Banco Boavista</b>	-	-	1,564	-	-	-
Subsidiaries	-	-	22	-	-	-
<b>Subtotal Boavista</b>	-	-	<b>1,586</b>	-	-	-
<b>Banco Mercantil</b>	-	-	-	-	3,970	-
Subsidiaries	-	-	-	-	353	-
<b>Subtotal Mercantil</b>	-	-	-	-	<b>4,323</b>	-
<b>BBV Banco</b>	-	-	-	-	-	4,638
Subsidiaries	-	-	-	-	-	39
<b>Subtotal BBV Banco</b>	-	-	-	-	-	<b>4,677</b>
<b>Total</b>	<b>61,166</b>	<b>63,511</b>	<b>65,804</b>	<b>65,713</b>	<b>74,393</b>	<b>78,148</b>

**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
<b>(=) Total (1)</b>	<b>4,714</b>	<b>5,247</b>	<b>6,087</b>	<b>6,825</b>	<b>7,964</b>	<b>8,665</b>
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)
<b>Total (2)</b>	<b>7,817</b>	<b>9,092</b>	<b>10,060</b>	<b>12,560</b>	<b>14,584</b>	<b>15,594</b>
<b>Efficiency ratio (%) = (1/ 2)</b>	<b>60.3</b>	<b>57.7</b>	<b>60.5</b>	<b>54.3</b>	<b>54.6</b>	<b>55.6</b>

(\*) 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)
<b>ASSETS</b>			
<b>Current and long-term receivables</b>	<b>149,316</b>	<b>125,494</b>	<b>23,822</b>
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
<b>Permanent assets</b>	<b>5,173</b>	<b>5,159</b>	<b>14</b>
Investments	494	494	-
Property and equipment in use and leased assets	2,666	2,654	12
Deferred charges	2,013	2,011	2
<b>Total assets</b>	<b>154,489</b>	<b>130,653</b>	<b>23,836</b>
<b>LIABILITIES</b>			
<b>Current and long-term liabilities</b>	<b>121,966</b>	<b>99,902</b>	<b>22,064</b>
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
<b>Technical reserves for insurance, savings bonds and</b>			

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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	-
<b>Total</b>	<b>154,489</b>	<b>132,425</b>	<b>22,064</b>

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

(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
<b>ASSETS</b>						
<b>Current assets and long-term receivables</b>	<b>94,277</b>	<b>19,241</b>	<b>11,404</b>	<b>24,394</b>	-	<b>149,316</b>
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
<b>Permanent assets</b>	<b>52</b>	<b>261</b>	<b>313</b>	<b>3,425</b>	<b>1,122</b>	<b>5,173</b>
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
<b>Total</b>	<b>94,329</b>	<b>19,502</b>	<b>11,717</b>	<b>27,819</b>	<b>1,122</b>	<b>154,489</b>
<b>LIABILITIES</b>						
<b>Current and long-term liabilities</b>	<b>71,557</b>	<b>11,217</b>	<b>9,952</b>	<b>29,240</b>	-	<b>121,966</b>
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
<b>Technical reserves for insurance, private pension plans and savings bonds</b>	-	-	-	<b>19,857</b>	-	<b>19,857</b>
<b>Deferred income</b>	<b>36</b>	<b>1</b>	-	-	-	<b>37</b>
<b>Minority interest in subsidiaries</b>	-	-	-	-	<b>107</b>	<b>107</b>
<b>Stockholders' equity</b>	-	-	-	-	<b>12,522</b>	<b>12,522</b>
<b>Total</b>	<b>71,593</b>	<b>11,218</b>	<b>9,952</b>	<b>49,097</b>	<b>12,629</b>	<b>154,489</b>

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

<b>ASSETS</b>	<b>June 2002</b>	<b>June 2003</b>	<b>% Variation</b>	<b>March 2003</b>	<b>June 2003</b>	<b>% Variation</b>
<b>Current assets and long-term receivables</b>	<b>118,797</b>	<b>149,316</b>	<b>25.7</b>	<b>140,132</b>	<b>149,316</b>	<b>6.6</b>
<b>Funds available</b>	<b>2,131</b>	<b>1,773</b>	<b>(16.8)</b>	<b>3,718</b>	<b>1,773</b>	<b>(52.3)</b>
<b>Interbank investments</b>	<b>5,402</b>	<b>20,996</b>	<b>288.7</b>	<b>23,411</b>	<b>20,996</b>	<b>(10.3)</b>
<b>Securities and derivative financial instruments</b>	<b>37,909</b>	<b>42,796</b>	<b>12.9</b>	<b>34,430</b>	<b>42,796</b>	<b>24.3</b>
<b>Interbank and interdepartmental accounts</b>	<b>6,978</b>	<b>15,024</b>	<b>115.3</b>	<b>15,059</b>	<b>15,024</b>	<b>(0.2)</b>
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)
<b>Credit and leasing operations</b>	<b>42,240</b>	<b>42,519</b>	<b>0.7</b>	<b>39,582</b>	<b>42,519</b>	<b>7.4</b>
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
<b>Other receivables and assets</b>	<b>24,137</b>	<b>26,208</b>	<b>8.6</b>	<b>23,932</b>	<b>26,208</b>	<b>9.5</b>
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
<b>Permanent assets</b>	<b>5,905</b>	<b>5,173</b>	<b>(12.4)</b>	<b>4,868</b>	<b>5,173</b>	<b>6.3</b>
<b>Investments</b>	<b>816</b>	<b>494</b>	<b>(39.5)</b>	<b>483</b>	<b>494</b>	<b>2.3</b>
<b>Property and equipment in use and leased assets</b>	<b>2,635</b>	<b>2,666</b>	<b>1.2</b>	<b>2,538</b>	<b>2,666</b>	<b>5.0</b>
<b>Deferred charges</b>	<b>2,454</b>	<b>2,013</b>	<b>(18.0)</b>	<b>1,847</b>	<b>2,013</b>	<b>9.0</b>
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
<b>Total</b>	<b>124,702</b>	<b>154,489</b>	<b>23.9</b>	<b>145,000</b>	<b>154,489</b>	<b>6.5</b>

