

BANK BRADESCO
Form 6-K
February 10, 2004

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

FORM 6-K

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

For the month of February, 2004

Commission File Number 1-15250

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

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

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

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

Form 20-F Form 40-F

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

Yes No

31/12/2003

Report on Economic and
Financial Analysis

DECEMBER 2003

Financial Market Indicators (%)

| Index | 2002 | | | 2003 | | |
|----------------------------------|----------|----------|------------------------------------|----------|----------|-------------------------|
| | 3rd Qtr. | 4th Qtr. | Accumulated to December | 3rd Qtr. | 4th Qtr. | Accumulated to December |
| CDI | 4.42 | 4.98 | 19.12 | 5.61 | 4.40 | 23.26 |
| IBOVESPA - Average | (22.60) | 30.69 | (17.01) | 23.42 | 38.88 | 97.34 |
| USD - Commercial rate | 36.93 | (9.28) | 52.27 | 1.79 | (1.17) | (18.23) |
| IGP-M | 6.82 | 13.36 | 25.30 | 1.14 | 1.49 | 8.70 |
| IPCA - IBGE | 2.58 | 6.56 | 12.53 | 1.32 | 1.15 | 9.30 |
| TJLP | 2.41 | 2.41 | 9.87 | 2.87 | 2.63 | 11.48 |
| TR | 0.71 | 0.90 | 2.80 | 1.29 | 0.69 | 4.65 |
| | | | U.S. dollar (closing price - sell) | | | |
| USD - Commercial rate (in reais) | 3.8949 | 3.5333 | 3.5333 | 2.9234 | 2.8892 | 2.8892 |

Compulsory Deposit Rates (%)

| Index | 2002 | | 2003 | |
|--------------------------------|----------|----------|----------|----------|
| | 3rd Qtr. | 4th Qtr. | 3rd Qtr. | 4th Qtr. |
| Demand deposits ⁽¹⁾ | 45 | 45 | 45 | 45 |
| Additional ⁽²⁾ | 3 | 8 | 8 | 8 |
| Time deposits ⁽³⁾ | 15 | 15 | 15 | 15 |

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| | | | | |
|---------------------------------|----|----|----|----|
| Additional ⁽²⁾ | 3 | 8 | 8 | 8 |
| Savings deposits ⁽⁴⁾ | 20 | 20 | 20 | 20 |
| Additional ⁽²⁾ | 5 | 10 | 10 | 10 |

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

N.B. Compulsory rate on demand deposits was 60% from February through August 2003.

Rates and Limits (%)

| Index | 2002 | | 2003 | |
|--|----------|----------|----------|----------|
| | 3rd Qtr. | 4th Qtr. | 3rd Qtr. | 4th Qtr. |
| Income tax | 25 | 25 | 25 | 25 |
| Social contribution | 9 | 9 | 9 | 9 |
| PIS ⁽¹⁾ | 0.65 | 0.65 | 0.65 | 0.65 |
| COFINS ⁽²⁾ | 3 | 3 | 4 | 4 |
| Legal reserve on net income | 5 | 5 | 5 | 5 |
| Maximum fixed assets ⁽³⁾ | 60 | 50 | 50 | 50 |
| Minimum capital - Basel ⁽⁴⁾ | 11 | 11 | 11 | 11 |

- (1) The rate applicable to non-financial and similar companies was reduced to 1.65% (non-cumulative PIS) from December 2002.
(2) The rate applicable to financial and similar companies was increased to 4% in September 2003 and remains at 3% for other companies.
(3) On reference equity.
(4) Reference equity may not be lower than 11% of weighted assets.

Forward-Looking Statements

This Report on Economic and Financial Analysis contains forward-looking statements relating to our business which are based on management's current expectations, estimates and projections about future events and financial trends which could affect our business. Words such as: believes, anticipates, plans, expects, intends, aims, 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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Certain figures included in this document have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

1 - Analysis of Consolidated Results

Profitability

In 2003, Bradesco reported net income of R\$ 2,306 billion for the year, corresponding to R\$ 1.45 per thousand shares and a return of 17.0% on closing stockholders' equity and 18.9% on average stockholders' equity.

In 2003, net income increased by 14.0%, compared to the prior year.

Net income for the fourth quarter of 2003 (4Q03) was R\$ 715 million, an increase of 26.8% in comparison with the third quarter of 2003 (3Q03).

The annual return on total assets was 1.3%.

Comparative Statement of Income - In millions of reais

| | Accumulated to December 2002 | Accumulated to December 2003 | % Variation | 3rd Qtr. 2003 | 4th Qtr. 2003 | % Variation |
|---|------------------------------------|------------------------------------|----------------|------------------|------------------|----------------|
| INCOME FROM LENDING AND TRADING ACTIVITIES | 31,913 | 27,530 | (13.7) | 7,912 | 7,442 | (5.9) |
| Credit operations | 15,726 | 12,295 | (21.8) | 3,505 | 3,169 | (9.6) |
| Leasing operations | 408 | 308 | (24.5) | 86 | 78 | (9.3) |
| Securities | 9,528 | 7,329 | (23.1) | 2,312 | 2,231 | (3.5) |
| Financial income on insurance, private pension plans and savings bonds | 3,272 | 5,360 | 63.8 | 1,335 | 1,412 | 5.8 |
| Derivative financial instruments | (2,073) | 55 | (102.7) | 33 | 9 | (72.7) |
| Foreign exchange transactions | 4,457 | 797 | (82.1) | 275 | 254 | (7.6) |
| Compulsory deposits | 595 | 1,386 | 132.9 | 366 | 289 | (21.0) |
| EXPENSES | 23,260 | 17,202 | (26.0) | 5,357 | 4,251 | (20.6) |
| Interest and charges on: | | | | | | |
| Deposits | 10,993 | 10,536 | (4.2) | 3,434 | 2,605 | (24.1) |
| Price-level restatement and interest on technical reserves for insurance, private pension plans and savings bonds | 2,241 | 3,120 | 39.2 | 761 | 701 | (7.9) |
| Borrowings and onlendings | 7,194 | 1,083 | (84.9) | 555 | 490 | (11.7) |
| Leasing operations | 13 | 13 | - | 4 | 3 | (25.0) |
| Provision for loan losses | 2,819 | 2,450 | (13.1) | 603 | 452 | (25.0) |
| INCOME FROM FINANCIAL INTERMEDIATION | 8,653 | 10,328 | 19.4 | 2,555 | 3,191 | 24.9 |

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| | | | | | | |
|---|----------------|----------------|----------------|----------------|----------------|----------------|
| OTHER OPERATING INCOME (EXPENSES) | (6,343) | (6,775) | 6.8 | (1,888) | (2,304) | 22.0 |
| Commissions and fees | 3,712 | 4,557 | 22.8 | 1,182 | 1,275 | 7.9 |
| Income from insurance premiums, private pension plans and savings bonds | 10,135 | 12,495 | 23.3 | 3,119 | 3,697 | 18.5 |
| Insurance premiums retained | 4,914 | 5,686 | 15.7 | 1,472 | 1,505 | 2.2 |
| Private pension plan contributions | 4,201 | 5,653 | 34.6 | 1,355 | 1,878 | 38.6 |
| Income on savings bonds | 1,020 | 1,156 | 13.3 | 292 | 314 | 7.5 |
| Variation in technical reserves for insurance, pension plans and savings bonds | (2,785) | (3,811) | 36.8 | (895) | (1,191) | 33.1 |
| Variation in technical reserves for insurance | (167) | (309) | 85.0 | (86) | (76) | (11.6) |
| Variation in technical reserves for pension plans | (2,379) | (3,317) | 39.4 | (736) | (1,037) | 40.9 |
| Variation in technical reserves for savings bonds | (239) | (185) | (22.6) | (73) | (78) | 6.8 |
| Claims - insurance operations | (3,615) | (4,321) | 19.5 | (1,111) | (1,139) | 2.5 |
| Savings bond redemptions | (721) | (959) | 33.0 | (252) | (255) | 1.2 |
| Insurance and pension plan selling expenses | (667) | (762) | 14.2 | (191) | (208) | 8.9 |
| Insurance product selling expenses | (550) | (627) | 14.0 | (152) | (169) | 11.2 |
| Pension plan selling expenses | (117) | (135) | 15.4 | (39) | (39) | - |
| Expenses with pension plan benefits and redemptions | (1,689) | (2,792) | 65.3 | (756) | (999) | 32.1 |
| Personnel expenses | (4,076) | (4,779) | 17.2 | (1,306) | (1,272) | (2.6) |
| Other administrative expenses | (4,028) | (4,814) | 19.5 | (1,233) | (1,328) | 7.7 |
| Tax expenses | (848) | (1,054) | 24.3 | (255) | (293) | 14.9 |
| Equity in the earnings of associated companies | 65 | 5 | (92.3) | 7 | 31 | 342.9 |
| Other operating income | 1,321 | 2,119 | 60.4 | 401 | 224 | (44.1) |
| Other operating expenses | (3,147) | (2,659) | (15.5) | (598) | (846) | 41.5 |
| OPERATING INCOME | 2,310 | 3,553 | 53.8 | 667 | 887 | 33.0 |
| NON-OPERATING INCOME | 186 | (841) | (552.2) | 10 | (74) | (840.0) |
| INCOME BEFORE TAXES AND PROFIT SHARING | 2,496 | 2,712 | 8.7 | 677 | 813 | 20.1 |
| PROVISION FOR INCOME TAX AND SOCIAL CONTRIBUTION | (460) | (397) | (13.7) | (111) | (96) | (13.5) |
| MINORITY INTEREST IN SUBSIDIARIES | (13) | (9) | (30.8) | (2) | (2) | - |
| NET INCOME | 2,023 | 2,306 | 14.0 | 564 | 715 | 26.8 |
| RETURN ON STOCKHOLDERS' EQUITY (%) ANNUALIZED | 18.7 | 17.0 | - | 18.6 | 22.8 | - |

Analysis of the Statement of Income - In millions of reais

Income from Credit and Leasing Operations

| Twelve-month Period | | | 2003 | | |
|---------------------|--------|-------------|----------|----------|-------------|
| 2002 | 2003 | % Variation | 3rd Qtr. | 4th Qtr. | % Variation |
| 16,121 | 12,590 | (21.9) | 3,587 | 3,244 | (9.6) |

This decrease mainly reflects: (i) negative exchange variation of 18.2% for the year (2003) against positive exchange variation of 52.3% in 2002, impacting U.S. dollar-indexed operations, partially mitigated by (ii) the increase in average interest rates in 2003.

The decrease was due in part to: (i) negative exchange variation of 1.2% for 4Q03, against positive exchange variation of 1.8% in 3Q03, impacting U.S. dollar-indexed operations ; and (ii) decrease in average interest rates in 4Q03.

Results of Securities (TVM) and Derivative Financial Instrument Operations

| Twelve-month Period | | |
|---------------------|-------|-------------|
| 2002 | 2003 | % Variation |
| 7,455 | 7,384 | (1.0) |

This variation for the year was due in part to: (i) negative exchange variation of 18.2% in 2003, against positive exchange variation of 52.3% in 2002, impacting U.S. dollar-indexed or dollar-denominated securities, partially offset by: (ii) income on securities as a result of market recovery and gains on treasury operations - R\$ 699; (iii) the increase in average interest rates and increase in average volume in 2003; and (iv) income determined on the sale of shares of Latasa - R\$ 195.

| 2003 | | |
|----------|----------|-------------|
| 3rd Qtr. | 4th Qtr. | % Variation |
| 2,345 | 2,240 | (4.5) |

The variation for the period mainly reflects: (i) the decrease in average interest rates in 4Q03; (ii) negative exchange variation of 1.2% for 4Q03, against positive exchange variation of 1.8% in 3Q03; and (iii) positive results determined on the sale of shares of Latasa - R\$ 195, in 4Q03.

Financial Income on Insurance, Private Pension Plans and Savings Bonds

| Twelve-month Period | | |
|---------------------|-------|-------------|
| 2002 | 2003 | % Variation |
| 3,272 | 5,360 | 63.8 |

The increase for the year reflects: (i) the growth in average volume of securities subject to technical reserves, especially VGBL and PGBL products; and (ii) the increase in average interest rates in 2003.

| 2003 | | |
|----------|----------|-------------|
| 3rd Qtr. | 4th Qtr. | % Variation |
| 1,335 | 1,412 | 5.8 |

The increase reflects mainly the growth in average volume of securities subject to technical reserves, in particular the VGBL product.

Results of Foreign Exchange Transactions

| Twelve-month Period | | |
|---------------------|------|-------------|
| 2002 | 2003 | % Variation |
| 4,457 | 797 | (82.1) |

This account should be analyzed net of foreign funding expenses used to finance import/export operations, as described in Note 13a to the financial statements. Net of these deductions, results would total R\$ 386 for 2002 and R\$ 325 for 2003, affected by (i) negative exchange variation for the year partially offset by (ii) the increase in the average volume of the fx portfolio.

| 2003 | | |
|----------|----------|-------------|
| 3rd Qtr. | 4th Qtr. | % Variation |
| 275 | 254 | (7.6) |

This account should be analyzed net of foreign funding expenses used to finance import/export operations. Net of these deductions, results would total R\$ 61 for 3Q03 and R\$ 130 for 4Q03, affected by the increase in the average volume of the fx portfolio in 4Q03.

Results of Compulsory Deposits

| Twelve-month Period | | |
|---------------------|--|--|
|---------------------|--|--|

| 2003 | | |
|------|--|--|
|------|--|--|

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| 2002 | 2003 | % Variation | 3rd Qtr. | 4th Qtr. | % Variation |
|------|-------|-------------|----------|----------|-------------|
| 595 | 1,386 | 132.9 | 366 | 289 | (21.0) |

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 from 3Q02; (ii) the increase in the TR reference rate used to remunerate savings account deposits, from 2.5% in 2002 to 4.6% in 2003; and (iii) the increase in the volume of deposits.

The decrease reflects the drop from 5.6% in 3Q03 to 4.4% in 4Q03 in the SELIC rate, used to remunerate the additional compulsory deposit on deposits.

Interest and Charges on Deposits

| Twelve-month Period | | | 2003 | | |
|---------------------|--------|-------------|----------|----------|-------------|
| 2002 | 2003 | % Variation | 3rd Qtr. | 4th Qtr. | % Variation |
| 10,993 | 10,536 | (4.2) | 3,434 | 2,605 | (24.1) |

This decrease reflects, for the most part, negative exchange variation of 18.2% in 2003 against positive exchange variation of 52.3% in 2002, particularly impacting securities issued abroad, offset by the increase in average interest rates, especially TR and CDI used to adjust savings deposits and time deposits, respectively.

The variation was due substantially to less expense for: (i) time deposits - R\$ 331; (ii) funding abroad - R\$ 334; (iii) purchase and sale commitments - R\$ 106; and (iv) savings deposits - R\$ 104, mainly as a result of lower interest rates in 4Q03, such as: TR - 1.3% and 0.7%; CDI - 5.6% and 4.4%; and USD - 1.8% and (1.2%) in 3Q03 and 4Q03, respectively.

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

| Twelve-month Period | | | 2003 | | |
|---------------------|-------|-------------|-----------|----------|-------------|
| 2002 | 2003 | % Variation | 3 rd Qtr. | 4th Qtr. | % Variation |
| 2,241 | 3,120 | 39.2 | 761 | 701 | (7.9) |

The increase for the year reflects: (i) the growth in the volume of technical reserves, particularly in VGBL and PBGL products; and (ii) the increase in the average interest rates of assets subject to technical reserves, reflected accordingly.

This decrease reflects mainly the fall in average interest rates in 4Q03.

Expenses for Borrowings and Onlendings

| Twelve-month Period | | | 2003 | | |
|---------------------|-------|-------------|-----------|----------|-------------|
| 2002 | 2003 | % Variation | 3 rd Qtr. | 4th Qtr. | % Variation |
| 7,194 | 1,083 | (84.9) | 555 | 490 | (11.7) |

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The decrease is directly related to negative exchange variation of 18.2% in 2003, against positive exchange variation of 52.3% in 2002, mainly impacting foreign borrowings and onlendings.

The decrease mainly reflects negative exchange variation of 1.2% in 4Q03, against positive exchange variation of 1.8% in 3Q03, mostly affecting transactions with foreign borrowings and onlendings and the maturity of a portion of the transactions indexed or denominated in foreign currency.

Financial Margin

| Twelve-month Period | | |
|---------------------|--------|-------------|
| 2002 | 2003 | % Variation |
| 11,472 | 12,778 | 11.4 |

Margin growth was due mainly to: (i) increased average volume and the impact of average interest rates - R\$ 468; (ii) income on securities as a result of market recovery and gains on treasury transactions - R\$ 699; and (iii) income determined on the sale of shares of Latasa - R\$ 195.

| 2003 | | |
|-----------|----------|-------------|
| 3 rd Qtr. | 4th Qtr. | % Variation |
| 3,158 | 3,643 | 15.4 |

Margin increase was due for the most part to: (i) increased average volume and the impact of average interest rates - R\$ 180; (ii) income on securities as a result of market recovery and gains on treasury transactions - R\$ 93; (iii) income determined on the sale of shares of Latasa - R\$ 195.

Expenses for Provision for Loan Losses

| Twelve-month Period | | |
|---------------------|-------|-------------|
| 2002 | 2003 | % Variation |
| 2,819 | 2,450 | (13.1) |

Excluding the additional provisions of R\$ 272 and R\$ 354, recorded for 2002 and for 2003, respectively, the decrease of R\$ 451 in this expense reflects the Bank's continually improving selective credit granting policy, resulting from the ongoing enhancement of its credit rating instruments.

| 2003 | | |
|----------|----------|-------------|
| 3rd Qtr. | 4th Qtr. | % Variation |
| 603 | 452 | (25.0) |

Excluding the additional provisions of R\$ 5 and R\$ 37, recorded for 3Q03 and for 4Q03, respectively, the decrease of R\$ 183 in this expense reflects the Bank's continually improving selective credit granting policy, resulting from the ongoing enhancement of its credit rating instruments.

Income on Commissions and Fees

| Twelve-month Period | | |
|---------------------|-------|-------------|
| 2002 | 2003 | % Variation |
| 3,712 | 4,557 | 22.8 |

This growth reflects increases in transactions and number of customers and improved collection of bank charges: (i) checking accounts - R\$ 198, principally maintenance charges; (ii) cards -

| 2003 | | |
|----------|----------|-------------|
| 3rd Qtr. | 4th Qtr. | % Variation |
| 1,182 | 1,275 | 7.9 |

Revenue growth reflects increases in transactions and number of customers and improved collection of bank charges: (i) fund management - R\$ 27; (ii) checking accounts - R\$ 24; (iii) cards -

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R\$ 176; (iii) credit operations - R\$158, mainly from contracting and opening of credit; (iv) managed funds R\$ 132; and (v) consolidation of BBV Banco - R\$ 91.

R\$ 17; (iv) credit operations - R\$ 11; and (v) consortium - R\$ 6.

Income from Insurance Premiums, Private Pension Plans and Savings Bonds

| Twelve-month Period | | |
|---------------------|--------|-------------|
| 2002 | 2003 | % Variation |
| 10,135 | 12,495 | 23.3 |

The variation for the year is detailed below:

a) Insurance Premiums Retained

| Twelve-month Period | | |
|---------------------|-------|-------------|
| 2002 | 2003 | % Variation |
| 4,914 | 5,686 | 15.7 |

This variation was mainly derived from increases in the sales of Auto and Health products.

b) Private Pension Plan Contributions

| Twelve-month Period | | |
|---------------------|-------|-------------|
| 2002 | 2003 | % Variation |
| 4,201 | 5,653 | 34.6 |

This variation in revenue was mainly derived from increases in the sales of VGBL and PGBL products.

c) Income on Savings Bonds

| Twelve-month Period | | |
|---------------------|------|-------------|
| 2002 | 2003 | % Variation |

| 2003 | | |
|----------|----------|-------------|
| 3rd Qtr. | 4th Qtr. | % Variation |
| 3,119 | 3,697 | 18.5 |

The variation for the quarter is detailed below:

| 2003 | | |
|----------|----------|-------------|
| 3rd Qtr. | 4th Qtr. | % Variation |
| 1,472 | 1,505 | 2.2 |

The variation was mainly due to increases in the sales of Life products.

| 2003 | | |
|----------|----------|-------------|
| 3rd Qtr. | 4th Qtr. | % Variation |
| 1,355 | 1,878 | 38.6 |

The variation in revenue was substantially derived from an increase in the sales of VGBL, especially for 4Q03.

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1,020

1,156

13.3

292

314

7.5

This growth reflects increased sales and the re-investment of single payment bonds maturing during the year.

This growth reflects increased sales and the re-investment of single payment bonds matured in 4Q03.

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

Twelve-month Period

| 2002 | 2003 | % Variation |
|---------|---------|-------------|
| (2,785) | (3,811) | 36.8 |

Details on this variation for the year are presented below:

a) Variation in Technical Reserves for Insurance

Twelve-month Period

| 2002 | 2003 | % Variation |
|-------|-------|-------------|
| (167) | (309) | 85.0 |

Reserves are directly related to the production of premium in their respective effective periods.

b) Variation in Technical Reserves for Pension Plans

Twelve-month Period

| 2002 | 2003 | % Variation |
|---------|---------|-------------|
| (2,379) | (3,317) | 39.4 |

This variation was mainly due to the increase in VGBL and PGBL product sales, particularly at the end of the year with the recording of the corresponding reserves.

c) Variation in Technical Reserves for Savings Bonds

Twelve-month Period

2003

| 3rd Qtr. | 4th Qtr. | % Variation |
|----------|----------|-------------|
| (895) | (1,191) | 33.1 |

Details on the variation for the quarter are presented below:

2003

| 3rd Qtr. | 4th Qtr. | % Variation |
|----------|----------|-------------|
| (86) | (76) | (11.6) |

Reserves are directly related to the production of premium in their respective effective periods.

2003

| 3rd Qtr. | 4th Qtr. | % Variation |
|----------|----------|-------------|
| (736) | (1,037) | 40.9 |

This variation for the quarter was substantially due to the increase in VGBL product sales, particularly in 4Q03 with the recording of the corresponding reserves.

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| 2002 | 2003 | % Variation |
|-------|-------|-------------|
| (239) | (185) | (22.6) |

The variation in technical reserves, recorded in compliance with SUSEP regulations, is directly related to savings bond revenues and redemptions.

| 3rd Qtr. | 4th Qtr. | % Variation |
|----------|----------|-------------|
| (73) | (78) | 6.8 |

The variation in technical reserves, recorded in compliance with SUSEP regulations, is directly related to savings bond revenues and redemptions.

Insurance Claims

| Twelve-month Period | | |
|---------------------|---------|-------------|
| 2002 | 2003 | % Variation |
| (3,615) | (4,321) | 19.5 |

The increase in expense with claims was due to: (i) increased Auto and Health line indemnities; and (ii) the change in methodology for calculating the provision for claims incurred but not reported (IBNR) in the Health line, in compliance with ANS legislation.

| 2003 | | |
|----------|----------|-------------|
| 3rd Qtr. | 4th Qtr. | % Variation |
| (1,111) | (1,139) | 2.5 |

The increase in claims reflects mainly the increase in indemnities in the Auto and Life lines.

Savings Bond Redemptions

| Twelve-month Period | | |
|---------------------|-------|-------------|
| 2002 | 2003 | % Variation |
| (721) | (959) | 33.0 |

This growth was mainly generated by the increase in the volume of single payment bonds maturing in 2003.

| 2003 | | |
|----------|----------|-------------|
| 3rd Qtr. | 4th Qtr. | % Variation |
| (252) | (255) | 1.2 |

Redemptions remained practically stable for the quarter.

Insurance and Pension Plan Selling Expenses

| Twelve-month Period | | |
|---------------------|-------|-------------|
| 2002 | 2003 | % Variation |
| (667) | (762) | 14.2 |

The variation for the year is detailed below:

| 2003 | | |
|----------|----------|-------------|
| 3rd Qtr. | 4th Qtr. | % Variation |
| (191) | (208) | 8.9 |

The variation for the quarter is detailed below:

a) Insurance Product Selling Expenses

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| Twelve-month Period | | |
|---------------------|-------|-------------|
| 2002 | 2003 | % Variation |
| (550) | (627) | 14.0 |

This increase was generated mainly by growing Auto-line insurance sales, maintaining the ratio of sales to premiums consistent with the prior year.

| 2003 | | |
|----------|----------|-------------|
| 3rd Qtr. | 4th Qtr. | % Variation |
| (152) | (169) | 11.2 |

This increase was generated substantially by growing insurance sales.

b) Pension Plan Selling Expenses

| Twelve-month Period | | |
|---------------------|-------|-------------|
| 2002 | 2003 | % Variation |
| (117) | (135) | 15.4 |

The increase in this expense reflects the growth in VGBL product sales.

| 2003 | | |
|----------|----------|-------------|
| 3rd Qtr. | 4th Qtr. | % Variation |
| (39) | (39) | - |

Expenses remained stable.

Expenses with Pension Plan Benefits and Redemptions

| Twelve-month Period | | |
|---------------------|---------|-------------|
| 2002 | 2003 | % Variation |
| (1,689) | (2,792) | 65.3 |

The variation for the year was mainly generated by increased private pension plan redemptions and insurance policies as a result of specific VGBL product features, which permit redemptions subsequent to the corresponding grace period.

| 2003 | | |
|----------|----------|-------------|
| 3rd Qtr. | 4th Qtr. | % Variation |
| (756) | (999) | 32.1 |

The variation for the quarter was generated substantially by increased private pension plan redemptions (PGBL).

Personnel Expenses

| Twelve-month Period | | |
|---------------------|--|--|
|---------------------|--|--|

| 2003 | | |
|------|--|--|
|------|--|--|

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| 2002 | 2003 | % Variation | 3rd Qtr. | 4th Qtr. | % Variation |
|---------|---------|-------------|----------|----------|-------------|
| (4,076) | (4,779) | 17.2 | (1,306) | (1,272) | (2.6) |

The growth was mainly due to: (i) salary increases, pursuant to collective-labor agreement (September/02) - R\$ 177; (ii) appropriation of collective-labor agreement (September/03) - R\$ 166; (iii) increase in single payment bonus compared to 2002 - R\$ 23; (iv) consolidation of BBV Banco from June 2003 - R\$ 187; and (v) consolidation of 12 months of expense in Mercantil in 2003, compared to only 9 months in 2002 - R\$ 70.

The variation was due mostly to: (i) salary increases, pursuant to collective-labor agreement - R\$ 93; (ii) increase in the volume of provision for labor claims and indemnities - R\$ 33; against (iii) effect of the collective-labor agreement in 3Q03 - R\$ 171, which include the single payment bonus - R\$ 98.

Other Administrative Expenses

| Twelve-month Period | | | 2003 | | |
|---------------------|---------|-------------|----------|----------|-------------|
| 2002 | 2003 | % Variation | 3rd Qtr. | 4th Qtr. | % Variation |
| (4,028) | (4,814) | 19.5 | (1,233) | (1,328) | 7.7 |

The variation in this expense was mostly due to increased expenses for: (i) third-party services - R\$ 94; (ii) depreciation and amortization - R\$ 87; (iii) rents - R\$ 66, of which R\$ 58 is generated by branches which were sold at auctions; (iv) transport - R\$ 61; (v) communications - R\$ 50; (vi) leasing - R\$ 56; (vii) publicity and advertising - R\$ 45; and (viii) consolidation of BBV Banco R\$ 175.

The variation in this expense was mostly due to increased expenses for: (i) publicity and advertising - R\$ 56; (ii) third-party services - R\$ 17; (iii) Rents - R\$ 10, generated by branches which were sold at auctions; and (iv) transport - R\$ 9.

Tax Expenses

| Twelve-month Period | | | 2003 | | |
|---------------------|---------|-------------|----------|----------|-------------|
| 2002 | 2003 | % Variation | 3rd Qtr. | 4th Qtr. | % Variation |
| (848) | (1,054) | 24.3 | (255) | (293) | 14.9 |

This increase was substantially generated by growing expenses for PIS/COFINS/ISS consistent with taxable income growth and the increase in the COFINS rate from 3% to 4% in September 2003.

The variation for the quarter mainly reflects the increase in expense for COFINS - R\$ 39, as a result of increases in the rate and calculation base.

Equity in the Earnings of Associated Companies

| Twelve-month Period | | | 2003 | | |
|---------------------|------|-------------|----------|----------|-------------|
| 2002 | 2003 | % Variation | 3rd Qtr. | 4th Qtr. | % Variation |
| 65 | 5 | (92.3) | 7 | 31 | 342.9 |

This variation was mainly the result of: (i) equity in earnings determined in IRB Brasil Resseguros S.A. - R\$ 62 for 2002, compared to R\$ 32 for 2003; and (ii) equity in loss in U.G.B. of R\$ (8) for 2002, compared to R\$ (35) for 2003.

This variation was mainly the result of equity in earnings determined in IRB Brasil Resseguros S.A. - R\$ 20 for 3Q03, compared to R\$ 40 for 4Q03.

Other Operating Income

| Twelve-month Period | | | 2003 | | |
|---------------------|-------|-------------|----------|----------|-------------|
| 2002 | 2003 | % Variation | 3rd Qtr. | 4th Qtr. | % Variation |
| 1,321 | 2,119 | 60.4 | 401 | 224 | (44.1) |

The increase for the year is mainly due to the growth in the Reversal of other operating provisions account, in particular, the reversal of the provision for exchange variation - R\$ 504 in 2003.

The variation for the quarter was due to: (i) less reversal of provisions in 4Q03 - R\$ 106; and (ii) less income determined on the sale of merchandise in the consolidated non-financial companies - R\$ 28.

Other Operating Expenses

| Twelve-month Period | | | 2003 | | |
|---------------------|---------|-------------|----------|----------|-------------|
| 2002 | 2003 | % Variation | 3rd Qtr. | 4th Qtr. | % Variation |
| (3,147) | (2,659) | (15.5) | (598) | (846) | 41.5 |

The variation for the year is mainly due to a provision for exchange variation recorded in the amount of R\$ 504 in 2002.

The increase for the quarter was mainly generated by provisions recorded - R\$ 97 and loss on credit operations - R\$ 95.

Operating Income

| Twelve-month Period | | | 2003 | | |
|---------------------|-------|-------------|----------|----------|-------------|
| 2002 | 2003 | % Variation | 3rd Qtr. | 4th Qtr. | % Variation |
| 2,310 | 3,553 | 53.8 | 667 | 887 | 33.0 |

The variation for the year reflects substantially: (i) the positive variation in financial margin - R\$ 97 (excluding financial income on securities, private pension plans and savings bonds); (ii) the change in the provision for exchange variation, with amounts of R\$ 504 and R\$ 504 recorded and reversed for 2002 and 2003, respectively ; (iii) increased income from commissions and fees - R\$ 845; (iv) increase in the margin of contribution from securities, private pension plan and savings bond operations - R\$ 402; (v) less expense with provision for loan losses - R\$ 369; partially offset by: (vi) increase in expenses for personnel - R\$ 704 and administrative expenses - R\$ 786.

The increase for the quarter was mainly due to: (i) positive variation in financial margin - R\$ 348 (excluding financial income on securities, private pension plans and savings bonds); (ii) less expense with provision for loan losses - R\$ 151; (iii) increase in the margin of contribution from securities, private pension plan and savings bond operations - R\$ 129; (iv) increase in income from commissions and fees - R\$ 93; partially offset by: (v) increase in personnel and administrative expenses - R\$ 60; (vi) increase in tax expenses - R\$ 38; and (vi) increase in other operating expenses, mainly operating provisions - R\$ 203 and sundry losses - R\$ 103.

Non-operating Income

| Twelve-month Period | | | 2003 | | |
|---------------------|-------|-------------|----------|----------|-------------|
| 2002 | 2003 | % Variation | 3rd Qtr. | 4th Qtr. | % Variation |
| 186 | (841) | (552.2) | 10 | (74) | (840.0) |

The variation for the year is mainly due to: (i) extraordinary amortization of goodwill - R\$ 799; and (ii) less income determined from the auction of branches - R\$ 70, in 2003 compared to 2002.

The variation for the quarter is mainly due to extraordinary amortization of goodwill - R\$ 118.

Income Tax and Social Contribution

| Twelve-month Period | | | 2003 | | |
|---------------------|-------|-------------|----------|----------|-------------|
| 2002 | 2003 | % Variation | 3rd Qtr. | 4th Qtr. | % Variation |
| (460) | (397) | (13.7) | (111) | (96) | (13.5) |

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 35 to the financial statements.

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

Results by Business Segment - In millions of reais

Accumulated to December 2003

| | Financial | | Insurance Group | | Other Activities | Amount Eliminated | Total Consolidated |
|---|----------------|-------------|-----------------|------------|------------------|-------------------|--------------------|
| | Local | Foreign | Local | Foreign | | | |
| Income from financial intermediation | 7,664 | 398 | 2,241 | 2 | 24 | (1) | 10,328 |
| Other operating income (expenses) | (6,415) | (75) | (1,563) | (1) | 31 | 1 | (8,022) |
| Commissions and fees | 4,085 | 8 | 188 | - | 564 | (288) | 4,557 |
| Personnel expenses | (4,116) | (23) | (461) | - | (179) | - | (4,779) |
| Other administrative expenses | (4,360) | (58) | (548) | (4) | (179) | 335 | (4,814) |
| Other revenue (expenses) | (2,024) | (2) | (742) | 3 | (175) | (46) | (2,986) |
| Net income | 1,249 | 323 | 678 | 1 | 55 | - | 2,306 |

Increase in the Main Statement of Income Items for the Year - In millions of reais**Increase in the Main Statement of Income Items for the Final Quarter - In millions of reais**

(*) Composition: Premiums and contributions, net of variations in technical reserves for insurance, private pension plans and savings bonds, less claims, redemptions, benefits and commissions, not including financial income on insurance activities and price-level restatement and interest on technical reserves which are included in financial margin.

Increase in Financial Margin Items plus Exchange Adjustment for the Year - In millions of reais**Increase in Financial Margin Items plus Exchange Adjustment for the Final Quarter - In millions of reais**

- (1) Including income on credit operations + income on leasing operations + adjustments to income on foreign exchange transactions (Note 13a);
(2) Includes interest and charges on deposits + expenses for borrowings and onlendings + income on compulsory deposits + price-level restatement and interest on technical reserves for insurance, private pension plans and savings bonds + adjustments to income on foreign exchange transactions (Note 13a);
(3) Includes income on securities transactions + financial income on insurance, private pension plans and savings bonds + income on derivative financial instruments + adjustments to income on foreign exchange transactions (Note 13a); and
(4) Includes income on foreign exchange transactions + adjustments to income on foreign exchange transactions (Note 13a).

Analysis of the Adjusted Financial Margin and Average Rates

Credit Operations x Income

| In millions of reais | Accumulated to December 2002 | Accumulated to December 2003 | 3rd Qtr. 2003 | 4th Qtr. 2003 |
|----------------------|------------------------------|------------------------------|---------------|---------------|
|----------------------|------------------------------|------------------------------|---------------|---------------|

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| | | | | |
|---|--------|--------|--------|--------|
| Credit operations | 42,440 | 44,051 | 44,660 | 45,180 |
| Leasing operations | 1,727 | 1,481 | 1,480 | 1,430 |
| Advances on foreign exchange contracts | 5,432 | 5,876 | 5,991 | 6,175 |
| 1 - Total - Average balance (quarterly) | 49,598 | 51,407 | 52,131 | 52,786 |
| 2 - Income (*) | 20,580 | 13,387 | 3,863 | 3,499 |
| 3 - Average return annualized exponentially (2/1) | 41.5% | 26.0% | 33.1% | 29.3% |

(*) Includes income from credit operations, net results from leasing operations and results on foreign exchange transactions.

Securities x Income on Security Transactions

| In millions of reais | Accumulated to December 2002 | Accumulated to December 2003 | 3rd Qtr. 2003 | 4th Qtr. 2003 |
|---|---------------------------------|---------------------------------|---------------|---------------|
| Securities | 38,394 | 43,188 | 45,351 | 50,855 |
| Interbank investments | 9,713 | 25,232 | 24,777 | 30,141 |
| Subject to repurchase agreements | (11,842) | (20,957) | (20,819) | (27,931) |
| Derivative financial instruments | (597) | (322) | (321) | (192) |
| 4 - Total - Average balance (quarterly) | 35,667 | 47,141 | 48,988 | 52,874 |
| 5 - Income on security transactions (net of expenses for repurchase agreements) (*) | 8,678 | 8,783 | 2,562 | 2,637 |
| 6 - Average rate annualized exponentially (5/4) | 24.3% | 18.6% | 22.6% | 21.5% |

(*) Includes financial income on securities, private pension plans and savings bonds and derivative financial instruments.

Total Assets x Income from Financial Intermediation

| In millions of reais | Accumulated to December 2002 | Accumulated to December 2003 | 3rd Qtr. 2003 | 4th Qtr. 2003 |
|---|---------------------------------|---------------------------------|---------------|---------------|
| 7 - Total assets - Average balance (quarterly) | 127,396 | 156,547 | 159,426 | 170,231 |
| 8 - Income from financial intermediation | 31,913 | 27,530 | 7,912 | 7,443 |
| 9 - Average rate annualized exponentially (8/7) | 25.1% | 17.6% | 21.4% | 18.7% |

Funding x Expenses

| In millions of reais | Accumulated to December 2002 | Accumulated to December 2003 | 3rd Qtr. 2003 | 4th Qtr. 2003 |
|----------------------|---------------------------------|---------------------------------|---------------|---------------|
|----------------------|---------------------------------|---------------------------------|---------------|---------------|

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| | | | | |
|--|--------|--------|--------|--------|
| Deposits | 50,020 | 56,883 | 57,579 | 58,180 |
| Funds from acceptance and issuance of securities | 4,749 | 5,719 | 6,825 | 7,376 |
| Interbank and interdepartmental accounts | 1,183 | 1,857 | 1,604 | 1,893 |
| Subordinated debt | 2,035 | 3,705 | 3,410 | 4,238 |
| 10 - Total funding - Average balance (quarterly) | 57,987 | 68,166 | 69,418 | 71,687 |
| 11 - Expenses (*) | 8,350 | 5,189 | 1,951 | 1,302 |
| 12 - Average rate annualized exponentially (11/10) | 14.4% | 7.6% | 11.7% | 7.5% |

(*) Funding expenses without repurchase agreements less income on compulsory deposits.

Technical Reserves for Insurance, Private Pension Plans and Savings Bonds x Expenses

| In millions of reais | Accumulated to December 2002 | Accumulated to December 2003 | 3rd Qtr. 2003 | 4th Qtr. 2003 |
|--|---------------------------------|---------------------------------|---------------|---------------|
| 13 - Technical Reserves for Insurance, Private Pension Plans and Savings Bonds - Average balance (quarterly) | 15,869 | 22,762 | 23,597 | 25,435 |
| 14 - Expenses (*) | 2,241 | 3,120 | 761 | 701 |
| 15 - Average rate annualized exponentially (14/13) | 14.1% | 13.7% | 13.5% | 11.5% |

(*) Price-level restatement and interest on technical reserves for insurance, private pension plans and savings bonds.

Borrowings and Onlendings (Local and Foreign) x Expenses

| In millions of reais | Accumulated to December 2002 | Accumulated to December 2003 | 3rd Qtr. 2003 | 4th Qtr. 2003 |
|--|---------------------------------|---------------------------------|---------------|---------------|
| Borrowings | 9,677 | 8,375 | 7,917 | 7,673 |
| Onlendings | 6,491 | 7,069 | 6,962 | 7,318 |
| 16 - Total borrowings and onlendings - Average balance (quarterly) | 16,169 | 15,444 | 14,879 | 14,991 |
| 17 - Expenses for borrowings and onlendings | 7,194 | 1,083 | 555 | 490 |
| 18 - Average rate annualized exponentially (17/16) | 44.5% | 7.0% | 15.8% | 13.7% |

Total Assets x Financial Margin

| In millions of reais | Accumulated to December 2002 | Accumulated to December 2003 | 3rd Qtr. 2003 | 4th Qtr. 2003 |
|---|---------------------------------|---------------------------------|---------------|---------------|
| 19 - Total assets - Average balance (quarterly) | 127,396 | 156,547 | 159,426 | 170,231 |

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| | | | | |
|--|--------|--------|-------|-------|
| 20 - Financial margin (*) | 11,472 | 12,778 | 3,158 | 3,643 |
| 21 - Average rate annualized exponentially (20/19) | 9.0% | 8.2% | 8.2% | 8.8% |

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

Financial Market Indicators

Analysis of Financial Margin

Bradesco's consolidated financial margin (before PDD) totaled R\$ 12,778 million for 2003, an 11.4% increase as compared to R\$ 11,472 million for 2002.

The financial margin for the fourth quarter of 2003 (4Q03) totaled R\$ 3,643 million compared to R\$ 3,158 million for 3Q03 and R\$ 2,941 million for 4Q02, ie, an increase of 15.4% and 23.9%, respectively.

We present below the main factors responsible for the growth in financial margin:

- Average balance of technical reserves for insurance, private pension plans and savings bonds was up from R\$ 15,869 million in 2002 to R\$ 22,762 million in 2003, a growth rate of 43.4%. At the end of December 2003, the balance of these reserves was R\$ 26,409 million. For the most part, these are medium and long-term funds providing Bradesco with a stable base of resources.
- Total deposits grew by 13.7%, comparing average balances in 2003 to 2002, in particular, demand deposits (up by 17.6%) and savings deposits (up by 8.7%). This growth was the result of Bradesco's successful efforts to secure new customers, an increase of 11.3% between 2002 and 2003, as well as the creation of a number of different business lines, forming a wide range of products, services and customer service channels designed to meet the demands of our customers. For example, we highlight the acquisition of BBV Banco, the creation of the consortium purchase system Bradesco Consórcios, the post-office bank Banco Postal, Finasa Promotora and conclusion of the customer segmentation process, among others.
- Credit operations, leasing operations and advances on foreign exchange contracts grew by 3.6% comparing average balances in 2002 and 2003. In 4Q03, the average balance of these operations totaled R\$ 52,786 million, a 1.3% increase over 3Q03 and a 2.5% increase over the same quarter in 2002. We stress that a portion of these operations is subject to exchange variation and accordingly, following an 18.2% strengthening of the real this year, dollar-indexed credit operations suffered a negative impact.
- The excellent positioning of Bradesco's securities and derivatives portfolios was also responsible for the increase in financial margin, since in 2003 the markets recovered with a positive effect on results of security transactions.

Financial margin on total average assets in 4Q03 was 8.8% compared to 8.2% in 3Q03, up by 0.6 percentage points.

Comparing 2003 to 2002, the financial margin rates on average total assets were 8.2% and 9.0% respectively. However, the 2002 financial margin was affected by the significant exchange variation recorded in that year which totaled 52.3%. Adopting a conservative approach, Bradesco recorded an additional provision for market fluctuation and risk, recognized in other operating expenses in 2002 and reversed to other operating income in 2003.

Accordingly, adjusting this provision, the financial margin on total assets in 2002 would be 8.3% compared to 8.5% in 2003.

Banco Bradesco's principal activity which is to finance production and consumption was not favorable in 2003, as a result of the macroeconomic scenario, affected in particular by minimal GDP growth, which had a negative impact on

the demand for new credit. This is further confirmed by comparing the growth of the Bank's share of credit and leasing operations and advances on foreign exchange contracts (ACC) with the average balance of total assets. While this share was 38.9% in 2002, these operations correspond to 32.8% in 2003.

Provision for Loan Losses

Movement of Allowance for Loan Losses

| In millions of reais | | | | | | |
|--|---------------|---------------|-------------------------|---------------|---------------|-------------------------|
| | 2002 | | | 2003 | | |
| | 3rd Qtr. | 4th Qtr. | Accumulated to December | 3rd Qtr. | 4th Qtr. | Accumulated to December |
| Credit portfolio | 53,599 | 50,801 | 50,801 | 52,776 | 54,336 | 54,336 |
| Opening balance | 3,529 | 3,818 | 2,941 | 4,109 | 4,151 | 3,665 |
| Amount recorded for the year | 896 | 579 | 2,819 | 603 | 451 | 2,449 |
| Amount written off for the year | (607) | (732) | (2,329) | (561) | (543) | (2,226) |
| Balance derived from acquired institutions | - | - | 234 | - | - | 171 |
| Closing balance | 3,818 | 3,665 | 3,665 | 4,151 | 4,059 | 4,059 |
| Specific provisions | 2,125 | 1,943 | 1,943 | 1,939 | 1,816 | 1,816 |
| Generic provisions | 1,269 | 1,217 | 1,217 | 1,390 | 1,384 | 1,384 |
| Additional provision | 424 | 505 | 505 | 822 | 859 | 859 |
| Credit recoveries | 108 | 103 | 380 | 128 | 150 | 476 |

Allowance for Loan Losses (PDD) on Credit and Leasing Operations

| In millions of reais | | | | | | | | | |
|-------------------------------------|----------|--------|--------|--------|--------|--------|--------|-----------|----------|
| | December | | | | | 2003 | | | |
| | 1998 | 1999 | 2000 | 2001 | 2002 | March | June | September | December |
| Allowance for loan losses - PDD (A) | 1,215 | 1,908 | 2,507 | 2,941 | 3,665 | 3,902 | 4,109 | 4,151 | 4,059 |
| Credit operations (B) | 25,095 | 27,559 | 38,872 | 44,444 | 50,801 | 49,655 | 53,048 | 52,776 | 54,336 |
| PDD on credit operations (A/B) | 4.8% | 6.9% | 6.5% | 6.6% | 7.2% | 7.9% | 7.7% | 7.9% | 7.5% |

Ratio of PDD coverage to abnormal course credits (D to H)

In millions of reais

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| | 2002 | | 2003 | |
|--------------------------------------|-----------|----------|-----------|----------|
| | September | December | September | December |
| Total provisions (1) | 3,818 | 3,665 | 4,151 | 4,059 |
| Abnormal course credits (D to H) (2) | 2,944 | 2,676 | 2,922 | 2,633 |
| PDD coverage ratio (1/2) | 129.7% | 136.9% | 142.1% | 154.2% |

Commissions and Fees

| | In millions of reais | | | | | |
|--------------------------------|----------------------|------------|-------------------------|--------------|--------------|-------------------------|
| | 2002 | | | 2003 | | |
| | 3rd Qtr. | 4th Qtr. | Accumulated to December | 3rd Qtr. | 4th Qtr. | Accumulated to December |
| Checking account | 217 | 237 | 881 | 287 | 310 | 1,107 |
| Cards | 163 | 180 | 639 | 203 | 220 | 818 |
| Fund management | 105 | 102 | 460 | 168 | 195 | 609 |
| Collection | 144 | 147 | 556 | 155 | 155 | 595 |
| Credit operations | 110 | 113 | 407 | 149 | 160 | 579 |
| Interbank charges | 65 | 67 | 254 | 65 | 68 | 257 |
| Collection of taxes | 44 | 43 | 168 | 48 | 48 | 186 |
| Custody and brokerage services | 11 | 9 | 38 | 10 | 11 | 39 |
| Other | 75 | 93 | 309 | 97 | 108 | 367 |
| Total | 934 | 991 | 3,712 | 1,182 | 1,275 | 4,557 |

Administrative and Personnel Expenses

| | In millions of reais | | | | | |
|-------------------------------|----------------------|----------|-------------------------|----------|----------|-------------------------|
| | 2002 | | | 2003 | | |
| | 3rd Qtr. | 4th Qtr. | Accumulated to December | 3rd Qtr. | 4th Qtr. | Accumulated to December |
| Third-party services | 182 | 180 | 673 | 210 | 227 | 799 |
| Communications | 146 | 150 | 548 | 161 | 168 | 623 |
| Depreciation and amortization | 105 | 115 | 418 | 137 | 127 | 530 |

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| | | | | | | |
|--------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Publicity and advertising | 92 | 87 | 320 | 83 | 139 | 372 |
| Transport | 76 | 76 | 297 | 93 | 102 | 368 |
| Financial system services | 88 | 86 | 332 | 92 | 97 | 357 |
| Rents | 52 | 61 | 200 | 72 | 82 | 287 |
| Leasing | 60 | 69 | 223 | 79 | 70 | 279 |
| Data processing | 55 | 59 | 228 | 73 | 75 | 274 |
| Maintenance and repairs | 55 | 55 | 214 | 60 | 68 | 242 |
| Materials | 39 | 39 | 147 | 47 | 43 | 173 |
| Water, electricity and gas | 22 | 25 | 90 | 27 | 32 | 115 |
| Travel | 16 | 16 | 59 | 17 | 18 | 64 |
| Other | 75 | 93 | 279 | 82 | 80 | 331 |
| Administrative expenses | 1,063 | 1,111 | 4,028 | 1,233 | 1,328 | 4,814 |
| Remuneration | 538 | 540 | 2,036 | 632 | 646 | 2,380 |
| Benefits | 184 | 186 | 715 | 265 | 258 | 964 |
| Social charges | 216 | 195 | 753 | 196 | 244 | 831 |
| Employee profit sharing | 36 | 40 | 140 | 48 | 43 | 171 |
| Bonus (single payment) | 76 | - | 76 | 98 | 1 | 99 |
| Training | 13 | 14 | 49 | 16 | 15 | 61 |
| Other | 81 | 72 | 307 | 51 | 65 | 273 |
| Personnel expenses | 1,144 | 1,047 | 4,076 | 1,306 | 1,272 | 4,779 |
| Total | 2,207 | 2,158 | 8,104 | 2,539 | 2,600 | 9,593 |

Human Resources

At December 31, 2003, Bradesco's employees, including staff at the subsidiaries, totaled 75,781. The increase compared with December 2002 was generated mainly by the acquisition of BBV Banco in June 2003. Mercantil and BBV Banco employees are incorporated into Bradesco's December 2003 headcount. The following table presents the growth in the number of Bradesco employees:

| | December | | | | | 2003 | |
|--------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | 1998 | 1999 | 2000 | 2001 | 2002 | June | December |
| Banco Bradesco | 47,233 | 47,521 | 49,177 | 51,633 | 53,732 | 56,808 | 59,430 |
| Subsidiaries | 7,501 | 7,301 | 6,575 | 6,943 | 8,729 | 9,298 | 9,407 |
| Subtotal Bradesco | 54,734 | 54,822 | 55,752 | 58,576 | 62,461 | 66,106 | 68,837 |
| Banco BCN | 5,024 | 4,784 | 4,780 | 5,857 | 6,105 | 5,729 | 5,203 |
| Subsidiaries | 1,408 | 1,099 | 1,172 | 1,280 | 1,504 | 1,636 | 1,741 |
| Subtotal BCN | 6,432 | 5,883 | 5,952 | 7,137 | 7,609 | 7,365 | 6,944 |
| Banco Baneb | - | 2,756 | 2,514 | - | - | - | - |

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| | | | | | | | |
|---------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Subsidiaries | - | 50 | - | - | - | - | - |
| Subtotal Baneb | - | 2,806 | 2,514 | - | - | - | - |
| Banco Boavista | - | - | 1,564 | - | - | - | - |
| Subsidiaries | - | - | 22 | - | - | - | - |
| Subtotal Boavista | - | - | 1,586 | - | - | - | - |
| Banco Mercantil | - | - | - | - | 3,970 | - | - |
| Subsidiaries | - | - | - | - | 353 | - | - |
| Subtotal Mercantil | - | - | - | - | 4,323 | - | - |
| BBV Banco | - | - | - | - | - | 4,638 | - |
| Subsidiaries | - | - | - | - | - | 39 | - |
| Subtotal BBV Banco | - | - | - | - | - | 4,677 | - |
| Total | 61,166 | 63,511 | 65,804 | 65,713 | 74,393 | 78,148 | 75,781 |

N.B.: In June 2002, 751 Banco Cidade employees were incorporated by Banco BCN and 706 Banco BEA employees were incorporated by Banco Bradesco.

**Human Resources
December 2003**

| BY AGE | | BY GENDER | | BY EDUCATIONAL BACKGROUND | | BY YEARS OF SERVICE WITH BRADESCO | | BY MANAGERIAL POSITION | |
|-----------------|-----|-----------|-----|---------------------------|-----|-----------------------------------|-----|------------------------|-----|
| Younger than 30 | 45% | | | High School | 31% | Less than 5 years | 40% | | |
| From 31 to 40 | 38% | Men | 55% | University | 68% | From 6 to 10 years | 11% | Non-managerial | 49% |
| From 41 to 50 | 15% | Women | 45% | Other | 1% | From 11 to 20 years | 39% | Managerial | 51% |
| Older than 50 | 2% | | | | | More than 20 years | 10% | | |

Personnel Expenses

At December 31, 2003, Bradesco's accumulated personnel expenses totaled R\$ 4.8 billion, including expenses for remuneration, social charges, benefits, training, employee profit sharing, bonus (single payment) 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 Accumulated to December

Personnel Expenses by Business Segment Accumulated to December

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 and are developed by its Training Department, which is ISO 9001:2000 certified.

Accordingly, the Training Program uses tailor-made methodologies, offering in-class or distance self-development training courses/initiatives to all of 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', online training program which was used for the period from January to December 2003 by 209,494 participants for courses in Integration and Basic Banking, Financial Math, 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, Written Communication and Performance Management and Decision-making Support (GDAD), Auto-line Insurance and Money Laundering Prevention.

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 Banking, Private Banking, Prime and Consortium.

The specialization courses offered at post-graduate level should be given particular emphasis. Three groups have now concluded their studies in Business Process Management, Foreign Trade and International Operations and Banking Business and another two groups are taking the Banking Business course. These courses are given by the prestigious FIA, FIPE and FGV universities.

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 year, staff from the Mercantil and BBV banks were incorporated by Bradesco which required the organization of training courses on products, services, operating systems and customer service for 9,783 participants.

During the period from January to December of 2003, 1,268 courses were given, in 15,240 groups, with 414,314 employee participations and a total of 7,150,310 hours spent in training, as well as investments of R\$ 61.2 million.

Increase in Employee Training Participation Thousand Participants

Total Amount Invested in Training In millions of reais

Operating Efficiency

| | In millions of reais | | | | | |
|--|----------------------|--------------|---------------|---------------|---------------|---------------|
| | Year | | | | | |
| | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 |
| Personnel expenses | 2,642 | 2,784 | 3,221 | 3,549 | 4,076 | 4,779 |
| Employee profit sharing | (87) | (104) | (112) | (160) | (140) | (171) |
| Other administrative expenses | 2,159 | 2,567 | 2,978 | 3,436 | 4,028 | 4,815 |
| Total (1) | 4,714 | 5,247 | 6,087 | 6,825 | 7,964 | 9,423 |
| Financial margin = Gross income from financial intermediation less PDD | 6,087 | 7,494 | 7,839 | 10,109 | 11,472 | 12,778 |
| Commissions and fees | 1,775 | 2,100 | 3,043 | 3,473 | 3,712 | 4,557 |
| Income from retained insurance premiums, private pension plans and savings bonds | 5,015 | 5,975 | 6,920 | 8,959 | 10,135 | 12,495 |
| Variation in technical reserves for insurance, pension plans and savings bonds | (1,392) | (2,342) | (3,001) | (3,492) | (2,785) | (3,811) |
| Claims - insurance operations and savings bond redemptions | (2,631) | (2,844) | (2,866) | (3,996) | (4,336) | (5,279) |
| Insurance and pension plan selling expenses | (518) | (635) | (645) | (689) | (667) | (762) |
| Expenses with pension plan benefits and redemptions | (423) | (558) | (913) | (1,370) | (1,689) | (2,792) |
| Equity in the earnings of associated companies | 157 | 127 | 156 | 71 | 65 | 5 |
| Other operating expenses | (813) | (1,296) | (1,376) | (1,831) | (3,148) | (2,659) |
| Other operating income | 560 | 1,070 | 903 | 1,326 | 1,321 | 2,119 |
| Total (2) | 7,817 | 9,091 | 10,060 | 12,560 | 14,080 | 16,651 |
| Efficiency ratio (%) = (1/2) | 60.3 | 57.7 | 60.5 | 54.3 | 56.6 | 56.6 |
| Operating Efficiency Ratio (%) | | | | | | |

The operating efficiency ratio remained stable compared to the prior year, confirming the Organization's successful efforts to control expenses. We stress that the synergy process relating to the Institutions acquired in recent years is still in progress.

Activity-Based Costing

As part of the Organization's ongoing pursuit to optimize its results and performance, our cost management model will be supported by Activity-Based Costing (ABC) methodology which has already 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 and Exchange Exposure at December 31, 2003 - In millions of reais

| | Balance Sheet | Currency | |
|---|----------------|----------------|------------------------|
| | | Local | Foreign ⁽¹⁾ |
| ASSETS | | | |
| Current and long-term receivables | 171,142 | 141,420 | 29,722 |
| Funds available | 2,448 | 1,876 | 572 |
| Interbank investments | 31,724 | 27,793 | 3,931 |
| Securities and derivative financial instruments | 53,805 | 44,371 | 9,434 |
| Interbank and interdepartmental accounts | 14,528 | 14,522 | 6 |
| Credit and leasing operations | 43,469 | 36,784 | 6,685 |
| Other receivables and assets | 25,168 | 16,074 | 9,094 |
| Permanent assets | 4,956 | 4,586 | 370 |
| Investments | 862 | 497 | 365 |
| Property and equipment in use and leased assets | 2,326 | 2,322 | 4 |
| Deferred charges | 1,768 | 1,767 | 1 |
| Total assets | 176,098 | 146,006 | 30,092 |
| LIABILITIES | | | |
| Current and long-term liabilities | 162,406 | 134,993 | 27,413 |
| Deposits | 58,024 | 53,837 | 4,187 |
| Deposits received under security repurchase agreements | 32,793 | 29,387 | 3,406 |
| Funds from acceptance and issuance of securities | 6,847 | 1,038 | 5,809 |
| Interbank and interdepartmental accounts | 2,311 | 1,093 | 1,218 |
| Borrowings and onlendings | 14,795 | 6,970 | 7,825 |
| Derivative financial instruments | 52 | 52 | - |
| Technical reserves for insurance, savings bonds and private pension plans | 26,409 | 26,409 | - |
| Other liabilities | | | |
| Subordinated debt | 4,995 | 2,716 | 2,279 |
| Other | 16,180 | 13,491 | 2,689 |
| Deferred income | 32 | 32 | - |
| Minority interest in subsidiaries | 113 | 113 | - |
| Stockholders' equity | 13,547 | 13,547 | - |
| Total | 176,098 | 148,685 | 27,413 |
| Net position of assets and liabilities | - | - | 2,679 |
| Net position of derivatives (2) | - | - | (1,946) |
| Other memorandum accounts, net (3) | - | - | (536) |
| Net exchange position (asset) | - | - | 197 |

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

(2) Excluding derivative operations maturing in D +1, to be settled in currency at December 31, 2003 price levels.

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

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● Balance Sheet by Maturity at December 31, 2003 - In millions of reais

| | Up to 30 days | From 31 to 180 days | From 181 to 360 days | More than 360 days | Indeterminate | Total |
|---|------------------|---------------------------|----------------------------|-----------------------|---------------|----------------|
| ASSETS | | | | | | |
| Current assets and long-term receivables | 98,757 | 29,327 | 10,596 | 32,462 | - | 171,142 |
| Funds available | 2,448 | - | - | - | - | 2,448 |
| Interbank investments | 22,219 | 8,937 | 219 | 349 | - | 31,724 |
| Securities and derivative financial instruments(1) | 36,914 | 4,504 | 2,120 | 10,267 | - | 53,805 |
| Interbank and interdepartmental accounts | 14,174 | 5 | 6 | 343 | - | 14,528 |
| Credit and leasing operations | 7,891 | 14,653 | 6,155 | 14,770 | - | 43,469 |
| Other receivables and assets | 15,111 | 1,228 | 2,096 | 6,733 | - | 25,168 |
| Permanent assets | 46 | 227 | 272 | 2,996 | 1,415 | 4,956 |
| Investments | - | - | - | - | 862 | 862 |
| Property and equipment in use and leased assets | 19 | 94 | 113 | 1,547 | 553 | 2,326 |
| Deferred charges | 27 | 133 | 159 | 1,449 | - | 1,768 |
| Total | 98,803 | 29,554 | 10,868 | 35,458 | 1,415 | 176,098 |
| LIABILITIES | | | | | | |
| Current and long-term liabilities | 77,433 | 21,970 | 7,666 | 55,337 | - | 162,406 |
| Deposits(2) | 38,756 | 3,472 | 2,902 | 12,894 | - | 58,024 |
| Deposits received under security repurchase agreements | 21,504 | 9,562 | 31 | 1,696 | - | 32,793 |
| Funds from the acceptance and issuance of securities | 220 | 2,031 | 1,941 | 2,655 | - | 6,847 |
| Interbank and interdepartmental accounts | 2,311 | - | - | - | - | 2,311 |
| Borrowings and onlendings | 1,628 | 5,375 | 1,745 | 6,047 | - | 14,795 |
| Derivative financial instruments | 5 | 14 | 11 | 22 | - | 52 |
| Technical reserves for insurance, private pension plans and savings bonds | 2,249 | 835 | 456 | 22,869 | - | 26,409 |
| Other liabilities: | | | | | | |
| - Subordinated debt | 34 | 27 | - | 4,934 | - | 4,995 |
| - Other | 10,726 | 654 | 580 | 4,220 | - | 16,180 |
| Deferred income | 31 | 1 | - | - | - | 32 |
| Minority interest in subsidiaries | - | - | - | - | 113 | 113 |
| Stockholders' equity | - | - | - | - | 13,547 | 13,547 |
| Total | 77,464 | 21,971 | 7,666 | 55,337 | 13,660 | 176,098 |
| Accumulated net assets | 21,339 | 28,922 | 32,124 | 12,245 | - | - |

(1) Investment fund applications are classified as up to 30 days.

(2) Demand and savings account deposits are classified as up to 30 days without considering average historical turnover.

● Comparative Balance Sheet - In millions of reais

| ASSETS | December 2002 | December 2003 | % Variation | September 2003 | December 2003 | % Variation |
|--------|------------------|------------------|----------------|-------------------|------------------|----------------|
|--------|------------------|------------------|----------------|-------------------|------------------|----------------|

| | | | | | | |
|--|----------------|----------------|---------------|----------------|----------------|---------------|
| Current assets and long-term receivables | 137,302 | 171,142 | 24.6 | 159,294 | 171,142 | 7.4 |
| Funds available | 2,786 | 2,448 | (12.1) | 2,234 | 2,448 | 9.6 |
| Interbank investments | 21,473 | 31,724 | 47.7 | 28,558 | 31,724 | 11.1 |
| Securities and derivative financial instruments | 37,004 | 53,805 | 45.4 | 47,906 | 53,805 | 12.3 |
| Interbank and interdepartmental accounts | 13,135 | 14,528 | 10.6 | 13,253 | 14,528 | 9.6 |
| Restricted deposits: | | | | | | |
| Brazilian Central Bank | 12,520 | 13,580 | 8.5 | 12,069 | 13,580 | 12.5 |
| Other | 615 | 948 | 54.1 | 1,184 | 948 | (19.9) |
| Credit and leasing operations | 41,136 | 43,469 | 5.7 | 41,863 | 43,469 | 3.8 |
| Credit and leasing operations | 44,678 | 47,376 | 6.0 | 45,845 | 47,376 | 3.3 |
| Allowance for loan and leasing losses | (3,542) | (3,907) | 10.3 | (3,982) | (3,907) | (1.9) |
| Other receivables and assets | 21,768 | 25,168 | 15.6 | 25,480 | 25,168 | (1.2) |
| Foreign exchange portfolio | 10,026 | 11,103 | 10.7 | 11,926 | 11,103 | (6.9) |
| Other receivables and assets | 11,865 | 14,217 | 19.8 | 13,724 | 14,217 | 3.6 |
| Allowance for losses | (123) | (152) | 23.6 | (170) | (152) | (10.6) |
| Permanent assets | 5,483 | 4,956 | (9.6) | 5,069 | 4,956 | (2.2) |
| Investments | 513 | 862 | 68.0 | 504 | 862 | 71.0 |
| Property and equipment in use and leased assets | 2,558 | 2,326 | (9.1) | 2,613 | 2,326 | (11.0) |
| Deferred charges | 2,412 | 1,768 | (26.7) | 1,952 | 1,768 | (9.4) |
| Deferred charges | 469 | 552 | 17.7 | 555 | 552 | (0.5) |
| Goodwill on acquisition of subsidiaries, net of amortization | 1,943 | 1,216 | (37.4) | 1,397 | 1,216 | (13.0) |
| Total | 142,785 | 176,098 | 23.3 | 164,363 | 176,098 | 7.1 |

| LIABILITIES | December 2002 | December 2003 | % Variation | September 2003 | December 2003 | % Variation |
|---|----------------------|----------------------|--------------------|-----------------------|----------------------|--------------------|
| Current and long-term liabilities | 131,652 | 162,406 | 23.4 | 151,255 | 162,406 | 7.4 |
| Deposits | 56,363 | 58,024 | 2.9 | 58,337 | 58,024 | (0.5) |
| Demand deposits | 13,370 | 12,909 | (3.4) | 11,240 | 12,909 | 14.8 |
| Savings deposits | 20,731 | 22,140 | 6.8 | 20,897 | 22,140 | 5.9 |
| Interbank deposits | 24 | 32 | 33.3 | 411 | 32 | (92.2) |
| Time deposits | 22,238 | 22,943 | 3.2 | 25,789 | 22,943 | (11.0) |
| Deposits received under security repurchase agreements | 16,013 | 32,793 | 104.8 | 23,069 | 32,793 | 42.2 |
| Funds from acceptance and issuance of securities | 3,137 | 6,847 | 118.3 | 7,905 | 6,847 | (13.4) |
| Securities issued abroad | 2,650 | 5,809 | 119.2 | 7,017 | 5,809 | (17.2) |
| Other resources | 487 | 1,038 | 113.1 | 888 | 1,038 | 16.9 |
| Interbank and interdepartmental accounts | 1,944 | 2,311 | 18.9 | 1,474 | 2,311 | 56.8 |
| Borrowings and onlendings | 16,438 | 14,795 | (10.0) | 15,186 | 14,795 | (2.6) |
| Borrowings | 9,391 | 7,224 | (23.1) | 8,123 | 7,224 | (11.1) |
| Onlendings | 7,047 | 7,571 | 7.4 | 7,063 | 7,571 | 7.2 |
| Derivative financial instruments | 577 | 52 | (91.0) | 331 | 52 | (84.3) |
| | 19,155 | 24,409 | 37.9 | 24,461 | 24,409 | 8.0 |

**Technical reserves for insurance,
private pension plans and savings
bonds**

| | | | | | | |
|--|----------------|----------------|---------------|----------------|----------------|------------|
| Other liabilities | 18,025 | 21,175 | 17.5 | 20,492 | 21,175 | 3.3 |
| Foreign exchange portfolio | 5,002 | 5,119 | 2.3 | 5,966 | 5,119 | (14.2) |
| Taxes and social security contributions, social and statutory payables | 5,042 | 5,633 | 11.7 | 4,912 | 5,633 | 14.7 |
| Subordinated debt | 3,322 | 4,995 | 50.4 | 3,482 | 4,995 | 43.5 |
| Sundry | 4,659 | 5,428 | 16.5 | 6,132 | 5,428 | (11.5) |
| Deferred income | 16 | 32 | 100.0 | 30 | 32 | 6.7 |
| Minority interest in subsidiaries | 271 | 113 | (58.3) | 111 | 113 | 1.8 |
| Stockholders equity | 10,846 | 13,547 | 24.9 | 12,967 | 13,547 | 4.5 |
| Total | 142,785 | 176,098 | 23.3 | 164,363 | 176,098 | 7.1 |

● Equity Analysis - In millions of reais

Funds Available

| December | | |
|----------|-------|-------------|
| 2002 | 2003 | % Variation |
| 2,786 | 2,448 | (12.1) |

The variation mainly reflects the decrease in the volume of foreign currency cash funds as compared to 2002.

Interbank Investments

| December | | |
|----------|--------|-------------|
| 2002 | 2003 | % Variation |
| 21,473 | 31,724 | 47.7 |

The variation in this account balance reflects the increase in open market investments: (i) in the third-party portfolio, up by R\$ 5,169; and (ii) in the own portfolio up by R\$ 1,899.

Securities (TVM) and Derivative Financial Instruments

| December | | |
|----------|--------|-------------|
| 2002 | 2003 | % Variation |
| 37,004 | 53,805 | 45.4 |

| 2003 | | |
|-----------|----------|-------------|
| September | December | % Variation |
| 2,234 | 2,448 | 9.6 |

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

| 2003 | | |
|-----------|----------|-------------|
| September | December | % Variation |
| 28,558 | 31,724 | 11.1 |

The variation for this quarter mainly reflects the increase in open market investments in the own portfolio, up by R\$ 2,581.

The variation reflects mainly: (i) additional funds derived from the increase in funding, particularly technical reserves and issuance of securities (subordinated and securitized debt); (ii) the consolidation of BBV Banco; (iii) adjustment to securities; partially mitigated by: (iv) redemption/maturity of securities during the year; and (v) by negative exchange variation of 18.2% in 2003.

N.B. Includes investment fund and managed portfolio resources invested in purchase and sale commitments with Banco Bradesco, the investors in which are subsidiary companies included in the consolidated financial statements in the amount of R\$ 9,431 (2002) and R\$ 11,512 (2003).

The variation reflects: (i) additional funds derived from the increase in funding, particularly technical reserves and issuance of securities (subordinated and securitized debt); (ii) adjustment to securities; and partially mitigated by (iii) redemption/maturity of securities during the quarter.

N.B. Includes investment fund and managed portfolio resources invested in purchase and sale commitments with Banco Bradesco, the investors in which are subsidiary companies included in the consolidated financial statements in the amount of R\$ 10,508 (September) and R\$ 11,512 (December).

Interbank and Interdepartmental Accounts

| December | | |
|----------|--------|-------------|
| 2002 | 2003 | % Variation |
| 13,135 | 14,528 | 10.6 |

The variation reflects substantially the increase in compulsory Brazilian Central Bank (BACEN) deposits, as a result of the increase in the average volume of deposits for the year.

| 2003 | | |
|-----------|----------|-------------|
| September | December | % Variation |
| 13,253 | 14,528 | 9.6 |

The variation reflects mainly the increase in compulsory BACEN deposits, as a result of the increase in the average volume of deposits for the quarter.

