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# Form 6-K

REC'D S.E.C.  
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## REPORT OF FOREIGN PRIVATE ISSUER PURSUANT TO RULE 13A-16 OR 15D-16 OF THE SECURITIES EXCHANGE ACT OF 1934

*PE*  
*8-1-02*

For the month of August, 2002

(Commission File No. 1-15250)



### Bradesco

**BANCO BRADESCO S.A.**

(Exact name of registrant as specified in its charter)

**Bank Bradesco**

(Translation of registrant's name in English)

Cidade de Deus, s/nº, Vila Yara, Osasco, SP, 06029-900

Federative Republic of Brazil

(Address of Principal Executive Offices)

**PROCESSED**  
*P* AUG 09 2002  
THOMSON  
FINANCIAL

(Indicate by check mark whether the registrant files or will file  
annual reports under cover of 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

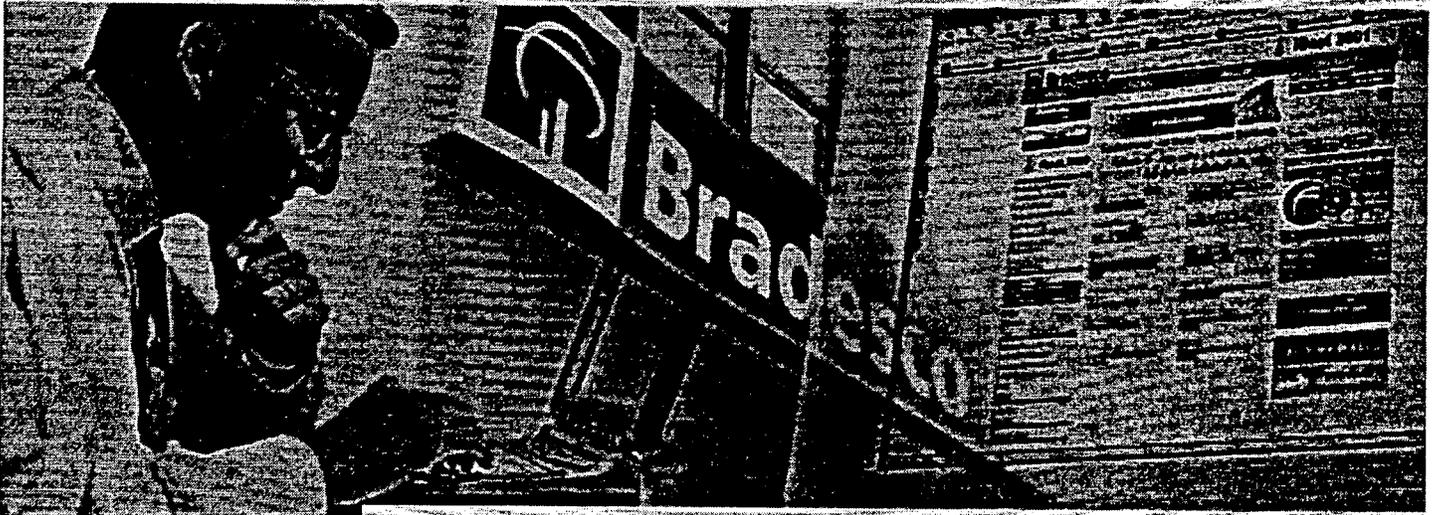


**Bradesco**

Report on Economic and Financial Analysis

**June**

**20002**



### Financial Market Indicators (%)

| Index                 | 2001                 |                      | 2002                 |                      | 1 <sup>st</sup> Half |
|-----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|                       | 1 <sup>st</sup> Qtr. | 2 <sup>nd</sup> Qtr. | 1 <sup>st</sup> Qtr. | 2 <sup>nd</sup> Qtr. |                      |
| CDI                   | 3.56                 | 3.83                 | 4.20                 | 4.28                 | 8.67                 |
| IBOVESPA - Average    | (7.15)               | 2.65                 | (2.38)               | (15.96)              | (17.96)              |
| USD - Commercial rate | 10.55                | 6.63                 | 0.14                 | 22.41                | 22.58                |
| IPCA - IBGE           | 1.42                 | 1.52                 | 1.49                 | 1.43                 | 2.94                 |
| TJLP                  | 2.22                 | 2.24                 | 2.41                 | 2.29                 | 4.76                 |

### Compulsory Deposit Rates (%)

| Index            | 2001                 |                      | 2002                 |                      | 1 <sup>st</sup> Half |
|------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|                  | 1 <sup>st</sup> Qtr. | 2 <sup>nd</sup> Qtr. | 1 <sup>st</sup> Qtr. | 2 <sup>nd</sup> Qtr. |                      |
| Demand Deposits  | 45                   | 45                   | 45                   | 45                   | 45                   |
| Time Deposits    | -                    | -                    | 10                   | 15                   | 15                   |
| Savings Deposits | 15                   | 15                   | 15                   | 20                   | 20                   |

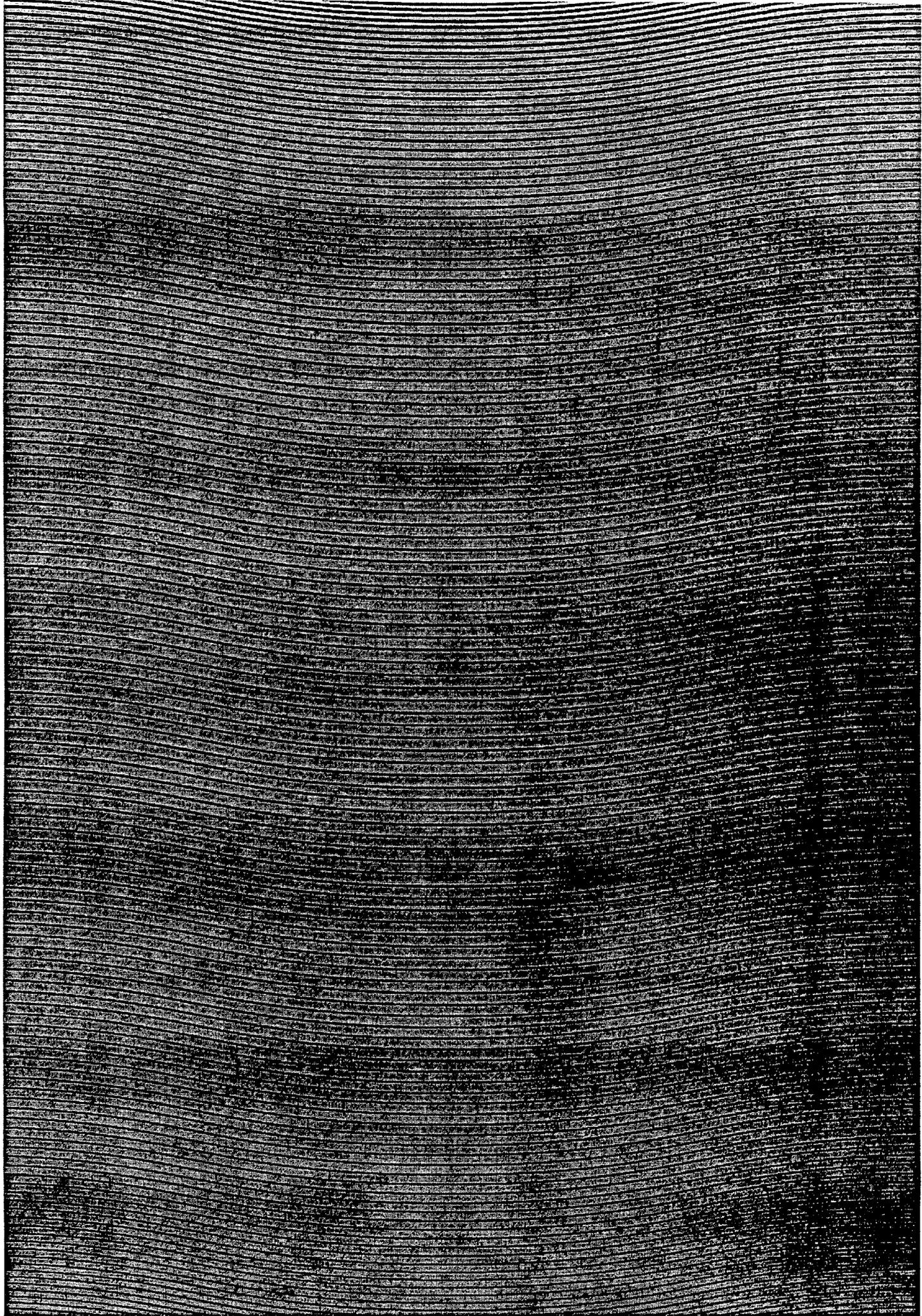
### Rates and Limits (%)

| Index                       | 2001                 |                      | 2002                 |                      | 1 <sup>st</sup> Half |
|-----------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|                             | 1 <sup>st</sup> Qtr. | 2 <sup>nd</sup> Qtr. | 1 <sup>st</sup> Qtr. | 2 <sup>nd</sup> Qtr. |                      |
| Income Tax                  | 25                   | 25                   | 25                   | 25                   | 25                   |
| Social Contribution         | 9                    | 9                    | 9                    | 9                    | 9                    |
| PIS                         | 0.65                 | 0.65                 | 0.65                 | 0.65                 | 0.65                 |
| COFINS                      | 3                    | 3                    | 3                    | 3                    | 3                    |
| Legal Reserve on Net Income | 5                    | 5                    | 5                    | 5                    | 5                    |
| Max. Fixed Assets (*)       | 70                   | 70                   | 70                   | 60                   | 60                   |
| Min. Capital - Basle (*)    | 11                   | 11                   | 11                   | 11                   | 11                   |

(\*) On adjusted stockholders' equity.

**Highlights for the Period - Consolidated Information**

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# Highlights for the Period - Consolidated Information

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## Balance Sheet

|   | In millions of reais |         |         |         |
|---|----------------------|---------|---------|---------|
|   | 2001                 |         | 2002    |         |
|   | March                | June    | March   | June    |
| Total Assets  | 96,902               | 101,863 | 119,224 | 124,505 |
| Securities and Interbank Investments                                      | 35,534               | 37,152  | 44,397  | 43,311  |
| Credit and Leasing Operations   | 41,134               | 43,847  | 49,546  | 52,576  |
| Total Deposits  | 35,784               | 36,868  | 45,934  | 50,849  |
| Demand Deposits   | 7,404                | 7,090   | 8,126   | 10,005  |
| Time Deposits   | 10,822               | 12,187  | 19,385  | 21,791  |
| Savings Deposits  | 17,487               | 17,522  | 18,337  | 18,901  |
| Interbank Deposits  | 71                   | 69      | 86      | 152     |
| Subordinated Debt   | -                    | -       | 1,509   | 1,990   |
| Technical Reserves for Insurance, Private Pension Plans and Savings Bonds | 10,956               | 11,738  | 14,524  | 15,211  |
| Stockholders' Equity  | 8,739                | 9,148   | 9,926   | 10,119  |

## Statement of Income for the Period

|                                  | In millions of reais |                      |                      |                      |                      |                      |
|----------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|                                  | 2001                 |                      |                      | 2002                 |                      |                      |
|                                  | 1 <sup>st</sup> Qtr. | 2 <sup>nd</sup> Qtr. | 1 <sup>st</sup> Half | 1 <sup>st</sup> Qtr. | 2 <sup>nd</sup> Qtr. | 1 <sup>st</sup> Half |
| Net Income                       | 420                  | 622                  | 1,042                | 425                  | 479                  | 904                  |
| Financial Margin                 | 1,975                | 2,537                | 4,512                | 2,666                | 2,804                | 5,470                |
| Gross Profit from Intermediation | 1,561                | 2,043                | 3,604                | 2,033                | 2,093                | 4,126                |
| Commissions and Fees             | 895                  | 865                  | 1,759                | 861                  | 926                  | 1,786                |

## Results per Thousand Shares

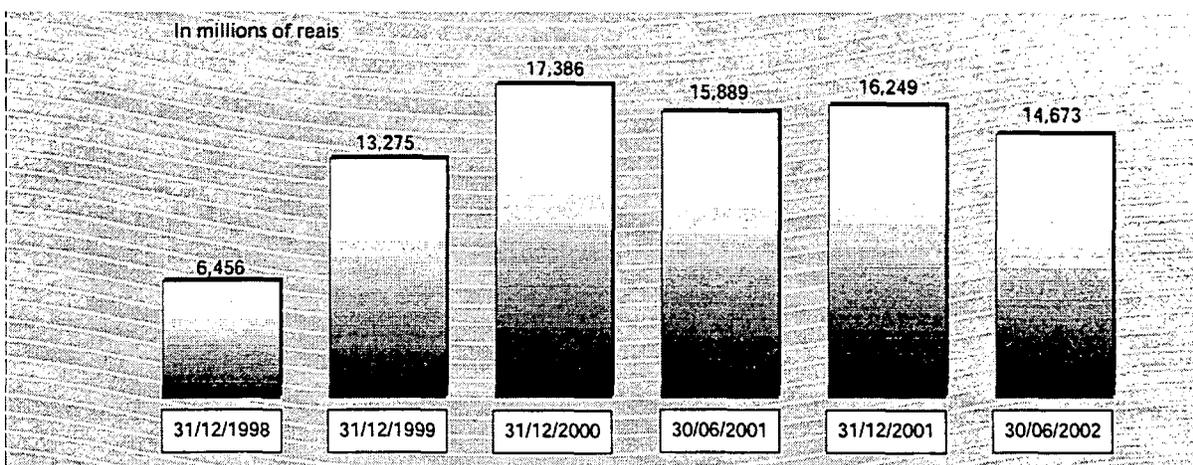
|  | In reais             |                      |                      |                      |                      |                      |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|  | 2001                 |                      |                      | 2002                 |                      |                      |
|  | 1 <sup>st</sup> Qtr. | 2 <sup>nd</sup> Qtr. | 1 <sup>st</sup> Half | 1 <sup>st</sup> Qtr. | 2 <sup>nd</sup> Qtr. | 1 <sup>st</sup> Half |
| Net Income                             | 0.29                 | 0.43                 | 0.72                 | 0.30                 | 0.33                 | 0.63                 |
| JCP/Dividends - ON (Before Income Tax) | 0.121                | 0.128                | 0.249                | 0.155                | 0.055                | 0.210                |
| JCP/Dividends - ON (Net of Income Tax) | 0.103                | 0.109                | 0.212                | 0.132                | 0.046                | 0.178                |
| JCP/Dividends - PN (Before Income Tax) | 0.133                | 0.141                | 0.274                | 0.171                | 0.060                | 0.231                |
| JCP/Dividends - PN (Net of Income Tax) | 0.113                | 0.120                | 0.233                | 0.145                | 0.051                | 0.196                |

JCP - Interest attributed to own capital (paid and/or declared)  
 ON - Common stock  
 PN - Preferred stock

## Net Book Value and Market Value (per thousand shares)

|  | In reais  |           |           |           |
|--|-----------|-----------|-----------|-----------|
|  | 2001      |           | 2002      |           |
|  | March     | June      | March     | June      |
| Number of Shares - in millions (ON/PN) | 1,445,436 | 1,443,756 | 1,437,678 | 1,437,151 |
| Net Book Value (ON/PN)                 | 6.05      | 6.34      | 6.90      | 7.04      |
| Average Last Day Price (ON/PN)         | 10.46     | 11.01     | 12.69     | 10.21     |
| Average Last Day Price (ON)            | 9.43      | 9.95      | 11.34     | 9.13      |
| Average Last Day Price (PN)            | 11.49     | 12.06     | 14.04     | 11.29     |

## Market Value



## Cash Generation

In millions of reais

|   | 2001                 |                      |                      | 2002                 |                      |                      |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|   | 1 <sup>st</sup> Qtr. | 2 <sup>nd</sup> Qtr. | 1 <sup>st</sup> Half | 1 <sup>st</sup> Qtr. | 2 <sup>nd</sup> Qtr. | 1 <sup>st</sup> Half |
| Net Income  | 420                  | 622                  | 1,042                | 425                  | 479                  | 904                  |
| (-) Equity in Earnings of Subsidiaries and Associated Companies               | 2                    | (1)                  | 1                    | (2)                  | (21)                 | (23)                 |
| (-) Exchange Gain/Loss  | (129)                | (91)                 | (220)                | 65                   | (447)                | (382)                |
| (+) Allowance for Loan Losses   | 414                  | 493                  | 907                  | 633                  | 711                  | 1,344                |
| (+) Technical Reserves for Insurance, Private Pension Plans and Savings Bonds | 638                  | 752                  | 1,390                | 537                  | 633                  | 1,170                |
| (+) Allowance for Mark-to-Market  | 128                  | 19                   | 147                  | 10                   | 293                  | 303                  |
| (+) Depreciation and Amortization   | 138                  | 130                  | 268                  | 131                  | 188                  | 319                  |
| <b>TOTAL</b>  | <b>1,611</b>         | <b>1,924</b>         | <b>3,535</b>         | <b>1,799</b>         | <b>1,836</b>         | <b>3,635</b>         |

## Change in Number of Shares (million)

|  | Common Stock | Preferred Stock | Total     |
|--|--------------|-----------------|-----------|
| Number of Shares Held at December 31, 2001 | 730,599      | 709,947         | 1,440,546 |
| (-) Treasury Stock - Acquisition           | (1,985)      | (1,410)         | (3,395)   |
| Number of Shares Held at June 30, 2002     | 728,614      | 708,537         | 1,437,151 |

## Performance Ratios (annualized)

Percentual

|                          | 2001                 |                      |                      | 2002                 |                      |                      |
|--------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|                          | 1 <sup>st</sup> Qtr. | 2 <sup>nd</sup> Qtr. | 1 <sup>st</sup> Half | 1 <sup>st</sup> Qtr. | 2 <sup>nd</sup> Qtr. | 1 <sup>st</sup> Half |
| Return on Equity (Total) | 20.7                 | 30.1                 | 24.1                 | 18.3                 | 20.3                 | 18.7                 |
| Return on Average Equity | 21.8                 | 31.4                 | 25.6                 | 18.5                 | 20.6                 | 19.1                 |
| Return on Assets (Total) | 1.7                  | 2.5                  | 2.1                  | 1.4                  | 1.5                  | 1.5                  |

NB: Return on Equity = Net income/final stockholders' equity annualized.  
Return on Average Equity = Net income/average (daily) stockholders' equity annualized.

## Other Ratios

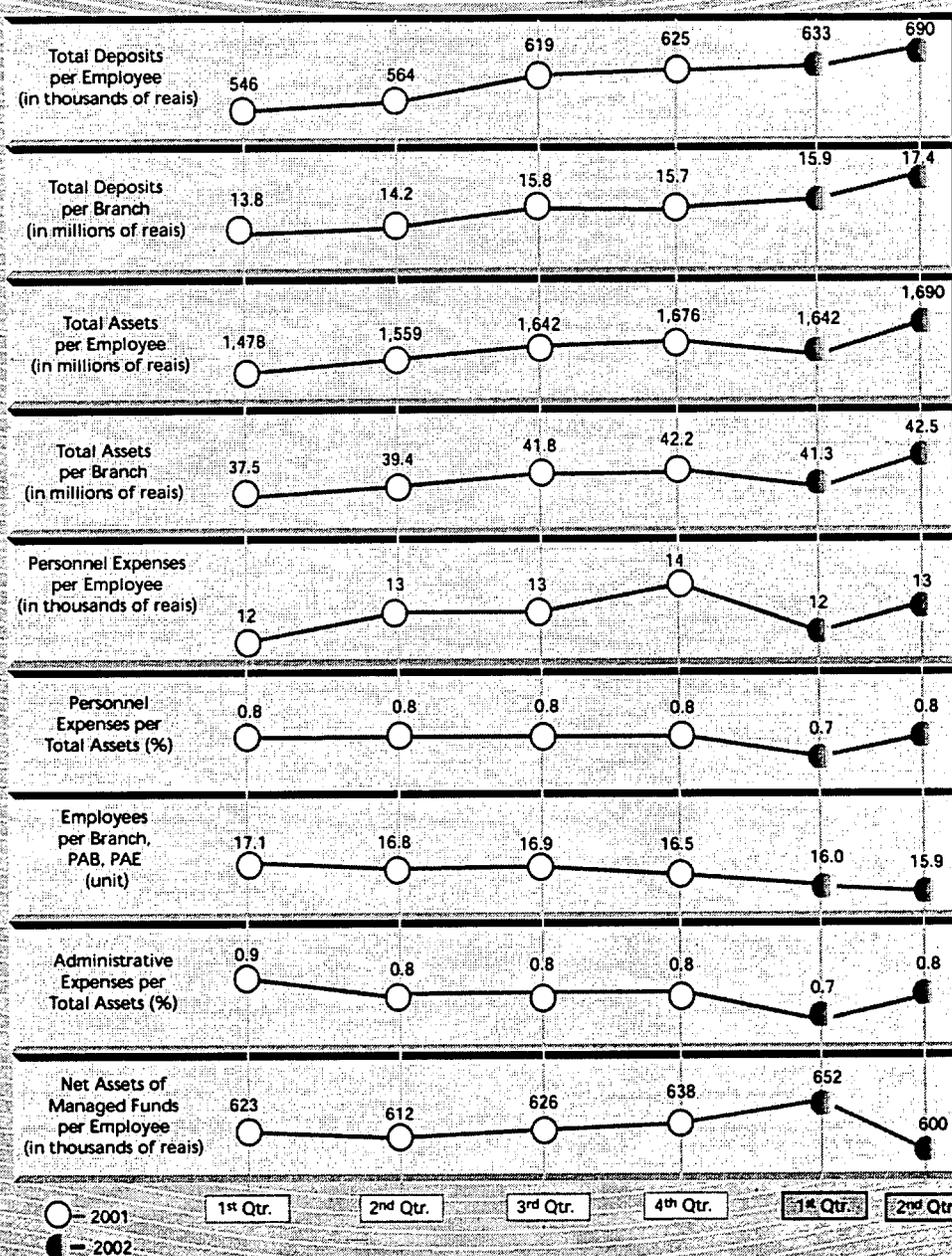
|   | Percentual           |                      |                      |                      |                      |                      |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|   | 2001                 |                      |                      | 2002                 |                      |                      |
|   | 1 <sup>st</sup> Qtr. | 2 <sup>nd</sup> Qtr. | 1 <sup>st</sup> Half | 1 <sup>st</sup> Qtr. | 2 <sup>nd</sup> Qtr. | 1 <sup>st</sup> Half |
| Efficiency Ratio (1)  | 58.4                 | 53.1                 | 55.6                 | 53.4                 | 57.1                 | 55.3                 |
| Capital Adequacy Ratio - Financial Consolidated (2)               | 13.4                 | -                    | 13.4                 | 15.2                 | -                    | 14.7                 |
| Capital Adequacy Ratio - Total Consolidated (2)                   | 12.2                 | -                    | 12.2                 | 13.6                 | -                    | 13.0                 |
| Fixed Assets to Stockholders' Equity - Financial Consolidated (3) | 55.4                 | -                    | 54.8                 | 64.2                 | -                    | 56.1                 |
| Fixed Assets to Stockholders' Equity - Total Consolidated (3)     | 47.8                 | -                    | 48.9                 | 50.8                 | -                    | 46.6                 |

(1) The calculation of the efficiency ratio, is presented on page 31.

(2) Minimum requirement = 11% of adjusted stockholders' equity.

(3) At June 30, 2002, fixed assets are limited to 60% of adjusted stockholders' equity. This percentage will be decreased to 50% as from December 31, 2002.

## Other Indexes



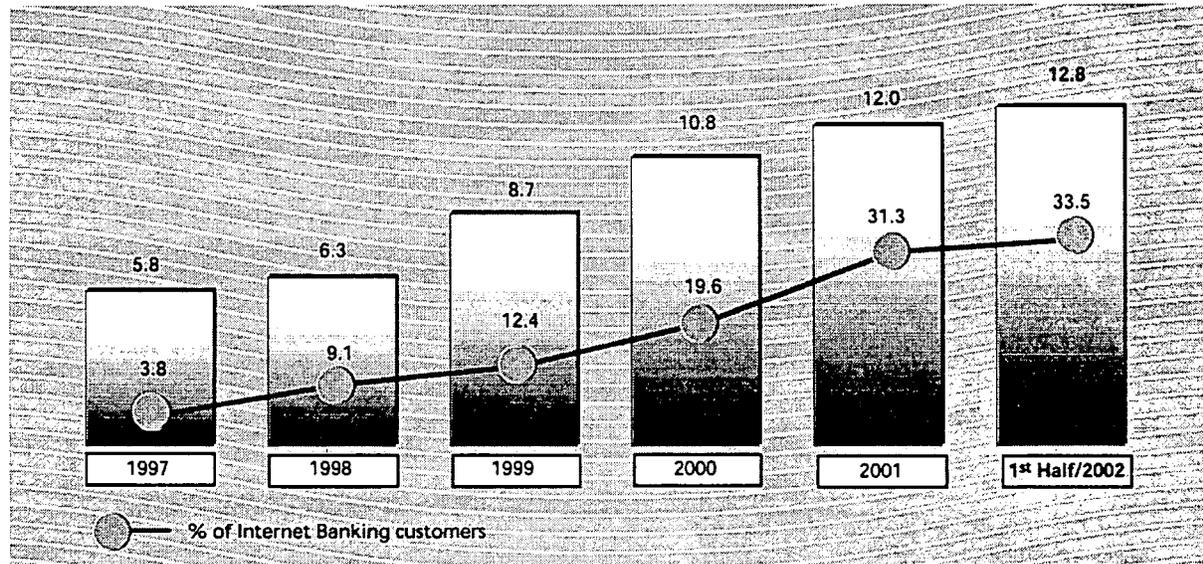
## Asset Management and Own Working Capital

|   | In millions of reais |        |        |        |
|---|----------------------|--------|--------|--------|
|   | 2001                 |        | 2002   |        |
|   | March                | June   | March  | June   |
| Asset Management  | 56,266               | 55,702 | 64,452 | 60,941 |
| Investment Funds  | 40,814               | 39,985 | 47,361 | 44,232 |
| Customer Portfolios   | 15,452               | 15,717 | 17,091 | 16,709 |
| Working Capital (Stockholders' Equity (-) Permanent Assets) | 4,689                | 5,080  | 4,380  | 4,726  |

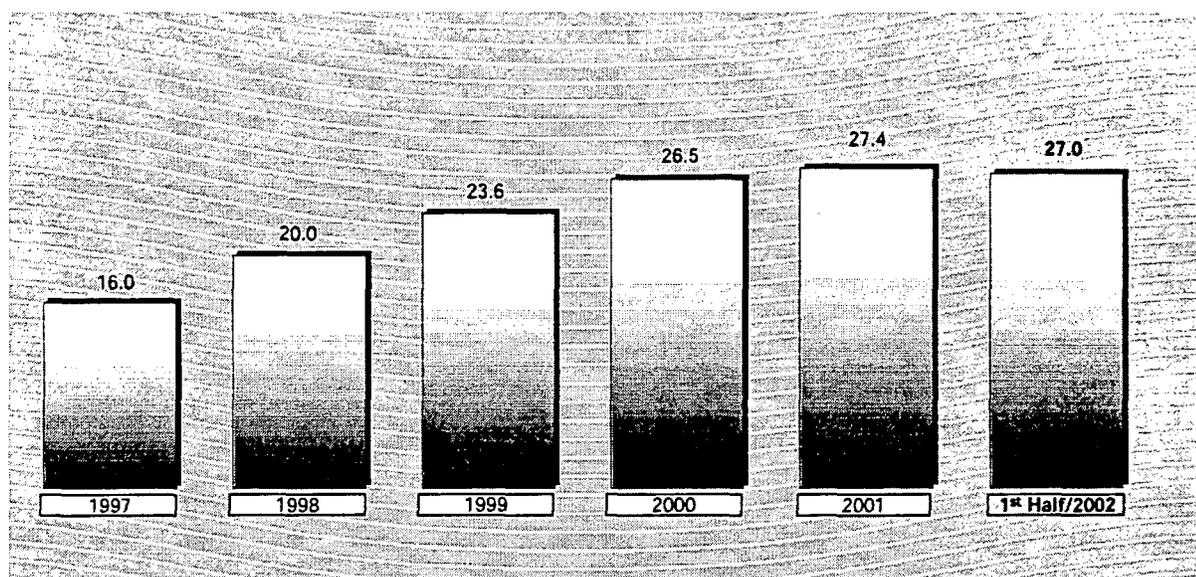
## Added Value

|  | In millions of reais |                      |                      |                      |                      |                      |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|  | 2001                 |                      | 2002                 |                      |                      |                      |
|  | 1 <sup>st</sup> Qtr. | 2 <sup>nd</sup> Qtr. | 1 <sup>st</sup> Half | 1 <sup>st</sup> Qtr. | 2 <sup>nd</sup> Qtr. | 1 <sup>st</sup> Half |
| <b>ADDED VALUE (A+B+C)</b>                           | <b>1,486</b>         | <b>1,816</b>         | <b>3,301</b>         | <b>1,675</b>         | <b>1,730</b>         | <b>3,405</b>         |
| A - Gross Profit from Financial Intermediation       | 1,561                | 2,043                | 3,605                | 2,033                | 2,093                | 4,126                |
| B - Commissions and Fees                             | 895                  | 865                  | 1,759                | 861                  | 925                  | 1,786                |
| C - Other Operating Expenses                         | (970)                | (1,092)              | (2,063)              | (1,219)              | (1,288)              | (2,507)              |
| <b>DISTRIBUTION OF ADDED VALUE (D+E+F+G)</b>         | <b>1,486</b>         | <b>1,816</b>         | <b>3,301</b>         | <b>1,675</b>         | <b>1,730</b>         | <b>3,405</b>         |
| D - Employees  | 709                  | 749                  | 1,458                | 768                  | 855                  | 1,623                |
| E - Government                                       | 357                  | 445                  | 801                  | 482                  | 396                  | 878                  |
| F - JCP/Dividends to Stockholders (paid and accrued) | 182                  | 194                  | 375                  | 235                  | 81                   | 316                  |
| G - Reinvestment of profits                          | 238                  | 428                  | 667                  | 190                  | 398                  | 588                  |

## Customers - Checking Accounts (million)



## Savings Accounts (millions)



## Customer Service Network

|                                     | 2001   |                          | 2002   |                          | 2002   |                          |
|-------------------------------------|--------|--------------------------|--------|--------------------------|--------|--------------------------|
|                                     | June   | PABs/PAEs <sup>(1)</sup> | March  | PABs/PAEs <sup>(1)</sup> | June   | PABs/PAEs <sup>(1)</sup> |
| Consolidated                        | 2,588  | 1,292                    | 2,884  | 1,654                    | 2,927  | 1,697                    |
| Bradesco                            | 2,218  | 1,054                    | 2,419  | 1,299                    | 2,473  | 1,343                    |
| BCN (2)                             | 197    | 129                      | 208    | 153                      | 234    | 169                      |
| Baneb                               | 173    | 109                      | -      | -                        | -      | -                        |
| BEA (3)                             | -      | -                        | 36     | 29                       | -      | -                        |
| Continental Banco                   | -      | -                        | 1      | -                        | 1      | -                        |
| Mercantil de São Paulo              | -      | -                        | 220    | 173                      | 219    | 185                      |
| Banco Postal                        | -      | -                        | 37     | -                        | 1,000  | -                        |
| ATMs - Bradesco Day and Night (BDN) | 18,940 | -                        | 20,429 | -                        | 20,779 | -                        |
| Continental Promotora de Vendas     | 36     | -                        | 39     | -                        | 40     | -                        |
| Mercantil Credit Salestore          | -      | -                        | 9      | -                        | 9      | -                        |

(1) PABs (Banking Service Post) and PAEs (Electronic Service Outlet) are installed exclusively in companies. PABs have at least one on-site bank clerk.

(2) The increase is a result of the incorporation of the Banco Cidade branch network.

(3) BEA branches were transferred to Bradesco in June 2002.

## Credit Cards (millions)

|                                       | 2001                 |                      |                      | 2002                 |                      |                      |
|---------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|                                       | 1 <sup>st</sup> Qtr. | 2 <sup>nd</sup> Qtr. | 1 <sup>st</sup> Half | 1 <sup>st</sup> Qtr. | 2 <sup>nd</sup> Qtr. | 1 <sup>st</sup> Half |
| Number of Credit Cards                | 4.3                  | -                    | 4.4                  | 5.0                  | -                    | 5.3                  |
| Average Transaction Amount - in reais | 1,615                | 1,638                | 3,253                | 1,814                | 1,945                | 3,759                |
| Number of Transactions                | 29.0                 | 29.2                 | 58.2                 | 30.4                 | 32.3                 | 62.7                 |

## Investments in Infrastructure, Information Technology and Telecommunications

The investments for expanding functional 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 in both Brazil and abroad.

### Investment Growth

|                       | In millions of reais |            |            |            |              |              |
|-----------------------|----------------------|------------|------------|------------|--------------|--------------|
|                       | 1997                 | 1998       | 1999       | 2000       | 2001         | 1* Half 2002 |
| Infrastructure(*)     | 108                  | 205        | 215        | 227        | 509          | 377          |
| IT/Telecommunications | 165                  | 317        | 553        | 617        | 743          | 399          |
| <b>Total</b>          | <b>273</b>           | <b>522</b> | <b>768</b> | <b>844</b> | <b>1.252</b> | <b>776</b>   |

(\*) In 2001 includes acquisition of the right to use Banco Postal (R\$ 200 million).

### Risk Ratings

Bradesco's risk ratings are among the highest attributed to Brazilian Banks.

| Ratings                               | National | International |
|---------------------------------------|----------|---------------|
| <b>Fitch Ratings</b>                  |          |               |
| Individual                            |          | B/C           |
| Support                               |          | 4T            |
| Foreign Currency (long-term)          |          | B+            |
| Foreign Currency (short-term)         |          | B             |
| Local Currency (long-term)            |          | B+            |
| Local Currency (short-term)           |          | B             |
| Long Term                             | AA+(bra) |               |
| Short Term                            | F1+(bra) |               |
| Atlantic Rating                       | AAA      |               |
| <b>Moody's Investors Service</b>      |          |               |
| Foreign Currency Deposit (long-term)  |          | B2            |
| Foreign Currency Deposit (short-term) |          | NP            |
| Foreign Currency Debt (long-term)     |          | Ba2           |
| Foreign Currency Debt (short-term)    |          | NP            |
| Local Currency Deposit (long-term)    |          | A3            |
| Local Currency Deposit (short-term)   |          | P2            |
| Deposit (long-term)                   | Aaa.br   |               |
| Deposit (short-term)                  | BR-1     |               |
| Financial Quality                     |          | C             |
| <b>Standard &amp; Poor's</b>          |          |               |
| Local Currency Issuer (long-term)     |          | BBpi          |
| <b>Austin Asis</b>                    |          |               |
| Financial Soundness                   | AAA      |               |
| <b>SR Rating (1)</b>                  | brAA+    |               |
| <b>Fitch Ratings (1)</b>              | AA (bra) | B+            |
| <b>Standard &amp; Poor's (1)</b>      |          |               |
| Local Currency Issuer (long-term)     | brAA     |               |
| <b>Standard &amp; Poor's (2)</b>      | brAA     |               |

(1) Bradesco Seguros

(2) Bradesco Capitalização

## Ranking

| Source  | Criteria   | Position                       |
|---|--|--------------------------------|
| Forbes/Economática  | Banks in Brazil<br>Profitability/<br>Performance | 1 <sup>o</sup> (Brazil)        |
| Global Finance  | Overall  | 1 <sup>o</sup> (Brazil)        |
| Global Finance  | Brazilian Banks - Best<br>Foreign Exchange       | 1 <sup>o</sup> Foreigner       |
| The Banker  | Stockholders' Equity                             | 88 <sup>o</sup> (World-Wide)   |
|   | Stockholders' Equity                             | 1 <sup>o</sup> (Brazil)        |
| Latin Finance "Top 50 Latin Banks"                                    | Total Assets                                     | 3 <sup>o</sup> (Latin America) |
| Ranking Agência Estado/Economática - Best Brazilian Companies in 1Q02 | Performance and<br>Shareholder Returns           | 3 <sup>o</sup> (Brazil)        |
| Forbes 200 Platinum/Economática                                       | Brazil's 200<br>Best Companies                   | 21 <sup>o</sup> (Brazil)       |
| Fortune   | Companies - Income                               | 370 <sup>o</sup> (World-Wide)  |
|   | Banks - Income                                   | 46 <sup>o</sup> (World-Wide)   |
| Euromoney   | Stockholders' Equity                             | 110 <sup>o</sup> (World-Wide)  |
| Standard & Pooors   | Total Assets                                     | 156 <sup>o</sup> (World-Wide)  |
| Forbes "International 500"  | Overall  | 166 <sup>o</sup> (World-Wide)  |

## Awards

The following important awards, honors and distinctions received by Bradesco highlight its industry leadership, its brand strength and the quality of its products and services.

In 2001, Bradesco was elected Best Retail Bank in Brazil in a survey carried out by Austin Asis for the *Conjuntura Econômica* magazine published by Getúlio Vargas Foundation. The survey, published in May 2002, analyzed 150 institutions, focusing on criteria such as profitability, efficiency and market share.

Bradesco was also ranked as Brazil's Best Bank for the second year running by the *Forbes 200 Economática*, published by the *Forbes Brazil* magazine. Their traditional *Platinum List* presents the ranking of Brazil's 200 best publicly held companies in 2001.

For the fourth year running, Bradesco leads the ranking of the 100 largest private sector groups in Brazil by income, published in the 2002 issue of *Exame* magazine's *Guia Melhores e Maiores*, one of the country's most complete business annuals and a benchmark of corporate excellence. In the same issue, Bradesco is also named Brazil's largest public and private sector bank in terms of equity.

In May, 2002, Bradesco received the retail bank category award for transparency "*Maior Transparência 2001*" from *Atlantic Rating*, one of the world's most important risk analysis agencies.

Bradesco was also placed first in the 1Q02 *Agência Estado/Economática* ranking which highlights companies generating the best shareholder returns, reflecting their transparency and corporate governance practice.

The Bank also deserves credit for its inclusion in *infoEXAME*'s list of Brazil's 100 most-wired companies. In the seventh issue of this magazine survey, Bradesco is ranked as one of Brazil's top companies as a result of its privileged structure and capacity for data storage and deployment.

Bradesco Internet Banking was voted best in Brazil by *Business Standard* magazine, which highlighted the quality of its online customer service, among others, revealed in the results of a survey prepared by the Research Institute of *Fundação Getúlio Vargas - SP*.

At the e-finance 2002 awards organized by the *Executivos Financeiros* magazine, Bradesco came first

in three categories: Investment Site for its ShopInvest service; Call Center for its phone bank service (Telebanco); and Mobile Bank, for the Bradesco Mobile Banking service.

Quality, innovation and scope were determinant factors in establishing the Bradesco Organization as overall champion of the iBest 2002 internet awards with 11 prizes in the following categories:

- Grand Prix (popular and iBest academy votes) - best among the year's best in all categories: Bradesco
- Security Module/iBest Banks (popular and iBest academy votes): Bradesco
- São Paulo Region (popular vote): Bradesco
- Financial Services (popular vote): ShopInvest
- Insurance Company Services (popular and iBest academy votes): Bradesco Seguros
- Social Activities (popular vote): Bradesco Foundation
- Revelation (popular vote): Bradesco Seguros
- Best Marketing Campaign: Bradesco

With its "Um projeto de formação integral" case, the Bradesco Foundation was the winner of the first "Marketing Best Responsabilidade Social 2002" award given by the *Getúlio Vargas Foundation*, *Editora Referência* and *MadiaMundoMarketing*. For the second time running, the Foundation also won the *Bem Eficiente 2002* award from *Kanitz & Associados*, one of Brazil's most respected third-sector consulting firms.

The use of the Internet to provide online study opportunities for those who are unable to attend school guaranteed the receipt by the Bradesco Foundation of the ABRH 2002 "Brasil e-Learning" award from the Brazilian Association of Human Resources (ABRH) and MicroPower.