<b>LIABILITIES</b>	<b>June 2002</b>	<b>June 2003</b>	<b>% Variation</b>	<b>March 2003</b>	<b>June 2003</b>	<b>% Variation</b>
<b>Current and long-term liabilities</b>	<b>101,051</b>	<b>121,966</b>	<b>20.7</b>	<b>114,648</b>	<b>121,966</b>	<b>6.4</b>
<b>Deposits</b>	<b>50,849</b>	<b>56,822</b>	<b>11.7</b>	<b>54,871</b>	<b>56,822</b>	<b>3.6</b>
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
<b>Deposits received under security repurchase agreements</b>	<b>8,695</b>	<b>18,569</b>	<b>113.6</b>	<b>14,342</b>	<b>18,569</b>	<b>29.5</b>
<b>Funds from acceptance and issuance of securities</b>	<b>5,123</b>	<b>5,745</b>	<b>12.1</b>	<b>4,963</b>	<b>5,745</b>	<b>15.8</b>
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
<b>Interbank and interdepartmental accounts</b>	<b>956</b>	<b>1,735</b>	<b>81.5</b>	<b>1,823</b>	<b>1,735</b>	<b>(4.8)</b>
<b>Borrowings and onlendings</b>	<b>16,302</b>	<b>14,572</b>	<b>(10.6)</b>	<b>16,229</b>	<b>14,572</b>	<b>(10.2)</b>
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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<b>Derivative financial instruments</b>	<b>552</b>	<b>310</b>	<b>(43.8)</b>	<b>340</b>	<b>310</b>	<b>(8.8)</b>
<b>Other liabilities</b>	<b>18,574</b>	<b>24,213</b>	<b>30.4</b>	<b>22,080</b>	<b>24,213</b>	<b>9.7</b>
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
<b>Technical reserves for insurance, private pension plans and savings bonds</b>	<b>13,206</b>	<b>19,857</b>	<b>50.4</b>	<b>18,505</b>	<b>19,857</b>	<b>7.3</b>
<b>Deferred income</b>	<b>12</b>	<b>37</b>	<b>208.3</b>	<b>26</b>	<b>37</b>	<b>42.3</b>
<b>Minority interest in subsidiaries</b>	<b>314</b>	<b>107</b>	<b>(65.9)</b>	<b>113</b>	<b>107</b>	<b>(5.3)</b>
<b>Stockholders equity</b>	<b>10,119</b>	<b>12,522</b>	<b>23.7</b>	<b>11,708</b>	<b>12,522</b>	<b>7.0</b>
<b>Total</b>	<b>124,702</b>	<b>154,489</b>	<b>23.9</b>	<b>145,000</b>	<b>154,489</b>	<b>6.5</b>

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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<b>37,909</b>	<b>42,796</b>	<b>12.9</b>
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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**

<b>1st Half</b>		
<b>2002</b>	<b>2003</b>	<b>% Variation</b>
<b>6,978</b>	<b>15,024</b>	<b>115.3</b>

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**

<b>1st Half</b>		
<b>2002</b>	<b>2003</b>	<b>% Variation</b>
<b>52,576</b>	<b>53,048</b>	<b>0.9</b>

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)**

<b>1st Half</b>		
<b>2002</b>	<b>2003</b>	<b>% Variation</b>
<b>3,529</b>	<b>4,109</b>	<b>16.4</b>

<b>34,430</b>	<b>42,796</b>	<b>24.3</b>
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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%.

<b>Quarter 2003</b>		
<b>1st Qtr.</b>	<b>2nd Qtr.</b>	<b>% Variation</b>
<b>15,059</b>	<b>15,024</b>	<b>(0.2)</b>

These account balances remained practically stable.