Credit and Leasing Operations

| December | | |
|----------|--------|-------------|
| 2002 | 2003 | % Variation |
| 50,801 | 54,336 | 7.0 |

The variation in the credit portfolio for the year reflects mainly: (i) consolidation of BBV Banco - R\$ 3,985; influenced by (ii) negative exchange variation of 18.2%, in 2003, affecting foreign currency indexed or denominated contracts; and (iii) less credit demand during the year, as a result of the level of economic activity in Brazil, as well as greater credit granting selectivity.

N.B. Includes advances on foreign exchange contracts and other receivables and does not include the allowance for loan losses, as described in Note 12 to the financial statements.

| 2003 | | |
|-----------|----------|-------------|
| September | December | % Variation |
| 52,776 | 54,336 | 3.0 |

The variation in the credit portfolio for the quarter reflects the seasonal increase in demand and signs of the return to growth of economic activity following consecutive interest rate cuts.

N.B. Includes advances on foreign exchange contracts and other receivables and does not include the allowance for loan losses.

Allowance for Loan Losses (PDD)

| December | | |
|----------|-------|-------------|
| 2002 | 2003 | % Variation |
| 3,665 | 4,059 | 10.8 |

| 2003 | | |
|-----------|----------|-------------|
| September | December | % Variation |
| 4,151 | 4,059 | (2.2) |

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In 2003 this account includes: (i) allowance for loan losses (PDD) - R\$ 2,449 (R\$ 354 of excess provision); (ii) balances incorporated from BBV Banco - R\$ 171; and (iii) amounts written off - R\$ 2,226, as described in Note 12g to the financial statements. Total PDD on credit operations increased from 7.2% in 2002 to 7.5% in 2003. The total allowance on the abnormal course credit portfolio, rated from D to H, increased from 137.0% in 2002 to 154.2% in 2003.

Total PDD decreased from 7.9% in 3Q03 to 7.5% in 4Q03, as a result of amounts written off - R\$ 543 in excess of amounts recorded - R\$ 451. On the other hand, the total allowance on the abnormal course credit portfolio, rated from D to H, increased from 142.1% in 3Q03 to 154.2% in 4Q03.

Other Receivables and Assets

| December | | |
|----------|--------|-------------|
| 2002 | 2003 | % Variation |
| 21,250 | 24,543 | 15.5 |

The variation is mainly due to: (i) increase in the volume of the fx portfolio; and (ii) consolidation of BBV Banco.
N.B. This total is less (net of corresponding PDD) an amount of R\$ 518 in 2002 and R\$ 625 in 2003, allocated to the Credit and leasing operations and Allowance for loan losses accounts.

| 2003 | | |
|-----------|----------|-------------|
| September | December | % Variation |
| 24,886 | 24,543 | (1.4) |

The variation is mostly due to negative exchange variation for 4Q03 affecting the fx portfolio balance.
N.B. This total is less (net of corresponding PDD) of an amount of R\$ 595 in 3Q03 and of R\$ 625 in 4Q03, allocated to the Credit and leasing operations and Allowance for loan losses accounts.

Permanent Assets

| December | | |
|----------|-------|-------------|
| 2002 | 2003 | % Variation |
| 5,483 | 4,956 | (9.6) |

The decrease for the year was mainly generated by: (i) sale of branches by auction; (ii) amortization of goodwill in subsidiary companies, net of acquisitions - R\$ 727; and partially offset by (iii) consolidation of BBV Banco.

| 2003 | | |
|-----------|----------|-------------|
| September | December | % Variation |
| 5,069 | 4,956 | (2.2) |

The decrease for the quarter was mainly due to: (i) sale of branches by auction; (ii) amortization of goodwill in subsidiary companies - R\$ 181; (iii) non-consolidation of permanent assets of Latasa - R\$ 306, following its sale; (iv) transfer of the investment in Banco Espirito Santo (BES) from current to permanent assets - R\$ 365.

Deposits

| December | | |
|----------|--------|-------------|
| 2002 | 2003 | % Variation |
| 56,363 | 58,024 | 2.9 |

The increase in this account balance for the year reflects mainly: (i) growth in the volume savings account deposits; and (ii) consolidation of BBV Banco.

| 2003 | | |
|-----------|----------|-------------|
| September | December | % Variation |
| 58,337 | 58,024 | (0.5) |

The variation in this balance for the quarter was mainly due to: (i) decreased volume of time deposits - R\$ 2,846; partially offset by (ii) an increase in the volume of demand - R\$ 1,669 and savings deposits - R\$ 1,243.

Deposits Received Under Security Repurchase Agreements

| December | | |
|----------|--------|-------------|
| 2002 | 2003 | % Variation |
| 16,013 | 32,793 | 104.8 |

The growth in this account balance for the year was due to greater demand for this type of funding, reflecting the interest for investments in assets with greater liquidity.

N.B. Includes investment fund and managed portfolio resources invested in purchase and sale commitments with Banco Bradesco, the investors in which are subsidiary companies included in the consolidated financial statements in the amount of R\$ 9,431 (2002) and R\$ 11,512 (2003).

Funds from Acceptance and Issuance of Securities

| December | | |
|----------|-------|-------------|
| 2002 | 2003 | % Variation |
| 3,137 | 6,847 | 118.3 |

This increase mainly reflects: (i) new securities issued abroad (securitization of the future flows of payment orders and credit card bills), net of payments; (ii) as well as the consolidation of BBV Banco; partially offset by: (iii) negative exchange variation of 18.2% in 2003.

Interbank and Interdepartmental Accounts

| December | | |
|----------|-------|-------------|
| 2002 | 2003 | % Variation |
| 1,944 | 2,311 | 18.9 |

This growth is derived in particular from the increase in the volume of collection and money orders in 2003, following the increase in the number of customers and in the customer service network.

Borrowings and Onlendings

| December | | |
|----------|--|--|
|----------|--|--|

| 2003 | | |
|-----------|----------|-------------|
| September | December | % Variation |
| 23,069 | 32,793 | 42.2 |

The increase in this balance for the quarter was the result of greater demand for this type of funding, reflecting interest for asset investments with greater liquidity.

N.B. Includes investment fund and managed portfolio resources invested in purchase and sale commitments with Banco Bradesco, the investors in which are subsidiary companies included in the consolidated financial statements in the amount of R\$ 10,508 (September) and R\$ 11,512 (December).

| 2003 | | |
|-----------|----------|-------------|
| September | December | % Variation |
| 7,905 | 6,847 | (13.4) |

This variation reflects for the most part: (i) redemption of securities issued abroad (eurobonds and euronotes) matured in the fourth quarter; and to a lesser extent; (ii) negative exchange variation for the quarter.

| 2003 | | |
|-----------|----------|-------------|
| September | December | % Variation |
| 1,474 | 2,311 | 56.8 |

The increase is mainly due to the increase in the volume of collection and money orders in 4Q03.

| 2003 | | |
|------|--|--|
|------|--|--|

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| 2002 | 2003 | % Variation |
|--------|--------|-------------|
| 16,438 | 14,795 | (10.0) |

The decrease for the year was mainly generated by: (i) negative exchange variation of 18.2% in 2003; and (ii) the settlement of a portion of transactions indexed and/or denominated in foreign currency.

Other Liabilities and Derivative Financial Instruments

| December | | |
|----------|--------|-------------|
| 2002 | 2003 | % Variation |
| 24,083 | 27,410 | 13.8 |

The oscillation for the year was due mainly to: (i) issuance of subordinated debt in foreign currency; (ii) consolidation of BBV Banco; and was partially offset by (iii) negative exchange variation of 18.2% in 2003.

N.B. Excludes advances on foreign exchange contracts of R\$ 5,481 and R\$ 6,183, allocated to the specific account in credit operations in 2002 and 2003, respectively.

Technical Reserves for Insurance, Private Pension Plans and Savings Bonds

| December | | |
|----------|--------|-------------|
| 2002 | 2003 | % Variation |
| 19,155 | 26,409 | 37.9 |

The variation for the year was principally derived from an ongoing strengthening of reserves resulting from the increased sales of private pension plans and insurance policies, in particular, VGBL and PGBL products.

Minority Interest in Subsidiaries

| December | | |
|----------|------|-------------|
| 2002 | 2003 | % Variation |
| 271 | 113 | (58.3) |

| September | December | % Variation |
|-----------|----------|-------------|
| 15,186 | 14,795 | (2.6) |

This oscillation reflects, for the most part, the settlement of a portion of overdue transactions indexed and/or denominated in foreign currency.

| 2003 | | |
|-----------|----------|-------------|
| September | December | % Variation |
| 26,991 | 27,410 | 1.6 |

The oscillation for the quarter results mainly from funds obtained from abroad, through the issuance of subordinated debt.

N.B. Excludes advances on foreign exchange contracts of R\$ 6,168 and R\$ 6,183, allocated to the specific account in credit operations in 3Q03 and 4Q03, respectively.

The variation for the quarter mainly reflects the ongoing strengthening of reserves following increased sales of private pension plans and insurance policies, in particular, VGBL products.

| 2003 | | |
|-----------|----------|-------------|
| September | December | % Variation |
| 111 | 113 | 1.8 |

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The decrease for the year was mainly due to the incorporation of all the minority stockholders of Banco Mercantil.

This increase was derived mainly from minority interest in results determined for 4Q03.

Stockholders Equity

| December | | |
|----------|--------|-------------|
| 2002 | 2003 | % Variation |
| 10,846 | 13,547 | 24.9 |

This variation reflects: (i) capital increase - R\$ 1,290; (ii) appropriation of net income for the year - R\$ 2,306; (iii) mark-to-market adjustment of securities and derivatives - R\$ 470; offset by: (iv) interest attributed to own capital, paid and accrued - R\$ 1,347, and (v) others - R\$ 19.

| 2003 | | |
|-----------|----------|-------------|
| September | December | % Variation |
| 12,967 | 13,547 | 4.5 |

The variation reflects: (i) appropriation of net income for 4Q03 - R\$ 715; (ii) increase in the reserve for mark-to-market adjustment of securities and derivatives - R\$ 238; and was offset by: (iii) interest attributed to own capital, paid and accrued - R\$ 347; and (iv) others - R\$ 26.

- Securities - In millions of reais

Consolidated Portfolio Composition by Issuer (1)

December 2003

| Securities | Up to 30 days | From 31 to 180 days | From 181 to 360 days | More than 360 days | Market/Book value (2), (3) and (4) | Restated Cost | Mark-to-market Adjustment |
|--|---------------|---------------------|----------------------|--------------------|------------------------------------|---------------|---------------------------|
| GOVERNMENT SECURITIES | 411 | 6,269 | 5,088 | 24,709 | 36,477 | 36,273 | 204 |
| Financial Treasury Notes | 64 | 1,777 | 2,826 | 10,950 | 15,617 | 15,590 | 27 |
| National Treasury Bonds | 114 | 2,110 | 1,855 | 859 | 4,938 | 4,897 | 41 |
| Federal Treasury Notes | 1 | 1,279 | 333 | 7,075 | 8,688 | 8,678 | 10 |
| Brazilian foreign debt notes | 159 | 31 | 13 | 5,490 | 5,693 | 5,528 | 165 |
| Central Bank Notes | - | 982 | 36 | 56 | 1,074 | 1,075 | (1) |
| Other | 73 | 90 | 25 | 279 | 467 | 505 | (38) |
| CORPORATE BONDS | 2,188 | 318 | 165 | 3,145 | 5,816 | 5,069 | 747 |
| Shares | 1,782 | - | - | - | 1,782 | 1,198 | 584 |
| Debentures | 9 | 70 | 14 | 1,290 | 1,383 | 1,408 | (25) |
| Certificates of Bank Deposit | 178 | 93 | 7 | 774 | 1,052 | 1,053 | (1) |
| Foreign securities | 54 | 32 | 38 | 890 | 1,014 | 932 | 82 |
| Derivative financial instruments | 16 | 88 | 92 | 36 | 232 | 116 | 116 |
| Other | 149 | 35 | 14 | 155 | 353 | 362 | (9) |
| PURCHASE AND SALE COMMITMENTS (5) | - | 7,420 | 2,995 | 1,097 | 11,512 | 11,512 | - |
| Total | 2,599 | 14,007 | 8,248 | 28,951 | 53,805 | 52,854 | 951 |

Composition by Maturity (1)

December 2003

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| | Up to 30 days | From 31 to 180 days | From 181 to 360 days | More than 360 days | Market/Book value (2), (3) and (4) | Cost value | Mark-to-market Adjustment |
|---|---------------|---------------------|----------------------|--------------------|------------------------------------|---------------|---------------------------|
| TRADING SECURITIES | 1,002 | 12,612 | 7,738 | 19,259 | 40,611 | 40,532 | 79 |
| Financial Treasury Notes | 46 | 1,577 | 2,460 | 10,697 | 14,780 | 14,754 | 26 |
| Purchase and Sale Commitments (5) | - | 7,420 | 2,995 | 1,097 | 11,512 | 11,512 | - |
| National Treasury Bonds | 114 | 2,110 | 1,855 | 858 | 4,937 | 4,896 | 41 |
| Federal Treasury Notes | 1 | 1,174 | 333 | 3,452 | 4,960 | 4,965 | (5) |
| Brazilian foreign debt notes | 35 | 19 | - | 916 | 970 | 956 | 14 |
| Certificates of Bank Deposit | 132 | 43 | 6 | 764 | 945 | 946 | (1) |
| Debentures | 6 | 70 | 14 | 853 | 943 | 943 | - |
| Other | 668 | 199 | 75 | 622 | 1,564 | 1,560 | 4 |
| SECURITIES AVAILABLE FOR SALE | 1,531 | 289 | 417 | 5,516 | 7,753 | 6,997 | 756 |
| Brazilian foreign debt notes | 74 | 13 | 13 | 3,235 | 3,335 | 3,181 | 154 |
| Shares | 1,339 | - | - | - | 1,339 | 755 | 584 |
| Financial Treasury Notes | 17 | 200 | 365 | 254 | 836 | 835 | 1 |
| Federal Treasury Notes | - | - | - | 822 | 822 | 809 | 13 |
| Foreign securities | 18 | - | - | 588 | 606 | 565 | 41 |
| Debentures | 3 | - | - | 437 | 440 | 465 | (25) |
| Other | 80 | 76 | 39 | 180 | 375 | 387 | (12) |
| SECURITIES HELD TO MATURITY | 50 | 1,018 | 1 | 4,140 | 5,209 | 5,209 | - |
| Federal Treasury Notes | - | 106 | - | 2,800 | 2,906 | 2,906 | - |
| Brazilian foreign debt notes | 50 | - | - | 1,340 | 1,390 | 1,390 | - |
| Central Bank Notes | - | 912 | 1 | - | 913 | 913 | - |
| DERIVATIVE FINANCIAL INSTRUMENTS | 16 | 88 | 92 | 36 | 232 | 116 | 116 |
| Derivative financial instruments | 16 | 88 | 92 | 36 | 232 | 116 | 116 |
| Total | 2,599 | 14,007 | 8,248 | 28,951 | 53,805 | 52,854 | 951 |

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

(2) The number of days to maturity was based on the maturity of the securities, regardless of accounting classification.

(3) This column reflects book value subsequent to mark-to-market adjustment, except for securities held to maturity, the market value of which is higher than purchase cost by R\$ 772 million.

(4) The market value of securities is determined based on the market price practiced on the balance sheet date. In the event no market prices are available, amounts are estimated based on the prices quoted by dealers, on price definition models, quotation models or quotations for instruments with similar characteristics.

(5) Investment fund and managed portfolio resources invested in purchase and sale commitments with Banco Bradesco, the investors in which are subsidiary companies, included in the consolidated financial statements.

Summary of the Classification of Securities at December 31, 2003

| Financial | Insurance/ Savings Bonds | Private Pension Plan | Other Activities | Total | % |
|-----------|--------------------------------|----------------------------|---------------------|-------|---|
|-----------|--------------------------------|----------------------------|---------------------|-------|---|

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| | | | | | | |
|----------------------------------|---------------|--------------|---------------|-----------|---------------|-------|
| Trading securities | 16,898 | 3,105 | 20,557 | 51 | 40,611 | 75.5 |
| Securities available for sale | 4,987 | 1,578 | 1,152 | 37 | 7,754 | 14.4 |
| Securities held to maturity | 2,490 | - | 2,718 | - | 5,208 | 9.7 |
| Derivative financial instruments | 232 | - | - | - | 232 | 0.4 |
| Total in 2003 | 24,607 | 4,683 | 24,427 | 88 | 53,805 | 100.0 |

● Credit Operations

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

By Type of Operation - In millions of reais

| | 2002 | | 2003 | |
|---|---------------|---------------|---------------|---------------|
| | September | December | September | December |
| Discount of trade receivables and other loans | 24,859 | 23,571 | 24,481 | 24,736 |
| Financings | 17,237 | 15,573 | 15,721 | 16,776 |
| Rural and agribusiness loans | 3,621 | 3,954 | 4,204 | 4,443 |
| Leasing operations | 1,739 | 1,581 | 1,439 | 1,421 |
| Advances on foreign exchange contracts | 5,403 | 5,455 | 6,168 | 6,183 |
| Advances in foreign currency granted | 29 | 26 | - | - |
| Credit operations - Subtotal | 52,888 | 50,160 | 52,013 | 53,559 |
| Other receivables | 711 | 641 | 763 | 777 |
| Total credit operations | 53,599 | 50,801 | 52,776 | 54,336 |
| Sureties and guarantees recorded in memorandum accounts | 4,163 | 4,326 | 6,433 | 6,435 |

By Economic Activity Sector - In millions of reais

| | 2003 | | | |
|--|---------------|--------------|---------------|--------------|
| | September | % | December | % |
| Public Sector | 202 | 0.4 | 186 | 0.3 |
| Private Sector | 52,574 | 99.6 | 54,150 | 99.7 |
| Manufacturing | 17,783 | 33.7 | 18,328 | 33.7 |
| Commerce | 7,543 | 14.3 | 7,419 | 13.6 |
| Financial intermediation | 521 | 1.0 | 744 | 1.4 |
| Services | 11,161 | 21.1 | 11,280 | 20.8 |
| Agriculture, livestock raising, fishing, forest development and management | 826 | 1.6 | 746 | 1.4 |
| Consumers | 14,740 | 27.9 | 15,633 | 28.8 |
| TOTAL | 52,776 | 100.0 | 54,336 | 100.0 |

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At the end of 2003, 99.7% 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 33.7% share of total operations, particularly food and beverage, steel, metal products and mechanics. Credits directed to the service sector, including financial intermediaries, comprised 22.2%, whereas commerce and farming/livestock activities recorded a 13.6% and 1.4% portfolio share, respectively. Loans to consumers comprised 28.8% of the portfolio.

Portfolio Performance

Despite the initial signs of a return to growth registered in the final quarter, following the consecutive interest rate cuts and seasonal increase in demand, the overall credit portfolio performance for 2003 was substantially impacted by the shrinking salary mass and low levels of economic activity, which affected the level of consumption and the volume of new investments, reflected in the country's sluggish GDP.

As a result, the volume of Bradesco's consolidated credit portfolio in December totaled R\$ 54.3 billion, corresponding to an increase of 3.0%, as compared to September, or 7.0% when analyzed in relation to the prior 12 months.

Projections for 2004 point towards increased credit demand growth, based on the resumption of economic activity and private sector investments on a more consistent basis, and assuming that the favorable economic panorama and flexible monetary policy will be maintained, as well as the recently approved methods for stimulating consumer credit through loan repayments discounted directly from payroll.

Composition of the Credit Portfolio by Risk Levels

The classification and quality of the credit portfolio by risk level, at the end of the year, improved in comparison with the third quarter. The operations concentrated from levels AA to C, classified by BACEN as normal course operations, totaled 91.2% of the accumulated balance. 2.8% 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 6.0% 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.

Rating

In millions of reais

| Risk Level | Portfolio Balance | Accumulated Percentage(1) | Minimum Requirement | | Generic (3) | Total | Additional Allowance(4) | Existing Allowance |
|------------------------------------|-------------------|---------------------------|---------------------|-------------|--------------|--------------|-------------------------|--------------------|
| | | | Specific (2) | | | | | |
| | | | Past Due | Falling Due | | | | |
| AA | 15,581 | 28.7 | - | - | - | - | - | - |
| A | 20,175 | 65.8 | - | - | 101 | 101 | 52 | 153 |
| B | 4,521 | 74.1 | 1 | 4 | 40 | 45 | 24 | 69 |
| C | 9,285 | 91.2 | 5 | 17 | 257 | 279 | 293 | 572 |
| D | 1,488 | 94.0 | 17 | 37 | 94 | 148 | 275 | 423 |
| E | 383 | 94.7 | 34 | 41 | 40 | 115 | 59 | 174 |
| F | 524 | 95.6 | 56 | 62 | 144 | 262 | 86 | 348 |
| G | 429 | 96.4 | 81 | 55 | 164 | 300 | 70 | 370 |
| H | 1,950 | 100.0 | 932 | 474 | 544 | 1,950 | - | 1,950 |
| Total at December 31, 2003 | 54,336 | - | 1,126 | 690 | 1,384 | 3,200 | 859 | 4,059 |
| Total at September 30, 2003 | 52,776 | - | 1,218 | 721 | 1,390 | 3,329 | 822 | 4,151 |

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- (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 2682. 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 in December 2003 totaled R\$ 4,059 million, corresponding to 7.5% of total credit operations. However, of this amount, only 44.7% effectively comprises overdue operations (past due and falling due) compared to 46.7% in September 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 December 2002 and December 2003 - In Millions of reais

The performance of the consolidated credit portfolio over the prior twelve months up to December 2003, despite the low level of economic activity, evidences the maintenance of the quality of the assets, in particular as a result of new borrowers, corresponding to an increase of 23.7%, compared to the balance of the credit portfolio up to December 2002.

Portfolio Movement between December 2002 and December 2003

| Level | Borrowers remaining from December 2002 | | New borrowers between December 2002 and December 2003 | | Total credit at December 31, 2003 | |
|--------------|---|--------------|---|--------------|--------------------------------------|--------------|
| | In millions of reais | % | In millions of reais | % | In millions of reais | % |
| AA to C | 38,123 | 90.2 | 11,440 | 94.9 | 49,563 | 91.2 |
| D to H | 4,158 | 9.8 | 615 | 5.1 | 4,773 | 8.8 |
| Total | 42,281 | 100.0 | 12,055 | 100.0 | 54,336 | 100.0 |

As a result, the quality of the credits granted to new borrowers during the year has proved satisfactory and accordingly the percentage of credit operations classified as normal course (from AA to C) maintained its customary high level, totaling 91.2% at the end of the year.

Concentration of Credit Portfolio

| Specification | 2002 | | | | 2003 | | | |
|-----------------------|-------------------------|------|-------------------------|------|-------------------------|------|-------------------------|------|
| | September | | December | | September | | December | |
| | In millions of reais | % | In millions of reais | % | In millions of reais | % | In millions of reais | % |
| Largest borrower | 514 | 1.0 | 857 | 1.7 | 771 | 1.5 | 828 | 1.5 |
| 10 largest borrowers | 4,452 | 8.3 | 4,877 | 9.6 | 5,060 | 9.6 | 5,515 | 10.1 |
| 20 largest borrowers | 7,595 | 14.2 | 7,785 | 15.3 | 8,111 | 15.4 | 8,408 | 15.5 |
| 50 largest borrowers | 12,636 | 23.6 | 13,350 | 26.3 | 13,500 | 25.6 | 13,363 | 24.6 |
| 100 largest borrowers | 16,158 | 30.1 | 17,434 | 34.3 | 17,493 | 33.1 | 17,319 | 31.9 |

Credit Portfolio Indicators

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

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In millions of reais

| Items | 2002 | | 2003 | |
|--|----------|-----------|----------|----------|
| | December | September | December | December |
| Total Credit Operations | 50,801 | 52,776 | | 54,336 |
| - Consumer | 13,619 | 14,740 | | 15,633 |
| - Corporate | 37,182 | 38,036 | | 38,703 |
| Existing Allowance | 3,665 | 4,151 | | 4,059 |
| - Specific | 1,943 | 1,939 | | 1,816 |
| - Generic | 1,217 | 1,390 | | 1,384 |
| - Additional | 505 | 822 | | 859 |
| Specific Allowance/Existing Allowance (%) | 53.0 | 46.7 | | 44.7 |
| Existing Allowance/Total Credit Operations (%) | 7.2 | 7.9 | | 7.5 |
| Normal Course Operations (from AA to C)/Total Credit Operations (%) | 90.9 | 90.4 | | 91.2 |
| Operations under risk management (D)/Total Credit Operations (%) | 2.7 | 2.8 | | 2.8 |
| Abnormal Course Operations (from E to H)/Total Credit Operations (%) | 6.4 | 6.8 | | 6.0 |
| Credit Operations (D) | 1,354 | 1,460 | | 1,488 |
| Existing Allowance (D) | 303 | 413 | | 423 |
| Allowance/Credit Operations (D) (%) | 22.4 | 28.3 | | 28.4 |
| Credit Operations (from E to H) | 3,283 | 3,580 | | 3,286 |
| Existing Provision (from E to H) | 2,838 | 3,027 | | 2,842 |
| Allowance/Credit Operations (from E to H) (%) | 86.4 | 84.6 | | 86.5 |

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

● Funding

Deposits by Maturity - In millions of reais

2003

| Days to maturity | September | | December | | | Total |
|------------------|---------------|---------------|---------------------|----------------------|--------------------|---------------|
| | Total | Up to 30 days | From 31 to 180 days | From 181 to 360 days | More than 360 days | |
| Demand | 11,240 | 12,909 | - | - | - | 12,909 |
| Savings | 20,897 | 22,140 | - | - | - | 22,140 |
| Interbank | 411 | 27 | - | 4 | - | 31 |
| Time | 25,789 | 3,679 | 3,472 | 2,898 | 12,894 | 22,943 |
| TOTAL | 58,337 | 38,755 | 3,472 | 2,902 | 12,894 | 58,023 |

Demand Deposits - In billions of reais

● Savings Accounts

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The balance of Bradesco Organization Savings Accounts totaled R\$ 22.1 billion in deposits at the end of 2003, corresponding to a 19.2% market share of the Brazilian Savings and Loan System (SBPE).

Savings Account Deposits - In billions of reais

Savings Accounts - Share of SBPE (Brazilian Savings and Loan System) - %

Savings Accounts - Million Accounts

- Asset Management

Bradesco. Rated Best Bank for Your Investments in 2003

The Você S.A. magazine and Fundação Getulio Vargas rated Bradesco as the Best Bank for Investments in 2003. The analysis considered criteria such as diversity and performance of the investments funds offered, number of branches, ATMs, staff training and information published in the list of The Best Companies in which to work (As Melhores Empresas para Você Trabalhar) and the Good Corporate Citizenship Guide (Guia Exame de Boa Cidadania Corporativa) by Exame magazine.

We present below the main account balances in the Bradesco asset management area.

Net Assets - In millions of reais

| | 2002 | | 2003 | |
|---------------------------------------|---------------|---------------|---------------|---------------|
| | September | December | September | December |
| Fixed return funds | 40,925 | 43,744 | 65,200 | 70,312 |
| Floating rate funds | 1,580 | 1,672 | 2,338 | 2,207 |
| Total net assets of funds | 42,505 | 45,416 | 67,538 | 72,519 |
| Fixed return - customer portfolios | 10,905 | 13,309 | 16,275 | 16,919 |
| Floating rate - customer portfolios | 5,655 | 5,544 | 6,850 | 6,572 |
| Total net assets of portfolios | 16,560 | 18,853 | 23,125 | 23,491 |
| Total | 59,065 | 64,269 | 90,663 | 96,010 |

The following table presents the same information on asset management based on the criteria used by the ANBID Global Ranking of Third-party Portfolio Managers, which eliminates transactions between funds and managed portfolios.

Net assets - In millions of reais

| | 2002 | | 2003 | |
|--------------------|---------------|---------------|---------------|---------------|
| | September | December | September | December |
| Investment funds | 40,662 | 45,100 | 67,552 | 72,494 |
| Managed portfolios | 7,820 | 9,159 | 9,051 | 9,033 |
| Total | 48,482 | 54,259 | 76,603 | 81,527 |

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Distribution of Assets - In millions of reais

| | 2002 | | 2003 | |
|-----------------------------------|---------------|---------------|---------------|---------------|
| | September | December | September | December |
| Investment funds - fixed return | 39,303 | 43,517 | 65,272 | 69,784 |
| Investment funds - floating rate | 1,359 | 1,583 | 2,280 | 2,710 |
| Total | 40,662 | 45,100 | 67,552 | 72,494 |
| Fixed return customer portfolios | 5,027 | 6,257 | 6,372 | 6,728 |
| Floating rate customer portfolios | 2,793 | 2,902 | 2,679 | 2,305 |
| Total | 7,820 | 9,159 | 9,051 | 9,033 |
| Total fixed-return funds | 44,330 | 49,774 | 71,644 | 76,512 |
| Total floating-rate funds | 4,152 | 4,485 | 4,959 | 5,015 |
| Total | 48,482 | 54,259 | 76,603 | 81,527 |

Total Net Book Value of Managed Investment Funds - In millions of reais

Total Volume of Managed Assets according to ANBID's Global Ranking - In millions of reais

Number of Funds, Portfolios and Quotaholders at December 31, 2003

| | Number | Quotaholders |
|---------------------|------------|------------------|
| Investment funds | 505 | 2,758,298 |
| Customer portfolios | 126 | 415 |
| Total | 631 | 2,758,713 |

3 - Consolidated Information for the Period and Operating Structure

Balance Sheet

| | In millions of reais | | | |
|---|----------------------|----------|-----------|----------|
| | 2002 | | 2003 | |
| | September | December | September | December |
| | Total assets | 140,151 | 142,785 | 164,363 |
| Securities, derivative financial instruments and interbank investments | 49,970 | 58,477 | 76,464 | 85,529 |
| Credit and leasing operations | 53,599 | 50,801 | 52,776 | 54,336 |
| Total deposits | 55,871 | 56,363 | 58,337 | 58,024 |
| Demand deposits | 11,448 | 13,370 | 11,240 | 12,909 |
| Time deposits | 24,283 | 22,238 | 25,789 | 22,943 |
| Savings deposits | 20,116 | 20,731 | 20,897 | 22,140 |
| Interbank deposits | 24 | 24 | 411 | 32 |
| Subordinated debt | 2,386 | 3,322 | 3,482 | 4,995 |
| Technical reserves for insurance, private pension plans and savings bonds | 16,600 | 19,155 | 24,461 | 26,409 |
| Stockholders' equity | 10,500 | 10,846 | 12,967 | 13,547 |
| Statement of Income for the Period | | | | |

| | In millions of reais | | | | | |
|--|----------------------|----------|----------------------------|----------|----------|----------------------------|
| | 2002 | | | 2003 | | |
| | 3rd Qtr. | 4th Qtr. | Accumulated to December | 3rd Qtr. | 4th Qtr. | Accumulated to December |
| Net income | 420 | 698 | 2,023 | 564 | 715 | 2,306 |
| Financial margin | 3,831 | 2,940 | 11,472 | 3,158 | 3,643 | 12,778 |
| Gross profit from financial intermediation | 2,935 | 2,361 | 8,653 | 2,555 | 3,191 | 10,328 |
| Commissions and fees | 935 | 991 | 3,712 | 1,182 | 1,275 | 4,557 |
| Results per Thousand Shares | | | | | | |

In reais

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| | 2002 | | | 2003 | | |
|---|----------|----------|-------------------------|----------|----------|-------------------------|
| | 3rd Qtr. | 4th Qtr. | Accumulated to December | 3rd Qtr. | 4th Qtr. | Accumulated to December |
| Net income | 0.29 | 0.49 | 1.42 | 0.36 | 0.45 | 1.45 |
| JCP/dividends - ON (before income tax) | - | 0.421 | 0.631 | 0.221 | 0.209 | 0.818 |
| JCP/dividends - ON (net of income tax) | - | 0.358 | 0.536 | 0.188 | 0.177 | 0.695 |
| JCP/dividends - PN (before income tax) | - | 0.464 | 0.694 | 0.244 | 0.229 | 0.900 |
| JCP/dividends - PN (net of income tax) | - | 0.394 | 0.590 | 0.207 | 0.195 | 0.765 |
| 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 | |
| | September | December | September | December |
| Number of shares (million) (ON/PN) * | 1,428,352 | 1,427,880 | 1,585,879 | 1,585,305 |
| Net book value (ON/PN) | 7.35 | 7.60 | 8.18 | 8.55 |
| Average last day price (ON/PN) | 7.35 | 10.55 | 10.60 | 14.34 |
| Average last day price (ON) | 6.90 | 10.03 | 9.47 | 13.37 |
| Average last day price (PN) | 7.79 | 11.06 | 11.72 | 15.31 |

On December 17, the Extraordinary General Meeting approved a 1-for-10,000 reverse stock split of Bradesco shares. This process was ratified by the Brazilian Central Bank (BACEN) on January 6, 2004.

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 | | |
| | 3rd Qtr. | 4th Qtr. | Accumulated to December | 3rd Qtr. | 4th Qtr. | Accumulated to December |
| Net income | 420 | 698 | 2,023 | 564 | 715 | 2,306 |
| Equity in earnings of associated companies | (9) | (33) | (65) | (7) | (31) | (5) |
| Exchange gain (loss) | (231) | (189) | (604) | (61) | (105) | (17) |
| Allowance for loan losses | 896 | 579 | 2,819 | 603 | 452 | 2,450 |

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| | | | | | | |
|---|--------------|--------------|--------------|--------------|--------------|---------------|
| Technical reserves for insurance, private pension plans and savings bonds | 1,393 | 2,463 | 5,026 | 1,656 | 1,892 | 6,931 |
| (Reversal of) allowance for mark-to-market | (2) | (834) | (730) | (1) | (11) | 19 |
| Depreciation and amortization | 121 | 135 | 480 | 179 | 153 | 623 |
| Amortization of goodwill | 74 | 67 | 238 | 62 | 173 | 1,035 |
| Total | 2,662 | 2,886 | 9,187 | 2,995 | 3,238 | 13,342 |

Change in Number of Outstanding Shares (million)

| | Common Stock | Preferred Stock | Total |
|---|---------------------|------------------------|------------------|
| Number of shares held at December 31, 2002 | 719,343 | 708,537 | 1,427,880 |
| Shares subscribed and allocated for the period | 79,597 | 78,403 | 158,000 |
| Acquisition of treasury stock | (575) | - | (575) |
| Number of shares held at December 31, 2003 | 798,365 | 786,940 | 1,585,305 |
| Performance Ratios (annualized) | | | |

| | % | | | | | |
|--|----------|----------|-------------------------|----------|----------|-------------------------|
| | 2002 | | | 2003 | | |
| | 3rd Qtr. | 4th Qtr. | Accumulated to December | 3rd Qtr. | 4th Qtr. | Accumulated to December |
| Return on stockholders' equity (total) | 17.0 | 28.3 | 18.7 | 18.6 | 22.8 | 17.0 |
| Return on stockholders' equity (average) | 17.3 | 29.4 | 19.9 | 19.0 | 23.6 | 18.9 |
| Return on assets (total) | 1.2 | 2.0 | 1.4 | 1.4 | 1.6 | 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)

(*) Data include Bradesco and BCN in 2003.

Other Ratios

| % | | | |
|-----------|----------|-----------|----------|
| 2002 | | 2003 | |
| September | December | September | December |

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| | | | | |
|---|------|------|------|------|
| Capital adequacy ratio - financial consolidated (1) | 15.6 | 17.9 | 18.4 | 19.9 |
| Capital adequacy ratio - total consolidated (1) | 13.7 | 15.8 | 15.9 | 17.2 |
| Permanent assets to stockholders' equity - financial consolidated (2) | 52.9 | 48.3 | 44.3 | 40.8 |
| Permanent assets to stockholders' equity - total consolidated (2) | 42.4 | 37.2 | 29.9 | 26.4 |

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

(2) At December 31, 2003, the ratio of permanent assets to stockholders' equity is limited to 50% of reference equity.

Other Indicators

Risk Management

Activities and Structure

At Bradesco, risk management is seen as a competitive advantage, adding value to the Bradesco name and at the same time supporting the diverse business areas, facilitating a stable environment and ensuring that resources yield maximum benefits and that capital is allocated to the benefit of stockholders and society as a whole.

Bradesco adopts an ongoing strategy designed to enhance its risk management activities, in the pursuit to keep abreast of the best market practices adopted worldwide. These activities have become increasingly important not only as a result of the global economy, but also on account of the complex nature of the products and services offered to the community.

The independence of the risk management area is essential for achieving the successful management of market, liquidity, credit and operating risks. This activity together with others including money-laundering prevention, internal controls and compliance are managed by the Risk Management and Compliance Department, under the direct control of the Statutory Department Director, who in turn is subordinated to an Executive Director, reporting directly to the Institution's President:

This organizational structure is designed not only to guarantee area independence but also to place greater focus on these important value-added activities, confirming the Organization's commitment to the implementation of best corporate governance practices, using every available resource, whether human, technical or financial, to ensure that this area meets the conditions required to manage risk across the Group. In particular, because Bradesco is now extending its risk analysis strategy to encompass not only its banking business but also its associated companies, including Bradesco Vida e Previdência (private pensions), Bradesco Saúde (healthcare insurance), Bradesco Seguros (insurance), BRAM (asset management) and Bradesco Capitalização (savings bonds) as regards actuarial and market risks, consolidating its risk management culture on an Organization-wide basis.

The Risk Management and Compliance Department is also responsible for coordinating compliance with the regulations determined by the Brazilian Central Bank, particularly those relating to the New Capital Accord (Basel II) to be published in the near future by the Basel Committee.

Within this context, Bradesco is proud to inform that it was rated Best Bank for Risk Management in the Treasury area (Latin America 2003), by Global Finance magazine.

Credit Risk Management

As part of its credit risk management enhancement process, Bradesco is working uninterruptedly to improve the procedures for gathering and controlling portfolio information, develop new loss calculation models, enhance and prepare rating inventories used in the various sectors in which the Bank operates, oversee credit analysis, granting and settlement processes, monitor credit concentration and to define the dividing line between operating risks and credit risks.

As part of this ongoing enhancement process, additional efforts are being made to prepare the Bank for the introduction of more advanced risk management techniques, based on the recommendations of the New Capital Accord to be introduced by the Basel Committee, among which we highlight the following:

- Structuring of the expected loss calculation system in line with Basel II requirements.
- Identification of the reporting process changes required to improve decision making and credit portfolio management.
- Redevelopment and specification of the management information structure. (MIS to Gestão).
- Mapping, evaluation and identification of credit risk management capacity gaps, as regards Basel II requirements, recommending roles and responsibilities, professional qualification, review of the organizational structure and IT demands.

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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, as well as directing the establishment of operating limits and the granting of credit.

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, dispersed 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 the telephone, ATMs and the Internet, instruments in which Bradesco technology is outstanding.

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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.

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

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

Methodology used for Credit Portfolio classification

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

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

Classification - Corporate

| Rating | Bradesco | % Provision | 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 percentage shown. |
| G | Critical | 70.0 | |
| 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.

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

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

| In thousands of reais | | | | | | |
|-----------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | 2002 | | | 2003 | | |
| | June | September | December | June | September | December |
| Risk Factors | | | | | | |
| Prefixed | 4,881 | 7,108 | 5,407 | 6,541 | 12,658 | 5,888 |
| Exchange coupon | 48,259 | 23,041 | 33,142 | 14,717 | 19,000 | 17,999 |
| Foreign currency | 8,422 | 1,988 | 2,876 | 439 | 184 | 2,907 |
| Floating rate | 14 | 75 | 11 | 10 | 13 | 11 |
| Correlated effect | (15,809) | (8,008) | (4,014) | (3,243) | (3,395) | (5,858) |
| VaR | 45,767 | 24,204 | 37,422 | 18,464 | 28,460 | 20,947 |

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

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

Operating Risk Management

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

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

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

Bradesco, through its Operating Risk Management area, prepared a plan designed to achieve full compliance with the 10 principles of good operating-risk-management practice determined by the Basel Committee.

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

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

Liquidity Risk Management

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

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

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

Capital Risk Management

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

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

Calculation

| Calculation Basis | Consolidated Financial ⁽¹⁾ | Total Consolidated ⁽²⁾ |
|---|--|--------------------------------------|
| Stockholders' equity | 13,547 | 13,547 |
| Minority interest | 11 | 113 |
| Reference equity - Level I | 13,558 | 13,660 |
| Reference equity - Level II (subordinated debt) | 4,814 | 4,814 |
| Total reference equity (Level I + Level II) | 18,372 | 18,474 |
| Risk-weighted assets | 92,569 | 107,297 |
| Capital adequacy ratio (%) | 19.85 | 17.22 |
| Movement (%) | | |
| Ratio in December 2002 | 17.89 | 15.79 |
| Variation in stockholders' equity | 4.83 | 4.16 |
| Net income for the year | 2.70 | 2.35 |
| Capital increase | 1.65 | 1.44 |
| Interest attributed to own capital | (1.58) | (1.37) |
| Mark-to-market adjustment of securities | 0.51 | 0.44 |
| Subordinated debt | 1.71 | 1.48 |
| Other | (0.16) | (0.18) |
| Variation in weighted assets: | (2.87) | (2.73) |
| Securities | (0.65) | (1.19) |
| Credit operations | (0.65) | (0.53) |
| Check clearing and other similar services | (0.02) | (0.01) |
| Deferred tax assets | (0.66) | (0.47) |
| Risk (swap, market, interest rate and foreign exchange) | (0.14) | (0.10) |
| Memorandum accounts | (0.50) | (0.39) |

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| | | |
|-------------------------------|--------------|--------------|
| Other assets | (0.25) | (0.04) |
| Ratio in December 2003 | 19.85 | 17.22 |

(1) Financial companies only.

(2) Financial and non-financial companies.

Internal Controls

The Organization has developed a number of systems, policies and internal controls over the years to mitigate possible potential losses generated by its exposure to risk.

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

- Implementation of an internal controls system (Compliance), based on the pillars defined by Basel and the methodology of the Committee of Sponsoring Organizations (COSO), mainly as regards components in the following areas: control environment, risk assessment, control activities, information, communications and monitoring, ensuring that activities, policies and normative instructions are in constant compliance with legal and regulatory standards.
- Implementation of a Brazilian Payments System (SPB) management process for the specific purpose of monitoring the flow of messages transmitted between the Organization's banks and the external entities such as the Brazilian Central Bank, Special Clearance and Custody System (SELIC), clearing houses and other financial institutions. This monitoring process is based on Organization information system tools and intense staff training activities to facilitate the identification and rectification of events in environments and systems and also to ensure that online cash transfers (TEDs) processed via SPB are properly validated. Complementing these monitoring activities, the Bank also adopts a Systems Contingency Plan for SPB to cover the main departments handling critical transactions, addressing pre-established scenarios and actions and reducing the possibility of messages not being correctly processed. This area is also responsible for the external contingency process with the Brazilian Central Bank.
- Ongoing improvement of technology tools and employee training, focused on the process used to monitor the financial activity of customers and designed to prevent money laundering and utilization of the Organization for processing illegal transactions.
- Dissemination of processes and procedures to guarantee information security, based on Corporate Information Security Policy and Standards, the guidelines of which establish premises for protecting the confidentiality, integrity and availability of information.

Added Value

| | In millions of reais | | | | | |
|--|----------------------|--------------|----------------------------|--------------|--------------|----------------------------|
| | 2002 | | | 2003 | | |
| | 3rd Qtr. | 4th Qtr. | Accumulated to December | 3rdQtr. | 4th Qtr. | Accumulated to December |
| ADDED VALUE (A+B+C) | 1,846 | 2,142 | 7,651 | 2,395 | 2,172 | 9,008 |
| A - Gross profit from financial intermediation | 2,935 | 2,361 | 8,653 | 2,555 | 3,191 | 10,328 |
| B - Commissions and fees | 935 | 991 | 3,712 | 1,182 | 1,275 | 4,557 |
| C - Other operating expenses | (2,024) | (1,210) | (4,714) | (1,342) | (2,294) | (5,887) |
| DISTRIBUTION OF ADDED VALUE (D+E+F+G) | 1,846 | 2,142 | 7,651 | 2,395 | 2,172 | 9,008 |
| D - Employees | 916 | 838 | 3,274 | 1,094 | 1,103 | 3,887 |
| E - Government | 510 | 606 | 2,354 | 737 | 444 | 2,815 |
| F - JCP/Dividends to stockholders (paid and accrued) | - | 947 | 947 | 367 | 347 | 1,347 |
| G - Reinvestment of profits | 420 | (249) | 1,076 | 197 | 368 | 959 |
| Checking Accounts (million) | | | | | | |

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Consumer and Corporate Customers - December 2003

Increase in Checking Accounts (million)

Increase in Savings Accounts (million)

Customer Service Network

| | 2002 | | 2003 | | | |
|--|---------------------|------------------------------|---------------|------------------------------|---------------|------------------------------|
| | December | | September | | December | |
| | Branches | PABs/ PAEs ⁽¹⁾ | Branches | PABs/ PAEs ⁽¹⁾ | Branches | PABs/ PAEs ⁽¹⁾ |
| | Consolidated | 2,954 | 1,846 | 3,033 | 1,958 | 3,052 |
| Bradesco | 2,507 | 1,469 | 2,811 | 1,763 | 2,831 | 1,862 |
| BCN | 227 | 179 | 221 | 195 | 220 | 200 |
| Banco Finasa (formerly Continental Banco) | 1 | - | 1 | - | 1 | - |
| Mercantil de São Paulo | 219 | 198 | - | - | - | - |
| Banco Postal | 2,500 | | 3,144 | | 4,000 | |
| ATMs - Bradesco Day and Night (BDN) | 21,210 | | 21,585 | | 21,605 | |
| Finasa Promotora de Vendas (formerly Continental Promotora de Vendas) | 51 | | 53 | | 53 | |

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

Bradesco and Market Share

| REGION | BRADESCO | BCN ⁽²⁾ | TOTAL CONSOLIDATED | TOTAL BANKS IN MARKET ⁽¹⁾ | Market Share (%) |
|--------------|----------|--------------------|-----------------------|--|---------------------|
| North | | | | | |
| Acre | 5 | - | 5 | 26 | 19.2 |
| Amazonas | 56 | 2 | 58 | 128 | 45.3 |
| Amapá | 4 | - | 4 | 17 | 23.5 |
| Pará | 48 | 1 | 49 | 252 | 19.4 |

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| | | | | | |
|--------------|------------|----------|------------|------------|-------------|
| Rondônia | 18 | - | 18 | 74 | 24.3 |
| Roraima | 2 | - | 2 | 15 | 13.3 |
| Tocantins | 13 | 1 | 14 | 71 | 19.7 |
| Total | 146 | 4 | 150 | 583 | 25.7 |

Northeast

| | | | | | |
|---------------------|------------|-----------|------------|--------------|-------------|
| Alagoas | 10 | 2 | 12 | 112 | 10.7 |
| Bahia | 231 | 3 | 234 | 694 | 33.7 |
| Ceará | 27 | 2 | 29 | 333 | 8.7 |
| Maranhão | 26 | 1 | 27 | 245 | 11.0 |
| Paraíba | 17 | - | 17 | 150 | 11.3 |
| Pernambuco | 64 | 3 | 67 | 421 | 15.9 |
| Piauí | 10 | - | 10 | 106 | 9.4 |
| Rio Grande do Norte | 13 | 1 | 14 | 128 | 10.9 |
| Sergipe | 12 | 1 | 13 | 147 | 8.8 |
| Total | 410 | 13 | 423 | 2,336 | 18.1 |

Central West

| | | | | | |
|--------------------|------------|-----------|------------|--------------|-------------|
| Federal District | 30 | 4 | 34 | 288 | 11.8 |
| Goiás | 103 | 5 | 108 | 551 | 19.6 |
| Mato Grosso | 58 | 1 | 59 | 213 | 27.7 |
| Mato Grosso do Sul | 54 | 3 | 57 | 214 | 26.6 |
| Total | 245 | 13 | 258 | 1,266 | 20.4 |

Southeast

| | | | | | |
|----------------|--------------|------------|--------------|--------------|-------------|
| Espírito Santo | 37 | 2 | 39 | 305 | 12.8 |
| Minas Gerais | 275 | 14 | 289 | 1,809 | 16.0 |
| Rio de Janeiro | 246 | 36 (2) | 282 | 1,626 | 17.3 |
| São Paulo | 1,047 | 115 | 1,162 | 5,495 | 21.1 |
| Total | 1,605 | 167 | 1,772 | 9,235 | 19.2 |

South

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| | | | | | |
|-------------------|--------------|------------|--------------|---------------|-------------|
| Paraná | 166 | 10 | 176 | 1,244 | 14.1 |
| Rio Grande do Sul | 155 | 9 | 164 | 1,358 | 12.1 |
| Santa Catarina | 104 | 5 | 109 | 807 | 13.5 |
| Total | 425 | 24 | 449 | 3,409 | 13.2 |
| TOTAL | 2,831 | 221 | 3,052 | 16,829 | 18.1 |

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

(2) Includes 1 branch of Banco Finasa.

Customer Service Network (Branches) - Market Share - December / 2003

Customer to Branch Ratio - Thousand

Banco Postal

Bradesco uses the post office bank, Banco Postal, created in partnership with the Brazilian Postal and Telegraph Company (Correios) to offer its banking products and services nationwide in the majority of Brazilian town and cities.

The first Branch was opened in São Francisco de Paula, MG, on March 25, 2002. Three months later at the end of the first half, the post-office bank had 1,000 Branches which increased to 2,500 by December 2002. Branch # 3,000 was opened in September 2003 in Fernando de Noronha . At the end of 2003 there were 4,000 units in operation.

Banco Postal is now present throughout Brazil in the country's most remote cities, from Oiapoque in the North to Chuí in the South and from the island of Fernando de Noronha in the East to Santa Rosa do Purus, in the western region of the state of Acre .

Today, 1,164 towns and villages, with no previous bank access, can rely on the services offered by Banco Postal, which benefits a population of more than 11.3 million people. In the first half of 2004, a further 507 towns will be able to rely on the advantages brought by Banco Postal.

Banco Postal has an enormous social reach and is of particular importance for including low-income families in the financial system, especially retired people, who before the arrival of the post office bank had to travel long distances by boat or dirt track just to receive their monthly pension or to pay a bill, spending a large part of their income in the process.

At present, more than 1.2 million people, with no previous access to the financial system, are Banco Postal customers, increasing Bradesco's customer base. Of these, 84% are savings account holders with an average balance of R\$ 171.00. As account holders, they are able to increase the efficiency with which they manage their household budgets, since they are no longer obliged to withdraw the full amount of their salary or social security benefit. All post-office bank customers have debit cards which can be used nationwide and more than 15% also use check books.

Banco Postal is an important agent for extending credit to all income brackets and for implementing the federal government's social policies. More than 18% of post-office bank customers have been granted credit through 220 thousand contracts at an average amount of R\$ 400.00, in the case of consumer customers and R\$ 2,000.00 for corporate customers. Microcredit operations total 41 thousand contracts with more than R\$ 19 million loaned to low-income families in the average amount of R\$ 480.00.

In densely populated areas, Banco Postal also contributes by enhancing the customer service provided by the traditional Bradesco Branches, since a considerable number of the Bank's customers and other users are now able to use the post-office bank structure as an alternative service channel.

Number of Transactions Carried Out (monthly)

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Units Installed (accumulated)

Branch Distribution - Bradesco and Correios

Banco Postal will be able to attend all of Brazil 's municipalities through the Correios Post Office branches, generating new business opportunities for the Organization.

Bradesco Day and Night Customer Service Channels

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

Bradesco Day and Night - Self-Service ATM Network

Brazil 's largest Private-Sector Self-service Network, with 22,433 ATMs (Bradesco - 21,605 and BCN - 828).

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

Bradesco Self-Service Network Distribution - Monthly Productivity - December 2003

Bradesco Day and Night - Easy Phone Service (Fone Fácil)

Nationwide 24-hour access, 7 days a week, with Electronic Voice-Response (EVR) technology and personalized calls in 70 regions.

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

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

Bradesco Day and Night - Internet Banking

The Bradesco Portal contains links to 22 related websites and to the Banco BCN and Finasa bank websites. Bradesco Internet Banking (www.bradesco.com.br) online since May 31, 1996 is a worldwide benchmark for Home Banking services.

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

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

Main Available Channel Services and Products

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

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

Bradesco Day and Night - Self-Service ATM Network

Growth:

| | 2002 | | | | 2003 | | | |
|---|----------|----------|----------|----------|----------|----------|----------|----------|
| | 1st Qtr. | 2nd Qtr. | 3rd Qtr. | 4th Qtr. | 1st Qtr. | 2nd Qtr. | 3rd Qtr. | 4th Qtr. |
| BDN network terminals | 20,429 | 20,779 | 21,114 | 21,210 | 21,285 | 21,491 | 21,585 | 21,605 |
| Banking service outlets in the BDN nationwide network | 5,104 | 5,376 | 5,549 | 5,640 | 5,762 | 5,845 | 6,172 | 6,487 |
| Outplaced terminals (excluding branches, PABs and PAEs) | 1,386 | 1,560 | 1,664 | 1,662 | 1,755 | 1,772 | 1,842 | 1,794 |
| BDN network cash withdrawal transactions (million) | 83.3 | 83.2 | 87.7 | 96.1 | 92.5 | 95.6 | 98.9 | 109.9 |

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| | | | | | | | | |
|---|------|------|------|-------|------|-------|-------|-------|
| Deposit transactions (million) | 48.5 | 50.4 | 52.0 | 51.0 | 47.0 | 47.6 | 48.4 | 50.5 |
| Inter-account transfers (million) | 4.4 | 4.3 | 4.7 | 4.8 | 4.5 | 4.6 | 4.8 | 5.2 |
| Express checkbooks issued (million) | 2.6 | 2.6 | 2.7 | 2.8 | 2.5 | 2.6 | 2.6 | 2.9 |
| Balance consultations (million) | 89.3 | 90.4 | 95.4 | 102.0 | 99.5 | 102.2 | 115.3 | 133.7 |
| Financial volume of BDN network transactions (in billions of reais) | 18.3 | 18.5 | 29.2 | 49.9 | 45.3 | 45.4 | 44.9 | 49.8 |

Highlights for 2003:

Bradesco Day and Night ATM Network terminals recorded an increase of 13.8% in the number of personal loans granted and a 7.9% growth in financial volume compared to 2002.

1.5 billion transactions in 2003, a daily average of 4.1 million.

Number of ATMs - Bradesco

Bradesco Day and Night - Easy Phone Service

Integrated Call Centers

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

Number of Calls (million)

Financial Volume - In millions of reais

Fourth-quarter highlights for 2003:

An increase of 6.6% in electronic voice-response calls compared to the same period in 2002.

An increase of 37.5% in personalized service calls compared to the same period in 2002.

An increase of 2.7% in Financial Movement compared to the same period in 2002.

95.6% of personalized service call queries are resolved during the first contact.

2.5 million products and services were sold during the 12-month period .

Bradesco Day and Night - Internet Banking Service

Internet Banking - Bradesco and BCN - Registered users(*) - thousand

(*) Up to December 31, 2002, includes Banco Bradesco registered users only.

Internet Banking - Thousand transactions

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Bradesco Internet Banking

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

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

ShopInvest Bradesco

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

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

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

ShopCredit

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

Bradesco Net Empresa

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

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

B2C (Business to Consumer)

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

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

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

B2B (Business to Business)

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

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

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

Fourth-quarter highlights for 2003:

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- Launching of the Bradesco Savings Bond website.
- Free ChipDance Game.
- Online transmission of Bradesco Consortium Member Meetings.

| Services | Position in 2003 |
|--|---|
| Bradesco Internet Banking | 5.9 million registered users. 320 million transactions carried out (a 21.2% increase compared to 2002). |
| BCN Net Internet Banking | 247.1 thousand registered users. |
| ShopInvest Bradesco | 860 thousand registered users. 669 thousand transactions carried out (a 121.5% increase compared to 2002). |
| ShopCredit | 544 thousand transactions/operations carried out (a 33.0% increase compared to 2002). |
| Bradesco Net Empresa | 178,633 thousand registered companies with 137,751 thousand in operation. 8.2 million transactions/operations conducted (a 382.3% increase compared to 2002). |
| B2C | 678 thousand transactions/sales posted. 2,003 stores operating with Bradesco Online Payment Methods. |
| Bradesco Internet Banking for the Visually Impaired | 3,017 registered users. |
| Web Point | 120 terminals installed. |
| Bradesco Net Express | 1,887 companies connected. 10.4 million transactions carried out. |
| Infoemail | 137 thousand registered users. |
| Infocelular | 3,824 registered customers. |
| Mobile Banking (WAP) | 1.035 million transactions carried out. |
| Fale com o Bradesco (Talk to Bradesco) | The Bank offers an online communications channel through which customers can clarify doubts and send suggestions or complaints regarding Bradesco products and services. |
| Donations | Aware of its social responsibility, Bradesco offers customers the opportunity to make online donations to a number of different philanthropic entities and institutions. |
| WebTA | Through this system data files can be transmitted over the internet with maximum security. |
| Boleto Fácil (Easy Bill Payment) | Customers can use the Bradesco free Infoemail service to receive bills for payment via e-mail, as well as balance information, financial market news and other interesting information. |

Other Bradesco Organization Websites:

- Investor Relations - (www.bradesco.com.br/ir)
- Bradesco Prime - (www.bradescoprime.com.br)
- Bradesco Foreign Exchange - (www.bradescocambio.com.br)
- Bradesco Corporate Banking - (www.corporatebradesco.com.br)
- Bradesco Empresas - (www.bradescoempresas.com.br)
- Bradesco Savings Bonds - (www.bradescocapitalizacao.com.br)
- Bradesco Custody - (www.bradescocustodia.com.br)
- The Bradesco Foundation - (www.fb.org.br)
- Bradesco Insurance - (www.bradescoseguros.com.br)
- Bradesco Healthcare - (www.bradescosaude.com.br)
- Bradesco Private Pension Plans - (www.bradescoprevidencia.com.br)
- Financial Channel - (www.canal.bradesco.com.br)
- The Bradesco Card Website - (www.bradescocartoes.com.br)
- Bradesco for University Students - (www.bradescouniversitarios.com.br)
- Portal for the Visually Impaired - (www.bradesco.com.br)
- Online Shopping Portal - Consumers - (www.bradesco.com.br)
- Online Shopping Portal - Corporate - (www.bradesco.com.br)

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Websites, Products and Services under Construction:

- Corporate Banking website (new version)
- Private Banking website (new version)
- Bradesco Empresas Portal (new version)
- MultiChannel CRM
- B2B Buyer and Vendor Financing
- B2B Payments Method System

Cards

| | Million | | | | | |
|---|----------------|----------------|----------------------------|----------------|----------------|----------------------------|
| | 2002 | | | 2003 | | |
| | 3rd Qtr. | 4th Qtr. | Accumulated to December | 3rd Qtr. | 4th Qtr. | Accumulated to December |
| Number of Cards | 33.3 | 34.5 | 34.5 | 39.1 | 41.1 | 41.1 |
| Credit | 5.7 | 6.1 | 6.1 | 6.8 | 7.0 | 7.0 |
| Debit | 27.6 | 28.4 | 28.4 | 32.3 | 34.1 | 34.1 |
| Average amount billed - In reais | 3,121.6 | 3,746.2 | 12,280.0 | 4,005.6 | 4,808.4 | 16,163.0 |
| Credit | 2,139.9 | 2,363.1 | 8,262.9 | 2,483.4 | 2,761.9 | 9,926.3 |
| Debit | 981.7 | 1,383.1 | 4,017.1 | 1,522.2 | 2,046.5 | 6,236.7 |
| Number of transactions | 60.9 | 70.4 | 237.3 | 76.9 | 91.1 | 306.2 |
| Credit | 35.2 | 37.3 | 135.0 | 38.7 | 42.9 | 154.0 |
| Debit | 25.7 | 33.1 | 102.3 | 38.2 | 48.2 | 152.2 |
| Credit Cards | | | | | | |

The number of Bradesco credit cards increased by 14.8% in 2003 compared to the prior year, while the Visa and MasterCard market grew by some 3.5%. This growth rate expanded our market share from 14.8% in 2002 to 15.7% in 2003.

Year-end billings totaled R\$ 9.9 billion, a growth rate of 20.1% as compared to 2002, with a 14.1% increase in the number of transactions.

These results include the addition of 64.8 thousand credit cards to Bradesco's card base, following the incorporation of BBV Banco.

Debit Cards (Electron)

The number of debit cards increased by 20.1% in 2003, compared to the prior year, confirming Bradesco's leadership of the Visa Electron market.

In terms of billings, there was a significant 55.3% increase in comparison with 2002. These two indicators demonstrate clearly that Brazilians are changing their payment habits, substituting checks and cash for the use of debit cards. The commercial establishments are our allies in this market, since debit cards are preferred for their guaranteed liquidity, security and easy operation.

Acquiring Market

The network of commercial establishments in Brazil, accredited by the Visa system, is administered by Companhia Brasileira de Meios de Pagamentos - Visanet, in which Bradesco has a direct capital holding of 39.7%. In 2003, Visanet processed some R\$ 55.4 billion in transactions, including both credit and debit card billings, a 32.0% increase over 2002. At present, Visanet has 655 thousand associated establishments nationwide. The Visa network is preferred by customers precisely because of the card's wide market acceptance.

Credit Card Base - Million

Credit Card Billings - In millions of reais

Market Share

Debit Card Base (Electron) - Million

Debit Card Billings (Electron) - In millions of reais

Bradesco Corporate Banking - Corporate

Bradesco Corporate Banking's specialized structures are designed to provide the best possible service to 1,198 Economic Groups comprising its target market, segmented as follows:

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

Infrastructure - This team is responsible for corporate relationships in the telecom, power, sanitation and transport sectors, focusing on the development of structured solutions designed to meet specific sector needs, including the structuring of long-term corporate finance and project finance, among other activities.

Agribusiness - This is a specialized structure formed to attend companies in this key economic segment, designed to provide product and service solutions in line with their specific corporate needs. As part of the Corporate Banking services, this area is able to operate throughout the production chain in the pursuit to implement feasible structured solutions.

Asian Desk - A partnership entered into with the UFJ Bank for the purpose of developing financial solutions, in the role of economic and financial advisor and main banker for companies interested in the commercial and financial flows between Brazil/Japan and Brazil/Asia.

Euro Desk - Following the conclusion of the acquisition of BBV Banco, the Euro Desk is now under implementation. Focused on the management of customers of Spanish origin and the development of financial solutions for Bradesco Corporate companies, fostering business synergies with BBVA in Europe, the U.S. and Latin America.

Bradesco Empresas (middle market)

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

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

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

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

By December 2003, this segment had 61 service outlets in the Southeast (42), South (16), Central West (2) and Northeast (1) regions with 9,418 customers from the different production chain sectors.

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

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

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

Following the opening of 5 new branches in January 2004, Bradesco Empresas will have a total of 66 Middle Market Branches.

Bradesco Private Banking - Private

Through the deployment of a broad range of different ISO 9001:2000 certified products and services, comprising both local and foreign capital market investments, Bradesco Private Banking, offers a personalized service to high-income consumer customers, advising them on the best investment options and preferred portfolio focus, designed to maximize returns and achieve their objectives.

Bradesco Prime

As part of the segmentation strategy implemented by the Organization in 1999, Bradesco Prime commenced activities on May 19, 2003 and now boasts a Network of 143 Branches distributed nationwide and which is expected to increase to 175 by February 2004.

Bradesco Prime's target public comprises consumer customers with a monthly income of more than R\$ 4,000.00 or with investments in excess of R\$ 50,000.00.

Bradesco Prime coordinates the Bank's commercial relationship with these segment customers, providing VIP facilities and personalized attendance by Relationship Managers, as well as bespoke products and services.

The Bradesco Prime Relationship Manager is a high-caliber professional capable of catering to all the financial needs of his/her customers. Since customer portfolios are kept small, managers are able to dedicate special attention to each one.

Bradesco Prime Customers have access to the extensive Bradesco customer service network, comprising its nationwide branches and self-service network.

International Area

The International Area operates under the following framework:

17 Operational Units in Brazil

12 Bradesco

5 BCN

4 Support Outlets

Santos, Brasília, Belém and Franca

12 Units Abroad (Branches and Subsidiaries)

1 Branch in New York - Bradesco

4 Branches in Grand Cayman - Bradesco, BCN, Boavista and Mercantil

2 Branches in Nassau - Boavista and Banco Alvorada (formerly BBV Banco)

1 Subsidiary in Buenos Aires - Banco Bradesco Argentina S.A.

1 Subsidiary in Nassau - Boavista Banking Limited

1 Subsidiary in Luxembourg - Banco Bradesco Luxembourg S.A.

1 Subsidiary in Tokyo - Bradesco Services Co., Ltd.

1 Subsidiary in Grand Cayman - Cidade Capital Markets Ltd.

Throughout the years, the Bradesco Organization has supported and fostered the development of Brazil's foreign trade activities.

In this same spirit, we highlight the substantial amount of US\$ 15.4 billion, posted at the 2003 year-end, in foreign exchange trading for exports. This corresponds to a 23.7% increase over 2002 and a record volume operated to date by the Bradesco Organization in this modality.

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Performance was even better in foreign exchange trading for imports, since the total volume of contracts in the amount of US\$ 5.8 billion guaranteed a 37.1% increase compared to results for 2002. As with exports, this amount corresponds to the largest volume operated to date by the Organization in this modality.

Based on data available up to November, Bradesco's share of the exchange market for exports totaled some 20.1%, a similar performance to same period in 2002.

Bradesco's share of the exchange market for imports, also based on information available up to November, totaled 13.1%, which corresponds to an increase of 26.0% in market share, compared with the first 11 months of 2002.

As a result of these increases, the International Area ended the year with a balance of US\$ 7.1 billion in export and import financing and onlending to local customers.

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

Export Market

Import Market

We present below the foreign trade portfolio balances at the 2003 year-end:

| | In millions of U.S. dollars | In millions of reais |
|--|-----------------------------------|-------------------------|
| Export financing | | |
| Advance on Foreign Exchange Contracts - undelivered bills | 1,680.4 | 4,853.6 |
| Advance on Export Contracts - delivered bills | 483.2 | 1,395.7 |
| Prepayments | 814.4 | 2,353.0 |
| Onlending of funds borrowed from BNDES/EXIM | 165.6 | 478.4 |
| Exchange discounted in advance | 27.0 | 78.0 |
| Documentary drafts and bills of exchange in foreign currency | 11.7 | 33.8 |
| Indirect exports | 4.2 | 12.1 |
| Loans according to Export Incentive Program (Proex) | 0.1 | 0.2 |
| <hr/> | | |
| Total export financing | 3,186.6 | 9,204.8 |

Import financing

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| | | |
|--|----------------|-----------------|
| Foreign currency import loans | 249.5 | 720.6 |
| Exchange discounted in advance | 83.7 | 242.0 |
| Open import credit | 60.3 | 174.3 |
| Total import financing | 393.5 | 1,136.9 |
| Guarantees | | |
| International guarantees | 55.8 | 161.3 |
| Total international guarantees | 55.8 | 161.3 |
| Total export and import financing | 3,635.9 | 10,503.0 |

The foreign exchange portfolio is financed by credit lines obtained from correspondent banks. The Bank also has a Commercial Paper program in the United States in the amount of US\$ 190 million, as well as two foreign trade finance facilities, one with the Inter American Development Bank - IDB in the amount of US\$ 110 million and the other with the International Finance Corporation - IFC in the amount of US\$ 70 million.

At the end of December, approximately 95 American, European and Asian Banks had extended credit lines to Bradesco.

| | In millions of U.S. dollars | |
|---|------------------------------------|-----------------------------|
| | December 31, 2003 | |
| | Assets | Stockholders' equity |
| Foreign Branches and Subsidiaries | | |
| Bradesco New York | 895.7 | 139.4 |
| Bradesco Grand Cayman | 5,991.4 | 477.1 |
| BCN Grand Cayman | 430.2 | 138.3 |
| Boavista Grand Cayman, Nassau and Banking Ltd. - Nassau | 596.8 | 80.0 |
| Cidade Capital Markets Ltd. - Grand Cayman | 29.9 | 29.9 |
| Bradesco Services Co. Ltd. - Tokyo | 0.4 | 0.4 |
| Mercantil Grand Cayman | 141.0 | 140.7 |
| Banco Bradesco Argentina S.A. | 24.1 | 19.0 |
| Banco Bradesco Luxembourg S.A. | 291.2 | 125.0 |
| Banco Alvorada (formerly BBV Banco) - Nassau | 267.4 | 267.4 |

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

The main activity of the subsidiary Banco Bradesco Luxembourg S.A. is to provide additional services to private banking customers and to increase foreign trade operations.

At the end of 2003, as well as short-term funds obtained from correspondent banks for foreign trade financing, loans of US\$ 2.822 billion on a consolidated basis were raised by the Bradesco Organization through public and private placements in the international capital market, earmarked for foreign trade financing and working capital loans.

This amount corresponds to a 195% increase compared to 2002, when the Organization obtained some US\$ 955.6 million

In the same context, emphasis should be given to the conclusion during the year of the Payment Order Securitization Program, with funds obtained, on August 20, 2003, in two tranches for the total amount of US\$ 400 million, under a 7-year term with a 2-year grace period for repayment of the principal and amortization on a quarterly basis. In addition, an amount of US\$ 270 million was obtained through Bradesco

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Grand Cayman on July 10, 2003, with an 8-year term, out of a total of US\$ 500 million, relating to the Securitization of Visanet Credit Card Receivables.

The programs also included an amount of US\$ 500 million obtained on October 24, 2003, for a 10-year term in the Subordinated Debt category.