Bradesco Seguros, Bradesco Capitalização and Bradesco Vida e Previdência received the "Mercado de Seguros" insurance market award from *Seguro Total* magazine and *All Time Editora e Eventos*, in the "Excelência em Prêmios Totais" (Total Portfolio Premium Excellence), "Melhores Empresas de Capitalization" (Best Savings Bond Companies) and "Melhor Empresa em Previdência Privada" (Best Private Pension Plan Company) categories, respectively.

For the case "Natal Bradesco Seguros 2001", Bradesco Seguros won the "Top de Marketing 2002" prize awarded by the Brazilian Association of Sales and Marketing Directors - ADVB. This case was also a winner at the National Academy of Insurance and Pension awards, as was Bradesco Capitalização for the "Pé Quente Premium" (Lucky Bond) case.

The variety of awards and distinctions received by Bradesco from both local and foreign organizations reflects its ongoing efforts to successfully penetrate all segments of Brazilian life, i.e. to be competitive in the markets in which it operates. And more importantly is that Bradesco is acknowledged as being always ahead.

## Summary of Consolidated Financial Statements - at June 30

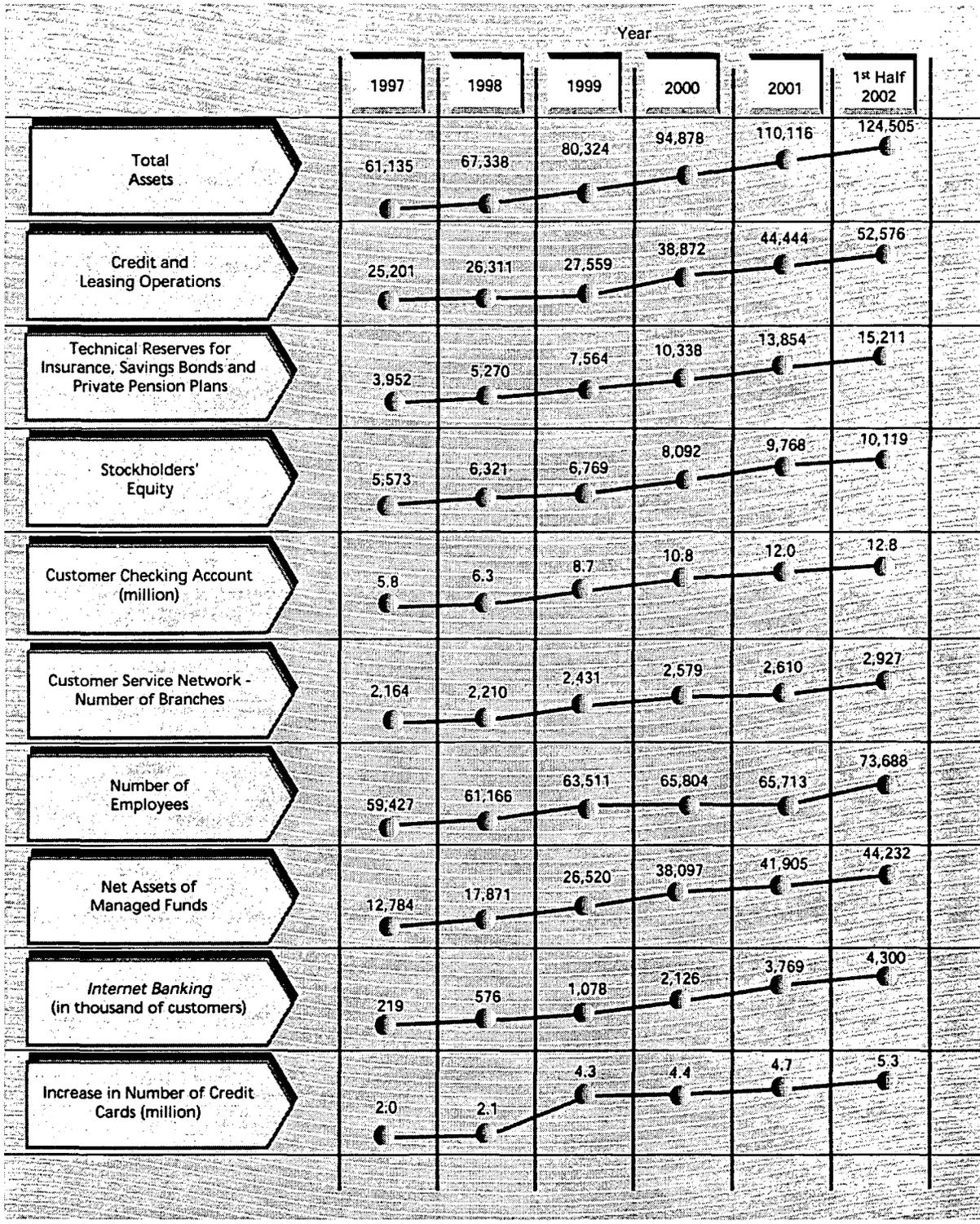
| Balance Sheet - In millions of reais  | 2001           | 2002           |
|---|----------------|----------------|
| <b>ASSETS</b>   |                |                |
| Current and Long-term Receivables   | 97,641         | 118,798        |
| Available Funds   | 1,170          | 2,131          |
| Short-term Interbank Investments  | 1,648          | 5,402          |
| Securities  | 35,504         | 37,909         |
| Interbank and Interdepartmental Accounts  | 4,927          | 6,979          |
| Restricted Deposits:  |                |                |
| Brazilian Central Bank  | 3,803          | 5,744          |
| Other   | 1,124          | 1,235          |
| Credit and Leasing Operations   | 36,264         | 42,240         |
| Credit and Leasing Operations   | 38,980         | 45,703         |
| Allowance for Loan and Leasing Losses   | (2,716)        | (3,463)        |
| Other Receivables and Assets  | 18,128         | 24,137         |
| Foreign Exchange Portfolio  | 6,898          | 12,662         |
| Other Receivables and Assets  | 11,309         | 11,540         |
| Allowance for Losses  | (79)           | (65)           |
| Permanent Assets  | 4,222          | 5,707          |
| Investments   | 849            | 618            |
| Property and Equipment in Use and Leasing Assets                                    | 2,062          | 2,635          |
| Deferred Charges  | 1,311          | 2,454          |
| Deferred Charges  | 378            | 449            |
| Goodwill on the Acquisition of Subsidiaries, Net of Amortization                    | 933            | 2,005          |
| <b>TOTAL</b>  | <b>101,863</b> | <b>124,505</b> |
| <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>   |                |                |
| Current and Long-term Liabilities   | 81,605         | 99,881         |
| Deposits  | 36,868         | 50,849         |
| Demand Deposits   | 7,090          | 10,005         |
| Savings Deposits  | 17,522         | 18,901         |
| Interbank Deposits  | 69             | 152            |
| Time Deposits   | 12,187         | 21,791         |
| Deposits Received under Security Repurchase Agreements                              | 12,679         | 8,695          |
| Funds from acceptance and Issuance of Securities                                    | 4,656          | 5,123          |
| Securities Issued Abroad  | 3,857          | 4,209          |
| Other Funds   | 799            | 914            |
| Interbank and Interdepartmental Accounts  | 557            | 956            |
| Borrowings and Onlendings   | 14,079         | 16,302         |
| Borrowings  | 8,330          | 10,003         |
| Onlendings  | 5,749          | 6,299          |
| Financial Derivative Instruments  | 526            | 552            |
| Other Liabilities   | 12,240         | 17,404         |
| Foreign Exchange Portfolio  | 2,192          | 5,566          |
| Taxes and Social Security Contributions, Social and Statutory Payables              | 3,465          | 3,968          |
| Committed Technical Reserves for Insurance, Savings Bonds and Private Pension Plans | 798            | 1,032          |
| Subordinated Debt   | -              | 1,990          |
| Sundry  | 5,785          | 4,848          |
| Technical Reserves for Insurance, Savings Bonds and Private Pension Plans           | 10,940         | 14,179         |
| Deferred Income   | 16             | 12             |
| Minority Interest in Subsidiaries   | 154            | 314            |
| Stockholders' Equity  | 9,148          | 10,119         |
| <b>TOTAL</b>  | <b>101,863</b> | <b>124,505</b> |
| <b>Statement of Income - In millions of reais</b>                                   |                |                |
| Income from Lending and Trading Activities  | 10,836         | 13,044         |
| Expenses  | (7,231)        | (8,918)        |
| Gross Profit from Financial Intermediation  | 3,605          | 4,126          |
| Other Operating Income (Expenses), Net  | (2,282)        | (2,907)        |
| Operating Income  | 1,323          | 1,219          |
| Non-operating Income (Expenses), Net  | -              | (9)            |
| Income Before Taxes on Income and Profit Sharing                                    | 1,323          | 1,210          |
| Income Tax and Social Contribution  | (206)          | (234)          |
| Employee Profit Sharing   | (78)           | (64)           |
| Minority Interest in Subsidiaries   | 3              | (8)            |
| <b>Net Income</b>   | <b>1,042</b>   | <b>904</b>     |

## Historical Data - In millions of reais (unless otherwise indicated)

|   | Year   |        |        |        |         |                           |
|---|--------|--------|--------|--------|---------|---------------------------|
|   | 1997   | 1998   | 1999   | 2000   | 2001    | 1 <sup>st</sup> Half 2002 |
| Total Assets  | 61,135 | 67,338 | 80,324 | 94,878 | 110,116 | 124,505                   |
| Securities and Interbank Investments  | 21,802 | 24,872 | 31,787 | 35,428 | 44,380  | 43,311                    |
| Credit and Leasing Operations   | 25,201 | 26,311 | 27,559 | 38,872 | 44,444  | 52,576                    |
| Total Deposits  | 24,029 | 28,250 | 34,724 | 36,469 | 41,084  | 50,849                    |
| Demand Deposits   | 5,275  | 4,977  | 6,803  | 7,501  | 8,058   | 10,005                    |
| Time Deposits   | 3,982  | 6,964  | 10,207 | 10,564 | 14,675  | 21,791                    |
| Savings Deposits  | 14,643 | 16,172 | 17,245 | 17,836 | 18,311  | 18,901                    |
| Interbank Deposits  | 129    | 137    | 469    | 568    | 40      | 152                       |
| Subordinated Debt   | -      | -      | -      | -      | 970     | 1,990                     |
| Technical Reserves for Insurance, Savings Bonds and Private Pension Plans   | 3,952  | 5,270  | 7,564  | 10,338 | 13,854  | 15,211                    |
| Stockholders' Equity  | 5,573  | 6,321  | 6,769  | 8,092  | 9,768   | 10,119                    |
| Net Income  | 831    | 1,012  | 1,105  | 1,740  | 2,170   | 904                       |
| Return on Stockholders' Equity (%)  | 14.9   | 16.0   | 16.3   | 21.5   | 22.2    | 18.7                      |
| Capital Increase through Subscription                                       | -      | 464    | 247    | 466    | 401     | -                         |
| Dividends/Interest Attributed to Own Capital (*)                            | 594    | 688    | 856    | 779    | 849     | 316                       |
| Customer Checking Accounts (million)  | 5.8    | 6.3    | 8.7    | 10.8   | 12.0    | 12.8                      |
| Internet Banking Users (%)  | 3.8    | 9.1    | 12.4   | 19.6   | 31.3    | 33.5                      |
| Savings Accounts (million)  | 16.0   | 20.0   | 23.6   | 26.5   | 27.4    | 27.0                      |
| Customer Service Network - Number of Branches                               | 2,164  | 2,210  | 2,431  | 2,579  | 2,610   | 2,927                     |
| Average Number of Customers per Branch (thousand)                           | 2.7    | 2.9    | 3.6    | 4.2    | 4.6     | 4.4                       |
| Commission and Fees   | 1,446  | 1,775  | 2,100  | 3,043  | 3,473   | 1,786                     |
| Personnel Expenses  | 1,906  | 2,555  | 2,680  | 3,109  | 3,389   | 1,820                     |
| Number of Employees   | 59,427 | 61,166 | 63,511 | 65,804 | 65,713  | 73,688                    |
| Commission and Fees Compared to Personnel Expenses - (%)                    | 75.9   | 72.2   | 78.4   | 97.9   | 102.5   | 98.1                      |
| Commission and Fees Compared to Personnel and Administrative Expenses - (%) | 39.6   | 37.7   | 40.0   | 50.0   | 50.9    | 48.6                      |
| Net Equity of Managed Funds   | 12,784 | 17,871 | 26,520 | 38,097 | 41,905  | 44,232                    |
| Internet Banking (thousands of customers)                                   | 219    | 576    | 1,078  | 2,126  | 3,769   | 4,300                     |
| Internet Banking (thousands of transactions)                                | 4,555  | 18,999 | 39,663 | 87,346 | 184,000 | 121,800                   |
| Number of Cards (million)   | 2.0    | 2.1    | 4.3    | 4.4    | 4.7     | 5.3                       |

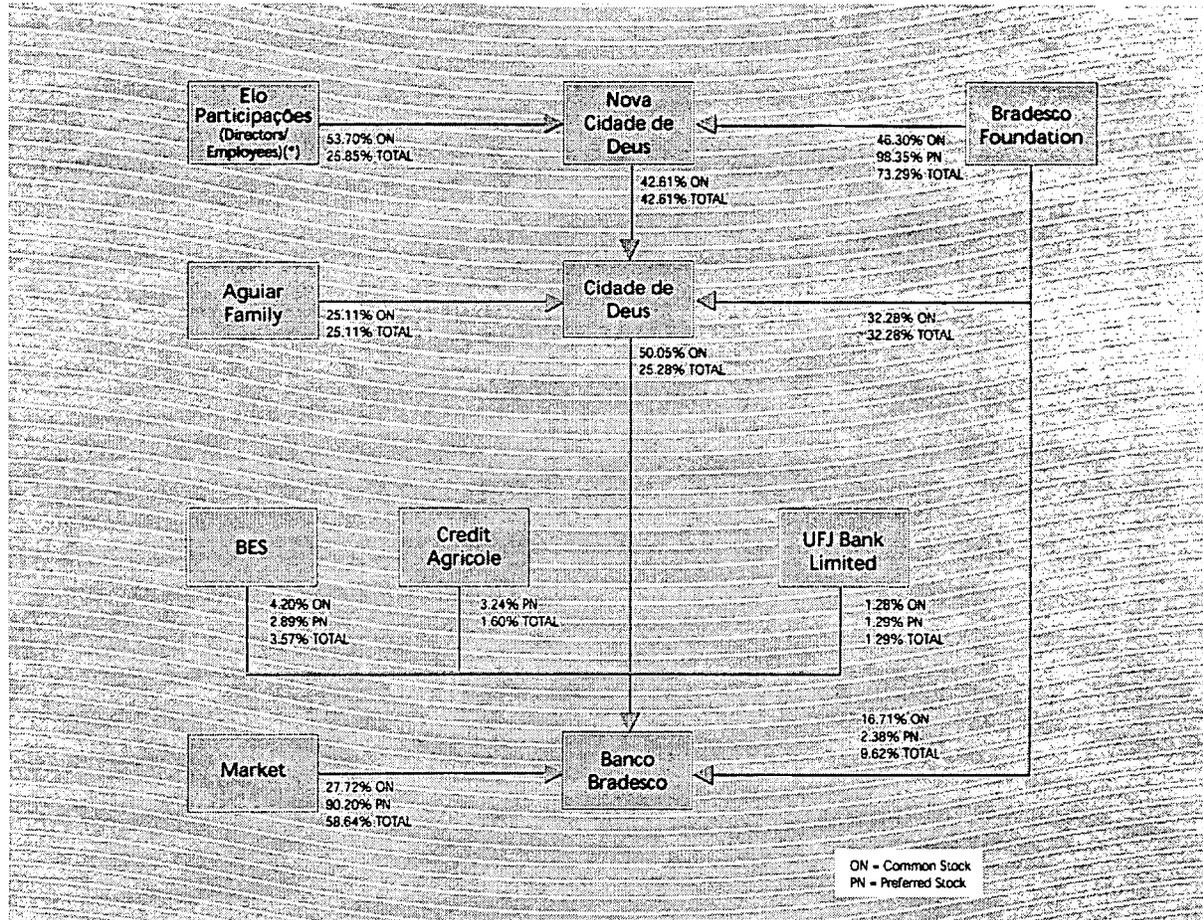
(\*) 2002 - Paid and Accrued

In millions of reais (unless otherwise indicated)



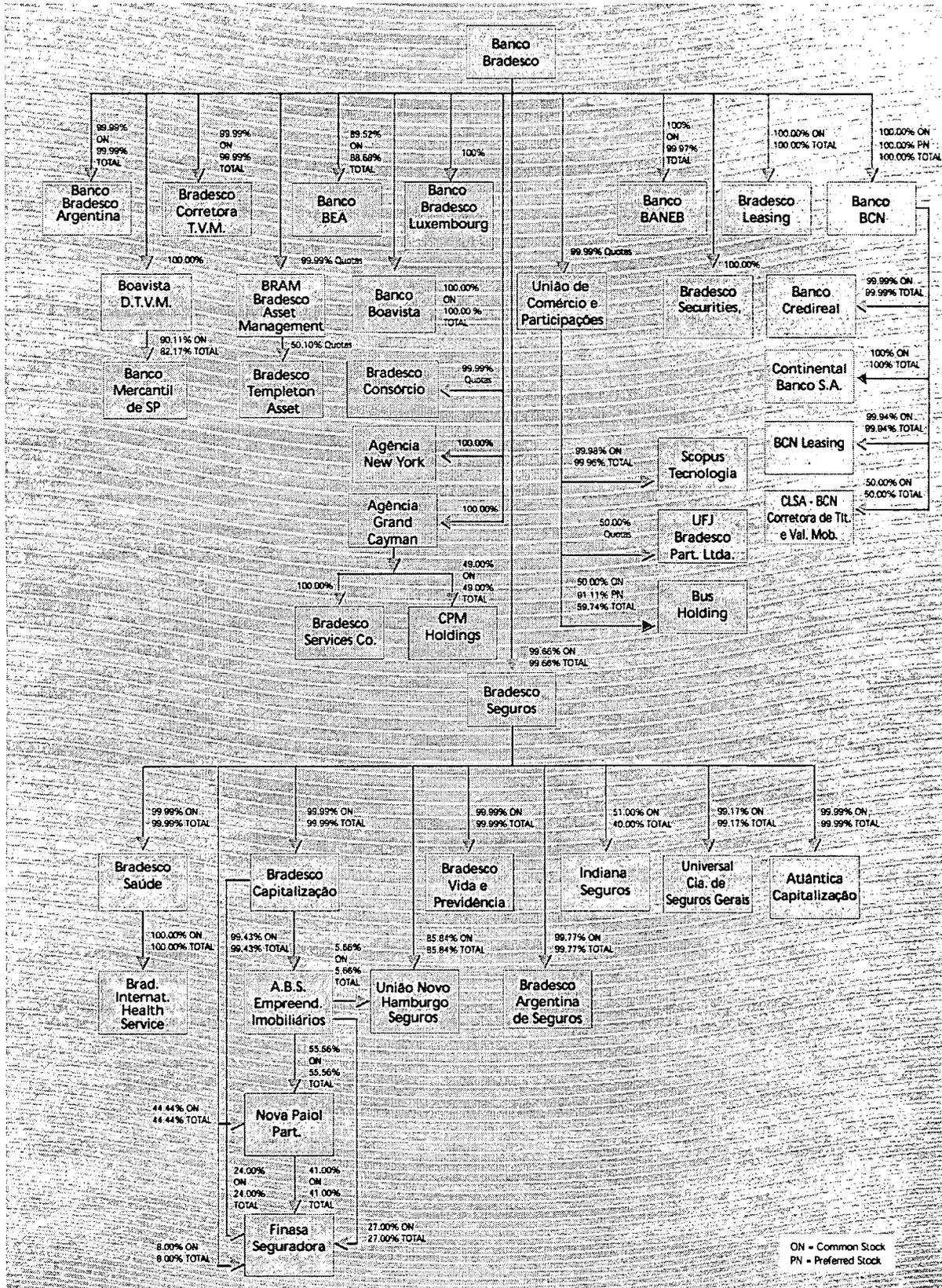
# Corporate Organization Chart

## Major Stockholders



(\*) No single stockholder has more than 4% of capital.  
 Source: 12/07/2002

Subsidiary and Associated Companies



## Analysis of the Consolidated Result

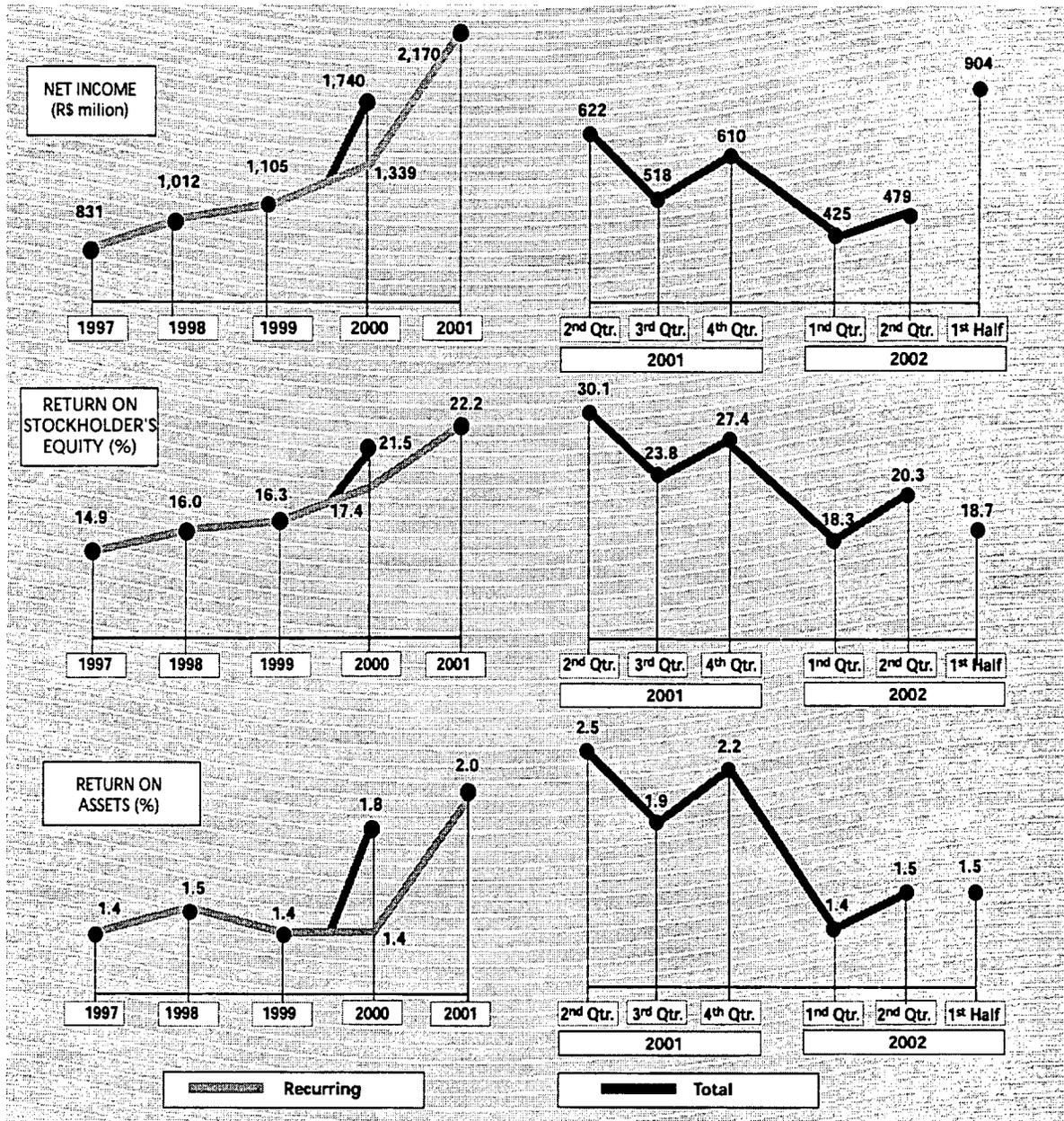
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## Profitability

In the 1<sup>st</sup> half of 2002, the profitability over the Net Equity was 18.7%, and the return on Total Assets was 1.5%.

In the 2<sup>nd</sup> quarter of 2002, the Net Profit was R\$ 479 million, an increase of 12.7% as compared to the 1<sup>st</sup> quarter of 2002.

In the 1<sup>st</sup> half of 2002, the net profit decreased 13.2% as compared to the 1<sup>st</sup> half of 2001.



## Comparative Statement of Income - In millions of reais

|  | 1 <sup>st</sup> Qtr.<br>2001 | 1 <sup>st</sup> Half<br>2002 | Variation<br>% | 1 <sup>st</sup> Qtr.<br>2002 | 2 <sup>nd</sup> Qtr.<br>2002 | Variation<br>% |
|--|------------------------------|------------------------------|----------------|------------------------------|------------------------------|----------------|
| <b>INCOME FROM LEADING AND TRADING ACTIVITIES</b>                                  | <b>10,835</b>                | <b>13,044</b>                | <b>20.4</b>    | <b>4,517</b>                 | <b>8,527</b>                 | <b>88.8</b>    |
| Credit Operations  | 6,076                        | 6,862                        | 12.9           | 2,436                        | 4,427                        | 81.7           |
| Leasing Operations   | 241                          | 207                          | (14.2)         | 90                           | 116                          | 28.3           |
| Securities (1)   | 3,404                        | 4,228                        | 24.2           | 1,601                        | 2,627                        | 64.1           |
| Foreign Exchange Transactions  | 1,005                        | 1,606                        | 59.9           | 329                          | 1,277                        | 287.4          |
| Compulsory Deposits  | 109                          | 141                          | 28.9           | 61                           | 80                           | 32.5           |
| <b>EXPENSES</b>  | <b>7,230</b>                 | <b>8,918</b>                 | <b>23.3</b>    | <b>2,484</b>                 | <b>6,434</b>                 | <b>159.0</b>   |
| Interest and Charges on:   |                              |                              |                |                              |                              |                |
| Deposits   | 3,804                        | 4,949                        | 30.1           | 1,519                        | 3,430                        | 125.8          |
| Borrowings, Credit Assignments and Onlendings                                      | 2,520                        | 2,619                        | 4.0            | 329                          | 2,290                        | 594.9          |
| Leasing Operations   | -                            | 6                            | -              | 3                            | 3                            | -              |
| Allowance for Loan Losses  | 907                          | 1,344                        | 48.1           | 633                          | 711                          | 12.4           |
| <b>INCOME FROM FINANCIAL INTERMEDIATION</b>  | <b>3,604</b>                 | <b>4,126</b>                 | <b>14.5</b>    | <b>2,033</b>                 | <b>2,093</b>                 | <b>(3.0)</b>   |
| <b>OTHER OPERATING INCOME (EXPENSES)</b>   | <b>(2,282)</b>               | <b>(2,907)</b>               | <b>27.4</b>    | <b>(1,385)</b>               | <b>(1,522)</b>               | <b>9.9</b>     |
| Commissions and Fees   | 1,759                        | 1,786                        | 1.5            | 861                          | 926                          | 7.6            |
| Insurance Premiums, Private Pension Plans and Savings Bonds                        | 4,164                        | 4,212                        | 1.2            | 1,950                        | 2,263                        | 16.1           |
| Change in Technical Reserves for Insurance, Private Pension Plans and Savings Bond | (1,390)                      | (1,170)                      | (15.8)         | (537)                        | (633)                        | 17.8           |
| Claims - Insurance Operations  | (1,532)                      | (1,758)                      | 14.7           | (862)                        | (897)                        | 4.0            |
| Savings Bonds Redemptions  | (365)                        | (372)                        | 2.0            | (182)                        | (190)                        | 4.5            |
| Insurance and Pension Plan Selling Expenses  | (343)                        | (321)                        | (6.5)          | (160)                        | (161)                        | 0.1            |
| Expenses with Pension Plan Benefits and Redemptions                                | (630)                        | (760)                        | 20.7           | (349)                        | (411)                        | 17.7           |
| Personnel Expenses   | (1,612)                      | (1,820)                      | 12.9           | (857)                        | (964)                        | 12.5           |
| Other Administrative Expenses  | (1,649)                      | (1,854)                      | 12.4           | (844)                        | (1,011)                      | 19.8           |
| Tax Expenses   | (380)                        | (404)                        | 6.4            | (204)                        | (200)                        | (1.9)          |
| Equity in the Earnings of Subsidiary and Associated Companies                      | (1)                          | 23                           | (1,875.9)      | 2                            | 21                           | 831.4          |
| Other Operating Revenue  | 546                          | 635                          | 16.5           | 254                          | 381                          | 49.8           |
| Other Operating Expenses   | (849)                        | (1,104)                      | 30.1           | (457)                        | (646)                        | 41.7           |
| <b>OPERATING INCOME</b>  | <b>1,322</b>                 | <b>1,219</b>                 | <b>(7.8)</b>   | <b>648</b>                   | <b>571</b>                   | <b>(12.0)</b>  |
| <b>NON-OPERATING INCOME (EXPENSES), NET</b>  | <b>-</b>                     | <b>(9)</b>                   | <b>-</b>       | <b>(29)</b>                  | <b>20</b>                    | <b>(167.9)</b> |
| <b>INCOME BEFORE TAXES AND PROFIT SHARING</b>                                      | <b>1,322</b>                 | <b>1,210</b>                 | <b>(8.5)</b>   | <b>619</b>                   | <b>591</b>                   | <b>(4.6)</b>   |
| Provision for Income Tax and Social Contribution                                   | (205)                        | (234)                        | 14.1           | (166)                        | (69)                         | (58.7)         |
| Employee Profit Sharing  | (78)                         | (64)                         | (17.6)         | (31)                         | (32)                         | 2.8            |
| Minority Interest  | 3                            | (8)                          | (354.7)        | 3                            | (11)                         | (432.6)        |
| <b>NET INCOME</b>  | <b>1,042</b>                 | <b>904</b>                   | <b>(13.2)</b>  | <b>425</b>                   | <b>479</b>                   | <b>12.7</b>    |
| <b>RETURN ON ANNUALIZED STOCKHOLDERS' EQUITY (%)</b>                               | <b>24.1</b>                  | <b>18.7</b>                  | <b>-</b>       | <b>18.3</b>                  | <b>20.3</b>                  | <b>-</b>       |

(1) Including Financial Derivative Instruments.

## Analysis of the Statement of Income - In millions of reais

### Income from Credit and Lease Operations

| 2001   | 1 <sup>st</sup> Half |  | Variation %   | Quarter/2002         |                      |             |
|--|----------------------|--|---|----------------------|----------------------|-------------|
|  | 2002                 |  |   | 1 <sup>st</sup> Qtr. | 2 <sup>nd</sup> Qtr. | Variation % |
| 6.317  | 7.069                |  | 11.9  | 2.526                | 4.543                | 79.8        |
| This growth reflects credit portfolio increases, following acquisitions in 1H02 (Mercantil, BEA, Cidade and Ford), as well as exchange variation increases on a portion of the credit portfolio and in average interest rates compared to the same period in 2001. |                      |  | The growth reflects exchange variation increases in a portion of the portfolio, as well as the increase in the volume of the credit portfolio following the acquisitions of Banco Cidade in 2Q02 and Mercantil in March/2002. |                      |                      |             |

### Income from Securities and Financial Derivative Instruments Transactions

| 2001  | 1 <sup>st</sup> Half |  | Variation %   | Quarter/2002         |                      |             |
|---|----------------------|--|---|----------------------|----------------------|-------------|
|   | 2002                 |  |   | 1 <sup>st</sup> Qtr. | 2 <sup>nd</sup> Qtr. | Variation % |
| 3.404   | 4.228                |  | 24.2  | 1.601                | 2.627                | 64.1        |
| This growth rate is mainly derived from the increase in portfolio volume, in particular Technical Reserves, as well as acquisitions and increases in exchange variation and average interest rates. |                      |  | The growth rate is mainly due to the increase in exchange variation from 0.14% in 1Q02 to 22.41% in 2Q02. |                      |                      |             |

### Income from Foreign Exchange Transactions

| 2001   | 1 <sup>st</sup> Half |  | Variation %   | Quarter/2002         |                      |             |
|--|----------------------|--|---|----------------------|----------------------|-------------|
|  | 2002                 |  |   | 1 <sup>st</sup> Qtr. | 2 <sup>nd</sup> Qtr. | Variation % |
| 1.005  | 1.606                |  | 59.9  | 329                  | 1.277                | 287.4       |
| Growth was mainly due to an increase in exchange variation of 22.58% in 1H02 as compared to 17.87% in 1H01, plus the effect of acquisitions. This account should be analyzed disregarding the expense for foreign funding used to finance import/export transactions, as described in Note 11b, to the financial statements. |                      |  | Growth was mainly due to a positive exchange variation of 22.41% in 2Q02 as compared to 0.14% in 1Q02. This account should be analyzed disregarding the expense for foreign funding used to finance import/export transactions. |                      |                      |             |

### Income from Compulsory Deposits

| 2001  | 1 <sup>st</sup> Half |  | Variation %  | Quarter/2002         |                      |             |
|---|----------------------|--|--|----------------------|----------------------|-------------|
|   | 2002                 |  |  | 1 <sup>st</sup> Qtr. | 2 <sup>nd</sup> Qtr. | Variation % |
| 109   | 141                  |  | 28.9   | 61                   | 80                   | 32.5        |
| The growth rate was mainly derived from the increase in the TR reference rate, which is used to remunerate compulsory deposits on savings accounts from 0.83% in 1H01 to 1.16% in 1H02. |                      |  | The growth rate was mainly derived from the increase in the TR reference rate used to remunerate compulsory deposits on savings accounts which grew from 0.55% in 1Q02 to 0.61% in 2Q02. |                      |                      |             |

### Expenses on Market Funds

| 2001  | 1 <sup>st</sup> Half |  | Variation %   | Quarter/2002         |                      |             |
|---|----------------------|--|---|----------------------|----------------------|-------------|
|   | 2002                 |  |   | 1 <sup>st</sup> Qtr. | 2 <sup>nd</sup> Qtr. | Variation % |
| 3.804   | 4.949                |  | 30.1  | 1.519                | 3.430                | 125.8       |
| This variation reflects the increase in average market interest rates, as well as the exchange variation impact on foreign funding, and the growth in average volume and as a result of acquisitions in 1H02. |                      |  | This growth rate reflects exchange variation increases on foreign funding and growth in average volume, as well as from acquisitions. |                      |                      |             |

## Analysis of the Statement of Income - In millions of reais

### Expenses for Borrowings, Credit Assignments and Onlendings

| 2001   | 1 <sup>st</sup> Half |  | Variation %   | Quarter/2002         |                      |             |
|--|----------------------|--|---|----------------------|----------------------|-------------|
|  | 2002                 |  |   | 1 <sup>st</sup> Qtr. | 2 <sup>nd</sup> Qtr. | Variation % |
| 2.520  | 2.619                |  | 4.0   | 329                  | 2.290                | 594.9       |
| This growth rate reflects an increase in exchange variation from 17.87% in 1H01 to 22.58% in 1H02, impacting expenses for foreign loans and, to a lesser extent, the increase in the average volume as a result of acquisitions. |                      |  | This growth rate reflects the increase in exchange variation to 22.41% in 2Q02 as compared to 0.14% in 1Q02, impacting expenses for foreign loans and, to a lesser extent, average volume increase as a result of acquisitions. |                      |                      |             |

### Expenses with Allowance for Loan Losses

| 2001   | 1 <sup>st</sup> Half |  | Variation %  | Quarter/2002         |                      |             |
|--|----------------------|--|--|----------------------|----------------------|-------------|
|  | 2002                 |  |  | 1 <sup>st</sup> Qtr. | 2 <sup>nd</sup> Qtr. | Variation % |
| 907  | 1.344                |  | 48.1   | 633                  | 711                  | 12.4        |
| The increase in this expense was generated by average portfolio balance growth as a result of acquisitions and an increase in customer defaults following the economic slowdown. |                      |  | The increase in this expense was generated mainly by the growth of the average portfolio balance as a result of acquisitions. The increased expense is due to the growth of the average portfolio. |                      |                      |             |

### Commissions and Fees

| 2001  | 1 <sup>st</sup> Half |  | Variation %   | Quarter/2002         |                      |             |
|---|----------------------|--|---|----------------------|----------------------|-------------|
|   | 2002                 |  |   | 1 <sup>st</sup> Qtr. | 2 <sup>nd</sup> Qtr. | Variation % |
| 1.759   | 1.786                |  | 1.5   | 861                  | 926                  | 7.6         |
| The increase was generated mainly by the acquisition of Mercantil, BEA and Cidade totaling approximately R\$ 40 and Credit Cards R\$ 42, offset by the decrease in income from managed funds of R\$ 31, as a result of market fluctuations. |                      |  | The increase of R\$ 65 was generated mainly by acquisition of Mercantil totaling approximately R\$ 40, income on collection R\$ 5, checking accounts R\$ 5 and credit operations R\$ 3. |                      |                      |             |

### Insurance Premiums, Private Pension Plans and Savings Bond

| 2001   | 1 <sup>st</sup> Half |  | Variation %  | Quarter/2002         |                      |             |
|--|----------------------|--|--|----------------------|----------------------|-------------|
|  | 2002                 |  |  | 1 <sup>st</sup> Qtr. | 2 <sup>nd</sup> Qtr. | Variation % |
| 4.164  | 4.212                |  | 1.2  | 1.950                | 2.263                | 16.1        |
| This growth rate was for the most part due to successful "VGBL" sales, offset by a drop in the Auto insurance portfolio following the implementation of stricter risk acceptance policies. |                      |  | The growth rate was for the most part due to successful "VGBL" sales, plus an increase in the Health and Auto portfolios and, to a lesser degree, increases in the savings bond portfolio. |                      |                      |             |

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

| 2001   | 1 <sup>st</sup> Half |  | Variation %   | Quarter/2002         |                      |             |
|--|----------------------|--|---|----------------------|----------------------|-------------|
|  | 2002                 |  |   | 1 <sup>st</sup> Qtr. | 2 <sup>nd</sup> Qtr. | Variation % |
| (1.390)  | (1.170)              |  | (15.8)  | (537)                | (633)                | 17.8        |
| The decrease reflects the performance of premiums, private pension plans and savings bonds, considering the specific composition and features of these transactions. |                      |  | This growth is consistent with the increase in revenue from premiums. |                      |                      |             |

### Claims - Insurance Operations

| 2001  | 1 <sup>st</sup> Half |  | Variation %  | Quarter/2002         |                      |             |
|---|----------------------|--|--|----------------------|----------------------|-------------|
|   | 2002                 |  |  | 1 <sup>st</sup> Qtr. | 2 <sup>nd</sup> Qtr. | Variation % |
| (1.532)   | (1.758)              |  | 14.7   | (862)                | (897)                | 4.0         |
| This variation reflects payment of claims in the Life insurance line and an increase in the Health portfolio. |                      |  | The variation in claims reflects Health portfolio growth, and increases as a result of the acquisition of the investment in Finasa Seguradora. |                      |                      |             |

## Analysis of the Statement of Income – In millions of reais

### Saving Bond Redemption

| 2001   | 1 <sup>st</sup> Half |             | 1 <sup>st</sup> Qtr.   | Quarter/2002         |             |
|--|----------------------|-------------|--|----------------------|-------------|
|  | 2002                 | Variation % |  | 2 <sup>nd</sup> Qtr. | Variation % |
| (365)  | (372)                | 2.0         | (182)  | (190)                | 4.5         |
| Savings bond redemptions grew mainly as a result of the volume of plans maturing during the half-year. |                      |             | Savings bond redemptions grew as a result of the volume of plans maturing during the period. |                      |             |

### Insurance and Pension Plan Selling Expenses

| 2001  | 1 <sup>st</sup> Half |             | 1 <sup>st</sup> Qtr.                         | Quarter/2002         |             |
|---|----------------------|-------------|--|----------------------|-------------|
|   | 2002                 | Variation % |  | 2 <sup>nd</sup> Qtr. | Variation % |
| (343)   | (321)                | (6.5)       | (160)  | (161)                | 0.1         |
| The slight variation is consistent with the performance of revenues from premiums, private pension plans and savings bonds. |                      |             | The expenses remained stable in the quarter. |                      |             |