<b>Quarter 2003</b>		
<b>1st Qtr.</b>	<b>2nd Qtr.</b>	<b>% Variation</b>
<b>49,655</b>	<b>53,048</b>	<b>6.8</b>

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	<b>33,151</b>	<b>77.5</b>
Securities available for sale	1,371	1,473	1,238	97	<b>4,179</b>	<b>9.7</b>
Securities held to maturity	2,071	-	2,626	-	<b>4,697</b>	<b>11.0</b>
Derivative financial instruments	769	-	-	-	<b>769</b>	<b>1.8</b>
<b>Total in 2003</b>	<b>18,395</b>	<b>3,890</b>	<b>20,344</b>	<b>167</b>	<b>42,796</b>	<b>100.0</b>

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	
<b>TRADING SECURITIES</b>	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)
<b>SECURITIES AVAILABLE FOR SALE</b>	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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<b>SECURITIES HELD TO MATURITY</b>	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	-
<b>DERIVATIVE FINANCIAL INSTRUMENTS</b>	232	206	92	239	769	650	119
Derivative financial instruments	232	206	92	239	769	650	119
<b>Total</b>	<b>8,840</b>	<b>4,276</b>	<b>7,177</b>	<b>22,503</b>	<b>42,796</b>	<b>42,610</b>	<b>186</b>

(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
<b>GOVERNMENT SECURITIES</b>	<b>6,390</b>	<b>3,631</b>	<b>6,933</b>	<b>19,567</b>	<b>36,521</b>	<b>36,568</b>	<b>(47)</b>	<b>(31)</b>
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)
<b>CORPORATE BONDS</b>	<b>2,450</b>	<b>645</b>	<b>244</b>	<b>2,936</b>	<b>6,275</b>	<b>6,042</b>	<b>233</b>	<b>153</b>
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)
<b>Total</b>	<b>8,840</b>	<b>4,276</b>	<b>7,177</b>	<b>22,503</b>	<b>42,796</b>	<b>42,610</b>	<b>186</b>	<b>122</b>
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	-	-	-
<b>Total credit operations</b>	<b>48,998</b>	<b>52,067</b>	<b>49,055</b>	<b>52,250</b>
Other receivables	548	509	600	798
<b>Total for the period</b>	<b>49,546</b>	<b>52,576</b>	<b>49,655</b>	<b>53,048</b>
<b>Sureties and guarantees recorded in memorandum accounts</b>	<b>3,037</b>	<b>3,434</b>	<b>4,308</b>	<b>5,581</b>

Credit Portfolio by Activity Sector (in millions of reais)

	2003			
	March	%	June	%
<b>Public Sector</b>	<b>245</b>	<b>0.5</b>	<b>196</b>	<b>0.4</b>
<b>Private Sector</b>	<b>49,410</b>	<b>99.5</b>	<b>52,852</b>	<b>99.6</b>
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
<b>TOTAL</b>	<b>49,655</b>	<b>100.0</b>	<b>53,048</b>	<b>100.0</b>

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			Total	Additional Allowance(4)	Existing Allowance	
			Specific (2)		Generic (3)				
			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	
<b>Total at June 30, 2003</b>	<b>53,048</b>	<b>-</b>	<b>1,177</b>	<b>828</b>	<b>1,286</b>	<b>3,292</b>	<b>817</b>	<b>4,109</b>	
<b>Total at March 31, 2003</b>	<b>49,655</b>	<b>-</b>	<b>1,098</b>	<b>845</b>	<b>1,156</b>	<b>3,099</b>	<b>803</b>	<b>3,902</b>	

(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
<b>Total</b>	<b>42,025</b>	<b>100.0</b>	<b>7,031</b>	<b>100.0</b>	<b>3,992</b>	<b>100.0</b>	<b>53,048</b>	<b>100.0</b>

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
<b>TOTAL</b>	<b>54,871</b>	<b>34,938</b>	<b>3,876</b>	<b>4,308</b>	<b>13,700</b>	<b>56,822</b>

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

Funds under Management  
In millions of reais

Funds and Portfolios

Funds	Number
Fixed return	307
Floating rate	73
<b>Total</b>	<b>380</b>
<b>Quotaholders</b>	



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Fixed return	1,043,736
Floating rate	1,612,106
<b>Total</b>	<b>2,665,842</b>
<hr/>	
<b>Portfolios</b>	<b>181</b>
<hr/>	
<b>Portfolio Customers</b>	<b>181</b>
<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	0.65
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	1,585,879
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	1,027
(-) 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
<b>TOTAL</b>	<b>1,517</b>	<b>1,179</b>	<b>2,696</b>	<b>3,203</b>	<b>2,248</b>	<b>5,451</b>

Change in Number of Outstanding Shares (million)

	Common Stock	Preferred Stock	Total
<b>Number of shares held at December 31, 2002</b>	<b>719,343</b>	<b>708,537</b>	<b>1,427,880</b>
Shares subscribed and allocated for the period	79,597	78,402	157,999
<b>Number of shares held at June 30, 2003</b>	<b>798,940</b>	<b>786,939</b>	<b>1,585,879</b>
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:

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**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 co