Profile of Public and Private Placements Abroad - Consolidated Bradesco

Funds Obtained Abroad

| ISSUES | CURRENCY | MILLION | DATE ISSUED | MATURITY |
|--|----------|---------|-------------|------------|
| 2001 - PUBLIC ISSUES - US\$ 1.075bn | | | | |
| FxRN | US\$ | 175.0 | 22.2.2001 | 22.2.2002 |
| FxRN | US\$ | 100.0 | 25.4.2001 | 25.10.2002 |
| FxRN | US\$ | 100.0 | 18.6.2001 | 18.6.2003 |
| USCP | US\$ | 250.0 | 18. 6.2001 | 17.6.2002 |
| FxRN | US\$ | 100.0 | 24.7.2001 | 24.7.2002 |
| FxRN | US\$ | 200.0 | 24.10.2001 | 18.10.2002 |
| SUBORDINATED DEBT | US\$ | 150.0 | 17.12.2001 | 15.12.2011 |
| - PRIVATE ISSUES - US\$ 150m | | | | |
| 2002 - PUBLIC ISSUES - US\$ 708.2m | | | | |
| FxRN | US\$ | 150.0 | 5.3.2002 | 5.3.2004 |
| SUBORDINATED DEBT | US\$ | 133.2 | 25.4.2002 | 17.4.2012 |
| USCP | US\$ | 150.0 | 17.6.2002 | 16.6.2003 |
| FxRN | US\$ | 100.0 | 18.9.2002 | 19.12.2002 |
| FxRN | US\$ | 175.0 | 17.12.2002 | 17.6.2003 |
| PRIVATE ISSUES - US\$ 247.4m | | | | |
| 2003 - PUBLIC ISSUES - US\$ 2.347,3bn | | | | |
| FxRN | US\$ | 250.0 | 14.1.2003 | 14.10.2003 |
| FxRN (EUR 70m) | US\$ | 75.5 | 12.2.2003 | 12.8.2003 |
| FxRN | US\$ | 150.0 | 19.2.2003 | 19.12.2003 |
| FxRN | US\$ | 250.0 | 15.4.2003 | 2.7.2004 |
| FxRN (EUR 100m) | US\$ | 106.8 | 16.4.2003 | 16.12.2003 |
| FxRN | US\$ | 75.0 | 15.5.2003 | 16.11.2004 |
| USCP | US\$ | 190.0 | 16.6.2003 | 15.6.2004 |
| FxRN | US\$ | 150.0 | 17.6.2003 | 20.12.2004 |
| Securitization MT 100 - Fixed | US\$ | 200.0 | 20.8.2003 | 20.8.2010 |
| Securitization MT 100 - Floating | US\$ | 200.0 | 20.8.2003 | 20.8.2010 |
| Subordinated Debt | | 500.0 | 24.10.2003 | 24.10.2013 |
| FxRN | | 100.0 | 2.12.2003 | 3.1.2005 |
| FxRN | | 100.0 | 26.12.2003 | 26.12.2006 |
| PRIVATE ISSUES - US\$ 474.3m | | | | |
| SPREAD OVER TBILL | | | | |

Bradesco had the following programs in December 2003:

| Type | Currency | Million |
|--------------------------------|----------|---------|
| EURO CP PROGRAM (Grand Cayman) | US\$ | 300.0 |
| EURO CD PROGRAM (Grand Cayman) | US\$ | 100.0 |
| EURO CD PROGRAM (Grand Cayman) | US\$ | 1,000.0 |
| MTN PROGRAM | US\$ | 2,500.0 |
| USCP | US\$ | 190.0 |

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| | | |
|----------------------------------|-------------|----------------|
| TERM LOAN FACILITY | US\$ | 100.0 |
| TRADE FINANCE FACILITY (IDB/IFC) | US\$ | 180.0 |
| <hr/> | | |
| Total | US\$ | 4,370.0 |
| <hr/> | | |

- Capital Market

Underwriting Transactions

In 2003, Bradesco coordinated important transactions with stock, debentures and promissory notes which totaled R\$ 4.832 billion, comprising 47.92% of all issues registered at the Brazilian Securities Commission (CVM).

Among these transactions we highlight the following: issuance of debentures of CPFL Energia S.A. in the amount of R\$ 1.8 billion, issuance of debentures of Telesp Celular Participações S.A. in the total of R\$ 700.0 million and the transaction with promissory notes of Bandeirante Energia S.A. in the amount of R\$ 180.0 million. Bradesco also acted as co-manager for the structuring and distribution of the issuance of euro mid-term notes of Telesp Celular in the amount of US\$ 150.0 million.

% Transactions

Of the total number of floating and fixed-return transactions registered at CVM up to December 2003, Bradesco participated in 22% of the primary and secondary stock issues and in 17% of debenture issues and 33% of promissory notes issues.

Mergers, Acquisitions, Project Finance, Corporate Reorganization and Privatizations

Confirming its dynamic approach in the prospecting of new business, Bradesco concluded 9 operations in the Mergers and Acquisitions segment in 2003.

Bradesco's presence is also notable in Project Finance operations, acting as a financial advisor to major corporations operating in electric power generation and co-related projects, as well as in the structuring of the corresponding financings.

- Structured Transactions

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

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

The department implementation process was concluded in the final quarter of 2003 following the designation of the different area managers and staff. During the same period, the O&M department formalized the structure and definition of the department's related activities and functions.

At the same time, the efforts made to disseminate this area's activities continued across the Bradesco Empresas and Corporate Banking Branches, with the approval and recording of transactions involving the disbursement of resources to the order of R\$ 150 million.

Collection and Tax and Utility Collections

Cash Management

Bradesco's cash management solutions comprise a portfolio of more than 40 products designed to meet public and private sector customer management needs in the areas of receipts, payments, human resources and administration, ensuring that their bank transactions are carried out with speed and convenience, in line with superior quality standards (ISO 9001:2000) and security (electronic certification and sound cryptography).

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The innovations have secured the preference of a growing number of customers from all market segments and niches in diverse locations and different activity fields, using latest-generation technology means for connecting the Bank and its customers. We highlight, in particular, the following products:

Receipt Solutions

Bradesco Online Collection

The high efficiency standards of Bradesco's online collection service generate confidence, minimizing costs and maximizing customer returns, covering all of their accounts receivable management needs. As a result of these features, Bradesco Collection is now market leader, generating other business opportunities for the Organization. Online collection is responsible for processing more than 98% of all documents registered in the Bradesco collection portfolio.

Tax and Utility Collections

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

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

Payment Solutions

Net Empresa, Pag-For and PTRB (Online Tax Payments)

As part of the same efficiency commitment, Bradesco's payment solutions, deployed through the Net Empresa, Pag-For and PTRB products, meet all customer needs, facilitating supplier payments, tax settlements and electronic transfers, online or through the transmission of files with maximum speed and security.

During the year, an amount of R\$ 302.1 billion was recorded for 80.5 million payment transactions, facilitating the management of Trade Accounts Payable for more than 189 thousand companies.

Collection and Tax and Utility Collections

| | In billions of reais | | | | | |
|------------------------------------|----------------------|--------------|----------------------------|--------------|--------------|----------------------------|
| | 2002 | | | 2003 | | |
| | 3rd Qtr. | 4th Qtr. | Accumulated to December | 3rd Qtr. | 4th Qtr. | Accumulated to December |
| Receipt solutions (1) | 142.5 | 161.7 | 585.9 | 174.2 | 193.5 | 695.0 |
| Payment solutions | 58.9 | 65.8 | 217.6 | 71.7 | 96.7 | 302.1 |
| Total | 201.4 | 227.5 | 803.5 | 245.9 | 290.2 | 997.1 |
| Taxes | 18.5 | 19.0 | 71.2 | 20.6 | 23.8 | 82.6 |
| Water, electricity, telephone, gas | 3.1 | 3.4 | 12.2 | 4.1 | 4.6 | 16.1 |
| Social security payments (2) | 3.3 | 4.4 | 13.6 | 4.4 | 6.4 | 17.8 |
| Total Public Sector | 24.9 | 26.8 | 97.0 | 29.1 | 34.8 | 116.5 |

Number of transactions (million)

2002

2003

| | 3rd Qtr. | 4th Qtr. | Accumulated to December | 3rd Qtr. | 4th Qtr. | Accumulated to December |
|------------------------------------|--------------|--------------|-------------------------|--------------|--------------|-------------------------|
| Receipt solutions (1) | 165.1 | 171.1 | 655.6 | 177.9 | 210.9 | 729.9 |
| Payment solutions | 17.2 | 18.0 | 65.1 | 19.7 | 25.6 | 80.5 |
| Total | 182.3 | 189.1 | 720.7 | 197.6 | 236.5 | 810.4 |
| Taxes | 14.8 | 12.9 | 52.7 | 15.7 | 15.3 | 61.3 |
| Water, electricity, telephone, gas | 26.9 | 27.1 | 105.8 | 29.9 | 31.1 | 116.9 |
| Social security payments (2) | 11.9 | 12.7 | 47.9 | 11.3 | 12.0 | 43.2 |
| Total Public Sector | 53.6 | 52.7 | 206.4 | 56.9 | 58.4 | 221.4 |

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

(2) Total beneficiaries: more than 4.490 million retirees and pensioners (corresponding to 20.69% of all those registered with the Brazilian Institute of Social Security - INSS).

Payment via direct debit

47.245 million - January to December 2002

49.165 million - January to December 2003

N.B. In the 4th Quarter, the Receipt solutions include Check Custody and the Payment solutions include PTRB (online tax payment) and Net Empresa.

Growth - Receipt and Payment Solutions

Public Sector Growth

- Stock, Custody and Controllership Services

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

- Bookkeeping of Assets

164 Companies comprise the Bradesco computer-registered share system, with 5.6 million shareholders.

27 Companies comprise the Bradesco computer-registered debenture system, which totals R\$ 12.2 billion.

14 Investment Funds comprise the Bradesco computer-registered quota system, which totals R\$ 1.0 billion.

2 Registered BDR Programs, with a market value of R\$ 268.6 million.

Custody and Controllership

R\$ 100.9 billion In assets under custody for 451 customers who use the Bradesco Custody services (Funds, Portfolios and DR).

R\$ 119.1 billion Comprises the total equity of the 634 investment funds and managed portfolios using the Bradesco Controllership services.

9 Registered DR Programs, with a market value of R\$ 22.7 billion.

Customers and Assets under Custody

- Investments in Infrastructure, Information Technology and Telecommunications

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

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Investment Growth

| | In millions of reais | | | | | |
|-----------------------|----------------------|------------|------------|--------------|--------------|--------------|
| | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 |
| Infrastructure | 205 | 215 | 227 | 509 | 613 | 469 |
| IT/Telecommunications | 317 | 553 | 617 | 743 | 947 | 1,225 |
| Total | 522 | 768 | 844 | 1,252 | 1,560 | 1,694 |

- Banco BCN S.A.

Consolidated Balance Sheet - In millions of reais

| | 2002 | | 2003 | |
|--|---------------|---------------|---------------|---------------|
| | September | December | September | December |
| ASSETS | | | | |
| Current assets and long-term receivables | 22,702 | 23,273 | 22,480 | 22,905 |
| Funds available | 1,056 | 933 | 135 | 179 |
| Interbank investments | 1,012 | 3,777 | 5,030 | 5,110 |
| Securities and derivative financial instruments | 4,862 | 3,469 | 2,942 | 2,716 |
| Interbank and interdepartmental accounts | 688 | 1,001 | 798 | 947 |
| Credit and leasing operations | 12,471 | 11,790 | 11,246 | 11,667 |
| Other receivables and other assets | 2,613 | 2,303 | 2,329 | 2,286 |
| Permanent assets | 539 | 530 | 502 | 448 |
| Total | 23,241 | 23,803 | 22,982 | 23,353 |
| LIABILITIES | | | | |
| Current and long-term liabilities | 21,771 | 22,270 | 19,155 | 19,557 |
| Demand, time and interbank deposits | 11,820 | 12,918 | 9,080 | 9,314 |
| Savings account deposits | 757 | 775 | 778 | 789 |
| Deposits received under security repurchase agreements and funds from the issuance of securities | 2,468 | 3,266 | 4,312 | 4,695 |
| Interbank and interdepartmental accounts | 299 | 108 | 122 | 72 |
| Borrowings and onlendings | 3,731 | 3,161 | 2,235 | 2,166 |
| Derivative financial instruments | 783 | 375 | 48 | 357 |
| Other liabilities | 1,913 | 1,667 | 2,580 | 2,164 |
| Deferred income | 5 | 6 | 19 | 23 |
| Minority interest in subsidiaries | - | - | 537 | 545 |
| Stockholders' equity | 1,465 | 1,527 | 3,271 | 3,228 |
| Total | 23,241 | 23,803 | 22,982 | 23,353 |

Consolidated Statement of Income - In millions of reais

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| | 2002 | | | 2003 | | |
|---|------------|------------|-------------------------|-------------|-------------|-------------------------|
| | 3rd Qtr. | 4th Qtr. | Accumulated to December | 3rd Qtr. | 4th Qtr. | Accumulated to December |
| Income from lending and trading activities | 1,794 | 985 | 5,289 | 1,356 | 1,023 | 4,902 |
| Expenses for lending and trading activities | (1,561) | (440) | (3,733) | (863) | (687) | (3,069) |
| Gross profit from financial intermediation | 233 | 545 | 1,556 | 493 | 336 | 1,833 |
| Other operating income (expenses), net | (183) | (411) | (1,172) | (345) | (433) | (1,497) |
| Operating income | 50 | 134 | 384 | 148 | (97) | 336 |
| Non-operating income (expenses), net | 7 | (2) | 17 | (6) | 3 | (10) |
| Income before taxes and contributions | 57 | 132 | 401 | 142 | (94) | 326 |
| Taxes and contributions on income | 9 | (49) | (100) | (48) | 33 | 18 |
| Minority interest in subsidiaries | - | - | - | (19) | (17) | (66) |
| Net income (loss) | 66 | 83 | 301 | 75 | (78) | 278 |

Operating Performance - Consolidated BCN

Funding and Portfolio Administration

At December 31, 2003, the overall funds obtained and managed by BCN totaled R\$ 24.2 billion. Deposits, the Bank's main source of funds, totaled R\$ 10.1 billion. Total funds include an amount of R\$ 3.2 billion in Investment Funds, obtained by BCN Branches, managed by BRAM - Bradesco Asset Management Ltda. and administrated by Banco Bradesco S.A.

Total Assets and Credit Operations

Assets totaled R\$ 23.4 billion at the end of the year and of this amount, R\$ 12.8 billion, or 54.6%, was allocated to credit operations, including leasing operations and advances on foreign exchange contracts and R\$ 7.8 billion or 33.5%, was allocated to short-term interbank accounts, securities and derivative financial instruments.

In compliance with the provisions of Article 8 of Brazilian Central Bank Circular 3068, of November 8, 2001, the Bank declares that it has both the financial capacity and the intention to hold to maturity the securities classified in the securities held to maturity category.

Ratings

According to Fitch Atlantic Ratings, BCN's risk rating is the highest attributed among banks operating in Brazil and Banco Finasa, according to Austin Rating, obtained the maximum triple-A rating for financial soundness as well as a Low Risk for long-term.

Net Income and Stockholders' Equity for the Year

BCN reported net income of R\$ 277.8 million for the year, corresponding to an average return of 12.1% on stockholders' equity, which totaled R\$ 3.2 billion at the year-end. We highlight the capital increase in August 2003 of R\$ 1.5 billion.

In the first quarter, results include an amount of some R\$ 132.5 million in non-recurring income, derived from prior-year deferred tax assets and negative bases of social contribution recorded in Potenza Leasing S.A. Arrendamento Mercantil. And in the fourth quarter, prepaid expenses of R\$ 138.3 million, net of tax effects, as a result of the mark-to-market adjustment of swap transactions in Banco Finasa S.A., used to hedge direct consumer financing adjusted based on the corresponding contract terms, as well as R 32.1 million of expense, net of tax effects, as a result of the full amortization of goodwill in Banco de Crédito Real de Minas Gerais S.A., as part of the corporate restructuring process in progress.

Customer Service Network

At December 31, 2003, the Bank's customer service network comprised 220 Branches nationwide: 2 BCN Digital Branches (in São Paulo and Rio de Janeiro), through which managers attend customers by phone and products are delivered by courier service, with no need for customers to leave their homes or the office; 1 Branch abroad in Grand Cayman; 200 Banking Service Posts and Online Service Outlets installed on corporate customer premises and 1 Branch of Banco Finasa S.A. - a wholly owned subsidiary.

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The ATM Network comprised 828 BCN terminals, 11,030 Bradesco Day and Night ATMs and 2,216 terminals in the 24-Hour Bank Network, as well as the services offered by BCN Office Banking and BCNNet Internet Banking and the BCN Live Line, a phonebank available to branch customers throughout Brazil.

Finasa Promotora de Vendas Ltda., a wholly owned subsidiary of Banco Finasa S.A., had 53 Branches at the end of the year and was present in 12,762 new and used vehicle dealerships and 1,097 stores selling furniture and home decor, tourism, auto parts and IT related equipment and software, among others.

At the end of 2003, BCN had 877 thousand customers of whom 721 thousand are checking account holders and 156 thousand are non-account holders, as well as some 901 thousand savings account holders and had issued a total of 161 thousand credit cards. Customers served by Banco Finasa S.A. totaled 936 thousand.

On February 25, 2004, the BCN Branches will be integrated with the Bradesco Customer Service Network. This measure is designed to optimize resources, combining expertise and ensuring that customers receive top-quality products and services.

Corporate Reorganization

In the pursuit of increased competitiveness and productivity and the consequent rationalization and reduction of administrative and legal costs, the Bradesco Organization changed the organizational structure of BCN in 2003 as follows:

- In February, BCN Leasing Arrendamento Mercantil S.A. incorporated Bradesco Leasing S.A. Arrendamento Mercantil and changed its name to Bradesco BCN Leasing S.A. Arrendamento Mercantil.

- In April, Bradesco BCN Leasing incorporated Finasa Leasing Arrendamento Mercantil S.A.

- In July, the capital of Banco de Crédito Real de Minas Gerais S.A. was decreased by R\$ 2.0 billion.

- In August, the capital of Banco BCN was increased by R\$ 1.5 billion.

- In September, Bancocidade Distribuidora de Títulos e Valores Mobiliários Ltda. and BCN S.A. Distribuidora de Títulos e Valores Mobiliários were incorporated by Finasa Distribuidora de Títulos e Valores Mobiliários S.A. and as a result BCN now holds 80.0% of this company's capital; BCN Corretora de Títulos e Valores Mobiliários S.A., formerly CLSA-BCN Corretora de Títulos e Valores Mobiliários S.A., incorporated Bancocidade Corretora de Valores Mobiliários e de Câmbio Ltda. and Bradesco BCN Leasing acquired the portfolio of BBV Leasing Brasil S.A. Arrendamento Mercantil - now named Alvorada Leasing Brasil S.A. Arrendamento Mercantil.

- In October, BCN Corretora de Títulos e Valores Mobiliários S.A. incorporated Alvorada Banco de Investimentos S.A., acquired as part of the purchase process of BBV Banco by Bradesco; moreover following a partial spin-off of the capital of Boavista S.A. Arrendamento Mercantil, the spin-off portion in the amount of R\$ 195 million was incorporated by Bancocidade-Leasing Arrendamento Mercantil S.A.

- In December, Boavista S.A. Arrendamento Mercantil was incorporated by Banco Boavista InterAtlântico S.A.

Significant Event

On November 6, the Bradesco Organization, through its subsidiary Banco Finasa S.A., acquired the total capital of Banco Zogbi S.A. and its subsidiaries Zogbi Leasing S.A. Arrendamento Mercantil, Zogbi Distribuidora de Títulos e Valores Mobiliários Ltda. and Promovel Empreendimentos e Serviços Ltda. This acquisition, currently pending ratification by the Brazilian Central Bank, represents a strategic advance by the Bank into the consumer financing sector, with the inclusion of 1.5 million active borrowers and some 4 million registered customers, a Network of 67 outlets and more than 11 thousand establishments capable of offering consumer financing (CDC) and card products with considerable growth potential.

Social Action

During the year, the Bradesco Organization continued supporting sports activities through the BCN SPORTS PROGRAM, focused on the formation, maintenance and dissemination of women's basketball and volleyball. At the end of December, the Program covered 81 sports training centers, 48 for volleyball and 33 for basketball, where some 4,300 girls from 10 to 15 years of age have access to courts, uniforms, sports material, instructors and all the infrastructure required to practice these sports completely free of charge. The training centers are installed on the premises of private and state schools, at the City Hall sports complex in Osasco and at the Fundação Bradesco (Bradesco Foundation) and SESI units. Participation in this program requires proof of continuous and consecutive attendance at school and includes counseling on health issues, life quality, living in society, social behavior, citizenship issues and prevention of drug abuse.

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As well as these training centers, the Program also maintains competitive Women's Volleyball and Basketball teams in all base categories (14 to 18 year olds), an initiative which is making an effective contribution towards the formation of future world-class Brazilian athletes.

Providing incentives and promoting premium-level sport in Brazil, the Program also maintains a senior Women's Volleyball team called BCN OSASCO, a benchmark in national sports. The team is currently the National Super League Champion and has won all of the most important championships played over recent years. The team is currently São Paulo State's fifth-time League Champion and has also won the Regional Championships 5 times and State Interior Championship 4 times.

The BCN Sports Association (Associação Desportiva Classista BCN) received authorization from the National Council for Child and Youth Rights - CONANDA to obtain funds for investment in its Socially Focused Sports Projects, designed to benefit children and youngsters through the National Foundation for Children and Youth (Fundo Nacional para a Criança e Adolescente - FNCA) in accordance with Resolution nº 93 of November 25, 2003, with the BCN Osasco - Volley and Basketball Training Center project.

In 2004, the BCN Sports Program will commence a new phase changing its name to FINASA SPORTS PROGRAM.

- Banco Finasa S.A.

Consolidated Balance Sheet - In millions of reais

| | 2002 | | 2003 | |
|--|--------------|--------------|--------------|--------------|
| | September | December | September | December |
| ASSETS | | | | |
| Current assets and long-term receivables | 4,166 | 4,051 | 4,841 | 5,519 |
| Funds available | - | - | 3 | 4 |
| Interbank investments | 48 | 38 | 25 | 35 |
| Securities and derivative financial instruments | 10 | 16 | 15 | 12 |
| Interbank accounts | 19 | 19 | 20 | 20 |
| Credit and leasing operations | 3,847 | 3,745 | 4,461 | 5,036 |
| Other receivables and other assets | 242 | 233 | 317 | 412 |
| Permanent assets | 7 | 7 | 12 | 12 |
| Total | 4,173 | 4,058 | 4,853 | 5,531 |
| LIABILITIES | | | | |
| Current and long-term liabilities | 3,978 | 3,839 | 4,557 | 5,308 |
| Demand, time and interbank deposits | 3,600 | 3,502 | 4,128 | 4,746 |
| Deposits received under security repurchase agreements and funds from the issuance of securities | 4 | 6 | 3 | - |
| Borrowings and onlendings | 64 | 75 | 124 | 140 |
| Derivative financial instruments | 55 | 66 | 92 | 327 |
| Other liabilities | 255 | 190 | 210 | 95 |
| Deferred income | 4 | 3 | 18 | 21 |
| Stockholders' equity | 191 | 216 | 278 | 202 |
| Total | 4,173 | 4,058 | 4,853 | 5,531 |

Consolidated Statement of Income - In millions of reais

| | 2002 | | | 2003 | | |
|--|----------|----------|-------------------------|----------|----------|-------------------------|
| | 3rd Qtr. | 4th Qtr. | Accumulated to December | 3rd Qtr. | 4th Qtr. | Accumulated to December |

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| | | | | | | |
|---|------------|------------|------------|------------|--------------|-------------|
| Income from lending and trading activities | 314 | 350 | 1,152 | 408 | 209 | 1,374 |
| Expenses for lending and trading activities | (175) | (211) | (675) | (239) | (229) | (918) |
| Gross profit from financial intermediation | 139 | 139 | 477 | 169 | (20) | 456 |
| Other operating income (expenses), net | (99) | (93) | (348) | (133) | (125) | (480) |
| Operating income | 40 | 46 | 129 | 36 | (145) | (24) |
| Non-operating income (expenses), net | (1) | - | (2) | - | - | (4) |
| Income before taxes and contributions | 39 | 46 | 127 | 36 | (145) | (28) |
| Taxes and contributions on income | (14) | (14) | (43) | (13) | 49 | 9 |
| Net income (loss) (*) | 25 | 32 | 84 | 23 | (96) | (19) |

(*) Fourth quarter results for 2003 were affected by the mark-to-market adjustment of swaps (see Operating Performance).

Profile

Banco Finasa S.A., a wholly owned subsidiary of Banco BCN S.A., operates in the financing sector, through Finasa Promotora de Vendas Ltda., which is responsible for securing customers and transactions.

Designed to increase the volume of business, as in the case of the partnerships entered into with Ford Credit and Microsoft, Finasa signed an agreement, in the first half of 2003, with ABRAPAR, subsequent to approval by the Brazilian Association of Fiat Automobile Dealerships - ABRACAF, to support the financing of vehicles sold by the associated dealerships.

At the end of December, Finasa Promotora had 53 Branches and was present in 12,762 new and used registered vehicle dealerships and 1,097 stores selling furniture and home decor, tourism, auto parts and IT related equipment and software, among others.

Customers served by Banco Finasa totaled some 936 thousand.

According to Austin Rating, Banco Finasa obtained the maximum triple-A rating for financial soundness, as well as a Low Risk for long-term

Significant Event

On November 6, the Bradesco Organization, through its subsidiary Banco Finasa S.A., acquired the total capital of Banco Zogbi S.A. and its subsidiaries Zogbi Leasing S.A. Arrendamento Mercantil, Zogbi Distribuidora de Títulos e Valores Mobiliários Ltda. and Promovel Empreendimentos e Serviços Ltda. This acquisition, currently pending ratification by the Brazilian Central Bank, represents a strategic advance by the Bank into the consumer financing sector, with the inclusion of 1.5 million active borrowers and some 4 million registered customers, a Network of 67 outlets and more than 11 thousand establishments capable of offering consumer financing (CDC) and card products with considerable growth potential.

Operating Performance

At the end of the year, assets totaled R\$ 5.5 billion, an increase of 36.3% compared to December 2002. The balance of the new and used auto financing portfolio, before allowance for loan losses, totaled R\$ 5.1 billion, an increase of 33.7%, as compared to 2002. Auto-financing production for 2003 totaled R\$ 4.1 billion, a 100.9% increase in comparison with the total of R\$ 2.1 billion produced in 2002.

In 2003, the Bank reported a loss of R\$ 19.3 million compared to stockholders' equity of R\$ 201.5 million, as a result of the mark-to-market adjustment of swap transactions, in compliance with Central Bank Circular 3082, in the amount of R\$ 138.3 million, net of tax effects.

These transactions are designed to hedge overall credit operations and were entirely successful from an economic viewpoint. However, from a formal standpoint, these transactions are not acceptable as hedges pursuant to the aforementioned legislation. As a result, the asset transactions to which they are a counter entry receive a different accounting treatment, ie, they are adjusted based on the rates established in the corresponding contracts, while swaps are marked to market.

If these transactions were formally accepted as hedges, the related assets (credit operations) could also be marked to market and in such case, the Bank would have reported net income of R\$ 150.4 million and stockholders' equity of R\$ 335.5 million, corresponding to a return of 44.8% for the year.

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The accounting effects arising from the mark-to-market adjustment of the swaps will be reversed in future periods following the adjustment of the asset transactions and could be subject to further oscillation as a result of changes in market rates.

Social Action

In 2004, the Bradesco Organization maintaining its support of sports activities will commence a new phase whereby the BCN Sports Program will be called FINASA Sports Program (PROGRAMA FINASA ESPORTES) continuing its activities focused on the formation, maintenance and dissemination of women's basketball and volleyball.

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● Bradesco Insurance Group

Insurance

Consolidated Balance Sheet - In millions of reais (*)

| | 2002 | | 2003 | |
|--|--------------|--------------|--------------|--------------|
| | September | December | September | December |
| ASSETS | | | | |
| Current assets and long-term receivables | 3,242 | 3,404 | 3,943 | 4,266 |
| Securities | 1,554 | 1,679 | 2,136 | 2,324 |
| Insurance transactions and other accounts receivable | 1,688 | 1,725 | 1,807 | 1,942 |
| Permanent assets | 2,065 | 2,021 | 2,646 | 2,807 |
| Total | 5,307 | 5,425 | 6,589 | 7,073 |
| LIABILITIES | | | | |
| Current and long-term liabilities | 3,071 | 2,738 | 3,290 | 3,482 |
| Tax and social security contributions | 544 | 587 | 593 | 626 |
| Insurance-related payables | 202 | 173 | 319 | 360 |
| Other liabilities | 787 | 366 | 459 | 494 |
| Technical reserves | 1,538 | 1,612 | 1,919 | 2,002 |
| Minority interest | 89 | 95 | 51 | 43 |
| Stockholders' equity of the parent company | 2,147 | 2,592 | 3,248 | 3,548 |
| Total | 5,307 | 5,425 | 6,589 | 7,073 |

Consolidated Statement of Income - In millions of reais (*)

| | 2002 | | | 2003 | | |
|---|--------------|--------------|-------------------------|--------------|--------------|-------------------------|
| | 3rd Qtr. | 4th Qtr. | Accumulated to December | 3rd Qtr. | 4th Qtr. | Accumulated to December |
| Earned premiums | 1,220 | 1,236 | 4,875 | 1,601 | 1,698 | 6,098 |
| Retained claims | (913) | (941) | (3,633) | (1,313) | (1,365) | (4,944) |
| Selling expenses | (147) | (157) | (579) | (168) | (184) | (668) |
| Other operating income (expenses) | 4 | 18 | 17 | 26 | 29 | 88 |
| Contribution margin | 164 | 156 | 680 | 146 | 178 | 574 |
| Administrative costs | (167) | (162) | (638) | (183) | (212) | (744) |
| Taxes | (13) | (28) | (69) | (19) | (27) | (87) |
| Financial results | 78 | 98 | 343 | 132 | 121 | 475 |
| Operating income | 62 | 64 | 316 | 76 | 60 | 218 |
| Non-operating income | 16 | 13 | (2) | (28) | 5 | (44) |
| Results on investments in subsidiary and associated companies | 128 | 128 | 484 | 143 | 114 | 436 |
| Minority interest | (1) | (7) | (13) | 1 | 1 | 1 |
| Income before taxes and contributions | 205 | 198 | 785 | 192 | 180 | 611 |
| Taxes and contributions on income | (12) | 14 | (36) | - | (7) | 2 |
| Net income | 193 | 212 | 749 | 192 | 173 | 613 |

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

(*) Includes: Bradesco Seguros, Indiana Seguros, Bradesco Saúde, União Novo Hamburgo de Seguros and Finasa Seguradora S.A.

Performance Ratios

| | % | | | |
|----------------------------------|-----------------------------|-------|-------|-------|
| | Accumulated to September | | Year | |
| | 2002 | 2003 | 2002 | 2003 |
| Claims ratio (1) | 71.5 | 69.8 | 72.0 | 68.4 |
| Selling ratio (2) | 11.6 | 11.0 | 11.9 | 11.0 |
| Combined ratio (3) | 99.6 | 104.2 | 100.3 | 104.0 |
| Expanded combined ratio (4) | 92.9 | 96.2 | 95.4 | 96.5 |
| Administrative expense ratio (5) | 12.9 | 11.9 | 12.8 | 12.0 |

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

(2) Selling expenses/earned premiums.

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

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

(5) Administrative expenses/earned premiums.

Insurance Premium Market Share (%)

Bradesco Seguros secured R\$ 8.6 billion in premiums and maintained its industry leadership with a 25.7% market share. An amount of R\$ 33.3 billion was secured in premiums by this sector up to November 2003.

Growth in Technical Reserves - In millions of reais

Growth in Guaranteeing Assets of Technical Reserves

In millions of reais

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Earned Premiums by Insurance Line

| Insurance | In millions of reais | | | | | |
|--------------------|----------------------|--------------|-------------------------|--------------|--------------|-------------------------|
| | 2002 | | | 2003 | | |
| | 3rd Qtr. | 4th Qtr. | Accumulated to December | 3rd Qtr. | 4th Qtr. | Accumulated to December |
| Health | 572 | 596 | 2,306 | 666 | 685 | 2,599 |
| Auto/RCF (a) | 300 | 312 | 1,199 | 349 | 397 | 1,418 |
| Life/AP(b)/VGBl(c) | 238 | 227 | 944 | 481 | 510 | 1,638 |
| Basic Lines | 77 | 75 | 306 | 84 | 84 | 338 |
| DPVAT(d) | 33 | 26 | 120 | 21 | 22 | 105 |
| Total | 1,220 | 1,236 | 4,875 | 1,601 | 1,698 | 6,098 |

(a) Optional third-party liability.

(b) Personal accident.

(c) Long-term life products.

(d) Compulsory vehicle insurance.

In December 2003, the Company's earned premiums grew by 25.1% compared to December 2002.

Earned Premiums by Insurance Line (%)

Retained Claims by Insurance Line

| Insurance | In millions of reais | | | | | |
|--------------|----------------------|------------|-------------------------|--------------|--------------|-------------------------|
| | 2002 | | | 2003 | | |
| | 3rd Qtr. | 4th Qtr. | Accumulated to December | 3rd Qtr. | 4th Qtr. | Accumulated to December |
| Health | 499 | 518 | 1,977 | 601 | 615 | 2,326 |
| Auto/RCF | 217 | 224 | 883 | 274 | 313 | 1,106 |
| Life/AP/VGBl | 130 | 133 | 504 | 375 | 380 | 1,238 |
| Basic Lines | 43 | 47 | 174 | 42 | 43 | 190 |
| DPVAT | 24 | 19 | 95 | 21 | 14 | 84 |
| Total | 913 | 941 | 3,633 | 1,313 | 1,365 | 4,944 |

Retained Claims by Insurance Line (%)

Total Claims Ratio - Accumulated over the 12-month period (%)

Selling Expenses by Insurance Line

In millions of reais

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| Insurance | 2002 | | | 2003 | | |
|--------------|------------|------------|-------------------------|------------|------------|-------------------------|
| | 3rd Qtr. | 4th Qtr. | Accumulated to December | 3rd Qtr. | 4th Qtr. | Accumulated to December |
| Health | 18 | 18 | 72 | 22 | 23 | 83 |
| Auto/RCF | 56 | 58 | 218 | 64 | 75 | 263 |
| Life/AP/VGBL | 61 | 62 | 238 | 67 | 69 | 259 |
| Basic Lines | 12 | 19 | 51 | 15 | 17 | 63 |
| Total | 147 | 157 | 579 | 168 | 184 | 668 |

Selling Expenses by Insurance Line (%)

Number of Policyholders - Thousand

Up to December 31, 2003, the average number of customers grew by 9.5% compared to the same period in 2002.

Bradesco Saúde continues to maintain its outstanding market position, especially in the corporate health insurance segment. Brazilian consumers are increasingly convinced that Health and Dental Insurance are the best alternatives for meeting their medical, hospital and dental care needs (source: ANS). At present, Bradesco Saúde has more than 2.4 million customers.

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

More than 11 thousand companies in Brazil have acquired Bradesco Health Insurance. Out of Brazil's 100 largest companies in terms of billings, 34 are Bradesco clients in the Health and Dental Health lines and out of the country's 50 largest companies, 32% are Bradesco Saúde clients. (source: Exame Magazine's Biggest and Best List, July 2003).

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

The Bradesco Insurance Group consolidated its leadership position in the Brazilian Basic Line Insurance market, with premiums issued through November 2003 in the volume of R\$ 804 million, a 17.1% increase compared to the prior year and a significant 12.4% share of the overall market billings in this area.

As well as the increase in the volume of premiums issued, the total premiums earned up to November 2003 increased by 11.2% as compared to the same period in 2002.

In the Corporate Risk area, the Group consolidated its position by insuring major business conglomerates operating in the mining, oil, steel, agribusiness, paper and pulp, power, automobile, chemical and petrochemical, aluminum and aircraft industries, confirming its role as one of Brazil's main Insurance Groups with a strong presence in the following main types of insurance: operating risk, named risk, national and international transport risk, engineering risks, oil risks and port operator risks.

In the mass market insurance segment, focusing on consumer and small and medium corporate customers, product line sales registered an important growth, in particular, Bradesco Bilhete Residencial, which achieved a record of 548,365 homes insured in 2003, an increase of 26.6% compared to the prior year.

The launching of new products and the reformulation of others in the pursuit to offer our customers best quality products on a permanent basis, made a significant contribution to the results achieved in 2003.

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

Bradesco's market share of the Auto/RCF portfolio up to November 2003, published by SUSEP, increased from 15.5% to 17.3%.

In June, Bradesco Seguros launched a new product called Garantia Plus, which secured 72 thousand customers in its first 7 months of operation. The Bradesco Seguros Garantia Plus line offers coverage for personal accident (death and invalidity) and 6 more events comprising serious illnesses: heart surgery and angioplasty, cancer, strokes (CVA), chronic kidney disease, transplants, as well as assistance such as second opinions from abroad and funeral and personal expenses.

Awards

Bradesco Seguros

1. On April 25, Bradesco Seguros won the Top de Marketing 2003 award given by the Brazilian Association of Sales and Marketing Directors - ADVB with the following case: Bradesco Seguros. Liderança de ponta a ponta é isso: 1ª em Share of Market, e agora também a 1ª em Top of Mind .
2. The Bradesco Seguros website, which had already won the iBEST internet award in the Insurance and Revelation categories in 2002, won the Grand Prix internet oscar again in 2003 by popular vote and its website was also rated best Insurance category site by the Academy and popular votes.
3. In July, Bradesco Seguros was ranked first place at the eighth edition of the Top of Mind awards - Marcas de Sucesso - Minas Gerais. The event was organized by the business economy magazine Mercado Comum to reveal outstanding brand awareness among consumers. Bradesco Seguros won the award in the Insurance Company Leadership category. The study was carried out by the Instituto de Perfil, with more than 1,221 household interviews carried out in nine different regions throughout the state.
4. Also in July, Bradesco Seguros was considered as most remembered mark in the state of Alagoas winning the Prêmio Marcas 2003, in the category Top of Mind - First remembered brand category. The award was given by the Tribuna de Alagoas newspaper based on a poll carried out by the Harrop Institute. The study revealed that 12.9% of those interviewed replied Bradesco Seguros , when asked which brand comes to mind first when insurance is mentioned. This percentage was double that achieved by the 2nd ranked company.
5. Bradesco Seguros won the Folha Top of Mind Insurance category award for the second year running. This award was based on the results of a poll carried out by Instituto Datafolha among thousands of people interviewed nationwide. The poll was designed to reveal which brands are most remembered by consumers. The award which was introduced in 1988 has 35 categories and 5 special awards.

Bradesco Saúde

1. Bradesco Saúde received the Top Hospitalar 2003 award for the third year in a row, an important title in the Brazilian medical-hospital market ranking. The award was based on the results of a preferred product brand survey (V Pesquisa de Preferência de Marcas em Produtos), carried out by the Guia de Fornecedores Hospitalares (Hospital Suppliers Guide). Bradesco Saúde was considered the most remembered brand and highlight of the year in the Health category. The awards ceremony took place at São Paulo's Credicard Hall on December 3, 2003.
2. Bradesco Saúde won the Hospital Best award in the Health Operator of the Year (Operadora de Saúde do Ano) category, based on a poll carried out among doctors, medical-hospital service suppliers and other health area professionals throughout Brazil. The first edition of this award is an initiative of the Brazilian Association of Health Area Marketing and the poll was monitored by Simonsen e Associados.

- Vida e Previdência (Private Pension Plans)(1)

Balance Sheet - In millions of reais

| 2002 | | 2003 | |
|-----------|----------|-----------|----------|
| September | December | September | December |

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ASSETS

| | | | | |
|--|---------------|---------------|---------------|---------------|
| Current assets and long-term receivables | 14,974 | 17,400 | 22,719 | 24,920 |
| Funds available | 30 | 2 | 36 | 27 |
| Interbank investments | 17 | 18 | 19 | 20 |
| Securities | 14,389 | 16,923 | 22,197 | 24,438 |
| Insurance operations and other accounts receivable | 538 | 457 | 467 | 435 |
| Permanent assets | 300 | 251 | 253 | 249 |
| Total | 15,274 | 17,651 | 22,972 | 25,169 |

LIABILITIES

| | | | | |
|---|---------------|---------------|---------------|---------------|
| Current and long-term liabilities | 14,176 | 16,536 | 21,404 | 23,451 |
| Tax and social security contributions | 365 | 420 | 503 | 627 |
| Operating liabilities for Insurance and Private Pension Plans | 103 | 156 | 124 | 160 |
| Other liabilities | 122 | 57 | 44 | 140 |
| Technical reserves | 13,586 | 15,903 | 20,733 | 22,524 |
| Stockholders' equity | 1,098 | 1,115 | 1,568 | 1,718 |
| Total | 15,274 | 17,651 | 22,972 | 25,169 |

Statement of Income - In millions of reais

| | 2002 | | | 2003 | | |
|---|------------|------------|-------------------------|------------|------------|-------------------------|
| | 3rd Qtr. | 4th Qtr. | Accumulated to December | 3rd Qtr. | 4th Qtr. | Accumulated to December |
| Retained premiums (except VGBL) | 213 | 223 | 849 | 254 | 266 | 980 |
| Variations in premium reserves | (23) | (30) | (57) | (4) | (19) | (66) |
| Earned premiums (except VGBL) | 190 | 193 | 792 | 250 | 247 | 914 |
| Earned premiums - VGBL | 22 | 11 | 54 | 216 | 246 | 669 |
| Total earned premiums | 212 | 204 | 846 | 466 | 493 | 1,583 |
| Retained claims | (116) | (124) | (468) | (162) | (141) | (590) |
| Expenses with benefits and redemptions - VGBL | - | - | - | (200) | (228) | (614) |
| Selling expenses - Insurance | (49) | (55) | (199) | (60) | (63) | (234) |
| Other operating income (expenses) | 25 | 28 | 89 | 45 | 58 | 174 |
| Income from net contributions | 340 | 321 | 1,348 | 311 | 494 | 1,344 |
| Expenses with benefits/matured plans | (413) | (503) | (1,609) | (559) | (773) | (2,195) |
| Selling expenses - Pension Plans | (22) | (24) | (99) | (24) | (25) | (98) |
| Administrative expenses | (46) | (60) | (196) | (53) | (67) | (217) |
| Tax expenses | (5) | (3) | (21) | (3) | (3) | (14) |
| Financial income | 669 | 1,273 | 2,777 | 1,081 | 1,068 | 4,363 |
| Financial expenses | (499) | (1,007) | (2,034) | (701) | (623) | (2,884) |
| Equity income and expenses | - | 2 | 7 | 4 | 2 | 9 |
| Non-operating income | 8 | 5 | 10 | 4 | (2) | 2 |
| Income before taxes and contributions | 104 | 57 | 451 | 149 | 190 | 629 |
| Taxes and contributions on income | (33) | 15 | (109) | (42) | (71) | (202) |
| Net income | 71 | 72 | 342 | 107 | 119 | 427 |

(1) Includes Bradesco Vida e Previdência S.A. and from June 2003, Alvorada Vida S.A. (formerly BBV Previdência e Seguradora Brasil S.A.).
Income from Plans - Market Share (%)

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

Income from its private pension plans has grown some 25.7% per year over the last five years, enabling the company to maintain its leadership position with 37.9% of the market, the result of a sound product development policy structured around innovative and flexible options.

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

Growth in Technical Reserves - In millions of reais

Providing a secure option for participants, policyholders and beneficiaries, Bradesco Vida e Previdência has recorded an increasing growth rate in the volume of its technical reserves. During the year, technical reserves presented an increase of 41.6% as compared to 2002, highlighting the company's capacity to meet the commitments assumed.

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

Growth in Guaranteeing Assets of Technical Reserves - In millions of reais

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

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

The company's success and commitment to the implementation of its policies are confirmed by its 51.9% share of this segment, one of most important market indicators.

Increase in Number of Participants - Thousand

N.B.: Includes VGBL long-term life products.

During the period, Bradesco Vida e Previdência signed new contracts for individual and company plans, which accounted for a 9.9% increase in the number of participants compared to the performance recorded for 2002. Total plan participants surpassed the 1.3 million mark.

- Savings Bonds (1)

Balance Sheet - In millions of reais

| | 2002 | | 2003 | |
|---|--------------|--------------|--------------|--------------|
| | September | December | September | December |
| ASSETS | | | | |
| Current assets and long-term receivables | 1,573 | 1,776 | 2,152 | 2,621 |
| Securities | 1,453 | 1,664 | 2,059 | 2,427 |
| Accounts receivable and other accounts receivable | 120 | 112 | 93 | 194 |
| Permanent assets | 378 | 340 | 329 | 20 |
| Total | 1,951 | 2,116 | 2,481 | 2,641 |

LIABILITIES

| | | | | |
|--|--------------|--------------|--------------|--------------|
| Current and long-term liabilities | 1,616 | 1,884 | 2,033 | 2,239 |
| Tax and social security contributions | 183 | 205 | 238 | 367 |
| Other liabilities | 5 | 84 | 16 | 18 |
| Technical reserves | 1,428 | 1,595 | 1,779 | 1,854 |
| Stockholders' equity | 335 | 232 | 448 | 402 |
| Total | 1,951 | 2,116 | 2,481 | 2,641 |

Statement of Income - In millions of reais

| | 2002 | | | 2003 | | |
|--|--------------|--------------|-------------------------|--------------|--------------|-------------------------|
| | 3rd Qtr. | 4th Qtr. | Accumulated to December | 3rd Qtr. | 4th Qtr. | Accumulated to December |
| Income from savings bonds | 259 | 339 | 1,020 | 292 | 315 | 1,156 |
| Variation in technical reserves | (68) | (170) | (267) | (73) | (78) | (226) |
| Redemption of bonds | (180) | (169) | (721) | (253) | (256) | (962) |
| Bonds redeemed | (176) | (164) | (690) | (246) | (250) | (943) |
| Winning bonds | (4) | (5) | (31) | (7) | (6) | (19) |
| Financial income | 41 | 38 | 190 | 110 | 87 | 337 |
| Administrative expenses | (20) | (19) | (73) | (18) | (26) | (81) |
| Equity results | 33 | 47 | 107 | 35 | 14 | 57 |
| Non-operating income | 1 | 3 | 4 | 1 | 39 | 40 |
| Income before taxes and contributions | 66 | 69 | 260 | 94 | 95 | 321 |
| Taxes and contributions on income | (11) | (7) | (50) | (20) | (29) | (89) |
| Net income | 55 | 62 | 210 | 74 | 66 | 232 |

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

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

The company is consolidating its outstanding position in diverse regions and holds a leadership position in two Brazilian states, according to the latest figures for November published by SUSEP. The company's market share in these states was as follows: 27.8% in Amazonas and 23.6% in São Paulo.

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

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

Income from Plans - Market Share (%)

Technical Reserves - Market Share (%)

Growth in Technical Reserves - In millions of reais

With its fast-growing volume of technical reserves, Bradesco Capitalização surpassed the mark of R\$ 1.85 billion up to December, presenting a growth rate of 16.2% compared to the same period in 2002. According to data from SUSEP for November 2003, the company has 22.6% of the total market volume of technical reserves.

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

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Growth in Assets guaranteeing Technical Reserves - In millions of reais

Number of Customers - Thousand

In line with its customer loyalty building policy focused on customer service and the offer of innovative products, the number of Bradesco Capitalização customers increased by 12.2% up to December 2003, compared to the same period in 2002, totaling 2.8 million.

Outstanding Savings Bonds - Bradesco Customers - Thousand

Outstanding Savings Bonds with transfer of draw participation rights - Thousands

Outstanding Savings Bonds - Thousand

The outstanding savings bond portfolio also presented a significant increase of 512.7% compared to 2002, with more than 78 million outstanding bonds. Of this amount, 94.1% are certificates with Transfer of Draw Participation Rights, which were sold via partnership agreements with companies in different market segments, including Bradesco Cartões, Bradesco Vida e Previdência, Banco Finasa, Companhia Paulista de Força e Luz (CPFL), Bandeirante Energia, etc. Since the purpose of this type of savings bond certificate is to add value to partners' products or to provide incentives for customer payments, these are low-priced bonds with reduced terms and grace periods.

Highlights

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

Awards

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

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products, services or trademarks through innovative and consistent marketing tactics.

- Bradesco S.A. - Corretora de Títulos e Valores Mobiliários

Balance Sheet - In millions of reais

| | 2002 | | 2003 | |
|---|------------|------------|------------|------------|
| | September | December | September | December |
| ASSETS | | | | |
| Current assets and long-term receivables | 283 | 156 | 188 | 320 |
| Interbank investments and securities | 75 | 82 | 96 | 66 |
| Other receivables and other assets | 208 | 74 | 92 | 254 |
| Permanent assets | 18 | 18 | 20 | 20 |
| Total | 301 | 174 | 208 | 340 |
| LIABILITIES | | | | |
| Current and long-term liabilities | 220 | 88 | 109 | 274 |
| Other liabilities | 220 | 88 | 109 | 274 |
| Stockholders' equity | 81 | 86 | 99 | 66 |
| Total | 301 | 174 | 208 | 340 |

Statement of Income - In millions of reais

| | 2002 | | | 2003 | | |
|---|----------|----------|-------------------------|----------|----------|-------------------------|
| | 3rd Qtr. | 4th Qtr. | Accumulated to December | 3rd Qtr. | 4th Qtr. | Accumulated to December |
| Income from lending and trading activities | 5 | 4 | 15 | 5 | 4 | 18 |
| Gross profit from financial intermediation | 5 | 4 | 15 | 5 | 4 | 18 |
| Other operating income (expenses), net | 1 | 1 | 3 | 1 | 1 | 3 |
| Operating income | 6 | 5 | 18 | 6 | 5 | 21 |
| Income before taxes and contributions | 6 | 5 | 18 | 6 | 5 | 21 |
| Taxes and contributions on income | (2) | (1) | (6) | (2) | (2) | (7) |
| Net income | 4 | 4 | 12 | 4 | 3 | 14 |

At the end of 2003, Bradesco Corretora maintained its outstanding position in the Capital Market.

We present below a summary of the main activities carried out during the year:

Bradesco Corretora ended the year among the 11th most important brokerage firms, out of more than 100 operating in the São Paulo Stock Exchange (BOVESPA). During this period, services were provided to 50,499 investors and 279,665 buy and sell orders were carried out for a total financial volume of R\$ 11.3 billion. The Corretora participates with BOVESPA in the *Bovespa vai até você* campaign in an important effort to raise public awareness regarding the benefits of investing in the stock market.

Bradesco Corretora negotiated 2 million contracts in the Mercantile and Futures Exchange (BM&F) for a financial volume of R\$ 244.7 billion, ranking the Corretora 24th among the most important brokerage firms, out of more than 100 participants. The Corretora has centered its efforts

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on the continued expansion of its business, as well as promoting the futures market. For example, in the agricultural area it acts directly in the country's main production centers, through visits, seminars and participation in agricultural fairs and expos. In conjunction with the BM&F, the company sponsored visits to the exchange and Bradesco Corretora in São Paulo by investors from all over the country. At the same time, the company hosted numerous visits by farmers, teachers, opinion-makers and brokers from the physical commodities market.

Online web trading for the twelve-month period totaled 166,694 orders with a financial volume of R\$ 960.1 million, representing 4.5% of all Home-Broker operations carried out in BOVESPA and placing the Corretora fifth in the overall ranking. The customer base increased by 34.1% with more than 4,889 new customers registered during the year and more than 39,883 e-mails received.

As a result of its role in Public Offerings of Share Purchases, Special Operations, Stock Swapping Auctions and Privatization Auctions, Bradesco Corretora continues in its important market position, with a financial volume of R\$ 515.5 million for the year.

Bradesco Corretora offers an investment analysis service, operating in conjunction with Banco Bradesco's economic area, delivering main market performance reports, suggested stock portfolios and comprehensive stock guide.

The company also offers a non-resident investor representation service for transactions carried out in the financial and capital markets, in accordance with the provisions of CMN Resolution 2689/000, of January 26, 2000.

Net income recorded for the year totaled R\$ 14.2 million.

Stockholders' equity at the end of the year increased to R\$ 65.6 million, corresponding to 19.28% of total assets of R\$ 340.2 million.

Information - Trading at BM&F and BOVESPA

| | 2002 | | | 2003 | | |
|---|----------|----------|-------------------------|----------|----------|-------------------------|
| | 3rd Qtr. | 4th Qtr. | Accumulated to December | 3rd Qtr. | 4th Qtr. | Accumulated to December |
| BM&F | | | | | | |
| Ranking | 22nd | 29th | 6th | 21st | 29th | 24th |
| Contracts traded (million) | 0.5 | 0.3 | 6.3 | 0.6 | 0.4 | 2.0 |
| Financial volume (in billions of reais) | 55.9 | 39.1 | 685.2 | 72.1 | 45.0 | 244.7 |
| Stock Exchange | | | | | | |
| Ranking | 7th | 5th | 7th | 10th | 10th | 11th |
| Number of investors | 15,831 | 13,006 | 48,757 | 17,025 | 16,802 | 50,499 |
| Number of orders executed | 60,985 | 58,180 | 199,631 | 74,128 | 88,365 | 279,665 |
| Volume traded (in billions of reais) | 3.2 | 2.6 | 10.3 | 3.1 | 3.8 | 11.3 |
| Home Broker | | | | | | |
| Ranking | 3rd | 4th | 4th | 4th | 5th | 5th |
| Registered customers | 13,161 | 14,334 | 14,334 | 17,082 | 19,223 | 19,223 |
| Orders executed | 36,222 | 36,806 | 117,257 | 44,296 | 51,633 | 166,694 |
| Volume traded (in millions of reais) | 172.8 | 194.3 | 605.7 | 248.6 | 319.9 | 960.1 |

Bradesco Securities, Inc .

Balance Sheet - In thousands of reais

| | 2002 | | 2003 | |
|---|--------------|--------------|---------------|---------------|
| | September | December | September | December |
| ASSETS | | | | |
| Current assets and long-term receivables | 4,215 | 3,464 | 61,366 | 64,587 |
| Funds available | 747 | 574 | 408 | 2,041 |
| Interbank investments | - | - | 2,885 | 970 |
| Securities and derivative financial instruments | 3,440 | 2,829 | 58,036 | 60,544 |
| Other receivables and other assets | 28 | 61 | 37 | 1,032 |
| Permanent assets | 172 | 140 | 84 | 70 |
| Total | 4,387 | 3,604 | 61,450 | 64,657 |
| LIABILITIES | | | | |
| Current and long-term liabilities | 127 | 172 | 141 | 158 |
| Other liabilities | 127 | 172 | 141 | 158 |
| Stockholders' equity | 4,260 | 3,432 | 61,309 | 64,499 |
| Total | 4,387 | 3,604 | 61,450 | 64,657 |

Statement of Income - In thousands of reais

| | 2002 | | | 2003 | | |
|---|--------------|--------------|-------------------------|--------------|--------------|-------------------------|
| | 3rd Qtr. | 4th Qtr. | Accumulated to December | 3rd Qtr. | 4th Qtr. | Accumulated to December |
| Gross profit from financial intermediation | 36 | 5 | 89 | 1,332 | 3,552 | 4,697 |
| Other operating income (expenses), net | (468) | (329) | (1,585) | (294) | 355 | (789) |
| Operating income (expense) | (432) | (324) | (1,496) | 1,038 | 3,907 | 3,908 |
| Net income (loss) | (432) | (324) | (1,496) | 1,038 | 3,907 | 3,908 |

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

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

Leasing Companies

At December 31, 2003, the Bradesco Organization had the following leasing companies: Bradesco BCN Leasing S.A. Arrendamento Mercantil, Potenza Leasing S.A. Arrendamento Mercantil, Bancocidade Leasing Arrendamento Mercantil S.A. and Alvorada Leasing Brasil S.A. Arrendamento Mercantil, formerly BBV Leasing Brasil S.A. Arrendamento Mercantil.

Balance Sheet in aggregate - In millions of reais

| | 2002 | | 2003 | |
|---|--------------|--------------|--------------|--------------|
| | September | December | September | December |
| ASSETS | | | | |
| Current assets and long-term receivables | 2,737 | 3,372 | 4,989 | 5,061 |
| Funds available | 7 | 6 | 6 | 2 |
| Interbank investments | 841 | 1,568 | 2,105 | 2,153 |
| Securities and derivative financial instruments | 24 | 10 | 1,096 | 1,171 |
| Leasing operations | 1,669 | 1,533 | 1,405 | 1,372 |
| Allowance for leasing losses | (168) | (148) | (122) | (114) |
| Other receivables and other assets | 364 | 403 | 499 | 477 |
| Permanent assets | 42 | 40 | 40 | 41 |
| Total | 2,779 | 3,412 | 5,029 | 5,102 |
| LIABILITIES | | | | |
| Current and long-term liabilities | 1,823 | 1,706 | 2,994 | 3,022 |
| Interbank deposits | 314 | 266 | 3 | - |
| Securities received under security repurchase agreements and funds received from issuance of securities | 134 | 59 | 1,593 | 1,650 |
| Borrowings and onlendings | 271 | 240 | 256 | 253 |
| Derivative financial instruments | 16 | 14 | 10 | 22 |
| Subordinated debt | 627 | 630 | 635 | 628 |
| Other liabilities | 461 | 497 | 497 | 469 |
| Stockholders' equity | 956 | 1,706 | 2,035 | 2,080 |
| Total | 2,779 | 3,412 | 5,029 | 5,102 |

Statement of Income - In millions of reais

2002 2003

| | 3rd Qtr. | 4th Qtr. | Accumulated to December | 3rd Qtr. | 4th Qtr. | Accumulated to December |
|---|-----------|------------|----------------------------|------------|-----------|----------------------------|
| Income from lending and trading activities | 160 | 134 | 667 | 283 | 345 | 1,000 |
| Expenses for lending and trading activities | (106) | (34) | (417) | (161) | (246) | (579) |
| Gross profit from financial intermediation | 54 | 100 | 250 | 122 | 99 | 421 |
| Other operating income (expenses), net | (15) | (37) | (81) | (20) | (30) | (85) |
| Operating income | 39 | 63 | 169 | 102 | 69 | 336 |
| Non-operating income | 2 | 6 | 17 | - | 4 | 8 |
| Income before taxes and contributions | 41 | 69 | 186 | 102 | 73 | 344 |
| Tax and contributions on income | (18) | 8 | (37) | (33) | (25) | 14 |
| Net income | 23 | 77 | 149 | 69 | 48 | 358 |

Leasing Companies

Corporate Reorganization

In 2003, the Bradesco Organization changed the organizational structure of the Leasing Companies as follows:

- In February, BCN Leasing Arrendamento Mercantil S.A. incorporated Bradesco Leasing S.A. Arrendamento Mercantil and changed its name to Bradesco BCN Leasing S.A. Arrendamento Mercantil.
- In April, Bradesco BCN Leasing incorporated Finasa Leasing Arrendamento Mercantil S.A.
- In September, Bradesco BCN Leasing acquired the leasing portfolio of BBV Leasing Brasil S.A. Arrendamento Mercantil - now named Alvorada Leasing Brasil S.A. Arrendamento Mercantil - and following the capital increase of R\$ 350 million in Bancocidade-Leasing Arrendamento Mercantil S.A., became its controlling stockholder.
- In October, the capital of Boavista S.A. Arrendamento Mercantil was partially spun off and the spun-off portion of R\$ 195 million was incorporated by Bancocidade - Leasing Arrendamento Mercantil S.A.
- In December, Boavista S.A. Arrendamento Mercantil was incorporated by Banco Boavista InterAtlântico S.A.

Stockholders' equity

The increase in stockholders' equity between September and December 2002 was mainly derived from a capital increase of R\$ 500 million in Potenza Leasing S.A. Arrendamento Mercantil and of R\$ 180 million in Boavista S.A. Arrendamento Mercantil, in November 2002, as well as by incorporated results in 2003, in particular, an amount of R\$ 132.5 million derived from deferred tax assets recorded on prior-year tax losses and negative bases of social contribution, in March, in Potenza Leasing S.A. Arrendamento Mercantil.

Leasing Performance - Consolidated Bradesco

Bradesco's leasing operations are carried out through Bradesco BCN Leasing S.A. Arrendamento Mercantil and Banco Finasa S.A.

At December 31, 2003, leasing operations brought to present value totaled R\$ 1,421.0 million, with a balance of R\$ 31.1 million receivable in operating leases.

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According to the Brazilian Association of Leasing Companies (ABEL), the Bradesco Organization is one of the sector's leaders, with a 16.7% market share (base date: November 2003). This sound performance is rooted in its Branch Network integrated operations and the maintenance of its diversified business strategies in various market segments, in particular, the implementation of operating agreements with major industries, mainly in the heavy vehicle and machinery/equipment sectors.

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

Portfolio by Types of Asset at December 31, 2003 - (%)

Bradesco Consórcios (Consortium Purchase System)

Administradora (management company)

Balance Sheet - In thousands of reais

| | 2003 | | |
|--|---------------|---------------|---------------|
| | June | September | December |
| ASSETS | | | |
| Current assets and long-term receivables | 22,521 | 19,956 | 26,369 |
| Permanent assets | 726 | 731 | 740 |
| Total | 23,247 | 20,687 | 27,109 |
| LIABILITIES | | | |
| Current and long-term liabilities | 11,446 | 6,456 | 7,902 |
| Stockholders' equity | 11,801 | 14,231 | 19,207 |
| Total | 23,247 | 20,687 | 27,109 |

Statement of Income - In thousands of reais

| | 2003 | | | | |
|------------------|------------|--------------|--------------|---------------|---------------|
| | 1st Qtr. | 2nd Qtr. | 3rd Qtr. | 4th Qtr. | Year |
| Income | 611 | 4,369 | 9,078 | 14,462 | 28,520 |
| Operating income | 562 | 4,331 | 9,028 | 14,402 | 28,323 |
| Other income | 49 | 38 | 50 | 60 | 197 |

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| | | | | | |
|--------------------------------------|----------------|----------------|----------------|----------------|-----------------|
| Expenses | (3,990) | (3,482) | (6,657) | (9,487) | (23,616) |
| Operating and non-operating expenses | (5,627) | (2,961) | (5,409) | (6,688) | (20,685) |
| Taxes and contributions on income | 1,637 | (521) | (1,248) | (2,799) | (2,931) |
| Net income (loss) | (3,379) | 887 | 2,421 | 4,975 | 4,904 |

Consortium Groups

Balance Sheet - In thousands of reais

| | 2003 | | |
|---|------------------|------------------|------------------|
| | June | September | December |
| ASSETS | | | |
| Current assets and long-term receivables | 19,342 | 49,809 | 85,235 |
| Amount offset | 1,465,378 | 2,750,813 | 4,101,186 |
| Total | 1,484,720 | 2,800,622 | 4,186,421 |
| LIABILITIES | | | |
| Current and long-term liabilities | 233 | 1,595 | 4,933 |
| Stockholders' equity | 19,109 | 48,214 | 80,302 |
| Amount offset | 1,465,378 | 2,750,813 | 4,101,186 |
| Total | 1,484,720 | 2,800,622 | 4,186,421 |

Operations

On December 9, 2002, Bradesco Consórcios commenced the sale of consortium quotas to Bradesco employees and on January 21, 2003 sales were extended to the Bank's account holders and non-account holders and the consortium purchase system included as part of the Bradesco Organization's product portfolio.

The first online internet meeting of Bradesco Consortium holders was held on February 26, 2003 and by December 31, 2003, 52 meetings had been held.

At December 31, 2003, a total of 65 thousand consortium quotas had been sold, with billings in excess of R\$ 2.2 billion, 4,834 participants had been selected by bid or draw and 2,413 items had been delivered to members comprising 311 groups.

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

Mission

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

Segmentation

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

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

The Consortium segment is a complementary niche to regular banking activities and at present there are 3.1 million (*) consortium group members nationwide. According to information gathered, only 15% (*) of vehicles sold in Brazil are sold via the Consortium method.

The automobile consortium system recorded a 14.9% increase up to October, as compared to the same period in 2002. In the first 10 months of the year, 287.9 thousand quotas were sold in the consortium system, 15.7% (45 thousand quotas) of which were sold by Bradesco Consórcios.

645.9 thousand items were distributed by bid or draw from January to October 2003 (*), 3.8% more than for the same period in 2002.

Expanding permanently over the last five years, the residential housing consortium sector recorded an accumulated growth of 47.3% in the sale of new quotas during the year (*), compared to 2002. Bradesco Consórcios sold 15 thousand quotas up to October 31, 2003.

Representation

Within this segment, Bradesco plays a central role in providing Brazilians with the opportunity to acquire consumer durables and real estate.

In less than a year, Bradesco Consórcios won the Marketing Best 2003 award, confirming that a good ideas, a sound product and considerable effort, are capable of leveraging our medium and long-term results, with positive effects on our capacity to secure new customers.

(*) Source: ABAC - Brazilian Association of Consortium Group Management Companies (October/2003).

Risk Ratings - Bank

| FITCH ATLANTIC RATINGS | | | | | | | | MOODY'S INVESTORS SERVICE | | | | | | | | | |
|------------------------|---------|------------------|------------|----------------|------------|----------------|------------|---------------------------|------------|-----------------------|------------|------------------------|------------|--|--|--|--|
| International Scale | | | | | | National Scale | | International Scale | | | | | | | | | |
| Individual | Support | Foreign Currency | | Local Currency | | National | | Foreign Currency Deposit | | Foreign Currency Debt | | Local Currency Deposit | | | | | |
| | | Long-term | Short-term | Long-term | Short-term | Long-term | Short-term | Long-term | Short-term | Long-term | Short-term | Long-term | Short-term | | | | |
| | | | | | | | | | | | | | | | | | |

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| | | | | | | | | | | | | | |
|-----|---|-----------|----------|-----------|----------|----------------|-----------------|-----------|-----------|------------|-----------|-----------|-----------|
| A | 1 | AAA | F1 | AAA | F1 | AAA(bra) | F1+(bra) | Aaa | P-1 | Aaa | P-1 | Aaa | P- |
| A/B | 2 | AA+ | F2 | AA+ | F2 | AA+(bra) | F1(bra) | Aa1 | P-2 | Aa1 | P-2 | Aa1 | P- |
| B | 3 | AA | F3 | AA | F3 | AA(bra) | F2(bra) | Aa2 | P-3 | Aa2 | P-3 | Aa2 | P- |
| B/C | 4 | AA- | B | AA- | B | AA-(bra) | F3(bra) | Aa3 | NP | Aa3 | NP | Aa3 | NP |
| C | 5 | A+ | C | A+ | C | A+(bra) | B(bra) | A1 | | A1 | | A1 | |
| C/D | | A | D | A | D | A(bra) | C(bra) | A2 | | A2 | | A2 | |
| D | | A- | | A- | | A-(bra) | D(bra) | A3 | | A3 | | A3 | |
| D/E | | BBB+ | | BBB+ | | BBB+(bra) | | Baa1 | | Baa1 | | Baa1 | |
| E | | BBB | | BBB | | BBB(bra) | | Baa2 | | Baa2 | | Baa2 | |
| | | BBB- | | BBB- | | BBB-(bra) | | Baa3 | | Baa3 | | Baa3 | |
| | | BB+ | | BB+ | | BB+(bra) | | Ba1 | | Ba1 | | Ba1 | |
| | | BB | | BB | | BB(bra) | | Ba2 | | Ba2 | | Ba2 | |
| | | BB- | | BB- | | BB-(bra) | | Ba3 | | Ba3 | | Ba3 | |
| | | B+ | | B+ | | B+(bra) | | B1 | | B1 | | B1 | |
| | | B | | B | | B(bra) | | B2 | | B2 | | B2 | |
| | | B- | | B- | | B-(bra) | | B3 | | B3 | | B3 | |
| | | CCC | | CCC | | CCC(bra) | | Caa1 | | Caa1 | | Caa1 | |
| | | CC | | CC | | CC(bra) | | Caa2 | | Caa2 | | Caa2 | |
| | | C | | C | | C(bra) | | Caa3 | | Caa3 | | Caa3 | |
| | | DDD | | DDD | | DDD(bra) | | Ca | | Ca | | Ca | |
| | | DD | | DD | | DD(bra) | | C | | C | | C | |
| | | D | | D | | D(bra) | | | | | | | |

N.B. Bradesco's risk ratings are among the highest attributed to Brazilian Banks.
Fitch Ratings and Atlantic Rating were merged in the first half of 2003.

Risk Ratings - Insurance and Savings Bond Companies

| Insurance | | | | Savings Bond | |
|------------------------|---------------------|-------------------|---------------------|-------------------|----------------|
| FITCH ATLANTIC RATINGS | | STANDARD & POOR'S | | STANDARD & POOR'S | |
| National Scale | International Scale | National Scale | International Scale | National Scale | National Scale |
| AAA(bra) | AAA | brAAA | AAA SR | brAAA | brAAA |
| AA+(bra) | AA+ | brAA+ | AA+ SR | brAA+ | brAA+ |
| AA(bra) | AA | brAA | AA SR | brAA | brAA |
| AA-(bra) | AA- | brAA- | AA- SR | brAA- | brAA- |
| A+(bra) | A+ | brA+ | A+ SR | brA+ | brA+ |
| A(bra) | A | brA | A SR | brA | brA |
| A-(bra) | A- | brA- | A- SR | brA- | brA- |
| BBB+(bra) | BBB+ | brBBB+ | BBB+ SR | brBBB+ | brBBB+ |
| BBB(bra) | BBB | brBBB | BBB SR | brBBB | brBBB |
| BBB-(bra) | BBB- | brBBB- | BBB- SR | brBBB- | brBBB- |
| BB+(bra) | BB+ | brBB+ | BB+ SR | brBB+ | brBB+ |

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| | | | | | |
|----------|-----------|-------|--------|-------|-------|
| BB(bra) | BB | brBB | BB SR | brBB | brBB |
| BB-(bra) | BB- | brBB- | BB- SR | brBB- | brBB- |
| B+(bra) | B+ | brB+ | B+ SR | brB+ | brB+ |
| B(bra) | B | brB | B SR | brB | brB |
| B-(bra) | B- | brB- | B- SR | brB- | brB- |
| CCC(bra) | CCC | brCCC | CCC SR | brCCC | brCCC |
| CC(bra) | CC | brCC | CC SR | brCC | brCC |
| C(bra) | C | brC | C SR | brC | brC |
| | DDD | brD | D SR | brD | brD |
| | DD | | | | |
| | D | | | | |

Ranking

| Source | Criteria | Position |
|-----------------------------------|---|-----------------------------------|
| Forbes International 500 | Overall/Revenue | 156th (Worldwide) |
| Forbes International 500 | Banks/Revenue | 1st (Brazil) 21st (Worldwide) |
| Ranking - Bradesco Seguros | | |
| Global Finance | Best Insurance Companies - Property Insurer | 1st (Latin America) |

Awards

In 2003, important awards, distinctions and economic reports highlight Bradesco's excellence and corporate leadership, as well as the strength of its Brand. Once again, Bradesco was rated Best Retail Bank in Brazil based on a study by the consultants Austin Rating and the *Conjuntura Econômica* magazine published by Fundação Getulio Vargas.