### Expenses with Pension Plan Benefits and Redemption

| 2001  | 1 <sup>st</sup> Half |             | 1 <sup>st</sup> Qtr.   | Quarter/2002         |             |
|---|----------------------|-------------|--|----------------------|-------------|
|   | 2002                 | Variation % |  | 2 <sup>nd</sup> Qtr. | Variation % |
| (630)   | (760)                | 20.7        | (349)  | (411)                | 17.7        |
| The variation reflects an increase in the payment of pension plan redemptions especially PGBLs which permit withdrawal by participants at any time. |                      |             | The variation was mainly due to an increase in the payment of pension plan redemptions especially PGBLs which permit withdrawal by participants at any time. |                      |             |

### Personnel Expenses

| 2001   | 1 <sup>st</sup> Half |             | 1 <sup>st</sup> Qtr.   | Quarter/2002         |             |
|--|----------------------|-------------|--|----------------------|-------------|
|  | 2002                 | Variation % |  | 2 <sup>nd</sup> Qtr. | Variation % |
| (1.612)  | (1.820)              | 12.9        | (857)  | (964)                | 12.5        |
| The increase in this expense was generated by a 5.0% increase in salary levels, following the collective labor agreement signed in September/01; an increase in the headcount following the acquisition of Mercantil, BEA and Cidade, consolidated in 2Q02, with an expense of some R\$ 90; and an increase in the level of provisions for labor claims of R\$ 70. Disregarding the above effects there was a real decrease of 2%. |                      |             | The growth was generated mainly by an increase in headcount following the acquisition of Mercantil, and Cidade, consolidated in 2Q02, with an expense of some R\$ 70, and the increase of R\$ 30 in expenses for salaries, as a result of expenses incurred in 1Q02 from the concentration of vacation payments. Disregarding the above effects, this expense remained stable. |                      |             |

### Other Administrative Expenses

| 2001   | 1 <sup>st</sup> Half |             | 1 <sup>st</sup> Qtr.   | Quarter/2002         |             |
|--|----------------------|-------------|--|----------------------|-------------|
|  | 2002                 | Variation % |  | 2 <sup>nd</sup> Qtr. | Variation % |
| (1.649)  | (1.854)              | 12.4        | (844)  | (1,011)              | 19.8        |
| The increase reflects customer service network expansion following the acquisitions in 1H02, of R\$ 80; advertising and publicity of R\$ 46 and communication expenses (outsourcing of network) totaling R\$ 42. |                      |             | The increase reflects customer service network expansion following the acquisitions in 1H02, of R\$ 70; expenses for advertising and publicity of R\$ 14 generated by new campaigns, depreciation and amortization of R\$ 10; third-party services of R\$ 9; communications of R\$ 7 and rents of R\$ 5. |                      |             |

## Analysis of the Statement of Income – In millions of reais

### Tax Expenses

| 2001  | 1 <sup>st</sup> Half |                      | 2002   | Quarter/2002         |             |
|---|----------------------|----------------------|--|----------------------|-------------|
|   | Variation %          | 1 <sup>st</sup> Qtr. |  | 2 <sup>nd</sup> Qtr. | Variation % |
| (380)   |                      |                      | (404)  | (204)                | (200)       |
|   | 6.4                  |                      |  |                      | (1.9)       |
| This variation reflects increases in expenses with PIS/COFINS (Social Integration Program/Social Contribution on Billings) and is consistent with income growth for the period. |                      |                      | Tax expenses remained practically stable with a slight decrease in expenses for PIS/COFINS (Social Integration Program/Social Contribution on Billings). |                      |             |

### Equity in the Earnings of Subsidiary and Associated Companies

| 2001  | 1 <sup>st</sup> Half |                      | 2002   | Quarter/2002         |             |
|---|----------------------|----------------------|--|----------------------|-------------|
|   | Variation %          | 1 <sup>st</sup> Qtr. |  | 2 <sup>nd</sup> Qtr. | Variation % |
| (1)   |                      |                      | 23   | 2                    | 21          |
|   | (1,875.9)            |                      |  |                      | 831.4       |
| This increase reflects the improved performance of the associated companies accounted for under the equity method as described in Note 14b to the financial statements. |                      |                      | This increase reflects the improved performance of the associated companies accounted for under the equity method. |                      |             |

### Other Operating Income (Expenses)

| 2001  | 1 <sup>st</sup> Half |                      | 2002   | Quarter/2002         |             |
|---|----------------------|----------------------|--|----------------------|-------------|
|   | Variation %          | 1 <sup>st</sup> Qtr. |  | 2 <sup>nd</sup> Qtr. | Variation % |
| (303)   |                      |                      | (469)  | (203)                | (265)       |
|   | 54.8                 |                      |  |                      | 30.5        |
| The main income and expense items are presented in Notes 25 and 26 to the financial statements. |                      |                      | The variation in net expenses reflects, for the most, an increase in financial expenses of R\$ 40 and amortization of goodwill in subsidiary and associated companies of R\$ 22. |                      |             |

### Non-Operating Income (Expenses), net

| 2001   | 1 <sup>st</sup> Half |                      | 2002  | Quarter/2002         |             |
|--|----------------------|----------------------|---|----------------------|-------------|
|  | Variation %          | 1 <sup>st</sup> Qtr. |   | 2 <sup>nd</sup> Qtr. | Variation % |
| -  |                      |                      | (9)   | (29)                 | 20          |
|  | -                    |                      |   |                      | (167.9)     |
| The variation between the periods is presented in Note 27. |                      |                      | This variation reflects less expense for the provision for losses on non-operating assets and also profits on sale of assets and investments. |                      |             |

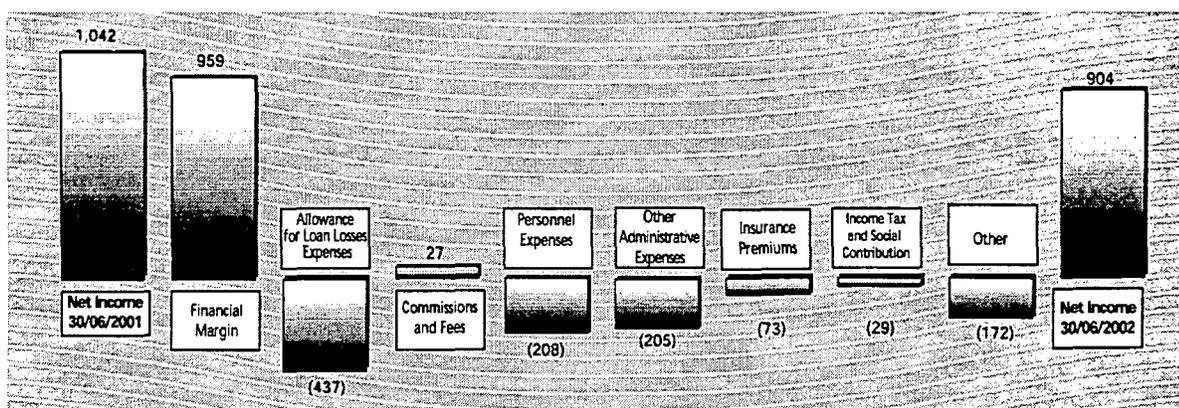
### Income Tax and Social Contribution

| 2001   | 1 <sup>st</sup> Half |                      | 2002  | Quarter/2002         |             |
|--|----------------------|----------------------|---|----------------------|-------------|
|  | Variation %          | 1 <sup>st</sup> Qtr. |   | 2 <sup>nd</sup> Qtr. | Variation % |
| (205)  |                      |                      | (234)   | (166)                | (69)        |
|  | 14.1                 |                      |   |                      | (58.7)      |
| 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 29 to the financial statements. |                      |                      | The quarterly variation was mainly generated by taxable income. |                      |             |

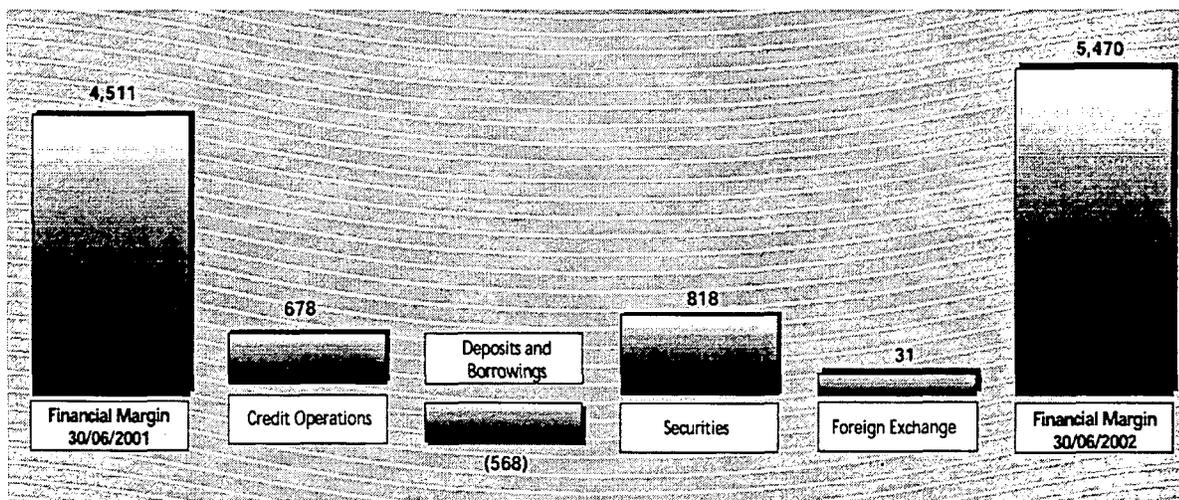
### Results by Activity - In millions of reais

|                                      | Financial |         | Insurance |         | June/2002       | Savings | Other      | Amount<br>Eliminated | Total<br>Consolidated |
|--------------------------------------|-----------|---------|-----------|---------|-----------------|---------|------------|----------------------|-----------------------|
|                                      | Local     | Foreign | Local     | Foreign | Pension<br>Plan | Bond    | Activities |                      |                       |
| Income from Financial Intermediation | 2,970     | 81      | 143       | (16)    | 804             | 120     | 29         | (4)                  | 4,127                 |
| Other Operating Income (Expenses)    | (2,399)   | (77)    | (83)      | (3)     | (605)           | (53)    | (7)        | 4                    | (3,223)               |
| Commissions and Fees                 | 1,641     | 3       | -         | -       | 37              | -       | 237        | (132)                | 1,786                 |
| Personnel Expenses                   | (1,590)   | (10)    | (115)     | -       | (32)            | (7)     | (66)       | -                    | (1,820)               |
| Other Administrative Expenses        | (1,667)   | (22)    | (152)     | (1)     | (60)            | (23)    | (75)       | 146                  | (1,854)               |
| Other Operating Revenue (Expenses)   |           |         |           |         |                 |         |            |                      |                       |
| Net                                  | (783)     | (48)    | 184       | (2)     | (550)           | (23)    | (103)      | (10)                 | (1,335)               |
| Net Income                           | 571       | 4       | 60        | (19)    | 199             | 67      | 22         | -                    | 904                   |

### Increase in the main items of the Statement of Income in relation to the Previous Year - In millions of reais

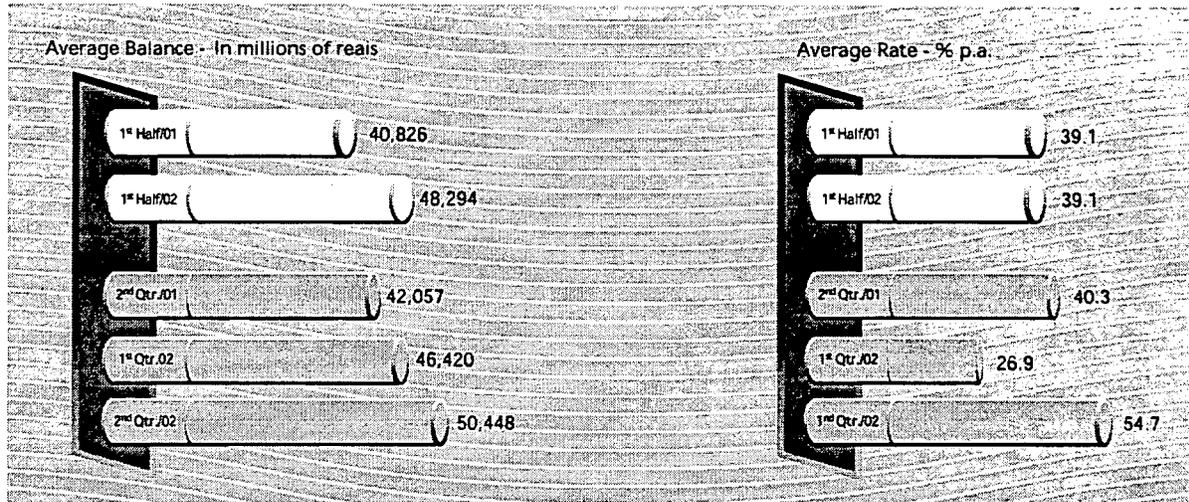


### Increase in the items that make up the Financial Margin with the adjustment of Foreign Exchange in relation to the Previous Year - In millions of reais



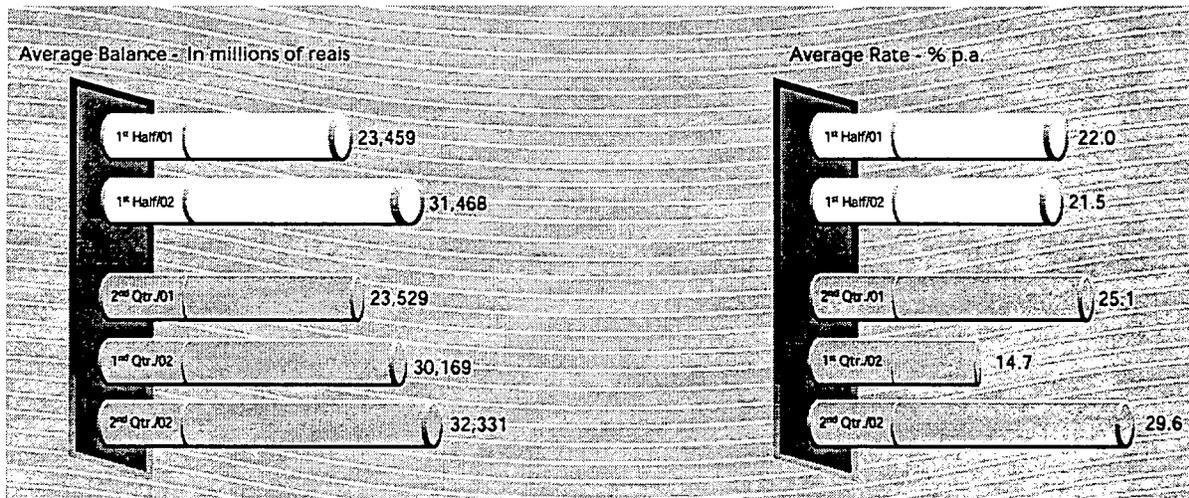
## Analysis of the Financial Margin and Average Rate

### Credit Operations x Income



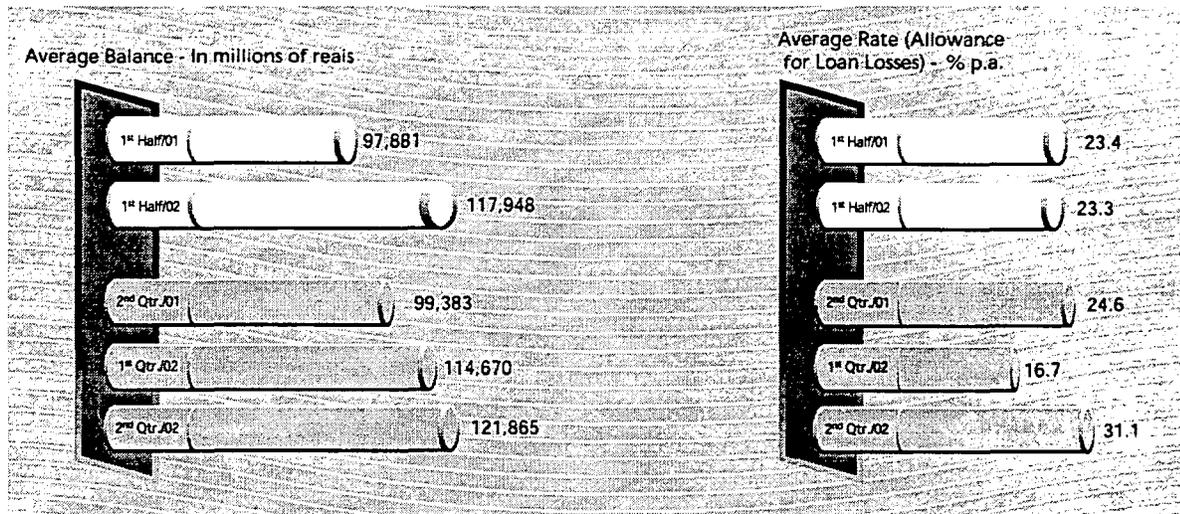
|   | 1 <sup>st</sup> Half/01 | 1 <sup>st</sup> Half/02 | 2 <sup>nd</sup> Qtr./01 | 1 <sup>st</sup> Qtr./02 | 2 <sup>nd</sup> Qtr./02 |
|---|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Credit Operations   | 34,753                  | 41,129                  | 35,870                  | 39,770                  | 42,749                  |
| Leasing Operations  | 2,025                   | 1,771                   | 2,011                   | 1,728                   | 1,811                   |
| Advances on Foreign Exchange                                    | 4,048                   | 5,395                   | 4,176                   | 4,923                   | 5,889                   |
| 1 - Total - Average Balance                                     | 40,826                  | 48,294                  | 42,057                  | 46,420                  | 50,448                  |
| 2 - Income of Credit, Leasing and Foreign Exchange Transactions | 7,322                   | 8,669                   | 3,715                   | 2,853                   | 5,816                   |
| 3 - Average Rate Annualized (2/1)                               | 39.1%                   | 39.1%                   | 40.3%                   | 26.9%                   | 54.7%                   |

### Securities x Income



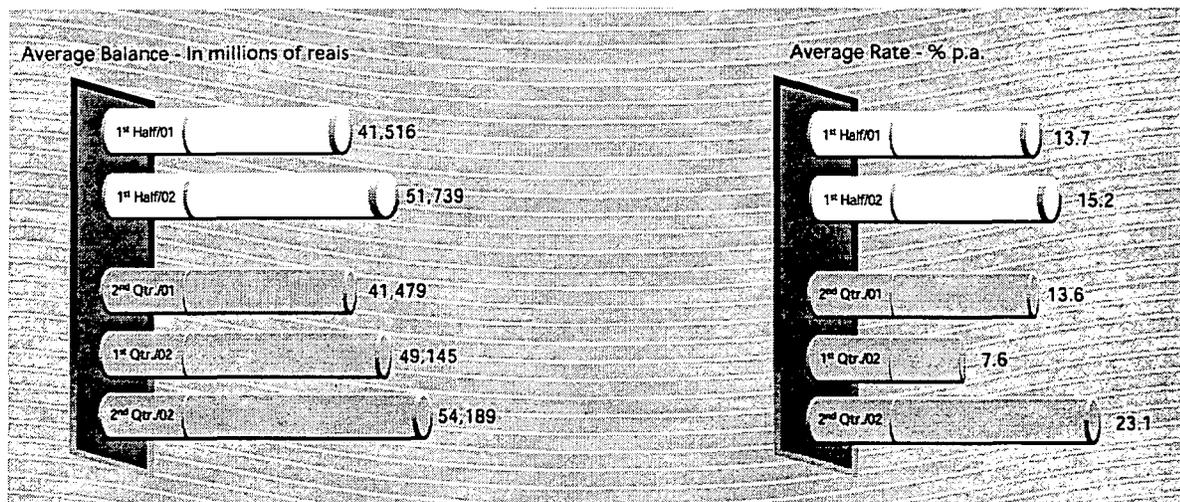
|                                       | 1 <sup>st</sup> Half/01 | 1 <sup>st</sup> Half/02 | 2 <sup>nd</sup> Qtr./01 | 1 <sup>st</sup> Qtr./02 | 2 <sup>nd</sup> Qtr./02 |
|---------------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Securities                            | 34,098                  | 38,736                  | 34,586                  | 39,150                  | 38,139                  |
| Short-Term Interbank Investments      | 1,691                   | 4,904                   | 1,383                   | 4,656                   | 5,423                   |
| Subject to Repurchase Agreements      | (12,330)                | (11,989)                | (12,440)                | (13,637)                | (10,955)                |
| Financial Derivative Instruments      | -                       | (184)                   | -                       | -                       | (276)                   |
| 4 - Total - Average Balance           | 23,459                  | 31,468                  | 23,529                  | 30,169                  | 32,331                  |
| 5 - Income on Securities Transactions | 2,456                   | 3,217                   | 1,355                   | 1,054                   | 2,163                   |
| 6 - Average Rate Annualized (5/4)     | 22.0%                   | 21.5%                   | 25.1%                   | 14.7%                   | 29.6%                   |

Total Assets x Income from Financial Intermediation



|  | 1 <sup>st</sup> Half/01 | 1 <sup>st</sup> Half/02 | 2 <sup>nd</sup> Qtr./01 | 1 <sup>st</sup> Qtr./02 | 2 <sup>nd</sup> Qtr./02 |
|--|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| 7 - Total Assets - Average Balance       | 97,881                  | 117,948                 | 99,383                  | 114,670                 | 121,865                 |
| 8 - Income from Financial Intermediation | 10,835                  | 13,044                  | 5,611                   | 4,517                   | 8,527                   |
| 9 - Average Rate Annualized (8/7)        | 23.4%                   | 23.3%                   | 24.6%                   | 16.7%                   | 31.1%                   |

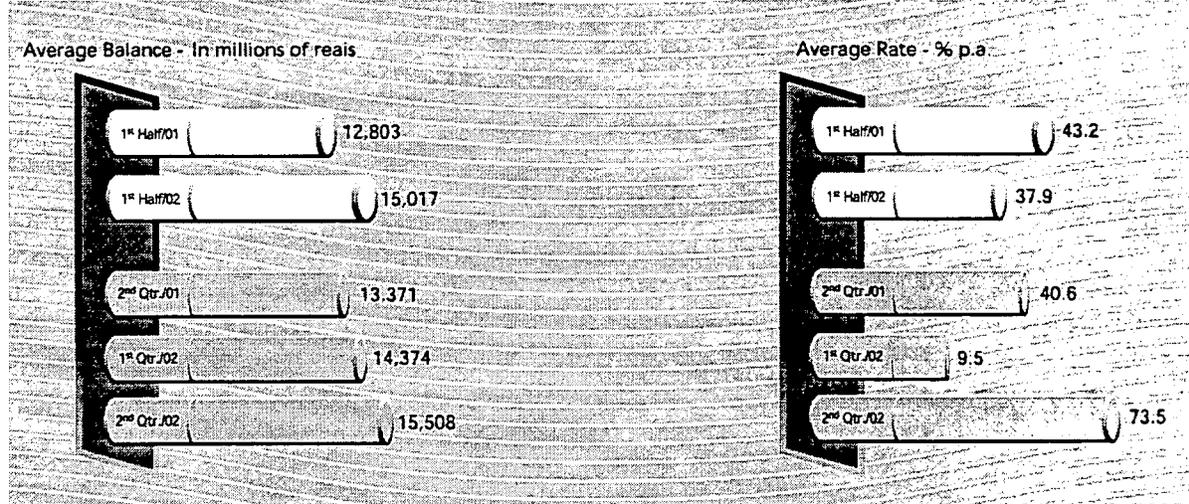
Funding x Expenses



|  | 1 <sup>st</sup> Half/01 | 1 <sup>st</sup> Half/02 | 2 <sup>nd</sup> Qtr./01 | 1 <sup>st</sup> Qtr./02 | 2 <sup>nd</sup> Qtr./02 |
|--|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Deposits   | 36,374                  | 45,956                  | 36,326                  | 43,509                  | 48,391                  |
| Funds from Acceptance and Issuance of Securities | 4,483                   | 4,922                   | 4,669                   | -4,822                  | 4,983                   |
| Interbank and Interdepartmental Accounts         | 659                     | 861                     | 483                     | 814                     | 815                     |
| 10 - Total Funding - Average Balance             | 41,516                  | 51,739                  | 41,479                  | 49,145                  | 54,189                  |
| 11 - Expenses (*)                                | 2,746                   | 3,797                   | 1,343                   | 911                     | 2,886                   |
| 12 - Average Rate Annualized (11/10)             | 13.7%                   | 15.2%                   | 13.6%                   | 7.6%                    | 23.1%                   |

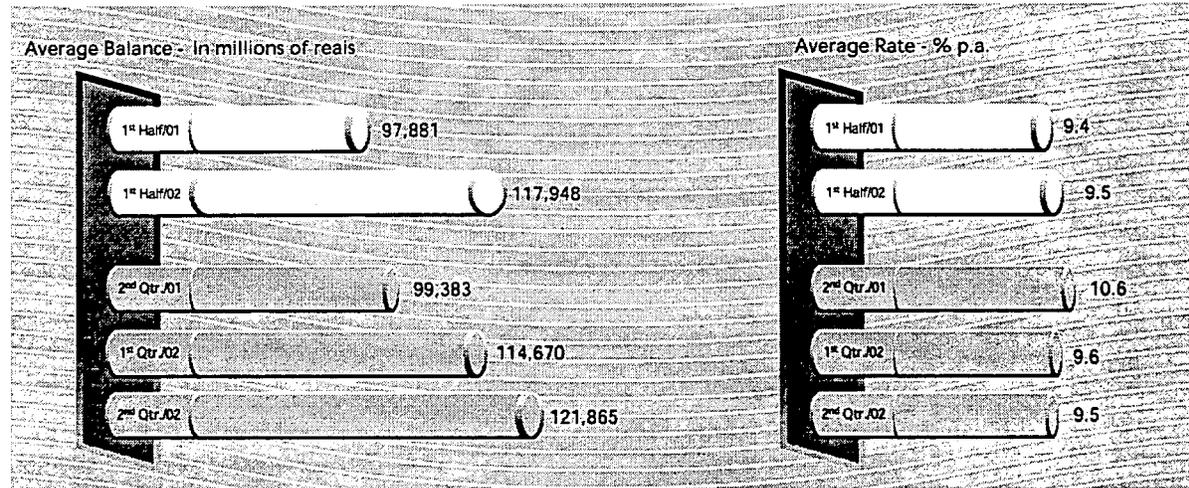
(\*) Expenses = Funding expenses - expenses from deposits received under security repurchase agreements - income from compulsory deposits.

**Borrowings and Onlending (Local and Foreign) x Expenses**



|  | 1 <sup>st</sup> Half/01 | 1 <sup>st</sup> Half/02 | 2 <sup>nd</sup> Qtr./01 | 1 <sup>st</sup> Qtr./02 | 2 <sup>nd</sup> Qtr./02 |
|--|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Borrowings   | 7,266                   | 8,855                   | 7,668                   | 8,281                   | 9,339                   |
| Onlendings   | 5,537                   | 6,162                   | 5,703                   | 6,093                   | 6,169                   |
| 13 - Total Borrowings and Onlendings - Average Balance | 12,803                  | 15,017                  | 13,371                  | 14,374                  | 15,508                  |
| 14 - Expenses  | 2,519                   | 2,619                   | 1,190                   | 329                     | 2,290                   |
| 15 - Average Rate Annualized (14/13)                   | 43.2%                   | 37.9%                   | 40.6%                   | 9.5%                    | 73.5%                   |

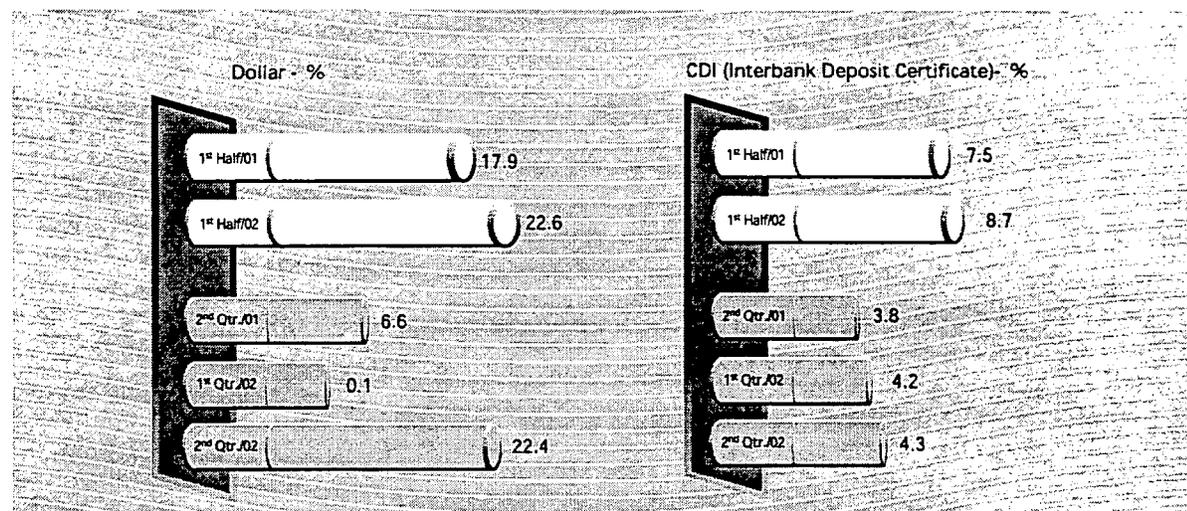
**Total Assets x Financial Margin**



|                                      | 1 <sup>st</sup> Half/01 | 1 <sup>st</sup> Half/02 | 2 <sup>nd</sup> Qtr./01 | 1 <sup>st</sup> Qtr./02 | 2 <sup>nd</sup> Qtr./02 |
|--------------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| 16 - Total Assets - Average Balance  | 97,881                  | 117,948                 | 99,383                  | 114,670                 | 121,865                 |
| 17 - Financial Margin (*)            | 4,511                   | 5,470                   | 2,537                   | 2,666                   | 2,804                   |
| 18 - Average Rate Annualized (17/16) | 9.4%                    | 9.5%                    | 10.6%                   | 9.6%                    | 9.5%                    |

(\*) income from financial intermediation excluding allowance for loan losses.

Financial Market Indicators



Analysis of the Financial Margin Adjusted and of the Average Rates

Bradesco's performance should be seen compared to the economic situation of the quarter, characterized by instabilities and uncertainties, directly impacting on the investments and consumption, reducing the demand for credits.

The reflection of these oscillations can be identified, more clearly, through the expressive exchange variation in the second quarter of 2002, as demonstrated in the table below:

Variation of interest rate and dollar

|       | 2 <sup>nd</sup> Qtr./01 | 1 <sup>st</sup> Qtr./02 | 2 <sup>nd</sup> Qtr./02 | 1 <sup>st</sup> Half/01 | 1 <sup>st</sup> Half/02 |
|-------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Dólar | 6.6%                    | 0.1%                    | 22.4%                   | 17.9%                   | 22.6%                   |
| CDI   | 3.8%                    | 4.2%                    | 4.3%                    | 7.5%                    | 8.7%                    |

CDI - Interbank Deposit certificate

Despite the unstable situation, Bradesco maintained its competitiveness strategy in the market, by reducing the cost with gain of scale, productivity increase and customer service enhancement. To achieve that, Bradesco kept performing expressive investments. These are the highlights of the period:

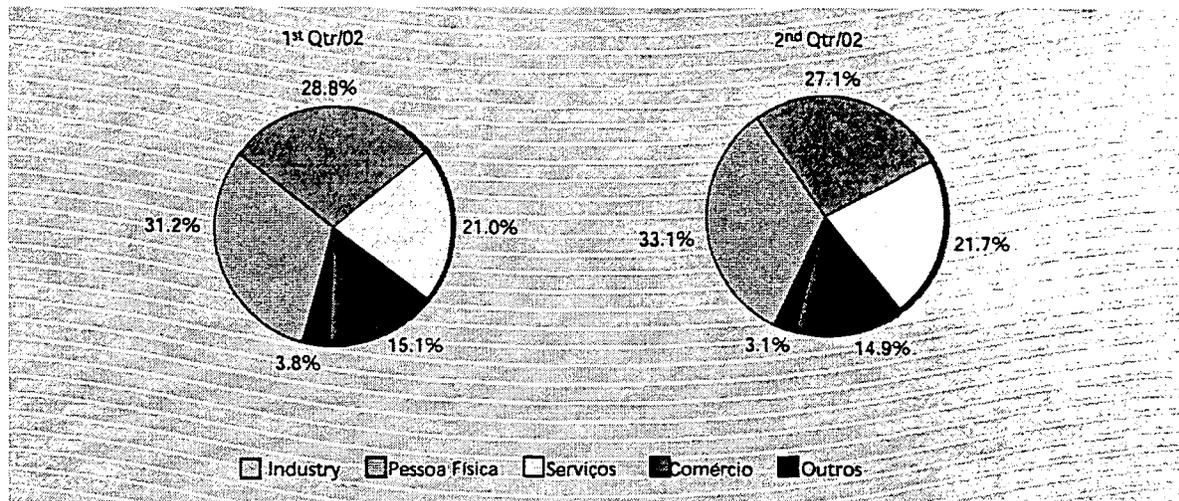
Acquisitions: Banco Mercantil, Banco Cidade, Banco do Estado do Amazonas;

The increase of the distribution channels of products: Postal Bank (1,000 branches installed in 03 months only - March/02 to June/02 - out of a total of 5,320); besides the inauguration of new branches and points for customer service.

The strategic partnership with Ford, by means of affiliated companies, involving assets of R\$ 1 billion, consolidated the leadership in the vehicle financing market in Brazil.

Giving the expressive difference of the exchange variation, the individual average rates, both applications and funding rates are not comparable in the periods presented, however the financial margin on the total assets can be compared, once Bradesco operates with a high level of hedge in the currency transactions, with the exposure tending to zero. By evaluating this rate, it is observed a small reduction of 0.1 % in the last quarter, from 9,6% in the 1st quarter of 2002 to 9.5% in the 2nd quarter of 2002.

This performance is the result of the strategy adopted by Bradesco on the selection for credit extension. It is possible to notice such positioning by observing the evolution of the balances of credit transactions by activity sector, in which credits with individuals with the greatest spreads reduced its participation from 28.8% to 27.1%, as compared to the portfolio total, while industries and service, which demonstrated a tendency to smaller spreads, presented greater gains in the portfolio participation.



In the quarter the financial margin increased to R\$ 138.2 million as compared to the previous quarter, a growth of 5.2%. The main figures, which contributed for the evolution, are described below:

The Credit Portfolio presented an increase of 6.1% as compared to the last two quarters. The highlights are the industry segment, which presented a growth of 12.6% in the same period and services, with an increase of 9.7% in the quarter.

It is worth to mention Bradesco's growth in the foreign trade transactions, achieving the leadership of the segment in this half. This increase was the result of the policy adopted by the institution to the finance export companies, in which the export volume confirmed in only one month (June, 2002) reached US\$ 1.4 billion. This performance reflects the effort and commitment to conquer new profitable clients, with reduced risk.

### Allowance for Loan Losses

Movement of allowance for loan losses - In millions of reais

|                                   | 2001                 |                      |                      | 2002                 |                      |                      |
|-----------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|                                   | 1 <sup>st</sup> Qtr. | 2 <sup>nd</sup> Qtr. | 1 <sup>st</sup> Half | 1 <sup>st</sup> Qtr. | 2 <sup>nd</sup> Qtr. | 1 <sup>st</sup> Half |
| Credit Operations                 | 41,134               | 43,847               | 43,847               | 49,546               | 52,576               | 52,576               |
| Opening Balance                   | 2,507                | 2,593                | 2,507                | 2,941                | 3,480                | 2,941                |
| Amount Recorded During the Period | 414                  | 493                  | 907                  | 633                  | 711                  | 1,344                |
| Write-off During the Period       | (328)                | (291)                | (619)                | (296)                | (694)                | (990)                |
| Balance of Institutions Purchased | -                    | -                    | -                    | 202                  | 32                   | 234                  |
| Closing Balance                   | 2,593                | 2,795                | 2,795                | 3,480                | 3,529                | 3,529                |
| Specific Provisions               | 1,530                | 1,656                | 1,656                | 2,113                | 2,231                | 2,231                |
| Generic Provisions                | 965                  | 1,042                | 1,042                | 1,124                | 1,009                | 1,009                |
| Additional Provisions             | 98                   | 97                   | 97                   | 243                  | 289                  | 289                  |
| Credit Recoveries                 | 99                   | 93                   | 192                  | 88                   | 49                   | 137                  |

## Allowance for Loan Losses (PDD) on Credit and Leasing Operations - In million of reais

|   | 1997   | 1998   | December |        |        | 2002   |        |
|---|--------|--------|----------|--------|--------|--------|--------|
|   |        |        | 1999     | 2000   | 2001   | March  | June   |
| Allowance for Loan Losses (A)                       | 1,058  | 1,215  | 1,908    | 2,507  | 2,941  | 3,480  | 3,529  |
| Credit Operations (B)                               | 24,614 | 25,095 | 27,559   | 38,872 | 44,444 | 49,546 | 52,576 |
| Allowance for Loan Losses on Credit Operation (A/B) | 4.3%   | 4.8%   | 6.9%     | 6.5%   | 6.6%   | 7.0%   | 6.7%   |

## Expenses with Allowance for Loan Losses on Income from Credit and Leasing Operations - In million of reais

|  | 1997  | 1998  | December |       |        | 2002                 |                      |                      |
|--|-------|-------|----------|-------|--------|----------------------|----------------------|----------------------|
|  |       |       | 1999     | 2000  | 2001   | 1 <sup>st</sup> Qtr. | 2 <sup>nd</sup> Qtr. | 1 <sup>st</sup> Half |
| Expenses with Allowance for Loan Losses (A)                                  | 826   | 1,593 | 2,028    | 1,452 | 2,010  | 633                  | 711                  | 1,344                |
| Income from Credit and Leasing Operations (B)                                | 4,560 | 7,049 | 10,219   | 8,301 | 12,032 | 2,526                | 4,543                | 7,069                |
| Allowance for Loan Losses on Income from Credit and Leasing Operations (A/B) | 18.1% | 22.6% | 19.8%    | 17.5% | 16.7%  | 25.1%                | 15.7%                | 19.0%                |

## Commissions and Fees - In millions of reais

|                        | 2001                 |                      |                      | 2002                 |                      |                      |
|------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|                        | 1 <sup>st</sup> Qtr. | 2 <sup>nd</sup> Qtr. | 1 <sup>st</sup> Half | 1 <sup>st</sup> Qtr. | 2 <sup>nd</sup> Qtr. | 1 <sup>st</sup> Half |
| Checking Accounts      | 206                  | 200                  | 406                  | 195                  | 207                  | 402                  |
| Collections            | 133                  | 135                  | 268                  | 128                  | 137                  | 265                  |
| Funds Under Management | 151                  | 134                  | 285                  | 124                  | 130                  | 254                  |
| Credit Cards           | 128                  | 122                  | 250                  | 146                  | 149                  | 295                  |
| Credit Operations      | 77                   | 83                   | 160                  | 87                   | 97                   | 184                  |
| Interbank Fees         | 53                   | 56                   | 109                  | 56                   | 65                   | 121                  |
| Collection of Taxes    | 37                   | 35                   | 71                   | 36                   | 42                   | 77                   |
| Other                  | 110                  | 99                   | 210                  | 89                   | 99                   | 188                  |
| <b>TOTAL</b>           | <b>895</b>           | <b>864</b>           | <b>1,759</b>         | <b>861</b>           | <b>926</b>           | <b>1,786</b>         |

## Administrative and Personnel Expenses - In millions of reais

|                                | 2001                 |                      |                      | 2002                 |                      |                      |
|--------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|                                | 1 <sup>st</sup> Qtr. | 2 <sup>nd</sup> Qtr. | 1 <sup>st</sup> Half | 1 <sup>st</sup> Qtr. | 2 <sup>nd</sup> Qtr. | 1 <sup>st</sup> Half |
| Communications                 | 88                   | 90                   | 178                  | 118                  | 133                  | 251                  |
| Transport                      | 58                   | 76                   | 133                  | 68                   | 73                   | 142                  |
| Third Party Services           | 112                  | 126                  | 239                  | 141                  | 176                  | 317                  |
| Financial System Services      | 77                   | 77                   | 154                  | 74                   | 84                   | 158                  |
| Depreciation and Amortization  | 97                   | 100                  | 196                  | 90                   | 108                  | 198                  |
| Publicity and Advertising      | 40                   | 53                   | 94                   | 63                   | 77                   | 140                  |
| Rents                          | 41                   | 38                   | 79                   | 39                   | 48                   | 87                   |
| Maintenance and Assets Repairs | 46                   | 55                   | 102                  | 48                   | 56                   | 104                  |
| Data Processing                | 55                   | 51                   | 106                  | 53                   | 59                   | 112                  |
| Materials                      | 33                   | 36                   | 69                   | 32                   | 37                   | 69                   |
| Other                          | 185                  | 115                  | 300                  | 117                  | 158                  | 276                  |
| <b>Administrative Expenses</b> | <b>832</b>           | <b>817</b>           | <b>1,649</b>         | <b>844</b>           | <b>1,011</b>         | <b>1,854</b>         |
| <b>Personnel Expenses</b>      | <b>776</b>           | <b>836</b>           | <b>1,612</b>         | <b>857</b>           | <b>964</b>           | <b>1,820</b>         |
| <b>Total</b>                   | <b>1,608</b>         | <b>1,653</b>         | <b>3,261</b>         | <b>1,701</b>         | <b>1,975</b>         | <b>3,674</b>         |

## Currency Integrated Management

### Concept

This is a new methodology of currency weekly planning, which determines dynamically, based on the Branch demand history, the quantity of shipments (supply/collection), as well as stipulates the overnight limits and average balance of overnight, in accordance with demand needs, security and compulsory rules.