Bradesco also received the Best Listed Company in 2002 award, from the Association of Capital Market Investment Analysts and Players - APIMEC Nacional. This award is the result of a poll carried out by members based on, among other criteria, the quality of the information released to the market, as well its accuracy and timeliness. For its outstanding role in the application of best corporate governance practices and respect for stockholders, the Bank was given the Quality Seal by the National Association of Capital Market Investors - ANIMEC. In the final quarter of 2003, Bradesco received the Walter Fredrich 2002 award from APIMEC Sul in the Best Corporate Presentation category.

Bradesco was also rated Best Local Partner in Brazil for carrying out business and for its capacity to meet customer demands by Euromoney magazine. In addition, the Bank received the Best Consumer Internet Bank award given by Global Finance magazine. The same magazine also rated Bradesco as Best Consumer Integrated Site and Best Corporate Institutional Integrated Site in Latin America, in terms of products offered, marketing and design.

Bradesco was also rated best out of the 100 Most-wired Companies in Brazil by INFO Exame magazine, which highlights spearhead companies in Information Technology. As well as leading the overall ranking, Bradesco also

won in two other categories: most-wired banking sector company and leader in São Paulo, in the ranking of Brazil's most industrialized states.

From the São Paulo Chamber of City Counselors, Bradesco received the 2003 Citizenship Company Seal, given every two years to companies that prioritize citizenship values and social responsibility in their relationship with different sectors of society. Emphasis should also be given to the 2002 Communications awards as Best Advertiser of the Year, according to the Brazilian Association of Advertising (ABP), which represents advertising activity in Brazil, as well as the National Business Image award, given to the country's most influential company, based on the results of a poll among *Gazeta Mercantil* subscribers.

In the 2003 Best Investment Fund Guide (*Guia Melhores Fundos de Investimentos 2003*) issued by *Exame* magazine, Bradesco appears for the second time in a row as the country's Best Private Fund Manager. The Guide also rates Bradesco as Best Retail Fund Manager and Best Leveraged Fund Manager, as well as rating 19 of the Organization's funds as five star, the highest grade awarded by this Guide.

The Bradesco Organization was winner of 2003 Social Value award in the 'Respect for the Consumer' category, by both the popular and expert juries and in the 'Respect for the Environment' category by popular vote. Sponsored by Valor Econômico, with support from the Ethos and Akatu Institutes, this award is designed to honor companies whose commitment with society is based on excellence and best management criteria.

Sociocultural Events

In 2003, Bradesco gave important support to some 814 social projects nationwide. These comprised cultural, regional, sector or professional venues, including trade fairs, seminars, conventions and community events.

As part of its strategy to provide incentives to agricultural development in Brazil's interior regions, Bradesco was present at the Agroindustrial Fair in Londrina, Paraná, the Cerrado Agrishow in Rondonópolis, Mato Grosso and at the Agrishow in Ribeirão Preto, São Paulo, which is the third largest farming technology expo in the world.

In the cultural area, Bradesco sponsored the Parintins Folklore Festival in Amazonas, the Summer Festival and Carnival in Salvador, Bahia and the St. John's Day festivities in Caruaru, Pernambuco, events which attract more visitors from all over the country every year.

Emphasis should also be given to the events sponsored by Bradesco Seguros, for example, the International Book Bial in Rio de Janeiro and the International Bial of Architecture and Design in São Paulo, as well as the *Sant'Ana - Coleção Ângela Gutierrez* exhibition of religious art, the French Film Festival and the entire series of the Dell'Arte International Classical Concerts in Rio de Janeiro.

Another significant event was the traditional Rio de Janeiro Christmas Project, the principal symbol of which is the enormous stylized Christmas Tree, which floats in the middle of the city's Rodrigo de Freitas Lake. Thousands of people assisted the lighting-up ceremony for the eighth year.

In the educational area, the Bradesco Foundation commenced the construction of its 40 th school in the town of Osasco, São Paulo. The new unit, which will open its doors in 2004, is designed to attend two thousand students from the local community. In 2003, the students, teachers and support staff at the 39 foundation schools took part together in a number of different voluntary efforts, offering among others, courses in basic computer skills and handicrafts, as well as free medical and dental check-ups, benefiting thousands of people from underprivileged communities.

The Bradesco Foundation's work received various accolades during the year, including the Young Scientist of the Future Award, organized by the National Council for Scientific and Technology Development (CNPq) and the 2003 School Award - Southeast Region, given by UNESCO.

Corporate Organization Chart

Major Stockholders

(1) No single stockholder holds more than 4% of capital.

(2) Bradesco Management (Board of Executive Officers and Board of Directors) is a member of the Governing Board of the Bradesco Foundation, the Entity's most senior deliberative organ..

Base date: December 31, 2003

ON = COMMON STOCK

PN = PREFERRED STOCK

MAIN SUBSIDIARIES AND ASSOCIATED COMPANIES

(*) Banco Bilbao Vizcaya Argentaria Brasil S.A. changed its name to Banco Alvorada S.A.

ON = COMMON STOCK

PN = PREFERRED STOCK

Administrative Body

Fundação Bradesco - The Bradesco Organization's Social Arm

Background

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

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

Objectives and Goals

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

Accordingly, the Foundation has expanded its activities yearly, increasing the number of students matriculated in its schools from 13,080 to more than 105,000 over the last twenty-four years. The Bradesco Foundation schools offer education free-of-charge at pre, junior and high school levels, as well as basic professional and technical training in IT, electronics, industry, management and agriculture and livestock raising. Distance learning is also offered as part of its Youth and Adult Education programs.

Important Events

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

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

On August 12, the Bradesco Foundation received the Order of Merit from the Supreme Labor Court at a ceremony held at the high court in Brasília, in the Federal District.

Through its Foundation, the Bradesco Organization is working in partnership with Media Lab, MIT's research center, on a project called The City We Want which encourages students and teachers to research urban issues during classes and at workshops, studying the use of IT resources in their solutions and sharing their ideas with other schools and communities from different countries via the Internet.

The neighborhood communities of 38 of the Foundation's Schools have access to the Digital Inclusion Program which offers mini-courses and workshops in basic computer skills, such as file management, typing and surfing the web, among others. Using a computer for the first time, participants also learn how to access important public utility services. More than 16 thousand people received related course participation certificates.

Designed to offer professional qualification for young people in the IT area, the Bradesco Foundation, in partnership with the São Paulo State education authorities and the State Foundation for Child and Youth Welfare (FEBEM), sponsors an Educational Program for the Promotion of Social and Professional Inclusion, through which courses are given inside the FEBEM's correctional units offering internees professional qualifications in this area. Once qualified, they can be employed as IT lab monitors and facilitators in the state school network.

The Bradesco Foundation's 40 th School is currently under construction in the Jardim Conceição region of the town of Osasco, SP, with modern facilities and the capacity to attend some 2000 students from the local community.

School Locations

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

| School | Students | School | Students | School | Students |
|--------------------------------|----------|---------------------|----------|---|----------|
| Aparecida de Goiânia - GO | 2,216 | Jaboatão - PE | 2,125 | | |
| Bagé - RS | 2,120 | João Pessoa - PB | 2,095 | | |
| Boa Vista - RR | 1,632 | Laguna - SC | 2,192 | | |
| Bodoquena - MS | 1,104 | Macapá - AP | 2,121 | | |
| | | | | Basic Professional Education | |
| | | | | Rural Area - Artificial Insemination | |
| Cacoal - RO | 2,190 | Maceió - AL | 2,297 | | |
| Campinas - SP | 4,061 | Manaus - AM | 3,350 | | |
| Canuanã - TO | 1,513 | Marília - SP | 3,422 | | |
| Caucaia - CE | 2,441 | Natal - RN | 2,128 | Cáceres - MT | 220 |
| Ceilândia - DF | 3,416 | Paragominas - PA | 2,013 | Campinas - SP | 503 |
| Cidade de Deus - Osasco, SP | | Paranavaí - PR | 2,102 | Campo Grande - MS | 268 |
| -Unit I | 4,161 | Pinheiro - MA | 1,915 | Goiânia - GO | 208 |
| -Unit II | 2,803 | Propriá - SE | 1,820 | Igarapé - MG | 194 |
| -Basic Supplementary Education | | | | Uberaba - MG | 411 |
| Telecenters in Companies | 7,040 | Registro - SP | 2,010 | | |
| -Professional Training Centers | 7,800 | Rio Branco - AC | 2,192 | | |
| Conceição do Araguaia - PA | 2,231 | Rio de Janeiro - RJ | 4,391 | Subtotal | 1,804 |
| Cuiabá - MT | 1,898 | Rosário do Sul - RS | 1,409 | | |

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| | | | | | |
|-----------------------|-------|-----------------------|-------|--------------|----------------|
| Feira de Santana - BA | 540 | Salvador - BA | 2,071 | | |
| Garanhuns - PE | 876 | São João Del Rei - MG | 2,033 | | |
| Gravataí - RS | 3,171 | São Luis - MA | 2,267 | Total | 105,671 |
| Irecê - BA | 2,212 | Teresina - PI | 2,374 | | |
| Itajubá - MG | 2,133 | Vila Velha - ES | 1,982 | | |

The Bradesco Foundation - An Educational Project the Size of Brazil

Financing

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

| Investments in 2002 | Investments in 2003 |
|---------------------|---------------------|
| R\$ 123.3 million | R\$ 138.3 million |

Courses - Grades - Students in 2003

| | Students | % of total |
|---|----------------|--------------|
| Infant | 3,371 | 3.19 |
| Junior and Middle | 29,612 | 28.02 |
| High School and Technical/Vocational Training | 16,119 | 15.26 |
| Youth and Adult Education | 20,725 | 19.61 |
| Basic Professional Training | 35,844 | 33.92 |
| Total | 105,671 | 100.0 |

Student Profile

Increase in Student Numbers

Annual Statement of Social Responsibility - 2003 and 2002

| 1) Calculation basis | 2003 (in thousands of reais) | | | 2002 (in thousands of reais) | | |
|---------------------------------|------------------------------|-----------------|----------------|------------------------------|-----------------|----------------|
| Net revenue (RL) ⁽¹⁾ | 10,327,818 | | | 8,653,596 | | |
| Operating income (RO) | 3,553,108 | | | 2,309,746 | | |
| Gross payroll (FPB) | 4,779,491 | | | 4,075,613 | | |
| 2) Internal social indicators | In thousands of reais | % of FPB | % of RL | In thousands of reais | % of FPB | % of RL |
| Meals | 396,441 | 8.3 | 3.8 | 341,979 | 8.4 | 3.9 |

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| | | | | | | |
|---|------------------|-------------|-------------|------------------|-------------|-------------|
| Compulsory social charges | 831,487 | 17.4 | 8.1 | 752,560 | 18.5 | 8.7 |
| Private pension plans | 302,013 | 6.3 | 2.9 | 134,903 | 3.3 | 1.6 |
| Healthcare insurance | 193,046 | 4.0 | 1.9 | 178,416 | 4.4 | 2.1 |
| Safety and medical care in the workplace | - | - | - | - | - | - |
| Education | - | - | - | - | - | - |
| Culture | - | - | - | - | - | - |
| Professional qualification and training | 61,168 | 1.3 | 0.6 | 48,993 | 1.2 | 0.6 |
| On-site child care and child-care benefit | 31,928 | 0.7 | 0.3 | 29,075 | 0.7 | 0.3 |
| Employee profit sharing | 170,579 | 3.6 | 1.7 | 139,764 | 3.4 | 1.6 |
| Other | 40,906 | 0.8 | 0.3 | 31,412 | 0.8 | 0.3 |
| Total - Internal social indicators | 2,027,568 | 42.4 | 19.6 | 1,657,102 | 40.7 | 19.1 |

3) External social indicators

| | In thousands of reais | % of RO | % of RL | In thousands of reais | % of RO | % of RL |
|---|--------------------------------------|----------------|----------------|--------------------------------------|----------------|----------------|
| Education | 61,638 | 1.7 | 0.6 | 52,314 | 2.3 | 0.6 |
| Culture | 15,146 | 0.4 | 0.2 | 8,759 | 0.4 | 0.1 |
| Health and basic sanitation | 3,019 | 0.1 | - | 1,343 | 0.1 | - |
| Sports | 8,547 | 0.2 | 0.1 | 6,094 | 0.3 | 0.1 |
| Prevention of hunger and food security | 532 | - | - | 444 | - | - |
| Other | 11,041 | 0.4 | 0.1 | 12,116 | 0.5 | 0.1 |
| Total contribution to society | 99,923 | 2.8 | 1.0 | 81,070 | 3.6 | 0.9 |
| Taxes (excluding social charges) | 1,982,963 | 55.8 | 19.2 | 1,601,638 | 69.3 | 18.5 |
| Total - External social indicators | 2,082,886 | 58.6 | 20.2 | 1,682,708 | 72.9 | 19.4 |

4) Environmental indicators

| | In thousands of reais | % of RO | % of RL | In thousands of reais | % of RO | % of RL |
|---|--------------------------------------|----------------|----------------|--------------------------------------|----------------|----------------|
| Investments related to company production/operation | - | - | - | - | - | - |
| Investments in external programs/projects | - | - | - | - | - | - |
| Total investments in environment protection | - | - | - | - | - | - |

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

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

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

5) Employee indicators

| | 2003 | 2002 |
|---|-------------|-------------|
| Employees at the end of the period | 75,781 | 74,393 |
| Admissions during the period | 8,436 | 14,000 |
| Outsourced employees | 7,103 | 7,463 |
| Trainees/interns | 363 | 459 |
| Employees older than 45 | 5,288 | 5,254 |
| Women employees | 34,097 | 32,857 |
| % of management positions held by women | 18.8% | 18.3% |

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| | | |
|--|-----|-----|
| Black employees (2) | N/A | N/A |
| % of management positions held by blacks | N/A | N/A |
| Disabled employees or employees with special needs | 686 | 605 |

6) Significant information regarding the level of corporate citizenship

| | 2003 | | | Goals - 2004 | | |
|---|--|--|--|--|--|--|
| Ratio between maximum and minimum salary | N/A | | | N/A | | |
| Total number of accidents in the workplace | 431 | | | N/A | | |
| The company's social and environmental projects were established by: | <input type="checkbox"/> directors | <input checked="" type="checkbox"/> all directors and managers | <input type="checkbox"/> all employees | <input type="checkbox"/> directors | <input checked="" type="checkbox"/> all directors and managers | <input type="checkbox"/> all employees |
| Workplace safety and health standards were defined by: | <input type="checkbox"/> directors | <input type="checkbox"/> all employees | <input checked="" type="checkbox"/> all employees + Cipa | <input type="checkbox"/> directors | <input type="checkbox"/> all employees | <input checked="" type="checkbox"/> all employees + Cipa |
| As regards freedom of trade union activities, collective bargaining rights and internal employee representation, the company: | <input checked="" type="checkbox"/> does not interfere | <input type="checkbox"/> complies with OIT (4) rules | <input type="checkbox"/> encourages activities and complies with OIT rules | <input checked="" type="checkbox"/> does not interfere | <input type="checkbox"/> complies with OIT rules | <input type="checkbox"/> encourages activities and complies with OIT rules |
| Private pension plans are offered to: | <input type="checkbox"/> directors | <input type="checkbox"/> directors and managers | <input checked="" type="checkbox"/> all employees | <input type="checkbox"/> directors | <input type="checkbox"/> directors and managers | <input checked="" type="checkbox"/> all employees |
| The company's profit sharing plan is distributed to: | <input type="checkbox"/> directors | <input type="checkbox"/> directors and managers | <input checked="" type="checkbox"/> all employees | <input type="checkbox"/> directors | <input type="checkbox"/> directors and managers | <input checked="" type="checkbox"/> all employees |
| When selecting suppliers, the ethical, social and environmental responsibility standards adopted by the company: | <input type="checkbox"/> are not considered | <input type="checkbox"/> are suggested | <input checked="" type="checkbox"/> are required | <input type="checkbox"/> are not considered | <input type="checkbox"/> are suggested | <input checked="" type="checkbox"/> are required |
| As regards the participation of employees in voluntary work programs, the company: | <input type="checkbox"/> does not interfere | <input checked="" type="checkbox"/> gives support | <input type="checkbox"/> organizes and encourages participation | <input type="checkbox"/> does not interfere | <input checked="" type="checkbox"/> gives support | <input type="checkbox"/> organizes and encourages participation |
| Total number of consumer complaints resolved: | at the company N/A | at Procon (5) N/A | at Court level N/A | at the company N/A | at Procon N/A | at Court level N/A |
| % of complaints resolved: | at the company N/A | at Procon N/A | at Court level N/A | at the company N/A | at Procon N/A | at Court level N/A |
| Total Added Value to be Distributed (in thousands of reais) | 2003: R\$ 9,007,625 | | | 2002: R\$ 7,650,846 | | |
| Distribution of Added Value (DVA): | 31.1% government 15.0% stockholders | 43.2% employees 10.7% retained | 30.8% government 12.4% stockholders | 42.7% employees 14.1% retained | | |

7) Other information

(1) Net revenue (RL) corresponds to Income from Financial Intermediation.

(2) N/A: not available.

(3) Internal Accident Prevention Committee.

(4) International Labor Organization.

(5) Consumer Protection Agency.

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Independent Auditors Report on Supplementary Account Information

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

We have examined, in accordance with auditing standards applied in Brazil, the financial statements of Banco Bradesco S.A. and the consolidated financial statements of Banco Bradesco S.A. and its subsidiaries as of and for the years ended December 31, 2003 and 2002 and have issued our unqualified opinion, dated January 30, 2004.

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

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

January 30, 2004

KPMG Auditores Independentes
CRC 2SP014428/O-6

Walter Iório
Accountant
CRC 1SP084113/O-5

Cláudio Rogélio Sertório
Accountant
CRC 1SP212059/O-0

4 Consolidated Balance Sheets and Statements of Income 1999 to 2003

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Consolidated Balance Sheet - In thousands of reais

| ASSETS | December | | | | |
|---|--------------------|--------------------|--------------------|-------------------|-------------------|
| | 2003 | 2002 | 2001 | 2000 | 1999 |
| CURRENT ASSETS AND LONG-TERM RECEIVABLES | 171,141,348 | 137,301,711 | 105,767,892 | 90,693,025 | 75,136,910 |
| FUNDS AVAILABLE | 2,448,426 | 2,785,707 | 3,085,787 | 1,341,653 | 827,329 |
| INTERBANK INVESTMENTS | 31,724,003 | 21,472,756 | 3,867,319 | 2,308,273 | 2,590,599 |
| Open market investments | 26,753,660 | 19,111,652 | 2,110,573 | 1,453,461 | 1,890,828 |
| Interbank deposits | 4,970,343 | 2,370,345 | 1,760,850 | 854,815 | 699,771 |
| Provision for losses | - | (9,241) | (4,104) | (3) | - |
| SECURITIES AND DERIVATIVE FINANCIAL INSTRUMENTS | 53,804,780 | 37,003,454 | 40,512,688 | 33,119,843 | 29,196,857 |
| Own portfolio | 42,939,043 | 29,817,033 | 27,493,936 | 21,743,924 | 20,950,342 |
| Subject to repurchase agreements | 5,682,852 | 1,497,383 | 9,922,036 | 10,822,637 | 5,987,713 |
| Subject to negotiation and intermediation of securities | - | - | 526,219 | 9,394 | 157 |
| Restricted deposits - Brazilian Central Bank | 3,109,634 | 3,536,659 | 1,988,799 | 421,727 | 2,359,466 |
| Privatization currencies | 88,058 | 77,371 | 25,104 | 9,526 | 7,241 |
| Subject to collateral provided | 1,752,882 | 1,836,169 | 715,858 | 783,501 | 449,536 |
| Derivative financial instruments | 232,311 | 238,839 | 581,169 | - | - |
| Allowance for mark-to-market | - | - | (740,433) | (670,866) | (557,598) |
| INTERBANK ACCOUNTS | 14,012,837 | 12,943,432 | 5,141,940 | 5,060,628 | 6,454,553 |
| Unsettled payments and receipts | 20,237 | 16,902 | 10,118 | 6,920 | 7,635 |
| Restricted deposits: | | | | | |
| - Brazilian Central Bank | 13,580,425 | 12,519,635 | 4,906,502 | 4,848,668 | 6,184,959 |
| - National Treasury - Rural funding | 578 | 578 | 712 | 660 | 599 |
| - National Housing System - SFH | 391,871 | 374,177 | 217,518 | 197,191 | 142,653 |
| Interbank onlendings | - | - | - | 2,024 | 116,733 |
| Correspondent banks | 19,726 | 32,140 | 7,090 | 5,165 | 1,974 |
| INTERDEPARTMENTAL ACCOUNTS | 514,779 | 191,739 | 176,073 | 111,636 | 49,018 |
| Internal transfer of funds | 514,779 | 191,739 | 176,073 | 111,636 | 49,018 |
| CREDIT OPERATIONS | 42,162,718 | 39,705,279 | 35,131,359 | 30,236,106 | 21,535,633 |
| Credit operations: | | | | | |
| - Public sector | 186,264 | 254,622 | 199,182 | 275,479 | 154,266 |
| - Private sector | 45,768,970 | 42,842,693 | 37,689,671 | 32,244,482 | 22,848,128 |
| Allowance for loan losses | (3,792,516) | (3,392,036) | (2,757,494) | (2,283,855) | (1,466,761) |
| LEASING OPERATIONS | 1,306,433 | 1,431,166 | 1,567,927 | 1,914,081 | 1,712,343 |
| Leasing receivables: | | | | | |
| - Public sector | - | 45 | 138 | 160 | 800 |
| - Private sector | 2,859,533 | 3,141,724 | 3,248,050 | 3,813,369 | 3,515,396 |
| Unearned lease income | (1,438,534) | (1,560,278) | (1,557,642) | (1,760,305) | (1,490,803) |
| Allowance for leasing losses | (114,566) | (150,325) | (122,619) | (139,143) | (313,050) |
| OTHER RECEIVABLES | 24,098,765 | 20,690,054 | 15,685,433 | 16,226,725 | 12,420,787 |
| Receivables on guarantees honored | 624 | 1,577 | 1,131 | 2,020 | - |
| Foreign exchange portfolio | 11,102,537 | 10,026,298 | 5,545,527 | 6,417,431 | 3,375,563 |

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| | | | | | |
|--|--------------------|--------------------|--------------------|-------------------|-------------------|
| Income receivable | 331,064 | 249,849 | 187,910 | 191,873 | 109,734 |
| Negotiation and intermediation of securities | 602,543 | 175,185 | 761,754 | 497,655 | 839,758 |
| Specific credits | - | - | 146,919 | 124,776 | 206,952 |
| Insurance premiums receivable | 889,358 | 718,909 | 995,662 | 818,773 | 994,718 |
| Sundry | 11,324,857 | 9,640,966 | 8,107,714 | 8,258,402 | 7,021,988 |
| Allowance for other losses | (152,218) | (122,730) | (61,184) | (84,205) | (127,926) |
| OTHER ASSETS | 1,068,607 | 1,078,124 | 599,366 | 374,080 | 349,791 |
| Other assets | 586,994 | 679,515 | 415,484 | 409,771 | 406,910 |
| Allowance for losses | (257,185) | (243,953) | (164,290) | (171,876) | (166,447) |
| Prepaid expenses | 738,798 | 642,562 | 348,172 | 136,185 | 109,328 |
| PERMANENT ASSETS | 4,956,342 | 5,483,319 | 4,348,014 | 4,185,458 | 5,186,682 |
| INVESTMENTS | 862,323 | 512,720 | 884,773 | 830,930 | 2,453,425 |
| Investments in associated companies: | | | | | |
| - Local | 369,935 | 395,006 | 742,586 | 689,002 | 2,044,120 |
| Other investments | 857,985 | 439,342 | 452,871 | 525,316 | 753,901 |
| Allowance for losses | (365,597) | (321,628) | (310,684) | (383,388) | (344,596) |
| PROPERTY AND EQUIPMENT IN USE | 2,291,994 | 2,523,949 | 2,152,680 | 2,017,093 | 1,683,069 |
| Buildings in use | 1,398,735 | 1,748,409 | 1,475,581 | 1,491,847 | 1,415,720 |
| Other fixed assets | 3,480,636 | 3,459,950 | 2,988,008 | 2,705,577 | 2,285,918 |
| Accumulated depreciation | (2,587,377) | (2,684,410) | (2,310,909) | (2,180,331) | (2,018,569) |
| LEASED ASSETS | 34,362 | 34,323 | 46,047 | 10,688 | 17,026 |
| Leased assets | 63,812 | 51,198 | 51,214 | 19,421 | 18,451 |
| Accumulated depreciation | (29,450) | (16,875) | (5,167) | (8,733) | (1,425) |
| DEFERRED CHARGES | 1,767,663 | 2,412,327 | 1,264,514 | 1,326,747 | 1,033,162 |
| Organization and expansion costs | 1,124,058 | 1,037,559 | 874,970 | 731,717 | 477,058 |
| Accumulated amortization | (572,620) | (568,525) | (481,127) | (391,417) | (190,510) |
| Goodwill on acquisition of subsidiaries, net of amortization | 1,216,225 | 1,943,293 | 870,671 | 986,447 | 746,614 |
| T O T A L | 176,097,690 | 142,785,030 | 110,115,906 | 94,878,483 | 80,323,592 |

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| | December | | | | |
|---|--------------------|--------------------|--------------------|-------------------|-------------------|
| LIABILITIES AND STOCKHOLDERS' EQUITY | 2003 | 2002 | 2001 | 2000 | 1999 |
| CURRENT AND LONG-TERM LIABILITIES | 162,406,307 | 131,652,394 | 100,199,709 | 86,654,746 | 73,249,480 |
| DEPOSITS | 58,023,885 | 56,363,163 | 41,083,979 | 36,468,659 | 34,723,630 |
| Demand deposits | 12,909,168 | 13,369,917 | 8,057,627 | 7,500,518 | 6,803,429 |
| Savings deposits | 22,140,171 | 20,730,683 | 18,310,948 | 17,835,745 | 17,244,520 |
| Interbank deposits | 31,400 | 23,848 | 40,446 | 568,416 | 468,950 |
| Time deposits | 22,943,146 | 22,238,715 | 14,674,958 | 10,563,980 | 10,206,731 |
| DEPOSITS RECEIVED UNDER SECURITY REPURCHASE AGREEMENTS | 32,792,725 | 16,012,965 | 14,057,327 | 12,108,350 | 7,814,288 |
| Own portfolio | 6,661,473 | 915,946 | 12,178,855 | 10,696,199 | 5,973,260 |
| Third-party portfolio | 17,558,740 | 12,188,054 | 1,878,472 | 1,412,151 | 1,841,028 |
| Unrestricted portfolio | 8,572,512 | 2,908,965 | - | - | - |
| FUNDS FROM ACCEPTANCE AND ISSUANCE OF SECURITIES | 6,846,896 | 3,136,842 | 4,801,410 | 4,111,171 | 4,628,344 |
| Exchange acceptances | - | 1,214 | - | - | - |
| Mortgage notes | 1,030,856 | 384,727 | 780,425 | 741,248 | 452,379 |
| Debentures | 7,291 | 100,369 | 48,921 | 1,039 | 1,043,125 |
| Securities issued abroad | 5,808,749 | 2,650,532 | 3,972,064 | 3,368,884 | 3,132,840 |
| INTERBANK ACCOUNTS | 529,332 | 606,696 | 192,027 | 107,129 | 59,607 |
| Interbank onlendings | 159,098 | 35,686 | 4,519 | 1,059 | 10,016 |
| Correspondent banks | 370,234 | 571,010 | 187,508 | 106,070 | 49,591 |
| INTERDEPARTMENTAL ACCOUNTS | 1,782,068 | 1,337,729 | 762,505 | 904,188 | 879,592 |
| Third-party funds in transit | 1,782,068 | 1,337,729 | 762,505 | 904,188 | 879,592 |
| BORROWINGS | 7,223,356 | 9,390,630 | 7,887,154 | 6,463,555 | 4,864,414 |
| Local borrowings - official institutions | 2,070 | 3,368 | 2,979 | 9,737 | 10,178 |
| Local borrowings - other institutions | 4,010 | 216,812 | 230,468 | 170,775 | 138,279 |
| Foreign borrowings | 7,217,276 | 9,170,450 | 7,653,707 | 6,283,043 | 4,715,957 |
| LOCAL ONLENDINGS - OFFICIAL INSTITUTIONS | 7,554,266 | 7,000,046 | 5,830,633 | 5,096,604 | 4,123,486 |
| National treasury | 51,398 | 62,187 | - | - | - |
| National Bank for Economic and Social Development (BNDES) | 3,403,462 | 3,437,319 | 3,067,220 | 2,589,284 | 1,650,243 |
| Federal Savings Bank (CEF) | 459,553 | 453,803 | 433,381 | 405,264 | 388,109 |
| Government Agency for Machinery and Equipment Financing (FINAME) | 3,638,966 | 3,045,176 | 2,321,508 | 2,090,374 | 2,064,153 |
| Other institutions | 887 | 1,561 | 8,524 | 11,682 | 20,981 |
| FOREIGN ONLENDINGS | 17,161 | 47,677 | 316,283 | 108,178 | 185,774 |
| Foreign onlendings | 17,161 | 47,677 | 316,283 | 108,178 | 185,774 |
| DERIVATIVE FINANCIAL INSTRUMENTS | 52,369 | 576,697 | 111,600 | - | - |
| TECHNICAL RESERVES FOR INSURANCE, PRIVATE PENSION PLANS AND SAVINGS BONDS | 26,408,952 | 19,155,479 | 13,853,426 | 10,338,065 | 7,563,919 |
| OTHER LIABILITIES | 21,175,297 | 18,024,470 | 11,303,365 | 10,948,847 | 8,406,426 |
| Collection of taxes and other contributions | 130,893 | 108,388 | 181,453 | 128,785 | 113,693 |
| Foreign exchange portfolio | 5,118,801 | 5,002,132 | 1,343,769 | 2,439,657 | 1,029,963 |
| Social and statutory payables | 851,885 | 666,409 | 572,265 | 560,533 | 603,405 |
| Taxes and social security contributions | 4,781,458 | 4,376,031 | 3,371,127 | 3,094,628 | 2,665,681 |
| Negotiation and intermediation of securities | 595,958 | 109,474 | 1,307,385 | 592,395 | 914,127 |
| Subordinated debt | 4,994,810 | 3,321,597 | 969,842 | - | - |
| Sundry | 4,701,492 | 4,440,439 | 3,557,524 | 4,132,849 | 3,079,557 |
| DEFERRED INCOME | 31,774 | 15,843 | 9,020 | 34,632 | 17,543 |
| Deferred income | 31,774 | 15,843 | 9,020 | 34,632 | 17,543 |
| MINORITY INTEREST IN SUBSIDIARY COMPANIES | 112,729 | 271,064 | 139,231 | 96,903 | 287,350 |
| STOCKHOLDERS' EQUITY | 13,546,880 | 10,845,729 | 9,767,946 | 8,092,202 | 6,769,219 |

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| | | | | | |
|---|--------------------|--------------------|--------------------|-------------------|-------------------|
| Capital: | | | | | |
| - Local residents | 6,343,955 | 4,960,425 | 4,940,004 | 5,072,071 | 4,206,644 |
| - Foreign residents | 656,045 | 239,575 | 259,996 | 74,429 | 58,856 |
| Unpaid capital | - | - | - | (400,500) | (465,500) |
| Capital reserves | 8,665 | 7,435 | 7,435 | 19,002 | 5,643 |
| Revenue reserves | 6,059,298 | 5,629,142 | 4,560,511 | 3,327,200 | 2,963,576 |
| Mark-to-market adjustment - securities and derivatives | 478,917 | 9,152 | - | - | - |
| STOCKHOLDERS' EQUITY MANAGED BY THE PARENT COMPANY | 13,659,609 | 11,116,793 | 9,907,177 | 8,189,105 | 7,056,569 |
| T O T A L | 176,097,690 | 142,785,030 | 110,115,906 | 94,878,483 | 80,323,592 |

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Consolidated Statement of Income - In thousands of reais

| | Year | | | | |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|
| | 2003 | 2002 | 2001 | 2000 | 1999 |
| INCOME FROM LENDING AND TRADING ACTIVITIES | 27,529,706 | 31,913,379 | 21,411,673 | 15,519,008 | 18,286,815 |
| Credit operations | 12,294,528 | 15,726,929 | 11,611,236 | 7,787,745 | 9,602,701 |
| Leasing operations | 307,775 | 408,563 | 420,365 | 512,962 | 730,929 |
| Security transactions | 7,328,805 | 9,527,663 | 7,367,600 | 6,122,486 | 5,875,823 |
| Financial income on insurance, private pension plans and savings bonds | 5,359,939 | 3,271,913 | - | - | - |
| Derivative financial instruments | 55,192 | (2,073,247) | (270,572) | - | - |
| Foreign exchange transactions | 797,702 | 4,456,594 | 2,045,092 | 872,234 | 1,776,925 |
| Compulsory deposits | 1,385,765 | 594,964 | 237,952 | 223,581 | 300,437 |
| EXPENSES | 17,201,888 | 23,259,783 | 13,312,726 | 9,132,137 | 12,821,198 |
| Interest and charges on: | | | | | |
| Deposits | 10,535,497 | 10,993,327 | 6,986,027 | 5,521,407 | 4,954,854 |
| Price-level restatement and interest on technical reserves for insurance, private pension plans and savings bonds | 3,120,342 | 2,241,283 | - | - | - |
| Borrowings and onlendings | 1,083,379 | 7,194,161 | 4,316,682 | 2,158,725 | 5,819,063 |
| Leasing operations | 12,981 | 12,486 | - | 93 | 18,852 |
| Provision for loan losses | 2,449,689 | 2,818,526 | 2,010,017 | 1,451,912 | 2,028,429 |
| INCOME FROM FINANCIAL INTERMEDIATION | 10,327,818 | 8,653,596 | 8,098,947 | 6,386,871 | 5,465,617 |
| OTHER OPERATING INCOME (EXPENSES) | (6,774,710) | (6,343,850) | (5,324,166) | (4,647,041) | (4,404,370) |
| Commissions and fees | 4,556,861 | 3,711,736 | 3,472,560 | 3,042,699 | 2,099,937 |
| Retained insurance premiums, private pension plans and savings bonds | 12,494,843 | 10,134,873 | 8,959,259 | 6,919,942 | 5,975,488 |
| Change in technical reserves for insurance, private pension plans and savings bonds | (3,810,999) | (2,784,647) | (3,492,217) | (3,001,118) | (2,341,648) |
| Claims - insurance operations and savings bond redemptions | (5,279,234) | (4,335,895) | (3,996,108) | (2,866,389) | (2,844,171) |
| Insurance and pension plan selling expenses | (762,010) | (667,527) | (689,352) | (645,020) | (635,351) |
| Expenses with pension plan benefits and redemptions | (2,791,429) | (1,688,639) | (1,369,424) | (912,784) | (557,608) |
| Personnel expenses | (4,779,491) | (4,075,613) | (3,548,805) | (3,220,607) | (2,783,627) |
| Other administrative expenses | (4,814,264) | (4,028,377) | (3,435,759) | (2,977,665) | (2,566,657) |
| Tax expenses | (1,054,397) | (847,739) | (790,179) | (670,138) | (651,801) |
| Equity in the earnings of associated companies | 5,227 | 64,619 | 70,764 | 156,300 | 127,100 |
| Other operating income | 2,119,368 | 1,320,986 | 1,326,459 | 902,807 | 1,069,562 |
| Other operating expenses | (2,659,185) | (3,147,627) | (1,831,364) | (1,375,068) | (1,295,594) |
| OPERATING INCOME | 3,553,108 | 2,309,746 | 2,774,781 | 1,739,830 | 1,061,247 |
| NON-OPERATING INCOME (EXPENSES), NET | (841,076) | 186,342 | (83,720) | (123,720) | (224,874) |
| INCOME BEFORE TAXES AND PROFIT SHARING | 2,712,032 | 2,496,088 | 2,691,061 | 1,616,110 | 836,373 |
| PROVISION FOR INCOME TAX AND SOCIAL CONTRIBUTION | (396,648) | (460,263) | (502,257) | (258,776) | 307,186 |
| NON-RECURRING/EXTRAORDINARY INCOME | - | - | - | 400,813 | - |
| MINORITY INTEREST IN SUBSIDIARIES | (9,045) | (13,237) | (18,674) | (17,982) | (38,753) |
| NET INCOME | 2,306,339 | 2,022,588 | 2,170,130 | 1,740,165 | 1,104,806 |
| RETURN ON STOCKHOLDERS' EQUITY | 17.02% | 18.65% | 22.22% | 21.50% | 16.32% |

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| | 2003 | | | | 2002 | | | |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| | 4th QTR. | 3rd QTR. | 2nd QTR. | 1st QTR. | 4th QTR. | 3rd QTR. | 2nd QTR. | 1st QTR. |
| INCOME FROM LENDING AND TRADING ACTIVITIES | 7,443,322 | 7,911,617 | 5,096,140 | 7,078,627 | 3,083,730 | 15,811,393 | 8,521,386 | 4,496,870 |
| Credit operations | 3,169,261 | 3,504,644 | 2,685,193 | 2,935,430 | 1,519,950 | 7,344,652 | 4,426,505 | 2,435,822 |
| Leasing operations | 78,660 | 85,952 | 65,777 | 77,386 | 74,886 | 127,240 | 116,028 | 90,409 |
| Security transactions | 2,230,775 | 2,312,036 | 995,040 | 1,790,954 | (712,805) | 6,319,688 | 3,276,536 | 644,244 |
| Financial income on insurance, private pension plans and savings bonds | 1,411,927 | 1,334,756 | 1,172,214 | 1,441,042 | 1,398,046 | 770,981 | 471,149 | 631,737 |
| Derivative financial instruments | 8,877 | 33,158 | (360,489) | 373,646 | 307,885 | (1,585,879) | (1,120,268) | 325,015 |
| Foreign exchange transactions | 254,543 | 275,508 | 168,153 | 99,498 | 169,630 | 2,706,668 | 1,271,208 | 309,088 |
| Compulsory deposits | 289,279 | 365,563 | 370,252 | 360,671 | 326,138 | 128,043 | 80,228 | 60,555 |
| EXPENSES | 4,251,574 | 5,357,189 | 3,068,353 | 4,524,772 | 721,442 | 12,877,250 | 6,895,132 | 2,765,959 |
| Interest and charges on: | | | | | | | | |
| Deposits | 2,605,171 | 3,434,326 | 1,826,314 | 2,669,686 | (5,216) | 6,049,300 | 3,430,308 | 1,518,935 |
| Price-level restatement and interest on technical reserves for insurance, private pension plans and savings bonds | 701,184 | 761,148 | 755,950 | 902,060 | 978,809 | 519,325 | 461,387 | 281,762 |
| Borrowings and onlendings | 490,305 | 555,389 | (103,670) | 141,355 | (834,266) | 5,409,418 | 2,289,540 | 329,469 |
| Leasing operations | 3,398 | 3,187 | 3,194 | 3,202 | 3,204 | 3,097 | 3,071 | 3,114 |
| Provision for loan losses | 451,516 | 603,139 | 586,565 | 808,469 | 578,911 | 896,110 | 710,826 | 632,679 |
| INCOME FROM FINANCIAL INTERMEDIATION | 3,191,748 | 2,554,428 | 2,027,787 | 2,553,855 | 2,362,288 | 2,934,143 | 1,626,254 | 1,730,911 |
| OTHER OPERATING INCOME (EXPENSES) | (2,305,000) | (1,887,139) | (1,168,690) | (1,413,881) | (1,703,272) | (2,439,061) | (1,087,706) | (1,113,811) |
| Commissions and fees | 1,274,590 | 1,182,359 | 1,082,637 | 1,017,275 | 991,101 | 934,418 | 925,649 | 860,568 |
| Retained insurance premiums, private pension plans and savings bonds | 3,696,651 | 3,118,778 | 2,908,922 | 2,770,492 | 3,243,557 | 2,678,997 | 2,262,775 | 1,949,544 |
| Change in technical reserves for insurance, private pension plans and savings bonds | (1,190,541) | (895,092) | (737,031) | (988,335) | (1,484,011) | (874,013) | (171,237) | (255,386) |
| Claims - insurance operations and savings bond redemptions | (1,393,843) | (1,363,109) | (1,352,060) | (1,170,222) | (1,106,755) | (1,098,887) | (1,086,640) | (1,043,613) |
| Insurance and pension plan selling expenses | (208,229) | (190,761) | (182,499) | (180,521) | (179,671) | (167,297) | (160,390) | (160,169) |
| Expenses with pension plan benefits and redemptions | (998,809) | (756,108) | (599,554) | (436,958) | (508,501) | (419,728) | (411,115) | (349,295) |
| Personnel expenses | (1,272,063) | (1,306,415) | (1,147,838) | (1,053,175) | (1,047,093) | (1,144,413) | (996,105) | (888,002) |
| Other administrative expenses | (1,328,040) | (1,232,614) | (1,152,697) | (1,100,913) | (1,111,005) | (1,062,951) | (1,010,760) | (843,661) |
| Tax expenses | (293,466) | (254,650) | (238,429) | (267,852) | (257,997) | (185,527) | (200,145) | (204,070) |
| Equity in the earnings of associated companies | 30,723 | 7,218 | (27,989) | (4,725) | 32,855 | 8,660 | 20,864 | 2,240 |
| Other operating income | 224,093 | 401,214 | 836,658 | 657,403 | (70,632) | 731,764 | 385,839 | 274,015 |
| Other operating expenses | (846,066) | (597,959) | (558,810) | (656,350) | (205,120) | (1,840,084) | (646,441) | (455,982) |
| OPERATING INCOME | 886,748 | 667,289 | 859,097 | 1,139,974 | 659,016 | 495,082 | 538,548 | 617,100 |
| NON-OPERATING INCOME (EXPENSES), NET | (73,495) | 9,854 | (95,872) | (681,563) | 54,804 | 140,964 | 19,901 | (29,327) |
| INCOME BEFORE TAXES AND PROFIT SHARING | 813,253 | 677,143 | 763,225 | 458,411 | 713,820 | 636,046 | 558,449 | 587,773 |
| PROVISION FOR INCOME TAX AND SOCIAL CONTRIBUTION | (95,620) | (111,614) | (242,190) | 52,776 | 5,271 | (231,215) | (68,457) | (165,862) |
| MINORITY INTEREST IN SUBSIDIARIES | (2,496) | (1,638) | (1,325) | (3,586) | (21,058) | 15,486 | (10,960) | 3,295 |
| NET INCOME | 715,137 | 563,891 | 519,710 | 507,601 | 698,033 | 420,317 | 479,032 | 425,206 |

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Annual Report 2003

Banco Bradesco S.A.

Message to Our Stockholders

To Our Stockholders,

The Bradesco Organization's 60 years of existence, completed on March 10, 2003, form the frame of a picture of achievements portraying the balance between pioneer spirit and prudent decisions, steadfast growth and carefully protected sustainability, new conquests and long-forged partnerships, justly remunerated stakeholders' capital and effectively exercised social responsibility.

In the same way, tangible assets - such as capital and reserves, funding and investment volume and the extensive nationwide Customer Service Network, exist side by side with intangible equity, symbolized by the image of security, efficiency and reliability, strengthened over six decades of existence and reinforced by an outstanding market share and vast portfolio of loyal customers, as well as a workforce of incalculable value, experienced, dedicated and motivated at all levels and internally developed processes which spearhead the banking technology field. And the sound and honorable association of Bradesco's name to a wealth of successful initiatives and its revealing statistics in the social area, in particular in the educational field through the Bradesco Foundation which maintains 40 Schools installed as a priority in Brazil's most deprived regions and which will attend more than 107 thousand students in 2004, free of charge.

We commemorate yet another year of achievements, consolidating the projections which comprise our core strategy, built on long-term prospects. Bradesco's original vision, still valid today, was that of a large retail Bank, leader in various market segments, capable of providing access to banking services to the largest possible number of companies and consumers in all regions of Brazil, particularly those which are least developed, aligning its operations with national growth on an economic level and with improved life quality on a social level.

The events which marked 2003 include the opening of more than 1,500 Banco Postal branches, which now total 4,000 units installed in the Correios Post-Office Network and are used by Bradesco as Correspondent Banks throughout Brazil; conclusion of the process to acquire the Administration and Management activities of the Securities and Investment Fund Portfolios managed by JPMorgan Fleming Asset Management; acquisition through an exchange of shares of the remaining minority interest in Banco Mercantil de São Paulo S.A. and the acquisition of Banco Bilbao Vizcaya Argentaria Brasil S.A., both transformed into wholly owned subsidiaries and their Branches integrated with the Bradesco Customer Service Network; acquisition of Banco Zogbi S.A.

In the Corporate Governance area, the Board of Directors was strengthened by the election of two external Members, indicated by Banco Bilbao Vizcaya Argentaria, S.A. - BBVA, Spain and Banco Espírito Santo, S.A. - BES, Portugal, highly qualified professionals who will undoubtedly add significant value to the already important activities of this board.

Seeking to equate the interests of controlling, minority and non-voting stockholders, tag-along rights were incorporated into the by-laws ensuring that in the event of the sale of the controlling interest, 100% of the price paid per share to the controlling stockholders will also be paid to minority stockholders and 80% of such price to non-voting stockholders. Following the same line of recommendations for good Governance, Bradesco introduced its Code of Corporate Ethics, a compilation of ethical principles on which the Bank's activities are based since its foundation; the Audit Committee, the Compliance and Internal Controls Committee, the Remuneration Committee and the Disclosure Committee, the latter responsible for ensuring control, consistency, quality and transparency in the disclosure of information

In the operational area, emphasis should also be given to the Bank's participation in the Microcredit system, which provides small loans to individuals and microbusinesses, as well as payroll consigned credit. We also highlight, during the year, the start-up of Bradesco Prime activities, an important step forward in the Bank's customer service segmentation process, which will certainly provide new momentum to the Organization's operations in terms of the quality and specialization required to meet the specific demands of the Bank's different customer segments.

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Altogether, the good results for this year are accurately mirrored in Bradesco's total assets of R\$ 176.098 billion and net income of R\$ 2.306 billion, with interest attributed to own capital of some R\$ 1.347 billion, or 61.48% of adjusted income, well above the minimum statutory dividend.

The strong presence of the Insurance, Private Pension Plan and Savings Bond companies (the Bradesco Insurance Group) made a significant contribution to this performance, illustrating the Organization's product diversification strategy and comprehensive range of services offered to customers.

The Organization's global planning strategy lies at the roots of this year's achievements and is responsible for Bradesco's competitive advantages, the wide range of products and services offered and its far-reaching and efficient Customer Service Network, which is also present overseas. All this is underpinned by a solid equity and financial position and the constantly renewed support and preference of our stockholders and customers, whose confidence we thank, as well as the exemplary dedication of our directors, staff and stakeholders, to whom we offer our sincere gratitude.

Cidade de Deus, January 30, 2004

Lázaro de Mello Brandão
Chairman of the Board of Directors

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Directors Report

We are pleased to present the financial statements for the year ended December 31, 2003 of Banco Bradesco S.A., as well as the consolidated financial statements, prepared in accordance with the requirements of Brazilian corporate legislation.

In 2003, the uncertainty prevailing in the economic scenario, as a result of the prior-year general elections, was soon overcome by the government's successful efforts to build a solid reputation in the fiscal and monetary spheres. The highly liquid global scenario reduced the pressure on foreign exchange, ensuring that projected inflation continued in the right direction. As regards the balance of payments, significant headway was made as the external perception of Brazil's sovereign risk improved substantially following the exceptional surplus in the country's current-account transactions. As a result, the macroeconomic prospects for 2004 are favorable for both economic and credit activities. The optimistic projections were also favorably influenced by the approval of a number of structural reforms included in the broad legislative agenda and which will certainly continue in 2004.

On March 10, Bradesco commemorated its 60th anniversary, with an active presence in Brazilian everyday life, providing ongoing incentives to the distribution of banking products and services to all income brackets and renewing its commitment to the expansion of its business horizons. In this respect, 2003 was marked by a succession of significant events, among which we highlight the following:

- The marketing of Consórcio Bradesco commenced in January, achieving billings in excess of R\$ 2.282 billion for the year, with more than 65 thousand members and more than 4,800 items distributed.
- In March, conclusion of the process to acquire the Administration and Management activities of the Securities and Investment Fund Portfolios of JPMorgan Fleming Asset Management. The transaction involved the transfer of approximately R\$ 7 billion in third-party funds to Bradesco, to be managed by BRAM - Bradesco Asset Management Ltda.
- On March 31, the Stockholders' Meeting approved the acquisition, through an exchange of shares, of the remaining minority interest in Banco Mercantil de São Paulo S.A., converting Mercantil into a wholly owned subsidiary of Bradesco. For each Mercantil share held, the minority stockholders received 23.94439086 Bradesco shares, of which 12.06279162 were common and 11.88159924 were preferred shares.
- Conclusion of the integration process of Banco Mercantil de São Paulo with Bradesco, on May 19, with the conversion of the Mercantil Branches into Bradesco Branches. This initiative optimized resources, combining the specialized services and dedicated staff of both institutions in the pursuit to offer customers maximum quality in products and services.
- On May 19, start-up of Bradesco Prime activities, an important step forward in the Bank's segmentation process, offering personalized customer service with differentiated products and services to high-income consumer customers. At the end of the year, there were 143 Bradesco Prime Branches and 84 exclusively reserved customer service areas in conventional branches.
- On June 9, acquisition of 49% of the voting capital and 99.99% of the non-voting capital of Banco Bilbao Vizcaya Argentaria Brasil S.A. and subsequent acquisition of remaining shares by Bradesco, transforming BBV Banco into a wholly owned subsidiary. 44.422475667 Bradesco shares were exchanged for each BBV Banco share, of which 22.379315072 were common and 22.043160595 were preferred shares. Designed to streamline and optimize its customer service network, the Bilbao branches were converted into Bradesco branches in September.
- On June 9, the election of two External Members to the Bank's Board of Directors, José Fonollosa García and Ricardo Espírito Santo Silva Salgado, representing respectively Banco Bilbao Vizcaya Argentaria, S.A. - BBVA, Spain and Banco Espírito Santo, S.A. - BES, Portugal. Specialists in both the Brazilian and International Financial Systems, the new Board Members, with their professional experience and top qualifications, will join forces with the other members in enhancing the Board's present activities, guiding the Bank's business and development.
- Acquisition on November 6, through its subsidiary Banco Finasa S.A., of the total capital of Banco Zogbi S.A. and its subsidiaries Zogbi Leasing S.A. Arrendamento Mercantil, Zogbi Distribuidora de Títulos e Valores Mobiliários Ltda. and Promovel Empreendimentos e Serviços Ltda. This acquisition, currently pending ratification by the Brazilian Central Bank, represents a strategic advance by the Bank into the consumer financing sector, with the inclusion of 1.5 million active borrowers and some 4 million registered customers and a network of 67 outlets and more than 11 thousand establishments capable of offering consumer financing (CDC) and card products with considerable growth potential.
- On December 17, approval by the Extraordinary General Meeting of a 1-for-10,000 reverse stock split, designed to adjust the par value of its stock to a more appropriate level for stock exchange trading purposes, align its local and foreign market quotations, decrease trading costs and increase the efficiency of the shareholder information and registration system. The reverse split was ratified by the

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Brazilian Central Bank on January 6, 2004 and stockholders, at their own discretion, will be able to adjust their stock positions by type and in multiples of 10,000 through March 19, 2004 at the stock exchanges.

1. Results for the Year

In terms of shareholder returns and contributions to the public coffers, the results reported for 2003 are significant:

R\$ 2.306 billion of net income for the year, or R\$ 1.45 per thousand shares, a return of 17.02% on closing stockholders' equity and 18.89% on average stockholders' equity.

R\$ 2.814 billion in taxes and contributions, including social security contributions, payable or accrued, on the main activities carried out by the Bradesco Organization during the year.

R\$ 1.347 billion was distributed to stockholders as monthly, interim and complementary interest attributed to own capital, computed in the calculation of the compulsory dividend. Accordingly, this comprises R\$ 0.8998433 (R\$ 0.7648668 net of withholding tax), including the additional 10%, per thousand preferred shares and R\$ 0.8180393 (R\$ 0.6953334 net of withholding tax), per thousand common shares. The Bank's capital remuneration policy is designed to add stockholder value through increased investment returns. Net interest distributed corresponds to 61,48% (net of withholding tax, 52.26%) of adjusted net income for the year, well above the 30% minimum payment established in the by-laws.

2. Operating Efficiency Ratio - IEO

This ratio is calculated based on the comparison between administrative expenses (including personnel) and operating results (adjusted result of financial intermediation) and reflects the success of Bradesco's simultaneous efforts to increase net revenues and decrease costs.

The ABC (Activity-Based Costing) methodology practiced by the Bradesco Organization permits, among others, the improvement of the criteria used to form and negotiate bank charges, the supply of costing information to GDAD (Performance Management and Decision-making Support) and for customer profitability determination purposes, as well as serving as a reliable basis for ongoing rationalization analyses.

As regards cost control practices, Bradesco adopts ABM (Activity-Based Management) methodology, a pro-active approach designed to produce effective results and identification of opportunities. Accordingly, at the same time as its processes are improved, operating performance is seamlessly integrated with strategic objectives in the pursuit to create and sustain competitive advantages and to add value for both customers and stockholders.

56.59% was the ratio at December 31, 2003, as compared to 56.55% in 2002 and 54.34% in 2001.

3. Capital and Reserves

R\$ 7.000 billion of capital at the end of the year.

R\$ 6.547 billion in reserves.

R\$ 13.547 billion of stockholders' equity, an increase of 24.91% in 2003, equivalent to 9.62% of assets, which totaled R\$ 140.888 billion. Managed stockholders' equity is equivalent to 7.76% of consolidated assets, which totaled R\$ 176.098 billion, and net equity per thousand shares was equivalent to R\$ 8.55.

The capital adequacy ratios were 19.85% on a consolidated financial basis and 17.22% on a consolidated economic and financial basis, above the 11% required minimum established by National Monetary Council Resolution 2099 of August 17, 1994, in conformity with the Basel Accord. As regards consolidated reference equity, the ratio of permanent assets to stockholders' equity (limited to a maximum of 50% in accordance with Brazilian Central Bank requirements) was 26.41% on a total consolidated basis and 40.78% on a consolidated financial basis.

The subordinated debt of the Bradesco Organization at the end of the year was R\$ 4.995 billion (foreign - R\$ 2.279 billion and local - R\$ 2.716 billion), included in stockholders' equity for purposes of determining the ratios described in the preceding paragraph.

In compliance with the provisions of Article 8 of Brazilian Central Bank Circular 3068, of November 8, 2001, Bradesco declares that it has both the financial capacity and the intention to hold to maturity the securities classified in the securities held to maturity category.

4. Bradesco Shares - Trading

Highly liquid, Bradesco Shares maintained their strong presence in all trading sessions of the São Paulo Stock Exchange - BOVESPA, with a 4.79% share of the Index. Stock is also traded in the Madrid Stock Exchange in Spain, as part of the Latibex Index and through ADR-American Depositary Receipts - Level 2, in the New York Stock Exchange.

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R\$ 6.394 billion was traded in Bradesco shares during the year in BOVESPA, corresponding to 31.517 billion common shares and 511.662 billion preferred shares.

R\$ 1.149 billion traded as ADR in the US market, representing 292.401 billion of the Bank's preferred shares.

5. Operating Performance

5.1. Funding and Portfolio Administration

Bradesco's role in the country's economic development reaches new heights daily. Structured around clearly defined objectives in the production, consumption and service areas, it forms a steady basis for development in diverse sectors, assuring the ongoing implementation of its funding and administration activities. All told, more than 14.482 million checking accounts are managed by the Bank, which has a 19.16% share of the Brazilian Savings and Loan System (SBPE).

At the end of the year, overall funding and management by the Bradesco Organization totaled R\$ 239.341 billion, a 33.39% increase compared to 2002.

R\$ 90.817 billion in demand, time and interbank deposits, open market and savings accounts.

R\$ 81.527 billion in managed assets, comprising investment funds and managed portfolios.

R\$ 32.501 billion in foreign exchange portfolio, borrowings and onlendings, own working capital funds, collection and tax and utility collections and similar, as well as funds from the issuance of securities and local subordinated debt.

R\$ 26.409 billion recorded in technical reserves for insurance, private pension plans and savings bonds, a growth rate of 37.87% compared to the prior year.

R\$ 8.087 billion in foreign resources through public and private issues, subordinated debt and securitization of future financial flows, corresponding to a total of US\$ 2.799 billion.

5.2. Credit Operations

This area is focused on providing continuous production incentives and meeting consumer demands. Occupying a leadership position among Brazil's private institutions, Bradesco plays an important role in direct operations or via partnerships with market agents, mainly as a result of its convenient operations which are accessible to all customer income brackets. Another important step in this direction was taken through the Bank's integration with the new Microcredit and Payroll Consigned Credit lines, available throughout the Branch and Banco Postal Networks.

R\$ 54.336 billion at the end of the year in consolidated credit operations, including advances on foreign exchange contracts and leasing operations, a growth rate of 6.96% compared to the prior year.

R\$ 4.059 billion comprised the consolidated balance of the allowance for loan loss, corresponding to 7.47% of the total volume of credit operations.

5.3. Housing Loans

This area is an essential part of the Bank's strategy due to the volume of investments absorbed and the number of jobs generated. Bradesco attends a considerable number of end borrowers, as well as the civil construction industry in general.

R\$ 1.001 billion of funds released to this area for the construction and purchase of 15,379 properties.

5.4. Onlending Operations

In 2003, the Bradesco Organization was leader in the onlending of funds from the National Bank for Economic and Social Development (BNDES), with a volume of R\$ 2.750 billion, in 16,850 contracts, corresponding to a 14.94% share of all transactions in this system, an increase of 50.20% compared to the prior year. Bradesco was also ranked first place in terms of the volume of funds released for onlending to micro, small and medium companies, with a total amount released of R\$ 1,700 billion, corresponding to 17.90% of the whole system.

R\$ 7.226 billion in portfolio onlendings at the end of the year, granted as a priority to small and medium companies, with 52,305 contracts registered.

5.5. Agricultural Loans

Bradesco's mission in the agricultural and livestock raising sector, with which it maintains a traditional and consolidated relationship, is designed to provide incentives and support to crop production, processing and distribution cycles, particularly regarding quality and productivity gains, producing increased competitiveness both locally and in the international markets.

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R\$ 4.443 billion of investments in agricultural loans at the year-end, comprising 31,221 transactions.

5.6. Bradesco Corporate Banking

Bradesco Corporate Banking is part of the specialized customer relationship model offered by the Organization to the economic groups comprising its target market, designed to ensure improved corporate customer service and the construction of solid partnerships. This area uses the following specialized structures: corporate, infrastructure, agribusiness, Asian desk and Euro desk, the latter at the implementation stage.

R\$ 46.551 billion of total funds managed by this area, which comprises 1,198 economic groups.

5.7. Bradesco Private Banking

With its complete range of diversified products and services, this area's mission is to provide a specialized service which offers high-income consumer customers personalized financial advice regarding the best local and foreign capital market investment alternatives, designed exclusively to increasing their wealth.

5.8. Bradesco Empresas (middle market companies)

Having forged a strong presence in the middle market segment, this area is designed to coordinate the Bank's commercial relationship with corporate customers whose annual billings range from R\$ 15 million to R\$ 180 million. In sync with the Bank's other sectors, this area is focused on developing product packages which are compatible with each customer's potential.

5.9. Banco Postal

Recognized for its importance in local neighborhoods, Banco Postal, a partnership between Bradesco and the ECT Post Office Network (Correios), is also an essential service for Bradesco customers who often need to carry out their bank transactions in different regions of Brazil. Banco Postal operates as a Correspondent Bank, offering services to the population in line with the Bank's strategy designed to increase its participation in the nationwide retail market. Banco Postal also encourages local market growth, as a result of the inclusion of new financial service consumers, particularly in areas with no previous access to a bank branch.

5.10. Capital Market

Bradesco's constructive participation in the capital market strengthens daily, thanks to the specialized services designed to structure the best alternatives for corporate capitalization and expansion, complemented by the premium line services offered to investors.

With 47.92% of all issues registered with the Brazilian Securities Commission (CVM), the Bank maintained its leadership position in the public placement of shares, debentures and promissory notes and also played an important part in significant special transactions.

R\$ 4.832 billion of transactions with shares, debentures and promissory notes coordinated by Bradesco in 2003.

9 special transactions, including mergers and acquisitions, project finance and corporate and financial restructurings, concluded with the support of advisory services provided by Bradesco in 2003.

6. International Area

With a growing presence in the international market, the Bradesco Organization benefits from its integrated structure in the foreign trade and exchange areas, offering expert advice and a complete range of banking services. The area comprises 17 specialized departments in Brazil, branches in New York, Grand Cayman and Nassau, Bahamas, as well as subsidiaries in Buenos Aires, Nassau and Luxembourg and an extensive international correspondent network.

R\$ 6.183 billion in advances on foreign exchange contracts at the year-end, for a portfolio of US\$ 3.187 billion in export financing.

US\$ 393.569 million of import financing in foreign currency.

US\$ 15.433 billion in purchases of forward export contracts, 23.77% more than in 2002.

US\$ 2.822 billion in medium and long-term, public and private placements in the international market.

7. Organizational Structure

7.1. Bradesco Customer Service Network

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Based on a comprehensive and contemporary structure, supported by an advanced data processing system, which extends nationwide, the Bradesco Organization's Customer Service Network is an excellent instrument for extending banking services to all income brackets.

The practical nature and comfort of Bradesco's branch facilities are continually improved, the ultra-modern self-service lobbies operate over extended business hours and are equipped with a number of different terminals designed to save time and facilitate customer transactions. Prime Customers receive differentiated treatment at the specific Bradesco Prime Branches or exclusive VIP lobbies in conventional branches. Similarly, middle market companies are served by Bradesco Empresas, another benchmark in terms of quality and expertise. The Bradesco Day and Night ATM Network offers services to customers through 21,605 terminals, 14,930 of which operate uninterruptedly at weekends and on bank holidays.

Bradesco Internet Banking, with its advanced technology and permanent expansion program, is accessed by more than 5.923 million users directly from their offices, homes or anywhere they happen to be in the world. Launched in 1996, this pioneer service currently provides access to 210 types of transactions, with a total volume of 320.306 million transactions per year.

Bradesco Net Empresa, an exclusive service for corporate customers, ensures that bank transactions are carried out in a completely secure environment through the use of digital certification and electronic signatures. The service is gaining the preference of an increasing number of companies who, through this website, have discovered a new ally for optimizing the financial management of their business. Companies can operate their checking and savings accounts, make payments, process collections and perform a number of other transactions. There are currently more than 178,600 companies registered.

Emphasis should also be given to the interactive online service offered by ShopInvest Bradesco, a home-broker service which permits online stock exchange investments, offering realtime prices and, among other functions, investments and redemptions, simulations, acquisition of savings bond certificates, complementary pension plans and all the information investors need to monitor the financial markets.

At ShopCredit, Bradesco's Financing and Loan website, visitors can access a complete portfolio of credit lines offered by the Bank. The products are grouped together for purchase by consumer or corporate customers with full details on each option and a simulator can be used to calculate amounts and terms in different areas, such as personal credit, current-account overdraft facilities, consumer financing (CDC), leasing, housing loans, agricultural loans, FINAME (industrial machinery and equipment) lines and auto insurance.

Available day and night, Fone Fácil Bradesco (Bradesco Easy Phone Service) offers information and banking services via telephone with ease, speed and security. Based on its philosophy of service excellence and transforming every call into a business opportunity, 229.423 million calls were received during the year and 2.540 million items sold.

The magnitude of the Bradesco customer service structure is reflected by the average 9.003 million transactions carried out daily by customers and other users, 2.277 million of which through our teller windows and 6.726 million (74.71%) through the Bank's service channels, in particular, the Bradesco Day and Night Self-service Network, Internet and Fone Fácil.

In 2003, investments for expanding the Bradesco Organization's functional capacity and its IT and telecommunications infrastructure, totaled some R\$ 1.694 billion. At the same time, through the program implemented to dispose of property and equipment items, mainly through public auctions, investors inclusive, the Bank raised approximately R\$ 626.145 million, generating both administrative gains and maintenance cost savings.

At the end of the year, the Bradesco Organization comprised 10,974 customer service outlets including:

| | |
|-------|---|
| 3,052 | Branches in Brazil (Bradesco - 2,831, Banco BCN - 220 and Banco Finasa - 1). |
| 7 | Branches abroad, 1 in New York (Bradesco), 4 in Grand Cayman (Bradesco, BCN, Mercantil and Banco Boavista) and 2 in Nassau, Bahamas (Boavista and Banco Alvorada - formerly BBV Banco). |
| 6 | Subsidiaries abroad (Banco Bradesco Argentina S.A. in Buenos Aires, Banco Bradesco Luxembourg S.A. in Luxembourg, Boavista Banking Ltd. in Nassau, Bradesco Securities, Inc. in New York, Bradesco Services Co., Ltd. in Tokyo and Cidade Capital Markets Ltd. in |
| 4,000 | Banco Postal branches. |
| 2,062 | Banking service posts and outlets in companies (Bradesco - 1,862 and BCN - 200). |
| 1,794 | Outplaced terminals in the BDN - Bradesco Day and Night Network. |

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Branches of Finasa Promotora de Vendas, present in 12,762 vehicle dealerships and in 1,097 stores selling furniture, home decor, tourism, auto parts and IT related equipment and software, among others.

7.2. Alô Bradesco (Hello Bradesco)

Forming a direct and open channel with the public, this service facilitates the ongoing improvement of the Bank's customer relationships based on the suggestions and complaints received in relation to the Organization's products and services. Created in 1985, prior even to the introduction of the Brazilian Consumer Defense Code, this service has proved to be an instrument of important strategic value, capable of detecting trends and anticipating solutions compatible with the constantly changing market.

357,757 calls received from customers in 2003.

8. Products and Services

8.1. Collection

Combining a high level of efficiency with state-of-the-art IT resources, Bradesco Collection facilities, inspired by the concept of partnership, offer services with increased security and speed, reducing costs for user companies.

The Bradesco Online Collection technology permits the efficient transmission and receipt of data on a direct computer-to-computer basis. The ongoing system enhancement program ensures productivity gains for user companies, mainly as a result of the increased rationalization of services. This service accounts for the processing of 98% of all documents recorded in the portfolio.

R\$ 694.951 billion transacted by Bradesco Collection during the year, corresponding to 729.866 million documents processed.

R\$ 216.461 billion in payments made through 67,367 million transactions in 2003 via Pag-For Bradesco - Computer-Registered Supplier Payment, facilitating the management of Accounts Payable for more than 40 thousand companies.

8.2. Tax and Utility Collections

Efficiency and quality are the outstanding features of Bradesco's tax and utility collection service. Bradesco is committed to meeting the demands of its customers, to whom this service offers innovative solutions for the settlement of taxes, duties and contributions. This service also effectively interacts with the different Government Departments in the federal, state and municipal spheres and with public utility concessionaires, as a result of the speed and security of the data transmitted and amounts paid over.

R\$ 82.564 billion collected during the year in federal, state and municipal taxes and other contributions, comprising 61.274 million documents processed.

R\$ 4.766 billion in consolidated CPMF collected, corresponding to 20.68% of the total amount of this contribution, evidencing the significant volume of financial resources handled by the Organization.

R\$ 16.065 billion received in electricity, water, gas and telephone bills, comprising 116.931 million documents processed. Of this amount, 49.165 million was paid via Automatic Debit to Current Accounts and Savings Accounts, through a system which is both convenient

R\$ 17.843 billion paid to more than 4.490 million Social Security retirees and pensioners, 20.69% of all those registered with the INSS (National Institute of Social Security), in 43.211 million transactions via the Instant Benefits Payment Card.

8.3. Stock, Custody and Controllership Services

Quality services, including custody of securities, controllership, DR- Depositary Receipt and BDR-Brazilian Depositary Receipt, as well as bookkeeping services for stocks, debentures and investment fund quotas, are offered to customers using an appropriate infrastructure and specialized personnel.

164 Companies comprise the Bradesco computer-registered share system, with 5.611 million shareholders.

27 Companies comprise the Bradesco computer-registered debentures system with a current total of R\$ 12.219 billion.

14 Investment funds comprise the Bradesco computer-registered quota system with an adjusted total of R\$ 1.063 billion.

2 Registered BDR Programs, with a market value of R\$ 268.588 million.

9 Registered DR Programs, with a market value of R\$ 22,752 billion.

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R\$ 100.973 billion in assets under custody for 451 customers using the Bradesco Custody services (funds, portfolios and DR).

R\$ 119.076 billion in total net assets of the 634 investment funds and managed portfolios using the Bradesco Controllership services.

8.4. Bradesco Cards

Associated with Visa International for more than three decades, Bradesco has increased its share of this segment, developing the most complete line of services of this kind in Brazil. At December 31, Bradesco's market share totaled 15.71%, a 14.75% increase compared to the prior year. Bradesco also offers cards under the MasterCard banner, renowned for the wide range of benefits and facilities offered to holders.

The network accredited by the Visa System in Brazil, comprising 654,805 commercial establishments, is managed by Companhia Brasileira de Meios de Pagamentos - Visanet, in which Bradesco has a 39.71% stake.

In 2003, Visanet processed R\$ 55.385 billion in transactions, including both credit and debit card bills, a 31.97% growth compared to the prior year.

In Brazil, Bradesco is leader among the issuers of chip-embedded smart cards, offering holders the best and most advanced technology and security available in the market.

Operating in diverse market segments, Bradesco launched two cash cards in 2003 targeting its younger public, the Bradesco Sandy & Júnior Visa Buxx Card and the Young Card Bradesco Visa Buxx, which can be loaded and reloaded with pre-approved amounts. Also in the young people segment, Bradesco launched its University Student Card, a personalized product for students under the Visa banner, in national and international versions, which offers all the benefits provided by conventional Bradesco Credit Cards.

In other specific segments, Bradesco launched its Prime and Infinite Cards targeting high-income customers, as well as the In Visa Veritas Card for wine lovers.

Emphasis should also be given to the partnership entered into with Visa do Brasil for the purpose of forming Visa Vale, a company focused on the benefits-voucher sector, substituting the traditional printed food and meal vouchers with electronic cards.

The Visa Vale Pedágio Card (highway toll smart card) for compulsory use in the transport of freight is another pioneer product, reflecting Bradesco's quest for new market niches. This product offers ease and convenience to users and emphasizes the importance and growth potential of electronic payment instruments.

Bradesco Credit Cards are also accepted in the International Visa and MasterCard Networks, which comprise more than 20 million commercial establishments and services worldwide in 150 countries.

R\$ 16.163 billion of total annual billings for the Bradesco Organization Cards, of which R\$ 9.926 billion comprised Credit Cards and R\$ 6.237 billion comprised Bradesco Visa Electron Debit Cards.

7.021 million Bradesco Credit Cards in circulation.

34.140 million Bradesco Visa Electron Debit Cards in circulation.

9. Bradesco

9.1. Bradesco Insurance Group

Managed by Bradesco Seguros S.A., the Bradesco Insurance Group occupies a leadership position among the groups operating in Latin America in the insurance, complementary pension fund and savings bond areas. The Group's progressive results are the result of its innovative strategy, driven by the launching of new and enhanced products.

R\$ 612.639 million of net income by the Bradesco Insurance Group for 2003, with an average return of 22.58% and closing stockholders' equity of R\$ 3.548 billion.

R\$ 29.984 billion in unrestricted investments, including those used to cover technical reserves in the insurance, private pension plan and savings bond areas.

R\$ 11.956 billion of net revenues from insurance premiums and private pension fund contributions.

R\$ 1.156

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billion in savings bond billings, with prizes distributed totaling R\$ 19.198 million for 1,402 winning bonds out of a year-end total of 78.043 registered bonds.

R\$ 32.722 billion in total assets in the insurance, private pension plan and savings bond areas.

9.2. Banco BCN S.A.

Banco BCN S.A. provides its consumer and corporate customers with personalized services through support teams specialized in different markets and businesses.

On February 25, 2004, the BCN Branch Network will be integrated with the Bradesco Customer Service Network. This measure is designed to optimize resources, combining expertise and ensuring that customers receive top-quality products and services.

Among others, BCN manages Banco Finasa S.A., the leader in consumer financing, allying the traditional Finasa Brand with the image of Bradesco, its parent company.

R\$ 277.811 million in net income reported for the year, with an average return of 12.13% and closing stockholders' equity of R\$ 3.228 billion.

R\$ 24.204 billion in funds raised and managed.

R\$ 23.353 billion in total assets.

R\$ 12.761 billion of total credit operations, including leases and advances on foreign exchange contracts.

9.3. BRAM - Bradesco Asset Management Ltda.

Specialized in the management of third-party funds, BRAM, under self administration, attends a number of different market segments, including retail, corporate and private sector banking, as well as institutional investors.

The funds managed by BRAM in 2003 were increased by third-party funds derived from the acquisition of the Administration and Management activities of Securities Portfolios and Investment Funds previously managed by JPMorgan Fleming Asset Management.

2.700 million estimated investors in 505 funds and 126 managed portfolios at December 31, 2003, corresponding to R\$ 81.527 billion.

9.4. Bradesco Leasing

In the leasing area, the Organization offers companies an alternative long-term financing option designed to facilitate the expansion and modernization of their businesses, without having to use their own capital, through Bradesco BCN Leasing. We highlight their highly competitive market position specifically focused on vehicles, machinery and equipment, as well as their vast experience in the structuring of operating agreements with manufacturers and dealerships.

R\$ 1.421 billion was the balance of leasing transactions at December 31, 2003, with 8,725 transactions contracted during the year.

30,670 lease agreements in force at the year-end, evidencing the wide distribution of the business.

9.5. Bradesco S.A. Corretora de Títulos e Valores Mobiliários

The Corretora maintained a strong presence in the trading sessions at the São Paulo Stock Exchange (BOVESPA) and the Mercantile and the Futures Exchange (BM&F) and is repeatedly rated among Brazil's top-ranking brokerage firms. During the year, the Corretora also recorded a significant increase in its online Home Broker trading activities.

Bradesco Corretora offers an excellent investment analysis service which operates in conjunction with the Bank's economic area, providing reports on the performance of the main markets, suggested stock portfolio and stock guide.

Structured to facilitate the participation of small investors in the stock market, its exclusive Automatic Share Trading System (SANA) permits the purchase and sale of stock in small lots via computer terminals available throughout the Bradesco Customer Service Network. This system can also be used for the intermediation of public offerings of shares.

R\$ 11.320 billion traded by Bradesco Corretora at the BOVESPA corresponding to 279,665 buy and sell orders for 50,499 investors during the year.

2.004 million contracts negotiated at the BM&F, corresponding to a financial volume of R\$ 224.715 billion.

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R\$ 960.129 million traded via Home Broker, corresponding to 166,694 buy and sell orders; 19,223 registered investors at December 31, 2003.

9,303 registered customers in the Custody Portfolio (Carteira de Custódia Fungível) at December 31, 2003.

10. Corporate Governance

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

As from June 2001, Bradesco shares are included in the BOVESPA's Level 1 Corporate Governance index. Moreover, since Bradesco's shares are traded in foreign stock exchanges, the Bank also prepares its financial statements in US-GAAP, the accounting principles accepted in the U.S.A.

We stress that during the year, no non-audit services were contracted by the Bradesco Organization or rendered by KPMG Auditores Independentes for an amount which exceeds 5% of the total external audit costs. This policy complies with the principles designed to maintain the independence of external auditors as follows: auditors should not audit their own work, nor exercise management functions for their clients, nor promote the interests of such clients. Each external audit is contracted for a maximum five-year period pursuant to Brazilian Central Bank recommendations.

At the Ordinary General Meeting of March 10, 2003, approval was given to maintain the Fiscal Council (Conselho Fiscal) comprising 3 full members and 3 alternates with term of office through 2004 and, with one full member and his/her alternate elected from among non-voting stockholders. At the Extraordinary General Meeting held on June 9, 2003, another step forward was taken to consolidate the adoption of modern Corporate Governance practices through the election, by unanimous decision of those present, of two external members to the Board of Directors, who, based on their vast experience and knowledge of the Brazilian and international markets, will undoubtedly add significant value to the already important activities of this board.

A series of other initiatives reaffirm the Bradesco Organization's commitment to good corporate governance practice, including:

- Tag-along Rights, seeking to equate the interests of controlling, minority and non-voting stockholders, tag-along rights were incorporated into the by-laws, ensuring that in the event of the sale of the controlling interest, 100% of the price paid per share to the controlling stockholders will also be paid to minority stockholders, and 80% of such price to non-voting stockholders.
- Code of Corporate Ethics, a compilation of ethics on which the Bank's activities are based since its foundation, forming a practical guide addressing personal and professional conduct to be adopted organization-wide and in which the Organization's guiding principles are clearly stated and its moral values affirmed.
- Code of Business Sector Ethics - Accounting and Financial Management Areas, designed to define area activities based on Bradesco's commitment to disclose its financial information completely, accurately and fairly.
- Disclosure Policy for Significant Acts or Facts and Securities Trading, to be adopted by all directors and managers.
- Disclosure Committee, responsible for establishing the Disclosure Policy for Significant Acts or Facts, ensuring control, consistency, quality and transparency in the disclosure of information.
- Audit Committee, whose role it is to advise the Board of Directors in respect of the accounting and tax policies used to prepare the financial statements of the Bank and its subsidiaries.
- Compliance and Internal Controls Committee, whose role it is to advise the Board of Directors in respect of the adoption of strategies, policies and measures used to disseminate the internal controls culture, risk mitigation and compliance with applicable legislation.
- Remuneration Committee, whose role it is to submit to the Board of Directors proposals for policies and guidelines used to remunerate the Bank's Executive Directors and those of its subsidiaries.

10.1. Internal Controls and Compliance

The Internal Controls and Compliance system is subordinated to the guidance and supervision of the Board of Directors and is an important instrument in the management of business activities, designed principally to ensure compliance with legal and regulatory standards, guidelines, plans, procedures and internal rules and to minimize risk of equity losses and damage to the Organization's institutional image. The Board is also responsible for analyzing and approving the Compliance Reports prepared by the Risk Management and Compliance Area.

10.2. Investor Relations - IR

Stockholders, customers and those seeking financial market information can visit this area's specific website, which has been redesigned and enhanced, at www.bradesco.com.br/ir. Visitors will find information on the Bank itself, such as corporate profile, background, share structure, directors' reports, earnings reports, latest acquisitions and meetings with market analyst associations (APIMEC and ABAMEC), as well as other financial market information in general.

10.3. Information Transparency and Dissemination Policies

During the year, as part of its market relationship strategy, Bradesco organized 179 internal and external meetings with analysts, 12 conference calls and 12 presentations abroad. In addition, Bradesco publishes its financial statements for the first half and for the full year, as well as a quarterly Report on Economic and Financial Analysis. All significant related information is available in real time on the Bradesco website at www.bradesco.com.br in Portuguese, English and Spanish.

The Bank distributes a monthly customer news bulletin called *Cliente Sempre em Dia* with a circulation of 900 thousand copies, as well as a quarterly magazine called *Revista Bradesco*, also focusing on its external public, with a circulation of 110 thousand copies.

11. Risk Management

The management of risks involves an integrated series of controls and processes, covering credit, market and liquidity, as well as operating risks. Risk management is fully independent and directly subordinated to an Executive Officer and the Bank's President. As a matter of principle, the Organization adopts a conservative policy in terms of exposure to risk, whereby policies and limits are defined by Senior Management, including risks directly affecting its minimum capital requirement.

11.1. Credit Risk

At Bradesco, the management of credit risk is based on existing best market practice and complies with the rules proposed in the New Basel Accord, which require a high level of discipline and control in the analysis of the transactions carried out, safeguarding process integrity and independence. Risk management involves a permanent and continuously developing process designed to map, check and diagnose the models, instruments, policies and procedures in place, based on studies and analyses compatible with the Organization's reality. These procedures are designed to provide a greater understanding of portfolio credit risks, identifying concentrations and opportunities for diversification and ensuring that capital is efficiently allocated.

11.2. Market and Liquidity Risk

The Organization's market risk management policy is conservative and limits (based on Value at Risk Methodology) are defined by Senior Management and monitored independently every day. On a complementary basis, the liquidity risk management policy is designed to ensure that the Organization is able to settle transactions, timely and securely, through a series of controls, the establishment of technical limits and the ongoing assessment of the positions assumed and financial instruments used. Both market and liquidity risks are monitored, checked and managed using models aligned with best local and international market practices and with the recommendations and standards established by the regulatory agencies.

11.3. Operating Risk

The operating risk management process, based on the recommendations established in the Basel Accord and instructions from regulatory agencies, is designed to implement the methodology and models which best meet the Bank's business characteristics and, at the same time, decrease the amount of regulatory capital to be allocated. The structure established to meet this objective includes dissemination of the Bank's culture, disclosure of policies, development of own systems, the construction of databases and quantitative and qualitative performance indicators to ensure that the Organization is able to identify its level of exposure to operating risks and implement measures to decrease loss. The combination of these processes will enhance competitive advantage, increasing the Institution's operating efficiency.

11.4. Information System Security

The Corporate Information Security Policy and Guidelines are designed to protect the Bank's information assets, including its databases, IT environments, documents, files, system backups and system access controls, especially when generating and transmitting data, among other security management tools. Restricted data and information which are of exclusive interest to customers, as well as strategic Organization information, are treated internally with strict secrecy and fully protected by internal controls and IT systems. To ensure procedure compliance, the Bank maintains ongoing staff training, awareness and policy review programs.

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11.5. Credit Policy

As well as seeking security, quality and liquidity in the investment of assets, minimizing risks inherent to this type of operation, the Organization's credit policy is also designed to offer agile and profitable business and to guide the setting of operating limits and granting of credit.

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

Operations are diversified, dispersed and intended for individuals and businesses with sound payment capacity and integrity and are secured by underlying guarantees which are deemed sufficient to cover the risks assumed.

11.6. Money Laundering Prevention

The internal structure of the Bradesco Organization maintains a specific area responsible for managing and monitoring its customers' transactions and financial activity, designed to avoid any involvement by the Institution in money laundering. The basic premise used to provide related guidance to the Operating Areas and Branch Network is rooted in the Bank's Know Your Customer policy, whereby customer transactions, including the source and destination of funds, are monitored by computerized systems which, together with specific analyses, ensure that possible money laundering activities are prevented or suppressed. The Organization has developed and put into place employee training and awareness programs, designed to maintain compliance with this policy, as well as permanently enhancing its technology tools for control and monitoring.

12. Marketing

An extensive institutional campaign commemorating Bradesco's 60th anniversary marked the beginning of 2003. Using innovative media language, the campaign addressed the Institution's important participation in Brazil's economic development and Bradesco's capacity to attend very different customers with the same top quality service.

In the second half of the year, an unprecedented initiative was used to launch Bradesco Prime, through the publication of personalized advertisements in the first edition of Exame Primeira Pessoa, a magazine published by Editora Abril and enclosed in the subscribers edition of Exame magazine. The messages were personally addressed to the subscribers and highlighted the exclusive services offered by Bradesco Prime.

Other marketing efforts were carried out during the year, showing that Bradesco is prepared to meet the specific demands of its customers with tailor-made products and services. Highlights include the Compra Premiável Cartões Bradesco promotion, in which cardholders took part in a draw to win houses, cars and cash prizes and the Show do Milhão Cartões Bradesco, with the exclusive participation of Bradesco Cardholders on the Win-a-Million Show (Show do Milhão) broadcast on SBT TV. Other successful campaigns launched in 2003 introduced diverse Bank products, such as HiperFundo Bradesco, an investment fund which gives away a car to an investor every day by draw, as well as other prizes, the Bradesco Consórcios consortium purchase system and Bradesco Vida e Previdência life insurance and private pension plans.

At the end of the year, the Bank aired a humorous TV campaign welcoming the New Year and transmitting its wishes for peace for all Brazilians in 2004.

814 regional, industry and/or professional events, including business fairs, seminars, conventions and cultural and community events throughout Brazil, received support from Bradesco.

13. Recognition

Risk Ratings - In 2003, Bradesco's risk ratings were among the highest attributed to Brazilian Banks by the national and international credit rating agencies: Austin Rating, Fitch Atlantic Ratings, Moody's Investors Service, SR Rating and Standard & Poor's.

Ranking - Recognition of Bradesco's leadership was highlighted by important national and internal publications during the year, including the following:

- Largest Private Group in Brazil by revenue, for the fifth consecutive year, according to the 2003 edition of Exame magazine's Guia Melhores e Maiores.
- Brazil's Largest Bank by stockholders' equity among public and private institutions, according to the Valor 1000 yearbook published by the Valor Econômico newspaper.

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- Brazil's Largest Bank by stockholders' equity and leader among private-sector financial institutions in the total assets ranking, according to the Special List published by Valor Econômico.
- Leading Brazilian Bank by Assets, according to a study prepared by Consultoria Austin Rating, published by Valor Econômico.
- Best Internet Bank in Brazil, according to the poll published by the Business Standard/FGV magazine, which highlights the segment's outstanding services.
- Brazil's Best Bank for investments, according to the poll published in Você S/A magazine's personal investment guide, coordinated by the Financial Studies Center at Fundação Getulio Vargas in São Paulo.

Awards - Bradesco received 35 awards in 2003, which confirm, based on independent opinion, Bradesco's market leadership and the quality of the products and services offered, among which we highlight the following:

- Global Finance Award, given by the Global Finance Magazine, for Best Bank in three categories: Brazil's Best Bank; Best Latam Bank in Risk Management and Best Bank in Foreign Exchange Transactions.
- Best Advertiser of the Year Award according to the Brazilian Association of Advertising (ABP).
- Best Retail Bank in Brazil 2003 Award from Conjuntura Econômica magazine and the consultants Austin Asis.
- Euromoney Excellence Award, given by Euromoney magazine as Best Local Partner in Brazil.
- Best Investment Fund in Brazil awarded by Exame Magazine and Fundação Getulio Vargas, for achieving the titles of Best Fund Manager of the Year, Best Retail Fund Manager and Best Leveraged Fund Manager.
- Best Listed Company in 2002 awarded by the Association of Capital Market Investment Analysts and Professionals (APIMEC).
- Valor Social 2003 Award, given to the Organization in the following categories: Respect for the Environment, for the Bradesco Foundation project and Respect for Consumers, for the project carried out to reduce customer lines in the Bank's branches, given by Valor Econômico.
- Business Image Award, in the Brazil category, as the country's most representative company, given by Gazeta Mercantil.
- 100 Empresas Mais Ligadas do Brasil Award, given by INFO Exame magazine, rated Bradesco as the Best-Wired Bank in the State of São Paulo and in Brazil.
- iBEST 2003 Awards. The Organization won 8 awards in different categories and was rated overall champion at this Brazilian Internet oscar-equivalent awards ceremony.

ISO 9001/9002 Certification: The Bradesco Organization ended the year with 56 Products and Services recognized by this quality certificate, confirming its pursuit to ensure increasingly easy and convenient services for all its customers and users.

14. The Bradesco Organization's Social Action Program

The history of Fundação Bradesco (The Bradesco Foundation) commenced 47 years ago and its main objective, consolidated over the years, is to provide formal education to children, young people and adults, particularly in areas which are both socially and economically deprived.

In February 2003, the Network's 39th school opened its doors in the city of Boa Vista, Roraima, with 1,800 students, as a result, the Foundation is now present in all of Brazil's states. In Osasco, headquarters of the Bradesco Organization, work has commenced on the 40th school with capacity to attend 2,000 students and which is forecast to begin activities in 2004.

During the year, more than 105 thousand students received free education, including youth and adult education and basic professional training courses. To its more than 49 thousand infant, junior, middle and technical school students, the Foundation also provides free meals, uniforms, school materials and medical/dental care.

The figures reflect the success of the Foundation's daily efforts. For example, for the last six years, the pass rate in the Foundation Schools has remained at an average 95.95%, which is equivalent to the best international pass rates.

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The courses designed to provide Basic Professional Education strengthen the Foundation's strong ties with the regional employment market and prioritize the specific interests of the different communities. Courses include Printing Technology, Agriculture and Livestock Raising, Business Management, Information Technology, Fashion, Leisure, Development, among others. All these courses are designed to qualify participants to open their own businesses or pursue better jobs in the employment market.

For the Bradesco Foundation, knowledge is the raw material essential for personal and professional development and should be constantly up to date and available to all sectors of society. Accordingly, partnerships are forged based on ongoing and significant growth. Excellent results have been achieved from the alliance formed with Aban Informatics Limited for the use of educational software, based on animations and illustrations, in its junior and middle schools, in the areas of physics, chemistry, biology and math. Emphasis should also be given to the Digital Inclusion project carried out in partnership with Microsoft, which trained some 5,482 students free-of-charge at the Bradesco Foundation Schools.

Another important partnership involves NIIT from India, which will provide some 250 IT courses for the Virtual Classroom, the Bradesco Foundation's e-learning architecture. At the same time, in partnership with Cisco Systems, students are qualified, through the Cisco Networking Academy Project, to install, design and administrate computer networks. Some 5,160 students were qualified during the year.

The Foundation also entered into a partnership with Media Lab, MIT's research center. As in the majority of projects developed by Media Lab, designed to integrate technology with social issues, the project called "The City We Want" allows students and teachers to research urban issues during classes and at workshops, studying the use of IT resources in their solutions and sharing ideas through the integration of schools and communities from different countries via the Internet. 28 Bradesco Foundation schools, in 24 states, take part in the project and integration with researchers from a number of institutions in developing countries is scheduled for 2004.

Launched as a pioneer project six years ago, the basic computer skills course for the visually impaired has qualified 4,559 students at 32 Foundation units and 38 partner Institutions and is recognized internationally for its practical content focused on the use of Microsoft Windows and the Internet.

We also highlight the Intel Education for the Future program, a worldwide initiative organized by Intel Semiconductors, designed to eliminate barriers against the use of technology as a learning tool.

Among this range of quality projects, emphasis should also be given to Futura, the Learning Channel which through an operating agreement signed with the Globo Group's Roberto Marinho Foundation, has 20 million viewers. Futura is Brazil's first educational TV channel to be financed and managed entirely by private-sector initiative. The Foundation also participates in the Youth and Adult Literacy program Alfabetização Solidária, created in 1997 by the Comunidade Solidária Committee, which, in the North and Northeast regions of Brazil, is responsible for extending access to formal Youth and Adult Education. The Foundation's participation ensures that some 9,800 Brazilians learn how to read and write each year.

Also in partnership with the Roberto Marinho Foundation, the Ministry of Justice and Funap - Fundação Professor Manoel Pedro Pimentel, the Bradesco Foundation maintains a Prisoner Education Project designed to offer basic formal education to prisoners at 20 penitentiaries in the State of São Paulo. In 2003, more than 1,000 prisoners were given the opportunity to commence or resume their elementary grade studies, a significant contribution to their rehabilitation and social integration.

Designed to offer professional qualification to more than 2 thousand youths in the IT area, the Bradesco Foundation, in partnership with the São Paulo State education authorities and the State Foundation for Child and Youth Welfare (FEBEM), developed an Educational Program for the Promotion of Social and Professional Inclusion. The courses are given inside the FEBEM's correctional units and offer internees the opportunity to learn a profession in the area. Once qualified, they can be employed as facilitators and IT lab monitors in the state school network.

Emphasis should also be given to the Organization's BCN Sports project, now called Finasa Esportes (Finasa Sports), which maintained basketball and volleyball training centers for some 4,300 young girls from 10 to 15 years of age in 2003.

A number of awards and distinctions confirm the scope and depth of the Bradesco Foundation's contribution to Brazil's social development. Among these, we highlight the Valor Social Award given by Valor Econômico, in the category "Respect for the Environment", which recognized the work carried out by the Bradesco Foundation School students in Paranaíba, who planted more than 70 thousand indigenous tree seedlings on the banks of the town's Suruquá River.

We also highlight the first and second prizes won, respectively, at the Young Scientist of the Future awards by students from the Foundation Schools in Paragominas, PA, and Aparecida de Goiânia, GO, given by the National Council for Scientific and Technology Development (CNPq). Addressing the theme "Water - The Source of Life", this award was given to the students for two projects, the development of a homemade filter to improve the quality of drinking water supplied to the city's population and research relating to the quality of the water consumed by the school's neighborhood community.

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

R\$ 138.343 million of total investments in 2003 and a budget for 2004 of R\$ 148.309 million to attend more than 107 thousand students.

15. Human Resources

The ongoing improvement of the employee base is an essential part of the Bradesco Organization's strategy. The Bradesco Organization's headcount totals 75,781 employees, of whom 59,430 are employed by Bradesco and 16,351 by the subsidiary companies.

In its pursuit of quality, diversification and service, Bradesco's Human Resource policy continually improves its training and qualification programs, providing new opportunities, sharing knowledge and promoting the value of its staff. Particularly focusing on the operating, technical and behavioral areas, all employees are attended with the same care and attention.

Topics relating to new economic scenarios, advanced technology requirements and market demands are specifically addressed by specialized teams of instructors, with the support of an appropriate infrastructure. The online internet training program, TreiNet, has surpassed the mark of 290 thousand participations, enabling employees to acquire professional knowledge via distance learning.

The updating and continuous advances in Bradesco's Management Development Programs are the result of the partnerships established with Consulting Firms, Universities and Business Schools offering courses in the areas of economics, business administration and law, including at post-graduate level.

Internal communication also merits special attention from Bradesco since it represents a powerful tool for integrating information, concepts and moral values. Accordingly, a copy of the *Interação* (Interaction) magazine is sent personally to each employee and the *Sempre em Dia* - news bulletin is published daily. TV Bradesco strengthens and extends Bradesco's communication actions, together with the other media vehicles used to disseminate and characterize guidelines which are highly relevant to the Organization's staff.

We also highlight the welfare benefits designed to improve the quality of life, well being and security of the Organization's employees and their dependents, covering 191,540 persons. Among which, we present the following:

- Medical and Hospitalization Healthcare Plan;
- Dental Assistance Plan;
- Supplementary retirement and pension plan;
- Group life and group personal accident insurance policies;
- Group automobile insurance policy.

As independent recognition of its personnel policy, Bradesco was rated among the 40 best companies for women employees, published by the special edition of *Exame* magazine (*As Melhores Empresas para Você Trabalhar 2003*), based on a survey carried out among the Organization's staff. The career opportunities and the benefits offered by the Organization, providing women with equal opportunity for promotion, were among the criteria which assured Bradesco's presence in this prestigious publication. This recognition confirms, yet again, the motivation of our employees with their workplace and the possibilities for personal and professional development offered by the Organization.

R\$ 49.943 million invested in Training Programs with 414,314 participations.

R\$ 378.349 million spent on the Meals Program, with 92 thousand light meals served and 72,711 thousand meal vouchers supplied daily.

3.397 million medical and hospital consultations during the year.

725,386 dental consultations.

The achievements and results accomplished to date are witness to the Organization's leadership of Brazil's diverse financial market segments. More than mere milestones, they create a healthy stimulus for going beyond expectations and motivate increasingly consistent progress. They highlight Bradesco's unyielding optimism and willingness to permanently contribute to the construction of a genuinely modern and prosperous Nation.

Cidade de Deus, January 30, 2004

Board of Directors and
Board of Executive Officers

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Consolidated Balance Sheet at December 31 - In thousands of reais

| ASSETS | BRADESCO | | CONSOLIDATED BRADESCO | |
|--|-------------------|-------------------|-----------------------|--------------------|
| | 2003 | 2002 | 2003 | 2002 |
| CURRENT ASSETS | 99,765,662 | 73,985,725 | 138,679,558 | 110,241,272 |
| FUNDS AVAILABLE (Note 8) | 2,191,480 | 1,780,121 | 2,448,426 | 2,785,707 |
| INTERBANK INVESTMENTS (Notes 3b and 9) | 37,345,577 | 27,597,746 | 31,374,994 | 18,834,319 |
| Open market investments | 27,894,620 | 17,885,554 | 26,753,660 | 16,584,468 |
| Interbank deposits | 9,450,957 | 9,717,242 | 4,621,334 | 2,255,113 |
| Provision for losses | - | (5,050) | - | (5,262) |
| SECURITIES AND DERIVATIVE FINANCIAL INSTRUMENTS (Notes 3c, 10, 33b and 33c) | 9,971,314 | 2,073,433 | 43,537,442 | 30,475,626 |
| Own portfolio | 3,800,342 | 1,047,631 | 36,052,706 | 25,742,640 |
| Subject to repurchase agreements | 1,823,897 | 265,642 | 2,492,111 | 441,917 |
| Restricted deposits - Brazilian Central Bank | 2,545,405 | 207,071 | 3,017,797 | 2,668,334 |
| Privatization currencies | 23,946 | - | 88,058 | 57,697 |
| Subject to collateral provided | 1,416,235 | 508,581 | 1,690,757 | 1,464,233 |
| Derivative financial instruments (Notes 3d and 33c) | 361,489 | 44,508 | 196,013 | 100,805 |
| INTERBANK ACCOUNTS (Note 11) | 12,743,720 | 11,248,196 | 13,670,080 | 12,643,337 |
| Unsettled payments and receipts | 12,182 | 11,997 | 20,237 | 16,902 |
| Restricted deposits: | | | | |
| - Brazilian Central Bank | 12,716,803 | 11,221,714 | 13,580,425 | 12,519,635 |
| - National Treasury - Rural funding | 578 | 578 | 578 | 578 |
| - National Housing System - SFH | 13,319 | 13,815 | 49,114 | 74,082 |
| Correspondent banks | 838 | 92 | 19,726 | 32,140 |
| INTERDEPARTMENTAL ACCOUNTS | 495,279 | 177,039 | 514,779 | 191,739 |
| Internal transfer of funds | 495,279 | 177,039 | 514,779 | 191,739 |
| CREDIT OPERATIONS (Notes 3e, 12 and 33b) | 21,608,969 | 18,663,274 | 27,948,952 | 27,775,737 |
| Credit operations: | | | | |
| - Public sector | 5,802 | 7,940 | 21,213 | 26,843 |
| - Private sector | 23,786,049 | 20,536,268 | 30,579,732 | 30,241,717 |
| Allowance for loan losses (Notes 3e, 12f and 12g) | (2,182,882) | (1,880,934) | (2,651,993) | (2,492,823) |
| LEASING OPERATIONS (Notes 2, 3e, 12 and 33b) | - | - | 749,970 | 904,708 |
| Leasing receivables: | | | | |
| - Public sector | - | - | - | 45 |
| - Private sector | - | - | 1,650,450 | 1,942,079 |
| Unearned lease income | - | - | (832,633) | (945,407) |
| Allowance for leasing losses (Notes 3e, 12f and 12g) | - | - | (67,847) | (92,009) |
| OTHER RECEIVABLES | 15,294,760 | 12,246,268 | 17,711,364 | 15,883,491 |
| Receivables on guarantees honored (Note 12a-2) | 589 | 1,529 | 624 | 1,577 |
| Foreign exchange portfolio (Note 13a) | 10,916,404 | 8,982,641 | 11,102,537 | 10,026,298 |
| Income receivable | 895,025 | 491,112 | 329,984 | 249,849 |
| Negotiation and intermediation of securities | 350,463 | 92,053 | 602,020 | 175,055 |
| Insurance premiums receivable (Note 4a) | - | - | 889,276 | 718,909 |
| Sundry (Notes 4a and 13b) | 3,224,517 | 2,759,730 | 4,898,310 | 4,830,215 |
| Allowance for loan losses (Notes 3e, 12f and 12g) | (92,238) | (80,797) | (111,387) | (118,412) |
| OTHER ASSETS (Note 14) | 114,563 | 199,648 | 723,551 | 746,608 |
| Other assets | 188,251 | 290,812 | 555,391 | 610,052 |
| Allowance for losses | (103,711) | (152,838) | (244,146) | (209,362) |
| Prepaid expenses (Notes 4a and 14b) | 30,023 | 61,674 | 412,306 | 345,918 |
| LONG-TERM RECEIVABLES | 21,204,714 | 15,400,314 | 32,461,790 | 27,060,439 |
| INTERBANK INVESTMENTS (Notes 3b and 9) | 603,457 | 302,546 | 349,009 | 2,638,437 |

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| | | | | |
|---|------------------|------------------|-------------------|-------------------|
| Open market investments | - | - | - | 2,527,184 |
| Interbank deposits | 603,457 | 306,103 | 349,009 | 115,232 |
| Provision for losses | - | (3,557) | - | (3,979) |
| SECURITIES AND DERIVATIVE FINANCIAL INSTRUMENTS (Notes 3c, 10, 33b and 33c) | 7,500,329 | 4,874,111 | 10,267,338 | 6,527,828 |
| Own portfolio | 1,933,286 | 534,002 | 6,886,337 | 4,074,393 |
| Subject to repurchase agreements | 5,307,714 | 1,114,730 | 3,190,741 | 1,055,466 |
| Restricted deposits - Brazilian Central Bank | 91,837 | 2,470,045 | 91,837 | 868,325 |
| Privatization currencies | - | 19,674 | - | 19,674 |
| Subject to collateral provided | - | 612,897 | 62,125 | 371,936 |
| Derivative financial instruments (Notes 3d and 33c) | 167,492 | 122,763 | 36,298 | 138,034 |
| INTERBANK ACCOUNTS (Note 11) | 142,534 | 141,892 | 342,757 | 300,095 |
| Restricted deposits: | | | | |
| - National Housing System - SFH | 142,534 | 141,892 | 342,757 | 300,095 |
| CREDIT OPERATIONS (Notes 3e, 12 and 33b) | 9,812,720 | 7,730,930 | 14,213,766 | 11,929,542 |
| Credit operations: | | | | |
| - Public sector | 51,263 | 70,070 | 165,051 | 227,779 |
| - Private sector | 10,625,483 | 8,334,005 | 15,189,238 | 12,600,976 |
| Allowance for loan losses (Notes 3e, 12f and 12g) | (864,026) | (673,145) | (1,140,523) | (899,213) |
| LEASING OPERATIONS (Notes 2, 3e, 12 and 33b) | - | - | 556,463 | 526,458 |
| Leasing receivables: | | | | |
| - Private sector | - | - | 1,209,083 | 1,199,645 |
| Unearned lease income | - | - | (605,901) | (614,871) |
| Allowance for leasing losses (Notes 3e, 12f and 12g) | - | - | (46,719) | (58,316) |

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Consolidated Balance Sheet at September 30 - In thousands of reais

| ASSETS | BRADESCO | | CONSOLIDATED BRADESCO | |
|---|--------------------|--------------------|-----------------------|--------------------|
| | 2003 | 2002 | 2003 | 2002 |
| OTHER RECEIVABLES | 2,886,275 | 2,085,228 | 6,387,401 | 4,806,563 |
| Income receivable | - | - | 1,080 | - |
| Negotiation and intermediation of securities | - | - | 523 | 130 |
| Insurance premiums receivable (Note 4a) | - | - | 82 | - |
| Sundry (Notes 4a and 13b) | 2,893,737 | 2,087,784 | 6,426,547 | 4,810,751 |
| Allowance for losses (Notes 3e, 12f and 12g) | (7,462) | (2,556) | (40,831) | (4,318) |
| OTHER ASSETS (Note 14) | 259,399 | 265,607 | 345,056 | 331,516 |
| Other assets | - | - | 31,603 | 69,463 |
| Allowance for losses | - | - | (13,039) | (34,591) |
| Prepaid expenses (Notes 4a and 14b) | 259,399 | 265,607 | 326,492 | 296,644 |
| PERMANENT ASSETS | 19,917,934 | 14,839,294 | 4,956,342 | 5,483,319 |
| INVESTMENTS (Notes 3h, 15 and 33b) | 18,266,277 | 13,476,598 | 862,323 | 512,720 |
| Investments in associated companies | | | | |
| - Local | 17,659,304 | 13,274,497 | 369,935 | 395,006 |
| - Foreign | 656,768 | 232,780 | - | - |
| Other investments | 57,994 | 54,910 | 857,985 | 439,342 |
| Allowance for losses | (107,789) | (85,589) | (365,597) | (321,628) |
| PROPERTY AND EQUIPMENT IN USE (Notes 3i and 16) | 1,222,393 | 1,063,942 | 2,291,994 | 2,523,949 |
| Buildings in use | 426,490 | 507,678 | 1,398,735 | 1,748,409 |
| Other fixed assets | 2,546,769 | 2,187,495 | 3,480,636 | 3,459,950 |
| Accumulated depreciation | (1,750,866) | (1,631,231) | (2,587,377) | (2,684,410) |
| LEASED ASSETS (Note 16) | - | - | 34,362 | 34,323 |
| Leased assets | - | - | 63,812 | 51,198 |
| Accumulated depreciation | - | - | (29,450) | (16,875) |
| DEFERRED CHARGES (Notes 2, 3j and 17) | 429,264 | 298,754 | 1,767,663 | 2,412,327 |
| Organization and expansion costs | 924,572 | 670,785 | 1,124,058 | 1,037,559 |
| Accumulated amortization | (495,308) | (372,031) | (572,620) | (568,525) |
| Goodwill on acquisition of subsidiaries, net of amortization (Notes 3j and 17a) | - | - | 1,216,225 | 1,943,293 |
| TOTAL | 140,888,310 | 104,225,333 | 176,097,690 | 142,785,030 |

The accompanying notes are an integral part of these financial statements.

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Consolidated Balance Sheet at December 31 - In thousands of reais

| LIABILITIES AND STOCKHOLDERS' EQUITY | BRADESCO | | CONSOLIDATED BRADESCO | |
|---|-------------------|-------------------|-----------------------|-------------------|
| | 2003 | 2002 | 2003 | 2002 |
| CURRENT LIABILITIES | 99,557,495 | 73,380,042 | 107,069,085 | 87,007,015 |
| DEPOSITS (Notes 3k and 18a) | 43,699,653 | 37,990,627 | 45,129,749 | 43,126,371 |
| Demand deposits | 11,974,072 | 11,649,433 | 12,909,168 | 13,369,917 |
| Savings deposits | 21,370,959 | 19,402,609 | 22,140,171 | 20,730,683 |
| Interbank deposits | 2,070,056 | 567,735 | 31,400 | 23,350 |
| Time deposits (Note 33b) | 8,284,566 | 6,370,850 | 10,049,010 | 9,002,421 |
| DEPOSITS RECEIVED UNDER SECURITY REPURCHASE AGREEMENTS (Notes 3k and 18a) | 32,557,847 | 14,764,377 | 31,096,780 | 15,119,794 |
| Own portfolio | 4,807,391 | 846,580 | 4,965,528 | 914,570 |
| Third-party portfolio | 18,355,121 | 12,340,130 | 17,558,740 | 12,188,054 |
| Unrestricted portfolio | 9,395,335 | 1,577,667 | 8,572,512 | 2,017,170 |
| FUNDS FROM ACCEPTANCE AND ISSUANCE OF SECURITIES (Notes 18b and 33b) | 3,932,903 | 2,184,975 | 4,191,807 | 2,403,411 |
| Exchange acceptances | - | - | - | 1,214 |
| Mortgage notes | 858,180 | 213,564 | 971,682 | 376,075 |
| Debentures | - | - | 7,291 | 90,856 |
| Securities issued abroad | 3,074,723 | 1,971,411 | 3,212,834 | 1,935,266 |
| INTERBANK ACCOUNTS | 543,826 | 583,008 | 529,332 | 606,696 |
| Interbank onlendings | 174,296 | 35,686 | 159,098 | 35,686 |
| Correspondent banks | 369,530 | 547,322 | 370,234 | 571,010 |
| INTERDEPARTMENTAL ACCOUNTS | 1,709,525 | 1,185,206 | 1,782,068 | 1,337,729 |
| Third-party funds in transit | 1,709,525 | 1,185,206 | 1,782,068 | 1,337,729 |
| BORROWINGS (Notes 19a and 33b) | 6,392,589 | 6,484,365 | 6,446,261 | 7,830,579 |
| Local borrowings - official institutions | - | - | 2,070 | 3,368 |
| Local borrowings - other institutions | - | - | 4,010 | 71,896 |
| Foreign currency borrowings | 6,392,589 | 6,484,365 | 6,440,181 | 7,755,315 |
| LOCAL ONLENDINGS - OFFICIAL INSTITUTIONS (Notes 19b and 33b) | 1,584,239 | 1,870,158 | 2,287,261 | 2,470,376 |
| National treasury | 51,398 | - | 51,398 | - |
| National Bank for Economic and Social Development (BNDES) | 781,621 | 1,279,875 | 855,524 | 1,362,514 |
| Federal Savings Bank (CEF) | 1,443 | 1,639 | 55,240 | 31,283 |
| Government Agency for Machinery and Equipment Financing (FINAME) | 748,890 | 587,083 | 1,324,212 | 1,075,018 |
| Other institutions | 887 | 1,561 | 887 | 1,561 |
| FOREIGN ONLENDINGS (Notes 19b and 33b) | 14,053 | 38,821 | 14,406 | 39,476 |
| Foreign onlendings | 14,053 | 38,821 | 14,406 | 39,476 |
| DERIVATIVE FINANCIAL INSTRUMENTS (Notes 3d and 33) | 20,335 | 64,551 | 30,715 | 281,606 |
| TECHNICAL RESERVES FOR INSURANCE, PRIVATE PENSION PLANS AND SAVINGS BONDS (Notes 3g, 4a and 23) | - | - | 3,539,846 | 2,362,861 |
| OTHER LIABILITIES | 9,102,525 | 8,213,954 | 12,020,860 | 11,428,116 |
| Collection of taxes and other contributions | 85,526 | 58,452 | 130,893 | 108,388 |
| Foreign exchange portfolio (Note 13a) | 5,107,731 | 4,849,386 | 5,118,801 | 5,002,132 |
| Social and statutory payables | 832,311 | 631,178 | 844,424 | 666,409 |
| Taxes and social security contributions (Note 4a) | 502,799 | 525,920 | 1,596,338 | 1,593,693 |
| Negotiation and intermediation of securities | 353,885 | 44,521 | 595,958 | 109,474 |
| Subordinated debt (Note 21 and 33b) | 33,527 | 12,081 | 60,935 | 41,892 |
| Sundry (Note 22) | 2,186,746 | 2,092,416 | 3,673,511 | 3,906,128 |
| LONG-TERM LIABILITIES | 27,776,315 | 19,992,837 | 55,337,222 | 44,645,379 |

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| | | | | |
|---|--------------------|--------------------|--------------------|--------------------|
| DEPOSITS (Notes 3k and 18a) | 13,090,389 | 10,955,676 | 12,894,136 | 13,236,792 |
| Interbank deposits | 2,142,315 | 1,535,152 | - | 498 |
| Time deposits (Note 33b) | 10,948,074 | 9,420,524 | 12,894,136 | 13,236,294 |
| DEPOSITS RECEIVED UNDER SECURITY REPURCHASE AGREEMENTS (Notes 3k and 18a) | 1,693,406 | 1,376 | 1,695,945 | 893,171 |
| Own portfolio | 1,693,406 | 1,376 | 1,695,945 | 1,376 |
| Unrestricted portfolio | - | - | - | 891,795 |
| FUNDS FROM ACCEPTANCE AND ISSUANCE OF SECURITIES (Notes 18b and 33b) | 2,527,162 | 460,364 | 2,655,089 | 733,431 |
| Mortgage notes | 57,420 | 743 | 59,174 | 8,652 |
| Debentures | - | - | - | 9,513 |
| Securities issued abroad | 2,469,742 | 459,621 | 2,595,915 | 715,266 |
| BORROWINGS (Notes 19a and 33b) | 771,923 | 1,402,597 | 777,095 | 1,560,051 |
| Local borrowings - Other institutions | - | - | - | 144,916 |
| Foreign currency borrowings | 771,923 | 1,402,597 | 777,095 | 1,415,135 |
| LOCAL ONLENDINGS - OFFICIAL INSTITUTIONS (Notes 19b and 33b) | 3,985,604 | 3,174,091 | 5,267,005 | 4,529,670 |
| National Treasury | - | 62,187 | - | 62,187 |
| BNDES | 2,445,941 | 1,936,296 | 2,547,938 | 2,074,805 |
| CEF | - | - | 404,313 | 422,520 |
| FINAME | 1,539,663 | 1,175,608 | 2,314,754 | 1,970,158 |
| FOREIGN ONLENDINGS (Notes 19b and 33b) | 2,755 | 8,189 | 2,755 | 8,201 |
| Foreign onlendings | 2,755 | 8,189 | 2,755 | 8,201 |
| DERIVATIVE FINANCIAL INSTRUMENTS (Notes 3d and 33) | 20,474 | 129,388 | 21,654 | 295,091 |
| TECHNICAL RESERVES FOR INSURANCE, PRIVATE PENSION PLANS AND SAVINGS BONDS (Notes 3g, 4a and 23) | - | - | 22,869,106 | 16,792,618 |
| OTHER LIABILITIES | 5,684,602 | 3,861,156 | 9,154,437 | 6,596,354 |
| Social and statutory payables | - | - | 7,461 | - |
| Taxes and social security contributions (Note 4a) | 850,006 | 1,016,304 | 3,185,120 | 2,782,338 |
| Subordinated debt (Notes 21 and 33b) | 4,333,875 | 2,679,705 | 4,933,875 | 3,279,705 |
| Sundry (Note 22) | 500,721 | 165,147 | 1,027,981 | 534,311 |
| DEFERRED INCOME | 7,620 | 6,725 | 31,774 | 15,843 |
| Deferred income | 7,620 | 6,725 | 31,774 | 15,843 |
| MINORITY INTEREST IN SUBSIDIARY COMPANIES (Note 24) | - | - | 112,729 | 271,064 |
| STOCKHOLDERS' EQUITY (Note 25) | 13,546,880 | 10,845,729 | 13,546,880 | 10,845,729 |
| Capital: | | | | |
| - Local residents | 6,343,955 | 4,960,425 | 6,343,955 | 4,960,425 |
| - Foreign residents | 656,045 | 239,575 | 656,045 | 239,575 |
| Capital reserves | 8,665 | 7,435 | 8,665 | 7,435 |
| Revenue reserves | 6,066,640 | 5,715,317 | 6,066,640 | 5,715,317 |
| Mark-to-market adjustment - securities and derivatives | 478,917 | 9,152 | 478,917 | 9,152 |
| Treasury stock | (7,342) | (86,175) | (7,342) | (86,175) |
| STOCKHOLDERS' EQUITY MANAGED BY THE PARENT COMPANY | - | - | 13,659,609 | 11,116,793 |
| TOTAL | 140,888,310 | 104,225,333 | 176,097,690 | 142,785,030 |

The accompanying notes are an integral part of these financial statements.

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Banco Bradesco S.A.

Consolidated Statement of Income - In thousands of reais

| | BRADESCO | | CONSOLIDATED BRADESCO | | |
|--|---|--------------------------|--------------------------|--------------------|--------------------|
| | Six-month Period Ended December 31, | Years Ended December 31, | | | |
| | 2003 | 2003 | 2002 | 2003 | 2002 |
| INCOME FROM LENDING AND TRADING ACTIVITIES | 9,935,089 | 18,337,397 | 19,820,734 | 27,529,706 | 31,913,379 |
| Credit operations (Note 12i) | 4,743,392 | 8,826,955 | 10,369,311 | 12,294,528 | 15,726,929 |
| Leasing operations (Note 12i) | - | - | - | 307,775 | 408,563 |
| Security transactions (Notes 4a and 10f) | 3,826,326 | 7,416,257 | 6,739,378 | 7,328,805 | 9,527,663 |
| Financial income on insurance, private pension plans and savings bonds (Notes 4a and 10f) | - | - | - | 5,359,939 | 3,271,913 |
| Derivative financial instruments (Note 33c V) | 291,732 | 46,016 | (1,625,585) | 55,192 | (2,073,247) |
| Foreign exchange transactions (Note 13a) | 484,334 | 811,747 | 3,856,721 | 797,702 | 4,456,594 |
| Compulsory deposits (Note 11b) | 589,305 | 1,236,422 | 480,909 | 1,385,765 | 594,964 |
| EXPENSES | 7,639,298 | 13,977,123 | 16,168,975 | 17,201,888 | 23,259,783 |
| Interest and charges on: | | | | | |
| Deposits (Notes 18c) | 5,788,314 | 10,673,277 | 7,764,430 | 10,535,497 | 10,993,327 |
| Price-level restatement and interest on technical reserves for insurance, private pension plans and savings bonds (Notes 4a and 18c) | - | - | - | 3,120,342 | 2,241,283 |
| Borrowings and onlendings (Note 19c) | 819,677 | 1,041,228 | 6,115,713 | 1,083,379 | 7,194,161 |
| Leasing operations (Note 12i) | - | - | - | 12,981 | 12,486 |
| Provision for loan losses (Notes 3e, 12f and 12g) | 1,031,307 | 2,262,618 | 2,288,832 | 2,449,689 | 2,818,526 |
| INCOME FROM FINANCIAL INTERMEDIATION | 2,295,791 | 4,360,274 | 3,651,759 | 10,327,818 | 8,653,596 |
| OTHER OPERATING INCOME (EXPENSES) | (1,625,518) | (2,703,518) | (1,928,798) | (6,774,710) | (6,343,850) |
| Commissions and fees (Note 26) | 1,710,631 | 3,177,995 | 2,699,318 | 4,556,861 | 3,711,736 |
| Retained insurance premiums, private pension plans and savings bonds (Notes 3g and 23c) | - | - | - | 12,494,843 | 10,134,873 |
| Change in technical reserves for insurance, private pension plans and savings bonds (Notes 3g and 4a) | - | - | - | (3,810,999) | (2,784,647) |
| Claims - insurance operations (Note 3g) | - | - | - | (4,320,516) | (3,614,963) |
| Savings bond redemptions (Note 3g) | - | - | - | (958,718) | (720,932) |
| Insurance and pension plan selling expenses (Note 3g) | - | - | - | (762,010) | (667,527) |
| Expenses with pension plan benefits and redemptions (Note 3g) | - | - | - | (2,791,429) | (1,688,639) |
| Personnel expenses (Note 27) | (2,071,498) | (3,622,225) | (2,899,718) | (4,779,491) | (4,075,613) |
| Other administrative expenses (Note 28) | (1,830,724) | (3,343,773) | (2,716,879) | (4,814,264) | (4,028,377) |
| Tax expenses | (284,101) | (552,905) | (441,282) | (1,054,397) | (847,739) |
| | 1,303,309 | 1,984,408 | 2,107,463 | 5,227 | 64,619 |

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| | | | | | |
|---|-------------------|-------------------|-------------------|------------------|------------------|
| Equity in the earnings of associated companies (Note 15c) | | | | | |
| Other operating income (Note 29) | 252,333 | 754,218 | 423,408 | 2,119,368 | 1,320,986 |
| Other operating expenses (Note 30) | (705,468) | (1,101,236) | (1,101,108) | (2,659,185) | (3,147,627) |
| OPERATING INCOME | 670,273 | 1,656,756 | 1,722,961 | 3,553,108 | 2,309,746 |
| NON-OPERATING INCOME (EXPENSES), NET (Note 31) | 200,464 | 174,187 | 34,870 | (841,076) | 186,342 |
| INCOME BEFORE TAXES AND PROFIT SHARING | 870,737 | 1,830,943 | 1,757,831 | 2,712,032 | 2,496,088 |
| PROVISION FOR INCOME TAX AND SOCIAL CONTRIBUTION (Notes 35a and 35b) | 408,291 | 475,396 | 264,757 | (396,648) | (460,263) |
| MINORITY INTEREST IN SUBSIDIARIES | - | - | - | (9,045) | (13,237) |
| NET INCOME | 1,279,028 | 2,306,339 | 2,022,588 | 2,306,339 | 2,022,588 |
| <hr/> | | | | | |
| INTEREST ATTRIBUTED TO OWN CAPITAL (Note 25c) | (713,692) | (1,347,018) | (946,983) | | |
| Number of outstanding shares (Notes 25a and 25b) | 1,585,304,623,300 | 1,585,304,623,300 | 1,427,880,301,837 | | |
| Net income per thousand shares - In reais | 0.81 | 1.45 | 1.42 | | |
| The accompanying notes are an integral part of these financial statements. | | | | | |

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

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

| Events | Paid-up Capital | Capital Reserves | | | Revenue Reserves | | | Mark-to-market Adjustment - Securities and Derivatives | | Treasury Stock | Retained Earnings | Total | |
|---|------------------|-----------------------|--------------|----------------|------------------|--------------------------------|------------------------------------|--|-----------------|-----------------|-------------------|-----------|-------------------------------------|
| | | Income Tax Incentives | Other | Legal | Statutory | Statutory for Capital Increase | Statutory for Payment of Dividends | Statutory for Investments | Own | | | | Associated and Subsidiary Companies |
| At June 30, 2003 | 7,000,000 | 844 | 7,046 | 850,678 | 4,669,619 | - | - | - | 74,172 | (80,255) | - | - | 12,522, |
| Adjustment of exchange membership certificates | - | - | 775 | - | - | - | - | - | - | - | - | - | - |
| Treasury stock | - | - | - | - | - | - | - | - | - | - | (7,342) | - | (7,342) |
| Mark-to-market adjustment - Securities and derivatives | - | - | - | - | - | - | - | - | (117,191) | 602,191 | - | (18,993) | 466,007 |
| Net income | - | - | - | - | - | - | - | - | - | - | - | 1,279,028 | 1,279,028 |
| Appropriation of net income: | | | | | | | | | | | | | |
| - Reserves | - | - | - | 63,951 | 482,392 | - | - | - | - | - | - | (546,343) | (546,343) |
| - Interest attributed to own capital | - | - | - | - | - | - | - | - | - | - | - | (713,692) | (713,692) |
| At December 31, 2003 | 7,000,000 | 844 | 7,821 | 914,629 | 5,152,011 | - | - | - | (43,019) | 521,936 | (7,342) | - | 13,546, |
| At December 31, 2001 | 5,200,000 | - | 7,435 | 692,577 | - | 3,080,177 | 432,663 | 408,693 | - | - | (53,599) | - | 9,767, |
| Prior-year adjustments - Trading securities | - | - | - | - | - | - | - | - | - | - | - | 21,146 | 21,146 |
| Prior-year adjustments - Securities available for sale - Gain | - | - | - | - | - | - | - | - | 125,571 | 71,532 | - | - | 197,103 |
| Prior-year adjustments - Securities available for sale - Loss | - | - | - | - | - | - | - | - | (5,606) | (85,358) | - | 90,964 | 90,964 |
| Transfer of prior-year adjustments to reserves | - | - | - | 5,606 | 106,504 | - | - | - | - | - | - | (112,110) | (112,110) |
| Transfer of reserves | - | - | - | - | 3,921,533 | (3,080,177) | (432,663) | (408,693) | - | - | - | - | - |
| Treasury stock | - | - | - | - | - | - | - | - | - | - | (119,084) | - | (119,084) |
| Cancellation of treasury stock | - | - | - | - | (86,508) | - | - | - | - | - | 86,508 | - | 86,508 |

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| | | | | | | | | | | | | | |
|--|---|---|---|---------|---------|---|---|---|----------|----------|---|-----------|---------------------|
| Mark-to-market adjustment - Securities and derivatives | - | - | - | - | - | - | - | - | (19,094) | (77,893) | - | - | (96,987) |
| Net income | - | - | - | - | - | - | - | - | - | - | - | 2,022,588 | 2,022,588 |
| Appropriation of net income: | | | | | | | | | | | | | |
| - Reserves | - | - | - | 101,129 | 974,476 | - | - | - | - | - | - | - | (1,075,605) |
| - Interest attributed to own capital | - | - | - | - | - | - | - | - | - | - | - | - | (946,983) (946,983) |

At December 31, 2002 **5,200,000** - **7,435** **799,312** **4,916,005** - - - **100,871** **(91,719)** **(86,175)** - **10,845,000**

| | | | | | | | | | | | | | | |
|--|---------|-----|---------|---------|-----------|---|---|---|-----------|---------|---|----------|-------------------------|-----------|
| Capital increase through subscription | 501,000 | - | - | - | - | - | - | - | - | - | - | - | - | 501,000 |
| Capital increase through incorporation of shares | 788,735 | - | - | - | - | - | - | - | - | - | - | - | - | 788,735 |
| Capital increase with reserves | 510,265 | - | (7,435) | - | (502,830) | - | - | - | - | - | - | - | - | - |
| Share premium | - | - | 7,046 | - | - | - | - | - | - | - | - | - | - | 7,046 |
| Cancellation of treasury stock | - | - | - | - | (86,175) | - | - | - | - | - | - | 86,175 | - | - |
| Treasury stock | - | - | - | - | - | - | - | - | - | - | - | (7,342) | - | (7,342) |
| Fiscal incentives | - | 844 | - | - | - | - | - | - | - | - | - | - | - | - |
| Adjustment of exchange membership certificates | - | - | 775 | - | - | - | - | - | - | - | - | - | - | - |
| Mark-to-market adjustment - Securities and derivatives | - | - | - | - | - | - | - | - | (143,890) | 613,655 | - | (18,993) | 450,772 | |
| Net income | - | - | - | - | - | - | - | - | - | - | - | - | 2,306,339 | 2,306,339 |
| Appropriation of net income: | | | | | | | | | | | | | | |
| - Reserves | - | - | - | 115,317 | 825,011 | - | - | - | - | - | - | - | (940,328) | |
| - Interest attributed to own capital | - | - | - | - | - | - | - | - | - | - | - | - | (1,347,018) (1,347,018) | |

At December 31, 2003 **7,000,000** **844** **7,821** **914,629** **5,152,011** - - - **(43,019)** **521,936** **(7,342)** - **13,546,000**

The accompanying notes are an integral part of these financial statements.

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

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Consolidated Statement of Changes in Financial Position - In thousand of reais

| | BRADESCO | | CONSOLIDATED BRADESCO | | |
|---|--|-------------------------|--------------------------|-------------------|-------------------|
| | Six-month Period Ended December 31 | Years Ended December 31 | | | |
| | 2003 | 2003 | 2002 | 2003 | 2002 |
| FINANCIAL RESOURCES WERE PROVIDED BY : | 29,730,963 | 42,326,848 | 33,051,586 | 39,145,633 | 41,104,454 |
| NET INCOME | 1,279,028 | 2,306,339 | 2,022,588 | 2,306,339 | 2,022,588 |
| ADJUSTMENTS TO NET INCOME | (972,238) | (1,739,452) | (1,402,215) | 1,678,886 | 622,015 |
| Depreciation and amortization | 185,868 | 359,223 | 262,285 | 623,113 | 480,424 |
| Amortization of goodwill | 136,990 | 194,946 | 120,019 | 1,035,080 | 237,558 |
| Change in provision for investments | 32,079 | 22,200 | (202,948) | 28,714 | 5,208 |
| Equity in the earnings of associated companies | (1,303,309) | (1,984,408) | (2,107,463) | (5,227) | (64,619) |
| Other | (23,866) | (331,413) | 525,892 | (2,794) | (36,556) |
| Change in Deferred Income | 4,206 | 895 | 631 | 15,931 | 6,823 |
| Change in Minority Interest | - | - | - | (158,335) | 131,833 |
| STOCKHOLDERS | 775 | 1,297,556 | - | 1,297,556 | - |
| Capital increase through subscription | - | 501,000 | - | 501,000 | - |
| Capital increase through incorporation of shares | - | 788,735 | - | 788,735 | - |
| Capital Reserves | - | 7,046 | - | 7,046 | - |
| Share premium | 775 | 775 | - | 775 | - |
| FISCAL INCENTIVE INVESTMENTS | - | 844 | - | 844 | - |
| THIRD PARTIES: | | | | | |
| - Increase in liabilities | 21,687,441 | 34,658,545 | 20,712,202 | 32,966,215 | 33,099,946 |
| Deposits | 2,976,077 | 7,843,739 | 11,413,523 | 1,660,722 | 15,279,184 |
| Deposits received under security repurchase agreements | 14,918,952 | 19,485,500 | 1,316,288 | 16,779,760 | 1,955,638 |
| Funds from acceptance and issuance of securities | 1,650,635 | 3,814,726 | - | 3,710,054 | - |
| Interbank accounts | - | - | 391,749 | - | 414,669 |
| Interdepartmental accounts | 548,254 | 524,319 | 484,313 | 444,339 | 575,224 |
| Borrowings and onlendings | 1,593,523 | - | 1,526,136 | - | 2,404,283 |
| Derivative financial instruments | - | - | 125,828 | - | 465,097 |
| Technical reserves for insurance, private pension plans and savings bonds | - | - | - | 7,253,473 | 5,302,053 |
| Other liabilities | - | 2,990,261 | 5,454,365 | 3,117,867 | 6,703,798 |
| - Decrease in assets | 2,558,246 | 35,863 | 10,212,553 | 139,512 | 4,114,041 |
| Securities and derivative financial instruments | - | - | 8,759,197 | - | 3,902,342 |
| Interbank accounts | 2,311,232 | - | - | - | - |
| Credit operations | - | - | 1,453,356 | - | - |
| Leasing operations | - | - | - | 124,733 | 136,761 |
| Insurance premiums receivable | - | - | - | - | 74,938 |
| Other receivables | 213,296 | - | - | - | - |
| Other assets | 33,718 | 35,863 | - | 14,779 | - |
| - Sale (write-off) of assets and investments | 4,736,558 | 5,058,117 | 584,422 | 842,254 | 1,081,239 |
| Non-operating assets | 81,238 | 138,375 | 113,487 | 191,321 | 156,175 |
| Property and equipment in use and leased assets | 93,642 | 100,608 | 272,315 | 534,297 | 478,955 |
| Investments | 4,560,476 | 4,813,238 | 198,351 | 63,262 | 433,874 |
| Sale (write-off) of deferred charges | 1,202 | 5,896 | 269 | 53,374 | 12,235 |
| | 436,947 | 708,141 | 921,405 | 56,431 | 25,969 |

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- Interest attributed to own capital and dividends received from associated companies

| | | | | | | |
|--|--|-------------------|-------------------|-------------------|-------------------|-------------------|
| TOTAL FUNDS PROVIDED | | 29,075,958 | 41,915,489 | 33,722,410 | 39,482,914 | 41,404,534 |
| INTEREST ATTRIBUTED TO OWN CAPITAL AND DIVIDENDS PAID AND/OR DECLARED | | 713,692 | 1,347,018 | 946,983 | 1,347,018 | 946,983 |
| ACQUISITION OF OWN SHARES | | 7,342 | 7,342 | 119,084 | 7,342 | 119,084 |
| INVESTMENTS IN: | | 5,155,485 | 8,653,002 | 2,278,069 | 1,064,303 | 1,680,891 |
| Non-operating assets | | 43,257 | 82,570 | 103,323 | 130,055 | 209,344 |
| Property and equipment in use and leased assets | | 323,532 | 510,840 | 408,594 | 840,130 | 1,130,999 |
| Investments | | 4,788,696 | 8,059,592 | 1,766,152 | 94,118 | 340,548 |
| DEFERRED CHARGES | | 54,621 | 245,744 | 110,308 | 593,139 | 1,514,370 |
| INCREASE IN ASSETS | | 20,738,429 | 31,243,013 | 29,031,069 | 34,225,850 | 35,478,638 |
| Interbank investments | | 7,962,230 | 10,048,742 | 19,038,369 | 10,251,247 | 17,605,437 |
| Securities and derivative financial instruments | | 8,645,431 | 10,502,841 | - | 16,716,007 | - |
| Interbank accounts | | - | 1,496,166 | 6,617,018 | 1,069,405 | 7,801,492 |
| Interdepartmental accounts | | 300,541 | 318,240 | 8,055 | 323,040 | 15,666 |
| Credit operations | | 3,830,227 | 5,027,485 | - | 2,457,439 | 4,573,920 |
| Other receivables | | - | 3,849,539 | 3,283,203 | 3,238,263 | 5,269,671 |
| Insurance premiums receivable | | - | - | - | 170,449 | - |
| Other assets | | - | - | 84,424 | - | 212,452 |
| DECREASE IN LIABILITIES | | 2,406,389 | 419,370 | 1,236,897 | 2,245,262 | 1,664,568 |
| Funds from acceptance and issuance of securities | | - | - | 1,236,897 | - | 1,664,568 |
| Interbank accounts | | 1,797,126 | 39,182 | - | 77,364 | - |
| Borrowings and onlendings | | - | 227,058 | - | 1,643,570 | - |
| Derivative financial instruments | | 204,543 | 153,130 | - | 524,328 | - |
| Other liabilities | | 404,720 | - | - | - | - |
| INCREASE/(DECREASE) IN FUNDS AVAILABLE | | 655,005 | 411,359 | (670,824) | (337,281) | (300,080) |
| CHANGES IN FINANCIAL POSITION | | | | | | |
| At the beginning of the period | | 1,536,475 | 1,780,121 | 2,450,945 | 2,785,707 | 3,085,787 |
| At the end of the period | | 2,191,480 | 2,191,480 | 1,780,121 | 2,448,426 | 2,785,707 |
| Increase/(Decrease) in funds available | | 655,005 | 411,359 | (670,824) | (337,281) | (300,080) |

The accompanying notes are an integral part of these financial statements.

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

BANCO BRADESCO S.A.

Notes to the Financial Statements

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1) OPERATIONS

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

Accordingly, Banco Bradesco S.A. carried out the following transactions in 2003:

- In March, conclusion of the process to acquire the Administration and Management activities of the Securities and Investment Fund Portfolios of JPMorgan Fleming Asset Management.
- Acquisition through an exchange of shares of the remaining minority interest in Banco Mercantil de São Paulo S.A., approved by the Extraordinary General Meeting on March 31.
- On June 9, acquisition of 49% of the voting capital and 99.99% of the non-voting capital of Banco Bilbao Vizcaya Argentaria Brasil S.A. (now Banco Alvorada S.A.) and subsequent acquisition of remaining shares by Bradesco.
- Acquisition on November 6, through its subsidiary Banco Finasa S.A., of the total capital of Banco Zogbi S.A. and its subsidiaries, the financial statements of which were not consolidated since the acquisition process is still pending approval by the corresponding authorities.
- On December 17, approval by the Extraordinary General Meeting of a 1-for-10,000 reverse stock split, ratified by the Brazilian Central Bank (BACEN) on January 6, 2004 and stockholders, at their own discretion, will be able to adjust their stock positions by type and in multiples of 10,000 through March 19, 2004, at the stock exchanges.

2) PRESENTATION OF THE FINANCIAL STATEMENTS

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

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

Accordingly, upon consolidation, intercompany investments, account balances, revenue, expenses and unrealized income were eliminated from the financial statements and, in the case of investments which are jointly controlled with other stockholders, asset, liability and income components, are included in the consolidated financial statements in proportion to the parent company's percentage capital ownership of each investee. Goodwill on the acquisition of investments in subsidiaries is presented in deferred assets and minority interests in net income and stockholders' equity are separately disclosed. Exchange variation arising from permanent investments in subsidiaries and foreign branches was allocated to the statement of income accounts in accordance with the corresponding assets and liabilities from which it originated.

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

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

| | Activity Area | % Ownership | |
|-------------------------------|---------------|-------------|--------|
| | | 2003 | 2002 |
| Financial area - Local | | | |
| Banco Alvorada S.A. (1) | Banking | 100.00% | - |
| Banco Baneb S.A. (2) | Banking | 99.94% | 99.97% |

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| | | | |
|--|-----------------------|---------|---------|
| Banco BCN S.A. | Banking | 100.00% | 100.00% |
| Banco BEA S.A. (3) | Banking | - | 88.68% |
| Banco Boavista Interatlântico S.A. | Banking | 100.00% | 100.00% |
| Banco de Crédito Real de Minas Gerais S.A. | Banking | 99.99% | 99.99% |
| Banco Finasa de Investimento S.A. (4) (5) | Investment Banking | 97.40% | 81.99% |
| Banco Finasa S.A. | Banking | 100.00% | 100.00% |
| Banco Mercantil de São Paulo S.A. (4) | Banking | 100.00% | 84.19% |
| Bradesco BCN Leasing S.A. Arrendamento Mercantil (6) (7) | Leasing | 99.97% | 99.94% |
| Bradesco Consórcios Ltda. | Consortium Management | 99.99 % | 99.99% |
| Bradesco Leasing S.A. Arrendamento Mercantil (8) | Leasing | - | 100.00% |
| Bradesco S.A. Corretora de Títulos e Valores Mobiliários | Brokerage | 99.99% | 99.99% |
| BRAM - Bradesco Asset Management Ltda. | Asset Management | 99.99% | 99.99% |
| Companhia Brasileira de Meios de Pagamento - VISANET (9) (10) (11) (12) (22) | Services | 39.71% | 38.97% |
| Finasa Leasing Arrendamento Mercantil S.A. (13) | Leasing | - | 84.18% |

Financial area Foreign

| | | | |
|---|-----------|---------|---------|
| Alvorada Nassau (1) | Banking | 100.00% | - |
| Banco Bradesco Argentina S.A. (10) (11) | Banking | 99.99% | 99.99% |
| Banco Bradesco Luxembourg S.A. (14) | Banking | 100.00% | 99.99% |
| Banco Mercantil de São Paulo International S.A. (10) (14) | Banking | - | 84.19% |
| BCN Grand Cayman | Banking | 100.00% | 100.00% |
| Boavista Grand Cayman | Banking | 100.00% | 100.00% |
| Boavista Nassau | Banking | 100.00% | 100.00% |
| Bradesco Grand Cayman (21) | Banking | 100.00% | 100.00% |
| Bradesco New York | Banking | 100.00% | 100.00% |
| Bradesco Securities, Inc. | Brokerage | 100.00% | 100.00% |
| Mercantil Grand Cayman (4) | Banking | 100.00% | 84.19% |

Insurance, pension plan and savings bond area

| | | | |
|--|-------------------------|--------|--------|
| ABS - Empreendimentos Imobiliários, Participações e Serviços S.A. (18) | Real Estate | - | 99.09% |
| Atlântica Capitalização S.A. | Savings Bonds | 99.70% | 99.66% |
| Áurea Seguros S.A. (9) (10) (11) | Insurance | 27.42% | 27.41% |
| Bradesco Argentina de Seguros S.A. | Insurance | 99.47% | 99.43% |
| Bradesco Capitalização S.A. (15) | Savings Bonds | 99.33% | 99.65% |
| Bradesco Saúde S.A. | Insurance | 99.70% | 99.66% |
| Bradesco Seguros S.A. | Insurance | 99.70% | 99.66% |
| Bradesco Vida e Previdência S.A. | Pension Plans/Insurance | 99.69% | 99.65% |
| Finasa Seguradora S.A. (16) | Insurance | 99.46% | 99.22% |
| Indiana Seguros S.A. (23) | Insurance | 39.88% | 39.86% |
| Seguradora Brasileira de Crédito à Exportação S.A. (9) (10) (11) | Insurance | 12.05% | 12.05% |
| União Novo Hamburgo Seguros S.A. (17) | Insurance | 91.41% | 91.19% |

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Other activities

| | | | |
|---|------------------------|--------|--------|
| Bradescor Corretora de Seguros Ltda. | Insurance Brokerage | 99.99% | 99.99% |
| Cibrasec - Companhia Brasileira de Securitização (9) (10) (11) (12) | Credit Acquisition | 12.50% | 10.00% |
| CPM Holdings Limited (9) (10) (11) | Holding Company | 49.00% | 49.00% |
| Latasa S.A. (10) (19) | Metal Products | - | 39.12% |
| Pevê Prédios S.A. (20) | Real Estate | - | 76.40% |
| Scopus Tecnologia S.A. (10) | Information Technology | 99.99% | 99.99% |
| Serasa S.A. (9) (10) (11) (12) | Services | 26.31% | 20.57% |
| Smart Club do Brasil Ltda. (9) | Services | 36.36% | 36.36% |
| União de Comércio e Participações Ltda. | Holding Company | 99.99% | 99.99% |

- (1) New names of Banco Bilbao Vizcaya Argentaria Brasil S.A. BBV Banco and the BBV Banco branch in Nassau acquired in June 2003.
- (2) Percentage ownership decreased following the merger of Banco BEA S.A. in April 2003.
- (3) Became a subsidiary of Banco Baneb S.A. in March 2003 and was merged in April 2003.
- (4) Percentage ownership increased through acquisition and incorporation of the minority stockholders' shares of Banco Mercantil de São Paulo S.A.
- (5) Became a direct subsidiary of Banco Bradesco in May 2003.
- (6) Percentage ownership increased as a result of the merger of Bradesco Leasing into BCN Leasing in February 2003 and of Finasa Leasing in April 2003. (7) Previously named BCN Leasing Arrendamento Mercantil S.A.
- (8) Merged into BCN Leasing in February 2003.
- (9) Proportionally consolidated in accordance with CMN Resolution 2723 and CVM Instruction 247.
- (10) Companies audited by other independent auditors in 2002.
- (11) Companies audited by other independent auditors in 2003.
- (12) Percentage ownership increased through acquisition of BBV Banco in June 2003.
- (13) Merged into BCN Leasing in April 2003.
- (14) In September 2003, Banco Mercantil de São Paulo International S.A. and Banco Bradesco Luxembourg S.A. were merged and the latter's name maintained.
- (15) Percentage ownership decreased through the incorporation of ABS-Empreendimentos Imobiliários, Participações e Serviços S.A. in December 2003.
- (16) Became a direct subsidiary of Bradesco Seguros in April 2003.
- (17) Percentage ownership increased through acquisition of shares.
- (18) Merged into Bradesco Capitalização S.A. in December 2003.
- (19) Sold in October 2003.
- (20) Merged into Banco Mercantil in January 2003.
- (21) The joint venture partnership called International Diversified Payment Rights Company, operating in the securitization of the future flow of payment orders received from abroad is being consolidated (Note 18b).
- (22) The joint venture partnership called Brazilian Merchant Voucher Receivables Limited operating in the securitization of the future flow of credit card bill receivables from foreign cardholders abroad is being consolidated (Note 18b).
- (23) A subsidiary since percentage ownership totals 51% of voting capital.