- make decisions on when and how much currency should be supplied and/or collected, in accordance with the foreseen needs.

- perform a better usage of the collected currency to achieve a cost reduction with transportation, processing and custody.

### Benefits

Data supplied on a daily basis by a support system to the Model of Currency Integrated Management will allow the Branch to:

- plan on a weekly basis its activities of currency, for a 5-day period, based on historic data of demand of the last 13 months.

### Results

The System of Currency Integrated Management implemented in 1,092 branches, provided an economy of R\$ 8 million from January to May of 2002, totalling an accumulated benefit of R\$ 21 million, since the beginning of the project (May of 2000).

The Bank saved R\$ 9.8 million from January to May of 2002, due to negotiation of contracted services to send mail to the clients' home.

## Human Resources

On June 30, 2002, Bradesco comprised an employee base of 73,688, including its controlled companies. The growth in relation to December 2001 was due to the acquisition of Banco BEA, Banco Mercantil de São Paulo, Scopus Tecnologia S.A. and Banco Cidade

- whose activities were transferred to BCN, creation of new call centers and the inauguration of new branches. The table below illustrates the evolution of the employee base.

|                           | Period Ended  |               |               |               |               |               |
|---------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
|                           | 1997          | 1998          | 1999          | 2000          | 2001          | 1º Sem. 2002  |
| Banco Bradesco            | 42,943        | 47,233        | 47,521        | 49,177        | 51,633        | 52,836        |
| Bradesco Subsidiaries     | 10,462        | 7,501         | 7,301         | 6,575         | 6,943         | 8,057         |
| <b>Subtotal Bradesco</b>  | <b>53,405</b> | <b>54,734</b> | <b>54,822</b> | <b>55,752</b> | <b>58,576</b> | <b>60,893</b> |
| Banco BCN                 | 5,277         | 5,024         | 4,784         | 4,780         | 5,857         | 6,388         |
| BCN Subsidiaries          | 745           | 1,408         | 1,099         | 1,172         | 1,280         | 1,265         |
| <b>Subtotal BCN</b>       | <b>6,022</b>  | <b>6,432</b>  | <b>5,883</b>  | <b>5,952</b>  | <b>7,137</b>  | <b>7,653</b>  |
| Banco Baneb               | -             | -             | 2,756         | 2,514         | -             | -             |
| Baneb Subsidiaries        | -             | -             | 50            | -             | -             | -             |
| <b>Subtotal Baneb</b>     | <b>-</b>      | <b>-</b>      | <b>2,806</b>  | <b>2,514</b>  | <b>-</b>      | <b>-</b>      |
| Banco Boavista            | -             | -             | -             | 1,564         | -             | -             |
| Boavista Subsidiaries     | -             | -             | -             | 22            | -             | -             |
| <b>Subtotal Boavista</b>  | <b>-</b>      | <b>-</b>      | <b>-</b>      | <b>1,586</b>  | <b>-</b>      | <b>-</b>      |
| Banco Mercantil           | -             | -             | -             | -             | -             | 4,677         |
| Mercantil Subsidiaries    | -             | -             | -             | -             | -             | 465           |
| <b>Subtotal Mercantil</b> | <b>-</b>      | <b>-</b>      | <b>-</b>      | <b>-</b>      | <b>-</b>      | <b>5,142</b>  |
| <b>Total</b>              | <b>59,427</b> | <b>61,166</b> | <b>63,511</b> | <b>65,804</b> | <b>65,713</b> | <b>73,688</b> |

Among the benefits Bradesco offers to its employees are health insurance and dental assistance as well as the supplementary pension plan. On June 30, 2002,

these benefits represented to Bradesco an accumulated spending of R\$ 352 million.

Human Resources - June/2002

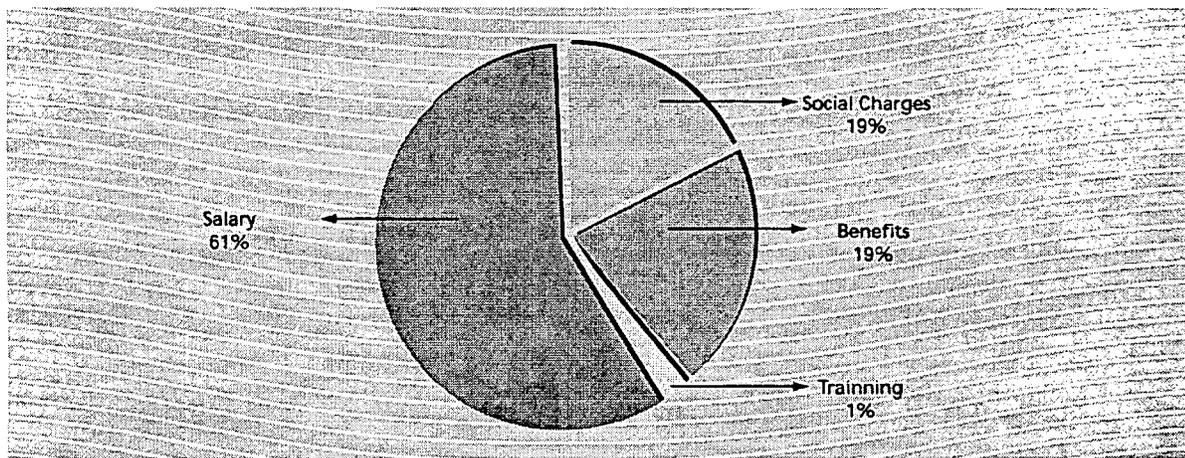
| BY AGE                  | BY SEX               | EDUCATIONAL BACKGROUND | BY TIME IN THE ORGANIZATION | BY MANAGERIAL POSITION               |
|-------------------------|----------------------|------------------------|-----------------------------|--------------------------------------|
| Under 30 years 46%      | Men 56%<br>Women 44% | Secondary 38%          | Under 5 years 40%           | Non Managerial 54%<br>Managerial 46% |
| From 31 to 40 years 39% |                      | Higher 61%             | From 6 to 10 years 12%      |                                      |
| From 41 to 50 years 13% |                      | Other 1%               | From 11 to 20 years 39%     |                                      |
| Over 50 years 2%        |                      |                        | Over 20 years 9%            |                                      |

Personal Expenses

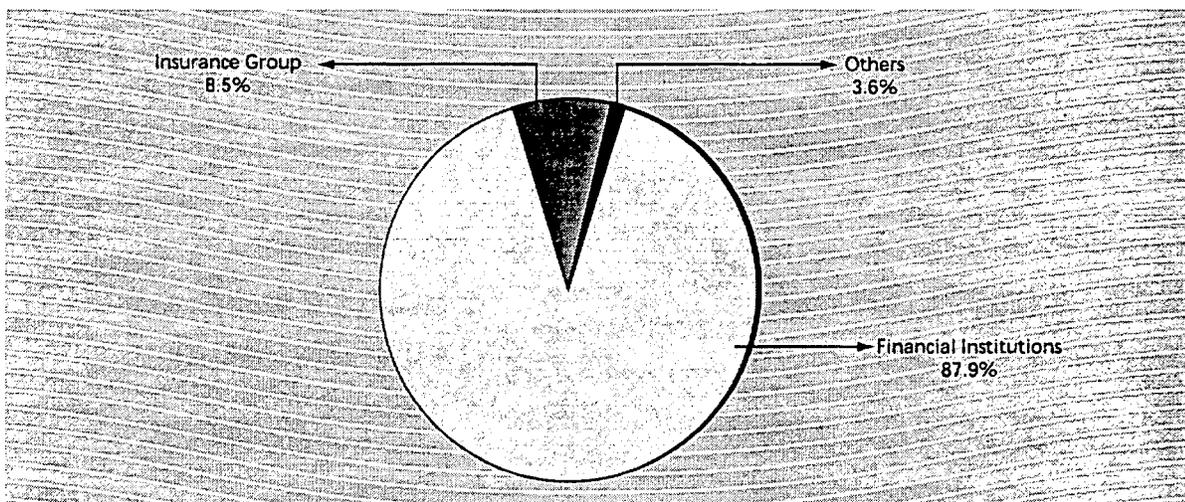
On June 30, 2002, Bradesco's personnel expenses totaled R\$ 1,820 million, including expenses with remuneration, benefits, charges and training.

The chart below displays the percentage of each item in relation to the total spending with personnel of Bradesco:

Composition of Personnel Expenses - June/2002



Personnel Expenses by Entity - June/2002



## Training

Based on integrated actions to the strategies and innovations of the Organization, Bradesco develops a comprehensive training program for its personnel focusing the constant quality improvement to meet clients' needs and the organizational effectiveness, counting on internal instructors, external consultants and universities.

The training program uses distinguished methodologies, with regular courses and self-training. In the 1st half of 2002, 656 courses were conducted which resulted in 4,387 groups, participation of 93,536 employees, 1,766,061 training hours and investments of R\$ 20.7 million.

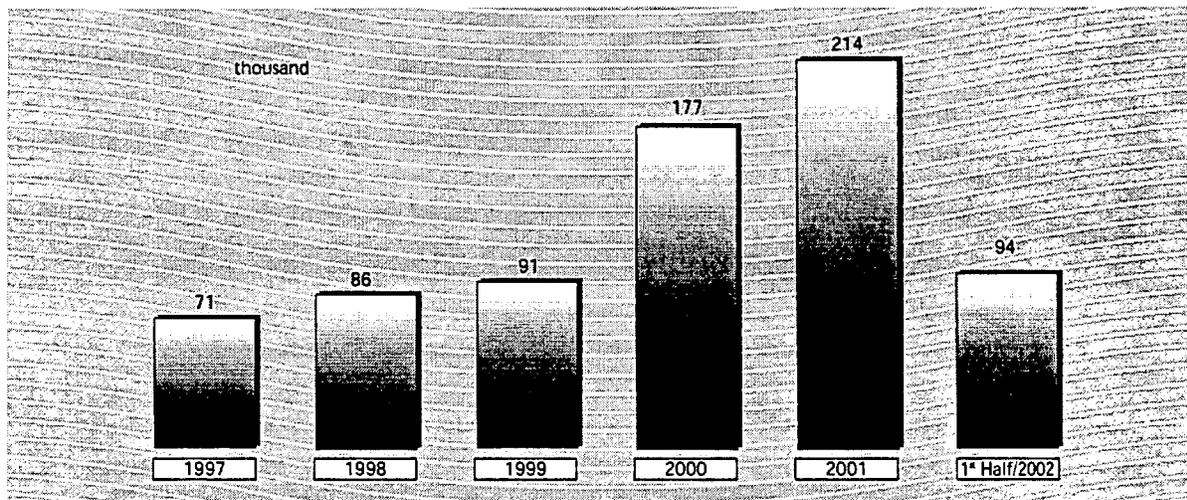
The TreiNet – Internet-based Training, is a tool that allows the participation of a large number of employees and can be accessed from any equipment connected to the Internet. This half 18,394 employees took part in programs such as Basic Banking Integration, Financial Mathematics, Financial Market and Investments, Loans and

Financing, Corporate Accounting and Balance Sheet Analysis, Business Support Platform, Convenience Services, Internal Control Systems – Compliance and Special Savings. New courses will be available soon.

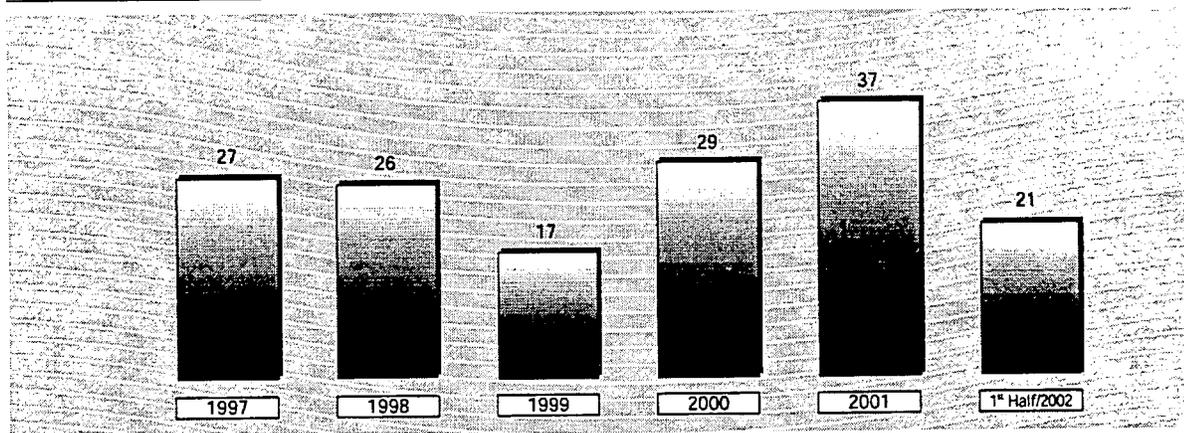
For the implementation of the new SPB - Sistema de Pagamentos Brasileiro (Brazilian System of Payments) and to render good service to the client – a video training and a guideline manual were made available to all employees of the Organization for distance training, with the concepts of the changes that will be processed and its implications for the products and services offered by the Organization. The regular training started on January, 2002 and 7,941 employees took part this half.

To reinforce the culture of Internal Controls – Compliance of the Organization, the Training Department developed a guideline manual and a course, via TreiNet, available to all employees of the Organization.

### Growth in Training Participants



Total Amount invested in Training - In millions of reais



Main Institutions to where employees are sent to post-graduation courses, MBA and Master Degree:

- FIA - Fundação Instituto de Administração - USP
- FGV - Fundação Getúlio Vargas
- FIPE - Fundação Instituto de Pesquisas Econômicas - USP

- FAAP - Fundação Armando Álvares Penteado
- FIPECAFI - Fund. Inst. de Pesquisas Contábeis, Atuariais e Financeiras - FEA - USP
- IBMEC - Inst. Bras. de Mercado de Capitais
- MACKENZIE - Instituto Presbiteriano Mackenzie
- PUC - Pontificia Universidade Católica de São Paulo

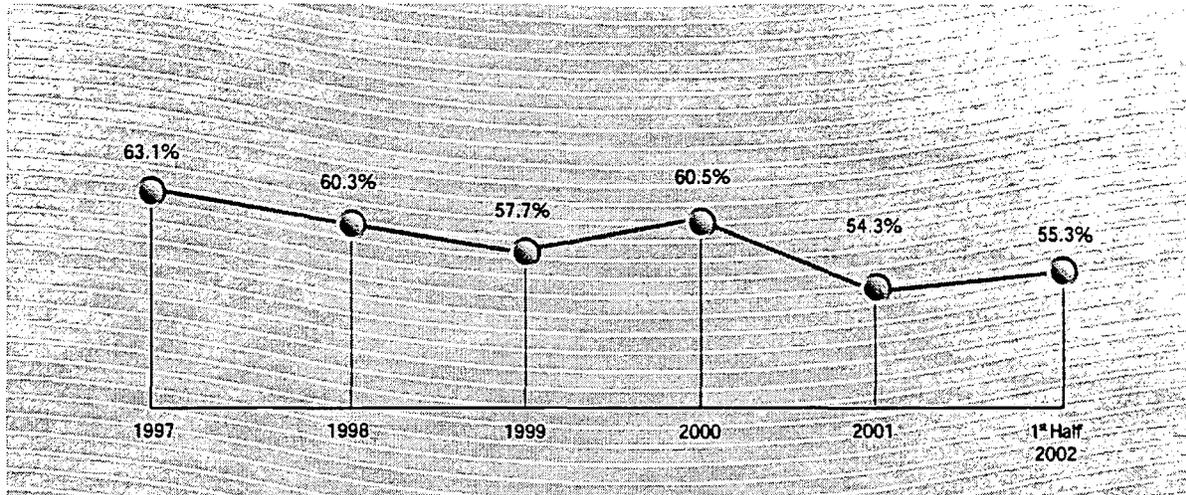
Operating Efficiency - In millions of reais

|                                      | Year    |         |         |         |         | 2002        |          |          |          |
|--------------------------------------|---------|---------|---------|---------|---------|-------------|----------|----------|----------|
|                                      | 1997    | 1998    | 1999    | 2000    | 2001    | 1st Half/01 | 1st Qtr. | 2nd Qtr. | 1st Half |
| Personnel Expenses                   | 1,906   | 2,555   | 2,680   | 3,109   | 3,389   | 1,612       | 857      | 964      | 1,820    |
| Other Administrative Expenses        | 1,745   | 2,159   | 2,567   | 2,978   | 3,436   | 1,649       | 844      | 1,011    | 1,854    |
| Total (1)                            | 3,651   | 4,714   | 5,247   | 6,087   | 6,825   | 3,262       | 1,701    | 1,975    | 3,674    |
| Financial Margin = Income from       |         |         |         |         |         |             |          |          |          |
| Financial Intermediation (-) P.D.D.  | 4,146   | 6,087   | 7,380   | 7,839   | 10,109  | 4,511       | 2,666    | 2,804    | 5,470    |
| Comissions and Fees                  | 1,446   | 1,775   | 2,100   | 3,043   | 3,473   | 1,759       | 861      | 926      | 1,786    |
| Special Savings, Insurance and       |         |         |         |         |         |             |          |          |          |
| Private Pension Plan Premiums        | 4,065   | 5,015   | 5,975   | 6,920   | 8,959   | 4,164       | 1,950    | 2,263    | 4,212    |
| Variation in Tech. Reserves for      |         |         |         |         |         |             |          |          |          |
| Insurance, Private Pension Plans     |         |         |         |         |         |             |          |          |          |
| and Special Savings                  | (906)   | (1,392) | (2,342) | (3,001) | (3,492) | (1,390)     | (537)    | (633)    | (1,170)  |
| Claims and Matured Special Savings   | (2,437) | (2,631) | (2,844) | (2,866) | (3,996) | (1,897)     | (1,044)  | (1,086)  | (2,130)  |
| Insurance and Private Pension        |         |         |         |         |         |             |          |          |          |
| Plan Selling Expenses                | (309)   | (518)   | (635)   | (645)   | (689)   | (343)       | (160)    | (161)    | (321)    |
| Expenses With Private Pension        |         |         |         |         |         |             |          |          |          |
| Plan Benefits                        | (247)   | (423)   | (558)   | (913)   | (1,370) | (630)       | (349)    | (411)    | (760)    |
| Results of Investments in Associated |         |         |         |         |         |             |          |          |          |
| Companies                            | 29      | 157     | 127     | 156     | 71      | (1)         | 2        | 21       | 23       |
| Other Operating Expenses             | (496)   | (813)   | (1,181) | (1,376) | (1,831) | (849)       | (457)    | (646)    | (1,104)  |
| Other Operating Income               | 499     | 560     | 1,070   | 903     | 1,326   | 545         | 254      | 381      | 635      |
| Total (2)                            | 5,790   | 7,817   | 9,092   | 10,060  | 12,560  | 5,871       | 3,186    | 3,457    | 6,641    |
| Efficiency Ratio (%)=(1/2)           | 63.1    | 60.3    | 57.7    | 60.5    | 54.3    | 55.6        | 53.4     | 57.1     | 55.3     |

The efficiency rate of the 1st half of 2002 has improved as compared to the 1st half of 2001, due to the increase of the drop of the Financial Margin of

21.3% - this reduction reflects the drop of the interest rate in the quarter.

### Operating Efficiency Index (%)



### Activity-Based Costing

The focus on cost optimization permanently developed by Organização Bradesco has greatly contributed to the achievement of successful results. In this sense, the methodology used is the one related to the ABC System (Activity-Based Costing).

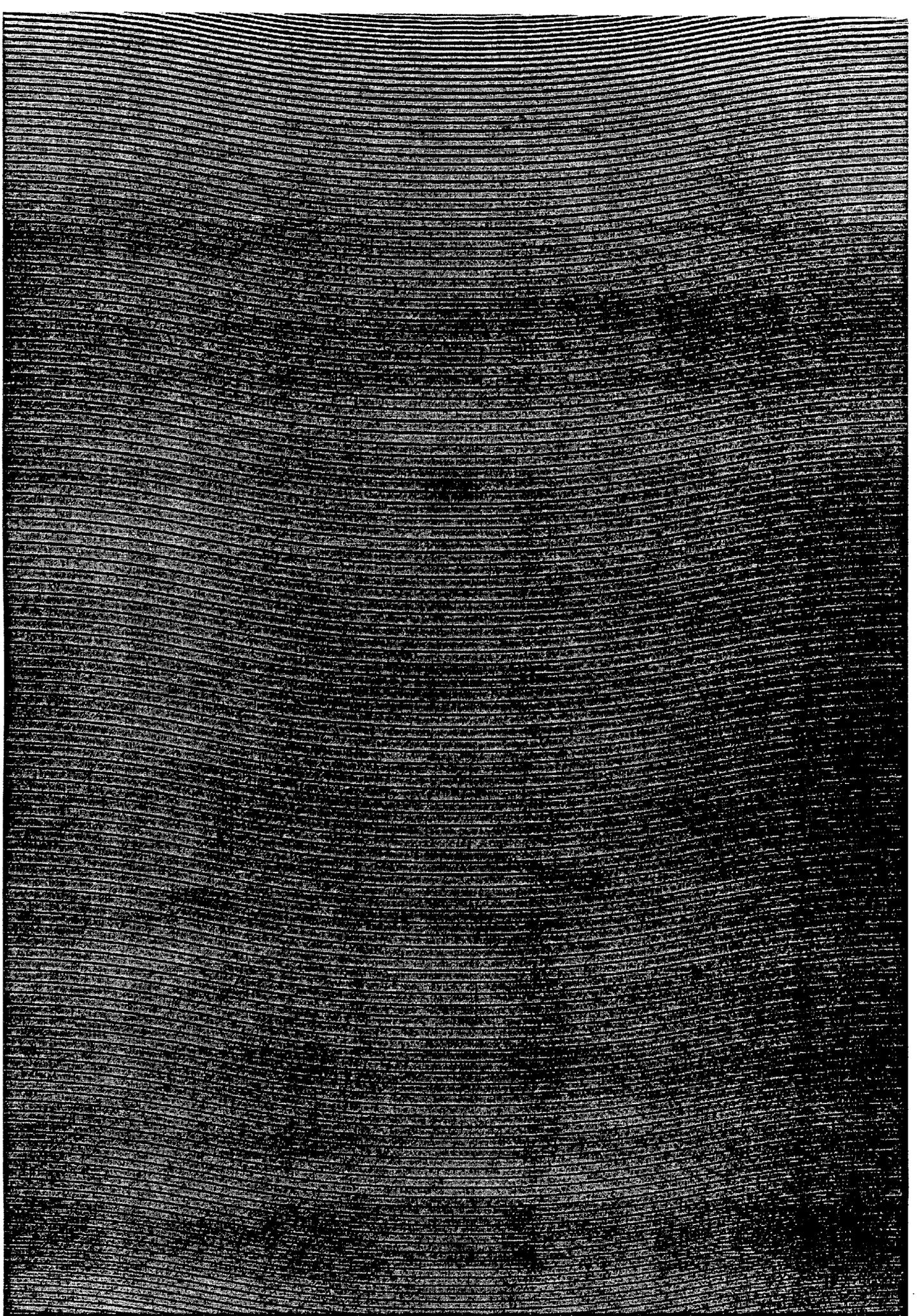
This method is intended to identify and quantify activities from several processes, turning them into the main focus of the costing system. By means of this methodology, costs are assigned to the activities based on the resources required and then, they are added to the products and services.

The Methodology is intended to basically answer three questions: where, how much and how was the spending. This way, it can measure profitability based on different angles, optimise processes and drive cost reduction actions for the activities that

consume more resources or where these resources can be better considered.

Therefore, activities are analysed and restructured without prejudice to quality. Besides, new routine works are put in action with task rationalization aimed at assuring gains of scale, which contributes to add greater competitive advantages to the Organization. So, all costs are considered in the processes, both direct and indirect, whether they are fixed or variable.

Based on this Methodology, the Bank steps forward with the aim at providing better measurement of products and services profitability and consequently of the clients, turning the Departments into Result-oriented Centers.



## Equity Analysis

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3



## Securities (in millions of reais)

### Summary of the Classification of Securities - June 30, 2002

|                               | Financial     | Insurance/<br>Savings Bond | Pension Plan  | Other<br>Activities | Total         | %            |
|-------------------------------|---------------|----------------------------|---------------|---------------------|---------------|--------------|
| Trading securities            | 9,987         | 203                        | 8,892         | 94                  | 19,266        | 50.8         |
| Securities available for sale | 10,074        | 2,728                      | 2,257         | 68                  | 15,127        | 39.9         |
| Securities held to maturity   | 1,534         | -                          | 1,982         | -                   | 3,516         | 9.3          |
| <b>Total</b>                  | <b>21,595</b> | <b>2,931</b>               | <b>13,221</b> | <b>162</b>          | <b>37,909</b> | <b>100.0</b> |

### Composition by Maturity

|                                      | June/2002        |                        |                         |                       | Market/<br>Book<br>value | Cost          | Unrealized<br>gain/loss |
|--------------------------------------|------------------|------------------------|-------------------------|-----------------------|--------------------------|---------------|-------------------------|
|                                      | Up to<br>30 days | From 31 to<br>180 days | From 181 to<br>360 days | More than<br>360 days |                          |               |                         |
| <b>TRADING SECURITIES</b>            | <b>4,045</b>     | <b>6,540</b>           | <b>870</b>              | <b>7,811</b>          | <b>19,266</b>            | <b>19,509</b> | <b>(243)</b>            |
| Financial Treasury Notes             | 1,500            | 903                    | 731                     | 7,111                 | 10,245                   | 10,425        | (180)                   |
| National Treasury Notes              | 1,421            | 4,790                  | 102                     | 12                    | 6,325                    | 6,341         | (16)                    |
| Central Bank Notes                   | 409              | 644                    | -                       | 8                     | 1,061                    | 1,063         | (2)                     |
| Debentures                           | 35               | 11                     | -                       | 504                   | 550                      | 552           | (2)                     |
| Shares (Funds)                       | 328              | -                      | -                       | -                     | 328                      | 328           | -                       |
| Brazilian Foreign Debt Notes         | 178              | 53                     | 19                      | 94                    | 344                      | 361           | (17)                    |
| Federal Treasury Bonds               | 102              | 45                     | -                       | -                     | 147                      | 151           | (4)                     |
| Fixed Rate Notes                     | 8                | 50                     | 16                      | 48                    | 122                      | 126           | (4)                     |
| Other                                | 64               | 44                     | 2                       | 34                    | 144                      | 162           | (18)                    |
| <b>SECURITIES AVAILABLE FOR SALE</b> | <b>6,113</b>     | <b>6,158</b>           | <b>285</b>              | <b>2,571</b>          | <b>15,127</b>            | <b>15,600</b> | <b>(473)</b>            |
| Central Bank Notes                   | 2,275            | 2,752                  | 54                      | 7                     | 5,088                    | 5,191         | (103)                   |
| Federal Treasury Notes               | 999              | 2,138                  | -                       | 174                   | 3,311                    | 3,387         | (76)                    |
| Financial Treasury Bonds             | 170              | 75                     | 181                     | 1,560                 | 1,986                    | 2,068         | (82)                    |
| Shares (Funds)                       | 1,774            | -                      | -                       | -                     | 1,774                    | 1,944         | (170)                   |
| Mortgage Notes                       | 567              | 579                    | 7                       | 11                    | 1,164                    | 1,164         | -                       |
| Debentures                           | 100              | 34                     | 10                      | 394                   | 538                      | 571           | (33)                    |
| National Treasury Bonds              | 64               | 357                    | -                       | -                     | 421                      | 422           | (1)                     |
| Derivatives                          | 60               | 160                    | 21                      | 109                   | 350                      | 349           | 1                       |
| Certificate of Bank Deposit          | 49               | 61                     | 8                       | 58                    | 176                      | 176           | -                       |
| Privatization Certificate            | -                | -                      | -                       | 156                   | 156                      | 156           | -                       |
| Other                                | 55               | 2                      | 4                       | 102                   | 163                      | 172           | (9)                     |
| <b>SECURITIES HELD TO MATURITY</b>   | <b>44</b>        | <b>-</b>               | <b>102</b>              | <b>3,370</b>          | <b>3,516</b>             | <b>4,066</b>  | <b>(550)</b>            |
| Federal Treasury Notes               | -                | -                      | 4                       | 1,982                 | 1,986                    | 1,986         | -                       |
| Central Bank Notes                   | -                | -                      | 97                      | 736                   | 833                      | 992           | (159)                   |
| Brazilian Foreign Debt Notes         | 44               | -                      | 1                       | 652                   | 697                      | 1,088         | (391)                   |
| <b>TOTAL</b>                         | <b>10,202</b>    | <b>12,698</b>          | <b>1,257</b>            | <b>13,752</b>         | <b>37,909</b>            | <b>39,175</b> | <b>(1,266)</b>          |

## Credit Operations

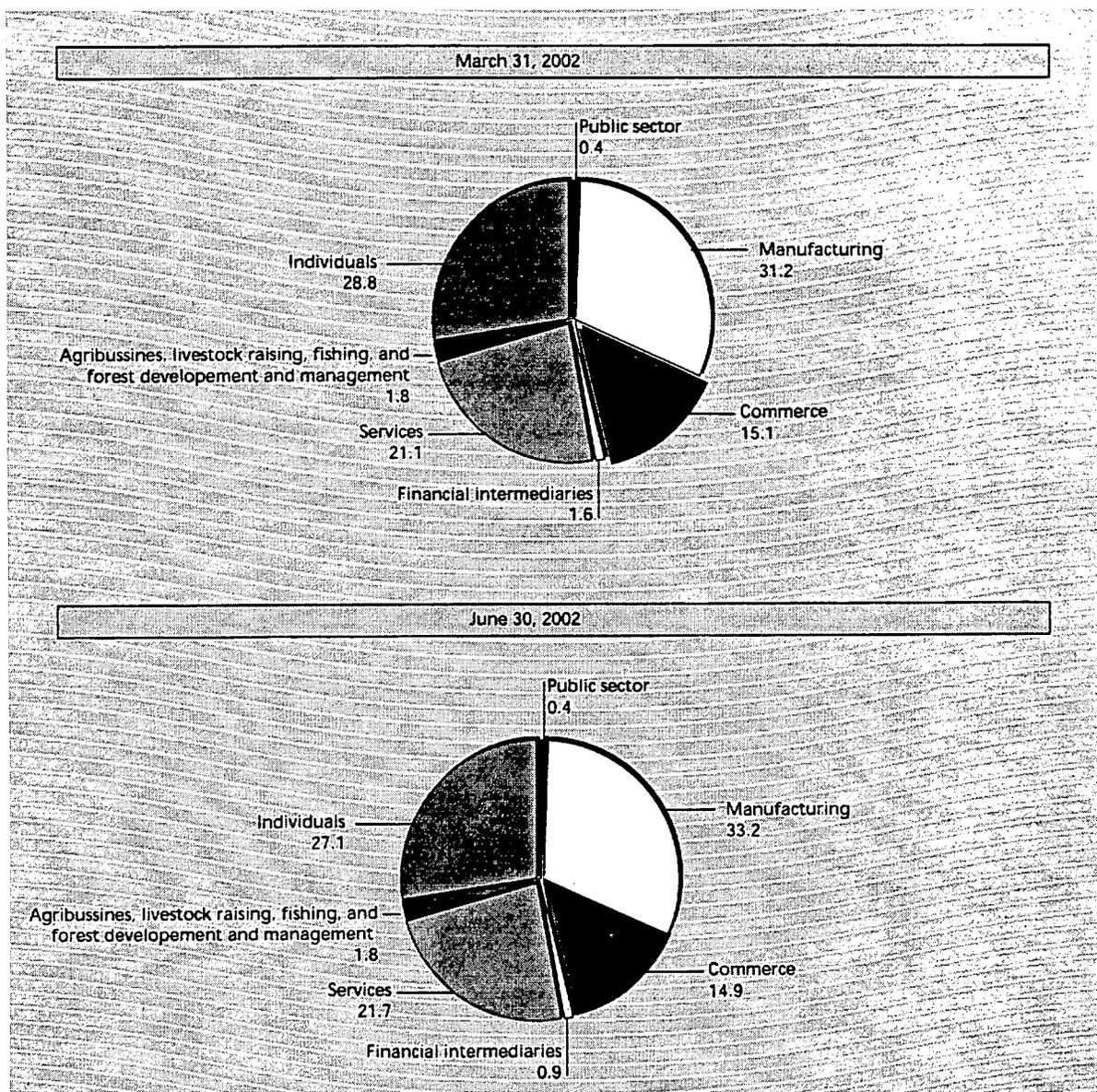
Below we present the composition of the portfolio per operation type and economic activity sector.

|  | In millions of reais |               |               |               |
|--|----------------------|---------------|---------------|---------------|
|  | 2001                 |               | 2002          |               |
|  | March                | June          | March         | June          |
| Discount of Trade Receivables and Other Loans                    | 17,921               | 19,834        | 22,676        | 23,928        |
| Financing  | 13,911               | 14,129        | 16,027        | 16,616        |
| Rural and Agribusiness Loans                                     | 2,911                | 3,034         | 2,948         | 3,303         |
| Leasing Operations   | 2,042                | 1,984         | 1,792         | 1,881         |
| Advances on Foreign Exchange Contracts                           | 3,949                | 4,403         | 5,439         | 6,339         |
| Foreign Currency Advances Granted                                | -                    | -             | 116           | -             |
| <b>Total Credit Operations</b>                                   | <b>40,734</b>        | <b>43,384</b> | <b>48,998</b> | <b>52,067</b> |
| Other Credits  | 400                  | 463           | 548           | 509           |
| <b>Total for Period</b>  | <b>41,134</b>        | <b>43,847</b> | <b>49,546</b> | <b>52,576</b> |
| Sureties and Guarantees Pledged, Recorded in Memorandum Accounts | 2,255                | 2,500         | 3,037         | 3,434         |

### Credit Portfolio Exhibit per Activity Sector - in millions of reais

|  | March         | 2002         |               |              |
|--|---------------|--------------|---------------|--------------|
|  |               | %            | June          | %            |
| Public Sector  | 202           | 0.4          | 216           | 0.4          |
| Private Sector   | 49,344        | 99.6         | 52,360        | 99.6         |
| Manufacturing  | 15,467        | 31.2         | 17,423        | 33.2         |
| Commerce   | 7,491         | 15.1         | 7,823         | 14.9         |
| Financial Intermediation   | 808           | 1.6          | 474           | 0.9          |
| Services   | 10,418        | 21.1         | 11,425        | 21.7         |
| Agriculture, Livestock Raising, Fishing, Forest Development and Management | 886           | 1.8          | 960           | 1.8          |
| Individuals  | 14,274        | 28.8         | 14,255        | 27.1         |
| <b>TOTAL</b>   | <b>49,546</b> | <b>100.0</b> | <b>52,576</b> | <b>100.0</b> |

## Credit Portfolio by Activity Sector (%)



By the end of June 2002, around 99.6% of the credit portfolio was directed to the private sector, and there were no significant changes to be registered regarding the prior quarter. In regards to the economic activity segment, the largest credit volume was directed to the industry, with a 33.2% share of the total of the operations, highlighting steel and iron, metallurgy, mechanics, food and beverage sectors. Credits intended to the services sector, including finance intermediates, represented 22.6%, while trade and farming/cattle raising participated respectively with 14.9% and 1.8%. In regards to the loans to individuals, they corresponded to 27.1% of the portfolio, and its balance remained practically stable in the quarter.

### Portfolio Performance

The volume of the credit operations showed moderated increase between April and June. This

tendency is compatible with the decrease of the recuperation rhythm of the economical activity in the period. The most cautious attitude demonstrated by companies and consumers, associated to the selectivity in the resource offers by financial institutions, turned that the behavior of the bank loans was influenced basically by punctual factors. The main factors to be highlighted are the increase in the seasonal demand regarding the celebration of commemorative dates and the exchange variation on the portfolios based on foreign currency.

In this scenario, the total volume of the Bradesco credit operations in the 2nd quarter showed an increase of 6.1% (4.5% if it is not considered the asset incorporations effect that happened in 2002), with a consolidated balance of R\$ 52.6 billion in June.

| BASE DATE                          | In millions of reais |            | Variance |
|------------------------------------|----------------------|------------|----------|
|                                    | 31/03/2002           | 30/06/2002 |          |
| Consolidated without Acquisitions  | 44,598               | 46,591     | +4.5%    |
| Consolidated with Acquisitions (*) | 49,546               | 52,576     | +6.1%    |

(\*) Includes Banco Mercantil de São Paulo, Banco BEA, the portfolio acquired from Banco Ford and Banco Cidade, acquired in first six months of 2002

Regarding the perspectives until the year end, we believe that credit behavior will be directly related to

the economy performance, which seasonally presents a higher increase in the 2<sup>nd</sup> Semester.

### Credit Portfolio Composition Distributed by Risk Levels

Considering Bradesco's portfolio distribution by risk levels, which reflects the credit assets quality, in June 2002 it was observed an improvement compared to March. The operations concentrated among "AA" and "C", classified by Central Bank as normal course operations totaled 91.1% of the accumulated balance (90.2% in March), while 2.4% were considered administration risk, looking forward its reduction or making efforts to put together more liquidity, and only 6.5% were considered an abnormal course, that

could possibly generate partial losses after the usual recovery efforts.

The total volume of the provisions for allowance for loan losses in June 2002 reached R\$ 3,529 million, representing 6.7% (7.0% in March) of the credit operations amount. Out of this amount, only 63.2% effectively refers to delayed operations (past due and to due), being the other part constituted in a prevention way, giving the internal classification attributed to the client.

In millions of reais

| Risk Level                 | Portfolio Balance | Accumulated Percentage(1) | June 30, 2002              |            |              | Total        | Additional Provision (4) | Provision    |
|----------------------------|-------------------|---------------------------|----------------------------|------------|--------------|--------------|--------------------------|--------------|
|                            |                   |                           | Minimum Required Provision |            | Generic (3)  |              |                          |              |
|                            |                   |                           | Specific (2) Overdue       | Due        |              |              |                          |              |
| AA                         | 16,677            | 31.7%                     | -                          | -          | -            | -            | -                        | -            |
| A                          | 18,371            | 66.7%                     | -                          | -          | 92           | 92           | 2                        | 94           |
| B                          | 5,020             | 76.2%                     | 1                          | 5          | 44           | 50           | 2                        | 52           |
| C                          | 7,826             | 91.1%                     | 7                          | 21         | 207          | 235          | 19                       | 254          |
| D                          | 1,277             | 93.5%                     | 17                         | 35         | 76           | 128          | 114                      | 242          |
| E                          | 461               | 94.4%                     | 39                         | 52         | 47           | 138          | 39                       | 177          |
| F                          | 380               | 95.1%                     | 67                         | 69         | 54           | 190          | 29                       | 219          |
| G                          | 524               | 96.1%                     | 96                         | 84         | 187          | 367          | 84                       | 451          |
| H                          | 2,040             | 100.0%                    | 1,122                      | 616        | 302          | 2,040        | -                        | 2,040        |
| <b>TOTAL IN 30/06/2002</b> | <b>52,576</b>     |                           | <b>1,349</b>               | <b>882</b> | <b>1,009</b> | <b>3,240</b> | <b>289</b>               | <b>3,529</b> |
| <b>TOTAL IN 31/03/2002</b> | <b>49,546</b>     |                           | <b>1,257</b>               | <b>856</b> | <b>1,124</b> | <b>3,237</b> | <b>243</b>               | <b>3,480</b> |

(1) Of total portfolio.

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

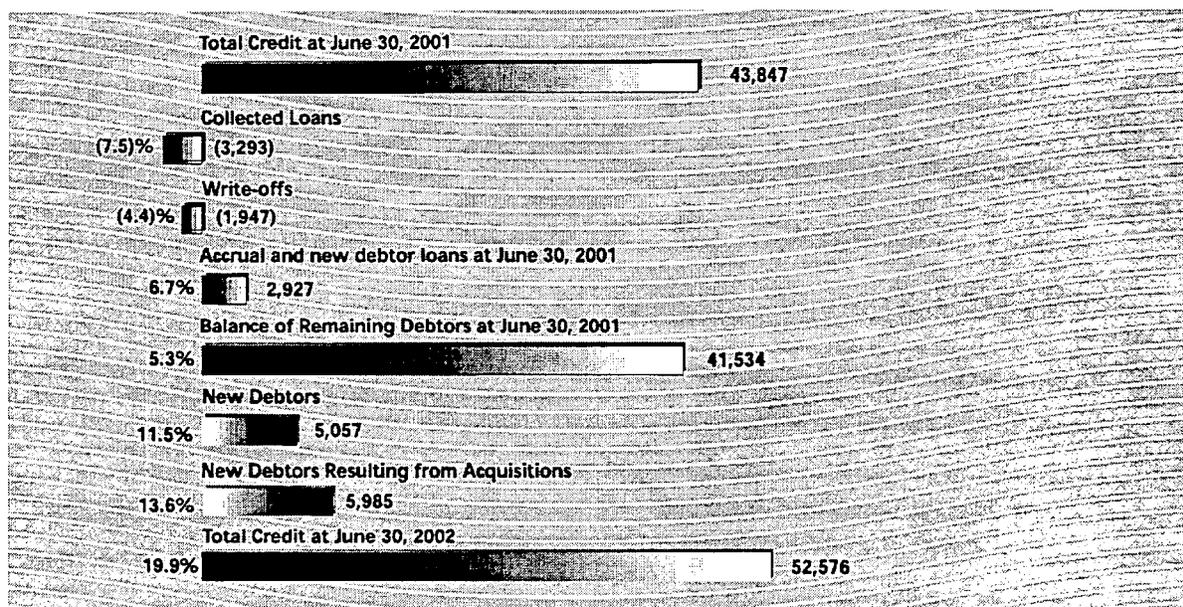
(3) Recorded in accordance with the customer/transaction classification.

(4) The additional provision has been recorded based on management experience and the expected recoverability of the credit portfolio, in order to determine the total provision considered sufficient to cover and global credit risks, associated to the provision calculated in accordance with the risk level classifications and the corresponding minimum provision requirements established by National Monetary Council Resolution 2682. The additional provision by client was classified in the above table and in the corresponding risk levels.

In this context, it is worth to mention that credit transactions of the acquired banks specifically in the 2nd quarter of the year, including Banco Cidade and the remaining balance of Banco Ford portfolio,

totalated R\$ 682 million, representing only 1.3% of the consolidated portfolio, which does not result, if isolated, in any significant change in this analysis.

#### Movement of Portfolio Between June/2001 and June/2002 (in millions of reais)



Data indicating the credit portfolio movement consolidated in the last 12 months, ended in June 2002 are an evidence to the quality improvement of assets, basically due to the new debtors, which

represented an increment of 25.1% out of the total of loans for the period, 13.6% arising from the acquisitions.

## Movement of Portfolio between June/2001 and June/2002

| Risk Level | Remaining Debtors |       | New Debtors Between June 2001 and June 2002 |       | New Debtors Due to Acquisitions at June 2002 |       | Total Assets at June 2002 |       |
|------------|-------------------|-------|---|-------|--|-------|---------------------------|-------|
|            | R\$ millions      | %     | R\$ millions                                | %     | R\$ millions                                 | %     | R\$ millions              | %     |
|            | June 2001         |       | June 2002                                   |       | June 2002                                    |       | June 2002                 |       |
| AA - C     | 37,448            | 90.2  | 4,858                                       | 96.1  | 5,588  | 93.4  | 47,894                    | 91.1  |
| D - H      | 4,086             | 9.8   | 199   | 3.9   | 397  | 6.6   | 4,682                     | 8.9   |
| TOTAL      | 41,534            | 100.0 | 5,057                                       | 100.0 | 5,985  | 100.0 | 52,576                    | 100.0 |

Besides, it is important to point out that the percentage of credit operations classified in normal course (between AA and C) showed an overall improvement, maintaining high levels both in relation to new debtors as well as to the remaining

stock itself and reaching 91.1% in the position as of June 2002 against 87.6% registered by the Financial System, as per data published by the Central Bank on July 24, 2002.

## Concentration of Credit Portfolio

In regards to the portfolio concentration, no significant changes were observed in June 2002 in the

position of the biggest debtors.

| Especificacion            | 2001        |      | 2002        |      | 2002        |      |
|---------------------------|-------------|------|-------------|------|-------------|------|
|                           | R\$ million | %    | R\$ million | %    | R\$ million | %    |
|                           | June        |      | March       |      | June        |      |
| Largest Borrowers         | 510         | 1.2  | 799         | 1.6  | 963         | 1.8  |
| Ten Largest Borrowers     | 3,522       | 8.0  | 4,304       | 8.7  | 4,718       | 9.0  |
| Twenty Largest Borrowers  | 5,548       | 12.7 | 6,733       | 13.6 | 7,231       | 13.8 |
| Fifty Largest Borrowers   | 9,379       | 21.4 | 10,888      | 22.0 | 11,875      | 22.6 |
| Hundred Largest Borrowers | 12,677      | 28.9 | 14,085      | 28.4 | 15,436      | 29.4 |

## Indicators of the Credit Portfolio

In order to allow an evolution follow-up of the Bank credit portfolio, we present a consolidated comparative summary of the relevant parameters,

according to the provision rules established by BACEN (Brazilian Central Bank).

| Items   | In millions of reais |        |        |
|---|----------------------|--------|--------|
|   | 2001                 | 2002   | 2002   |
|   | June                 | March  | June   |
| Total Credit Operations   | 43,847               | 49,546 | 52,576 |
| - Private   | 12,284               | 14,274 | 14,255 |
| - Corporate   | 31,563               | 35,272 | 38,321 |
| Existing Provision  | 2,795                | 3,480  | 3,529  |
| - Specific  | 1,656                | 2,113  | 2,231  |
| - Generic   | 1,042                | 1,124  | 1,009  |
| - Additional  | 97                   | 243    | 289    |
| Existing Provision / Specific Provision (%)                                       | 168.8                | 164.7  | 158.2  |
| Existing Provision / Total Credit Operations (%)                                  | 6.4                  | 7.0    | 6.7    |
| Performing Operations (Levels of Between AA - C) / Total Credit Operations (%)    | 90.7                 | 90.2   | 91.1   |
| Operating under Risk Management (Level D) / Total Credit Operations (%)           | 2.8                  | 2.8    | 2.4    |
| Non Performing Operations (Levels of Between E - H) / Total Credit Operations (%) | 6.5                  | 7.0    | 6.5    |
| Credit Operations (Level D)   | 1,232                | 1,366  | 1,277  |
| Allocated Provision   | 152                  | 237    | 242    |
| Provision/Credit Operations (%)   | 12.3                 | 17.4   | 19.0   |
| Credit Operations (Levels of Between E and H)                                     | 2,848                | 3,485  | 3,406  |
| Allocated Provision   | 2,303                | 2,868  | 2,887  |
| Provision/Credit Operations (%)   | 80.9                 | 82.3   | 84.8   |

The figure behavior up to June 2002 indicates a credit portfolio growth of 19.9% in one year. The main indicators confirm the low risk of credit in our portfolio, based on the comfort that coverage indexes

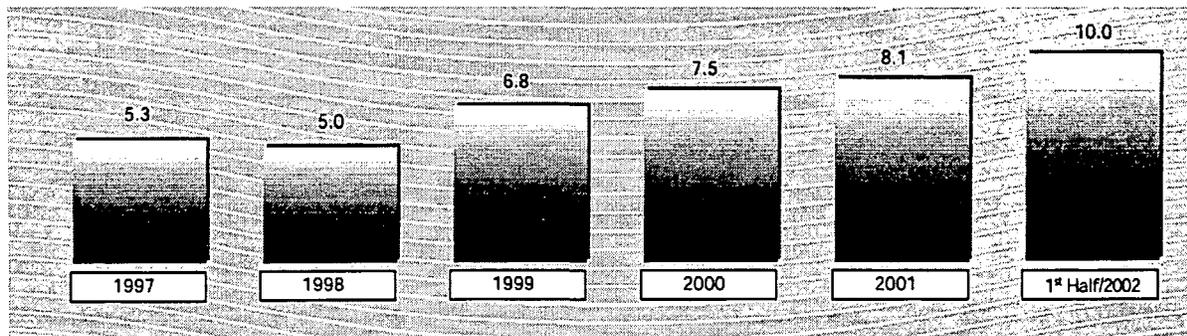
offer. Therefore, it is demonstrated that the strategy of credit assets expansion, including the incorporations performed, is being conducted safely and consistently.

## Funding

### Deposits by Maturity - in millions of reais

| Days to Maturity | 2001          | 2002          |                     |                      |                    | Total         |
|------------------|---------------|---------------|---------------------|----------------------|--------------------|---------------|
|                  | March         | Up to 30 days | From 31 to 180 days | From 181 to 360 days | More than 360 days |               |
| Demand           | 8,126         | 10,005        | -                   | -                    | -                  | 10,005        |
| Savings          | 18,337        | 18,901        | -                   | -                    | -                  | 18,901        |
| Interbank        | 86            | 133           | 6                   | -12                  | 1                  | 152           |
| Time             | 19,385        | 2,506         | 5,573               | 4,134                | 9,578              | 21,791        |
| <b>TOTAL</b>     | <b>45,934</b> | <b>31,545</b> | <b>5,579</b>        | <b>4,146</b>         | <b>9,579</b>       | <b>50,849</b> |

### Demand Deposits (in billions of reais)



### Savings Account

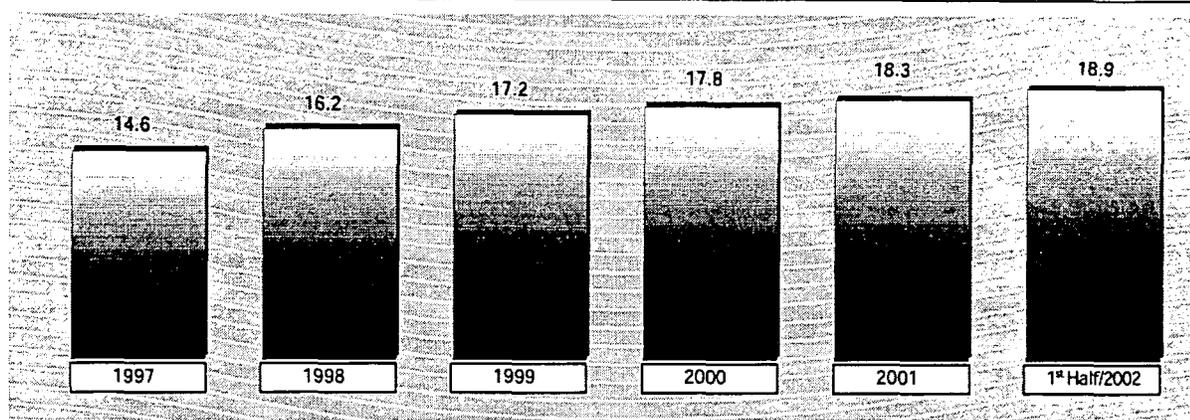


We register that due to the actions taken by Bradesco in relation to Banco BEA S.A., which belongs to the Organization and whose accounts were incorporated on June 10, 2002, we optimize the customer service quality for approximately 200 thousand customers in the state of Amazonas. The clients are now enjoying the comfort offered by our self-service network throughout Brazil, especially holders of savings account who can rely on the advantages of the

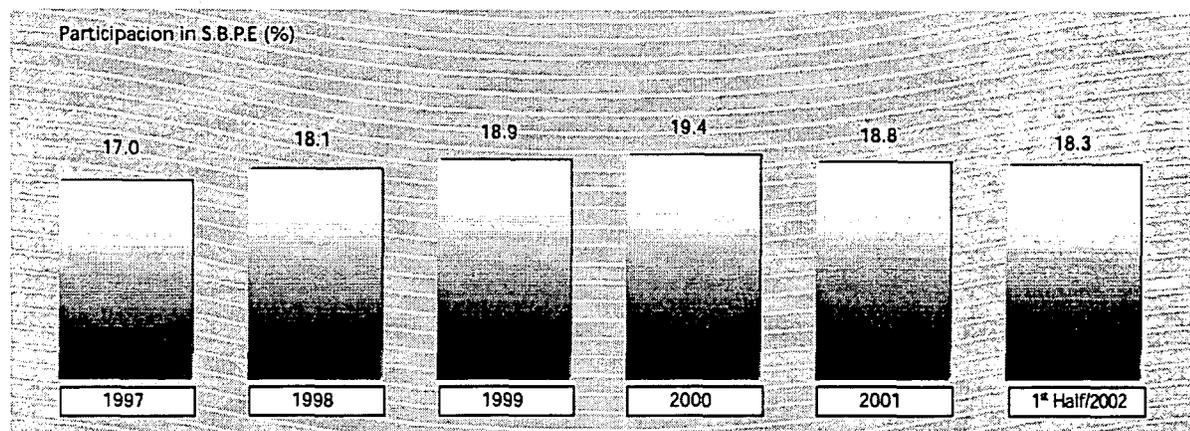
Electronic Card to access the savings account, a service that was not available before the privatization.

The balance of the Savings Account of Organização Bradesco closed the first half of 2002 with R\$ 18.9 billion in deposits, representing 18.3% of market share of SBPE - Sistema Brasileiro de Poupança e Empréstimos

Savings Account Deposits - in billions of reais



Savings Account Deposits - Market Share



# Operating Structure



## Corporate Banking



Three years after the creation of the corporate banking area, Bradesco confirms the success of its segmentation strategy in this market.

Bradesco Corporate Banking is currently responsible for the Bank's relationship with 1,000 economic groups, developing solutions and generating new business for the areas relating to Corporate Finance, Project Finance, Capital Market, Risk Management, Overseas Trade, Cash-Management, Asset Management, Insurance, Private Pension Plan and HR Solutions.

The corporate structure includes industry experts, who are dedicated to understanding risk management and the needs and opportunities of Brazil's most important economic sectors, with teams working in São Paulo, Campinas, Rio de Janeiro, Paraná, Santa Catarina, Rio Grande do Sul, Belo Horizonte, Brasília, Salvador and Recife.

The strategy under focus and the high level of expertise of the team over this period has significantly enhanced relationships and results. The corporate banking area is presently responsible for approximately R\$ 35 billion in managed funds.

## Private Banking



Bradesco Private Banking provides personalized services in the domestic and international markets through its team of specialized professionals, with maximum confidentiality and discretion.

As well as the exclusive nature of its customer relationships, the activities carried out by this area are accredited with ISO9001 Certification.

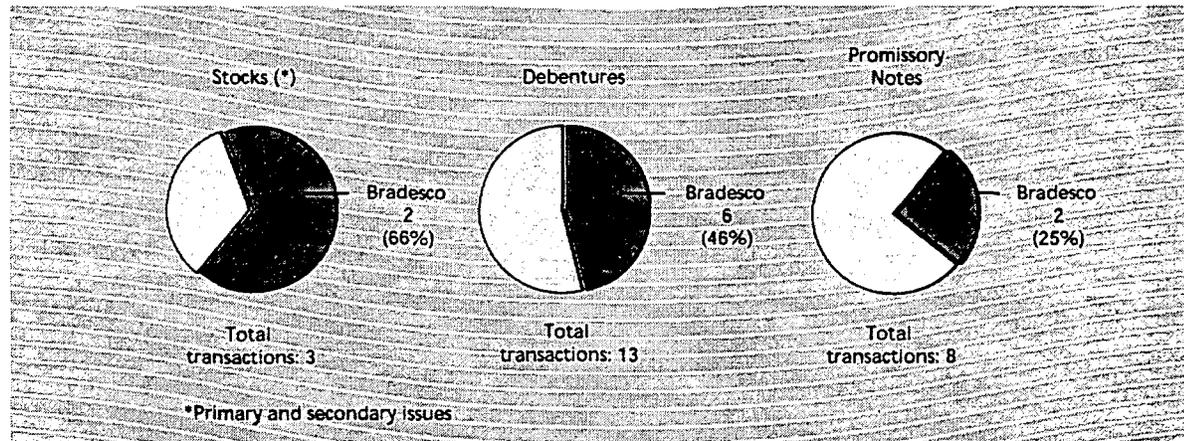
At present, operating in the states of São Paulo and Rio de Janeiro, this area will soon be providing services nationwide.

## Capital Market

### Underwriting Transactions

Bradesco coordinated stock and fixed income transactions up to July 2002, which totaled R\$ 8.5 billion, comprising 73.2% of all issues registered at the Brazilian Securities Commission

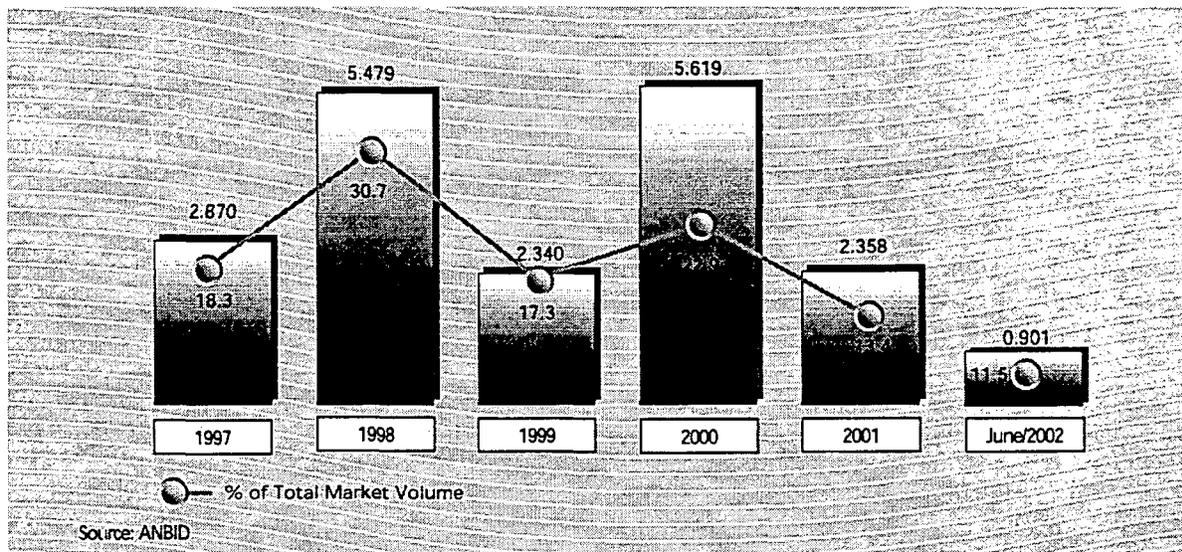
(CVM) for the same period. Special emphasis should also be given to Bradesco's role in coordinating the Secondary Public Offer of the Common Stock of Companhia Vale do Rio Doce, held in March, which totaled R\$ 4.5 billion.



Of the total number of floating and fixed-return transactions registered at CVM up to June 2002, Bradesco participated in 66% of the primary and

secondary stock issues, in 46% of the debenture issues and in 25% of promissory notes issues.

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



**Origination and Distribution - ANBID Ranking - June/2002**

**Origination**

| Stock Ranking (1)        |                 | Fixed Income Ranking (2)        |           | General Ranking (1+2)           |                 |
|--------------------------|-----------------|---------------------------------|-----------|---------------------------------|-----------------|
| 2001                     | June/2002       | 2001                            | June/2002 | 2001                            | June/2002       |
| 1 <sup>st</sup> BES      | CEF             | 1 <sup>st</sup> Unibanco        | Unibanco  | 1 <sup>st</sup> Unibanco        | Unibanco        |
| 2 <sup>nd</sup> Bradesco | UBS Warburg     | 2 <sup>nd</sup> Bradesco        | Bradesco  | 2 <sup>nd</sup> Bradesco        | Bradesco        |
| 3 <sup>rd</sup> Citibank | Itau            | 3 <sup>rd</sup> Itau            | Santander | 3 <sup>rd</sup> Itau            | Itau            |
| 4 <sup>th</sup> Deutsche | Banco do Brasil | 4 <sup>th</sup> Banco do Brasil | Itau      | 4 <sup>th</sup> Banco do Brasil | Banco do Brasil |

**Distribution**

| Stock Ranking (1)        |               | Fixed Income Ranking (2)        |           | General Ranking (1+2)           |           |
|--------------------------|---------------|---------------------------------|-----------|---------------------------------|-----------|
| 2001                     | June/2002     | 2001                            | June/2002 | 2001                            | June/2002 |
| 1 <sup>st</sup> BES      | CEF           | 1 <sup>st</sup> Unibanco        | Unibanco  | 1 <sup>st</sup> Unibanco        | Unibanco  |
| 2 <sup>nd</sup> Bradesco | UBS Warburg   | 2 <sup>nd</sup> Bradesco        | Bradesco  | 2 <sup>nd</sup> Bradesco        | Bradesco  |
| 3 <sup>rd</sup> Citibank | Merrill Lynch | 3 <sup>rd</sup> Itau            | Santander | 3 <sup>rd</sup> Banco do Brasil | Santander |
| 4 <sup>th</sup> Deutsche | Bradesco      | 4 <sup>th</sup> Banco do Brasil | Itau      | 4 <sup>th</sup> Itau            | Itau      |

**Structured Transactions**

Bradesco continues actively prospecting for new business in the structured operations segment, advising companies in merger, acquisition, project finance, corporate restructuring and privatization operations.

Bradesco's presence is also notable in Project Finance transactions, in which it acts as financial advisor to companies with investments in electric power generation and related projects such as the construction of oil and gas pipelines. These projects currently amount to some R\$ 7 billion.

As a result of its outstanding performance in 2001, Bradesco was placed 3<sup>rd</sup> in the ANBID Merger and Acquisition ranking. Up to June 2002, some 7 operations had been concluded.

**ANBID Merger and Acquisition Ranking - Number of Operations**

| Classification  | Institution          | Number of Operations |
|-----------------|----------------------|----------------------|
| 1 <sup>st</sup> | JP Morgan            | 13                   |
| 2 <sup>nd</sup> | CSFB Garantia        | 10                   |
| 3 <sup>rd</sup> | Bradesco             | 7                    |
| 3 <sup>rd</sup> | Salomon Smith Barney | 7                    |

**Foreign Exchange**

**Structure**

The Organization has 18 specialized units operating in Brazil (Bradesco - 12, BCN - 5 and Mercantil - 1), 2 Branches in New York (Bradesco and Mercantil), 4 Branches in Grand Cayman (Bradesco, BCN, Boavista and Mercantil), 1 Branch in Nassau (Boavista), 2 Branches in London (Mercantil), 1 subsidiary in Buenos Aires, Banco Bradesco Argentina S.A., 1 subsidiary in Nassau, Boavista Banking Limited and 2 subsidiaries in Luxembourg, Banco Mercantil de São Paulo International S.A. and Banco Bradesco Luxembourg S.A., 1 subsidiary in Tokyo, Bradesco Services Co., Ltd. and 1 subsidiary in New York Bradesco Securities Inc.

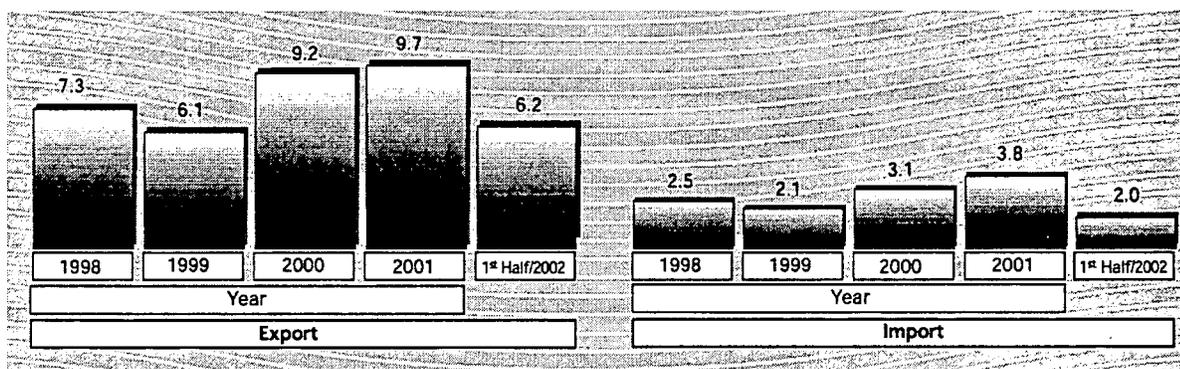
balance of RS 6 billion recorded in the foreign exchange trading portfolio for financing imports and exports, as well as for onlending to customers.

Foreign exchange trading for exports in the first six months of 2002 totaled US\$ 6.2 billion, a growth rate of 31.5% compared to June 2001, and for imports US\$ 2 billion.

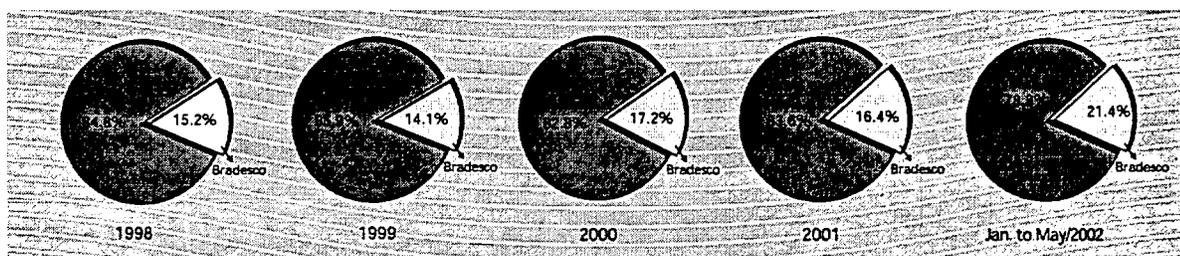
We also highlight in first half of 2002 Advances on Foreign Exchanges Contracts, which totaled a volume of US\$ 6.3 billion, significant increase of 44% compared with the same period in 2001, for an Export Financing Portfolio of some US\$ 3.1 billion, a growth rate of 26% compared to June 2001. Foreign Currency Import transactions totaled a volume of US\$ 704 million at the end of the six-month period.

In the Exchange Area, emphasis should be given to the traditionally important support offered by the Bradesco Organization to foreign trade, with a

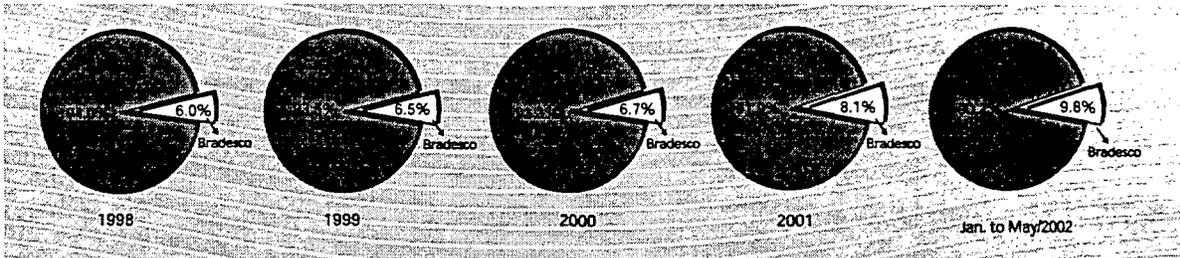
**Volume of Foreign Currency Trade (in billions of U.S. dollars)**



**Export Market**



## Import Market



We present below the composition of the foreign trade portfolio at June 30, 2002:

|   | In millions of<br>U.S. dollars | In millions of<br>reais |
|---|--------------------------------|-------------------------|
| <b>Export financing</b>                             |                                |                         |
| Advance on Foreign Exchange Contracts (ACC)         | 2,216                          | 6,301                   |
| Advance on Export Contracts (ACE)                   | 513                            | 1,459                   |
| Prepayments   | 359                            | 1,021                   |
| Loans according to Export Incentive Program (Proex) | 1                              | 3                       |
| Onlending of funds borrowed from BNDES/EXIM         | 40                             | 114                     |
| Documentary drafts and bills of exchange            | 20                             | 57                      |
| <b>Total export financing</b>                       | <b>3,149</b>                   | <b>8,955</b>            |
| <b>Import financing</b>                             |                                |                         |
| Foreign currency import loans                       | 693                            | 1,971                   |
| Open import credit                                  | 49                             | 139                     |
| Financed imports                                    | 11                             | 31                      |
| <b>Total import financing</b>                       | <b>753</b>                     | <b>2,141</b>            |
| <b>Total export and import financing</b>            | <b>3,902</b>                   | <b>11,096</b>           |

Except for funds obtained through the Commercial Paper program in the United States, the portfolio is financed by credit lines obtained from

correspondent Banks. At the end of the period, approximately 130 American, Asian and European Banks had extended credit lines to Bradesco.

|   | June 30, 2002                            |  |
|---|--|--|
|   | Assets<br>In millions<br>of U.S. dollars | Stockholders' equity<br>In millions<br>of U.S. dollars |
| <b>Foreign Branches and Subsidiaries</b>  |  |  |
| Bradesco New York                         | 706                                      | 134  |
| Bradesco Grand Cayman                     | 3,034                                    | 313  |
| BCN Grand Cayman                          | 526                                      | 118  |
| Boavista Grand Cayman, Nassau and Banking | 751                                      | 36   |
| Mercantil New York                        | 15                                       | 14   |
| Mercantil Grand Cayman                    | 200                                      | 72   |
| Mercantil London                          | 47                                       | 19   |
| Banco Bradesco Argentina                  | 19                                       | 15   |
| Banco Bradesco Luxembourg S.A.            | 39                                       | 34   |
| Banco Mercantil S.P. International S.A.   | 301                                      | 78   |

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

The main activity of the subsidiary Banco Bradesco Luxembourg is to provide additional services to

private banking customers and to increase foreign trade operations.

In the first six months of 2002, as well as the short-term loans obtained from international banks, earmarked for foreign trade financing, an amount of US\$ 483 million was raised through public and

private, medium and long-term placements in the international capital market, which will be

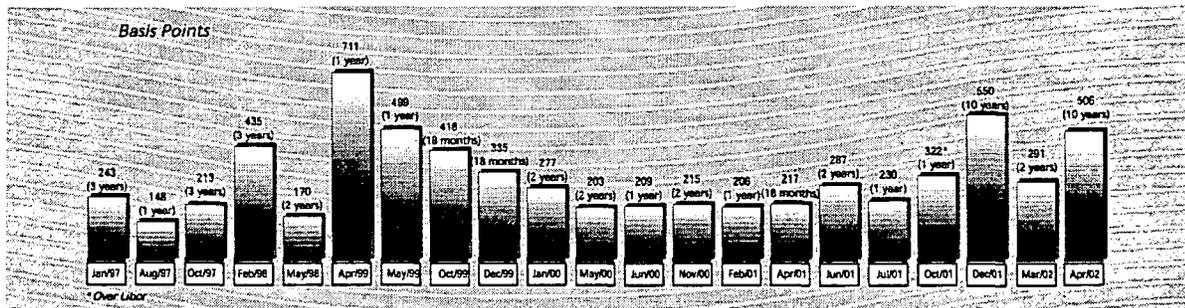
earmarked for working capital loans and foreign trade financing.

Profile of Public and Private Placements Abroad - Bradesco

Funds Obtained Abroad

| ISSUES                                     | CURRENCY | AMOUNT         | DATE ISSUED | MATURITY   |
|--|----------|----------------|-------------|------------|
| <b>2000 - PUBLIC ISSUES - US\$ 950m</b>    |          |                |             |            |
| FxRN                                       | US\$     | 200,000,000.00 | 8/2/2000    | 8/2/2002   |
| FxRN                                       | US\$     | 100,000,000.00 | 12/5/2000   | 13/5/2002  |
| USCP                                       | US\$     | 300,000,000.00 | 19/6/2000   | 18/6/2001  |
| FxRN                                       | US\$     | 200,000,000.00 | 10/7/2000   | 10/7/2001  |
| FxRN                                       | US\$     | 150,000,000.00 | 17/11/2000  | 18/11/2002 |
| <b>- PRIVATE ISSUES - US\$ 250m</b>        |          |                |             |            |
| <b>2001 - PUBLIC ISSUES - US\$ 1.075bn</b> |          |                |             |            |
| FxRN                                       | US\$     | 175,000,000.00 | 22/2/2001   | 22/2/2002  |
| FxRN                                       | US\$     | 100,000,000.00 | 25/4/2001   | 25/10/2002 |
| FxRN                                       | US\$     | 100,000,000.00 | 18/6/2001   | 18/6/2003  |
| USCP                                       | US\$     | 250,000,000.00 | 18/6/2001   | 17/6/2002  |
| FxRN                                       | US\$     | 100,000,000.00 | 24/7/2001   | 24/7/2002  |
| FxRN                                       | US\$     | 200,000,000.00 | 24/10/2001  | 18/10/2002 |
| SUBORDINATED DEBT                          | US\$     | 150,000,000.00 | 17/12/2001  | 15/12/2011 |
| <b>- PRIVATE ISSUES - US\$ 150m</b>        |          |                |             |            |
| <b>2002 - PUBLIC ISSUES - US\$ 433m</b>    |          |                |             |            |
| FxRN                                       | US\$     | 150,000,000.00 | 5/3/2002    | 5/3/2004   |
| SUBORDINATED DEBT                          | US\$     | 133,181,126.13 | 25/4/2002   | 17/4/2012  |
| USCP                                       | US\$     | 150,000,000.00 | 17/6/2002   | 16/6/2003  |
| <b>- PRIVATE ISSUES - US\$ 50m</b>         |          |                |             |            |

SPREAD OVER TBILL

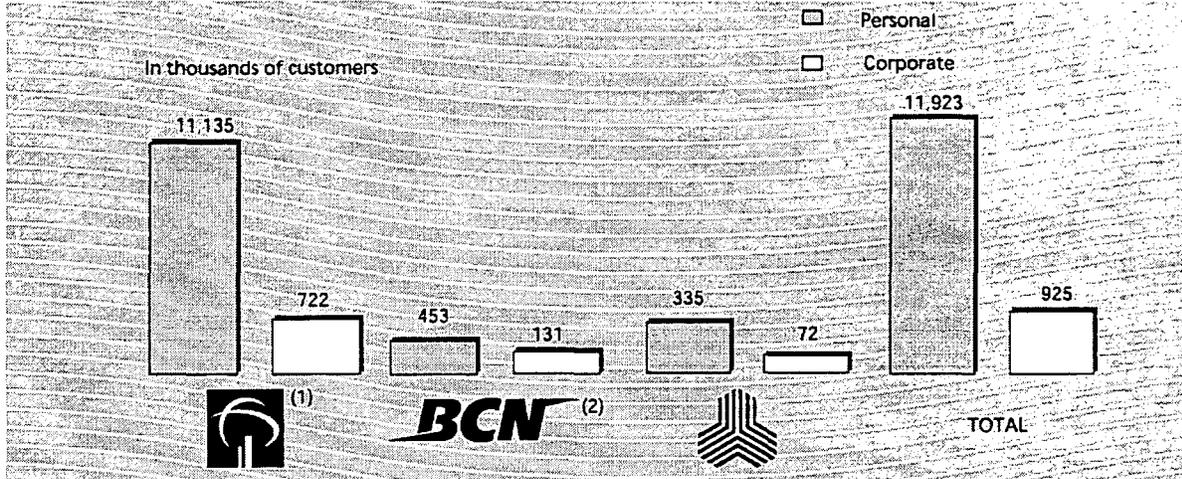


Bradesco has the following programs:

| Type                           | Currency    | Amount               |
|--------------------------------|-------------|----------------------|
| EURO CP PROGRAM (Grand Cayman) | US\$        | 300,000,000          |
| EURO CD PROGRAM (Grand Cayman) | US\$        | 100,000,000          |
| MNT PROGRAM                    | US\$        | 1,500,000,000        |
| USCP                           | US\$        | 150,000,000          |
| TERM LOAN FACILITY             | US\$        | 100,000,000          |
| <b>Total</b>                   | <b>US\$</b> | <b>2,150,000,000</b> |

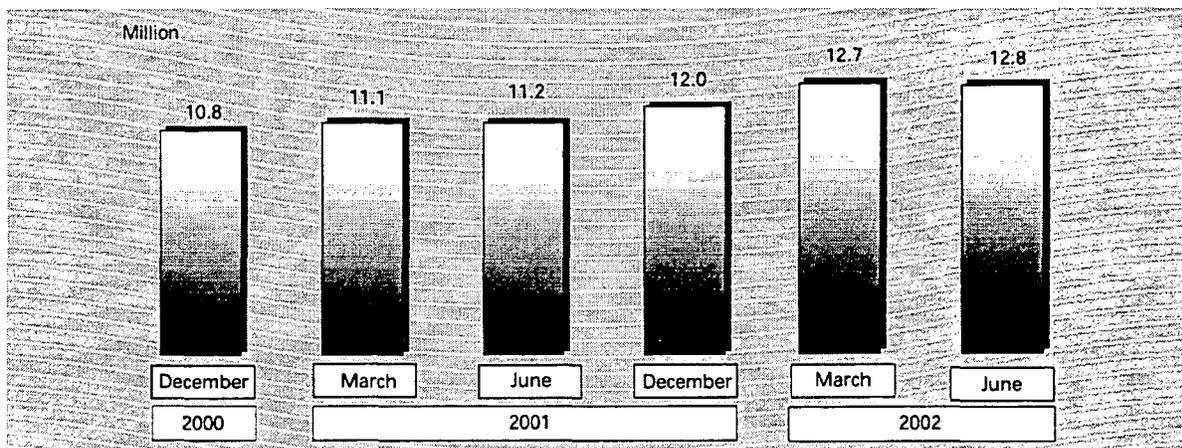
## Checking Accounts

Number of Personal and Corporate Checking Accounts June/2002



(1) Includes Banco BEA customers.  
 (2) Includes Banco Cidade customers.

Increase in Checking Accounts



## Fund and Portfolio Management



**BRAM - Bradesco Asset Management Ltda. - A Company Specialized in the Management of Third-party Funds**

Since 2001, when its operations began, BRAM - Bradesco Asset Management Ltd. has managed third-party funds administered by Banco Bradesco and distributed by BCN and Bradesco, with the purpose of offering products and services that meet the needs and objectives of its customers. BRAM is a result of the consolidation of the professionals and funds administered by Bradesco's Fund and Investment Portfolio Department, BES - Boavista Espírito Santo Distribuidora de Títulos e Valores Mobiliários S.A., BCN Alliance Capital Management S.A., and Bradesco Templeton Asset Management Ltda., whose joint expertise has enabled the company to achieve

greater return to scale and efficiency gains. In the first half of 2002, as well the third-party funds administered by BRAM, the company also managed the funds and investment portfolios acquired from Deutsche Bank Investments DTVM, Banco Mercantil de São Paulo, Banco do Estado do Amazonas (BEA) and Banco Cidade S.A.