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3) SIGNIFICANT ACCOUNTING POLICIES

a) Determination of net income

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

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

The revenue from savings bond plans is recognized at the time it is effectively received. The expenses for placement of bonds, classified as Selling Expenses, are recorded as they are incurred. Brokerage expenses are recorded at the time the savings bond plan contributions are effectively received. The payment of prizes on winning bonds is recorded as an expense in the month in which the draw takes places.

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

b) Interbank investments

Purchase and sale commitments subject to unrestricted movement agreements are adjusted to market value. Other assets are recorded at purchase cost, including accrued income up to the balance sheet date, net of loss accrual, where applicable.

c) Securities

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

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

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

d) Derivative financial instruments (assets and liabilities)

Pursuant to BACEN Circular 3082/2002 and complementary regulations, the derivative financial instruments are classified based on management's intended use thereof on the date of the operation and whether it was carried out for hedging purposes or not.

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

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

- Market risk hedge - the hedged financial assets and liabilities and the corresponding derivative financial instruments are recorded at market value, with corresponding mark-to-market adjustments recorded directly in income for the period.

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

e) Credit and leasing operations, advances on foreign exchange contracts, other receivables and allowance for loan and leasing losses

The credit and leasing operations, advances on foreign exchange contracts and other receivables are classified in compliance with: (i) the parameters established by CMN Resolution 2682/1999 at nine levels from AA (minimum risk) to H (maximum risk); and (ii) management's risk level assessment. This assessment, which is carried out on a periodic basis, considers current economic conditions, and past loan loss experience, as well as specific and general risks relating to operations, borrowers and guarantors. The length of the delay in payment defined in CMN Resolution 2682/1999 is also taken into account for customer risk classification purposes as follows:

| Length of Delay | Customer Classification |
|----------------------|-------------------------|
| No delay | AA |
| Up to 14 days | A |
| From 15 to 30 days | B |
| From 31 to 60 days | C |
| From 61 to 90 days | D |
| From 91 to 120 days | E |
| From 121 to 150 days | F |
| From 151 to 180 days | G |
| More than 180 days | H |

The accrual of credit operations past due up to 60 days is recorded in income on credit operations and subsequent to the 61st day, in unearned income.

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

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

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

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

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

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

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

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

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

Provision for unearned premiums

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

Benefits to be granted and benefits granted

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

Savings Bonds - mathematical provisions

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

Unsettled claims and IBNR

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

h) Investments

Significant investments in subsidiaries, associated companies and jointly controlled investments are recorded on the equity method. The financial statements of the foreign branches and subsidiaries are adjusted to comply with the accounting practices adopted in Brazil, translated into reais and their related effects recognized in income for the year.

The exchange membership certificates of Stock Exchanges, the Center for the Financial Clearance and Custody of Private Securities (CETIP) and the Mercantile and Futures Exchange (BM&F) were recorded at net book value and fiscal incentives and other investments were recorded at cost, plus restatements through December 31, 1995, net of the provision for loss, where applicable .

i) Property and equipment in use

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

j) Deferred charges

Deferred charges are recorded at cost of acquisition or formation, net of the corresponding accumulated amortization, calculated on the straight-line method and amortized at a rate of 20% to 50% per annum.

Goodwill on the acquisition of investments in subsidiary companies, based on expected future results, is amortized at rates of 10% to 20% per annum and is presented on a consolidated basis in deferred charges and in investments on an unconsolidated basis.

k) Deposits and deposits received under security repurchase agreements

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

l) Other assets and liabilities

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

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4) INFORMATION FOR COMPARISON PURPOSES

a) Reclassifications

In order to facilitate comparison of the financial statements, certain December 31, 2002 account balances were reclassified in line with the accounting procedures/classification used at December 31, 2003.

At December 31, 2002 - In thousands of reais

| CONSOLIDATED BRADESCO | | | |
|--|-------------------------|--------------------------|-----------------------------|
| BALANCE SHEET | Prior Disclosure | Reclassifications | Reclassified Balance |
| ASSETS | | | |
| Current assets and long-term receivables | 137,290,008 | 11,703 | 137,301,711 |
| Other receivables | 20,880,166 | (190,112) | 20,690,054 |
| Insurance premiums receivable (1) | 920,724 | (201,815) | 718,909 |
| Sundry (2) | 9,629,263 | 11,703 | 9,640,966 |
| Other assets | 876,309 | 201,815 | 1,078,124 |
| Prepaid expenses (1) | 440,747 | 201,815 | 642,562 |
| Total assets | 142,773,327 | 11,703 | 142,785,030 |
| LIABILITIES | | | |
| Current and long-term liabilities | 113,624,570 | 18,027,824 | 131,652,394 |
| Technical reserves for insurance, savings bonds and private pension plans (3) | - | 19,155,479 | 19,155,479 |
| Other liabilities | 19,152,125 | (1,127,655) | 18,024,470 |
| Taxes and social security contributions (2) | 4,364,328 | 11,703 | 4,376,031 |
| Technical reserves for insurance, private pension plans and savings bonds (3) | 1,139,358 | (1,139,358) | - |
| Technical reserves for insurance, savings bonds and private pension plans (3) | 18,016,121 | (18,016,121) | - |
| Total liabilities | 142,773,327 | 11,703 | 142,785,030 |

At December 31, 2002 - In thousands of reais

| CONSOLIDATED BRADESCO | | | |
|---|-------------------------|--------------------------|-----------------------------|
| STATEMENT OF INCOME | Prior Disclosure | Reclassifications | Reclassified Balance |
| Income from lending and trading activities | 31,913,379 | - | 31,913,379 |
| Income on security transactions (4) | 12,799,576 | (3,271,913) | 9,527,663 |
| | - | 3,271,913 | 3,271,913 |

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Financial income on insurance, private pension plans and savings bonds (4)

| | | | |
|--|--------------------|--------------------|--------------------|
| Expenses | 21,018,500 | 2,241,283 | 23,259,783 |
| Price-level restatement and interest on technical reserves of insurance, private pension plans and savings bonds (5) | - | 2,241,283 | 2,241,283 |
| Income from financial intermediation | 10,894,879 | (2,241,283) | 8,653,596 |
| Other operating income (expenses) | (8,585,133) | 2,241,283 | (6,343,850) |
| Change in technical reserves for insurance, private pension plans and savings bonds (5) | (5,025,930) | 2,241,283 | (2,784,647) |
| Net income | 2,022,588 | - | 2,022,588 |

(1) Transfer of other receivables insurance premiums receivable, to other assets prepaid expenses, related to the deferral of insurance brokerage commission.

(2) Reclassification of the deferred income tax liability on excess depreciation of Bradesco Leasing, considered in December 2002, net of the deferred income tax asset.

(3) Classified in compliance with SUSEP's new plan of accounts.

(4) Opening for financial income on insurance, private pension plans and savings bonds.

(5) Transfer of price-level restatement of technical reserves for insurance, private pension plans and savings bonds to expenses for price-level restatement and interest on technical reserves of insurance, private pension plans and savings bonds.

b) During the first half of 2003, Bradesco acquired control of BBV Banco (now Banco Alvorada S.A.) and its subsidiaries. On September 19, 2003, Bradesco and BBV entered into an agreement for the transfer of assets and rights and assumption of debt, whereby Bradesco received assets in the amount of R\$ 3,274,079 thousand and assumed liabilities in the amount of R\$ 4,683,169 thousand. We present below the main balance sheet of the Bank and its subsidiaries at June 30, 2003:

In thousands of reais

BBV Banco and subsidiaries

June 30, 2003

ASSETS

| | |
|---|-------------------|
| Current assets and long-term receivables | 9,875,795 |
| Funds available | 64,420 |
| Interbank investments | 3,215,674 |
| Securities and derivative financial instruments | 1,706,620 |
| Interbank and interdepartmental accounts | 410,034 |
| Credit and leasing operations | 3,371,270 |
| Other receivables and other assets | 1,107,777 |
| Permanent assets | 194,356 |
| - Investments | 41,842 |
| - Property and equipment in use | 149,827 |
| - Deferred charges | 2,687 |
| Total | 10,070,151 |

LIABILITIES

| | |
|---|-------------------|
| Current and long-term liabilities | 7,754,018 |
| Demand, time and interbank deposits | 2,887,114 |
| Savings deposits | 581,557 |
| Deposits received under security repurchase agreements and funds from acceptance and issuance of securities | 2,371,948 |
| Interbank and interdepartmental accounts | 20,646 |
| Borrowings and onlendings | 1,253,927 |
| Derivative financial instruments | 13,929 |
| Other liabilities | 624,897 |
| Deferred income | 2,053 |
| Stockholders' equity | 2,314,080 |
| Total | 10,070,151 |

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5) ADJUSTED BALANCE SHEET AND STATEMENT OF INCOME BY BUSINESS SEGMENT

The consolidated balance sheet and statement of income, by business segment, are presented below at December 31, 2003 in accordance with the Chart of Accounts for National Financial System Institutions (COSIF).

a) Balance sheet

At December 31, 2003 - In thousands of reais

| | Financial (1) (2) | | Insurance Group (2) (3) | | Other Activities (2) | Amount Eliminated (4) | Total Consolidated |
|---|--------------------|-------------------|-------------------------|---------------|----------------------|-----------------------|--------------------|
| | Local | Foreign | Local | Foreign | | | |
| ASSETS | | | | | | | |
| Current assets and long-term receivables | 124,456,291 | 20,203,097 | 31,760,160 | 43,313 | 492,642 | (5,814,155) | 171,141,348 |
| Funds available | 2,236,235 | 165,436 | 77,469 | 2,358 | 26,876 | (59,948) | 2,448,426 |
| Interbank investments | 27,840,647 | 3,889,390 | 36,802 | - | - | (42,836) | 31,724,003 |
| Securities and derivative financial instruments | 17,659,095 | 8,487,659 | 29,154,672 | 36,441 | 113,651 | (1,646,738) | 53,804,780 |
| Interbank and interdepartmental accounts | 14,521,411 | 6,205 | - | - | - | - | 14,527,616 |
| Credit and leasing operations | 40,036,656 | 7,451,846 | - | - | - | (4,019,351) | 43,469,151 |
| Other receivables and other assets | 22,162,247 | 202,561 | 2,491,217 | 4,514 | 352,115 | (45,282) | 25,167,372 |
| Permanent assets | 11,736,238 | 369,700 | 869,513 | 395 | 266,032 | (8,285,536) | 4,956,342 |
| Investments (5) | 8,396,410 | 365,453 | 363,707 | - | 22,289 | (8,285,536) | 862,323 |
| Property and equipment in use and leased assets | 1,878,233 | 3,406 | 309,426 | 392 | 134,899 | - | 2,326,356 |
| Deferred charges | 1,461,595 | 841 | 196,380 | 3 | 108,844 | - | 1,767,663 |
| Total | 136,192,529 | 20,572,797 | 32,629,673 | 43,708 | 758,674 | (14,099,691) | 176,097,690 |
| LIABILITIES | | | | | | | |
| Current and long-term liabilities | 122,598,259 | 16,137,637 | 29,079,972 | 29,592 | 375,002 | (5,814,155) | 162,406,307 |
| Deposits | 53,993,932 | 4,230,633 | - | - | - | (200,680) | 58,023,885 |
| Deposits received under security repurchase agreements | 29,386,511 | 3,406,214 | - | - | - | - | 32,792,725 |
| Funds from the acceptance and issuance of securities | 6,337,282 | 2,937,104 | - | - | - | (2,427,490) | 6,846,896 |
| Interbank and interdepartmental accounts | 2,151,392 | 160,008 | - | - | - | - | 2,311,400 |
| Borrowings and onlendings | 14,947,079 | 2,978,019 | - | - | - | (3,130,315) | 14,794,783 |
| Derivative financial instruments | 50,278 | 259 | - | - | 1,832 | - | 52,369 |
| Technical reserves for insurance, private pension plans and savings bonds | - | - | 26,382,879 | 26,073 | - | - | 26,408,952 |
| Other liabilities: | | | | | | | |

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| | | | | | | | |
|---|--------------------|-------------------|-------------------|---------------|------------------|---------------------|--------------------|
| - Subordinated debt | 2,716,059 | 2,278,751 | - | - | - | - | 4,994,810 |
| - Other | 13,015,726 | 146,649 | 2,697,093 | 3,519 | 373,170 | (55,670) | 16,180,487 |
| Deferred income | 31,603 | - | - | - | 171 | - | 31,774 |
| Minority interest and stockholders' equity in subsidiaries | 15,787 | 4,435,160 | 3,549,701 | 14,116 | 383,501 | (8,285,536) | 112,729 |
| Stockholders' equity of the parent company | 13,546,880 | - | - | - | - | - | 13,546,880 |
| Total in 2003 | 136,192,529 | 20,572,797 | 32,629,673 | 43,708 | 758,674 | (14,099,691) | 176,097,690 |
| Total in 2002 | 117,802,985 | 14,529,675 | 25,098,936 | 65,754 | 1,727,162 | (16,439,482) | 142,785,030 |

b) Statement of income

At December 31, 2003 - In thousands of reais

| | Financial (1) (2) | | Insurance Group (2) (3) | | Other Activities (2) | Amounts Eliminated (4) | Total Consolidated |
|--|-------------------|----------------|-------------------------|---------------|----------------------|------------------------|--------------------|
| | Local | Foreign | Local | Foreign | | | |
| Income from lending and trading activities | 21,589,802 | 821,229 | 5,361,005 | 1,653 | 24,209 | (268,192) | 27,529,706 |
| Expenses for lending and trading activities | 13,925,372 | 423,587 | 3,120,342 | - | (226) | (267,187) | 17,201,888 |
| Income from financial intermediation | 7,664,430 | 397,642 | 2,240,663 | 1,653 | 24,435 | (1,005) | 10,327,818 |
| Other operating income (expenses) (5) | (5,623,721) | (72,994) | (1,145,069) | 244 | 63,135 | 3,695 | (6,774,710) |
| Operating income (expenses) | 2,040,709 | 324,648 | 1,095,594 | 1,897 | 87,570 | 2,690 | 3,553,108 |
| Non-operating income (expenses), net | (800,835) | 6,730 | (49,147) | (1,013) | 5,879 | (2,690) | (841,076) |
| Income before taxes and profit sharing | 1,239,874 | 331,378 | 1,046,447 | 884 | 93,449 | - | 2,712,032 |
| Provision for income tax and social contribution | 16,062 | (7,888) | (367,229) | (93) | (37,500) | - | (396,648) |
| Minority interest in subsidiaries | (6,620) | - | (1,458) | - | (967) | - | (9,045) |
| Net income in 2003 | 1,249,316 | 323,490 | 677,760 | 791 | 54,982 | - | 2,306,339 |
| Net income in 2002 | 922,260 | 251,124 | 729,900 | 15,073 | 104,231 | - | 2,022,588 |

(1)The financial segment comprises financial institutions and holding companies which are mainly responsible for managing financial resources, as well as credit card administration and asset management companies.

(2)Asset and liability and income and expense account balances are eliminated between companies from the same segment.

(3)The Insurance Group segment comprises insurance, private pension plan and savings bond companies.

(4)Amounts eliminated between companies from different segments.

(5)Investments and equity in earnings of associated companies are allocated to the segment to which the companies pertain.

6) BALANCE SHEET BY CURRENCY AND EXCHANGE EXPOSURE

We present below the consolidated account balances by currency and exchange exposure, at December 31, 2003:

At December 31, 2003 - In thousands of reais

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| | Balance Sheet | Currency | |
|---|--------------------|--------------------|-------------------|
| | | Local | Foreign (1) |
| ASSETS | | | |
| Current assets and long-term receivables | 171,141,348 | 141,419,662 | 29,721,686 |
| Funds available | 2,448,426 | 1,876,590 | 571,836 |
| Interbank investments | 31,724,003 | 27,793,603 | 3,930,400 |
| Securities and derivative financial instruments | 53,804,780 | 44,371,138 | 9,433,642 |
| Interbank and interdepartmental accounts | 14,527,616 | 14,521,411 | 6,205 |
| Credit and leasing operations | 43,469,151 | 36,783,864 | 6,685,287 |
| Other receivables and other assets | 25,167,372 | 16,073,056 | 9,094,316 |
| Permanent assets | 4,956,342 | 4,586,247 | 370,095 |
| Investments | 862,323 | 496,870 | 365,453 |
| Property and equipment in use and leased assets | 2,326,356 | 2,322,558 | 3,798 |
| Deferred charges | 1,767,663 | 1,766,819 | 844 |
| Total | 176,097,690 | 146,005,909 | 30,091,781 |
| LIABILITIES | | | |
| Current and long-term liabilities | 162,406,307 | 134,993,505 | 27,412,802 |
| Deposits | 58,023,885 | 53,836,733 | 4,187,152 |
| Deposits received under security repurchase agreements | 32,792,725 | 29,386,511 | 3,406,214 |
| Funds from acceptance and issuance of securities | 6,846,896 | 1,038,147 | 5,808,749 |
| Interbank and interdepartmental accounts | 2,311,400 | 1,093,285 | 1,218,115 |
| Borrowings and onlendings | 14,794,783 | 6,969,384 | 7,825,399 |
| Derivative financial instruments | 52,369 | 52,110 | 259 |
| Technical reserves for insurance, private pension plans and savings bonds | 26,408,952 | 26,408,952 | - |
| Other liabilities: | | | |
| - Subordinated debt | 4,994,810 | 2,716,059 | 2,278,751 |
| - Other | 16,180,487 | 13,492,324 | 2,688,163 |
| Deferred income | 31,774 | 31,774 | - |
| Minority interest in subsidiaries | 112,729 | 112,729 | - |
| Stockholders' equity | 13,546,880 | 13,546,880 | - |
| Total | 176,097,690 | 148,684,888 | 27,412,802 |
| Net position of assets and liabilities | | | 2,678,979 |
| Net position of derivatives (2) | | | (1,945,722) |
| Other memorandum accounts, net (3) | | | (536,277) |
| Net exchange position (asset) | | | 196,980 |

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

(2) Excluding derivative operations maturing in D +1, to be settled in currency at December 31, 2003 price levels.

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

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7) BALANCE SHEET BY MATURITY

We present below the consolidated balance sheet at December 31, 2003, by days to maturity, based on accounting classification:

At December 31, 2003 - In thousands of reais

CONSOLIDATED BRADESCO

| | Up to 30 Days | From 31 to 180 Days | From 181 to 360 Days | More than 360 Days | Indeterminate | Total |
|---|-------------------|------------------------|-------------------------|-----------------------|------------------|--------------------|
| ASSETS | | | | | | |
| Current assets and long-term receivables | 98,757,008 | 29,326,203 | 10,596,347 | 32,461,790 | - | 171,141,348 |
| Funds available | 2,448,426 | - | - | - | - | 2,448,426 |
| Interbank investments | 22,219,222 | 8,936,762 | 219,010 | 349,009 | - | 31,724,003 |
| Securities and derivative financial instruments (1) | 36,913,482 | 4,503,514 | 2,120,446 | 10,267,338 | - | 53,804,780 |
| Interbank and interdepartmental accounts | 14,174,079 | 4,861 | 5,919 | 342,757 | - | 14,527,616 |
| Credit and leasing operations | 7,890,737 | 14,653,519 | 6,154,666 | 14,770,229 | - | 43,469,151 |
| Other receivables and other assets | 15,111,062 | 1,227,547 | 2,096,306 | 6,732,457 | - | 25,167,372 |
| Permanent assets | 45,361 | 226,804 | 272,166 | 2,996,259 | 1,415,752 | 4,956,342 |
| Investments | - | - | - | - | 862,323 | 862,323 |
| Property and equipment in use and leased assets | 18,821 | 94,104 | 112,925 | 1,547,077 | 553,429 | 2,326,356 |
| Deferred charges | 26,540 | 132,700 | 159,241 | 1,449,182 | - | 1,767,663 |
| Total | 98,802,369 | 29,553,007 | 10,868,513 | 35,458,049 | 1,415,752 | 176,097,690 |
| LIABILITIES | | | | | | |
| Current and long-term liabilities | 77,433,191 | 21,970,020 | 7,665,874 | 55,337,222 | - | 162,406,307 |
| Deposits (2) | 38,755,869 | 3,472,090 | 2,901,790 | 12,894,136 | - | 58,023,885 |
| Deposits received under security repurchase agreements | 21,504,167 | 9,562,345 | 30,268 | 1,695,945 | - | 32,792,725 |
| Funds from the acceptance and issuance of securities | 220,357 | 2,030,256 | 1,941,194 | 2,655,089 | - | 6,846,896 |
| Interbank and interdepartmental accounts | 2,311,400 | - | - | - | - | 2,311,400 |
| Borrowings and onlendings | 1,628,056 | 5,374,794 | 1,745,078 | 6,046,855 | - | 14,794,783 |
| Derivative financial instruments | 4,869 | 14,850 | 10,996 | 21,654 | - | 52,369 |
| Technical reserves for insurance, private pension plans and savings bonds | 2,249,142 | 834,379 | 456,325 | 22,869,106 | - | 26,408,952 |
| Other liabilities: | | | | | | |
| - Subordinated debt | 33,527 | 27,408 | - | 4,933,875 | - | 4,994,810 |
| - Other | 10,725,804 | 653,898 | 580,223 | 4,220,562 | - | 16,180,487 |

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| | | | | | | |
|-----------------------------------|-------------------|-------------------|------------------|-------------------|-------------------|--------------------|
| Deferred income | 30,973 | 801 | - | - | - | 31,774 |
| Minority interest in subsidiaries | - | - | - | - | 112,729 | 112,729 |
| Stockholders' equity | - | - | - | - | 13,546,880 | 13,546,880 |
| Total in 2003 | 77,464,164 | 21,970,821 | 7,665,874 | 55,337,222 | 13,659,609 | 176,097,690 |
| Accumulated net assets in 2003 | 21,338,205 | 28,920,391 | 32,123,030 | 12,243,857 | - | - |
| Accumulated net assets in 2002 | 19,404,359 | 21,576,825 | 24,441,917 | 5,633,474 | - | - |

(1) Investment fund applications are classified as up to 30 days.

(2) Demand and savings account deposits are classified as up to 30 days without considering average historical turnover.

8) FUNDS AVAILABLE

a) Funds available are comprised by:

At December 31, 2003 - In thousands of reais

| | CONSOLIDATED BRADESCO | | BRADESCO | |
|---------------------|-----------------------|------------------|------------------|------------------|
| | 2003 | 2002 | 2003 | 2002 |
| Local currency | 1,875,955 | 1,652,200 | 1,675,184 | 1,457,786 |
| Foreign currency | 571,836 | 1,132,874 | 516,254 | 322,292 |
| Investments in gold | 635 | 633 | 42 | 43 |
| Total | 2,448,426 | 2,785,707 | 2,191,480 | 1,780,121 |

b) Statement of cash flows

As additional information for readers, we present below the statement of cash flows prepared based on the indirect method. The information is presented in conformity with the definitions set forth in the Chart of Accounts for National Financial System Institutions (COSIF).

At December 31, 2003 - In thousands of reais

| | CONSOLIDATED BRADESCO | | BRADESCO | |
|--|-----------------------|------------------|------------------|------------------|
| | 2003 | 2002 | 2003 | 2002 |
| OPERATING ACTIVITIES | | | | |
| NET INCOME | 2,306,339 | 2,022,588 | 2,306,339 | 2,022,588 |
| ADJUSTMENTS TO RECONCILE NET INCOME TO CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES | | | | |
| Provision for loan losses | 2,449,689 | 2,818,526 | 2,262,618 | 2,288,832 |
| (Reversal of) Provision for losses on short-term interbank investments, securities and investments | 19,473 | (730,088) | 13,593 | (457,497) |
| Variation in technical reserves for insurance, private pension plans and savings bonds | 6,931,341 | 5,025,930 | - | - |

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| | | | | |
|--|---------------------|--------------------|---------------------|--------------------|
| Depreciation and amortization | 623,113 | 480,424 | 359,223 | 262,285 |
| Amortization of goodwill (Notes 30 and 31) | 1,035,080 | 237,558 | 194,946 | 120,019 |
| Results of investments accounted for by the equity method | (5,227) | (64,619) | (1,984,408) | (2,107,463) |
| Other | (2,794) | (36,556) | (331,413) | 525,892 |
| CHANGE IN ASSETS AND LIABILITIES: | | | | |
| Decrease (increase) in short-term interbank investments | (10,242,006) | (17,610,574) | (10,040,135) | (19,044,038) |
| Decrease (increase) in securities and derivative financial instruments | (17,240,335) | 5,107,872 | (10,655,971) | 9,145,243 |
| Decrease (increase) in interbank accounts | (85,979) | 226,310 | (40,259) | 388,763 |
| Decrease (increase) in interdepartmental accounts | 121,299 | 559,558 | 206,079 | 476,258 |
| Decrease (increase) in credit operations | (2,730,857) | (5,006,565) | (5,520,314) | 1,125,393 |
| Decrease (increase) in leasing operations | 164,150 | 134,824 | - | - |
| Decrease (increase) in insurance premiums receivable | (170,449) | 74,938 | - | - |
| Decrease (increase) in other receivables | (3,227,734) | (5,324,794) | (3,865,886) | (3,343,221) |
| Decrease (increase) in other assets | 14,779 | (212,452) | 35,863 | (84,424) |
| Amounts written off against the allowance for loan losses | (2,226,217) | (2,328,821) | (1,753,442) | (1,900,851) |
| Increase (decrease) in technical reserves for insurance, private pension plans and savings bonds | 322,132 | 276,123 | - | - |
| Increase (decrease) in other liabilities | 3,117,867 | 6,703,798 | 2,990,261 | 5,454,365 |
| Increase (decrease) in deferred income | 15,931 | 6,823 | 895 | 631 |
| NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES | | | | |
| | (18,810,405) | (7,639,197) | (25,822,011) | (5,127,225) |
| INVESTING ACTIVITIES | | | | |
| Decrease (increase) in compulsory deposits - Brazilian Central Bank | (1,060,790) | (7,613,133) | (1,495,089) | (6,614,032) |
| Sale of non-operating assets | 191,321 | 156,175 | 138,375 | 113,487 |
| Sale of investments | 63,262 | 433,874 | 4,813,238 | 198,351 |
| Sale of property and equipment in use and leased assets | 534,297 | 478,955 | 100,608 | 272,315 |
| Decrease in deferred charges | 53,374 | 12,235 | 5,896 | 269 |
| Acquisition of non-operating assets | (130,055) | (209,344) | (82,570) | (103,323) |
| Acquisition of investments | (94,118) | (340,548) | (8,059,592) | (1,766,152) |
| Acquisition of property and equipment in use and leased assets | (840,130) | (1,130,999) | (510,840) | (408,594) |
| Deferred charges | (593,139) | (1,514,370) | (245,744) | (110,308) |
| Interest attributed to own capital/dividends received | 56,431 | 25,969 | 708,141 | 921,405 |
| NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES | | | | |
| | (1,819,547) | (9,701,186) | (4,627,577) | (7,496,582) |
| FINANCING ACTIVITIES | | | | |
| Increase (decrease) in deposits | 1,660,722 | 15,279,184 | 7,843,739 | 11,413,523 |
| Increase (decrease) in deposits received from security repurchase agreements | 16,779,760 | 1,955,638 | 19,485,500 | 1,316,288 |
| Increase (decrease) in funds from issuance of securities | 3,710,054 | (1,664,568) | 3,814,726 | (1,236,897) |
| Increase (decrease) in borrowings and onlendings | (1,643,570) | 2,404,283 | (227,058) | 1,526,136 |
| Capital increase through subscription | 501,000 | - | 501,000 | - |

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| | | | | | |
|--|---|-------------------|-------------------|-------------------|------------------|
| Capital increase through incorporation of shares | 788,735 | - | 788,735 | - | |
| Share premium | 7,046 | - | 7,046 | - | |
| Adjustment of exchange membership certificates | 775 | - | 775 | - | |
| Fiscal incentive investments | 844 | - | 844 | - | |
| Interest attributed to own capital and dividends paid and/or accrued | (1,347,018) | (946,983) | (1,347,018) | (946,983) | |
| Acquisition of own shares | (7,342) | (119,084) | (7,342) | (119,084) | |
| Variation in minority interest | (158,335) | 131,833 | - | - | |
| NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES | 20,292,671 | 17,040,303 | 30,860,947 | 11,952,983 | |
| (DECREASE) INCREASE IN FUNDS AVAILABLE, NET | (337,281) | (300,080) | 411,359 | (670,824) | |
| <hr/> | | | | | |
| CHANGE IN FUNDS AVAILABLE, NET | At the beginning of the year | 2,785,707 | 3,085,787 | 1,780,121 | 2,450,945 |
| | At the end of the year | 2,448,426 | 2,785,707 | 2,191,480 | 1,780,121 |
| | (Decrease) Increase in funds available, net | (337,281) | (300,080) | 411,359 | (670,824) |

9) INTERBANK INVESTMENTS

a) Interbank investments are presented below with their corresponding days to maturity:

At December 31, 2003 - In thousands of reais

| | Up to 30 Days | From 31 to 180 Days | From 181 to 360 Days | More than 360 Days | Total | |
|--|-------------------|------------------------|-------------------------|-----------------------|-------------------|-------------------|
| | | | | | Consolidated | Bradesco |
| Securities purchased under resale agreements: | | | | | | |
| Own portfolio position | 827,442 | 5,433,749 | - | - | 6,261,191 | 6,116,190 |
| National Treasury Bonds | 685,406 | 5,433,749 | - | - | 6,119,155 | 5,433,749 |
| Financial Treasury Notes | 132,174 | - | - | - | 132,174 | 672,579 |
| Others | 9,862 | - | - | - | 9,862 | 9,862 |
| Third-party portfolio position | 17,357,499 | - | - | - | 17,357,499 | 18,366,420 |
| Financial Treasury Notes | 12,087,458 | - | - | - | 12,087,458 | 12,087,458 |
| National Treasury Bonds | 5,270,041 | - | - | - | 5,270,041 | 6,158,493 |
| Federal Treasury Notes | - | - | - | - | - | 120,469 |
| Unrestricted notes | - | 3,134,970 | - | - | 3,134,970 | 3,412,010 |
| National Treasury Bonds | - | 3,134,970 | - | - | 3,134,970 | 3,412,010 |
| Subtotal | 18,184,941 | 8,568,719 | - | - | 26,753,660 | 27,894,620 |
| Interbank deposits: | | | | | | |
| Interbank deposits | 4,034,281 | 368,043 | 219,010 | 349,009 | 4,970,343 | 10,054,414 |

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| | | | | | | |
|----------------------|-------------------|------------------|----------------|------------------|-------------------|-------------------|
| Subtotal | 4,034,281 | 368,043 | 219,010 | 349,009 | 4,970,343 | 10,054,414 |
| Total in 2003 | 22,219,222 | 8,936,762 | 219,010 | 349,009 | 31,724,003 | 37,949,034 |
| % | 70.0 | 28.2 | 0.7 | 1.1 | 100.0 | - |
| Total in 2002 | 17,908,684 | 623,041 | 302,594 | 2,638,437 | 21,472,756 | 27,900,292 |
| % | 83.4 | 2.9 | 1.4 | 12.3 | 100.0 | - |

b) Income from interbank investments

We present below income from interbank investments, classified in the statement of income as income on security transactions:

At December 31, 2003 - In thousands of reais

| | CONSOLIDATED BRADESCO | | BRADESCO | |
|--|----------------------------------|------------------|------------------|------------------|
| | 2003 | 2002 | 2003 | 2002 |
| Income on investments in purchase and sale commitments: | | | | |
| Third-party position | 3,693,759 | 1,101,171 | 3,881,571 | 1,298,415 |
| Own position | 431,260 | 220,282 | 598,639 | 212,266 |
| Subtotal | 4,125,019 | 1,321,453 | 4,480,210 | 1,510,681 |
| Interbank deposits | 353,058 | 212,977 | 1,597,925 | 1,046,551 |
| Total (Note 10f) | 4,478,077 | 1,534,430 | 6,078,135 | 2,557,232 |

10) SECURITIES AND DERIVATIVE FINANCIAL INSTRUMENTS

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

At December 31, 2003 - In thousands of reais

| | Financial | Insurance / Savings Bond | Pension Plan | Other Activities | 2003 | % | 2002 | % |
|---|-------------------|---|---------------------|-----------------------------|-------------------|-------------|-------------------|-------------|
| Trading Securities | 16,898,155 | 3,105,323 | 20,557,133 | 50,529 | 40,611,140 | 75.5 | 25,630,264 | 69.3 |
| - Government securities | 9,047,859 | 1,342,672 | 15,760,366 | 37,039 | 26,187,936 | 48.7 | 14,276,719 | 38.6 |
| - Corporate bonds | 2,238,792 | 199,933 | 458,790 | 13,490 | 2,911,005 | 5.4 | 2,278,533 | 6.2 |
| - Purchase and sale commitments (1) | 5,611,504 | 1,562,718 | 4,337,977 | - | 11,512,199 | 21.4 | 9,075,012 | 24.5 |
| Securities available for sale | 4,986,603 | 1,577,683 | 1,151,945 | 36,735 | 7,752,966 | 14.4 | 5,810,601 | 15.7 |
| - Government securities | 4,066,224 | 1,013,903 | - | - | 5,080,127 | 9.4 | 2,546,722 | 6.9 |
| - Corporate bonds | 920,379 | 563,780 | 1,151,945 | 36,735 | 2,672,839 | 5.0 | 3,263,879 | 8.8 |
| Securities held to maturity | 2,490,031 | - | 2,718,332 | - | 5,208,363 | 9.7 | 5,323,750 | 14.4 |
| - Government securities | 2,490,031 | - | 2,718,332 | - | 5,208,363 | 9.7 | 5,323,750 | 14.4 |
| Derivative financial instruments | 231,799 | - | - | 512 | 232,311 | 0.4 | 238,839 | 0.6 |

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| | | | | | | | | |
|-------------------------------------|-------------------|------------------|-------------------|---------------|-------------------|--------------|-------------------|--------------|
| - Corporate bonds | 231,799 | - | - | 512 | 232,311 | 0.4 | 238,839 | 0.6 |
| Total | 24,606,588 | 4,683,006 | 24,427,410 | 87,776 | 53,804,780 | 100.0 | 37,003,454 | 100.0 |
| - Government securities | 15,604,114 | 2,356,575 | 18,478,698 | 37,039 | 36,476,426 | 67.8 | 22,147,191 | 59.9 |
| - Corporate bonds | 3,390,970 | 763,713 | 1,610,735 | 50,737 | 5,816,155 | 10.8 | 5,781,251 | 15.6 |
| - Purchase and sale commitments (1) | 5,611,504 | 1,562,718 | 4,337,977 | - | 11,512,199 | 21.4 | 9,075,012 | 24.5 |

b) Consolidated portfolio composition by issuer

At December 31, 2003 - In thousands of reais

| SECURITIES (2) | Up to 30 Days | From 31 to 180 Days | From 181 to 360 Days | More than 360 Days | Market/Book Value (3)(4)(5) | Restated Cost | Mark-to-market adjustment |
|-----------------------------------|------------------|---------------------|----------------------|--------------------|-----------------------------|-------------------|---------------------------|
| GOVERNMENT SECURITIES | 410,407 | 6,269,131 | 5,088,058 | 24,708,830 | 36,476,426 | 36,272,767 | 203,659 |
| Financial Treasury Notes | 63,164 | 1,776,801 | 2,826,324 | 10,950,478 | 15,616,767 | 15,589,787 | 26,980 |
| Federal Treasury Notes | 1,417 | 1,279,058 | 333,313 | 7,075,293 | 8,689,081 | 8,678,949 | 10,132 |
| Brazilian Foreign Debt Notes | 159,258 | 31,274 | 12,739 | 5,490,193 | 5,693,464 | 5,527,658 | 165,806 |
| National Treasury Bonds | 113,792 | 2,110,299 | 1,855,325 | 858,410 | 4,937,826 | 4,896,430 | 41,396 |
| Central Bank Notes | - | 981,727 | 36,300 | 55,656 | 1,073,683 | 1,075,054 | (1,371) |
| Other | 72,776 | 89,972 | 24,057 | 278,800 | 465,605 | 504,889 | (39,284) |
| CORPORATE BONDS | 2,188,074 | 317,544 | 165,372 | 3,145,165 | 5,816,155 | 5,151,678 | 664,477 |
| Shares | 1,781,686 | - | - | - | 1,781,686 | 1,197,620 | 584,066 |
| Debentures | 9,129 | 70,356 | 13,638 | 1,290,163 | 1,383,286 | 1,407,638 | (24,352) |
| Certificates of Bank Deposit | 178,560 | 92,949 | 7,193 | 774,042 | 1,052,744 | 1,053,394 | (650) |
| Foreign Securities | 53,634 | 32,030 | 38,255 | 889,945 | 1,013,864 | 932,417 | 81,447 |
| Derivative financial instruments | 15,682 | 87,805 | 92,526 | 36,298 | 232,311 | 199,120 | 33,191 |
| Other | 149,383 | 34,404 | 13,760 | 154,717 | 352,264 | 361,489 | (9,225) |
| Purchase and sale commitments (1) | - | 7,420,242 | 2,994,636 | 1,097,321 | 11,512,199 | 11,512,199 | - |
| Total in 2003 | 2,598,481 | 14,006,917 | 8,248,066 | 28,951,316 | 53,804,780 | 52,936,644 | 868,136 |
| Total in 2002 | 3,986,058 | 10,680,532 | 4,398,389 | 17,938,475 | 37,003,454 | 37,000,945 | 2,509 |

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

At December 31, 2003 - In thousands of reais

| SECURITIES (2) | Up to 30 Days | From 31 to 180 Days | From 181 to 360 Days | More than 360 Days | Market/Book Value (3)(4)(5) | Restated Cost | Mark-to-market adjustment |
|-------------------------------------|------------------|---------------------|----------------------|--------------------|-----------------------------|-------------------|---------------------------|
| I. TRADING SECURITIES | 1,002,028 | 12,612,774 | 7,737,439 | 19,258,899 | 40,611,140 | 40,532,171 | 78,969 |
| - Financial | 394,500 | 6,316,673 | 4,278,047 | 5,908,935 | 16,898,155 | 16,833,505 | 64,650 |
| Purchase and sale commitments (1) | - | 3,161,415 | 1,953,128 | 496,961 | 5,611,504 | 5,611,504 | - |
| National Treasury Bonds | 104,577 | 2,034,284 | 1,816,217 | 849,801 | 4,804,879 | 4,763,484 | 41,395 |
| Financial Treasury Notes | 19,690 | 154,079 | 90,217 | 1,386,801 | 1,650,787 | 1,639,981 | 10,806 |
| Federal Treasury Notes | 899 | 660,699 | 333,313 | 247,130 | 1,242,041 | 1,245,532 | (3,491) |
| Brazilian Foreign Debt Notes | 35,093 | 18,602 | 67 | 915,538 | 969,300 | 956,411 | 12,889 |
| Debentures | 3,937 | 69,853 | 10,218 | 829,400 | 913,408 | 913,408 | - |
| Certificates of Bank Deposit | 4,430 | 18,832 | 1,160 | 747,794 | 772,216 | 772,216 | - |
| Central Bank Notes | - | 69,325 | 35,361 | - | 104,686 | 107,670 | (2,984) |
| Other | 225,874 | 129,584 | 38,366 | 435,510 | 829,334 | 823,299 | 6,035 |
| - Insurance and Savings Bond | 203,702 | 1,506,472 | 184,902 | 1,210,247 | 3,105,323 | 3,104,893 | 430 |
| Purchase and sale commitments (1) | - | 1,421,881 | 140,837 | - | 1,562,718 | 1,562,718 | - |

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| | | | | | | | |
|--|------------------|------------------|------------------|-------------------|-------------------|-------------------|----------------|
| Financial Treasury Notes | 6,112 | 13,427 | 29,679 | 1,172,286 | 1,221,504 | 1,221,074 | 430 |
| Shares | 157,742 | - | - | - | 157,742 | 157,742 | - |
| National Treasury Bonds | 4,030 | 68,620 | 12,273 | 8,609 | 93,532 | 93,532 | - |
| Other | 35,818 | 2,544 | 2,113 | 29,352 | 69,827 | 69,827 | - |
| - Private Pension Plan | 381,728 | 4,775,805 | 3,269,530 | 12,130,070 | 20,557,133 | 20,543,251 | 13,882 |
| Financial Treasury Notes | 9,993 | 1,402,162 | 2,336,097 | 8,128,365 | 11,876,617 | 11,862,491 | 14,126 |
| Purchase and sale commitments (1) | - | 2,836,946 | 900,671 | 600,360 | 4,337,977 | 4,337,977 | - |
| Federal Treasury Notes | 7 | 512,734 | - | 3,178,228 | 3,690,969 | 3,690,969 | - |
| Shares | 245,686 | - | - | - | 245,686 | 245,686 | - |
| Certificates of Bank Deposit | 125,192 | 17,332 | 2,673 | 15,993 | 161,190 | 161,434 | (244) |
| National Treasury Bonds | 696 | 5,796 | 26,804 | - | 33,296 | 33,296 | - |
| Other | 154 | 835 | 3,285 | 207,124 | 211,398 | 211,398 | - |
| - Other activities | 22,098 | 13,824 | 4,960 | 9,647 | 50,529 | 50,522 | 7 |
| Financial Treasury Notes | 10,054 | 7,232 | 4,928 | 8,706 | 30,920 | 30,913 | 7 |
| Other | 12,044 | 6,592 | 32 | 941 | 19,609 | 19,609 | - |
| II. SECURITIES AVAILABLE FOR SALE | 1,530,692 | 289,107 | 417,191 | 5,515,976 | 7,752,966 | 6,996,990 | 755,976 |
| - Financial | 193,728 | 74,666 | 50,378 | 4,667,831 | 4,986,603 | 4,876,472 | 110,131 |
| Brazilian Foreign Debt Notes | 74,086 | 12,672 | 12,672 | 3,234,973 | 3,334,403 | 3,181,486 | 152,917 |
| Federal Treasury Notes | - | - | - | 645,195 | 645,195 | 640,291 | 4,904 |
| Foreign Securities | 17,849 | - | - | 587,524 | 605,373 | 564,958 | 40,415 |
| Certificates of Bank Deposit | 24,004 | 45,436 | - | 5,025 | 74,465 | 74,873 | (408) |
| Debentures | 2,694 | 376 | - | 62,079 | 65,149 | 89,384 | (24,235) |
| Shares | 61,758 | - | - | - | 61,758 | 108,484 | (46,726) |
| Other | 13,337 | 16,182 | 37,706 | 133,035 | 200,260 | 216,996 | (16,736) |
| - Insurance and Savings Bond | 458,605 | 203,711 | 365,969 | 549,398 | 1,577,683 | 1,347,180 | 230,503 |
| Financial Treasury Notes | 17,112 | 199,901 | 365,403 | 254,320 | 836,736 | 830,213 | 6,523 |
| Shares | 441,421 | - | - | - | 441,421 | 226,160 | 215,261 |
| Federal Treasury Notes | - | - | - | 177,159 | 177,159 | 168,440 | 8,719 |
| Other | 72 | 3,810 | 566 | 117,919 | 122,367 | 122,367 | - |
| - Private Pension Plan | 847,855 | 10,267 | - | 293,823 | 1,151,945 | 736,498 | 415,447 |
| Shares | 835,677 | - | - | - | 835,677 | 420,116 | 415,561 |
| Debentures | 6 | - | - | 293,823 | 293,829 | 293,943 | (114) |
| Other | 12,172 | 10,267 | - | - | 22,439 | 22,439 | - |
| - Other activities | 30,504 | 463 | 844 | 4,924 | 36,735 | 36,840 | (105) |
| Certificates of Bank Deposit | 22,138 | 463 | 844 | 4,924 | 28,369 | 28,369 | - |
| Other | 8,366 | - | - | - | 8,366 | 8,471 | (105) |
| III. SECURITIES HELD TO MATURITY | 50,079 | 1,017,231 | 910 | 4,140,143 | 5,208,363 | 5,208,363 | - |
| - Financial | 50,079 | 1,017,231 | 910 | 1,421,811 | 2,490,031 | 2,490,031 | - |
| Brazilian Foreign Debt Notes | 50,079 | - | - | 1,339,682 | 1,389,761 | 1,389,761 | - |
| Central Bank Notes | - | 911,611 | 910 | - | 912,521 | 912,521 | - |
| Federal Treasury Notes | - | 105,620 | - | 82,129 | 187,749 | 187,749 | - |
| - Private Pension Plan | - | - | - | 2,718,332 | 2,718,332 | 2,718,332 | - |

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| | | | | | | | |
|--|------------------|-------------------|------------------|-------------------|-------------------|-------------------|----------------|
| Federal Treasury Notes | - | - | - | 2,718,332 | 2,718,332 | 2,718,332 | - |
| IV. DERIVATIVE FINANCIAL INSTRUMENTS (ASSETS) | 15,682 | 87,805 | 92,526 | 36,298 | 232,311 | 199,120 | 33,191 |
| - Financial | 15,170 | 87,805 | 92,526 | 36,298 | 231,799 | 198,608 | 33,191 |
| Derivative financial instruments | 15,170 | 87,805 | 92,526 | 36,298 | 231,799 | 198,608 | 33,191 |
| - Other activities | 512 | - | - | - | 512 | 512 | - |
| Derivative financial instruments | 512 | - | - | - | 512 | 512 | - |
| Total in 2003 | 2,598,481 | 14,006,917 | 8,248,066 | 28,951,316 | 53,804,780 | 52,936,644 | 868,136 |
| Total in 2002 | 3,986,058 | 10,680,532 | 4,398,389 | 17,938,475 | 37,003,454 | 37,000,945 | 2,509 |

DERIVATIVE FINANCIAL INSTRUMENTS (LIABILITIES)

| | | | | | | | |
|----------------------|-----------------|-----------------|------------------|------------------|------------------|------------------|----------------|
| Total in 2003 | (4,869) | (14,850) | (10,996) | (21,654) | (52,369) | (42,581) | (9,788) |
| Total in 2002 | (37,206) | (87,965) | (156,434) | (295,092) | (576,697) | (647,268) | 70,571 |

(1) Investment fund and managed portfolio resources invested in purchase and sale commitments with Banco Bradesco, the investors in which are subsidiary companies, included in the consolidated financial statements.

(2) Other investment fund applications were distributed based on the securities comprising their portfolios, maintaining the fund category classification.

(3) The number of days to maturity was based on the maturity of the securities, regardless of accounting classification.

(4) This column reflects book value subsequent to mark-to-market, except for securities held to maturity, whose market value is higher than book value by R\$ 771,988 thousand.

(5) The market value of securities is determined based on the market price practiced on the balance sheet date. In the event no market prices are available, amounts are estimated based on the prices quoted by dealers, on price definition models, quotation models or quotations for instruments with similar characteristics.

d) Composition of the portfolios by account:

At December 31, 2003 - In thousands of reais

| | Up to 30 Days | From 31 to 180 Days | From 181 to 360 Days | More than 360 Days | Total | |
|--|------------------|---------------------------|----------------------------|--------------------------|-------------------|------------------|
| | | | | | Consolidated | Bradesco |
| Own Portfolio (1) | 2,458,471 | 10,868,195 | 6,577,674 | 23,034,703 | 42,939,043 | 5,733,628 |
| Fixed income securities | 680,659 | 10,868,195 | 6,577,674 | 23,034,703 | 41,161,231 | 5,667,059 |
| Financial Treasury Notes | 60,296 | 1,704,201 | 2,774,226 | 9,709,230 | 14,247,953 | 42,929 |
| Purchase and sale commitments (1) | - | 7,420,242 | 2,994,636 | 1,097,321 | 11,512,199 | - |
| Federal Treasury Bonds | 1,417 | 781,323 | 314,693 | 6,916,166 | 8,013,599 | 1,192,408 |
| Brazilian Foreign Debt Notes | 42,366 | 31,274 | 12,739 | 1,579,078 | 1,665,457 | 1,367,269 |
| National Treasury Notes | 113,792 | 593,438 | 373,069 | 353,650 | 1,433,949 | 1,588,615 |
| Debentures | 9,129 | 70,356 | 13,638 | 1,290,163 | 1,383,286 | 73,379 |
| Certificates of Bank Deposit | 178,560 | 92,949 | 7,193 | 774,042 | 1,052,744 | 70,177 |
| Foreign securities | 52,951 | 32,030 | 38,255 | 889,945 | 1,013,181 | 949,675 |
| Central Bank Notes | - | 18,005 | 35,389 | 55,656 | 109,050 | 110,240 |
| Other | 222,148 | 124,377 | 13,836 | 369,452 | 729,813 | 272,367 |
| Equity securities | 1,777,812 | - | - | - | 1,777,812 | 66,569 |
| Shares of listed companies (technical reserve) | 1,184,871 | - | - | - | 1,184,871 | - |

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| | | | | | | |
|---|------------------|-------------------|------------------|-------------------|-------------------|-------------------|
| Shares and quotas (other) | 592,941 | - | - | - | 592,941 | 66,569 |
| Subject to commitments | 140,010 | 3,138,722 | 1,670,392 | 5,916,613 | 10,865,737 | 11,738,015 |
| Purchase and sale agreements | 116,892 | 577,353 | 509,669 | 4,478,938 | 5,682,852 | 7,131,611 |
| Brazilian Foreign Debt Notes | 116,892 | - | - | 3,911,114 | 4,028,006 | 4,028,006 |
| National Treasury Bonds | - | - | 505,284 | 499,746 | 1,005,030 | 1,005,030 |
| Central Bank Notes | - | 471,017 | 910 | - | 471,927 | 471,927 |
| Financial Treasury Notes | - | 716 | - | 62,913 | 63,629 | 781 |
| Federal Treasury Notes | - | 105,620 | 3,475 | 5,165 | 114,260 | 8,640 |
| Debentures | - | - | - | - | - | 1,617,227 |
| Brazilian Central Bank | 491 | 1,955,646 | 181,634 | 971,863 | 3,109,634 | 2,637,242 |
| National Treasury Notes | - | 1,516,859 | 156,422 | - | 1,673,281 | 1,580,314 |
| Financial Treasury Notes | 491 | 49,991 | 10,067 | 880,026 | 940,575 | 561,150 |
| Federal Treasury Bonds | - | 232,161 | 15,145 | 91,837 | 339,143 | 339,143 |
| Central Bank Notes | - | 156,635 | - | - | 156,635 | 156,635 |
| Privatization currencies | 10 | - | 23,982 | 64,066 | 88,058 | 23,946 |
| Collateral provided | 6,935 | 517,918 | 862,581 | 365,448 | 1,752,882 | 1,416,235 |
| National Treasury Notes | - | - | 820,342 | 5,014 | 825,356 | 642,543 |
| Financial Treasury Notes | 2,378 | 21,893 | 42,239 | 298,308 | 364,818 | 277,667 |
| Central Bank Notes | - | 336,071 | - | - | 336,071 | 336,071 |
| Federal Treasury Bonds | - | 159,954 | - | 62,126 | 222,080 | 159,954 |
| Others | 4,557 | - | - | - | 4,557 | - |
| Derivative financial instruments | 15,682 | 87,805 | 92,526 | 36,298 | 232,311 | 528,981 |
| Total in 2003 | 2,598,481 | 14,006,917 | 8,248,066 | 28,951,316 | 53,804,780 | 17,471,643 |
| % | 4.8 | 26.1 | 15.3 | 53.8 | 100.0 | 100.0 |
| Total in 2002 | 3,986,058 | 10,680,532 | 4,398,389 | 17,938,475 | 37,003,454 | 6,947,544 |
| % | 10.8 | 28.9 | 11.9 | 48.4 | 100.0 | 100.0 |

(1) Investment fund and managed portfolio resources invested in purchase and sale commitments with Banco Bradesco, the investors in which are subsidiary companies, included in the consolidated financial statements.

Other investment fund applications were distributed based on the securities comprising their portfolios.

The number of days to maturity was based on the maturity of the securities, regardless of accounting classification.

e) In June 2003, an amount of R\$ 1,521,134 thousand of investment fund applications was reclassified from securities available for sale to trading securities and an amount of R\$ 215,137 thousand of Brazilian foreign debt notes from securities held to maturity to securities available for sale. These reclassifications decreased stockholders' equity by R\$ 53,757 thousand with no effect, however, on income. The reclassifications were based on Management's reassessment of the new profile of the securities portfolio following the acquisition of BBV Banco (now Banco Alvorada S.A.).

f) Income on security transactions, financial income on insurance, private pension plans and savings bonds and derivative financial instruments.

At December 31, 2003 - In thousands of reais

| Revenue | CONSOLIDATED BRADESCO | | BRADESCO | |
|---------------------------|-----------------------|-----------|-----------|-----------|
| | 2003 | 2002 | 2003 | 2002 |
| Interbank investments (1) | 4,478,077 | 1,534,430 | 6,078,135 | 2,557,232 |

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| | | | | |
|---|------------------|------------------|------------------|------------------|
| Fixed income securities (2) | 3,254,716 | 6,600,813 | 1,323,281 | 4,199,126 |
| Equity securities | 10,897 | (41,683) | 14,830 | (16,999) |
| Allocation of exchange variation of foreign branches and subsidiaries | (610,281) | 1,433,821 | - | - |
| Other (3) | 195,396 | 282 | 11 | 19 |
| Subtotal | 7,328,805 | 9,527,663 | 7,416,257 | 6,739,378 |

Financial income on insurance, private pension plans and savings bonds:

| | | | | |
|-------------------------|------------------|------------------|----------|----------|
| Fixed income securities | 5,168,393 | 3,091,620 | - | - |
| Equity securities | 191,546 | 180,293 | - | - |
| Subtotal | 5,359,939 | 3,271,913 | - | - |

| | | | | |
|--|-------------------|--------------------|------------------|--------------------|
| Transactions with derivatives (4) | 55,192 | (2,073,247) | 46,016 | (1,625,585) |
| Total | 12,743,936 | 10,726,329 | 7,462,273 | 5,113,793 |

(1) See Note 9b.

(2) Includes foreign securities.

(3) On a consolidated basis, includes income on the sale of shares of Latasa S.A. in 2003 (See Note 31).

(4) See Note 33c - V.

11) INTERBANK ACCOUNTS - RESTRICTED DEPOSITS

a) We present below the Restricted Deposits account:

At December 31, 2003 - In thousands of reais

| | CONSOLIDATED BRADESCO | | BRADESCO | |
|--|-----------------------|-------------------|-------------------|-------------------|
| | 2003 | 2002 | 2003 | 2002 |
| Compulsory deposits - demand deposits (1) | 4,592,305 | 3,970,414 | 4,189,370 | 3,441,562 |
| Additional compulsory deposits (2) | 4,591,261 | 4,397,259 | 4,290,459 | 3,903,533 |
| Compulsory deposits - savings account deposits (3) | 4,396,860 | 4,151,962 | 4,236,974 | 3,876,619 |
| Restricted deposits - National Housing System (4) | 391,870 | 374,177 | 155,853 | 155,707 |
| Funds from agricultural loans (4) | 578 | 578 | 578 | 578 |
| Total | 13,972,874 | 12,894,390 | 12,873,234 | 11,377,999 |

(1) Without remuneration.

(2) Additional compulsory deposit on demand, savings and time deposits remunerated based on the variation in the Brazilian Central Bank reference rate (SELIC).

(3) Remunerated at the same rate as savings account deposits.

(4) Remunerated based on the reference rate (TR).

b) Income on Compulsory Deposits

At December 31, 2003 - In thousands of reais

| | CONSOLIDATED BRADESCO | | BRADESCO | |
|---|-----------------------|----------------|------------------|----------------|
| | 2003 | 2002 | 2003 | 2002 |
| Restricted deposits - BACEN (compulsory deposits) | 1,341,419 | 563,318 | 1,220,787 | 468,383 |
| Restricted deposits - National Housing System (SFH) | 44,346 | 31,646 | 15,635 | 12,526 |
| Total | 1,385,765 | 594,964 | 1,236,422 | 480,909 |

12) CREDIT OPERATIONS

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The information relating to credit operations including advances on foreign exchange contracts, leasing operations and other receivables is presented as follows:

- a) Credit operations by type and maturity.
- b) Credit operations arising from new acquisitions.
- c) Credit operations by type and risk level.
- d) Concentration of credit operations.
- e) Credit operations by activity sector.
- f) Composition of credit operations and allowance for loan losses.
- g) Movement of the allowance for loan losses.
- h) Recovery and renegotiation of credit operations.
- i) Income on credit operations.
- a) Credit operations by type and maturity

At December 31, 2003 - In thousands of reais

| CONSOLIDATED BRADESCO | | | | | | | | | | |
|---|--------------------------|-------------------------------|-------------------------------|--------------------------------|-------------------------------------|-------------------------------|-----------------------------|--------------|-----------------------------|--------------|
| Normal Course | | | | | | | | | | |
| | Up to 30 days | From 31 to 60 days | From 61 to 90 days | From 91 to 180 days | From 181 to 360 days | More than 360 days | Total in 2003(A) | % | Total in 2002(A) | % |
| Discount of trade receivables and other loans | 6,523,087 | 3,514,094 | 2,835,714 | 2,796,019 | 2,289,445 | 4,525,063 | 22,483,422 | 39.5 | 21,334,060 | 41.7 |
| Financings | 1,199,814 | 959,806 | 999,387 | 2,144,928 | 2,731,824 | 7,339,584 | 15,375,343 | 27.1 | 14,220,177 | 27.8 |
| Rural and agribusiness loans | 171,401 | 185,613 | 102,211 | 472,136 | 773,409 | 2,682,113 | 4,386,883 | 7.7 | 3,904,198 | 7.6 |
| Subtotal | 7,894,302 | 4,659,513 | 3,937,312 | 5,413,083 | 5,794,678 | 14,546,760 | 42,245,648 | 74.3 | 39,458,435 | 77.1 |
| Leasing operations | 99,927 | 75,208 | 75,367 | 202,743 | 286,837 | 574,294 | 1,314,376 | 2.3 | 1,404,547 | 2.7 |
| Advances on foreign exchange contracts (1) | 1,649,660 | 1,108,140 | 1,162,497 | 1,624,008 | 622,862 | - | 6,167,167 | 10.8 | 5,406,348 | 10.6 |
| Advances in foreign currency granted (1) | - | - | - | - | - | - | - | - | 26,494 | 0.1 |
| Subtotal | 9,643,889 | 5,842,861 | 5,175,176 | 7,239,834 | 6,704,377 | 15,121,054 | 49,727,191 | 87.4 | 46,295,824 | 90.5 |
| Other receivables (2) | 100,401 | 37,513 | 26,210 | 87,268 | 80,409 | 390,825 | 722,626 | 1.3 | 598,937 | 1.2 |
| Total credit operations | 9,744,290 | 5,880,374 | 5,201,386 | 7,327,102 | 6,784,786 | 15,511,879 | 50,449,817 | 88.7 | 46,894,761 | 91.7 |
| Sureties and guarantees (3) | 344,089 | 382,718 | 167,943 | 470,573 | 626,133 | 4,444,031 | 6,435,487 | 11.3 | 4,262,450 | 8.3 |
| Total in 2003 | 10,088,379 | 6,263,092 | 5,369,329 | 7,797,675 | 7,410,919 | 19,955,910 | 56,885,304 | 100.0 | | |
| Total in 2002 | 10,749,446 | 6,382,503 | 4,860,608 | 6,984,199 | 7,396,693 | 14,783,762 | | | 51,157,211 | 100.0 |

At December 31, 2003 - In thousands of reais

CONSOLIDATED BRADESCO

Abnormal Course

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Past Due Installments

| | Up to 30 days | From 31 to 60 days | From 61 to 90 days | From 91 to 180 days | From 181 to 720 days | Total in 2003(B) | % | Total in 2002(B) | % |
|---|------------------|-----------------------|-----------------------|------------------------|-------------------------|---------------------|--------------|---------------------|--------------|
| Discount of trade receivables and other loans | 229,855 | 168,790 | 170,171 | 325,129 | 446,419 | 1,340,364 | 78.4 | 1,322,862 | 73.7 |
| Financings | 64,814 | 49,841 | 25,952 | 38,996 | 73,285 | 252,888 | 14.8 | 246,276 | 13.7 |
| Rural and agribusiness loans | 1,273 | 12,948 | 6,855 | 2,567 | 21,326 | 44,969 | 2.6 | 39,479 | 2.2 |
| Subtotal | 295,942 | 231,579 | 202,978 | 366,692 | 541,030 | 1,638,221 | 95.8 | 1,608,617 | 89.6 |
| Leasing operations | 6,253 | 4,838 | 2,568 | 5,313 | 9,160 | 28,132 | 1.6 | 40,687 | 2.3 |
| Advances on foreign exchange contracts (1) | 7,427 | 3,012 | 314 | 3,978 | 625 | 15,356 | 0.9 | 48,649 | 2.7 |
| Advances in foreign currency granted (1) | - | - | - | - | - | - | - | - | - |
| Subtotal | 309,622 | 239,429 | 205,860 | 375,983 | 550,815 | 1,681,709 | 98.3 | 1,697,953 | 94.6 |
| Other receivables (2) | 2,981 | 1,167 | 669 | 2,757 | 20,971 | 28,545 | 1.7 | 33,784 | 1.9 |
| Total credit operations | 312,603 | 240,596 | 206,529 | 378,740 | 571,786 | 1,710,254 | 100.0 | 1,731,737 | 96.5 |
| Sureties and guarantees (3) | - | - | - | - | - | - | - | 63,053 | 3.5 |
| Total in 2003 | 312,603 | 240,596 | 206,529 | 378,740 | 571,786 | 1,710,254 | 100.0 | | |
| Total in 2002 | 322,941 | 254,143 | 242,346 | 380,275 | 595,085 | | | 1,794,790 | 100.0 |

At December 31, 2003 - In thousands of reais

CONSOLIDATED BRADESCO

Abnormal Course

Installments Falling Due

Total

| | Up to 30 days | From 31 to 60 days | From 61 to 90 days | From 91 to 180 days | From 181 to 360 days | More than 360 days | Total in 2003(C) | % | Total in 2002(C) | % | In 2003 (A+B+C) | % | In 2002 (A+B+C) | % |
|---|------------------|--------------------------|--------------------------|---------------------------|----------------------------|--------------------------|---------------------|-------------|---------------------|-------------|--------------------|-------------|--------------------|-------------|
| Discount of trade receivables and other loans | 155,541 | 64,420 | 71,177 | 173,726 | 203,834 | 243,027 | 911,725 | 41.9 | 913,652 | 42.0 | 24,735,511 | 40.7 | 23,570,574 | 42.7 |
| Financings | 78,038 | 57,487 | 56,001 | 151,190 | 248,945 | 556,423 | 1,148,084 | 52.8 | 1,106,493 | 50.8 | 16,776,315 | 27.6 | 15,572,946 | 28.2 |
| Rural and agribusiness loans | 134 | 63 | 74 | 1,337 | 1,869 | 8,079 | 11,556 | 0.5 | 10,118 | 0.5 | 4,443,408 | 7.3 | 3,953,795 | 7.2 |
| Subtotal | 233,713 | 121,970 | 127,252 | 326,253 | 454,648 | 807,529 | 2,071,365 | 95.2 | 2,030,263 | 93.3 | 45,955,234 | 75.6 | 43,097,315 | 78.1 |
| Leasing operations | 5,874 | 5,313 | 4,813 | 13,015 | 20,588 | 28,888 | 78,491 | 3.6 | 136,257 | 6.3 | 1,420,999 | 2.3 | 1,581,491 | 2.9 |
| Advances on foreign exchange contracts (1) | - | - | - | - | - | - | - | - | - | - | 6,182,523 | 10.2 | 5,454,997 | 9.9 |
| Advances in foreign currency granted (1) | - | - | - | - | - | - | - | - | - | - | - | - | 26,494 | 0.1 |
| Subtotal | 239,587 | 127,283 | 132,065 | 339,268 | 475,236 | 836,417 | 2,149,856 | 98.8 | 2,166,520 | 99.6 | 53,558,756 | 88.1 | 50,160,297 | 91.0 |
| | 19,466 | 1,107 | 475 | 1,230 | 2,091 | 1,688 | 26,057 | 1.2 | 8,169 | 0.4 | 777,228 | 1.3 | 640,890 | 1.2 |

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Other receivables

(2)

Total credit

| | | | | | | | | | | | | | | |
|-------------------|---------|---------|---------|---------|---------|---------|-----------|-------|-----------|-------|------------|------|------------|------|
| operations | 259,053 | 128,390 | 132,540 | 340,498 | 477,327 | 838,105 | 2,175,913 | 100.0 | 2,174,689 | 100.0 | 54,335,984 | 89.4 | 50,801,187 | 92.2 |
|-------------------|---------|---------|---------|---------|---------|---------|-----------|-------|-----------|-------|------------|------|------------|------|

Sureties and guarantees (3)

| | | | | | | | | | | | | | | |
|--|---|---|---|---|---|---|---|---|---|---|-----------|------|-----------|-----|
| | - | - | - | - | - | - | - | - | - | - | 6,435,487 | 10.6 | 4,325,503 | 7.8 |
|--|---|---|---|---|---|---|---|---|---|---|-----------|------|-----------|-----|

| | | | | | | | | | | | | | | |
|----------------------|---------|---------|---------|---------|---------|---------|-----------|-------|--|--|------------|-------|--|--|
| Total in 2003 | 259,053 | 128,390 | 132,540 | 340,498 | 477,327 | 838,105 | 2,175,913 | 100.0 | | | 60,771,471 | 100.0 | | |
|----------------------|---------|---------|---------|---------|---------|---------|-----------|-------|--|--|------------|-------|--|--|

| | | | | | | | | | | | | | | |
|----------------------|---------|---------|---------|---------|---------|---------|--|--|-----------|-------|--|--|------------|-------|
| Total in 2002 | 174,198 | 156,181 | 134,947 | 347,967 | 507,881 | 853,515 | | | 2,174,689 | 100.0 | | | 55,126,690 | 100.0 |
|----------------------|---------|---------|---------|---------|---------|---------|--|--|-----------|-------|--|--|------------|-------|

On an unconsolidated basis, normal course operations determined on the same bases as in the above exhibit total R\$ 44,016,538 thousand (2002 - R\$ 34,677,211 thousand), past-due installments total R\$ 1,383,998 thousand (2002 - R\$ 1,285,010 thousand) and installments falling due total R\$ 1,255,349 thousand (2002 - R\$ 1,234,259 thousand).

(1) Advances on foreign exchange contracts and advances in foreign currency granted are recorded as a reduction of Other Liabilities .

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

(3) Recorded in memorandum accounts.

b) Credit operations arising from new acquisitions.

We present below credit operations arising from the acquisition of BBV Banco (now Banco Alvorada S.A.):

At June 30, 2003 - In thousands of reais

| | |
|--|------------------|
| Credit operations | 3,398,505 |
| Leasing operations | 146,433 |
| Other receivables | 168,761 |
| Advances on foreign exchange contracts | 270,849 |
| Total | 3,984,548 |
| Normal course | 3,799,923 |
| Abnormal course | 184,625 |

c) Credit operations by type and risk level

At December 31, 2003 - In thousands of reais

CONSOLIDATED BRADESCO

Risk Levels

| CREDIT OPERATIONS | AA | A | B | C | D | E | F | G | H | Total in 2003 | % | Total in 2002 | % |
|---|-------------------|-------------------|------------------|------------------|------------------|----------------|----------------|----------------|------------------|-------------------|--------------|-------------------|-------------|
| Discount of trade receivables and other loans | 7,151,655 | 9,265,680 | 1,666,757 | 3,532,307 | 935,523 | 255,708 | 291,136 | 178,992 | 1,457,753 | 24,735,511 | 45.5 | 23,570,574 | 46.4 |
| Financings | 3,657,419 | 8,004,240 | 1,481,395 | 2,785,142 | 283,904 | 75,309 | 113,807 | 48,091 | 327,008 | 16,776,315 | 30.9 | 15,572,946 | 30.7 |
| Rural and agribusiness loans | 362,904 | 1,389,303 | 316,199 | 1,902,229 | 147,047 | 41,940 | 28,131 | 189,926 | 65,729 | 4,443,408 | 8.2 | 3,953,795 | 7.8 |
| Subtotal | 11,171,978 | 18,659,223 | 3,464,351 | 8,219,678 | 1,366,474 | 372,957 | 433,074 | 417,009 | 1,850,490 | 45,955,234 | 84.6 | 43,097,315 | 84.9 |
| Leasing operations | 40,870 | 460,119 | 198,656 | 576,698 | 30,682 | 5,737 | 41,785 | 9,086 | 57,366 | 1,420,999 | 2.6 | 1,581,491 | 3.1 |
| Advances on foreign exchange contracts | 4,172,313 | 809,347 | 779,351 | 325,579 | 81,170 | 192 | - | 1,802 | 12,769 | 6,182,523 | 11.4 | 5,454,997 | 10.7 |
| Advances in foreign currency granted | - | - | - | - | - | - | - | - | - | - | - | 26,494 | 0.1 |
| Subtotal | 15,385,161 | 19,928,689 | 4,442,358 | 9,121,955 | 1,478,326 | 378,886 | 474,859 | 427,897 | 1,920,625 | 53,558,756 | 98.6 | 50,160,297 | 98.8 |
| Other receivables | 195,560 | 246,974 | 79,124 | 162,876 | 9,508 | 3,864 | 49,244 | 793 | 29,285 | 777,228 | 1.4 | 640,890 | 1.2 |
| | 15,580,721 | 20,175,663 | 4,521,482 | 9,284,831 | 1,487,834 | 382,750 | 524,103 | 428,690 | 1,949,910 | 54,335,984 | 100.0 | | |

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| | | | | | | | | | | | | | |
|--|------------|------------|-----------|-----------|-----------|---------|---------|---------|-----------|-------|------------|-------|--|
| Total credit operations in 2003 | | | | | | | | | | | | | |
| % | 28.7 | 37.1 | 8.3 | 17.1 | 2.7 | 0.7 | 1.0 | 0.8 | 3.6 | 100.0 | | | |
| Total credit operations in 2002 | 14,626,141 | 18,341,706 | 3,963,154 | 9,233,246 | 1,353,817 | 353,508 | 612,923 | 375,298 | 1,941,394 | | 50,801,187 | 100.0 | |
| % | 28.8 | 36.1 | 7.8 | 18.2 | 2.7 | 0.7 | 1.2 | 0.7 | 3.8 | | 100.0 | | |

At December 31, 2003 - In thousands of reais

BRADESCO

Risk Levels

| CREDIT OPERATIONS | AA | A | B | C | D | E | F | G | H | Total in 2003 | % | Total in 2002 | % |
|---|-------------------|-------------------|------------------|------------------|------------------|----------------|----------------|----------------|------------------|----------------------|--------------|----------------------|--------------|
| Discount of trade receivables and other loans | 5,584,956 | 8,280,932 | 1,354,757 | 2,710,831 | 776,940 | 228,186 | 263,214 | 152,352 | 1,173,298 | 20,525,466 | 50.1 | 16,447,699 | 48.5 |
| Financings | 3,557,066 | 2,376,460 | 1,025,281 | 2,143,479 | 222,787 | 49,465 | 93,651 | 33,584 | 241,693 | 9,743,466 | 23.8 | 8,922,116 | 26.3 |
| Rural and agribusiness loans | 341,971 | 1,354,008 | 293,325 | 1,837,727 | 77,891 | 41,903 | 21,221 | 189,926 | 41,693 | 4,199,665 | 10.2 | 3,578,468 | 10.6 |
| Subtotal | 9,483,993 | 12,011,400 | 2,673,363 | 6,692,037 | 1,077,618 | 319,554 | 378,086 | 375,862 | 1,456,684 | 34,468,597 | 84.1 | 28,948,283 | 85.4 |
| Advances on foreign exchange contracts | 4,056,339 | 803,154 | 762,570 | 309,453 | 62,087 | 79 | - | 1,802 | 8,340 | 6,003,824 | 14.6 | 4,658,141 | 13.7 |
| Advances in foreign currency granted | - | - | - | - | - | - | - | - | - | - | - | 33,559 | 0.1 |
| Subtotal | 13,540,332 | 12,814,554 | 3,435,933 | 7,001,490 | 1,139,705 | 319,633 | 378,086 | 377,664 | 1,465,024 | 40,472,421 | 98.7 | 33,639,983 | 99.2 |
| Other receivables | 155,197 | 150,913 | 52,739 | 150,612 | 8,237 | 390 | 354 | 287 | 18,058 | 536,787 | 1.3 | 268,575 | 0.8 |
| Total credit operations in 2003 | 13,695,529 | 12,965,467 | 3,488,672 | 7,152,102 | 1,147,942 | 320,023 | 378,440 | 377,951 | 1,483,082 | 41,009,208 | 100.0 | | |
| % | 33.4 | 31.6 | 8.5 | 17.5 | 2.8 | 0.8 | 0.9 | 0.9 | 3.6 | 100.0 | | | |
| Total credit operations in 2002 | 11,229,909 | 10,710,073 | 2,527,202 | 6,209,327 | 860,571 | 278,846 | 465,299 | 286,005 | 1,341,326 | | | 33,908,558 | 100.0 |
| % | 33.1 | 31.6 | 7.5 | 18.3 | 2.5 | 0.8 | 1.4 | 0.8 | 4.0 | | | 100.0 | |

d) Concentration of credit operations

At December 31, 2003 - In thousands of reais

CONSOLIDATED BRADESCO

BRADESCO

| | 2003 | 2002 | 2003 | 2002 |
|--|-------------|-------------|-------------|-------------|
| Largest borrower | 828,281 | 857,225 | 824,930 | 510,885 |
| Percentage of total credit operation portfolio | 1.5% | 1.7% | 2.0% | 1.5% |
| 10 largest borrowers | 5,514,987 | 4,876,857 | 5,015,121 | 3,813,782 |
| Percentage of total credit operation portfolio | 10.1% | 9.6% | 12.2% | 11.2% |
| 20 largest borrowers | 8,408,306 | 7,784,865 | 7,638,662 | 6,088,452 |
| Percentage of total credit operation portfolio | 15.5% | 15.3% | 18.6% | 18.0% |

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| | | | | |
|--|------------|------------|------------|------------|
| 50 largest borrowers | 13,363,361 | 13,349,924 | 11,846,039 | 10,227,778 |
| Percentage of total credit operation portfolio | 24.6% | 26.3% | 28.9% | 30.2% |
| 100 largest borrowers | 17,318,825 | 17,434,289 | 15,202,687 | 13,628,312 |
| Percentage of total credit operation portfolio | 31.9% | 34.3% | 37.1% | 40.2% |

e) Credit operations by activity sector

At December 31, 2003 - In thousands of reais

| | CONSOLIDATED BRADESCO | | | | BRADESCO | | | |
|---|-----------------------|-------------|-------------------|-------------|-------------------|-------------|-------------------|-------------|
| | 2003 | % | 2002 | % | 2003 | % | 2002 | % |
| PUBLIC SECTOR | 186,405 | 0.3 | 254,845 | 0.5 | 57,206 | 0.1 | 78,090 | 0.2 |
| FEDERAL GOVERNMENT | 186,264 | 0.3 | 254,667 | 0.5 | 57,065 | 0.1 | 78,010 | 0.2 |
| Petrochemical | 186,264 | 0.3 | 254,667 | 0.5 | 57,065 | 0.1 | 78,010 | 0.2 |
| MUNICIPAL GOVERNMENT | 141 | - | 178 | - | 141 | - | 80 | - |
| Direct administration | 141 | - | 178 | - | 141 | - | 80 | - |
| PRIVATE SECTOR | 54,149,579 | 99.7 | 50,546,342 | 99.5 | 40,952,002 | 99.9 | 33,830,468 | 99.8 |
| MANUFACTURING | 18,328,262 | 33.7 | 15,918,699 | 31.3 | 16,427,467 | 40.1 | 12,490,098 | 36.7 |
| Food and beverage | 4,206,414 | 7.7 | 3,559,010 | 7.0 | 3,924,482 | 9.6 | 2,955,321 | 8.7 |
| Steel, metallurgical and mechanical | 3,887,069 | 7.1 | 3,664,393 | 7.2 | 3,456,584 | 8.4 | 2,966,118 | 8.7 |
| Light and heavy vehicles | 1,741,707 | 3.2 | 626,944 | 1.2 | 1,704,708 | 4.2 | 489,636 | 1.4 |
| Chemical | 1,432,174 | 2.6 | 1,618,810 | 3.2 | 1,100,549 | 2.7 | 1,088,951 | 3.2 |
| Paper and pulp | 1,173,795 | 2.2 | 889,517 | 1.8 | 1,075,251 | 2.6 | 699,029 | 2.1 |
| Textiles and clothing | 845,699 | 1.6 | 867,798 | 1.7 | 771,012 | 1.9 | 645,064 | 1.9 |
| Rubber and plastic articles | 629,899 | 1.2 | 489,123 | 1.0 | 615,080 | 1.5 | 441,271 | 1.3 |
| Electro-electronics | 615,982 | 1.1 | 553,322 | 1.1 | 593,256 | 1.4 | 480,328 | 1.4 |
| Publishing, printing and reproduction | 532,333 | 1.0 | 743,951 | 1.5 | 485,086 | 1.2 | 599,282 | 1.8 |
| Furniture and wood products | 503,754 | 0.9 | 450,657 | 0.9 | 448,283 | 1.1 | 354,935 | 1.0 |
| Extraction of metallic and non-metallic ores | 426,346 | 0.8 | 327,103 | 0.6 | 412,794 | 1.0 | 308,771 | 0.9 |
| Automotive parts and accessories | 421,013 | 0.8 | 369,926 | 0.7 | 421,013 | 1.0 | 339,714 | 1.0 |
| Leather articles | 310,458 | 0.6 | 330,881 | 0.7 | 282,036 | 0.7 | 246,036 | 0.7 |
| Oil refining and production of alcohol | 230,582 | 0.4 | 385,868 | 0.8 | 230,582 | 0.6 | 330,288 | 1.0 |
| Non-metallic materials | 221,586 | 0.4 | 217,224 | 0.4 | 221,586 | 0.5 | 189,594 | 0.6 |
| Other industries | 1,149,451 | 2.1 | 824,172 | 1.5 | 685,165 | 1.7 | 355,760 | 1.0 |
| COMMERCE | 7,418,479 | 13.6 | 8,009,721 | 15.8 | 5,829,660 | 14.2 | 5,037,295 | 15.0 |
| Speciality store products | 1,517,803 | 2.8 | 1,392,335 | 2.7 | 1,317,164 | 3.2 | 1,042,704 | 3.1 |
| Food, beverages and tobacco products | 995,042 | 1.8 | 860,852 | 1.7 | 756,598 | 1.8 | 538,904 | 1.6 |
| General merchandise wholesalers | 643,190 | 1.2 | 897,720 | 1.8 | 420,892 | 1.0 | 537,391 | 1.6 |
| Non-specialized retailers | 549,067 | 1.0 | 390,093 | 0.8 | 518,620 | 1.3 | 332,019 | 1.0 |
| Waste material and scrap | 511,867 | 0.9 | 356,013 | 0.7 | 511,867 | 1.2 | 319,257 | 0.9 |
| Vehicles | 501,301 | 0.9 | 524,868 | 1.0 | 334,670 | 0.8 | 307,170 | 0.9 |
| Clothing and footwear | 424,324 | 0.8 | 371,093 | 0.7 | 358,563 | 0.9 | 257,373 | 0.8 |
| Articles for personal use and for use in the home | 419,458 | 0.7 | 313,698 | 0.6 | 419,458 | 1.0 | 275,789 | 0.8 |
| Commercial intermediary | 313,456 | 0.6 | 612,566 | 1.2 | 313,456 | 0.8 | 425,523 | 1.3 |
| Repairs, parts and accessories for vehicles | 276,873 | 0.5 | 247,787 | 0.5 | 276,873 | 0.7 | 206,244 | 0.6 |
| Agricultural products | 275,586 | 0.5 | 239,548 | 0.5 | 268,540 | 0.7 | 227,901 | 0.7 |
| Fuel | 273,558 | 0.5 | 227,075 | 0.4 | 254,281 | 0.6 | 170,217 | 0.5 |
| Other commerce | 716,954 | 1.4 | 1,576,073 | 3.2 | 78,678 | 0.2 | 396,803 | 1.2 |
| FINANCIAL INTERMEDIATION | 744,295 | 1.4 | 731,175 | 1.4 | 751,974 | 1.8 | 598,529 | 1.8 |
| SERVICES | 11,279,871 | 20.8 | 11,274,159 | 22.2 | 7,703,603 | 18.8 | 6,804,710 | 20.0 |
| Transport and storage | 2,059,891 | 3.8 | 1,771,625 | 3.5 | 1,086,596 | 2.7 | 817,714 | 2.4 |

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| | | | | | | | | |
|---|-------------------|--------------|-------------------|--------------|-------------------|--------------|-------------------|--------------|
| Telecommunications | 1,943,427 | 3.6 | 2,726,916 | 5.3 | 1,717,584 | 4.2 | 1,945,689 | 5.7 |
| Real estate activities, rents and corporate services | 1,579,948 | 2.9 | 1,224,184 | 2.4 | 997,462 | 2.4 | 793,008 | 2.3 |
| Civil construction | 1,447,366 | 2.7 | 1,558,517 | 3.1 | 1,087,522 | 2.7 | 997,086 | 2.9 |
| Production and distribution of electric power, gas and water | 1,344,833 | 2.5 | 940,956 | 1.9 | 1,344,833 | 3.3 | 939,871 | 2.7 |
| Holdings, legal, accounting and business advisory services | 808,612 | 1.5 | 640,333 | 1.3 | 499,297 | 1.2 | 400,863 | 1.2 |
| Social services, education, health, defense and social security | 632,268 | 1.2 | 549,541 | 1.1 | 425,073 | 1.0 | 298,264 | 0.9 |
| Clubs, leisure, cultural and sports activities | 406,037 | 0.7 | 463,896 | 0.9 | 259,135 | 0.6 | 227,309 | 0.7 |
| Hotel and catering | 207,703 | 0.4 | 236,475 | 0.5 | 177,537 | 0.4 | 188,853 | 0.6 |
| Other services | 849,786 | 1.5 | 1,161,716 | 2.2 | 108,564 | 0.3 | 196,053 | 0.6 |
| AGRICULTURE, LIVESTOCK RAISING, FISHING, FOREST DEVELOPMENT AND MANAGEMENT | 745,452 | 1.4 | 994,024 | 2.0 | 698,907 | 1.7 | 697,070 | 2.1 |
| INDIVIDUALS | 15,633,220 | 28.8 | 13,618,564 | 26.8 | 9,540,391 | 23.3 | 8,202,766 | 24.2 |
| TOTAL | 54,335,984 | 100.0 | 50,801,187 | 100.0 | 41,009,208 | 100.0 | 33,908,558 | 100.0 |

f) Composition of the credit operation portfolio and the allowance for loan losses

At December 31, 2003 - In thousands of reais

CONSOLIDATED BRADESCO

Portfolio Balance

| Risk Level | Abnormal Course | | | Normal Course | Total | % | Accumulated % - 2003 | Accumulated % - 2002 |
|----------------------|------------------|------------------|-----------------------|-------------------|-------------------|--------------|----------------------|----------------------|
| | Past Due | Falling Due | Total Abnormal Course | | | | | |
| AA | - | - | - | 15,580,721 | 15,580,721 | 28.7 | 28.7 | 28.8 |
| A | - | - | - | 20,175,663 | 20,175,663 | 37.1 | 65.8 | 64.9 |
| B | 93,660 | 431,467 | 525,127 | 3,996,355 | 4,521,482 | 8.3 | 74.1 | 72.7 |
| C | 168,330 | 559,835 | 728,165 | 8,556,666 | 9,284,831 | 17.1 | 91.2 | 90.9 |
| Subtotal | 261,990 | 991,302 | 1,253,292 | 48,309,405 | 49,562,697 | 91.2 | | |
| D | 174,832 | 372,874 | 547,706 | 940,128 | 1,487,834 | 2.7 | 93.9 | 93.6 |
| E | 112,669 | 136,200 | 248,869 | 133,881 | 382,750 | 0.7 | 94.6 | 94.3 |
| F | 112,647 | 123,173 | 235,820 | 288,283 | 524,103 | 1.0 | 95.6 | 95.5 |
| G | 115,967 | 78,354 | 194,321 | 234,369 | 428,690 | 0.8 | 96.4 | 96.2 |
| H | 932,149 | 474,010 | 1,406,159 | 543,751 | 1,949,910 | 3.6 | 100.0 | 100.0 |
| Subtotal | 1,448,264 | 1,184,611 | 2,632,875 | 2,140,412 | 4,773,287 | 8.8 | | |
| Total in 2003 | 1,710,254 | 2,175,913 | 3,886,167 | 50,449,817 | 54,335,984 | 100.0 | | |
| % | 3.2 | 4.0 | 7.2 | 92.8 | 100.0 | | | |
| Total in 2002 | 1,731,737 | 2,174,689 | 3,906,426 | 46,894,761 | 50,801,187 | | | |
| % | 3.4 | 4.3 | 7.7 | 92.3 | 100.0 | | | |

At December 31, 2003 - In thousands of reais

CONSOLIDATED BRADESCO

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Allowance

Minimum Requirement

| Risk Level | Minimum Required Provision | Specific | | | Generic | Total | Additional | Existing | % (1) 2003 | % (1) 2002 |
|----------------------|----------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|-------------|------------|
| | | Past Due | Falling Due | Total Specific | | | | | | |
| AA | 0.0 | - | - | - | - | - | - | - | - | - |
| A | 0.5 | - | - | - | 100,829 | 100,829 | 52,075 | 152,904 | 0.8 | 0.7 |
| B | 1.0 | 998 | 4,158 | 5,156 | 40,043 | 45,199 | 23,575 | 68,774 | 1.5 | 1.3 |
| C | 3.0 | 5,050 | 16,795 | 21,845 | 256,694 | 278,539 | 293,457 | 571,996 | 6.2 | 3.6 |
| Subtotal | 6,048 | 20,953 | 27,001 | 397,566 | 424,567 | 369,107 | 793,674 | 1.6 | 1.1 | |
| D | 10.0 | 17,483 | 37,287 | 54,770 | 94,011 | 148,781 | 274,339 | 423,120 | 28.4 | 22.3 |
| E | 30.0 | 33,800 | 40,859 | 74,659 | 40,164 | 114,823 | 59,314 | 174,137 | 45.5 | 46.7 |
| F | 50.0 | 56,323 | 61,586 | 117,909 | 144,141 | 262,050 | 85,827 | 347,877 | 66.4 | 66.9 |
| G | 70.0 | 81,177 | 54,848 | 136,025 | 164,058 | 300,083 | 70,499 | 370,582 | 86.4 | 86.3 |
| H | 100.0 | 932,149 | 474,010 | 1,406,159 | 543,751 | 1,949,910 | - | 1,949,910 | 100.0 | 100.0 |
| Subtotal | 1,120,932 | 668,590 | 1,789,522 | 986,125 | 2,775,647 | 489,979 | 3,265,626 | 68.4 | 67.8 | |
| Total in 2003 | | 1,126,980 | 689,543 | 1,816,523 | 1,383,691 | 3,200,214 | 859,086 | 4,059,300 | 7.5 | |
| % | | 27.7 | 17.0 | 44.7 | 34.1 | 78.8 | 21.2 | 100.0 | | |
| Total in 2002 | | 1,149,088 | 794,363 | 1,943,451 | 1,217,036 | 3,160,487 | 504,604 | 3,665,091 | | 7.2 |
| % | | 31.3 | 21.7 | 53.0 | 33.2 | 86.2 | 13.8 | 100.0 | | |

At December 31, 2003 - In thousands of reais

BRADESCO

Portfolio Balance

Abnormal Course

| Risk Level | Abnormal Course | | | Normal Course | Total | % | Accumulated % - 2003 | Accumulated % - 2002 |
|-----------------|-----------------|----------------|-----------------------|-------------------|-------------------|-------------|----------------------|----------------------|
| | Past Due | Falling Due | Total Abnormal Course | | | | | |
| AA | - | - | - | 13,695,529 | 13,695,529 | 33.4 | 33.4 | 33.1 |
| A | - | - | - | 12,965,467 | 12,965,467 | 31.6 | 65.0 | 64.7 |
| B | 61,677 | 128,859 | 190,536 | 3,298,136 | 3,488,672 | 8.5 | 73.5 | 72.2 |
| C | 124,666 | 237,394 | 362,060 | 6,790,042 | 7,152,102 | 17.5 | 91.0 | 90.5 |
| Subtotal | 186,343 | 366,253 | 552,596 | 36,749,174 | 37,301,770 | 91.0 | | |
| D | 157,030 | 283,477 | 440,507 | 707,435 | 1,147,942 | 2.8 | 93.8 | 93.0 |
| E | 100,459 | 103,893 | 204,352 | 115,671 | 320,023 | 0.8 | 94.6 | 93.8 |
| F | 97,623 | 97,003 | 194,626 | 183,814 | 378,440 | 0.9 | 95.5 | 95.2 |
| G | 95,450 | 57,747 | 153,197 | 224,754 | 377,951 | 0.9 | 96.4 | 96.0 |
| H | 747,093 | 346,976 | 1,094,069 | 389,013 | 1,483,082 | 3.6 | 100.0 | 100.0 |

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| | | | | | | |
|----------------------|------------------|------------------|------------------|-------------------|-------------------|--------------|
| Subtotal | 1,197,655 | 889,096 | 2,086,751 | 1,620,687 | 3,707,438 | 9.0 |
| Total in 2003 | 1,383,998 | 1,255,349 | 2,639,347 | 38,369,861 | 41,009,208 | 100.0 |
| % | 3.4 | 3.1 | 6.5 | 93.5 | 100.0 | |
| Total in 2002 | 1,285,010 | 1,234,259 | 2,519,269 | 31,389,289 | 33,908,558 | |
| % | 3.8 | 3.6 | 7.4 | 92.6 | 100.0 | |

At December 31, 2003 - In thousands of reais

BRADESCO

Allowance

Minimum Requirement

| Risk Level | % Minimum Required Provision | Specific | | | Generic | Total | Additional | Existing | % (1) 2003 | % (1) 2002 |
|----------------------|------------------------------|----------------|----------------|------------------|------------------|------------------|----------------|------------------|-------------|-------------|
| | | Past Due | Falling Due | Total Specific | | | | | | |
| AA | 0.0 | - | - | - | - | - | - | - | - | - |
| A | 0.5 | - | - | - | 64,778 | 64,778 | 52,075 | 116,853 | 0.9 | 0.9 |
| B | 1.0 | 617 | 1,288 | 1,905 | 32,976 | 34,881 | 14,700 | 49,581 | 1.4 | 1.5 |
| C | 3.0 | 3,740 | 7,122 | 10,862 | 203,695 | 214,557 | 209,576 | 424,133 | 5.9 | 3.2 |
| Subtotal | | 4,357 | 8,410 | 12,767 | 301,449 | 314,216 | 276,351 | 590,567 | 1.6 | 1.1 |
| D | 10.0 | 15,702 | 28,347 | 44,049 | 70,742 | 114,791 | 224,827 | 339,618 | 29.6 | 28.8 |
| E | 30.0 | 30,137 | 31,167 | 61,304 | 34,701 | 96,005 | 52,965 | 148,970 | 46.5 | 47.5 |
| F | 50.0 | 48,811 | 48,502 | 97,313 | 91,907 | 189,220 | 72,746 | 261,966 | 69.2 | 68.9 |
| G | 70.0 | 66,815 | 40,423 | 107,238 | 157,328 | 264,566 | 57,839 | 322,405 | 85.3 | 91.4 |
| H | 100.0 | 747,093 | 346,976 | 1,094,069 | 389,013 | 1,483,082 | - | 1,483,082 | 100.0 | 100.0 |
| Subtotal | | 908,558 | 495,415 | 1,403,973 | 743,691 | 2,147,664 | 408,377 | 2,556,041 | 68.9 | 71.3 |
| Total in 2003 | | 912,915 | 503,825 | 1,416,740 | 1,045,140 | 2,461,880 | 684,728 | 3,146,608 | 7.7 | |
| % | | 29.0 | 16.0 | 45.0 | 33.2 | 78.2 | 21.8 | 100.0 | | |
| Total in 2002 | | 867,289 | 548,610 | 1,415,899 | 793,035 | 2,208,934 | 428,498 | 2,637,432 | | 7.8 |
| % | | 32.9 | 20.8 | 53.7 | 30.1 | 83.8 | 16.2 | 100.0 | | |

(1) Existing provision in relation to portfolio, by risk level.

g) Movement of allowance for loan losses

At December 31, 2003 - In thousands of reais

| | CONSOLIDATED BRADESCO | BRADESCO |
|-----------------------------|----------------------------------|------------------|
| At December 31, 2001 | 2,941,297 | 2,249,451 |
| - Specific provision (2) | 1,730,687 | 1,416,385 |

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| | | |
|---|--------------------|--------------------|
| - Generic provision (3) | 978,678 | 661,746 |
| - Additional provision (4) | 231,932 | 171,320 |
| Amount recorded | 2,818,526 | 2,288,832 |
| Amount written off | (2,328,821) | (1,900,851) |
| Balance derived from acquired institutions (1) | 234,089 | - |
| At December 31, 2002 | 3,665,091 | 2,637,432 |
| - Specific provision (2) | 1,943,451 | 1,415,899 |
| - Generic provision (3) | 1,217,036 | 793,035 |
| - Additional provision (4) | 504,604 | 428,498 |
| Amount recorded | 2,449,689 | 2,262,618 |
| Amount written off | (2,226,217) | (1,753,442) |
| Balance derived from acquired institutions (5) | 170,737 | - |
| At December 31, 2003 | 4,059,300 | 3,146,608 |
| - Specific provision (2) | 1,816,523 | 1,416,740 |
| - Generic provision (3) | 1,383,691 | 1,045,140 |
| - Additional provision (4) | 859,086 | 684,728 |

(1) Including Banco Mercantil de São Paulo S.A. - R\$ 195,110 thousand; Banco BEA S.A. - R\$ 6,696 thousand; Banco Cidade S.A. - R\$ 16,600 thousand; and Potenza Leasing S.A. - R\$ 15,683 thousand.

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

(3) Recorded based on the customer/transaction classification and accordingly not included in the preceding item.

(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 2682. The additional provision per customer was classified (Note 12f) according to the corresponding risk levels.

(5) BBV Banco (now Banco Alvorada S.A.).

h) Recovery and renegotiation of credit operations

Expense for provision for loan losses, net of recoveries of written-off credits.

At December 31, 2003 - In thousands of reais

| | CONSOLIDATED BRADESCO | | BRADESCO | |
|----------------------------------|--------------------------|------------------|------------------|------------------|
| | 2003 | 2002 | 2003 | 2002 |
| Amount recorded for the year | 2,449,689 | 2,818,526 | 2,262,618 | 2,288,832 |
| Amount recovered (1) | (476,253) | (379,668) | (350,416) | (272,124) |
| Expense net of recoveries | 1,973,436 | 2,438,858 | 1,912,202 | 2,016,708 |

(1) These recoveries are classified in income on credit operations.

The total renegotiated operations for the year are presented below:

At December 31, 2003 - In thousands of reais

| | CONSOLIDATED BRADESCO | BRADESCO |
|--|--------------------------|----------|
| | | |

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| | 2003 | 2002 | 2003 | 2002 |
|--|------------------|----------------|------------------|---------------|
| Amount renegotiated | 1,842,816 | 2,140,121 | 1,367,968 | 1,740,679 |
| Amount received and written off | (2,039,634) | (1,937,366) | (1,546,277) | (1,672,798) |
| Total net renegotiations for the period | (196,818) | 202,755 | (178,309) | 67,881 |
| i) Income on credit operations | | | | |

At December 31, 2003 - In thousands of reais

| | CONSOLIDATED BRADESCO | | BRADESCO | |
|---|--------------------------|-------------------|------------------|-------------------|
| | 2003 | 2002 | 2003 | 2002 |
| Discount of trade receivables and other loans | 7,944,505 | 8,921,674 | 6,301,230 | 6,614,153 |
| Financings | 3,796,761 | 4,917,955 | 1,738,835 | 3,025,337 |
| Rural and agribusiness loans | 474,332 | 508,557 | 436,474 | 457,697 |
| Subtotal | 12,215,598 | 14,348,186 | 8,476,539 | 10,097,187 |
| Recovery of credits written off as loss | 476,253 | 379,668 | 350,416 | 272,124 |
| Allocation of exchange variation of foreign branches and subsidiaries | (397,323) | 999,075 | - | - |
| Subtotal | 12,294,528 | 15,726,929 | 8,826,955 | 10,369,311 |
| Leasing, net of expenses | 294,794 | 396,077 | - | - |
| Total | 12,589,322 | 16,123,006 | 8,826,955 | 10,369,311 |

13) OTHER RECEIVABLES

a) Foreign exchange portfolio

Balance sheet accounts

At December 31, 2003 - In thousands of reais

| | CONSOLIDATED BRADESCO | | BRADESCO | |
|---|--------------------------|-------------------|-------------------|------------------|
| | 2003 | 2002 | 2003 | 2002 |
| Assets - other receivables | | | | |
| Exchange purchases pending settlement | 8,740,540 | 9,141,268 | 8,555,387 | 8,122,522 |
| Exchange sale receivables | 2,411,524 | 2,098,922 | 2,414,099 | 2,011,210 |
| Foreign exchange acceptances and term documents in foreign currencies | 33,824 | 40,922 | 30,470 | 36,136 |
| Income receivable on advances granted | 89,174 | 151,401 | 86,240 | 119,462 |
| Less - Advances in local currency received | (172,525) | (274,707) | (169,792) | (175,181) |
| Less - Advances in foreign currency received | - | (1,131,508) | - | (1,131,508) |
| Total | 11,102,537 | 10,026,298 | 10,916,404 | 8,982,641 |

Liabilities - Other liabilities

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| | | | | |
|---|------------------|------------------|------------------|------------------|
| Exchange purchase payables | 8,857,693 | 8,380,982 | 8,671,815 | 7,537,261 |
| Exchange sales pending settlement | 2,429,142 | 2,088,354 | 2,431,753 | 1,999,341 |
| Less - Advances on foreign exchange contracts | (6,182,523) | (5,454,997) | (6,003,824) | (4,658,141) |
| Less - Advances in foreign currency received | - | (26,494) | - | (33,559) |
| Other | 14,489 | 14,287 | 7,987 | 4,484 |
| Total | 5,118,801 | 5,002,132 | 5,107,731 | 4,849,386 |
| | | | | |
| Net exchange portfolio | 5,983,736 | 5,024,166 | 5,808,673 | 4,133,255 |

Memorandum accounts

| | | | | |
|--------------------------------|---------|--------|---------|--------|
| Open import credits | 174,283 | 91,466 | 173,883 | 71,406 |
| Foreign exchange transactions: | | | | |

We present below the composition of foreign exchange transactions adjusted to improve the presentation of the effective results:

| | At December 31, 2003 - In thousands of reais | | | |
|---|---|--------------------|------------------|--------------------|
| | CONSOLIDATED BRADESCO | | BRADESCO | |
| | 2003 | 2002 | 2003 | 2002 |
| Income on exchange transactions | 11,959,103 | 14,943,901 | 11,433,422 | 13,388,974 |
| Expenses for exchange transactions | (11,161,401) | (10,487,307) | (10,621,675) | (9,532,253) |
| Foreign exchange transactions | 797,702 | 4,456,594 | 811,747 | 3,856,721 |
| Adjustments: | | | | |
| - Income on foreign currency financing (1) | 215,246 | 1,089,049 | 203,218 | 946,681 |
| - Income on export financing (1) | 21,131 | 17,544 | 5,177 | 8,987 |
| - Income on foreign investments (2) | 19,978 | 77,672 | 15,428 | 59,703 |
| - Expenses for payables to foreign bankers (3) | (23,148) | (9,317) | (4,750) | (9,317) |
| - Expenses for foreign securities (4) | (706,099) | (5,245,160) | (761,296) | (4,615,142) |
| Total adjustments | (472,892) | (4,070,212) | (542,223) | (3,609,088) |
| Adjusted foreign exchange transactions | 324,810 | 386,382 | 269,524 | 247,633 |
| (1) Income on export financing and foreign currency financing classified as income on credit operations. | | | | |
| (2) Income on foreign investments classified as income on securities transactions. | | | | |
| (3) Expenses for payables to foreign bankers relating to funds for financing advances on foreign exchange contracts and import financing, classified as expenses for borrowings and onlendings. | | | | |
| (4) Expenses for foreign securities, classified as expenses for interest and charges on deposits . | | | | |
| b) Sundry | | | | |

| | At December 31, 2003 - In thousands of reais | | | |
|--------------------------------|---|-------------|-----------------|-------------|
| | CONSOLIDATED BRADESCO | | BRADESCO | |
| | 2003 | 2002 | 2003 | 2002 |
| Deferred tax assets (Note 35c) | 5,840,569 | 4,960,311 | 3,171,861 | 2,639,830 |

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| | | | | |
|-----------------------------------|-------------------|------------------|------------------|------------------|
| Deposits in guarantee | 1,728,431 | 1,308,611 | 785,651 | 507,812 |
| Sundry receivables | 1,448,216 | 1,195,641 | 1,055,001 | 929,509 |
| Prepaid taxes | 1,076,282 | 1,137,955 | 495,461 | 442,792 |
| Receivables on purchase of assets | 478,223 | 304,407 | 350,097 | 133,699 |
| Payments to be reimbursed | 385,075 | 349,685 | 136,379 | 165,412 |
| Credit instruments receivable | 307,796 | 342,916 | 99,861 | 13,885 |
| Other | 60,265 | 41,440 | 23,943 | 14,575 |
| Total | 11,324,857 | 9,640,966 | 6,118,254 | 4,847,514 |

14) OTHER ASSETS

a) Non-operating assets/other

At December 31, 2003 - In thousands of reais

| | CONSOLIDATED BRADESCO | | | BRADESCO | | |
|-------------------------------------|-----------------------|--------------------|----------------|----------------|--------------------|----------------|
| | Cost | Provision for Loss | Residual Value | Cost | Provision for Loss | Residual Value |
| Property | 370,746 | (171,271) | 199,475 | 131,804 | (69,571) | 62,233 |
| Vehicles and similar | 64,072 | (39,586) | 24,486 | 32,577 | (21,991) | 10,586 |
| Goods subject to special conditions | 24,799 | (24,202) | 597 | 11,897 | (11,897) | - |
| Inventories/stores | 19,609 | - | 19,609 | 9,874 | - | 9,874 |
| Machinery and equipment | 14,630 | (7,816) | 6,814 | 2,076 | (249) | 1,827 |
| Other | 93,138 | (14,310) | 78,828 | 23 | (3) | 20 |
| Total in 2003 | 586,994 | (257,185) | 329,809 | 188,251 | (103,711) | 84,540 |
| Total in 2002 | 679,515 | (243,953) | 435,562 | 290,812 | (152,838) | 137,974 |

b) Prepaid expenses

These comprise mainly expenses for insurance, prepaid financial expenses, expenses for commission on placement of auto sales financing, deferred selling expenses and expenses for the contract to provide banking services at Correios Post Office network post-office bank branches, which are amortized on a straight-line basis according to the contract terms.

15) INVESTMENTS

a) We present below the movement of investments in foreign branches and direct and indirect subsidiaries, which were fully eliminated upon consolidation of the financial statements:

In thousands of reais

| Investments in foreign branches and subsidiaries | Balance at December 31, 2002 | Movement for the Year (3) | Balance at December 31, 2003 |
|--|------------------------------|---------------------------|------------------------------|
| Bradesco - Grand Cayman | 1,201,263 | 104,179 | 1,305,442 |
| Alvorada Nassau (2) | - | 772,693 | 772,693 |
| Mercantil - Grand Cayman | 502,447 | (88,560) | 413,887 |
| Bradesco - New York | 483,437 | (80,685) | 402,752 |

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| | | | |
|---|------------------|------------------|------------------|
| BCN - Grand Cayman | 447,864 | (48,271) | 399,593 |
| Bradport - SGPS, Sociedade Unipessoal, Lda. (4) | - | 365,453 | 365,453 |
| Banco Bradesco Luxembourg S.A. (1) | 335,919 | (44,860) | 291,059 |
| Boavista (Nassau, Grand Cayman and Banking) | 155,860 | 40,755 | 196,615 |
| Banco Bradesco Luxembourg S.A. (1) | 134,848 | (18,883) | 115,965 |
| Cidade Capital Markets Limited | 104,166 | (17,879) | 86,287 |
| Bradesco Securities, Inc. | 3,432 | 61,067 | 64,499 |
| Banco Bradesco Argentina S.A. | 57,058 | (2,073) | 54,985 |
| Bradesco Argentina de Seguros S.A. | 12,974 | 395 | 13,369 |
| Bradesco International Health Service, Inc. | 966 | (249) | 717 |
| Total | 3,440,234 | 1,043,082 | 4,483,316 |

- (1) In September 2003, Banco Mercantil de São Paulo International S.A. and Banco Bradesco Luxembourg S.A. were merged and the latter's name maintained.
- (2) Acquired in June 2003.
- (3) Includes exchange variation in the amount of R\$ (487,460) thousand, equity accounting in the amount of R\$ 322,268 thousand, new acquisitions in the amount of R\$ 997,668 thousand, capital increase in the amount of R\$ 66,658 thousand and mark-to-market adjustment of securities available for sale in the amount of R\$ 143,948 thousand.
- (4) Constituted in December 2003, through capital subscription with shares of Banco Espírito Santo S.A.

b) Composition of investments in the consolidated financial statements

| | At December 31, 2003 - In thousands of reais | |
|--|--|----------------|
| | 2003 | 2002 |
| Associated Companies (total percentage ownership) | | |
| IRB - Brasil Resseguros S.A. - (21.24%) | 235,554 | 252,237 |
| CP Cimento e Participações S.A. - (12.48%) | 48,578 | 48,578 |
| NovaMarlim Participações S.A. - (17.17%) | 22,100 | 22,100 |
| Marlim Participações S.A. - (11.84%) | 19,836 | 23,803 |
| BES Investimentos do Brasil S.A. - BI (19.99%) | 17,428 | 14,959 |
| American Bank Note Ltda. - (22.50%) | 16,449 | 16,449 |
| Other associated companies | 9,990 | 16,880 |
| Total in associated companies | 369,935 | 395,006 |
| Other investments (1) | 528,595 | 148,325 |
| Fiscal incentives | 329,390 | 291,017 |
| Provision for: | | |
| Fiscal incentives | (274,324) | (239,182) |
| Other investments | (91,273) | (82,446) |
| Total consolidated investments | 862,323 | 512,720 |

- (1) Includes, in 2003, the transfer of the investment in Banco Espírito Santo S.A. from current to permanent assets in the amounts of R\$ 365,453 thousand.

c) Equity accounting was recorded in income under Equity in the earnings of subsidiary and associated companies and totals R\$ 5,227 thousand (2002 - R\$ 64,619 thousand) and R\$ 1,984,408 thousand (2002 - R\$ 2,107,463 thousand) on an unconsolidated basis and is presented as follows:

| In thousands of reais | | | | | | | | | |
|-----------------------|---------|---------------------|---|-----------|--------|----------------------------|-----------------------------|-----------------------------------|-------------------|
| Company | Capital | Adjusted Net Equity | Number of Shares/Quotas Held (thousand) | | | Adjusted Net Income (loss) | Book Value (unconsolidated) | Equity Accounting Adjustment (26) | |
| | | | Common | Preferred | Quotas | | December 31, 2003 | December 31, 2003 | December 31, 2002 |
| | | | | | | | | | |

**I - CONSOLIDATED
SUBSIDIARIES**

| | | | | | | | | | |
|--|------------------|------------------|-------------------|----------|----------|-----------------|----------------|------------------|------------------------|
| A) Financial area | | | | | | | | 812,737 | 1,815,614 |
| BCN and subsidiaries | 2,270,089 | 3,228,028 | 12 | - | - | 100.000% | 278,509 | 3,361,156 | 182,312 379,135 |
| Banco BCN S.A. (1) (2) | | | | | | | | (264,816) | (150,290) |
| Bancocidade - Corretora de Valores Mobiliários e de Câmbio Ltda. (3) | | | | | | | | 3,713 | 4,339 |
| Bancocidade Leasing Arrendamento Mercantil S.A. (2) | | | | | | | | 28,791 | (1,113) |
| Banco das Nações S.A. (4) | | | | | | | | - | 3,527 |
| Banco de Crédito Real de Minas Gerais S.A. (2) | | | | | | | | 233,970 | 172,371 |
| Banco Finasa S.A. (2) | | | | | | | | (15,738) | 79,876 |
| BCN Cons., Adm. de Bens, Serv. e Publ. Ltda. (2) | | | | | | | | 1,866 | 4,552 |
| Boavista S.A. Arrendamento Mercantil (5) | | | | | | | | 13,709 | 4,008 |
| Bradesco BCN Leasing S.A. Arrendamento Mercantil (2) (6) | | | | | | | | 53,607 | 47,122 |
| Cidade Capital Markets Limited (2) | | | | | | | | 1,110 | (11,542) |
| Finasa Promotora de Vendas Ltda. (2) | | | | | | | | 1,598 | 4,358 |
| Potenza Leasing S.A. Arrendamento Mercantil (2) (7) | | | | | | | | 201,832 | 43,412 |
| Foreign branches - Exchange gains(loss) (2) | | | | | | | | (100,632) | 163,554 |
| Other subsidiaries | | | | | | | | 23,302 | 14,961 |
| Banco Mercantil and subsidiaries | 3,881,053 | 4,098,806 | 24,931,096 | - | - | 100.000% | 152,816 | 4,181,937 | 22,714 134,062 |
| Banco Mercantil de São Paulo S.A. (1) (2) | | | | | | | | 144,247 | (183,990) |
| Banco Finasa de Investimento S.A. (12) | | | | | | | | 5,999 | 1,740 |
| Banco Bradesco Luxembourg S.A. (2) (13) | | | | | | | | 10,555 | 15,239 |
| Candelária Empreendimentos e Participações Ltda. (8) | | | | | | | | - | 4,828 |
| Finasa Leasing Arrendamento Mercantil (9) | | | | | | | | 3,733 | 123 |
| Foreign branches - Exchange gains(loss) (2) | | | | | | | | (143,982) | 284,491 |
| Other subsidiaries | | | | | | | | 2,162 | 11,631 |
| Banco Alvorada and subsidiaries (10) | 2,686,572 | 2,652,196 | 6,217,482 | - | - | 100.000% | 361,764 | 2,840,090 | 347,859 - |
| Banco Alvorada S.A. (1) (2) (10) | | | | | | | | 361,468 | - |
| Alvorada Administradora de Cartões Ltda. (2) (11) | | | | | | | | 1,541 | - |
| Alvorada Leasing Brasil S.A. Arrendamento Mercantil (2) (14) | | | | | | | | 2,345 | - |
| | | | | | | | | (20,201) | - |

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| | | | | | | | | | | | |
|--|-----------|-----------|------------|------------|--------|----------|---------|-----------|----------------|------------------|---|
| Foreign branches/subsidiaries - Exchange gains (loss) (2) | | | | | | | | | | | |
| Other subsidiaries | | | | | | | | | 2,706 | | - |
| Other financial companies | | | | | | | | | 259,852 | 1,302,417 | |
| Banco Baneb S.A. (1) (2) | 1,475,556 | 1,719,456 | 50,996,119 | 77,366,434 | - | 99.941% | 225,426 | 1,718,436 | 224,695 | 121,144 | |
| Banco BEA S.A. (15) | - | - | - | - | - | - | - | - | 4,910 | 34,573 | |
| Banco Boavista Interatlântico S.A. and subsidiaries (1) (2) | 164,074 | 605,363 | 1,678,390 | - | - | 100.000% | 584,200 | 913,749 | 589,172 | 452,715 | |
| Banco Bradesco Argentina S.A. (1) (2) | 64,938 | 54,985 | 29,999 | - | - | 99.999% | 648 | 54,985 | 648 | (12,156) | |
| Banco Bradesco Luxembourg S.A. (1) (2) (13) | 197,477 | 361,170 | 1 | - | - | 31.632% | 5,277 | 115,965 | 5,278 | (74) | |
| Banco Finasa de Investimento S.A. (1) (2) (12) | 319,047 | 356,825 | 1,749,746 | - | - | 97.404% | 33,514 | 347,562 | 26,263 | - | |
| Boavista S.A. D.T.V.M. (16) (17) | - | - | - | - | - | - | - | - | (471,845) | (27,870) | |
| Bradesco BCN Leasing S.A. Arrendamento Mercantil (1) (2) (6) | 697,221 | 1,028,899 | 262 | - | - | 52.386% | 63,179 | 585,514 | 63,179 | - | |
| Bradesco Leasing S.A. Arrendamento Mercantil (18) | - | - | - | - | - | - | - | - | 3,612 | 56,509 | |
| Bradesco S.A. Corretora de Títulos e Valores Mobiliários (1) (2) | 45,000 | 65,591 | 375,999 | - | - | 99.999% | 17,050 | 65,591 | 17,050 | 13,158 | |
| Bradesco Securities, Inc. (1) (2) | 63,562 | 64,499 | 11 | - | - | 100.000% | 3,909 | 64,499 | 3,909 | (1,495) | |
| BRAM - Bradesco Asset Management Ltda. and subsidiary (1) (2) | 51,911 | 57,677 | - | - | 51,911 | 99.999% | 4,405 | 57,676 | 4,405 | 9,786 | |
| Bradesco Consórcios Ltda. (1) (2) | 14,795 | 19,206 | - | - | 14,795 | 99.999% | 4,913 | 19,206 | 4,913 | (727) | |
| Bradport SGPS, (Sociedade Unipessoal) LDA (1) (2) (21) | 365,453 | 365,453 | - | - | - | 100.000% | - | 365,453 | - | - | |
| Cia. Brasileira de Meios de Pagamento VISANET (19) | | | | | | | | | 11,502 | 44,014 | |
| Foreign branches/subsidiaries - Exchange gains (loss) (2) | | | | | | | | | (222,925) | 611,985 | |
| Other financial companies | | | | | | | | | (4,914) | 855 | |
| B) Insurance and Pension Plan area | | | | | | | | | 642,224 | 653,279 | |
| Bradesco Seguros S.A. (1) (2) | 1,301,000 | 3,505,159 | 625 | - | - | 99.697% | 678,069 | 3,494,552 | (20,544) | 34,607 | |
| ABS - Empreendimentos Imobiliários, Participações e Serviços S.A. (20) | | | | | | | | | 56,540 | 97,104 | |
| Atlântica Capitalização S.A. (2) | | | | | | | | | 1,358 | 697 | |
| Bradesco Argentina de Seguros S.A. (2) | | | | | | | | | 1,203 | 15,610 | |
| Bradesco Capitalização S.A. (2) | | | | | | | | | 177,397 | 99,615 | |
| Bradesco Saúde S.A. (2) | | | | | | | | | 2,309 | 76,200 | |
| Bradesco Vida e Previdência S.A. (2) | | | | | | | | | 432,766 | 340,896 | |
| Finasa Seguradora S.A. (2) | | | | | | | | | 10,550 | 12,987 | |
| União Novo Hamburgo Seguros S.A. (2) | | | | | | | | | (19,988) | (9,588) | |
| | | | | | | | | | (1,005) | (15,881) | |

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| | | | | | | | | | | |
|---|--------|--------|---|---|-----|---------|----------|-------------------|------------------|------------------|
| Foreign subsidiaries - | | | | | | | | | | |
| Exchange gains (loss) (2) | | | | | | | | | | |
| Other subsidiaries | | | | | | | | | | |
| | | | | | | | | 1,638 | 1,032 | |
| C) Other activities | | | | | | | | 20,060 | 78,111 | |
| União de Comércio e | | | | | | | | | | |
| Participações Ltda. (1) (2) | | | | | | | | | | |
| | 11,195 | 60,489 | - | - | 112 | 99.999% | (36,754) | 60,489 | (66,317) | (24,790) |
| Átria Participações S.A. (2) | | | | | | | | | | |
| | | | | | | | | 1,647 | 29,724 | |
| BUS Holding S.A. (22) | | | | | | | | | | |
| | | | | | | | | - | 9,757 | |
| Latasa S.A. (23) | | | | | | | | | | |
| | | | | | | | | 43,895 | 79,592 | |
| Nova Paiol Participações S.A. | | | | | | | | | | |
| (2) | | | | | | | | | | |
| | | | | | | | | (1,568) | 741 | |
| Other subsidiaries | | | | | | | | | | |
| | | | | | | | | 42,403 | (16,913) | |
| Total consolidated subsidiaries | | | | | | | | 1,475,021 | 2,547,004 | |
| | | | | | | | | | | |
| II - Unconsolidated | | | | | | | | | | |
| BES Investimento do Brasil | | | | | | | | | | |
| S.A. - Banco de Investimento | | | | | | | | | | |
| (19) | | | | | | | | | | |
| | | | | | | | | 4,509 | 852 | |
| IRB-Brasil Resseguros S.A. | | | | | | | | | | |
| (19) | | | | | | | | | | |
| | | | | | | | | 32,123 | 62,300 | |
| Tigre S.A. - Tubos e Conexões | | | | | | | | | | |
| (24) | | | | | | | | | | |
| | | | | | | | | - | 15,607 | |
| UGB Participações S.A. (25) | | | | | | | | | | |
| | | | | | | | | (34,657) | (7,624) | |
| Other associated companies | | | | | | | | | | |
| | | | | | | | | 69,212 | 3,252 | (6,516) |
| Total unconsolidated | | | | | | | | 5,227 | 64,619 | |
| <hr/> | | | | | | | | | | |
| Subtotal | | | | | | | | 18,316,072 | 1,480,248 | 2,611,623 |
| <hr/> | | | | | | | | | | |
| Reversal of (Provision) for exchange variation | | | | | | | | 504,160 | (504,160) | |
| <hr/> | | | | | | | | | | |
| Total | | | | | | | | 18,316,072 | 1,984,408 | 2,107,463 |
| <hr/> | | | | | | | | | | |

(1) Direct subsidiary.

(2) Information at December 31, 2003.

(3) Merged into BCN Corretora de Títulos e Valores Mobiliários S.A. in September 2003.

(4) Merged into Banco BCN S.A. in July 2002.

(5) Merged into Banco Boavista Interatlântico S.A. in December 2003.

(6) Previously named BCN Leasing Arrendamento Mercantil S.A.

(7) Previously named Ford Leasing S.A. - Arrendamento Mercantil.

(8) Merged into Banco Finasa de Investimento S.A. in November 2002.

(9) Merged into BCN Leasing S.A. Arrendamento Mercantil in April 2003.

(10) Formerly Banco Bilbao Vizcaya Argentaria Brasil S.A. BBV Banco acquired in June 2003.

(11) Formerly BBV Administradora de Cartões Ltda. acquired in June 2003.

(12) Became a direct subsidiary of Banco Bradesco S.A. in May 2003.

(13) In September 2003, Banco Mercantil de São Paulo International S.A. and Banco Bradesco Luxembourg S.A. were merged and the latter's name maintained.

(14) Formerly BBV Leasing Brasil S.A. Arrendamento Mercantil.

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- (15) Merged into Banco Baneb S.A. in April 2003.
- (16) Merged into Banco Mercantil de São Paulo S.A. in February 2003.
- (17) Includes extraordinary amortization of goodwill of Mercantil, net of taxes (Note 31).
- (18) Merged into BCN Leasing in February 2003.
- (19) Information at November 30, 2003.
- (20) Merged into Bradesco Capitalização S.A. in December 2003.
- (21) Formed in December 2003.
- (22) Sold in November 2002.
- (23) Sold in October 2003.
- (24) Investment sold in the second quarter of 2003.
- (25) Information at October 31, 2003.
- (26) Equity accounting considers results determined by the companies subsequent to acquisition and includes equity variations in the investees not derived from results, as well as adjustments arising from the equalization of accounting principles, where applicable.

16) PROPERTY AND EQUIPMENT IN USE AND LEASED ASSETS

These are stated at cost plus restatements through December 31, 1995. Depreciation is calculated on the straight-line method at annual rates which take into consideration the economic useful lives of the assets. We present below the composition of property and equipment in use and leased assets:

| At December 31, 2003 - In thousands of reais | | | | | | | |
|---|-----------|------------------|--------------------|------------------|------------------|--------------------|------------------|
| CONSOLIDATED BRADESCO | | | | BRADESCO | | | |
| Rate | Cost | Depreciation | Residual Value | Cost | Depreciation | Residual Value | |
| Land and buildings in use: | | | | | | | |
| -Buildings | 4% | 927,661 | (452,819) | 474,842 | 331,738 | (191,351) | 140,387 |
| -Land | - | 471,074 | - | 471,074 | 94,752 | - | 94,752 |
| Installations, furniture and equipment in use | | | | | | | |
| | 10% | 1,855,513 | (981,993) | 873,520 | 1,271,963 | (628,376) | 643,587 |
| Security and communications systems | | | | | | | |
| | 10% | 140,996 | (74,242) | 66,754 | 113,376 | (59,446) | 53,930 |
| Data processing systems | 20 to 50% | 1,374,891 | (1,065,423) | 309,468 | 1,113,765 | (861,386) | 252,379 |
| Transport systems | 20% | 26,881 | (12,900) | 13,981 | 22,364 | (10,307) | 12,057 |
| Other | - | 82,355 | - | 82,355 | 25,301 | - | 25,301 |
| Subtotal | - | 4,879,371 | (2,587,377) | 2,291,994 | 2,973,259 | (1,750,866) | 1,222,393 |
| Leased assets | - | 63,812 | (29,450) | 34,362 | - | - | - |
| Total in 2003 | - | 4,943,183 | (2,616,827) | 2,326,356 | 2,973,259 | (1,750,866) | 1,222,393 |
| Total in 2002 | - | 5,259,557 | (2,701,285) | 2,558,272 | 2,695,173 | (1,631,231) | 1,063,942 |

Land and buildings in use of the Bradesco Organization present an unrecorded increment of R\$ 739,242 thousand, based on appraisal reports prepared by independent experts in 2003 and 2002.

The permanent assets to stockholders' equity ratio in relation to consolidated reference equity is 26.41% on a consolidated basis and 40.78% on a consolidated financial basis, within the maximum 50% limit.

17) DEFERRED CHARGES

- a) Goodwill

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Goodwill on the acquisition of investments, based on future profitability, mainly results from goodwill on the acquisition of BCN - R\$ 133,128 thousand (2002 - R\$ 167,119 thousand); Boavista - R\$ 308,386 thousand (2002 - R\$ 353,516 thousand); BEA - R\$ 55,045 thousand (2002 - R\$ 59,865 thousand); Mercantil - R\$ 83,131 thousand (2002 - R\$ 709,311 thousand); Banco Cidade - R\$ 133,130 thousand (2002 - R\$ 172,094 thousand); BBV Banco (now Banco Alvorada S.A.) - R\$ 187,894 thousand; and Bradesco BCN Leasing S.A. Arrendamento Mercantil in the amount of R\$ 46,515 thousand (2002 - R\$ 53,716 thousand). Amortization of goodwill for the first half of 2003 totaled R\$ 1,035,080 thousand (2002 - R\$ 237,558 thousand), of which R\$ 798,540 thousand comprises extraordinary amortization of goodwill mainly in Banco Mercantil de São Paulo S.A. in the amount of R\$ 680,759 thousand (Note 31). Remaining goodwill will be amortized over a period varying from 3 to 10 years.

b) Other deferred charges

We present below the composition of other deferred charges

At December 31, 2003 - In thousands of reais

| | CONSOLIDATED BRADESCO | | | BRADESCO | | |
|------------------------|-----------------------|------------------|----------------|----------------|------------------|----------------|
| | Cost | Amortization | Residual Value | Cost | Amortization | Residual Value |
| Systems development | 947,338 | (521,359) | 425,979 | 798,517 | (455,799) | 342,718 |
| Other deferred charges | 176,720 | (51,261) | 125,459 | 126,055 | (39,509) | 86,546 |
| Total in 2003 | 1,124,058 | (572,620) | 551,438 | 924,572 | (495,308) | 429,264 |
| Total in 2002 | 1,037,559 | (568,525) | 469,034 | 670,785 | (372,031) | 298,754 |

18) DEPOSITS, DEPOSITS RECEIVED UNDER SECURITY REPURCHASE AGREEMENTS AND FUNDS FROM ACCEPTANCE AND ISSUANCE OF SECURITIES

a) Deposits and deposits received under security repurchase agreements

At December 31, 2003 - In thousands of reais

| | Up to 30 Days | From 31 to 60 Days | From 61 to 90 Days | From 91 | From 181 | From 1 to 3 Years | More than 3 Years | Total Consolidated | Total Bradesco |
|--|-------------------|--------------------|--------------------|------------------|------------------|-------------------|-------------------|--------------------|-------------------|
| | | | | to 180 Days | to 360 Days | | | | |
| Demand deposits (1) | 12,909,168 | - | - | - | - | - | - | 12,909,168 | 11,974,072 |
| Savings deposits (1) | 22,140,171 | - | - | - | - | - | - | 22,140,171 | 21,370,959 |
| Interbank deposits | 27,159 | 15 | 15 | 108 | 4,103 | - | - | 31,400 | 4,212,371 |
| Time deposits | 3,679,371 | 927,669 | 901,295 | 1,642,988 | 2,897,687 | 12,682,408 | 211,728 | 22,943,146 | 19,232,640 |
| Deposits received under security repurchase agreements (2) | 21,504,167 | 3,368,433 | 5,653,606 | 540,306 | 30,268 | 1,541,120 | 154,825 | 32,792,725 | 34,251,253 |
| Total in 2003 | 60,260,036 | 4,296,117 | 6,554,916 | 2,183,402 | 2,932,058 | 14,223,528 | 366,553 | 90,816,610 | 91,041,295 |
| Total in 2002 | 49,722,312 | 663,336 | 2,488,837 | 1,896,417 | 3,475,263 | 13,020,309 | 1,109,654 | 72,376,128 | 63,712,056 |

(1) Demand and savings deposits are classified as up to 30 days, without considering the average historical turnover.

(2) Includes R\$ 5,454,628 thousand in liabilities subject to purchase and sale commitments with unrestricted securities and R\$ 11,512,199 thousand in investment fund resources invested in purchase and sale commitments with Banco Bradesco, the investors in which are subsidiary companies, included in the consolidated financial statements.

b) Funds from acceptance and issuance of securities

At December 31, 2003 - In thousands of reais

| | Up to 30 Days | From 31 to 60 Days | From 61 to 90 Days | From 91 | From 181 | From 1 to 3 Years | More than 3 Years | Total Consolidated | Total Bradesco |
|--|---------------|--------------------|--------------------|-------------|-------------|-------------------|-------------------|--------------------|----------------|
| | | | | to 180 Days | to 360 Days | | | | |

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Securities - Local

| | | | | | | | | | |
|-----------------|---------------|---------------|---------------|----------------|----------------|---------------|----------|------------------|----------------|
| Mortgage notes | 50,864 | 16,353 | 55,865 | 238,803 | 609,797 | 59,174 | - | 1,030,856 | 915,600 |
| Debentures | 3,689 | 3,602 | - | - | - | - | - | 7,291 | - |
| Subtotal | 54,553 | 19,955 | 55,865 | 238,803 | 609,797 | 59,174 | - | 1,038,147 | 915,600 |

Securities - Foreign: (1)

| | | | | | | | | | |
|---|----------------|----------------|----------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Eurobonds | 40,652 | - | 709,149 | - | 1,307,351 | 288,840 | - | 2,345,992 | 2,366,798 |
| Securitization of the future flow of payment orders received from abroad | - | 7,368 | - | - | - | 244,541 | 898,656 | 1,150,565 | 1,150,565 |
| Securitization of the future flow of credit card bill receivables from foreign cardholders abroad | - | 2,021 | - | - | - | 163,928 | 624,664 | 790,613 | 790,613 |
| Commercial paper | - | 74 | - | 563,939 | 4,334 | - | - | 568,347 | 545,627 |
| Fixed-rate euronotes | 3,879 | 879 | - | 129,928 | 1,511 | 126,173 | - | 262,370 | - |
| Euronotes | 31,172 | - | 28,884 | 180,508 | - | - | - | 240,564 | 240,564 |
| MTN Program Issues | - | - | - | - | - | 234,667 | - | 234,667 | 234,667 |
| Promissory notes | 801 | - | - | 82,953 | 14,446 | 14,446 | - | 112,646 | 112,646 |
| Euro CD issued | 89,300 | 2,389 | 7,541 | - | 3,755 | - | - | 102,985 | 102,985 |
| Subtotal | 165,804 | 12,731 | 745,574 | 957,328 | 1,331,397 | 1,072,595 | 1,523,320 | 5,808,749 | 5,544,465 |
| Total in 2003 | 220,357 | 32,686 | 801,439 | 1,196,131 | 1,941,194 | 1,131,769 | 1,523,320 | 6,846,896 | 6,460,065 |
| % | 3.2 | 0.5 | 11.7 | 17.5 | 28.4 | 16.5 | 22.2 | 100.0 | |
| Total in 2002 | 168,578 | 551,689 | 21,679 | 1,119,367 | 542,098 | 733,431 | - | 3,136,842 | 2,645,339 |
| % | 5.3 | 17.6 | 0.7 | 35.7 | 17.3 | 23.4 | - | 100.0 | |

(1) These consist of funds obtained from banks abroad and official institutions from the issuance of notes in the international market (Eurobonds) and under National Monetary Council (CMN) Resolution 2770/2000 for (i) onlending to local customers, repayable monthly through 2011, with interest payable semiannually at LIBOR or prime rate, plus a spread, and (ii) for financing exchange operations for customers, through purchase and sale of foreign currencies, discounts of export bills, pre-financing of exports and financing of imports, mainly on a short-term basis.

c) Expenses with funding and price-level restatement and interest on technical reserves

At December 31, 2003 - In thousands of reais

| | CONSOLIDATED BRADESCO | | BRADESCO | |
|---|-----------------------|-------------------|-------------------|------------------|
| | 2003 | 2002 | 2003 | 2002 |
| Time deposits | 4,626,211 | 3,280,792 | 3,613,576 | 2,417,767 |
| Deposits received under security repurchase agreements | 3,959,086 | 2,047,633 | 4,277,016 | 1,973,219 |
| Expenses for price-level restatement of technical reserves | 3,120,342 | 2,241,283 | - | - |
| Savings deposits | 2,037,770 | 1,590,269 | 1,936,533 | 1,503,706 |
| Funds from issuance of securities | 113,871 | 2,593,099 | (123,212) | 1,485,232 |
| Allocation of exchange variation of foreign branches and subsidiaries | (504,463) | 1,246,888 | - | - |
| Other funding expenses | 303,022 | 234,646 | 969,364 | 384,506 |
| Total | 13,655,839 | 13,234,610 | 10,673,277 | 7,764,430 |

19) BORROWINGS AND ONLENDINGS

a) Borrowings

At December 31, 2003 - In thousands of reais

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| | Up to 30 Days | 31 to 60 Days | 61 to 90 Days | 91 to 180 Days | 181 to 360 Days | 1 to 3 Years | More than 3 Years | Total Consolidated | Total Bradesco |
|-----------------------|------------------|------------------|------------------|-------------------|--------------------|------------------|----------------------|-----------------------|-------------------|
| Local: | | | | | | | | | |
| Official institutions | 2,070 | - | - | - | - | - | - | 2,070 | - |
| Other institutions | - | - | - | - | 4,010 | - | - | 4,010 | - |
| Foreign | 1,375,402 | 948,608 | 683,934 | 2,749,793 | 682,444 | 777,095 | - | 7,217,276 | 7,164,512 |
| Total in 2003 | 1,377,472 | 948,608 | 683,934 | 2,749,793 | 686,454 | 777,095 | - | 7,223,356 | 7,164,512 |
| % | 19.1 | 13.1 | 9.4 | 38.1 | 9.5 | 10.8 | - | 100.0 | - |
| Total in 2002 | 2,659,244 | 876,970 | 1,232,973 | 2,080,892 | 980,500 | 1,550,476 | 9,575 | 9,390,630 | 7,886,962 |
| % | 28.3 | 9.3 | 13.1 | 22.2 | 10.5 | 16.5 | 0.1 | 100.0 | - |

b) Onlendings

At December 31, 2003 - In thousands of reais

| | Up to 30 Days | 31 to 60 Days | 61 to 90 Days | 91 to 180 Days | 181 to 360 Days | 1 to 3 Years | More than 3 Years | Total Consolidated | Total Bradesco |
|--|------------------|------------------|------------------|-------------------|--------------------|------------------|----------------------|-----------------------|-------------------|
| Local: | | | | | | | | | |
| Government Agency for Machinery and Equipment Financing - FINAME | 125,143 | 93,083 | 102,162 | 383,118 | 620,706 | 1,671,179 | 643,575 | 3,638,966 | 2,288,553 |
| National Bank for Economic and Social Development - BNDES | 107,668 | 51,580 | 63,386 | 224,604 | 408,286 | 1,709,755 | 838,183 | 3,403,462 | 3,227,562 |
| Federal Savings Bank - CEF | 15,897 | 23 | 70 | 10,997 | 28,253 | 117,451 | 286,862 | 459,553 | 1,443 |
| National Treasury | - | - | 51,398 | - | - | - | - | 51,398 | 51,398 |
| Other institutions | 887 | - | - | - | - | - | - | 887 | 887 |
| Foreign: | | | | | | | | | |
| For onlending to housing loan borrowers | 989 | 10,309 | 15 | 1,714 | 1,379 | 2,755 | - | 17,161 | 16,808 |
| Total in 2003 | 250,584 | 154,995 | 217,031 | 620,433 | 1,058,624 | 3,501,140 | 1,768,620 | 7,571,427 | 5,586,651 |
| % | 3.3 | 2.0 | 2.9 | 8.2 | 14.0 | 46.2 | 23.4 | 100.0 | - |
| Total in 2002 | 610,427 | 162,965 | 124,815 | 805,459 | 806,186 | 2,510,361 | 2,027,510 | 7,047,723 | 5,091,259 |
| % | 8.7 | 2.3 | 1.8 | 11.4 | 11.4 | 35.6 | 28.8 | 100.0 | - |

c) Expenses for borrowings and onlendings

At December 31, 2003 - In thousands of reais

| CONSOLIDATED BRADESCO | | BRADESCO | |
|--------------------------|------|----------|------|
| 2003 | 2002 | 2003 | 2002 |

Loans:

| | | | | |
|-----------------|---------------|----------------|---------------|----------------|
| Local | 2,678 | 35,679 | - | - |
| Foreign | 91,717 | 171,165 | 82,630 | 165,224 |
| Subtotal | 94,395 | 206,844 | 82,630 | 165,224 |

Local onlendings:

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| | | | | |
|---|------------------|------------------|------------------|------------------|
| FINAME | 328,234 | 328,852 | 187,780 | 152,687 |
| BNDES | 247,118 | 762,297 | 215,792 | 730,558 |
| CEF | 36,871 | 26,283 | - | - |
| National Treasury | 3,955 | 1,468 | 3,955 | 1,468 |
| Other institutions | 79 | 125 | 845 | 2,618 |
| Foreign onlendings: | | | | |
| Payables to foreign bankers | 487,381 | 5,549,459 | 530,021 | 4,883,703 |
| Other expenses for foreign onlendings | (79,839) | 218,251 | 20,205 | 179,455 |
| Subtotal | 1,023,799 | 6,886,735 | 958,598 | 5,950,489 |
| Allocation of exchange variation of foreign branches and subsidiaries | (34,815) | 100,582 | - | - |
| Total | 1,083,379 | 7,194,161 | 1,041,228 | 6,115,713 |

20) CONTINGENT LIABILITIES

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

The provisions were recorded based on the opinion of the Organization's legal advisors, the types of lawsuit, similarity with previous suits and complexity, available jurisprudence and court sentences, whenever loss is deemed probable.

The Organization's Management considers that the provision recorded for contingencies is sufficient to cover probable losses generated by the corresponding legal proceedings.

Labor claims

Labor claims are generated by normal employee turnover matters and mostly comprise claims for unpaid overtime.

From 1992, employee hours are controlled electronically and accordingly claims on an individual basis are, for the most part, no longer significant.

Civil suits

These arise during the normal course of certain work routines and comprise claims for pain and suffering and pecuniary damages, mainly protests, bounced checks and the inclusion of names in the restricted credit registry.

In general, these claims do not comprise facts which could cause a significant effect on financial results.

Tax proceedings

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

The provisions recorded, segregated by legal sphere are as follows:

| | At December 31, 2003 - In thousands of reais | | | |
|--------------|---|-------------|-----------------|-------------|
| | CONSOLIDATED BRADESCO | | BRADESCO | |
| | 2003 | 2002 | 2003 | 2002 |
| Labor claims | 819,044 | 606,870 | 523,737 | 353,727 |
| Civil suits | 375,629 | 308,128 | 172,882 | 176,152 |

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| | | | | |
|---------------------|------------------|------------------|------------------|------------------|
| Subtotal (1) | 1,194,673 | 914,998 | 696,619 | 529,879 |
| Tax proceedings (2) | 2,815,716 | 2,774,524 | 893,666 | 1,137,588 |
| Total | 4,010,389 | 3,689,522 | 1,590,285 | 1,667,467 |

(1) See Note 22.

(2) Recorded under Other Liabilities - Taxes and Social Security Contributions .

21) SUBORDINATED DEBT

Subordinated debt has the following characteristics:

At December 31, 2003 - In thousands of reais

| Notes | Date Issued | Transaction | Maturity | Remuneration | Consolidated Bradesco | |
|-------------------------|---------------|------------------|----------|-----------------------------|-----------------------|------------------|
| | | | | | 2003 | 2002 |
| Subordinated debt | December/2001 | 353,700 | 2011 | U.S. debt notes + 5.5% p.a. | 417,811 | 524,049 |
| Subordinated debentures | December/2001 | 600,000 | 2008 | 100.0% of CDI + 0.75% p.a. | 627,408 | 629,811 |
| Subordinated CDB | March/2002 | 549,000 | 2012 | 100.0% of DI - CETIP | 746,144 | 605,231 |
| Subordinated debt (1) | April/2002 | 315,186 | 2012 | 4.05% rate p.a. | 392,815 | 480,387 |
| Subordinated CDB | July/2002 | 41,201 | 2012 | 100% of CDI + 0.75% p.a. | 56,906 | 45,810 |
| Subordinated CDB | October/2002 | 200,000 | 2012 | 102.5% of CDI | 257,380 | 207,684 |
| Subordinated CDB | October/2002 | 500,000 | 2012 | 100% of CDI + 0.87% p.a. | 645,720 | 519,193 |
| Subordinated CDB | October/2002 | 33,500 | 2012 | 101.5% of CDI | 42,940 | 34,721 |
| Subordinated CDB | October/2002 | 65,150 | 2012 | 101.0% of CDI | 83,201 | 67,347 |
| Subordinated CDB | November/2002 | 66,550 | 2012 | 101.0% of CDI | 84,788 | 68,631 |
| Subordinated CDB | November/2002 | 134,800 | 2012 | 101.5% of CDI | 171,572 | 138,733 |
| Subordinated debt | October/2003 | 1,434,750 | 2013 | 8.75% rate p.a. | 1,468,125 | - |
| Total | | 4,293,837 | | | 4,994,810 | 3,321,597 |

(1) This rate increases to 10.15% p.a. when swap to U.S. dollar cost is included.