BRAM's specialized structure in third-party portfolio management is totally segregated, guaranteeing a 'Chinese Wall' and serving various market segments, including Retail, Corporate, Private and Institutional Investors.

### BRAM receives ISO9001/2000 accreditation

At the 206<sup>th</sup> Meeting of the Accreditation Commission of Fundação Carlos Alberto Vanzolini, on June 28, 2002, approval was given for the Quality System Accreditation of BRAM-Bradesco Asset Management Ltda., in accordance with the following regulations and scope:

Regulation: NBR ISO9001/2000

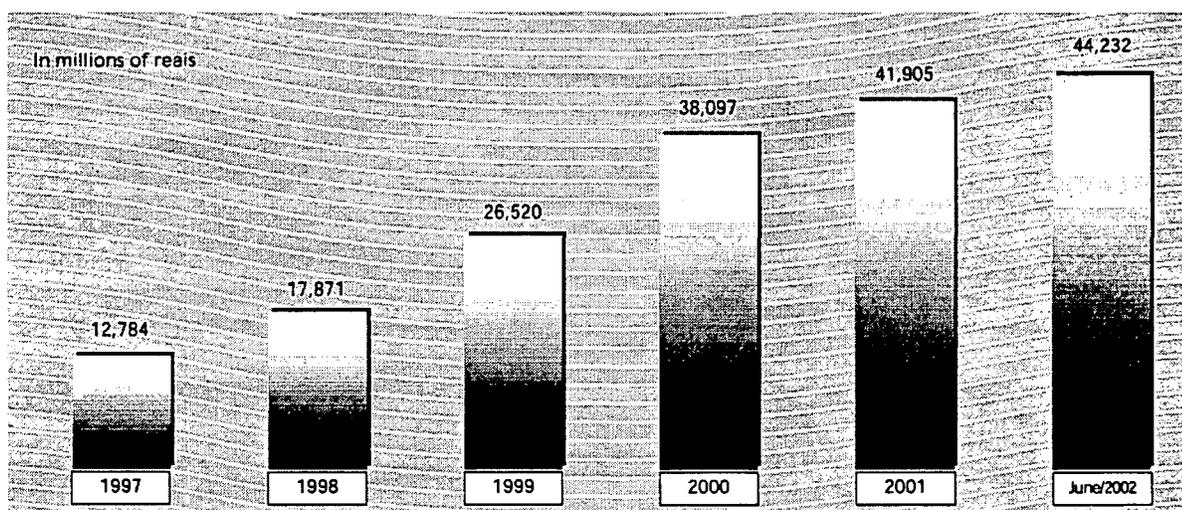
Scope: Third-party Fund Management (Funds and Portfolio) - Retail

Regulation: NBR ISO9001/2000

Scope: Third-party Fund Management (Funds and Portfolio) - Exclusive

|  | Net Assets - In millions of reais |               |               |               |
|--|-----------------------------------|---------------|---------------|---------------|
|  | 2001                              |               | 2002          |               |
|  | March                             | June          | March         | June          |
| <b>Fixed income funds</b>                | <b>39,270</b>                     | <b>38,391</b> | <b>45,659</b> | <b>42,325</b> |
| Bradesco                                 | 36,414                            | 35,647        | 45,308        | 42,001        |
| BCN                                      | 2,001                             | 2,057         | -             | -             |
| Baneb                                    | 86                                | 82            | -             | -             |
| Boavista                                 | 462                               | 281           | -             | -             |
| FAP (Bradesco Previdência e Seguros)     | 307                               | 324           | 351           | 324           |
| <b>Floating rate funds</b>               | <b>1,544</b>                      | <b>1,594</b>  | <b>1,702</b>  | <b>1,907</b>  |
| Bradesco                                 | 1,295                             | 1,356         | 1,702         | 1,907         |
| BCN                                      | 201                               | 197           | -             | -             |
| Baneb                                    | -                                 | -             | -             | -             |
| Boavista                                 | 48                                | 41            | -             | -             |
| <b>Total net assets of Funds</b>         | <b>40,814</b>                     | <b>39,985</b> | <b>47,361</b> | <b>44,232</b> |
| <b>Fixed income customer portfolios</b>  | <b>10,346</b>                     | <b>10,744</b> | <b>13,450</b> | <b>13,141</b> |
| Bradesco                                 | 9,841                             | 10,469        | 13,450        | 13,141        |
| BCN                                      | 484                               | 267           | -             | -             |
| Boavista                                 | 21                                | 8             | -             | -             |
| <b>Floating rate customer portfolios</b> | <b>5,106</b>                      | <b>4,973</b>  | <b>3,641</b>  | <b>3,568</b>  |
| Bradesco                                 | 4,939                             | 4,798         | 3,641         | 3,568         |
| BCN                                      | 33                                | 25            | -             | -             |
| Boavista                                 | 134                               | 150           | -             | -             |
| <b>Total net equity of portfolios</b>    | <b>15,452</b>                     | <b>15,717</b> | <b>17,091</b> | <b>16,709</b> |
| <b>Total</b>                             | <b>56,266</b>                     | <b>55,702</b> | <b>64,452</b> | <b>60,941</b> |

### Assets under Management



Funds

| Institution | Numbers of Funds        |                   |   | Number of Quotaholders  |                   |   |
|-------------|-------------------------|-------------------|---|-------------------------|-------------------|---|
|             | Fixed Income Securities | Equity Securities | Total<br>(fixed income + equity securities) | Fixed Income Securities | Equity Securities | Total<br>(fixed income + equity securities) |
| Bradesco    | 235                     | 53                | 288   | 1,152,949               | 1,297,242         | 2,450,191                                   |

Portfolio

| Institution | Number of Portfolios | Number of Portfolio Customers |
|-------------|----------------------|-------------------------------|
|             | Total                | Total                         |
| Bradesco    | 172                  | 170                           |

Collection and Tax and Utility Collections

Corporate Collection

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

Bradesco Computer-recorded Collection, transmitting and receiving data on a direct computer-to-computer basis, relies on one of the most advanced banking technology systems available, offering important productivity gains to companies by permitting the streamlining of services. The available services include electronic collection (computer-recorded), which permit user companies to consult information online. This system processes approximately 97% of all documents recorded in the Bradesco collection portfolio.

Pag-for Bradesco facilitates the management of Trade Accounts Payable for more than 32 thousand companies.

Tax and Utility Collections

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

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

|   | In billions of reais |                      |                      |                      |                      |                      |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|   | 2001                 |                      |                      | 2002                 |                      |                      |
|   | 1 <sup>st</sup> Qtr. | 2 <sup>nd</sup> Qtr. | 1 <sup>st</sup> Half | 1 <sup>st</sup> Qtr. | 2 <sup>nd</sup> Qtr. | 1 <sup>st</sup> Half |
| Corporate collections (*)                     | 145.9                | 152.1                | 297.9                | 144.4                | 137.3                | 281.7                |
| Pag-for                                       | 29.0                 | 34.0                 | 63.1                 | 42.2                 | 50.7                 | 92.9                 |
| Corporate collections + Pag-for               | 174.9                | 186.1                | 361.0                | 186.6                | 188.1                | 374.7                |
| Taxes   | 14.2                 | 15.2                 | 29.4                 | 17.3                 | 16.5                 | 33.8                 |
| Water, Electric Power (a), Telephone, Gas (a) | 2.6                  | 2.7                  | 5.2                  | 2.8                  | 3.0                  | 5.8                  |
| Social Security payments                      | 2.4                  | 2.6                  | 5.0                  | 2.9                  | 3.0                  | 5.9                  |
| Tax and utility collections                   | 19.2                 | 20.5                 | 39.6                 | 23.0                 | 22.5                 | 45.5                 |

Number of transactions (million)

|   | 2001                 |                      |                      | 2002                 |                      |                      |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|   | 1 <sup>st</sup> Qtr. | 2 <sup>nd</sup> Qtr. | 1 <sup>st</sup> Half | 1 <sup>st</sup> Qtr. | 2 <sup>nd</sup> Qtr. | 1 <sup>st</sup> Half |
| Corporate collections (*)                     | 165.0                | 165.5                | 330.5                | 158.6                | 160.7                | 319.4                |
| Pag-for                                       | 10.5                 | 12.0                 | 22.5                 | 14.1                 | 15.8                 | 29.9                 |
| <b>Corporate collections + Pag-for</b>        | <b>175.5</b>         | <b>177.5</b>         | <b>353.0</b>         | <b>172.7</b>         | <b>176.6</b>         | <b>349.3</b>         |
| Taxes   | 13.3                 | 12.1                 | 25.4                 | 13.7                 | 11.3                 | 25.0                 |
| Water, Electric Power (a), Telephone, Gas (a) | 25.3                 | 24.8                 | 50.1                 | 25.6                 | 26.2                 | 51.8                 |
| Social Security payments                      | 10.5                 | 11.1                 | 21.7                 | 11.7                 | 11.6                 | 23.3                 |
| <b>Tax and utility collections (b)</b>        | <b>49.1</b>          | <b>48.0</b>          | <b>97.2</b>          | <b>51.0</b>          | <b>49.1</b>          | <b>100.1</b>         |

(\*) Total movement (funds obtained, write-offs, credits, etc.).

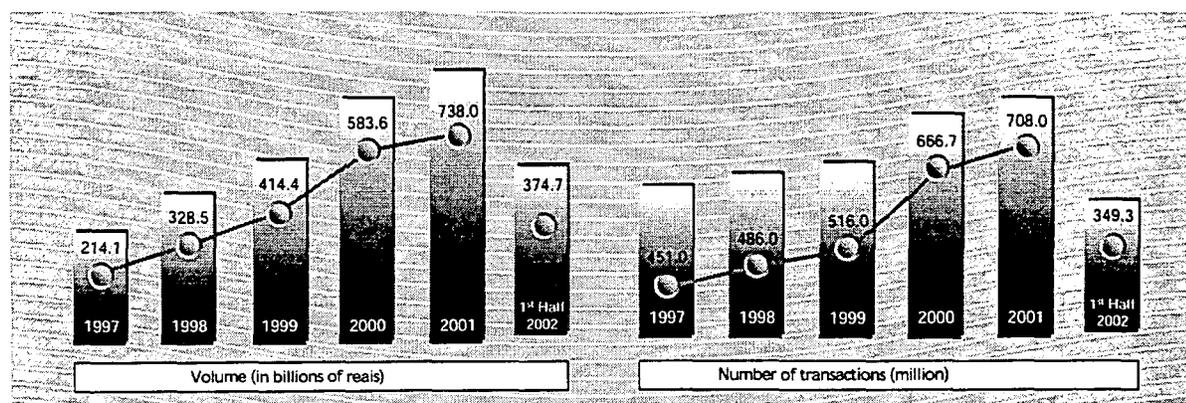
(a) Payment via direct debit.

23.259 million - January to June/2001

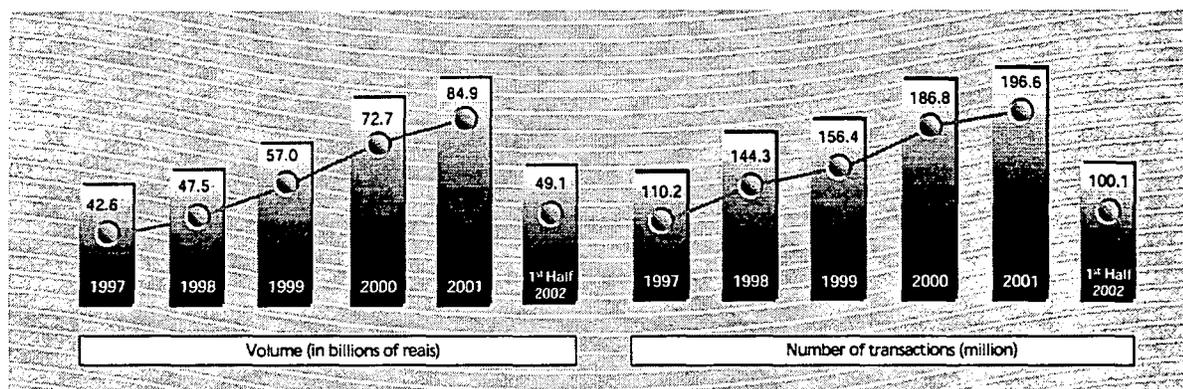
24.610 million - January to June/2002

(b) Total beneficiaries: more than 3.379 thousand retirees and pensioners (corresponding to 16.8% of all those registered with the Brazilian Institute of Social Security - INSS).

Growth in Collections and Pag-for



Growth in Tax and Utility Collections/Payments



Cards (million)



|                                      | 2001                 |                      |                      | 2002                 |                      |                      |
|--------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|                                      | 1 <sup>st</sup> Qtr. | 2 <sup>nd</sup> Qtr. | 1 <sup>st</sup> Half | 1 <sup>st</sup> Qtr. | 2 <sup>nd</sup> Qtr. | 1 <sup>st</sup> Half |
| <b>Number of Cards</b>               | <b>25.2</b>          | <b>26.6</b>          | <b>26.6</b>          | <b>30.6</b>          | <b>31.8</b>          | <b>31.8</b>          |
| Credit                               | 4.3                  | 4.4                  | 4.4                  | 5.0                  | 5.3                  | 5.3                  |
| Debit                                | 20.9                 | 22.2                 | 22.2                 | 25.6                 | 26.5                 | 26.5                 |
| <b>Avg. transaction amount - R\$</b> | <b>2,098.0</b>       | <b>2,188.0</b>       | <b>4,286.1</b>       | <b>2,609.8</b>       | <b>2,802.3</b>       | <b>5,412.1</b>       |
| Credit                               | 1,615.0              | 1,637.6              | 3,252.8              | 1,814.6              | 1,945.3              | 3,759.9              |
| Debit                                | 483.0                | 550.3                | 1,033.3              | 795.2                | 857.0                | 1,652.2              |
| <b>Number of transactions</b>        | <b>41.6</b>          | <b>43.7</b>          | <b>85.3</b>          | <b>51.3</b>          | <b>54.9</b>          | <b>106.2</b>         |
| Credit                               | 29.0                 | 29.2                 | 58.2                 | 30.4                 | 32.3                 | 62.7                 |
| Debit                                | 12.6                 | 14.5                 | 27.1                 | 20.9                 | 22.6                 | 43.5                 |

Bradesco is the largest Visa card issuer in Brazil, with 43.5% of the card base and 24.8% of sales, and is also one of the country's largest independent Credit Card issuers. Its portfolio includes different types of products and services under the Visa and MasterCard banners designed to serve all income brackets of the Brazilian population. Bradesco provides products and services across various market segments, offering from the "Visa Fácil" Card to the recently launched Bradesco Infinity Card, with credit limits in line with the specific needs of each segment.

BCN and Finasa also provide VISA and MasterCard products and services and, in addition, BCN offers products and services under the American Express banner.

The process to transform all Bradesco Instant Banking cards into Multiple Banking cards offering both debit and credit functions began in 1999, facilitating the payment of purchases made in establishments comprising the Visa Electron network in Brazil and withdrawals from the Visa Plus Network abroad.

The Debit Card Electron function offers a number of advantages for the market, including decreased

operating-area costs resulting from the substitution of checks by electronic transactions, fewer ATM withdrawals and reduced credit risk for establishments. Bradesco gains the benefit of the interchange rate on purchases.

Billings for the period from January through June 2002 totaled R\$ 5.4 billion, corresponding to an increase of 26% over the same period in 2001 and a growth rate of 24% in the number of transactions.

In keeping with its strategy of ongoing technological innovation, Bradesco is substituting its magnetic-strip cards for chip-embedded smart cards which contain a microcircuit guaranteeing holders greater security and speed in their transactions and offering an increased range of functions, including Visa Cash (an electronic wallet).

#### Visa Vale

Bradesco, together with Visa and other banks who are also Visanet partners, signed a Statement of Principles for the incorporation of "Visa Vale", a joint venture that will operate in the benefits voucher business (meal vouchers, food vouchers and others) providing new and alternative market products.

#### Fidelity-building Programs

**Smart Club** - this is a multi-fidelity program developed in association with Brazil's major companies, through which Smart Club members are awarded points which can be transformed into prizes. When members purchase products and/or services from accredited companies and make the corresponding payments using a Bradesco Credit Card, they receive a double reward from both the accredited company and from Bradesco.

**Smiles** - this is a rewards program, in which members accumulate miles whenever they pay bills using the Bradesco Gold Credit Card, which can be exchanged for VARIG airline tickets and those of other program partner companies.

**TAM** - this is a co-branded program, managed by BCN, which accumulates points (miles) based on the

use of the BCN Credit Card.

**Continental Airlines** - this is a co-branded program, managed by Banco Mercantil Finasa, which accumulates points (miles) based on the use of the Finasa Credit Card.

The network of commercial establishments accredited by the Visa system in Brazil is administered by Companhia Brasileira de Meios de Pagamentos - Visanet, in which Bradesco has an indirect capital holding of 39.2%. In the first six months of 2002, Visanet posted sales of R\$ 18.4 billion.

Bradesco and BCN Credit Cards are accepted throughout the International Visa Network, comprising more than 19 million establishments and electronic cash-points in 249 countries.

**Historical Data:**

- 1968 - Bradesco Credit Card launched - the first Credit Card in Brazil.
- As from 1991, already associated with Visa International, Bradesco began to issue cards that were also valid abroad.
- In 1993, Bradesco launched the first Visa Affinity and Co-branded Cards. Presently, it has more than 76 Bradesco, Affinity and Co-Bradesco Credit Card Groups.
- In 1995 - Acquire Visanet was launched, together with other Banks and Visa.
- In September 1996, Bradesco also began issuing the Bradesco Card with the Mastercard brand.
- In June 1999 - Bradesco launched the Bradesco Visa Electron card.
- In August 1999, Bradesco issued the first chip Visa Cards in Brazil, the so-called Smart Cards, demonstrating its commitment to constant innovation.
- In May 2001, Bradesco launched the chip Mastercard.
- In November 2001, Bradesco launched the "Bradesco Infinity" card.

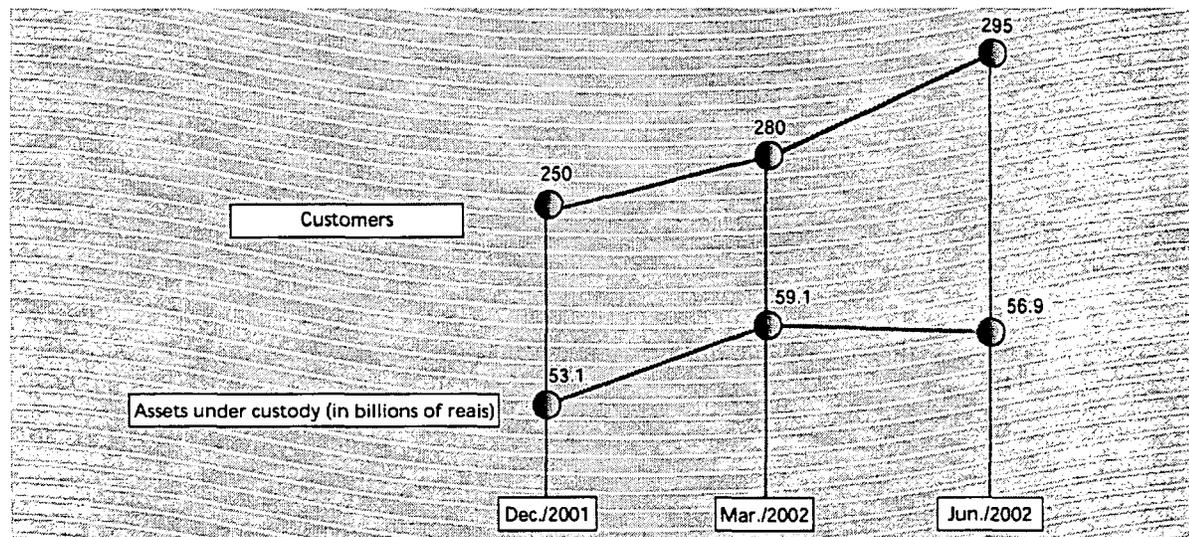
**Stock, Custody and Controllership Services**

With an appropriate infrastructure and specialized personnel, Bradesco offers its customers the following services: custody of securities, controllership, DR - Depository Receipt and BDR -

Brazilian Depository Receipt, as well as bookkeeping services for stocks, Debentures and Investment Fund Quotas.

- 178 companies comprise the Bradesco Computer-registered Share System, with 5.6 million stockholders;
- 28 companies with Computer-registered Debentures, issued in a total of R\$ 8.8 billion;
- 295 customers use the Bradesco Custody services, with total assets of R\$ 56.9 billion;
- 468 Investment Funds and Managed Portfolios, with Controllership services and equity of R\$ 71.1 billion;
- 12 Computer-registered Investment Funds, with a market value of R\$ 1 billion;
- 10 Registered DR Programs, with a market value of R\$ 9 billion; and
- 02 Registered BDR Programs, with a market value of R\$ 822.1 million.

Customers using custody services x assets under custody

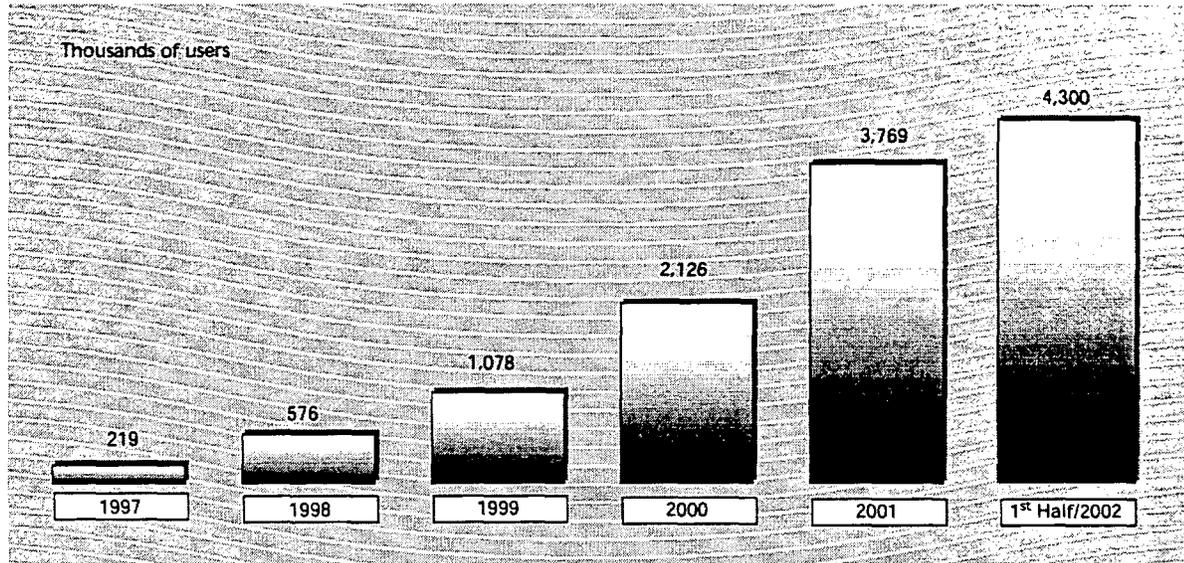


Distribution Channels

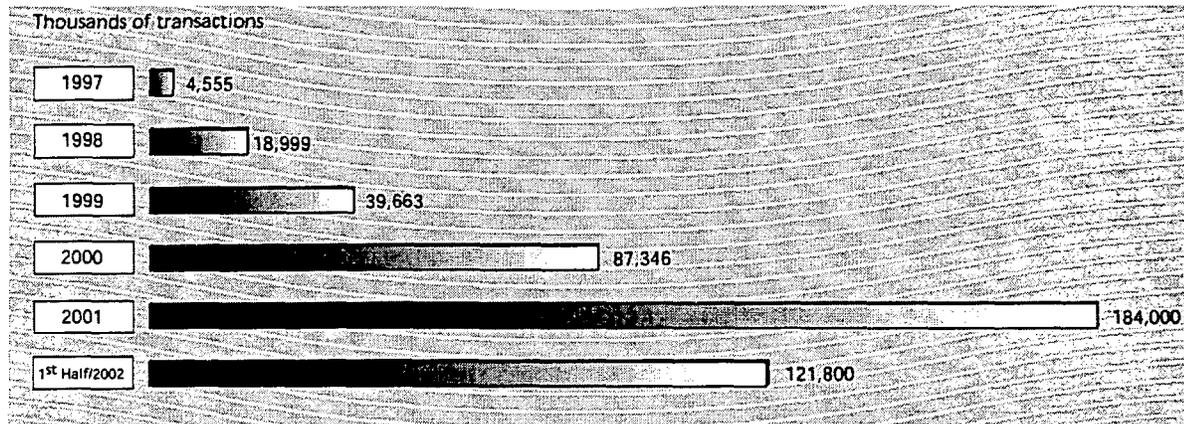
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## Internet and Web-based Products

### Internet Banking - Users



### Internet Banking - Transactions



### Bradesco Online

#### Background

Recognized as one of the world's most innovative companies (Bill Gates, *Business @ the Speed of Thought*), Bradesco is renowned for predicting trends and anticipating its customers' demand for new products and services.

Cutting-edge technology is a constant presence in the Bank's day-to-day business. Bradesco was the first Brazilian bank to use magnetic-strip cards, introducing the concept of technology as a means of adding convenience to people's everyday lives.

The use of new technologies to provide quicker, more reliable and efficient banking services is an integral part of its present strategy, with the internet as the vanguard of these efforts.

In 1995, the Bank launched Brazil's first dot.com and, in 1996, it became the first Brazilian bank to carry out online banking transactions.

In 1998, Bradesco terminated its direct access Home Banking service, providing account access via the Internet for all its personal banking customers.

And these pioneer actions didn't stop there. The strategy is to continue innovating, ensuring that Bradesco is always first off the mark.

### Bradesco Internet Banking

Online since May 31, 1996, Bradesco Internet Banking ([www.bradesco.com.br](http://www.bradesco.com.br)) soon became a worldwide reference for Home Banking and is currently ranked third largest digital bank in the world.

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 relations channel, adding value to both customers and stockholders.

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

At present, Bradesco Internet Banking offers its customers more than 203 different services, which can be accessed 24 hours a day, seven days a week.

### Main Available Services

|                                 |   |
|---------------------------------|---|
| Balances and Statements         | <ul style="list-style-type: none"> <li>- Current Account/Saving Accounts</li> <li>- Statements: Summarized, or in Detail by Period</li> <li>- Credit Card: Consultations, Statements, Revolving Credit</li> <li>- Investments</li> </ul>                                      |
| Payments/Scheduling of payments | <ul style="list-style-type: none"> <li>- Dockets</li> <li>- Public Utility Bills</li> <li>- Taxes, Fees and Contributions</li> <li>- Mobile Phone Credits - Micropayments</li> <li>- Direct Debit</li> </ul>  |
| Transfers                       | <ul style="list-style-type: none"> <li>- Between Bradesco Accounts</li> <li>- Other Banks - DOC D and DOC E</li> <li>- Donations</li> </ul>   |
| Requests                        | <ul style="list-style-type: none"> <li>- Checkbooks</li> <li>- Copies of Documents</li> </ul>   |
| Other                           | <ul style="list-style-type: none"> <li>- Income Tax Return</li> <li>- Financial Planning</li> <li>- Financial Investments</li> <li>- Re-issue of payment receipts</li> <li>- Travellers Checks</li> <li>- Toll Cards (Chip Card Credits)</li> <li>- Personal loans</li> </ul> |

**Bradesco Internet Banking - Individual Customers** reported the following results at the end of 1<sup>st</sup> half of 2002:

- 4.3 million registered customers.
- 121.8 million transactions.
- 46% increase in the number of transactions compared to first-half results for 2001.
- R\$ 4.7 billion in financial volume.

**ShopInvest Bradesco**

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

Through ShopInvest, investors can access pertinent 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.

Customers demand for new options in the financial market, following the launching of Banco Bradesco's Investment site, resulted in the incorporation of all of the Bank's products into this new business channel.

ShopInvest is characterized by its diversity of investments. Today there are nine Investment Rooms:

|                                   |   |
|-----------------------------------|---|
| Shares                            | As well as advice on the capital market, customers can trade in Bovespa, carrying out simulations or purchase and sale transactions with access to indices and prices.  |
| Saving Bonds                      | Customers or non-customers can purchase Savings Bonds and keep track of lottery results, lists of winners, as well as viewing the online Comparative Bonds Table.   |
| CDB - Certificate of Bank Deposit | Time deposit certificates, issued by investment and commercial banks earning pre or post-fixed remuneration. Profitability on the one hand and liquidity on the other.  |
| Funds                             | Fixed, variable or mixed-income funds to satisfy all types of customer profiles, from conservative to aggressive, with easy monitoring of current and accrued earnings. The service offers funds with daily liquidity, DI-60 days, DI-90 days, Mixed Funds, Overseas Investment Funds and share funds among others.   |
| Real State                        | Among the various investment options available, the real-estate room provides information on a number of Bradesco Real Estate Financing plans, plan simulations and advice on home purchasing, financing terms, proposals and related FAQ, as well as online access to Bradesco properties available for sale. In this room, the purchase of available properties can be made by completing an online proposal which is then sent directly to the Bank. |

|  |   |
|--|---|
| BM&F - Futures and Commodities Exchange  | Offers information on the history of the derivatives market, the principles of the futures market, on how to operate in this market, strategies, contracts, indexes and current prices.   |
| Savings Accounts                         | In this room, investors can check indices and profitability and learn how to invest the advantages of "Poupança Fácil Bradesco" (Bradesco Easy Savings), "Poupança Programada Bradesco" (Bradesco Programmed Savings), "PoupCard" (Savings Card) and consult the FAQ on Savings Accounts and Profitability. |
| (Life and Pensions) "Vida e Previdência" | Everything investors need to know about planning a care-free retirement. Customers can purchase the Bradesco FAPI plan and verify its advantages.   |
| Insurance                                | This room offers information on Auto, Home, Life, Health and Property insurance as well as online prices, etc.  |

As a result of these strategic investment options, ShopInvest recorded the following significant results at the end of the first six-month period of 2002:

- 498 thousand registered users.
- 142 thousand transactions corresponding to a 39.3% increase over the results recorded at the end of the same period in 2001.
- R\$ 674 million in financial volume.

#### ShopCredit

In May 2001, Bradesco launched ShopCredit ([www.shopcredit.com.br](http://www.shopcredit.com.br)), a Financing and Loan website which offers a complete portfolio of Bradesco's credit lines. The products are grouped together for purchase by individual or corporate customers with full details on each option and visitors can use a simulator to calculate amounts and terms in the Personal Credit, Direct Consumer Credit, Leasing, Housing loans and Finame (Moderfrota, Prefixado and Proleite) modes.

Visitors to this site can also request personal loans quickly and securely.

ShopCredit results for the 1<sup>st</sup> 2002 half were as follows:

- 180 thousand transactions/operations carried out.
- R\$ 51 million in financial volume.

#### 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 site, companies can operate bank accounts, make payments and collections and perform other transactions without having to visit a bricks and mortar branch. The transactions are conducted on-line via Internet.

At the end of the first six-month period of 2002, Net Empresa posted the following results:

- 37,726 registered companies, with 24,196 in operation.
- 598 thousand transactions/operations conducted.
- R\$ 1.1 billion in financial volume.

Considering the total volume of transactions carried out via dial-up corporate systems, 332 thousand companies used Bradesco in a total number of 172 million transactions.

### 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 online shopping method.

Bradesco is the only Bank in the world to date to receive ISO9000 accreditation for its Online Commercial Payment Methods.

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

There are currently 1,227 stores operating with Bradesco Online Payment Methods.

At the end of the first half of 2002, B2C posted the following results:

- 6.8 million transactions/sales recorded.
- R\$ 521 million in financial volume.

### B2B (Business to Business)

In the B2B area, emphasis should be given to the business solution 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 Bradesco B2B Payment Methods:

- Online Docket.
- Electronic Wallet (Credit Cards).
- Financing Lines.

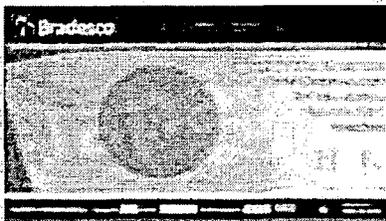
Through its B2B process partnerships, Bradesco will operate via Bradespar as financial intermediary in the following portals:

- ProMedical.
- Estrutura.net.

### Events that Marked the First Six Months of 2002

#### Site Nikkei

([www.bradescocambio.com.br/index\\_dekasegui.html](http://www.bradescocambio.com.br/index_dekasegui.html))



Visitors to this site can obtain information on the services provided by Bradesco Services Co. Ltda. to Brazilians who live and work in Japan. Money order forms can be viewed and a summary of the latest foreign exchange rates is available for download. Visitors can also consult the status of money orders sent to account and non-account holders in Brazil. The site also informs Japanese Post Office business hours, the address of the Brazilian Embassy in Tokyo and other information of interest in Portuguese or English.

#### "Vale do Rio Doce" ShopInvest Funding Campaign

In March, Bradesco launched a campaign to stimulate its Internet Banking and ShopInvest users to increase their capital through the purchase of shares issued by Vale do Rio Doce. The campaign was a success and increased the volume of ShopInvest transactions by more than 80%.

Business Standard Magazine Awards –  
April 2002

Bradesco Internet Banking was considered best in Brazil according to a survey carried out for Business Standards magazine by the Research Institute of the Getúlio Vargas Foundation - SP.

IBest 2002 – May 2002

Bradesco received 11 prizes at the iBest 2002 internet awards and was voted overall champion at the awards ceremony with the following winning sites:

Fourth time champion in the category iBest Grand Prix - Brazil's most important internet site: Bradesco - Popular vote and iBest Academy vote

Sixth time champion in the Bank site category: Bradesco - Popular vote and iBest Academy vote

iBest SP Regional: Bradesco - Popular vote

Third time champion in the Financial Services category: ShopInvest - Popular vote

Social Activities Category: Bradesco Foundation - Popular vote

Insurance Companies: Bradesco Seguros - Popular vote and iBest Academy vote

iBest Revelation: Bradesco Seguros - Popular vote

iBest Marketing Campaign: Bradesco

*Executivos Financeiros* magazine  
Awards – June 2002

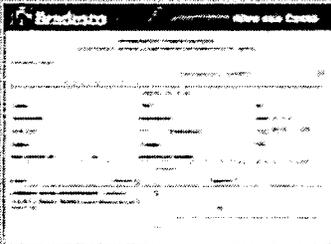
Best Investment site - ShopInvest

Best Mobile Banking project - Bradesco Mobile Banking

Online Sale of Travelers Checks in Yens  
([www.bradesco.com.br](http://www.bradesco.com.br))

In June, Bradesco was the first Brazilian Bank to offer the sale of Travelers Checks in Yens via Bradesco Internet Banking.

Launching of the new Online Account  
Opening Option ([www.bradesco.com.br](http://www.bradesco.com.br))



In May, Bradesco presented its new online Account Opening system. This is a modern and user-friendly module whereby proposals can be completed and forwarded online to the branch chosen by the customer. The new layout offers a choice of the type of account to be opened (personal or corporate) location of the visitor's nearest branch by zip code search and an online proposal form ready for completion. In just one month 5 thousand proposals have been received.

First Property Auction for Major  
Investors

In May and June, Bradesco carried out its first Property Auction via ShopInvest ([www.shopinvest.com.br](http://www.shopinvest.com.br)) for Major Investors. The website announcing the auction recorded 23 thousand hits over a one-month period. Results were significant with 100% of the properties sold for amounts above the required minimum bid and the majority were sold at sight.

Bradesco, a symbol of innovation in Brazil

| 1995                              | 1996  | 1997  | 1999  | 2000  | 2001  | 2002   |
|-----------------------------------|---|---|---|---|---|--|
| 1 <sup>st</sup> dot.com in Brazil | 1 <sup>st</sup> Internet Banking service outside of the USA | 1 <sup>st</sup> Brazilian Online Commerce Service (B2C/C2C)   | 1 <sup>st</sup> Brazilian Bank to offer free online internet access | 1 <sup>st</sup> WAP<br>WEB Point<br>1 <sup>st</sup> ISO9002 ShopInvest  | 3 <sup>rd</sup> Largest Bank on the Internet in the World (*)<br>1 <sup>st</sup> Micropayment service | 1 <sup>st</sup> Bank to offer the Online Sale of Travellers Checks in Yens |
|                                   | 1 <sup>st</sup> to offer Investments (Funds)                | 1 <sup>st</sup> to offer State tax payment services in Brazil | Internal Procurement System   | 1 <sup>st</sup> ISO9002 Online Payments Methods (B2C)<br>1 <sup>st</sup> ISO9002 Internet Banking for the Visually Impaired |   |  |

(\*) Source: Cluster Consulting

Other Services

 Bradesco Internet Banking for the Visually Impaired

This product permits visually impaired costumers to operate the computer by themselves and interact with Bradesco online, carrying out consultations and transactions, including even the most complex transfer and bill payments. At the end of the first half of 2002, Internet Banking for the Visually Impaired had 2,590 registered users.

 Web Point

Web Point is a self-service terminal designed to provide access to the services offered by Bradesco Interbank Banking. The service targets large-sized companies, such as business centers and hotels, reducing the need for employees and clients without internet access to visit a bricks and mortar post or branch. At present, there are 120 web point terminals installed.

 Bradesco Net Express

Bradesco Net Express uses Internet resources to connect corporate networks to Bradesco's Internet Banking service. The Bradesco Net Express software consists of a browser with a cryptographic key ensuring that all data transmissions are secure. The product provides controlled direct access to Bradesco Internet Banking services in 15-minute sessions designed to maximize the security and speed of the information transmitted. At the end of the first half of 2002, Bradesco Net Express posted the following results:

- 5.1 million transactions.
- 2.6 million accesses
- 1.734 companies connected.

 Infoemail

Infoemail is a free service through which customers can schedule the receipt by e-mail, of balance information, account statements, financial market news and stock prices. At the end of the first half of 2002, this service had 100,950 registered users.

 Infocelular

Using the free Infocelular service, customers can set up their text-enabled digital mobile phones to display account balance information as required. At the end of the first half of 2002, this service had 2,571 registered users.

 Customized Internet Banking

Bradesco Internet Banking users can customize access as desired, establishing at what time and on which days they wish to use the service, maximizing the system's security and credibility.

|   |   |
|---|---|
|  Alô Bradesco        | <p>The Bradesco website offers an online communication channel through which customers can clarify doubts and send suggestions or complaints relating to all Bradesco's products and services.</p>  |
|  Donations           | <p>With the social area in mind, Bradesco's Internet Banking site offers customers the opportunity to make donations to a number of different philanthropic entities and institutions.</p>  |
|  WEBTA               | <p>Through this system launched on September 15, 2000, data files can be transmitted over the internet with maximum security.</p>   |
|  Easy Payment System | <p>Customers can use the Bradesco free Infoemail service to receive bills for payment by e-mail, as well as balance information, financial market news and other interesting information. The payment documents are sent to customers via Infoemail on registration with Bradesco, based on the customers' taxpayer identification number (CPF/CNPJ).</p> |
|  WAP Mobile Banking  | <p>Bradesco customers can access and interact with Bradesco via text-enabled digital mobile phone carrying out a number of transactions with maximum speed and security. At the end of the first half of 2002, this service registered 700 thousand transactions.</p>   |
|  WAP Micropayments   | <p>Through this service launched on January 23, 2001, Bradesco customers can make small payments via their WAP mobile handsets. At the end of the period, this service had 4,520 registered users.</p>  |

#### Other Bradesco Organization Websites

|  |   |
|--|---|
|  Investor Relations<br><a href="http://www.ri.bradesco.com.br">www.ri.bradesco.com.br</a>                     | <p>This website presents information on all of Banco Bradesco's data, operations and results. The site also provides real time prices for Bradesco papers listed in the following Stock Exchanges: Bovespa (São Paulo), Nyse and Latibex, as well as charts illustrating the stock performance of Bradesco stock. Visitors can also listen to audio file Conference Call recordings.</p>                        |
|  Bradesco Foreign Exchange<br><a href="http://www.bradescocambio.com.br">www.bradescocambio.com.br</a>        | <p>This site presents a complete portfolio of Bradesco's foreign market products, services and operations. Visitors can locate branches that buy and sell foreign currency, use the Bradesco communication channel and download forms for Import and Export operations. Other highlights include a currency converter, comparative curves, interest rate tables and the main foreign exchange rate indexes.</p> |
|  Bradesco Corporate Banking<br><a href="http://www.corporatebradesco.com.br">www.corporatebradesco.com.br</a> | <p>The Corporate Banking website, which is structured to serve major companies with high value annual billings, offers personalized advice and a diversified portfolio of exclusive products and services. In addition, the site is both flexible and practical offering the biggest and best banking service infrastructure in Brazil, with tailor-made solutions adapted to fit each company's profile.</p>   |
|  The Bradesco Foundation<br><a href="http://www.fb.org.br">www.fb.org.br</a>                                  | <p>This is an institutional website where visitors can read all about Brazil's largest philanthropic entity, the Bradesco Foundation. The site describes Bradesco's important actions in the social area and presents the Bradesco Foundation projects, education-related activities, history and evolution over the years.</p>   |
|  Bradesco Seguros<br><a href="http://www.bradescoseguros.com.br">www.bradescoseguros.com.br</a>               | <p>This website presents the institution and gives a clear and objective description of the portfolio of products and services offered by Bradesco's insurance area, as well as provides online plan calculations and simulations.</p>  |

|   |  |
|---|--|
|  <p>Bradesco Vida e Previdência<br/>(<a href="http://www.bradescoprevidencia.com.br">www.bradescoprevidencia.com.br</a>)</p>   | <p>This Bradesco Group institutional website gives an account of the history and importance of private pension plans in Brazil, describing all of the plans offered and those which are most appropriate for each customer profile. Visitors can use the simulator to determine which plans are most profitable. Investors can consult balances and statements and transfer amounts in the site's transaction area.</p>  |
|  <p>Financial Channel<br/>(<a href="http://www.canal.bradesco.com.br">www.canal.bradesco.com.br</a>)</p>   | <p>This website is designed to offer online investors up-to-date money market information, including, among others, latest financial news, indices and stock exchange quotations.</p>  |
|  <p>Bradesco Card Website<br/>(<a href="http://www.bradescocartoes.com.br/">www.bradescocartoes.com.br/</a>)</p>   | <p>The Bradesco Card website presents a complete portfolio of all products and services offered, as well as promotions and service center information, information by e-mail and others. Account holders and non-account holders can access the following online services: Statement and Balance Consultations, Card Validations, Purchase and Cash Withdrawal Limits, Revolving Credit, Protected Cards, and others. Non-account holders can apply for a Bradesco Card using the online Card Issuance Proposal Application.</p> |
|  <p>Personal Finance Portal<br/>(<a href="http://www.bradesco.com.br/indexpf.html">www.bradesco.com.br/indexpf.html</a>)</p>   | <p>Structured to serve Individual Customers, this portal offers information on all Bradesco Organization products and services, as well as an area highlighting important news items and a user-friendly information searching system.</p>   |
|  <p>Corporate Finance Portal<br/>(<a href="http://www.bradesco.com.br/indexpj.html">www.bradesco.com.br/indexpj.html</a>)</p>  | <p>Structured to serve micro, small and medium-sized companies, this portal offers information on all Bradesco Organization corporate products and services, as well as an area highlighting important news items and a user-friendly information searching system.</p>  |
|  <p>Portal for the Visually Impaired<br/>(<a href="http://www.bradesco.com.br/indexdvisual.html">www.bradesco.com.br/indexdvisual.html</a>)</p>                    | <p>This portal is structured to provide our visually impaired visitors with information and related support on all our products. Among other new features, customers can request a Virtual Vision kit online, find out where courses are being held and access the Bradesco communication channel.</p>   |
|  <p>Online Shopping Portal - Individuals<br/>(<a href="http://www.bradesco.com.br/index_comercioipf.html">www.bradesco.com.br/index_comercioipf.html</a>)</p>      | <p>This portal is structured to serve Individual Customers informing visitors everything they need to know about the Online Shopping Payment methods offered by Bradesco, as well as to provide direct access to Brazil's major online Shopping Portal - ShopFacil.</p>  |
|  <p>Online Shopping Portal - Companies<br/>(<a href="http://www.bradesco.com.br/index_comercioipj.html">www.bradesco.com.br/index_comercioipj.html</a>)</p>        | <p>This portal is structured to serve Corporate Customers informing visitors everything they need to know about the Online Shopping Payment methods offered by Bradesco, as well as to provide an online Term of Acceptance and Contract for Use of the Payment Systems.</p>   |
|  <p>University Student Portal<br/>(<a href="http://www.bradesco.com.br/index_conta_universitaria.html">www.bradesco.com.br/index_conta_universitaria.html</a>)</p> | <p>Focusing on the needs of the younger public, Bradesco uses this portal to present its specific university student account, which provides credit at lower rates and exclusive products for account holders. The portal also provides Free Internet access, an Investment Guide, Career Opportunities, a Communications Channel, among other new features.</p>   |

## Websites, Products/Services Under Construction

|   |   |
|---|---|
|  Corporate Banking (new version)                           | <p>In addition to personalized assistance and a diversified portfolio of exclusive products and services designed to meet the needs of companies with high volume billings, this new version of the Corporate Banking website will provide internal areas with economic bulletins, customized news alerts and a personalized corporate customer service.</p>  |
|  Private Banking (new version)                             | <p>This new version of the Private Banking website will offer personalized assistance and a diversified portfolio of exclusive products and services focused on high income individuals. The website is designed to satisfy the individual needs of Private Banking customers, providing all the technology and experience required for planning and implementing wealth protection strategies.</p> |
|  MultiChannel CRM  | <p>Bradesco is developing a CRM system integrating all the customer service methods used by the various Bradesco channels. This system will facilitate the sale of targeted products and services tailored to the needs of each type of customer.</p>   |
|  Wide Band (A Bradesco, Globo Cabo and Scopus partnership) | <p>In partnership with Globo Cabo and Scopus, Bradesco is conducting studies into the implementation of Wide Band solutions to provide customers with high speed internet access.</p>   |
|  B2B Buyer and Vendor Financing                            | <p>Bradesco is developing a system to extend financing to purchasers (corporate entities) using B2B portals, facilitating transactions for the buyer, who will have a determined period in which to effect payment, and for the vendor, who will receive payment at sight.</p>  |
|  B2B Payment Method System                                | <p>Bradesco is developing a system to include the following B2B Payment Methods: Online docketts, with and without registration, payable via the Bradesco Net Empresa corporate site.</p>   |
|  Interactive TV (transactional version)                  | <p>In partnership with DirecTV, Bradesco is developing the 2<sup>nd</sup> version of its TVBanking, which will offer Home Banking transactions.</p>   |

## Bradesco Day and Night (BDN)

ISO 9002

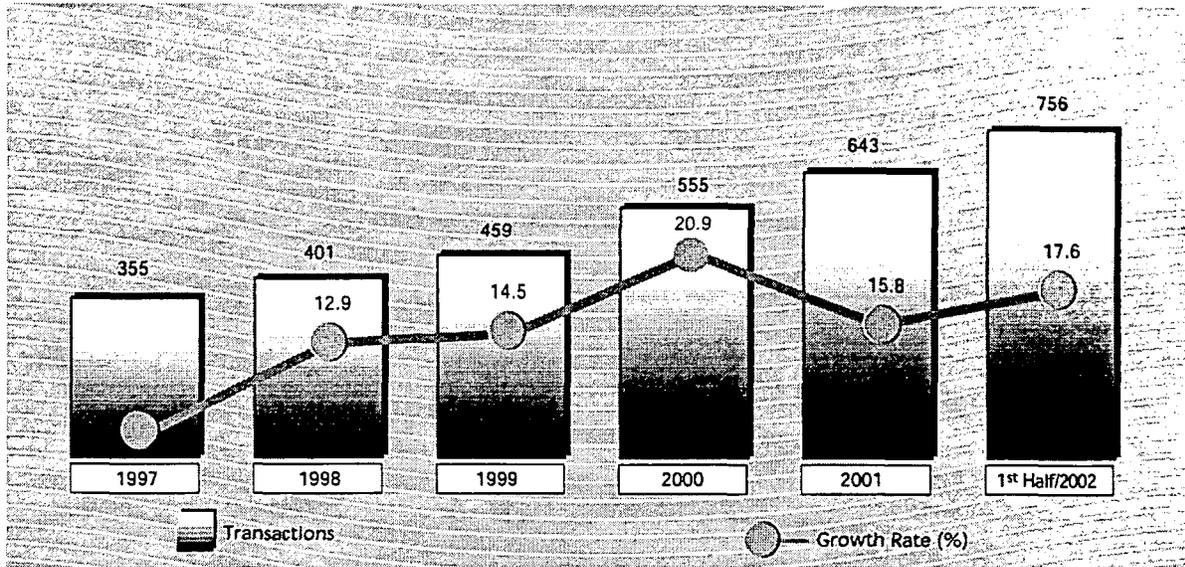
## BDN ATM Network Evolution

|   | 2001                 |                      |                      | 2002                 |                      |                      |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|   | 1 <sup>st</sup> Qtr. | 2 <sup>nd</sup> Qtr. | 1 <sup>st</sup> Half | 1 <sup>st</sup> Qtr. | 2 <sup>nd</sup> Qtr. | 1 <sup>st</sup> Half |
| Accumulated Volume of Transactions (Millions)                   | 316                  | 327                  | 643                  | 364                  | 392                  | 756                  |
| Number of BDN Network Terminals                                 | 18,580               | -                    | 18,940               | 20,429               | -                    | 20,779               |
| Number of Banking Service Outlets in the BDN Nationwide Network | 4,323                | -                    | 4,386                | 5,104                | -                    | 5,376                |
| Number of Outplaced Terminals (excluding Branches, PAB and PAE) | 1,100                | -                    | 1,113                | 1,386                | -                    | 1,560                |
| Number of BDN Network Cash Withdrawals Transactions (Millions)  | 86.2                 | 84.8                 | 171.0                | 83.3                 | 83.2                 | 166.5                |
| Number of Deposit Transactions (Millions)                       | 50.6                 | 52.4                 | 103.0                | 48.5                 | 50.4                 | 98.9                 |
| Number of Transfers between Accounts (Millions)                 | 4.6                  | 4.7                  | 9.3                  | 4.4                  | 4.3                  | 8.7                  |
| Number of Checkbooks issued (Millions)                          | 2.7                  | 2.8                  | 5.5                  | 2.6                  | 2.6                  | 5.2                  |
| Number of Balance Consultations (Millions)                      | 82.5                 | 88.8                 | 171.3                | 89.3                 | 90.4                 | 179.7                |
| Number of Accounts Statements Issued (Millions)                 | 64.8                 | 65.0                 | 129.8                | 103.9                | 120.9                | 224.8                |
| Financial Volume of BDN Network Transactions (Billions)         | 15.4                 | 15.6                 | 31.0                 | 18.3                 | 18.5                 | 36.8                 |

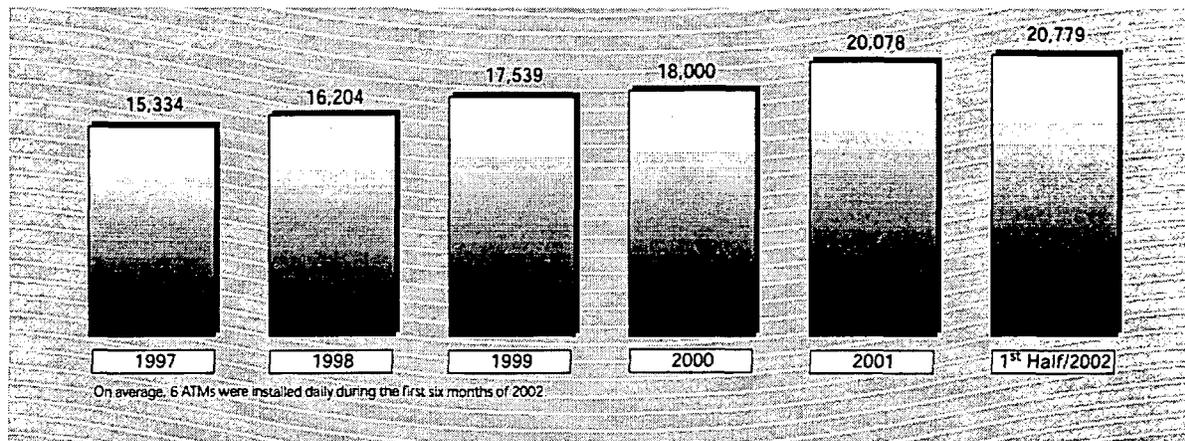
## BDN's Competitive Edge

-  The Bradesco Day and Night ATM Network is Brazil's largest private self-service network with 22,394 terminals (Bradesco - 20,779, BCN - 987 and Mercantil de São Paulo - 628).
-  The Bradesco Day and Night ATM Network is accredited by the NBR ISO9001/2000 Quality Management System.
-  Strategically present in areas of important economic agglomeration, including shopping malls, hypermarkets, supermarkets, airports, service stations, etc.
-  The Bradesco Day and Night ATM Network terminals were responsible for more than 756 million transactions up to June 2002, a daily average of 5.1 million transactions. A 17.61% growth rate over the same period in 2001.
-  The Bank collected R\$ 30.2 million in (charges on transactions) made through the BDN Network for the first six-month period of 2002.
-  The number of loans grew by 20.94% for the 2002 first half, compared to the same period in 2001, and financial volume increased by 14.49%.
-  In the first half of 2002, the financial volume transacted by Bradesco Day and Night ATM Network terminals surpassed R\$ 36 billion, an 18.71% increase over the amount recorded for the same period in 2001.
-  The Bradesco Day and Night ATM Network can also be used by the customers of BCN and Mercantil de São Paulo.
-  In June 2002, Banco do Estado da Amazônia was incorporated by Banco Bradesco and 134 ATMs were installed on its premises.

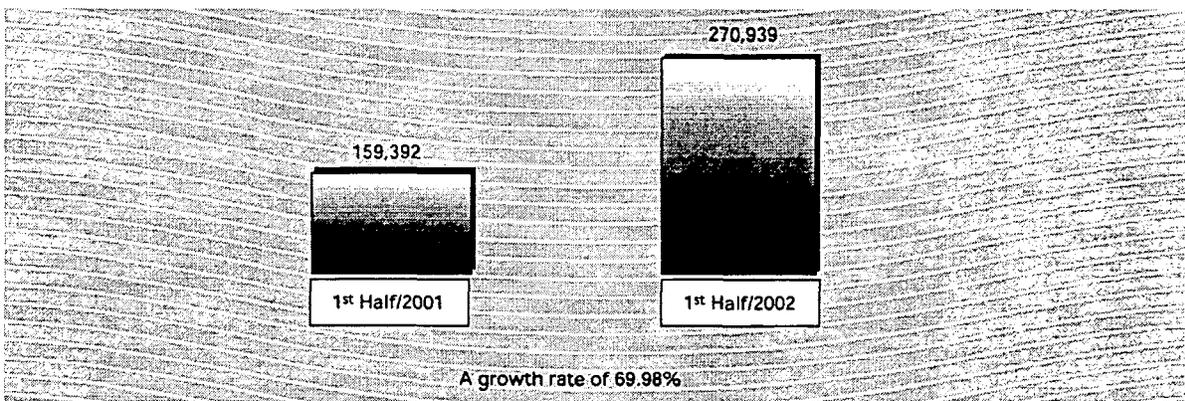
Volume of Transactions per Six-month Period (millions)



Number of BDN Network ATMs

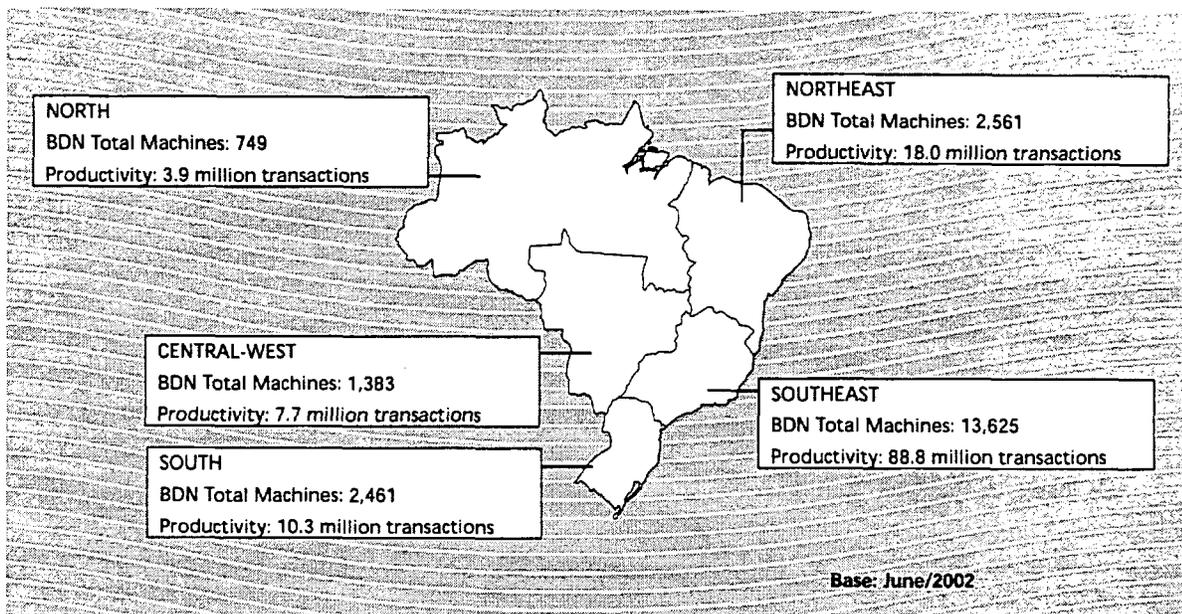


Volume of IPVA(\*) Payments



(\*) Automobile Ownership Tax

BDN Network Distribution

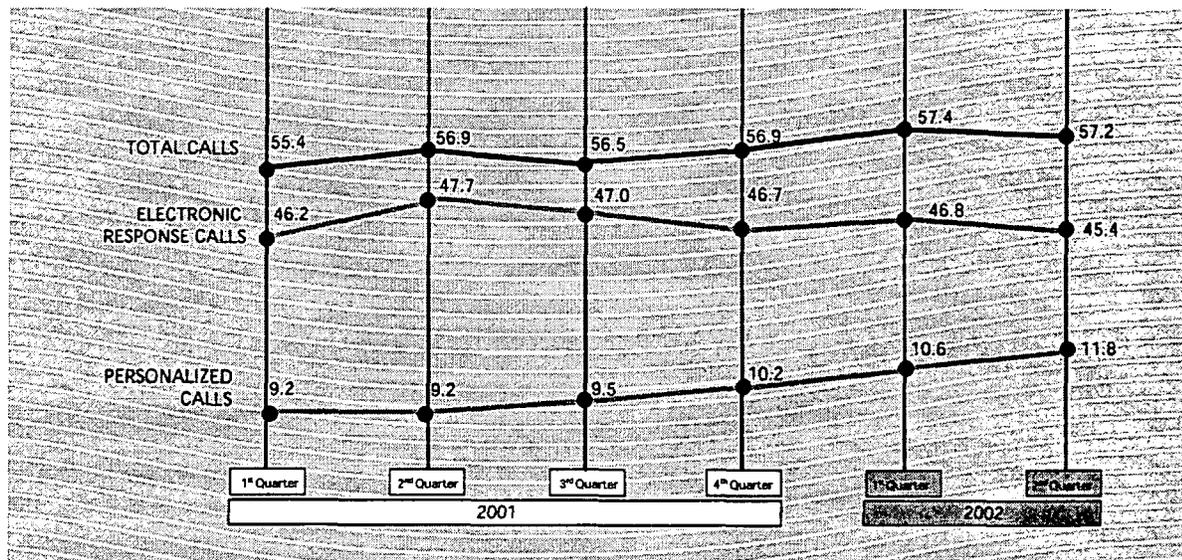


Telebanco (Call Center)

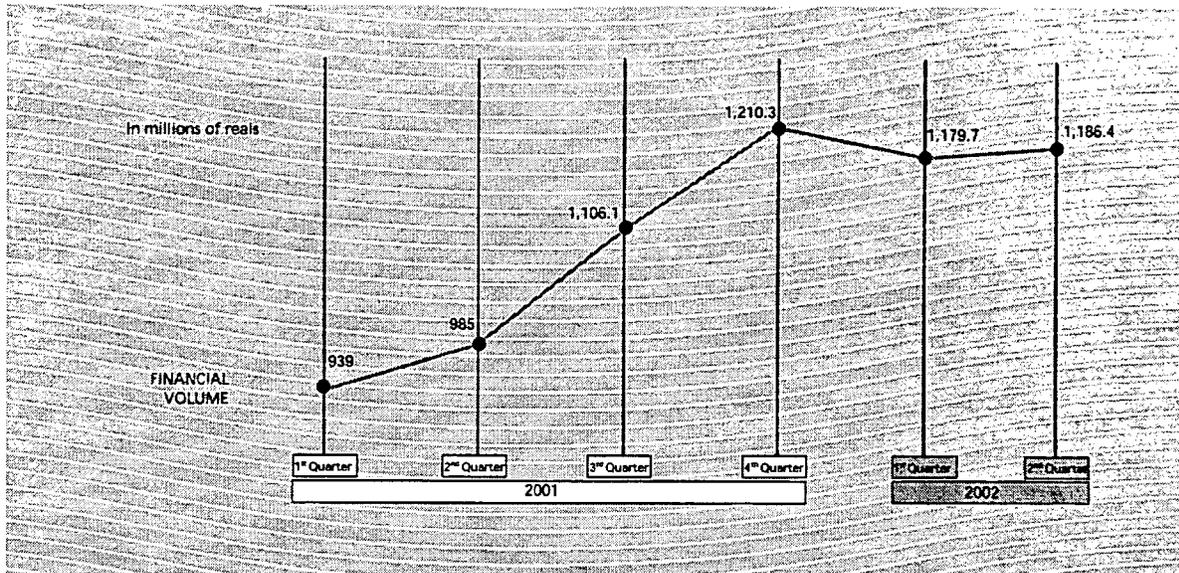


Integrated Call Centers: Bank, Cards, Pension Plans, Alô Bradesco, BCN and Continental

Increase in Number of Calls (million)



## Evolution of Telebanco Transactions



## Highlights

- 15.4 million electronic response calls per month.
- 3.7 million personalized service calls per month.
- 2.4 million customers access Telebanco per month.
- R\$ 394 million in financial volume from transactions per month.
- First Bank to launch a voice recognition system in Brazil and, in December 2001, in line with this innovative market strategy, the first Bank to launch a voice authentication system, which increases the security of transactions carried out via Call Center, using the caller's voice to confirm the PIN used to access the system.
- 96% of Personalized Service call queries are resolved during the first contact.
- 353 call-center representatives were trained and designated to other areas of the Organization, particularly the sales areas, up to June 2002.
- First financial industry call center to be accredited by the new ISO9001/2000 quality standard certificate.
- A record 3.7 million products were sold through June 2002.
- In June 2002, Bradesco received the *e-finance* award from the *Executivos Financeiros* magazine in the **Best Call Center** category.

## Customer Service Network (Branches)

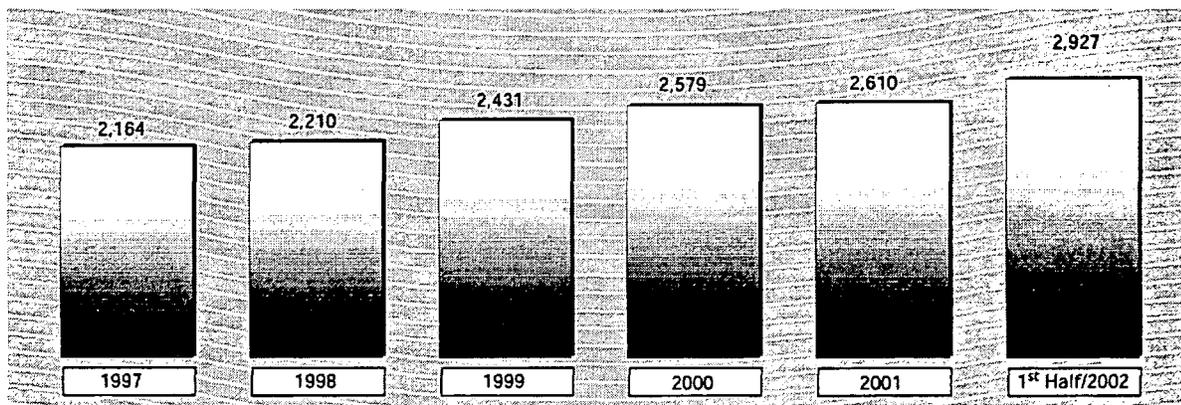
## Bradesco and Financial System

| REGION              | BRADESCO     | BCN               | MERCANTIL  | TOTAL<br>CONSOLIDATED<br>BRANCHES | TOTAL<br>BRANCHES <sup>(1)</sup><br>IN SYSTEM | BRADESCO'S<br>PERCENTAGE<br>PARTICIPATION |
|---------------------|--------------|-------------------|------------|-----------------------------------|---|---|
| <b>North</b>        |              |                   |            |                                   |   |   |
| Acre                | 3            | -                 | 1          | 4                                 | 24  | 16.7                                      |
| Amazonas            | 57           | 2                 | 1          | 60                                | 128   | 46.9                                      |
| Amapá               | 3            | -                 | -          | 3                                 | 15  | 20.0                                      |
| Pará                | 44           | 1                 | 1          | 46                                | 251   | 18.3                                      |
| Rondônia            | 17           | -                 | 1          | 18                                | 73  | 24.7                                      |
| Roraima             | 1            | -                 | -          | 1                                 | 13  | 7.7                                       |
| Tocantins           | 11           | 1                 | 2          | 14                                | 68  | 20.6                                      |
| <b>Total</b>        | <b>136</b>   | <b>4</b>          | <b>6</b>   | <b>146</b>                        | <b>572</b>                                    | <b>25.5</b>                               |
| <b>Southeast</b>    |              |                   |            |                                   |   |   |
| Espírito Santo      | 35           | 2                 | 1          | 38                                | 305   | 12.5                                      |
| Minas Gerais        | 260          | 15                | 7          | 282                               | 1,850   | 15.2                                      |
| Rio de Janeiro      | 216          | 38 <sup>(2)</sup> | 18         | 272                               | 1,665   | 16.3                                      |
| São Paulo           | 866          | 121               | 129        | 1,116                             | 5,503   | 20.3                                      |
| <b>Total</b>        | <b>1,377</b> | <b>176</b>        | <b>155</b> | <b>1,708</b>                      | <b>9,323</b>                                  | <b>18.3</b>                               |
| <b>Central West</b> |              |                   |            |                                   |   |   |
| Distrito Federal    | 22           | 5                 | 1          | 28                                | 283   | 9.9                                       |
| Goiás               | 88           | 5                 | 5          | 98                                | 530   | 18.5                                      |
| Mato Grosso         | 58           | 1                 | 1          | 60                                | 211   | 28.4                                      |
| Mato Grosso do Sul  | 50           | 3                 | 4          | 57                                | 218   | 26.1                                      |
| <b>Total</b>        | <b>218</b>   | <b>14</b>         | <b>11</b>  | <b>243</b>                        | <b>1,242</b>                                  | <b>19.6</b>                               |
| <b>Northeast</b>    |              |                   |            |                                   |   |   |
| Alagoas             | 7            | 2                 | 1          | 10                                | 111   | 9.0                                       |
| Bahia               | 225          | 3                 | 2          | 230                               | 722   | 31.9                                      |
| Ceará               | 24           | 3                 | 2          | 29                                | 336   | 8.6                                       |
| Maranhão            | 23           | 1                 | 2          | 26                                | 247   | 10.5                                      |
| Paraíba             | 15           | -                 | 2          | 17                                | 151   | 11.3                                      |
| Pernambuco          | 51           | 3                 | 2          | 56                                | 435   | 12.9                                      |
| Piauí               | 7            | -                 | 1          | 8                                 | 104   | 7.7                                       |
| Rio Grande do Norte | 11           | 1                 | 1          | 13                                | 130   | 10.0                                      |
| Sergipe             | 10           | 1                 | 1          | 12                                | 147   | 8.2                                       |
| <b>Total</b>        | <b>373</b>   | <b>14</b>         | <b>14</b>  | <b>401</b>                        | <b>2,383</b>                                  | <b>16.8</b>                               |
| <b>South</b>        |              |                   |            |                                   |   |   |
| Paraná              | 142          | 11                | 15         | 168                               | 1,268   | 13.2                                      |
| Rio Grande do Sul   | 135          | 10                | 14         | 159                               | 1,363   | 11.7                                      |
| Santa Catarina      | 92           | 6                 | 4          | 102                               | 797   | 12.8                                      |
| <b>Total</b>        | <b>369</b>   | <b>27</b>         | <b>33</b>  | <b>429</b>                        | <b>3,428</b>                                  | <b>12.5</b>                               |
| <b>Total Brazil</b> | <b>2,473</b> | <b>235</b>        | <b>219</b> | <b>2,927</b>                      | <b>16,948</b>                                 | <b>17.3</b>                               |

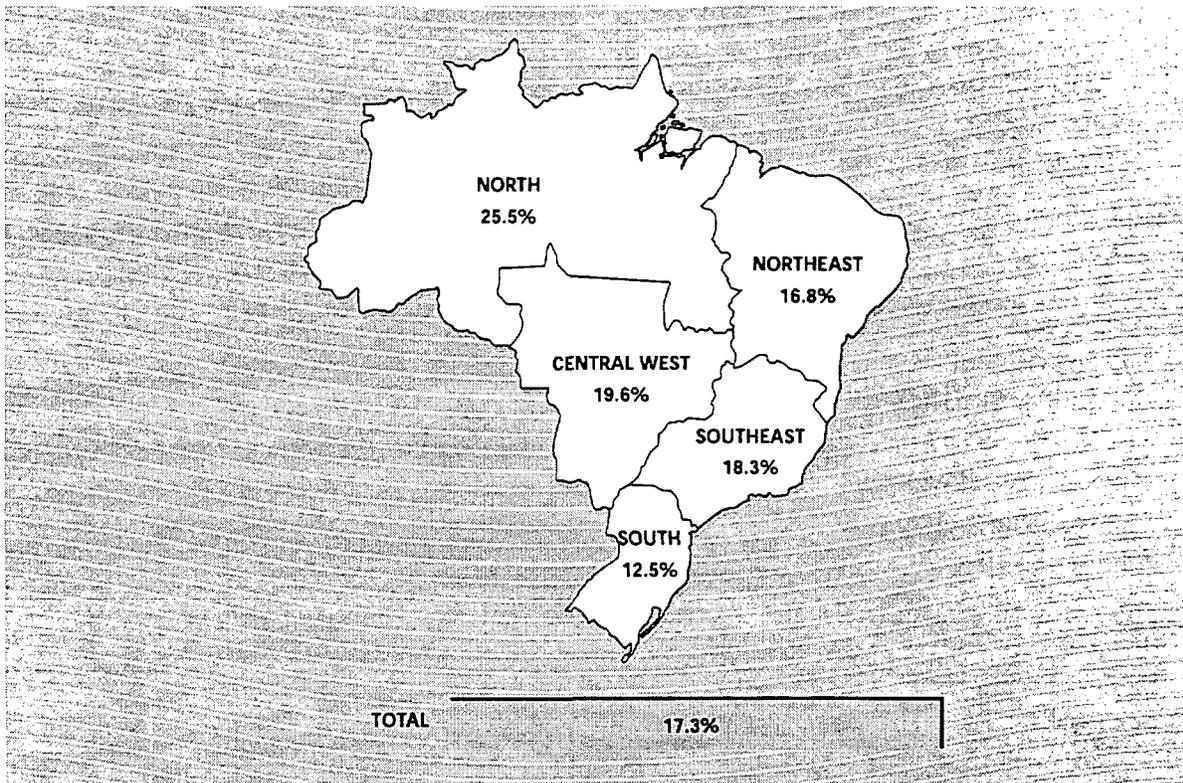
(1) Source: CADINF-DEORF/COPEC - June/2002.

(2) Includes 1 Branch of Continental Banco.

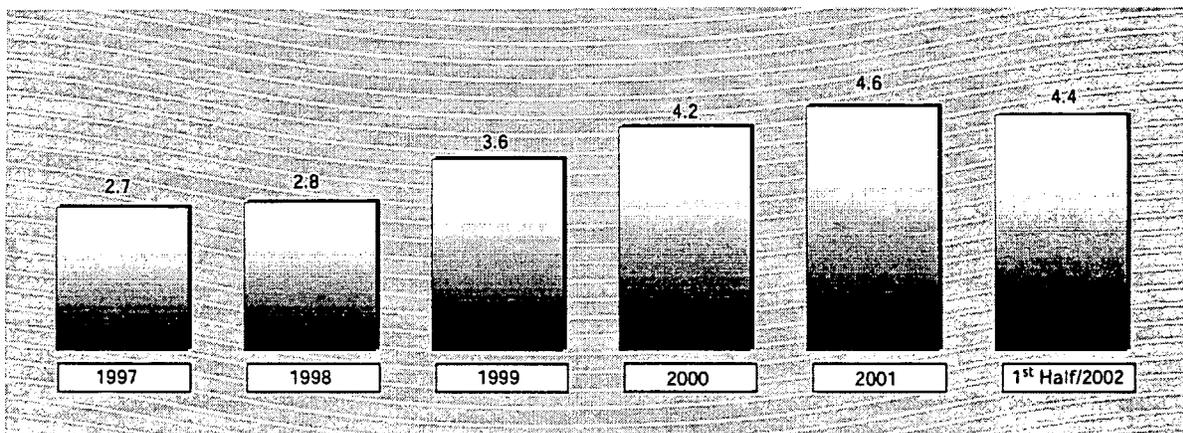
## Customer Service Network (Branches)



## Customer Service Network (Branches) - Market Share - June/2002



## Customer/Branch Ratio - Thousand



## Banco Postal

On August 22, 2001, Bradesco was officially announced as winner of the public bidding process conducted by the Brazilian Postal and Telegraph Company (ECT), for the exclusive right to use ECTs branches to provide banking services under the Correspondent Bank method, devised by the National Monetary Council and disseminated in Resolution 2,707/2000 of the Brazilian Central Bank. The first service unit was opened on March 25, 2002

in São Francisco de Paula, Minas Gerais, inaugurating a project which will install Banco Postal facilities in all 5,561 of Brazil's municipalities by ECT Post Office branches.

Pursuant to the agreement, which is valid for approximately 7 years, ECT will provide all the necessary infrastructure, including the technology platform, clerks and security system, and in

exchange will be remunerated based on the transactions carried out. The Banco Postal will operate during normal Post Office business hours offering added convenience for customers.

The Post Office branch operating systems communicate with an authorizing site at ECT's operations' center in Brasília, which in turn is connected to Bradesco's central main frames and, accordingly, transactions are carried out in real time.

On June 28, 2002, just three months after the first service unit was opened, and in line with Bradesco and ECT's aggressive implementation plan, Banco Postal's unit 1,000 was opened to the public in Mimoso de Goiás, a town with a population of 2,801, 231 km from Goiânia, which up till then had been ignored by the Brazilian Financial System.

### **Benefits**

The general public, business people and local authorities in the towns and neighboring districts where Banco Postal branches are installed have applauded the project with enthusiasm and others have requested that opening dates be anticipated considering the excellent results already obtained in these regions. Banco Postal ensures that financial resources remain in the town, increasing the speed of cash circulation and the amount of tax collected, as well as growing direct and indirect employment and the possibility of new investments. The local population in these areas can now enjoy the convenience and high-quality services of Brazil's largest private-sector bank.

The expansion of the customer service network fuelled by Banco Postal has also increased Bradesco's business opportunities. This is evidenced by the increase in the number of consultations regarding bill payment services particularly because 735 of the first 1,000 service units were installed in towns which had had no previous access to banking services. This has undoubtedly given Bradesco a significant advantage, particularly considering the corresponding city hall and corporate payroll service opportunities, which have been contracted in significant number.

Banco Postal has also been useful in towns or regions which already have a Bradesco branch since the expansion of service outlets ensures that Bradesco customers can be served closer to their work places or homes without having to travel to their branch.

### **Segmentation**

The delivery of basic financial services to lower income groups is a worldwide challenge. In Brazil, this challenge is particularly urgent considering the enormous differences in income, economic opportunities and access to basic services which in general are limited to a small percentage of Brazil's population.

Banco Postal has undoubtedly broadened the base of this segmentation, presenting a simple alternative which permits access to citizens and companies who until now have been unable to enjoy these services.

The Correspondent Bank method adopted in partnership with ECT stands out in comparison with other models used in Brazil, as a result of its focus on the retail sector, the versatility of the product and services offered, the remote self-service channels and its integration with Brazil's largest branch and ATM bank network, plus access to technology systems, which are vanguard in the national banking system.

This partnership confirms Bradesco's traditional commitment with Brazilians from all income brackets.

### **Available Products and Services**

Banking services are provided directly by ECT employees, who are trained by a team of instructors from Bradesco to offer the following basic services:

#### **Services available at present:**

- Receipt and remittance of account opening proposals.
- Cash withdrawals.
- Deposits.
- Account balances and statements.

- Receipt of bill payments.
- Receipt of public utility bill payments (water, electricity, telephone, etc).
- Payment of retirement benefits and pensions from the National Institute of Social Security (INSS).
- Receipt and remittance of credit proposals.

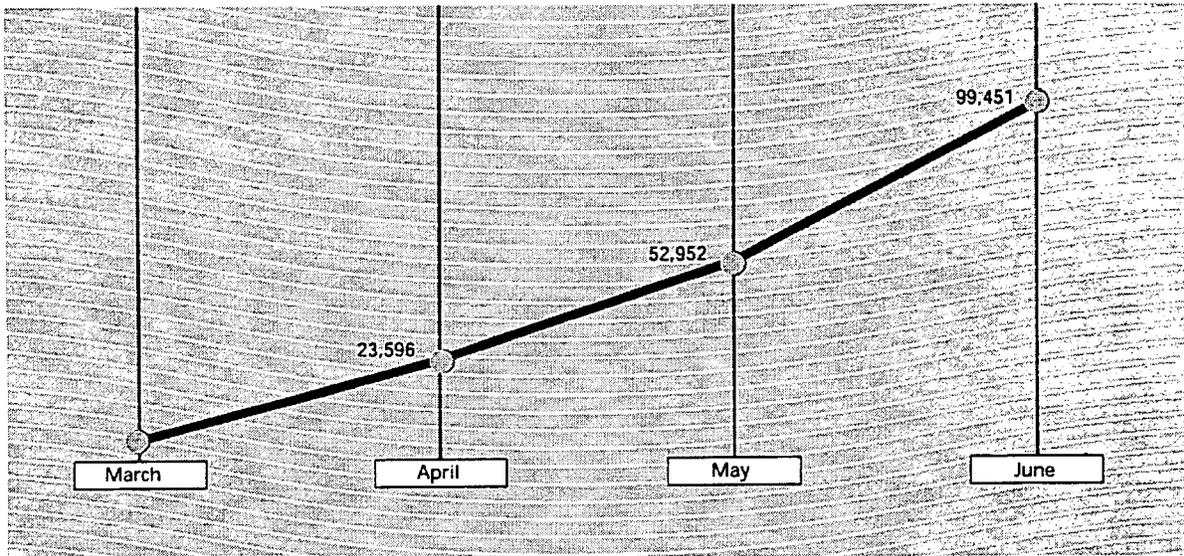
**Performance**

The performance of the first service units installed evidences the business potential to be exploited in the regions where Banco Postal branches are operating.