22) OTHER LIABILITIES - SUNDRY

At December 31, 2003 - In thousands of reais

| | CONSOLIDATED BRADESCO | | BRADESCO | |
|--|-----------------------|------------------|------------------|------------------|
| | 2003 | 2002 | 2003 | 2002 |
| Sundry creditors | 1,903,373 | 1,598,307 | 1,126,293 | 718,279 |
| Provision for contingent liabilities (civil and labor) (1) | 1,194,673 | 914,998 | 696,619 | 529,879 |
| Provision for accrued liabilities | 1,101,388 | 853,618 | 519,648 | 436,391 |
| Acquisition of assets and rights | 153,686 | 230,186 | 60,400 | 36,785 |
| Official operating agreements | 133,964 | 124,573 | 125,131 | 106,672 |
| Provision for exchange variation (2) | - | 504,160 | - | 278,244 |
| Other | 214,408 | 214,597 | 159,376 | 151,313 |
| Total | 4,701,492 | 4,440,439 | 2,687,467 | 2,257,563 |

(1) See Note 20.

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(2) See Note 15c.

23) INSURANCE OPERATIONS, PRIVATE PENSION PLANS AND SAVINGS BONDS

a) Technical reserves

At December 31, 2003 - In thousands of reais

| | Insurance | | Private Pension Plans | | Savings Bonds | | TOTAL | |
|--|------------------|------------------|-----------------------|-------------------|------------------|------------------|-------------------|-------------------|
| | 2003 | 2002 | 2003 | 2002 | 2003 | 2002 | 2003 | 2002 |
| Technical reserves - Current: | | | | | | | | |
| Unearned premiums | 1,046,236 | 868,370 | 31,422 | 27,086 | - | - | 1,077,658 | 895,456 |
| Loss reserve -IBNR | 618,396 | 461,757 | 150,524 | 84,605 | - | - | 768,920 | 546,362 |
| Mathematical reserve for benefits granted | - | - | 217,207 | 181,470 | 527,485 | 129,721 | 744,692 | 311,191 |
| Unsettled claims | 345,723 | 310,812 | 150,365 | 81,631 | - | - | 496,088 | 392,443 |
| Provision for redemptions | - | - | - | - | 183,794 | 136,409 | 183,794 | 136,409 |
| Provision for draws and redemptions | - | - | 56,925 | 33,070 | - | - | 56,925 | 33,070 |
| Other reserves | 20,285 | 16,856 | 103,526 | 9,538 | 87,958 | 21,536 | 211,769 | 47,930 |
| Subtotal | 2,030,640 | 1,657,795 | 709,969 | 417,400 | 799,237 | 287,666 | 3,539,846 | 2,362,861 |
| Technical reserves liability: | | | | | | | | |
| Mathematical reserve of benefits to be granted | - | - | 17,395,687 | 11,710,565 | 1,054,970 | 1,306,965 | 18,450,657 | 13,017,530 |
| Mathematical reserve for benefits granted | - | - | 1,826,797 | 1,567,759 | - | - | 1,826,797 | 1,567,759 |
| Other reserves | - | - | 2,591,652 | 2,207,329 | - | - | 2,591,652 | 2,207,329 |
| Subtotal | - | - | 21,814,136 | 15,485,653 | 1,054,970 | 1,306,965 | 22,869,106 | 16,792,618 |
| Total | 2,030,640 | 1,657,795 | 22,524,105 | 15,903,053 | 1,854,207 | 1,594,631 | 26,408,952 | 19,155,479 |

b) Guarantee of technical reserves for insurance, private pension plans and savings bonds

We present below the amounts of the assets and rights offered as coverage of technical reserves for insurance, private pension plans and savings bonds:

At December 31, 2003 - In thousands of reais

| | Insurance | | Private Pension Plans | | Savings Bonds | | TOTAL | |
|---|-----------|-----------|-----------------------|------------|---------------|-----------|------------|------------|
| | 2003 | 2002 | 2003 | 2002 | 2003 | 2002 | 2003 | 2002 |
| Government securities and corporate bonds | 1,758,170 | 1,209,985 | 23,240,318 | 15,601,364 | 1,752,985 | 1,414,197 | 26,751,473 | 18,225,546 |
| Listed company stock | 77,942 | 174,982 | 826,079 | 971,992 | 280,850 | 220,014 | 1,184,871 | 1,366,988 |

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| | | | | | | | | |
|---------------|------------------|------------------|-------------------|-------------------|------------------|------------------|-------------------|-------------------|
| Credit rights | 346,502 | 272,479 | - | - | - | - | 346,502 | 272,479 |
| Real estate | 45,902 | 64,803 | 1,537 | 31,364 | 5,793 | 8,789 | 53,232 | 104,956 |
| Total | 2,228,516 | 1,722,249 | 24,067,934 | 16,604,720 | 2,039,628 | 1,643,000 | 28,336,078 | 19,969,969 |

c) Income on Premiums retained for insurance, private pension plans and savings bonds

At December 31, 2003 - In thousands of reais

| | 2003 | 2002 |
|---|-------------------|-------------------|
| Coinsurance premiums assigned | 6,767,635 | 5,833,765 |
| Private pension plan contributions (*) | 5,665,357 | 4,188,250 |
| Income on savings bond certificates | 1,155,936 | 1,019,729 |
| Premiums reimbursed | (311,318) | (206,165) |
| Premiums issued | (165,714) | (148,195) |
| Overall net revenue | 13,111,896 | 10,687,384 |
| Reinsurance premiums assigned | (617,053) | (552,511) |
| Premiums retained for insurance, private pension plans and savings bonds | 12,494,843 | 10,134,873 |

(*) Includes long-term life VGBL insurance (Vida Gerador de Benefícios Livres).

24) MINORITY INTEREST IN SUBSIDIARIES

At December 31, 2003 - In thousands of reais

| | CONSOLIDATED BRADESCO | |
|--|-----------------------|----------------|
| | 2003 | 2002 |
| Financial area: | | |
| Banco Mercantil de São Paulo S.A. | - | 111,424 |
| Banco BEA S.A. | - | 16,617 |
| Banco Finasa de Investimento S.A. | 9,263 | 7,447 |
| Bradesco Templeton Asset Management Ltda. | 4,733 | 3,006 |
| Banco Baneb S.A. | 1,019 | 469 |
| Other minority interest | 350 | 584 |
| Subtotal | 15,365 | 139,547 |
| Insurance and pension plan area: | | |
| Indiana de Seguros S.A. | 32,796 | 30,966 |
| União Novo Hamburgo Seguros S.A. | 9,895 | 11,930 |
| Bradesco Seguros S.A. | 10,607 | 8,468 |
| Other minority interest | 1,492 | 1,924 |
| Subtotal | 54,790 | 53,288 |
| Other activities: | | |
| Sete Quedas Empreendimentos Imobiliários e Participações Ltda. | 40,168 | 40,622 |
| Pevê Predios S.A. | - | 20,079 |

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| | | |
|--|----------------|----------------|
| Pevê Finasa Participações e Prédios S.A. | - | 11,199 |
| Other minority interest | 2,406 | 6,329 |
| Subtotal | 42,574 | 78,229 |
| Total | 112,729 | 271,064 |

25) STOCKHOLDERS' EQUITY (PARENT COMPANY)

a) Composition of capital stock

Fully subscribed and paid-up capital comprises nominative-registered shares, with no par value, as follows:

| | At December 31, 2003 | | |
|-----------------|-----------------------------|-----------------------|---------------------------|
| | Total | Treasury Stock | Outstanding Shares |
| Common stock | 798,940,057,872 | (574,800,000) | 798,365,257,872 |
| Preferred stock | 786,939,365,428 | - | 786,939,365,428 |
| Total | 1,585,879,423,300 | (574,800,000) | 1,585,304,623,300 |

| | At December 31, 2002 | | |
|-----------------|-----------------------------|------------------------|---------------------------|
| | Total | Treasury Stock | Outstanding Shares |
| Common stock | 729,140,590,385 | (9,797,900,000) | 719,342,690,385 |
| Preferred stock | 708,537,611,452 | - | 708,537,611,452 |
| Total | 1,437,678,201,837 | (9,797,900,000) | 1,427,880,301,837 |

b) We present below the movement of capital stock

| | Total Shares | | |
|--|------------------------|------------------------|--------------------------|
| | Common Stock | Preferred Stock | Total |
| At December 31, 2002 | 729,140,590,385 | 708,537,611,452 | 1,437,678,201,837 |
| Cancellation of shares for the year period | (9,797,900,000) | - | (9,797,900,000) |
| Subscription of shares for the year period | 33,652,745,021 | 33,147,254,979 | 66,800,000,000 |
| Allocation of shares to minority stockholders of Banco Mercantil | 10,462,433,059 | 10,305,279,290 | 20,767,712,349 |
| Allocation of shares to minority stockholders of Banco Alvorada S.A. | 35,482,189,407 | 34,949,219,707 | 70,431,409,114 |
| At December 31, 2003 | 798,940,057,872 | 786,939,365,428 | 1,585,879,423,300 |
| Shares acquired and not cancelled | (574,800,000) | - | (574,800,000) |
| Number of outstanding shares at December 31, 2003 | 798,365,257,872 | 786,939,365,428 | 1,585,304,623,300 |

At the Extraordinary General Meeting held on January 10, 2003, approval was given for the cancellation of 9,797,900,000 common nominative-registered shares, of the Bank's own capital, with no par value, held in treasury, without decreasing capital, which were acquired by the Bank by decision of the Board of Directors at the meetings held on April 1, July 11 and November 26, 2002.

At the Extraordinary General Meeting held on March 10, 2003, approval was given to increase capital by R\$ 399,000 thousand to R\$ 5,599,000 thousand, through the capitalization of the balance of the following reserve: Capital reserve - Share premium - R\$ 7,435 thousand and a portion

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of the Revenue reserve - Statutory account - R\$ 391,565 thousand, with no new issue of shares pursuant to Clause One of Article 169 of Law 6404/76.

At the Extraordinary General Meeting held on March 31, 2003, approval was given to ratify the capital increase approved at the Extraordinary General Meeting held on January 10, 2003 in the amount of R\$ 501,000 thousand from R\$ 5,599,000 thousand to R\$ 6,100,000 thousand, through the subscription of 66,800,000 new nominative-registered shares with no par value, of which 33,652,745,021 are common and 33,147,254,979 are preferred shares.

At the Extraordinary General Meeting held on March 31, 2003, approval was given for the incorporation of the shares of the minority stockholders of Banco Mercantil, transforming Mercantil into a wholly owned subsidiary of Bradesco, with a capital increase in the amount of R\$ 158,735 thousand, from R\$ 6,100,000 thousand to R\$ 6,258,735 thousand, through the issue of 20,767,712,349 new nominative-registered shares with no par value, of which 10,462,433,059 are common and 10,305,279,290 are preferred shares, in the proportion of 23.94439086 Bradesco shares for each Banco Mercantil share and of which 12.06279162 are common and 11.88159924 are preferred shares, to be attributed to the minority stockholders of Banco Mercantil, regardless of the type of shares held by them in Mercantil. At the same meeting, approval was given to increase capital by R\$ 41,265 thousand to R\$ 6,300,000 thousand through the capitalization of a portion of the account balance of Revenue reserve - Statutory , with no new issue of shares.

At the Extraordinary General Meeting held on June 9, 2003, approval was given for the incorporation of the shares of the stockholders of BBV Banco (now Banco Alvorada S.A.), transforming BBV Banco into a wholly owned subsidiary of Bradesco, with a capital increase of R\$ 630,000 thousand, from R\$ 6,300,000 thousand to R\$ 6,930,000 thousand, through the issue of 70,431,409,114 new nominative-registered shares, with no par value, of which 35,482,189,407 are common and 34,949,219,707 are preferred shares, in the proportion of 44.422475667 Bradesco shares for each BBV Banco share, of which 22.379315072 are common and 22.043160595 are preferred shares, to be attributed to the minority stockholders of BBV Banco, regardless of the type of shares held by them in BBV Banco. At the same meeting, approval was given to increase capital by R\$ 70,000 thousand to R\$ 7,000,000 thousand, through the capitalization of a portion of the account balance of Revenue reserve - Statutory , with no new issue of shares.

At the Extraordinary General Meeting held on December 17, 2003, approval was given for a 1-for- 1 0,000 reverse split of Bradesco's stock . This process was approved by BACEN on January 6, 2004 and the stockholders, at their own discretion, will be able to adjust their stock positions by type and in multiples of 10,000 through March 19, 2004, at the stock exchanges.

At the Board of Directors Meetings held on August 6, November 7 and December 9, 2003, approval was given for the acquisition of up to 120 billion nominative-registered shares, with no par value, of which 45 billion are common and 75 billion are preferred shares, to be held in treasury and subsequently sold or cancelled, with no capital decrease. Up to December 31, 2003, 574,800,000 common shares, in the amount of R\$ 7,342 thousand were acquired and remained in treasury. The minimum, average weighted and maximum cost, per thousand shares is respectively R\$ 10.17458, R\$ 12.77258 and R\$ 13.46496 and the market value of these shares at December 31, 2003 was R\$ 13.45 per thousand shares.

c) Interest attributed to own capital

Non-voting preferred shares are entitled to all rights and benefits attributed to common shares and in conformity with the Bank's statutes have priority to repayment of capital and 10% additional interest attributed to own capital and/or dividends, in accordance with the provisions of paragraph 1, item II of Article 17 of Law 6404/76, as amended by Law 10303/2001.

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

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

At the Board of Directors meeting held on March 5, 2003, approval was given to increase monthly interest attributed to own capital, paid in advance to stockholders, by 20%, from R\$ 0.0117650 to R\$ 0.0141180, per thousand common shares and from R\$ 0.0129415 to R\$ 0.0155298, per thousand preferred shares, effective as from March 2003.

It is the Bank's policy to distribute, during the year, all the interest attributed to own capital, determined in conformity with the above criteria and to compute this interest for the minimum compulsory dividend, net of withholding tax (IRRF).

Interest attributed to own capital - January 1 to December 31, 2003

In Thousand of reais

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| Details | Per Thousand Shares (Gross) | | Amount Paid/Accrued | IRRF (15%) | Amount Paid/Accrued |
|--------------|-----------------------------|------------------|------------------------|----------------|------------------------|
| | Common | Preferred | | | |
| Monthly | 0.1647100 | 0.1811810 | 262,687 | 39,403 | 223,284 |
| Interim (1) | 0.1411800 | 0.1552980 | 231,915 | 34,787 | 197,128 |
| Accrued (2) | 0.5121493 | 0.5633643 | 852,416 | 127,863 | 724,553 |
| Total | 0.8180393 | 0.8998433 | 1,347,018 | 202,053 | 1,144,965 |

(1) Declared on June 30, 2003 and paid on July 31, 2003.

(2) Declared on December 5, 2003, to be paid on March 10, 2004.

In 2003, interest attributed to own capital was paid and proposed as follows:

| | In thousands of reais | % (1) |
|--|--------------------------|---------------|
| Net income for the year | 2,306,339 | |
| Legal reserve | (115,317) | |
| Calculation base | 2,191,022 | |
| Monthly interest attributed to own capital, paid and payable for the period from February 1, 2003 to January 2, 2004 | 262,687 | |
| Complementary interest attributed to own capital paid in July | 231,915 | |
| Complementary interest attributed to own capital (payable) | 852,416 | |
| Interest attributed to own capital (gross) | 1,347,018 | 61.48% |
| Withholding tax on interest attributed to own capital - 15% | (202,053) | |
| Interest attributed to own capital (net) in 2003 | 1,144,965 | 52.26% |
| Interest attributed to own capital (net) in 2002 | 804,936 | 41.89% |

(1) Percentage of interest attributed to own capital on the calculation base

26) COMMISSIONS AND FEES

At December 31, 2003 - In thousands of reais

| | CONSOLIDATED BRADESCO | | BRADESCO | |
|------------------|--------------------------|---------|-----------|---------|
| | 2003 | 2002 | 2003 | 2002 |
| Checking account | 1,106,995 | 880,614 | 1,007,576 | 803,724 |
| Credit Cards | 817,771 | 638,811 | 363,446 | 298,938 |

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| | | | | |
|---|------------------|------------------|------------------|------------------|
| Fund management services | 609,121 | 460,215 | 373,449 | 323,182 |
| Collection | 595,296 | 555,832 | 524,408 | 476,912 |
| Credit operations | 579,248 | 407,295 | 454,300 | 372,292 |
| Interbank charges | 256,540 | 253,794 | 223,591 | 212,389 |
| Receipt of taxes | 185,691 | 168,477 | 164,084 | 147,114 |
| Revenue from custody and brokerage services | 39,305 | 38,072 | 11,924 | 10,112 |
| Other | 366,894 | 308,626 | 55,217 | 54,655 |
| Total | 4,556,861 | 3,711,736 | 3,177,995 | 2,699,318 |

27) PERSONNEL EXPENSES

At December 31, 2003 - In thousands of reais

| | CONSOLIDATED BRADESCO | | BRADESCO | |
|-----------------------------|-----------------------|------------------|------------------|------------------|
| | 2003 | 2002 | 2003 | 2002 |
| Remuneration | 2,379,571 | 2,035,846 | 1,705,929 | 1,379,157 |
| Benefits | 964,334 | 715,785 | 739,576 | 551,855 |
| Social charges | 831,487 | 752,560 | 595,846 | 523,125 |
| Employee profit sharing (1) | 170,579 | 139,764 | 123,998 | 101,129 |
| Single payment bonus | 99,045 | 75,639 | 90,516 | 63,011 |
| Training | 61,168 | 48,993 | 45,332 | 41,441 |
| Other | 273,307 | 307,026 | 321,028 | 240,000 |
| Total | 4,779,491 | 4,075,613 | 3,622,225 | 2,899,718 |

(1) The amount corresponds to 7.4% of net income for the year (2002 - 6.9%) and 5.4% (2002 - 5.0%) on an unconsolidated basis, in conformity with the Bank Clerks' Trade Union Collective Bargaining Agreement.

28) ADMINISTRATIVE EXPENSES

At December 31, 2003 - In thousands of reais

| | CONSOLIDATED BRADESCO | | BRADESCO | |
|-------------------------------|-----------------------|---------|----------|---------|
| | 2003 | 2002 | 2003 | 2002 |
| Third-party services | 798,672 | 673,434 | 503,768 | 415,092 |
| Communications | 622,543 | 547,544 | 440,506 | 381,072 |
| Depreciation and amortization | 529,956 | 417,680 | 359,223 | 262,285 |
| Advertising and publicity | 372,188 | 320,328 | 173,267 | 147,815 |
| Transport | 368,477 | 296,614 | 280,957 | 222,488 |
| Financial system services | 356,972 | 331,558 | 317,453 | 283,508 |
| Rents | 287,397 | 200,088 | 253,449 | 180,985 |
| Leasing | 278,972 | 223,179 | 260,741 | 206,726 |
| Data processing | 274,119 | 228,403 | 171,062 | 145,635 |
| Maintenance and repairs | 242,463 | 214,584 | 252,672 | 221,377 |
| Materials | 172,529 | 146,832 | 117,948 | 96,348 |
| Water, electricity and gas | 114,844 | 89,887 | 89,484 | 68,180 |
| Travel | 64,088 | 59,162 | 20,394 | 19,645 |

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| | | | | |
|--------------|------------------|------------------|------------------|------------------|
| Other | 331,044 | 279,084 | 102,849 | 65,723 |
| Total | 4,814,264 | 4,028,377 | 3,343,773 | 2,716,879 |

29) OTHER OPERATING INCOME

At December 31, 2003 - In thousands of reais

| | CONSOLIDATED BRADESCO | | BRADESCO | |
|--|-----------------------|------------------|----------------|----------------|
| | 2003 | 2002 | 2003 | 2002 |
| Reversal of other operating provisions (1) | 1,119,033 | 138,437 | 463,465 | 86,789 |
| Other financial revenue | 412,201 | 568,561 | 174,687 | 153,043 |
| Income derived from recoveries of charges and expenses | 125,011 | 133,961 | 50,618 | 75,972 |
| Income on sale of goods | 122,215 | 155,942 | - | - |
| Other | 340,908 | 324,085 | 65,448 | 107,604 |
| Total | 2,119,368 | 1,320,986 | 754,218 | 423,408 |

(1) Includes reversal of provision for exchange variation.

30) OTHER OPERATING EXPENSES

At December 31, 2003 - In thousands of reais

| | CONSOLIDATED BRADESCO | | BRADESCO | |
|---|-----------------------|------------------|------------------|------------------|
| | 2003 | 2002 | 2003 | 2002 |
| Other financial expenses | 1,125,475 | 1,062,248 | 146,879 | 141,764 |
| Cost of sales and services | 406,490 | 292,324 | - | - |
| Expenses from sundry losses | 393,297 | 319,613 | 387,825 | 309,711 |
| Amortization of goodwill | 236,540 | 237,558 | 194,946 | 120,019 |
| Expenses for other operating provisions | 154,287 | 396,888 | 150,036 | 329,935 |
| Provision for exchange variation (1) | - | 504,160 | - | - |
| Other | 343,096 | 334,836 | 221,550 | 199,679 |
| Total | 2,659,185 | 3,147,627 | 1,101,236 | 1,101,108 |

(1) On an unconsolidated basis, in 2002, the provision for exchange variation in the amount of R\$ 278,244 thousand was recorded in the Equity in the earnings of subsidiary and associated companies .

31) NON-OPERATING INCOME

At December 31, 2003 - In thousands of reais

| | CONSOLIDATED BRADESCO | | BRADESCO | |
|---|-----------------------|----------------|----------------|---------------|
| | 2003 | 2002 | 2003 | 2002 |
| Extraordinary amortization of goodwill (1) | (798,540) | - | - | - |
| Gains on auctions of branches | 210,825 | 280,785 | 115,351 | 171,551 |
| Loss (profit) on sale of assets and investments (2) | (161,438) | (136,314) | (26,539) | (126,293) |
| Non-operating provisions recorded reversed | (67,049) | (37,791) | 47,624 | (33,466) |
| Other | (24,874) | 79,662 | 37,751 | 23,078 |
| Total | (841,076) | 186,342 | 174,187 | 34,870 |

(1) Goodwill in the amount of R\$ 798,540 thousand was amortized on an extraordinary basis during the year, of which R\$ 680,759 thousand was held by Boavista DTVM in Banco Mercantil S.A., following the merger approved on March 31, 2003.

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(2) Includes, on an unconsolidated basis, in 2003, income on the sale of shares of Latasa S.A., in the amount of R\$ 117,655 thousand. On a consolidated basis, the income in the amount of R\$ 195,386 thousand was classified in income on security transactions.

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

The main transactions with subsidiary and associated companies were carried out at average market terms and prices at the time of the transactions and are summarized below:

At December 31, 2003 - In thousands of reais

| | 2003 | | 2002 | |
|--|-------------------------|----------------------|-------------------------|----------------------|
| | Assets (liabilities) | Income (expenses) | Assets (liabilities) | Income (expenses) |
| Interest attributed to own capital and dividends (a): | | | | |
| Banco Boavista Interatlântico S.A. | 421,480 | - | 111,086 | - |
| Bradesco Seguros S.A. | 146,591 | - | 86,883 | - |
| Banco BCN S.A. | 79,785 | - | 88,285 | - |
| Banco Baneb S.A. | 63,530 | - | 35,117 | - |
| União de Comércio e Participações Ltda. | - | - | 23,500 | - |
| Other subsidiary and associated companies | 26,019 | - | 18,108 | - |
| Exchange purchases pending settlement (b): | | | | |
| Banco BCN S.A. | 11,185 | 2,081 | 12,025 | 4,340 |
| Banco Mercantil de São Paulo S.A. | - | 2,145 | 13,024 | 3,369 |
| Other subsidiary and associated companies | - | 22 | - | - |
| Pre-export operations (c): | | | | |
| Banco BCN S.A. foreign | 97,075 | 3,197 | 33,429 | 10,162 |
| Banco Mercantil de São Paulo S.A. - foreign | - | 301 | 28,159 | 3,986 |
| Banco Boavista Interatlântico S.A. - foreign | - | - | 456 | 34,836 |
| Other subsidiary and associated companies | - | - | - | 17 |
| Exchange purchase payables (d): | | | | |
| Banco BCN S.A. | (11,138) | (1,266) | (11,950) | (4,618) |
| Banco Mercantil de São Paulo S.A. | - | - | (12,239) | (1,402) |
| Other subsidiary and associated companies | - | - | - | (526) |
| Advances in foreign currencies granted: | | | | |
| Banco Mercantil de São Paulo S.A. | - | - | 7,065 | - |
| Demand deposits: | | | | |
| Bradesco Vida e Previdência S.A. | (25,716) | - | (1,078) | - |
| Banco BCN S.A. foreign | (24,913) | - | (28,938) | - |
| Bradesco Seguros S.A. | (4,609) | - | (42) | - |
| Banco Boavista Interatlântico S.A. - foreign | (1,205) | - | (1,758) | - |
| Cidade Capital Markets Limited - foreign | (754) | - | (5,036) | - |
| Banco Mercantil de São Paulo S.A. - foreign | (604) | - | (12,352) | - |
| Other subsidiary and associated companies | (12,387) | - | (8,656) | - |
| Time deposits: | | | | |
| Bradesco Capitalização S.A. | (63,389) | (1,668) | - | - |
| Cia. Finasa Securitizadora de Créditos Financeiros | (10,095) | (879) | - | - |
| Bradesco Seguros S.A. | (3,027) | (623) | (26,541) | (3,061) |

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| | | | | |
|--|----------|---------|-----------|----------|
| Bradesco Argentina de Seguros S.A. | (282) | (450) | (49,078) | (1,068) |
| ABS-Empreend. Imob., Partic. e Serviços S.A. | - | (7,147) | - | (73) |
| Átria Participações S.A. | - | (2,716) | (43,374) | (3,374) |
| Cidade Capital Markets Limited - foreign | - | (287) | (100,346) | (372) |
| Banco BCN S.A. - foreign | - | (151) | - | (26,442) |
| Other subsidiary and associated companies | (14,395) | (4,458) | (18,684) | (10,554) |

Foreign currency deposits abroad:

| | | | | |
|--------------------------------|-----|---|----|---|
| Banco Bradesco Luxembourg S.A. | 502 | - | - | - |
| Banco Bradesco Argentina S.A. | 22 | - | 22 | - |

Foreign currency investments:

| | | | | |
|--------------------------------|--------|---|---|---|
| Banco Bradesco Luxembourg S.A. | 21,860 | - | - | - |
|--------------------------------|--------|---|---|---|

Deposits/Interbank deposits (e):

Deposits:

| | | | | |
|--|-------------|-----------|-----------|-----------|
| Bradesco BCN Leasing S.A. Arrendamento Mercantil | (2,026,893) | (416,968) | (749,661) | (123,628) |
| Banco BCN S.A. | (793,691) | (30,035) | (224,076) | (1,073) |
| Banco Alvorada S.A. foreign | (770,622) | (75,091) | - | - |
| Banco Mercantil de São Paulo S.A. -foreign | (209,426) | (22,526) | (76,786) | (6,501) |
| Boavista Banking Limited | (144,506) | (1,295) | (115,561) | (128) |
| Banco Finasa de Investimentos S.A. | (82,361) | (15,841) | - | - |
| Pontenza Leasing S.A. Arrendamento Mercantil | (40,400) | (78,567) | (493,047) | (15,307) |
| Banco Boavista Interatlântico S.A. | (26,293) | (46,871) | (72,982) | (514) |
| Boavista S.A. -Arrendamento Mercantil | - | (25,583) | (191,417) | (5,733) |
| Banco de Crédito Real de Minas Gerais S.A. | - | (31,292) | - | (19,347) |
| Banco BEA S.A. | - | (7,670) | (137,031) | (11,097) |
| Other subsidiary and associated companies | (106,496) | (22,888) | (37,637) | (638) |

Interbank deposits:

| | | | | |
|--|-----------|---------|-----------|---------|
| Banco Finasa S.A. | 4,745,509 | 730,519 | 3,501,620 | 516,729 |
| Banco Boavista Interatlântico S.A. - foreign | 662,062 | 40,496 | 825,257 | 4,357 |
| Banco BCN S.A. | 74,324 | 406,553 | 3,178,259 | 285,064 |
| Banco Mercantil de São Paulo S.A. | - | 88,915 | 782,917 | 55,804 |
| Other subsidiary and associated companies | - | 540 | 1,850 | 8,605 |

Deposits received under security repurchase agreements/open market investments (f):

Deposits received under security repurchase agreements:

| | | | | |
|--|-----------|-----------|-----------|----------|
| Banco BCN S.A. | (984,615) | (88,778) | (500,301) | (47,843) |
| Banco Baneb S.A. | (426,438) | (54,831) | (18,602) | (277) |
| Banco Mercantil de São Paulo S.A. | (381,709) | (43,380) | (338,690) | (44,182) |
| Banco Boavista Interatlântico S.A. | (151,765) | (170,971) | (1,030) | (1,422) |
| Banco Finasa S.A. | (33,107) | (6,278) | (38,022) | (6,483) |
| Bradesco S.A. CTVM | (23,054) | (7,426) | (53,047) | (8,211) |
| Banco de Crédito Real de Minas Gerais S.A. | (3,501) | (92,606) | - | (315) |
| Other subsidiary and associated companies | (23,527) | (25,244) | (10,626) | (1,146) |

Open market investments:

| | | | | |
|------------------|---------|--------|--------|---------|
| Banco BCN S.A. | 480,087 | 4,536 | 18,001 | 141,978 |
| Banco Baneb S.A. | 415,362 | 62,980 | 16,511 | 12,024 |

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| | | | | |
|--|-------------|-----------|-----------|-----------|
| Banco Boavista Interatlântico S.A. | 125,202 | 214,490 | 1,306,013 | 33,344 |
| Banco Mercantil de São Paulo S.A. | 120,469 | 28,805 | 8,265 | 1,681 |
| Banco BEA S.A. | - | 11,409 | 7,230 | 23,152 |
| Other subsidiary and associated companies | - | 12,149 | 1,589 | 6,767 |
| Derivative financial instruments (g): | | | | |
| Banco Finasa S.A. | 324,849 | 234,779 | - | - |
| Banco BCN S.A. | (40) | 91,441 | 192 | (31,139) |
| Bradesco BCN Leasing S.A. Arrendamento Mercantil | 19 | 317 | 33 | (14,229) |
| Banco Mercantil de São Paulo S.A. | - | (46,476) | - | - |
| Other subsidiary and associated companies | - | - | - | 3,594 |
| Borrowings and onlendings - foreign (h): | | | | |
| Banco Bradesco Luxembourg S.A. | (68,704) | (1,961) | (35,532) | (645) |
| Banco BCN S.A. | (34,542) | (2,714) | (302,387) | (10,518) |
| Banco Boavista Interatlântico S.A. | (22,858) | (579) | (14,331) | (289) |
| Other subsidiary and associated companies | (4,341) | (279) | (16,103) | (558) |
| Securitization transactions (i) | | | | |
| International diversified Payment Rights Company | (1,150,565) | (29,083) | - | - |
| Brasilian Merchant Voucher Receivables Limited | (790,613) | (23,170) | - | - |
| Reimbursement of costs (j): | | | | |
| Bradesco BCN Leasing S.A. Arrendamento Mercantil | 195 | 1,492 | 69 | 1,026 |
| Services rendered (k): | | | | |
| Scopus Tecnologia S.A. | (1,974) | (96,134) | (158) | (75,274) |
| CPM S.A. | (173) | (35,082) | (5,050) | (35,448) |
| Other subsidiary and associated companies | (16) | 1,256 | (10) | 147 |
| Branch rents: | | | | |
| ABS-Empreend. Imob., Partic. e Serviços S.A. | - | (32,240) | - | (49,162) |
| Banco Mercantil de São Paulo S.A. | - | (9,377) | - | - |
| Bradesco Capitalização S.A. | - | (6,755) | - | (1,709) |
| Bradesco Vida e Previdência S.A. | - | (5,965) | - | (7,723) |
| Bradesco Seguros S.A. | - | (2,772) | - | (4,812) |
| Other subsidiary and associated companies | - | (8,751) | - | (6,579) |
| Foreign securities (l): | | | | |
| Banco BCN S.A. | 39,301 | 1,835 | 85,246 | 23,021 |
| Bradesco Securities, Inc | (20,805) | (456) | - | - |
| Banco Mercantil de São Paulo Internacional S.A. | - | (200) | (47,217) | (311) |
| Other subsidiary and associated companies | - | (458) | - | 42 |
| Securities: | | | | |
| Bradesco BCN Leasing S.A. Arrendamento Mercantil | 1,636,242 | 266,305 | - | - |
| Cibrasec Companhia Brasileira de Securitização | 391 | - | 867 | - |
| Interbank onlendings (m): | | | | |
| Banco BCN S.A. | (15,197) | (194) | - | (519) |
| Other subsidiary and associated companies | - | (573) | - | (1,975) |
| Healthcare plans (n): | | | | |
| Bradesco Seguros S.A. | - | (145,469) | - | (119,919) |

Private pension plans (o):

| | | | | |
|----------------------------------|---|-----------|---|-----------|
| Bradesco Vida e Previdência S.A. | - | (219,360) | - | (102,309) |
|----------------------------------|---|-----------|---|-----------|

- a) Interest attributed to own capital/dividends declared by the companies.
- b) Foreign exchange portfolio transactions in the interbank market for ready settlement.
- c) Foreign credit lines for export financing in Brazil, subject to exchange variations and interest at rates practiced in the international market.
- d) These payables are recorded as a counter-entry to exchange purchases pending settlement.
- e) Short-term interbank investments - interbank deposits of related companies at CDI rate (Certificate of Interbank Deposit).
- f) Repurchase and/or resale commitments pending settlement, guaranteed by government securities at normal market rates.
- g) Differences between amounts receivable and payable on swaps.
- h) Foreign currency loans for financing of exports subject to exchange variation and bearing interest at international market rates.
- i) This comprise securitization of the future flow of payment orders received from abroad and securitization of the future flow of credit card bill receivables from foreign cardholders abroad.
- j) Costs reimbursed by Bradesco BCN Leasing S.A. Arrendamento Mercantil to Banco Bradesco S.A. on account of the use of its Branch network facilities for contracting lease operations.
- k) Contract with Scopus Tecnologia S.A. for IT equipment maintenance services and the contract with CPM S.A. for data processing systems maintenance services.
- l) Investments in foreign securities, fixed rate notes and eurobonds subject to exchange variations and carrying interest at rates used for securities placed in the international market.
- m) Payables on interbank onlendings -funds from rural loans bearing interest and charges corresponding to normal rates practiced for this type of transaction.
- n) Payments made by Banco Bradesco S.A. for healthcare plans of employees and their dependents.
- o) Contributions made by Banco Bradesco S.A. to private pension plans for employees and directors.

33) FINANCIAL INSTRUMENTS

a) Risk and risk management

The main risks related to financial instruments, arising from the business carried out by the Bank and its subsidiaries are as follows: credit risk; market risk; liquidity risk; and capital risk. The process used to manage these risks involves the Organization's diverse levels and embraces a range of different policies and strategies. The risk management policies are generally conservative and seek to limit absolute loss to a minimum.

Credit risk

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

Bradesco's credit policy is designed to ensure maximum security, quality and liquidity in the investment of assets, as well as flexible and profitable business, minimizing risks inherent to this type of operation and directing the establishment of operating limits and the granting of credit. Accordingly, the Credit Department and Committees located at the Bank's Headquarters are critical to policy implementation since they are responsible for gearing and managing this core strategic activity. The Branches work within varying limits, according to the size and types of underlying guarantee, subject to a centralized evaluation and accordingly in line with the Organization's credit and risk management policy.

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Operations involving less significant amounts are subject to specialized automated credit scoring systems, maximizing the speed and security of the approvals process, based on strict protection standards. 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 related guarantees are sufficient to cover the risks assumed, considering the purpose and terms of the credit granted.

Market risk

Market risk is related to the possibility of the loss of income from fluctuating rates caused by the unhedged terms, currencies and indices of the Institution's asset and liability portfolios. This risk is closely monitored by the financial market to avoid loss for the institutions.

At Bradesco, market risks are managed through methodologies and models which are consistent with local and international market reality, 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 and VaR (Value at Risk) limits are defined by Senior Management, and compliance is monitored daily by an area which is independent from portfolio management. The methodology used to determine VaR has a reliability level of 97.5%. The fluctuations and correlations used by the models are calculated on statistical bases and future prospects are calculated based on economic studies. The methodology applied and current statistical models are validated daily using backtesting techniques.

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

| | At December 31, 2003 - In thousands of reais | |
|-------------------|--|---------------|
| Risk Factors | 2003 | 2002 |
| Prefixed | 5,888 | 5,407 |
| Exchange coupon | 17,999 | 33,142 |
| Foreign currency | 2,907 | 2,876 |
| Floating rate | 11 | 11 |
| Correlated effect | (5,858) | (4,014) |
| | 20,947 | 37,422 |

VaR (Value at Risk)

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

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

Liquidity risk

Liquidity risk management is designed to control the different unhedged liquidation terms of the Bank's rights and obligations as well as the liquidity of the financial instruments used to manage the financial positions. Knowledge and monitoring of this risk is critical since it enables the Organization to settle transactions on a timely and secure basis. At Bradesco, liquidity risk management involves a series of controls, mainly, the establishment of technical limits and an ongoing assessment of the positions assumed and financial instruments used.

Capital risk

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

| | | |
|--|------------------------------|--|
| | In thousands of reais | |
| Calculation Basis - Capital Adequacy Ratio (Basel): | CONSOLIDATED BRADESCO | |

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| | Financial (1) | Economic-financial (2) |
|---|-------------------|---------------------------|
| Stockholders equity | 13,546,880 | 13,546,880 |
| Minority interest | 11,028 | 112,729 |
| Reference equity -level I | 13,557,908 | 13,659,609 |
| Reference equity -level II (subordinated debt) | 4,813,874 | 4,813,874 |
| Total reference equity (level I + level II) | 18,371,782 | 18,473,483 |
| Risk weighted assets | 92,568,660 | 107,296,785 |
| Capital adequacy ratio at December 31, 2003 | 19.85% | 17.22% |
| Capital adequacy ratio at December 31, 2002 | 17.89% | 15.79% |

Variation in the Capital Adequacy Ratio (Basel) - %

| | | |
|--|---------------|---------------|
| Ratio in December 2002 | 17.89 | 15.79 |
| Movement in stockholders equity: | 4.83 | 4.16 |
| Retained Earnings | 2.70 | 2.35 |
| Capital increase | 1.65 | 1.44 |
| Interest attributed to own capital | (1.58) | (1.37) |
| Mark-to-market adjustment - securities and derivatives | 0.51 | 0.44 |
| Subordinated debt | 1.71 | 1.48 |
| Other | (0.16) | (0.18) |
| Variation in weighted assets: | (2.87) | (2.73) |
| Securities | (0.65) | (1.19) |
| Credit operations | (0.65) | (0.53) |
| Clearing of checks and similar | (0.02) | (0.01) |
| Deferred tax assets | (0.66) | (0.47) |
| Risk (swap, market, interest and exchange rates) | (0.14) | (0.10) |
| Memorandum accounts | (0.50) | (0.39) |
| Other assets | (0.25) | (0.04) |
| Ratio in December 2003 | 19.85 | 17.22 |

(1) Financial companies only.

(2) Financial and non-financial companies.

b) Market value

The book values, net of allowances for mark-to-market, of the main financial instruments and their corresponding market values at December 31, 2003 and 2002, are summarized as follows:

At December 31, 2003 - In thousands of reais

| CONSOLIDATED BRADESCO | | | |
|-----------------------|--------------|--------------------------|--------------------------|
| 2003 | | 2002 | |
| Book Value | Market Value | Potential Gain (loss) | Potential Gain (loss) |
| | | | |

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Assets:

| | | | | |
|---|------------|------------|---------|-----------|
| Securities and derivative financial instruments | 53,804,780 | 54,531,434 | 726,654 | (337,105) |
| Credit and leasing operations | 54,335,984 | 54,802,191 | 466,207 | (363,908) |
| Investments (1) | 862,323 | 928,170 | 65,847 | (3,189) |

Liabilities:

| | | | | |
|--|------------|------------|----------------|----------------|
| Time deposits | 22,943,146 | 22,960,779 | (17,633) | 6,712 |
| Funds from acceptance and issuance of securities | 6,846,896 | 6,895,252 | (48,356) | 15,074 |
| Borrowings and onlendings | 14,794,783 | 14,973,319 | (178,536) | 603,305 |
| Provision for exchange variation | - | - | - | 504,160 |
| Subordinated debt | 4,994,810 | 5,286,388 | (291,578) | 332,087 |
| Treasury stock | (7,432) | (7,731) | 389 | 12,098 |
| Total | - | - | 722,605 | 775,612 |

(1) Not including increment in investments in associated companies.

Determination of market value of financial instruments:

- Securities, investments, subordinated debt and other liabilities are based on the average quotation prevailing in the corresponding markets at the balance sheet date. In the event no market prices are available, amounts are estimated based on the prices quoted by dealers, price definition models, quotation models or quotations for instruments with similar characteristics.
- Prefixed credit operations were determined by discounting estimated cash flows, using interest rates which are equivalent to interest rates applied by the Bank for new contracts with similar features practiced on the balance sheet date.
- Time deposits, funds for issuance of securities and borrowings and onlendings were calculated by discounting the difference between the cash flows under the contract terms and the rates practiced in the market on the balance sheet date.

c) Derivatives

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

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(I) The amounts of the instruments recorded in balance sheet and memorandum accounts at December 31, 2003 are summarized below:

At December 31, 2003 -In thousands of reais

| | CONSOLIDATED BRADESCO | | BRADESCO | |
|--|-----------------------|------------|-------------------|------------|
| | Overall Amount | Net Amount | Overall Amount | Net Amount |
| Futures contracts | | | | |
| Purchase commitments: | 12,306,487 | | 11,321,858 | |
| - Foreign currency | 10,347,736 | - | 9,376,091 | - |
| - Interbank market | 1,958,751 | - | 1,945,767 | - |
| Sale commitments: | 17,635,285 | | 17,358,652 | |
| - Foreign currency | 12,273,540 | 1,925,804 | 12,043,486 | 2,667,395 |
| - Interbank market | 5,361,745 | 3,402,994 | 5,315,166 | 3,369,399 |
| Option contracts | | | | |
| Purchase commitments: | 3,501 | | 3,501 | |
| - Foreign currency | 3,501 | - | 3,501 | - |
| Sale commitments: | 148,221 | | 148,221 | |
| - Foreign currency | 148,221 | 144,720 | 148,221 | 144,720 |
| Forward contracts | | | | |
| Purchase commitments: | 29,120 | | 24,120 | |
| - Foreign currency | 24,120 | - | 24,120 | - |
| - Interbank market | 5,000 | 5,000 | - | - |
| Sale commitments: | 993,803 | | 993,803 | |
| - Foreign currency | 993,803 | 969,683 | 993,803 | 969,683 |
| Swap contracts | | | | |
| Asset position: | 10,337,675 | | 12,843,082 | |
| - Foreign currency | 4,549,829 | 761,325 | 3,969,037 | 655,195 |
| - Interbank market | 2,926,237 | - | 2,413,189 | - |
| - SELIC (Special Clearance and Custody System) | 1,037,202 | 1,005,261 | 432,003 | 414,821 |
| - Reference rate (TR) | 924,089 | 922,862 | 827,369 | 827,369 |
| - Pre-fixed | 738,019 | - | 5,054,460 | 4,418,556 |
| - IGP-M (General Price Index - Market) | 118,848 | - | 107,024 | - |
| - Other | 43,451 | 39,412 | 40,000 | 40,000 |
| Liability position: | 10,151,213 | | 12,348,390 | |
| - Interbank market | 5,040,363 | 2,114,126 | 8,162,316 | 5,749,127 |
| - Foreign currency | 3,788,504 | - | 3,313,842 | - |
| - Pre-fixed | 1,059,234 | 321,215 | 635,904 | - |
| - IGP-M | 225,905 | 107,057 | 219,146 | 112,122 |
| - SELIC | 31,941 | - | 17,182 | - |
| - Reference rate (TR) | 1,227 | - | - | - |
| - Other | 4,039 | - | - | - |

Derivatives include operations falling due in D+1 to be settled in currency at December 31, 2003 price levels.

Amounts relating to swap contracts are recorded in securities and derivative financial instruments and related outstanding amounts receivable total R\$ 231,826 thousand and R\$ 528,496 thousand on an unconsolidated basis and amounts payable, classified in liabilities - derivative financial instruments, total R\$ 45,364 thousand and R\$ 33,804 thousand on an unconsolidated basis.

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(II) We present below the composition of derivative financial instruments (assets and liabilities) stated at restated cost and market value:

At December 31, 2003 - In thousands of reais

| CONSOLIDATED BRADESCO | | | |
|-------------------------------------|----------------------|---------------------------------------|---------------------|
| | Restated Cost | Adjustment to Market Value | Market Value |
| Derivatives - adjustment receivable | 199,120 | 33,191 | 232,311 |
| Derivatives - adjustment payable | (42,581) | (9,788) | (52,369) |
| Total | 156,539 | 23,403 | 179,942 |

At December 31, 2003 - In thousands of reais

| BRADESCO | | | |
|-------------------------------------|----------------------|---------------------------------------|---------------------|
| | Restated Cost | Adjustment to Market Value | Market Value |
| Derivatives - adjustment receivable | 475,961 | 53,020 | 528,981 |
| Derivatives - adjustment payable | (33,496) | (7,313) | (40,809) |
| Total | 442,465 | 45,707 | 488,172 |

(III) Futures, option, forward and swap contracts fall due as follows:

At December 31, 2003 - In thousands of reais

| CONSOLIDATED BRADESCO | | | | | | |
|------------------------------|--------------------------|--------------------------------|---------------------------------|-------------------------------|-------------------|-------------------|
| | Up to 90 Days | From 91 to 180 Days | From 181 to 360 Days | More than 360 Days | 2003 | 2002 |
| Futures contracts | 15,821,633 | 1,884,038 | 6,379,705 | 5,856,396 | 29,941,772 | 9,595,609 |
| Swap contracts | 3,176,926 | 2,226,391 | 2,018,336 | 2,684,196 | 10,105,849 | 8,955,965 |
| Forward contracts | 955,475 | 28,502 | 38,946 | - | 1,022,923 | 680,073 |
| Option contracts | 69,923 | - | 81,799 | - | 151,722 | 20,994 |
| Total in 2003 | 20,023,957 | 4,138,931 | 8,518,786 | 8,540,592 | 41,222,266 | |
| Total in 2002 | 4,821,134 | 2,713,581 | 3,349,808 | 8,368,218 | | 19,252,641 |

At December 31, 2003 - In thousands of reais

| BRADESCO | | | | | | |
|-------------------|--------------------------|--------------------------------|---------------------------------|-------------------------------|-------------------|------------------|
| | Up to 90 Days | From 91 to 180 Days | From 181 to 360 Days | More than 360 Days | 2003 | 2002 |
| Futures contracts | 15,729,251 | 1,558,884 | 5,698,749 | 5,693,626 | 28,680,510 | 4,535,062 |
| Swap contracts | 3,492,804 | 2,609,471 | 2,821,929 | 3,390,382 | 12,314,586 | 5,289,173 |
| Forward contracts | 955,475 | 23,502 | 38,946 | - | 1,017,923 | 375,073 |

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| | | | | | | |
|----------------------|-------------------|------------------|------------------|------------------|-------------------|-------------------|
| Option contracts | 69,923 | - | 81,799 | - | 151,722 | - |
| Total in 2003 | 20,247,453 | 4,191,857 | 8,641,423 | 9,084,008 | 42,164,741 | |
| Total in 2002 | 1,905,298 | 1,879,020 | 2,093,763 | 4,321,227 | | 10,199,308 |

(IV) We present below the type of margin given as collateral for derivative financial instruments, comprising mainly futures contracts and corresponding amounts:

At December 31, 2003 - In thousands of reais

| | CONSOLIDATED BRADESCO | | BRADESCO | |
|-------------------------------|------------------------------|--|------------------|----------------|
| Government Securities: | | | | |
| National Treasury Bonds | | | 825,199 | 642,543 |
| Central Bank Notes | | | 330,437 | 330,437 |
| Financial Treasury Notes | | | 38,794 | 208 |
| Federal Treasury Notes | | | 6,863 | - |
| Total | | | 1,201,293 | 973,188 |

V) We present below the amounts of net revenue and expense recorded in income for the year ended December 31:

At December 31, 2003 - In thousands of reais

| | CONSOLIDATED BRADESCO | | BRADESCO | |
|-------------------|------------------------------|--------------------|-----------------|--------------------|
| | 2003 | 2002 | 2003 | 2002 |
| Swap contracts | 499,047 | (1,501,517) | 257,225 | (1,126,426) |
| Forward contracts | 38,264 | (16,143) | 34,350 | (14,819) |
| Option contracts | 34,413 | 5,564 | 8,537 | 6,470 |
| Futures contracts | (516,532) | (561,151) | (254,096) | (490,810) |
| Total | 55,192 | (2,073,247) | 46,016 | (1,625,585) |

(VI) We present below the overall amounts of the derivative financial instruments, separated by place of trading:

At December 31, 2003 - In thousands of reais

| | CONSOLIDATED BRADESCO | | BRADESCO | |
|-----------------|------------------------------|-------------------|-------------------|-------------------|
| | 2003 | 2002 | 2003 | 2002 |
| BM&F (floor) | 32,565,562 | 11,404,750 | 31,299,300 | 5,810,860 |
| CETIP (counter) | 8,656,704 | 7,847,891 | 10,865,441 | 4,388,448 |
| Total | 41,222,266 | 19,252,641 | 42,164,741 | 10,199,308 |

34) EMPLOYEE BENEFITS

Banco Bradesco and its subsidiaries sponsor a supplementary retirement pension plan for employees and directors. The unrestricted benefits generating plan (PGBL) is of the defined contribution type, which permits the accumulation of savings by participants over their professional careers through contributions paid by themselves and the sponsoring company. The related resources are invested in an Exclusive Financial Investment Fund - FIFE.

The plan is managed by Bradesco Vida e Previdência S.A. and BRAM - Bradesco Asset Management Ltda. is responsible for the financial administration of the FIFE funds.

The contributions paid by employees and by Bradesco and its subsidiaries total 4% of salary, except for participants who in 2001 opted to migrate to the PGBL plan from the defined benefits plan and whose contributions to the PGBL plan were maintained at the levels in force for the

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defined benefits plan at the time of migration, respecting nevertheless the 4% minimum.

The actuarial liabilities of the defined contribution plan (PGBL) at December 31, 2003 total R\$ 710,957 thousand and are fully covered by the net equity of the corresponding FIFE fund.

As well as the aforementioned defined contribution plan (PGBL), former participants of the defined benefits plan are guaranteed a proportional deferred benefit, corresponding to their accumulated rights in the latter plan. For participants of the defined benefits plan, transferred or not to the PGBL plan, retired participants and pensioners, the present value of the plan's actuarial liabilities at December 31, 2003 totals R\$ 1,676,233 thousand and is fully covered by guaranteeing assets.

The subsidiary Banco Baneb S.A. (into which Banco BEA S.A. was merged - Note 2) maintains a supplementary pension plan managed by Caixa de Previdência dos Funcionários do BEA - CABEA, which is currently undergoing a sponsorship withdrawal process, with base date established at November 30, 2002 and whose sponsor's contributions ceased from December 1, 2002. The participants ceased to contribute as from the same date. The plan's actuarial liabilities are fully covered by the plan's net assets.

The subsidiary Banco Baneb S.A. and its subsidiaries are sponsors of supplementary pension plans of the defined contribution (PGBL) and defined benefits type, through Fundação Baneb de Seguridade Social - BASES (for former Baneb employees). The actuarial liabilities of the defined contribution and defined benefit plans are fully covered by the net assets of the plans.

Based on the report of the independent actuary, the present value of the actuarial liabilities of the defined benefits plan and its assets for coverage of the obligations assumed by Baneb is presented below:

| | At December 31, 2003 - In thousands of reais |
|-----------------------|--|
| Net plan assets | 314,514 |
| Actuarial liabilities | 280,748 |
| Excess | 33,766 |

Main assumptions used in the actuarial appraisal:

| | |
|--|-----------------------------|
| Nominal discount rate | 11.30 % p.a. |
| Nominal minimum expected return on assets | 11.30 % p.a. |
| Nominal future salary growth rate | 8.15 % p.a. |
| Nominal social security and plan benefit growth rate | 5.00 % p.a. |
| Inflation rate | 5.00 % p.a. |
| General mortality biometric table | UP84 with 1 year adjustment |
| Disability entry biometric table | Mercer table |
| Expected turnover rate | 0.30/(years of service + 1) |
| Actuarial method | Projected unit credit |
| The funds guaranteeing the private pension plans are invested in compliance with applicable legislation (government securities and corporate bonds, listed company stock and real estate). | |

Expenses with contributions made during the year totaled R\$ 293,696 thousand (2002 -R\$ 137,729 thousand), BRADESCO - R\$ 219,360 thousand (2002 -R\$ 102,309 thousand).

In addition, Bradesco and its subsidiaries offer their employees and directors a number of other benefits including: healthcare insurance, dental care, group life and personal accident insurance, as well as professional training, the expenses for which, including the aforementioned contributions, totaled R\$ 1,025,502 thousand (2002 -R\$ 764,778 thousand), R\$ 784,908 thousand on an unconsolidated basis (2002 -R\$ 593,296 thousand) for the year.

35) INCOME TAX AND SOCIAL CONTRIBUTION

a) Calculation of income tax and social contribution charges

At December 31, 2003 - In thousands of reais

| CONSOLIDATED BRADESCO | BRADESCO |
|-----------------------|----------|
|-----------------------|----------|

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| | 2003 | 2002 | 2003 | 2002 |
|---|------------------|------------------|----------------|----------------|
| Income before income tax and social contribution | 2,712,032 | 2,496,088 | 1,830,943 | 1,757,831 |
| Composite income tax and social contribution at the statutory rates of 25% and 9%, respectively | (922,091) | (848,670) | (622,521) | (597,663) |
| Effect of additions and exclusions on tax calculation: | | | | |
| Equity in the earnings of subsidiary and associated companies | 1,777 | 21,970 | 646,230 | 616,093 |
| Exchange gains (loss) | (165,736) | 376,787 | (66,134) | 195,047 |
| Non-deductible expenses, net of non-taxable income | 16,387 | (349,439) | (12,656) | (206,329) |
| Deferred tax assets recorded in prior-years | 215,811 | - | 77,833 | - |
| Interest attributed to own capital (paid and accrued) | 457,986 | 321,974 | 457,986 | 321,974 |
| Interest attributed to own capital (received) | - | (2,872) | - | (64,418) |
| Other amounts | (782) | 19,987 | (5,342) | 53 |
| Income tax and social contribution benefit (expense) | (396,648) | (460,263) | 475,396 | 264,757 |

b) Statement of income tax and social contribution benefit (expense)

At December 31, 2003 - In thousands of reais

| | CONSOLIDATED BRADESCO | | BRADESCO | |
|--|-----------------------|------------------|-----------------|------------------|
| | 2003 | 2002 | 2003 | 2002 |
| Deferred tax assets | | | | |
| Amount recorded/realized for the six-month period on temporary additions | 543,863 | 486,395 | 451,189 | 369,943 |
| Amount recorded/offset on opening balances: | | | | |
| Negative basis of social contribution | (8,344) | (19,526) | - | - |
| Tax loss | (156,891) | (114,863) | - | - |
| Prior-year deferred tax assets were recorded on: | | | | |
| Negative basis of social contribution | 12,793 | - | - | - |
| Tax loss | 119,696 | - | - | - |
| Temporary additions | 83,322 | - | 77,833 | - |
| Recorded for the six-month period: | | | | |
| Negative basis of social contribution | 8,007 | 16,518 | - | - |
| Tax loss | 14,089 | 40,319 | - | - |
| Subtotal | 616,535 | 408,843 | 529,022 | 369,943 |
| Current taxes | | | | |
| Income tax and social contribution payable | (1,013,183) | (869,106) | (53,626) | (105,186) |
| Provision for income tax and social contribution for the period | (396,648) | (460,263) | 475,396 | 264,757 |

c) Statement of deferred income tax and social contribution assets

In thousands of reais

| CONSOLIDATED BRADESCO | | | | |
|------------------------------|------------------------------|----------|----------|------------------------------|
| Balance at December 31, 2002 | Opening Balance Acquisitions | Recorded | Realized | Balance at December 31, 2003 |
| | | | | |

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| | | | | | |
|--|------------------|----------------|------------------|------------------|------------------|
| Allowance for loan losses | 2,109,843 | 79,406 | 1,020,191 | 661,289 | 2,548,151 |
| Provision for civil contingencies | 86,056 | 10,068 | 37,595 | 14,002 | 119,717 |
| Provision for tax contingencies | 570,816 | 6,935 | 106,715 | 157,941 | 526,525 |
| Provision for labor claims | 200,212 | 65,512 | 152,871 | 140,960 | 277,635 |
| Allowance for mark-to-market of securities and investments | 126,502 | 9,873 | 43,238 | 31,053 | 148,560 |
| Provision for loss on non-operating assets | 86,524 | 3,281 | 50,708 | 59,055 | 81,458 |
| Mark-to-market adjustment of trading securities | 78,298 | - | 96,487 | 103,563 | 71,222 |
| Amortization of goodwill | 29,664 | - | 366,410 | 14,531 | 381,543 |
| Other | 123,920 | 81,758 | 81,112 | 145,748 | 141,042 |
| Total deferred tax assets on temporary differences | 3,411,835 | 256,833 | 1,955,327 | 1,328,142 | 4,295,853 |
| Tax losses and negative basis of social contribution | 443,461 | 158,019 | 154,585 | 165,235 | 590,830 |
| Subtotal | 3,855,296 | 414,852 | 2,109,912 | 1,493,377 | 4,886,683 |
| Mark-to-market adjustment of securities available for sale | 152,570 | - | 20,692 | 132,799 | 40,463 |
| Social contribution - Provisional Measure 2158-35 of August 24, 2001 | 952,445 | - | - | 39,022 | 913,423 |
| Total deferred tax assets (Note 13b) | 4,960,311 | 414,852 | 2,130,604 | 1,665,198 | 5,840,569 |
| Deferred tax liabilities | 473,684 | 4,484 | 397,147 | 253,347 | 621,968 |
| Deferred tax assets net of deferred tax liabilities | 4,486,627 | 410,368 | 1,733,457 | 1,411,851 | 5,218,601 |
| -Percentage of net deferred tax assets on total reference equity (Note 33a) | 31.1% | | | | 28.2% |
| -Percentage of net deferred tax assets on total assets | 3.1% | | | | 3.0% |

In thousands of reais

BRADESCO

| | Balance at December 31, 2002 | Recorded | Realized | Balance at December 31, 2003 |
|--|---|------------------|-----------------|---|
| Allowance for loan losses | 1,504,214 | 800,549 | 378,618 | 1,926,145 |
| Provision for civil contingencies | 43,710 | 20,159 | 7,910 | 55,959 |
| Provision for tax contingencies | 354,158 | 37,467 | 135,221 | 256,404 |
| Provision for labor claims | 120,267 | 109,150 | 51,346 | 178,071 |
| Allowance for mark-to-market of securities and investments | 21,102 | 5,190 | 9,266 | 17,026 |
| Provision for loss on non-operating assets | 51,937 | 14,453 | 31,128 | 35,262 |
| Provision for interest attributed to own capital | - | 132,495 | - | 132,495 |
| Other | 29,043 | 42,044 | 18,996 | 52,091 |
| Total deferred tax assets on temporary differences | 2,124,431 | 1,161,507 | 632,485 | 2,653,453 |
| Mark-to-market adjustment of securities available for sale | 10,327 | 13,336 | 10,327 | 13,336 |
| Social contribution - Provisional Measure 2158-35 of August 24, 2001 | 505,072 | - | - | 505,072 |
| Total deferred tax assets (Note 13b) | 2,639,830 | 1,174,843 | 642,812 | 3,171,861 |
| Deferred tax liabilities | 141,992 | 144,937 | 135,970 | 150,959 |

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| | | | | |
|---|-----------|-----------|---------|-----------|
| Deferred tax assets net of deferred tax liabilities | 2,497,838 | 1,029,906 | 506,842 | 3,020,902 |
|---|-----------|-----------|---------|-----------|

| | | |
|---|-------|-------|
| -Percentage of net deferred tax assets on total reference equity (Note 33a) | 17.5% | 16.9% |
|---|-------|-------|

| | | |
|--|------|------|
| -Percentage of net deferred tax assets on total assets | 2.4% | 2.1% |
|--|------|------|

d) Expected realization of deferred tax assets on temporary differences, tax losses and negative basis of social contribution

In thousands of reais

CONSOLIDATED BRADESCO

| | Temporary Difference | | Tax Loss and Negative Basis | | Total |
|--------------|----------------------|---------------------|-----------------------------|---------------------|------------------|
| | Income Tax | Social Contribution | Income Tax | Social Contribution | |
| 2004 | 961,179 | 345,638 | 92,164 | 28,859 | 1,427,840 |
| 2005 | 977,108 | 325,665 | 103,774 | 34,171 | 1,440,718 |
| 2006 | 1,153,871 | 342,388 | 83,849 | 21,711 | 1,601,819 |
| 2007 | 100,834 | 30,020 | 93,328 | 22,125 | 246,307 |
| 2008 | 48,795 | 10,355 | 98,406 | 12,443 | 169,999 |
| Total | 3,241,787 | 1,054,066 | 471,521 | 119,309 | 4,886,683 |

In thousands of reais

BRADESCO

| | Temporary Difference | | Tax Loss and Negative Basis | | Total |
|--------------|----------------------|---------------------|-----------------------------|---------------------|------------------|
| | Income Tax | Social Contribution | Income Tax | Social Contribution | |
| 2004 | 593,198 | 211,089 | - | - | 804,287 |
| 2005 | 600,810 | 208,016 | - | - | 808,826 |
| 2006 | 746,413 | 240,929 | - | - | 987,342 |
| 2007 | 23,605 | 2,894 | - | - | 26,499 |
| 2008 | 23,605 | 2,894 | - | - | 26,499 |
| Total | 1,987,631 | 665,822 | - | - | 2,653,453 |

In thousands of reais

CONSOLIDATED BRADESCO

Deferred Tax Assets and Social Contribution - Provisional Measure 2158-35

| | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 to 2013 | Total |
|--------|--------|--------|--------|--------|--------|--------------|----------------|
| Amount | 33,040 | 36,407 | 36,463 | 49,866 | 78,648 | 678,999 | 913,423 |

In thousands of reais

BRADESCO

Deferred Tax Assets and Social Contribution - Provisional Measure 2158-35

| | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 to 2012 | Total |
|--------|-------|-------|--------|--------|--------|--------------|----------------|
| Amount | 2,536 | 7,522 | 10,767 | 15,404 | 27,710 | 441,133 | 505,072 |

Projected realization of deferred tax assets is estimated and not directly related to expected book income.

The present value of deferred tax assets, calculated based on the average funding rate, net of tax effects, totals R\$ 5,133,936 thousand (R\$ 2,798,899 thousand on an unconsolidated basis) of which R\$ 3,925,211 thousand (R\$ 2,427,274 thousand on an unconsolidated basis) comprises temporary differences, R\$ 520,818 thousand comprises tax losses and negative basis of social contribution and R\$ 687,907 thousand (R\$ 371,625 thousand on an unconsolidated basis) comprises deferred social contribution assets - MP. 2158-35.

e) Unrecorded deferred tax assets

Deferred tax assets were not recorded in the amount of R\$ 154,276 thousand.

f) Deferred tax liabilities

The Bradesco Organization has deferred tax liabilities in the amount of R\$ 621,968 thousand (R\$ 150,959 thousand on an unconsolidated basis) relating to: income tax and social contribution, PIS and COFINS on mark-to-market adjustments of securities and derivative financial instruments - R\$ 423,328 thousand (R\$ 122,952 thousand on an unconsolidated basis); excess depreciation - R\$ 128,667 thousand; revaluation reserve -R\$ 52,495 thousand; and others - R\$ 17,478 thousand (R\$ 28,007 thousand on an unconsolidated basis).

36) OTHER INFORMATION

a) The net assets of the investment funds and portfolios managed by the Bradesco Organization at December 31, 2003 totaled R\$ 81,526,479 thousand (2002 - R\$ 54,258,665 thousand).

b) On November 6, 2003, Banco Bradesco S.A., through its subsidiary Banco Finasa S.A., entered into a Private Agreement for the Purchase of Stockholdings and Other Accords, for the purpose acquiring the total capital stock of Banco Zogbi S.A. and its subsidiaries Promovel Empreendimentos e Serviços Ltda., Zogbi Leasing S.A. Arrendamento Mercantil and Zogbi Distribuidora de Títulos e Valores Mobiliários Ltda., for the amount of R\$ 650,000 thousand. The transaction depends on approval by the corresponding authorities and the conclusion of the due diligence.

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Banco Bradesco S.A.

Cidade de Deus, Osasco, SP, January 30, 2004

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Lázaro de Mello Brandão

Vice Chairman

Antônio Bornia

Members

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Mário da Silveira Teixeira Júnior
Márcio Artur Laurelli Cypriano
João Aguiar Alvarez
Denise Aguiar Alvarez Valente
José Fonollosa García
Ricardo Espírito Santo Silva Salgado

Board of Executive Officers

Executive Officers

President

Márcio Artur Laurelli Cypriano

Executive Vice-Presidents

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

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Carlos Alberto Rodrigues Guilherme
José Alcides Munhoz
José Guilherme Lembi de Faria
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Milton Matsumoto
Cristiano Queiroz Belfort
Sérgio de Oliveira
Odair Afonso Rebelato
Aurélio Conrado Boni
Domingos Figueiredo de Abreu
Paulo Eduardo D'Avila Isola
Ademir Cossello

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Airton Celso Exel Andreolli
Alfredo Antônio Lima de Menezes
André Rodrigues Cano
Antônio Carlos Del Cielo
Candido Leonelli
Carlos Laurindo Barbosa
Carlos Roberto Parenti
Denise Pauli Pavarina de Moura
Douglas Tevis Francisco
Fernando Jorge Buso Gomes
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Jair Delgado Scalco
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João Cariello de Moraes Filho
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José Maria Soares Nunes
Josué Augusto Pancini
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Luiz Carlos Angelotti
Luiz Fernando Peres
Marcos Bader
Maria Eliza Sganserla
Mário Luiz Lancellotti
Mauro Roberto Vasconcellos Gouvêa
Milton Clemente Juvenal
Nilton Pelegrino Nogueira
Odilardo Guerreiro Rodrigues
Osvaldo Corrêa Fonseca
Ricardo Dias
Roberto Elias Abud Squeff
Roberto Sobral Hollander
Romulo Nagib Lasmar
Sérgio Alexandre Figueiredo Clemente
Sergio Sztajn
Toshifumi Murata
Valter Crescente

Regional Directors

Ademar Monteiro de Moraes
Alexandre da Silva Glüher
Altair Antônio de Souza
Aurélio Guido Pagani
Claudio Fernando Manzato
Elias Rodrigues Malheiro
Idevalter Borba
José Antônio Salmazi
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Luiz Carlos de Carvalho
Paulo de Tarso Monzani
Paulo Ricardo da Silva Barra
Raimundo Nonato Ribeiro
Renaud Roberto Teixeira
Roberto José Barbarini
Sebastião Carlos Pereira da Silva
Siladelfo Rodrigues Guerra

Disclosure Committee

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

Departamento de Contadoria Geral (Accounting Department)
Moacir Nachbar Junior
Accountant-CRC 1SP198208/O-5

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Report of the Fiscal Council (Conselho Fiscal)

Banco Bradesco S.A.

The undersigned members of the Audit Committee of Banco Bradesco S.A., in the performance of their legal and statutory duties, having reviewed the Directors' Report and the Financial Statements for the year ended December 31, 2003, as well as the technical study addressing the feasibility of the generation of taxable income, brought to present value, for the purpose of realizing deferred tax assets, in compliance with CVM Instruction 371 of June 27, 2002, Resolution 3059 of December 20, 2002, of the National Monetary Council and Circular 3171 of December 30, 2002, of the Brazilian Central Bank and based on the unqualified report of KPMG Auditores Independentes, declare that said documents, based on the corporate legislation in force, present fairly the financial position of the Company, recommending the approval thereof by the Stockholders' Ordinary Meeting.

Cidade de Deus, Osasco, SP, January 30, 2004

Ricardo Abecassis E. Santo Silva
Sócrates Fonseca Guimarães
Oswaldo de Moura Silveira

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Independent Auditors' Report

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

We have examined the balance sheets of Banco Bradesco S.A. and the consolidated balance sheets of Banco Bradesco S.A. and its subsidiaries as of December 31, 2003 and 2002 and the related statements of income, changes in stockholders' equity and changes in financial position for the years then ended, which are the responsibility of its management. Our responsibility is to express an opinion on these financial statements.

Our examinations were conducted in accordance with auditing standards applied in Brazil and included: (a) planning of the audit work, considering the materiality of the balances, the volume of transactions and the accounting systems and internal accounting controls of the Bank and its subsidiaries; (b) verification, on a test basis, of the evidence and records which support the amounts and accounting information disclosed; and (c) evaluation of the most significant accounting policies and estimates adopted by management of the Bank and its subsidiaries, as well as the presentation of the financial statements taken as a whole.

In our opinion, the aforementioned financial statements present fairly, in all material respects, the financial position of Banco Bradesco S.A. and the consolidated financial position of Banco Bradesco S.A. and its subsidiaries as of December 31, 2003 and 2002 and the results of its operations, changes in its stockholders' equity and changes in its financial position for the years then ended, in conformity with accounting practices adopted in Brazil.

January 30, 2004

KPMG Auditores Independentes
CRC 2SP014428/O-6

Walter Iório
Accountant CRC 1SP084113/O-5

Cláudio Rogélio Sertório
Accountant CRC 1SP212059/O-0

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