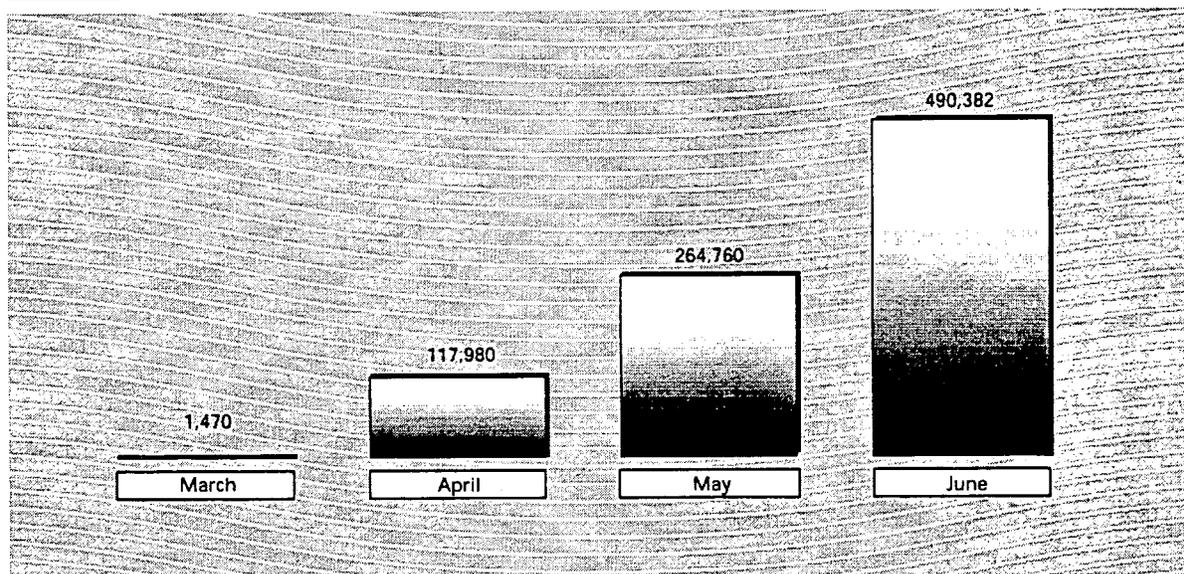
**Under implementation:**

- Collection of INSS contributions.
- Collection of federal, state and municipal taxes.
- Investment fund applications and redemptions.

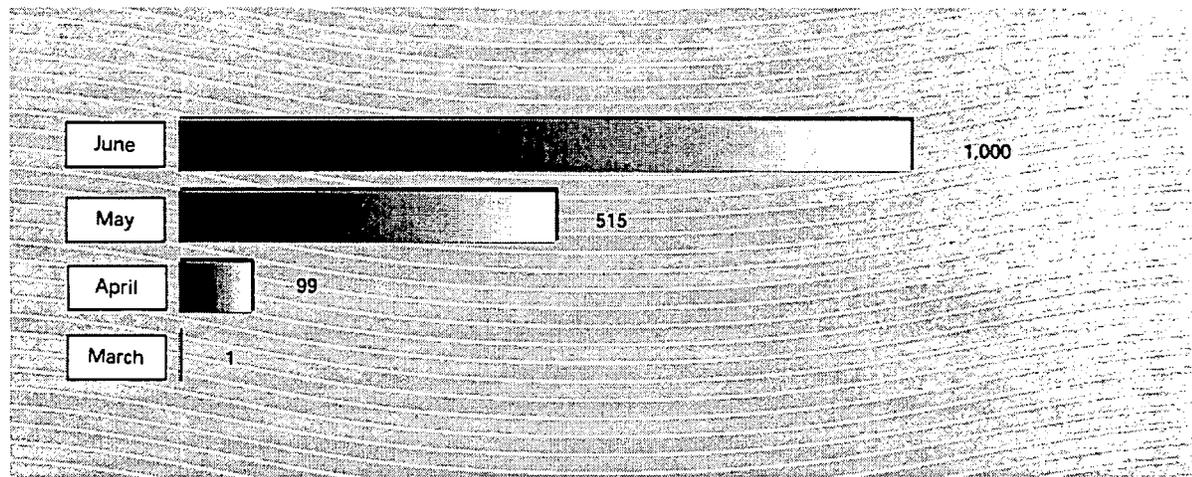
Accounts Opened via Banco Postal - 2002



Transactions - 2002



Units Installed\* - 2002

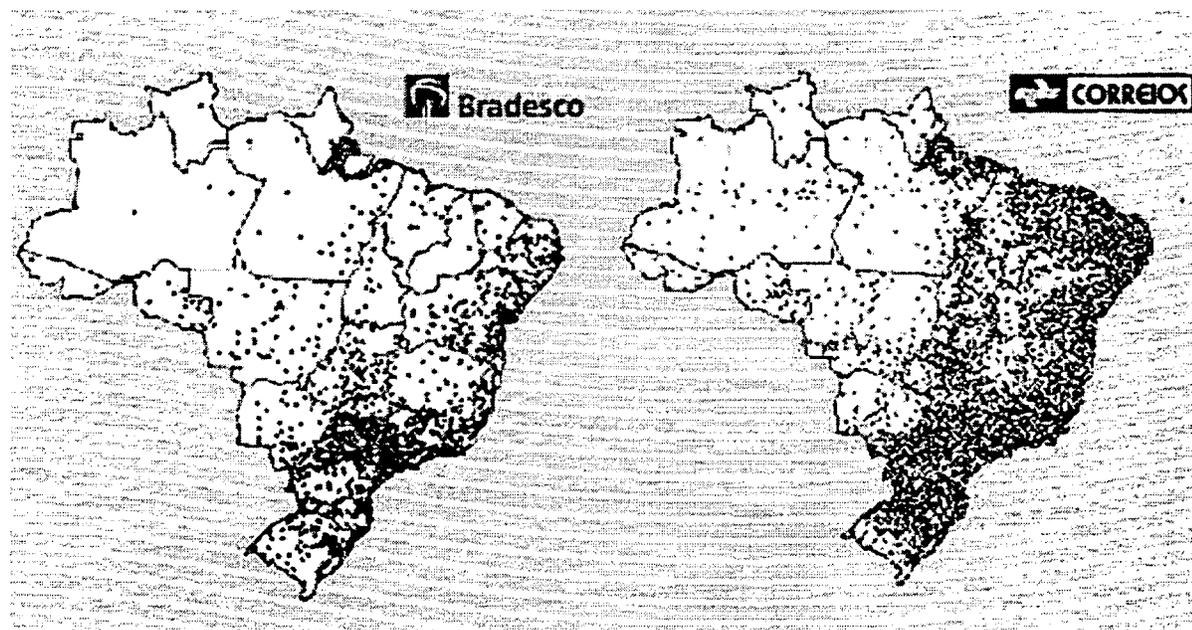


\* Accumulated number.

Geocodification - Bradesco e ECT

The project will provide important business opportunities for the Organization since, via the ECT

service units, Bradesco will be present in and able to serve 100% of Brazil's municipalities.



# Risk Management

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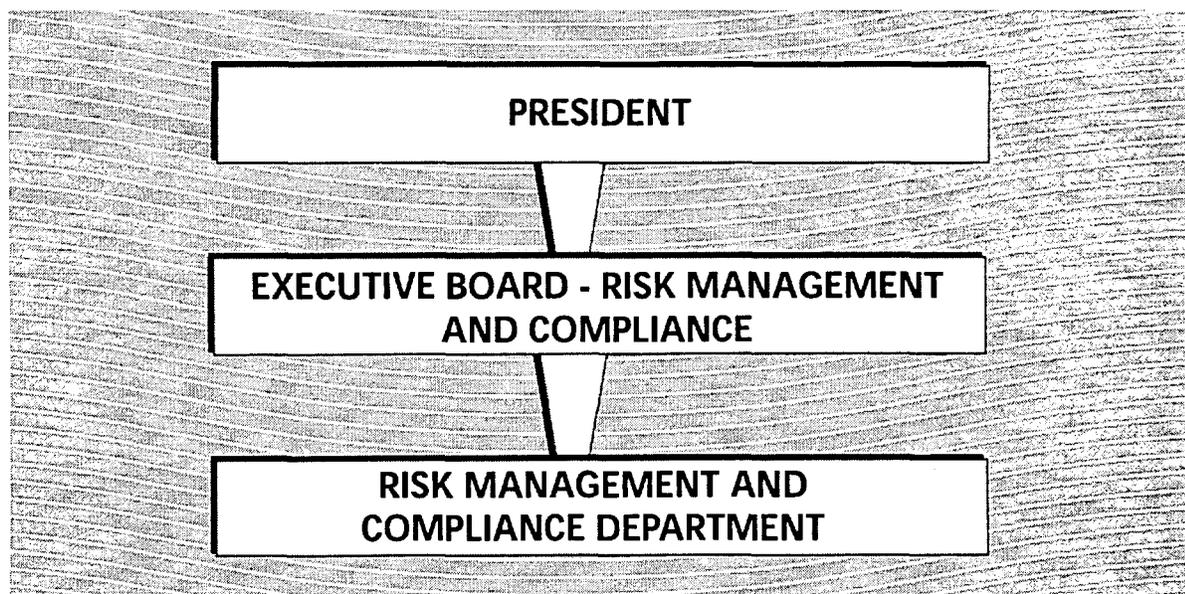
## Structure

The economic stability brought by the Real Plan has stimulated the development of sophisticated risk management policies within the Brazilian financial sector. An increasingly sophisticated market, globalization and advanced technology motivated the creation of specific procedures for monitoring and controlling risks.

Bradesco, permanently alert to these changes, has developed a number of mechanisms over the years

designed to plan, control and manage the risks inherent to its banking activities and which include the following: credit, market, operating and liquidity.

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



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

During the 1<sup>st</sup> half, the activities carried out by other areas relating to controls over compliance, operating risks, information security and money laundering

prevention were incorporated by the Risk Management area, which is now known as the Risk Management and Compliance Department.

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

## Credit Risk Management

Credit risk is the risk arising from the possibility of loss due to the non-receipt of amounts contracted with counterparties and related creditors. Credit risk

management requires a strictly disciplined control over all analyses and transactions carried out, safeguarding process integrity and independence.

**Credit Policy and Limits**

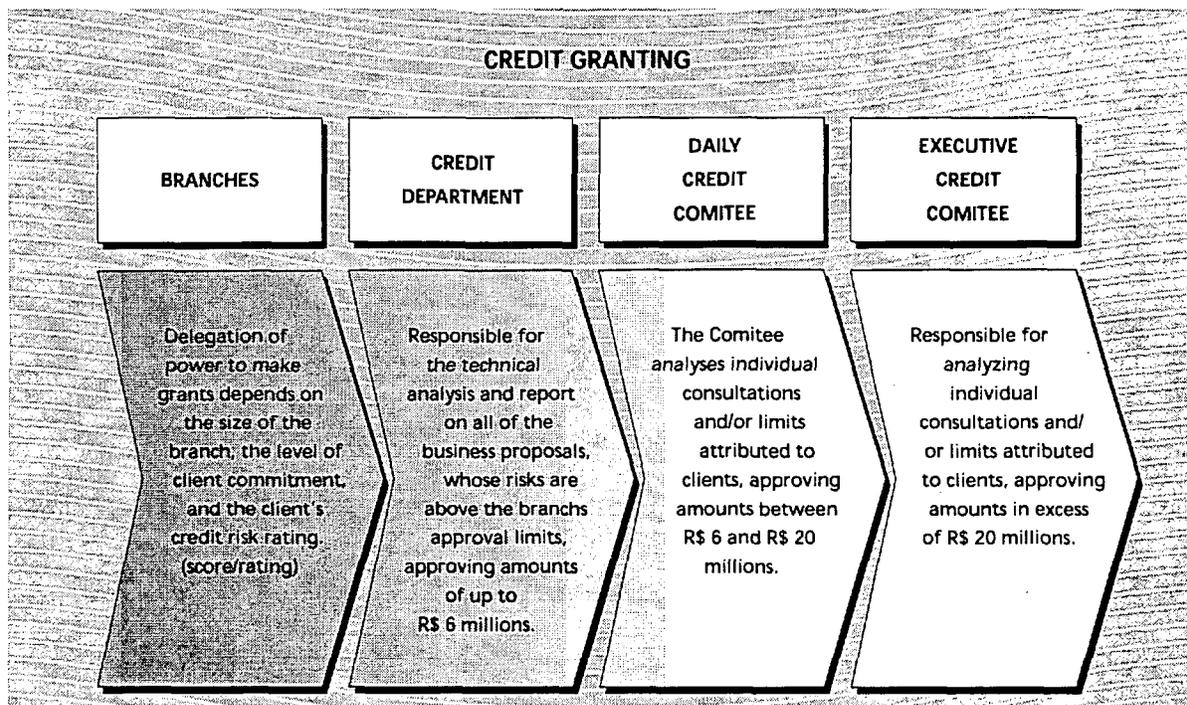
Bradesco's Credit Policy is designed to ensure maximum security, quality and liquidity in the investment of assets and speedy profitable business, minimizing risks inherent to this type of operation and directing the establishment of operating limits and the granting of credit.

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 operate within varying limits, depending on their size and the type of guarantee

offered, based on a centralized rating and, accordingly, in compliance with the Organization's general credit and risk management policy. 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.

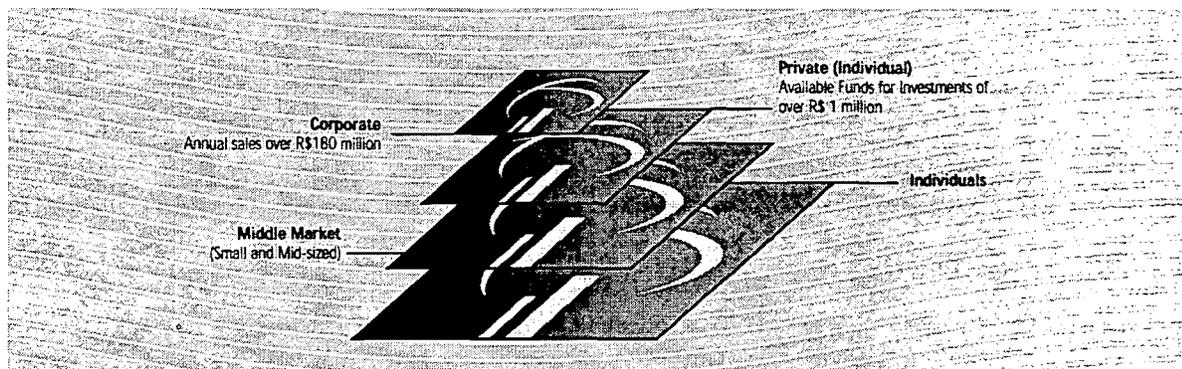
Operations are diversified, non-selective and focused on Consumer and Corporate customers with sound payment capacity and proven creditworthiness. Care is taken to ensure that related guarantees are sufficient to cover the risks assumed, considering the purpose and terms of the credit granted.



## Market Segmentation

Bradesco operates on a segmented service basis, seeking to match its different products and services

to the different profiles and sizes of its target public.



While Bradesco Corporate Banking serves major companies with revenues in excess of R\$ 180 million, high-income consumer customers with funds for investment of more than R\$ 1 million are served by Bradesco Private Banking. Other customers are classified on a retail basis as companies or consumers.

Bradesco is now implementing another phase of its segmentation process, this time focusing on middle-market companies. Bradesco Empresas (Bradesco Companies) is designed to offer a quality service tailored to the specific financial needs of this segment, in the same way as major corporations are attended by Bradesco Corporate Banking.

### 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 carried out 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     | Excelent      | 0.0         | Premium company/group, with size, tradition and market leadership, with excellent economic and financial concept and 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 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        |   |
| G      | Critical      | 70.0        |   |
| H      | Uncollectible | 100.0       | Abnormal course credit operations, classified based on expected loss as per percentage shown.   |

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 conduct 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 portfolio. 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 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; 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, 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):

| Risk Factors      | In thousands of reais |               |               |               |
|-------------------|-----------------------|---------------|---------------|---------------|
|                   | 2001                  |               | 2002          |               |
|                   | September             | December      | March         | June          |
| Prefixed          | 10,227                | 4,185         | 3,548         | 4,881         |
| Exchange Coupon   | 49,000                | 21,616        | 10,488        | 48,259        |
| Foreign Currency  | 8,873                 | 9,733         | 3,197         | 8,422         |
| Floating Rate     | 116                   | 104           | 183           | 14            |
| Correlated Effect | (16,146)              | (13,554)      | (6,665)       | (15,809)      |
| <b>VaR</b>        | <b>52,070</b>         | <b>22,084</b> | <b>10,751</b> | <b>45,767</b> |

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 the 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, omissions, fraud or external events which affect its activities and impact the institution's results.

Operating risks arising from information processing, data communications and the online transmission

and recording of data are evaluated by a system, subject to periodic review, which was developed to ensure that risks are compatible with the range of services offered, specific operating features and criteria. In 2000, the Audit Committee was formed by members of the Organization's Board of Directors and Board of Executive Officers to monitor Bradesco's operating systems.

Bradesco's main computer facilities are located at two operating centers, in Osasco and Alphaville (Barueri), in the State of São Paulo. Critical systems can be operated from either center in the event one of them has to be shut down or experiences a significant technical problem. Neither situation has occurred to date. In order to ensure the continuity of our operations in the event of a blackout, all our

branches and operating centers are self sufficient in terms of electric power, as follows:

- 4 hours, on average, in the case of branches.
- 20 hours, in the case of the Regional Clearance and Telecommunications Centers.
- 60 hours, on average, in the case of the Osasco Alphaville-Barueri operating centers.

### Liquidity Risk Management

Liquidity risk management is designed to control the different mismatched liquidation terms of the Institution's rights and obligations.

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

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

### Capital Risk Management

The Organization's capital is managed to optimize the risk-return ratio, minimizing losses through the implementation of well-defined business strategies

and maximizing efficiency in the combination of factors which impact the Capital Adequacy Ratio (Basle).

#### Capital Adequacy Ratio (Basle) - June 2002 - In millions of reais

##### Calculation

| CALCULATION BASIS             | Consolidated | Consolidated |
|-------------------------------|--------------|--------------|
|                               | Financial    | Total        |
| Adjusted Stockholders' Equity | 11,594       | 11,514       |
| Total Weighted Risk           | 79,143       | 88,863       |
| Weighted Assets               | 76,540       | 86,243       |
| Weighted Memorandum Accounts  | 2,603        | 2,620        |
| Capital Adequacy Ratio        | 14.65%       | 12.96%       |

##### Movement - %

|  |        |        |
|--|--------|--------|
| Ratio at June 2001   | 13.39  | 12.18  |
| Subordinated Debt  | 2.77   | 2.46   |
| • Local  | 1.67   | 1.48   |
| • Foreign  | 1.10   | 0.98   |
| Increase in Assets   | (2.64) | (2.44) |
| Other (Results and Acquisition of Treasury Stock, J.C.P., Minority Interest and Risks) | 1.13   | 0.76   |
| Ratio at June 2002   | 14.65  | 12.96  |

JCP - Interest Attributed to own capital

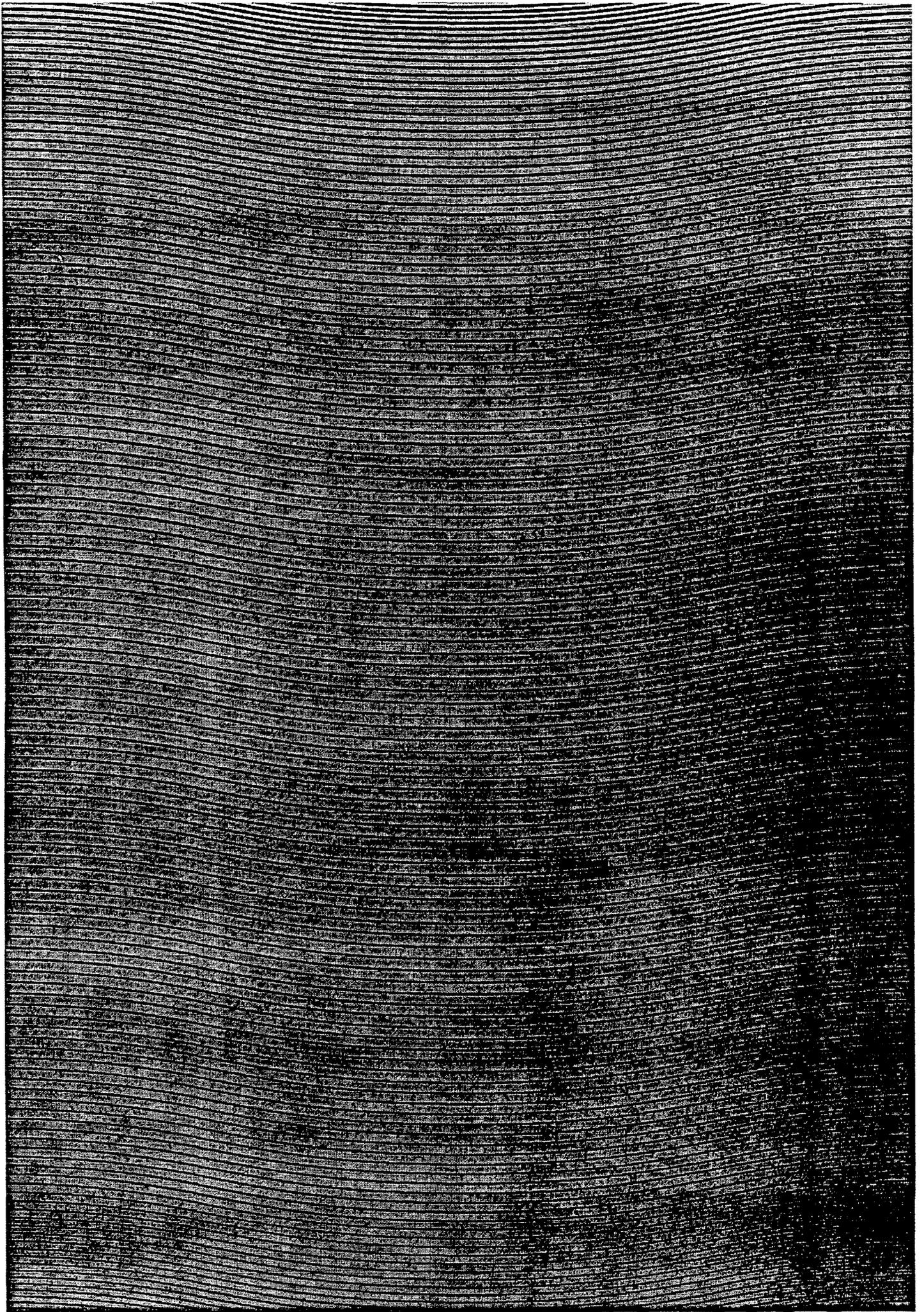
## Internal Controls

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

Aware of the importance of these controls, Bradesco implemented, among other actions, an internal control system (Compliance) as well as procedures

for the prevention of money laundering and for guaranteeing information security which are subject to ongoing improvements. The validation of the activities, controls and systems which support the Organization's banking transaction infrastructure also falls within this context, permitting active participation in the new Brazilian Payments System (SPB).



Banks and Other Financial Subsidiaries



## BCN

## Consolidated Balance Sheet - In millions of reais

|  | 2001          |               | 2002          |               |
|--|---------------|---------------|---------------|---------------|
|  | March         | June          | March         | June          |
| <b>ASSETS</b>  |               |               |               |               |
| <b>Current Assets and Long-Term Receivables</b>  | <b>15,243</b> | <b>18,476</b> | <b>19,063</b> | <b>20,575</b> |
| Available Funds  | 169           | 278           | 588           | 761           |
| Short-Term Interbank Investments   | 262           | 215           | 245           | 298           |
| Securities   | 5,643         | 6,928         | 5,947         | 5,993         |
| Interbank and Interdepartmental Accounts   | 308           | 605           | 487           | 503           |
| Credit and Leasing Operations  | 6,692         | 8,113         | 9,470         | 10,636        |
| Other Receivables and Other Assets   | 2,169         | 2,337         | 2,326         | 2,384         |
| <b>Permanent Assets</b>  | <b>310</b>    | <b>326</b>    | <b>337</b>    | <b>556</b>    |
| <b>Total</b>   | <b>15,553</b> | <b>18,802</b> | <b>19,400</b> | <b>21,131</b> |
| <b>LIABILITIES</b>   |               |               |               |               |
| <b>Current and Long-Term Liabilities</b>   | <b>14,424</b> | <b>17,638</b> | <b>18,084</b> | <b>19,745</b> |
| Demand, Time and Interbank Deposits  | 5,570         | 7,061         | 8,952         | 10,192        |
| Savings Account Deposits   | 581           | 654           | 678           | 710           |
| Securities Received under Security Repurchase Agreements and Funds from the Issuance of Securities | 3,946         | 5,109         | 3,722         | 3,471         |
| Interbank and Interdepartmental Accounts   | 84            | 44            | 21            | 55            |
| Borrowings and Onlendings  | 2,334         | 2,536         | 2,690         | 3,247         |
| Financial Derivative Instruments   | -             | -             | -             | 242           |
| Other Liabilities  | 1,909         | 2,234         | 2,021         | 1,828         |
| Deferred Income  | 1             | 1             | 2             | 5             |
| <b>Stockholders' Equity</b>  | <b>1,128</b>  | <b>1,163</b>  | <b>1,314</b>  | <b>1,381</b>  |
| <b>Total</b>   | <b>15,553</b> | <b>18,802</b> | <b>19,400</b> | <b>21,131</b> |

## Statement of Income - In millions of reais

|   | 2001                 |                      |                      | 2002                 |                      |                      |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|   | 1 <sup>st</sup> Qtr. | 2 <sup>nd</sup> Qtr. | 1 <sup>st</sup> Half | 1 <sup>st</sup> Qtr. | 2 <sup>nd</sup> Qtr. | 1 <sup>st</sup> Half |
| Income from Lending and Trading Activities              | 822                  | 974                  | 1,796                | 996                  | 1,514                | 2,510                |
| Expenses  | (589)                | (690)                | (1,279)              | (609)                | (1,123)              | (1,732)              |
| <b>Gross Profit from Financial Intermediation</b>       | <b>233</b>           | <b>284</b>           | <b>517</b>           | <b>387</b>           | <b>391</b>           | <b>778</b>           |
| Other Operating Income (Expenses), Net                  | (152)                | (212)                | (364)                | (273)                | (296)                | (569)                |
| <b>Operating Income</b>                                 | <b>81</b>            | <b>72</b>            | <b>153</b>           | <b>114</b>           | <b>95</b>            | <b>209</b>           |
| Non-Operating Income (Expenses), Net                    | 3                    | 33                   | 36                   | 5                    | 7                    | 12                   |
| <b>Income before Taxes on Income and Profit Sharing</b> | <b>84</b>            | <b>105</b>           | <b>189</b>           | <b>119</b>           | <b>102</b>           | <b>221</b>           |
| Income Tax and Social Contribution                      | (18)                 | (27)                 | (45)                 | (43)                 | (17)                 | (60)                 |
| Employee Profit Sharing                                 | (3)                  | (4)                  | (7)                  | (4)                  | (5)                  | (9)                  |
| <b>Net Income</b>                                       | <b>63</b>            | <b>74</b>            | <b>137</b>           | <b>72</b>            | <b>80</b>            | <b>152</b>           |

BCN, part of the Bradesco Organization since December 1997, registered important increases in its first half results and in the strengthening of its corporate brand. Operating as a financially independent institution, BCN's strategy is focused on a highly selective public, comprising medium and small-sized companies with annual revenues up to R\$ 180 million, as well as consumer customers with monthly income in excess of R\$ 1,500.00. Seeking greater interaction with its customers and at the same time market competitiveness, BCN relies principally on its vocation as a relationship bank to grow its share of bank account holders.

The Bank's determination to provide top-quality customer relationships also served as a basis for the implementation of initiatives in connection with the new Brazilian Payments System (SPB). Under the Bradesco Organization's leadership, BCN's internal teams implemented a number of actions designed to provide across-the-board, in-depth information to its employees and customers on the new system, which became effective in April this year. These actions included communication efforts and training of the Bank's administrative and customer service teams, as well as the specifically developed delivery of

presentations and material to customers and the implementation of a toll-free phone line and a channel on the Bank's website for clarification of doubts.

### First Half Increases

The Bradesco Organization entered into a strategic partnership with Ford through the following associated companies, as part of its plan to increase customer base and retail market share, involving assets of some R\$ 1 billion and consolidating its leadership of Brazil's auto financing market: through Banco BCN S.A., acquisition of the total capital of Ford Leasing S.A. - Arrendamento Mercantil, now called Potenza Leasing Arrendamento Mercantil S.A.; through Continental Banco S.A., acquisition of credits and other rights of the direct consumer credit loan portfolio of Banco Ford S.A., and finally through Continental Promotora de Vendas Ltda., via an operating agreement to serve Ford Dealership Network customers.

On February 24, 2002, through the intermediation of Banco BCN S.A., the Bradesco Organization entered into a purchase and sale agreement for all shares of Banco Cidade S.A. This transaction was finalized on June 7, 2002, subsequent to ratification by the corresponding authorities.

The acquisition included the subsidiaries Bancocidade Administradora de Cartões, Negócios e Serviços Ltda., Bancocidade Corretora de Valores Mobiliários e de Câmbio Ltda., Bancocidade Distribuidora de Títulos e Valores Mobiliários Ltda., Bancocidade Leasing Arrendamento Mercantil S.A., Cidade Capital Markets Limited, Cidade Asset Management Ltda. and Cidade Seguros Administradora e Corretora S/C Ltda.

### Performance

#### Net Income and Stockholders' Equity

Net Income for the first half of 2002 was R\$ 152 million, a 10.7% increase rate over the same period in 2001 and corresponding to an annualized return of 23.2% on Stockholders' Equity of R\$ 1.381 million.

BCN merged with Banco Cidade, based on the positions recorded at May 31, 2002, and by June 24, 2002 the Bank's 24 Branches were offering customers all BCN's products and services.

At the end of the period, BCN had served approximately 712 thousand customers of which 573 thousand individuals customers and 139 thousand corporate customers of which 584 thousand are checking account holders of comprising 453 thousand of individuals and 131 thousand of corporates. Customers served by Continental Banco also totaled approximately 712 thousand, credit card holders amounted to 166 thousand and the number of savings accounts increased to 599 thousand.

At June 30, 2002, the BCN Customer Service Network comprised 445 service points, comprising 235 branches in Brazil, 1 foreign branch in Grand Cayman and 169 conventional and electronic service centers and outlets, as well as 40 branches of Continental Promotora de Vendas. The Self-service Network has 987 terminals operating in BCN Branches and Service Posts, and also includes the Bradesco Day and Night ATM Network, with 9,449 terminals, which can be used by BCN customers for cash withdrawals, as well as the 24-Hour Bank Network, with 2,176 terminals.

In the first half of the year, BCN opened the following new Branches: BCN Digital - RJ, Centro da Barra - RJ, Mauá - SP, Mogi-Mirim - SP, Bady Bassitt - SP and Vila Formosa - SP. Continental Promotora de Vendas opened a new branch in Aracaju - SE and is also present in 10,831 new and used vehicle dealerships throughout Brazil and in 1,295 stores selling consumer durables, furniture, mobile phones and home decor.

#### Assets and Liabilities

Total Assets amounted to R\$ 21.1 billion, a 12.4% growth rate over the same period in 2001, with total Credit Operations including Leasing and Advances on foreign exchange contracts (ACC), less of the allowance for loan losses, comprising 56.8% and Securities corresponding to 28.4% of this total. Total

Credit Operations also presented growing rates, particularly the Direct Consumer Credit (CDC) portfolio, which includes the credits acquired and the new business generated as a result of the operating agreement signed with Ford. Results were also bolstered by an increase in working capital financing for companies and by the Banco Cidade portfolio incorporated by BCN.

Overall funds obtained at the end of the half-year totaled R\$ 22.1 billion, an 11.8% growth rate over the same period in 2001, with Deposits, including Savings Accounts, comprising the main source of the Bank's funds and which presented a closing balance for the period of R\$ 10.9 billion, a growth rate of 41.3%. Interbank deposits, with a balance of R\$ 4.8 billion and Time deposits with a balance of R\$ 4.5

#### Products and Services

##### **BCN Relationship Account - Consumer Customers**

The BCN Relationship Account, offering its holders Brazil's most comprehensive rewards program, has undergone constant improvement since it was launched in 1997. Through this account, BCN customers are awarded points, which are automatically converted into rewards, such as an interest-free period of 12 to 18 days per month on special check account overdraft facilities or a reduction of up to 60% of the interest rates charged on overdrafts which overrun the interest-free period; free choice of repayment dates for interest on authorized overdrafts; decreases of up to 100% in bank charges; Smart Club Program points which can be converted into prizes; and weekly draws for cash prizes of up to R\$ 60 thousand. Through BCN Net Internet Banking customers can simulate the amounts received in awards based on the volume of their business with BCN, enabling them to plan new savings.

##### **BCN Cards**

Already a source of points for the Relationship Account, when payments are made via Direct Debit, BCN Credit Cards gained a new option with the launching of the BCN Visa Nacional Credit Card which targets lower-income customers.

billion increased by 57.6% and 30%, respectively. Total funds also include an amount of R\$ 3.3 billion in Investment Funds and Customer Portfolios raised by the BCN Branches and managed by BRAM - Bradesco Asset Management Ltda.

#### **Relationship**

##### **Customer Service - BCN's Commitment**

BCN continues to concentrate its efforts on improving customer service, enhancing its relationships through the customer service network and creating areas, services and products capable of guaranteeing maximum financial benefit.

##### **BCN Digital**

BCN Digital, an excellent example of the BCN's vocation for forging strong customer relationships, ensures that a team of specifically trained managers are permanently on call to attend to customers' financial needs during 7 days a week, including bank holidays, from 8 a.m. to 10 p.m. This virtual service confirms the Digital Bank's mission to serve as an first-class business alternative for customers seeking maximum convenience and quality in their banking relationships.

During the first half of the year, BCN opened another Digital unit in the city of Rio de Janeiro - RJ.

##### **Self-service Channels**

The remote services available to consumer customers have received particular attention from BCN in its pursuit to form truly efficient relationships through the Bank's electronic channels. Supporting these efforts, emphasis should also be given to the ongoing training program for employees who assist, instruct and advise customers on how to use the BCN's Self-service Channels.

### - BCNNet Internet Banking

Launched in July 1998 and available around the clock, seven days a week, the BCNNet Internet Banking website [www.bcn.com.br](http://www.bcn.com.br) is consolidating its image as an efficient remote service channel. Online innovations include CPMF checkbook delivery requests; a sign on InformEmail service for receipt of product statements; consultation of cleared checks; printing of electronic payment slips; new web servers to increase the speed of customer access; statistics on customers registered to receive the InformEmail service; the possibility of branches to consult and/or authorize commitments scheduled by customers who have not yet been authorized by BCNNet Internet Banking, as well as a search engine through which customers can easily locate BCN network branches.

### - Linha Viva BCN - Customer Call Center

Launched in the second half of 1994, BCN's Live Line attends customer calls under two different systems, which are designed to provide customers with maximum convenience and support. The first is a personalized service available from 8 a.m. to 10 p.m. and the second operates via interactive voice response (URA) and is available 24 hours a day, every day of the week.

### - Customer Self-Service in BCN Branches and Service Outlets

Operating through a number of different networks, including Brazil's largest ATM network, the Bradesco BDN, BCN's own network with units installed in all of its Branches and Service Outlets and the 24-Hour Bank Network, the Bank is able to offer its customers a unique self-service system, available nationwide.

### Corporate Customer Service - Relationship Development

With a solid track record in serving companies of different sizes and in different industry segments, BCN is steadily increasing its operations in all corporate business fields. Operating on a segmented basis, the branch network receives full support from the Bank's management areas and is recording

steady growth in its corporate customer relationships.

### BCN Collection

During the half-year, 21 million notes corresponding to R\$ 19 billion in business were collected from the third party collection portfolio, a growth rate of 4.3% and 16.5%, respectively, over the results for the second half of 2001.

The collection portfolio volume attained some R\$ 4 billion with approximately 8 million of registered notes, exceeding second half results in 2001 by 38.9%.

### BCNPag

In line with its policy for increasing customer fidelity and rationalizing its services, maximizing efficiency, automation, speed and security, BCNPag Supplier Payments recorded a significant increase in its user base, with a record of 6,816 customers served, a growth rate of 33.6% for the first six-month period.

The volume of transactions also attained a record 3.956 million commitments paid with a financial volume of R\$ 18 billion, an increase of 7.7% and 15.7%, respectively, compared to the second six-month period of 2001.

New payment methods were implemented to meet customer needs following the introduction of the New Brazilian Payments System (SPB), in April 2002, such as the payment of state taxes and deployment of TED (Cleared Funds Online Transfer).

### BCN Office Banking

This is a cutting-edge online banking service offered to BCN's Corporate customers which operates with efficiency, speed and security using a variety of latest generation web tools.

BCN Office Banking reached the mark of 31,404 users at June 30, 2002, with a financial volume of more than R\$ 2.7 billion for the quarter, corresponding to 2.032 million transactions.

### **Linha Viva & BCNNet Internet Banking Empresa**

The performance of these channels was also significant with 43,775 registered users in June 2002 and some 37 thousand transactions carried out during the first six-month period.

### **Payroll Service**

Companies using BCN's payroll service, one of the Bank's most successful corporate products, ensure that their employees take advantage of the BCN Relationship Account, which offers the most comprehensive rewards program in the market. The BCN payroll service plays an increasingly important role in BCN's production strategy.

In the first six-month period, BCN provided payroll services to 1,254 companies, with a total of 80,466 salary accounts.

### **BCN Cheque Bom**

This new service available in São Paulo was launched in May 2002 and is designed to decrease the number of defaults and costs for the handling and transport of checks. The service facilitates real time management and maximum operating speed through systems used to update and consult customer credit status.

### **BCN's Associated Companies Support Differentiated Services**

Acquired by BCN at the end of 1998, Continental Banco S.A. is mainly focused on retail market business, especially Direct Consumer Credit (CDC) and Leasing. With a strong role in auto financing, the

company has achieved a leadership position among the auto financing companies operating in Brazil, further strengthened by the recent agreements entered into with Banco Ford S.A. and the Ford Vehicle Dealership Network. At the Extraordinary General Meeting held on July 8, 2002, approval was given to change the name of Continental Banco S.A. to Banco Finasa S.A.

Another major market player, BCN Leasing Arrendamento Mercantil S.A. continued its strategy to diversify its activity segments and increase the implementation of operating agreements with Brazil's most important equipment manufacturers. As part of its plan to strengthen its market share, BCN Leasing provides the support required to meet the needs of BCN network customers throughout Brazil, including companies from various market segments. In the first half, expenditure for new business totaled R\$ 255 million.

The joint venture between Banco BCN S.A. and Crédit Lyonnais Cayman Island Branch, from which CLSA-BCN Corretora de Títulos e Valores Mobiliários S.A., originated and which was in operation for 3 years, was terminated, since as part of its strategy, Banco Crédit Lyonnais Cayman Island Branch decided to terminate its activities in Latin America and the East European countries.

## Continental Banco

### Consolidated Balance Sheet - In millions of reais

|  | 2001         |              | 2002         |              |
|--|--------------|--------------|--------------|--------------|
|  | March        | June         | March        | June         |
| <b>ASSETS</b>  |              |              |              |              |
| Current Assets and Long-Term Receivables   | 1,600        | 1,746        | 2,876        | 3,092        |
| Available Funds  | -            | 1            | 1            | 1            |
| Short-Term Interbank Investments   | 2            | -            | 3            | 46           |
| Securities   | 18           | 18           | 12           | 11           |
| Interbank Accounts   | 5            | -            | 9            | 11           |
| Credit and Leasing Operations  | 1,388        | 1,530        | 2,615        | 2,816        |
| Other Receivables and Other Assets   | 187          | 197          | 236          | 207          |
| Permanent Assets   | 5            | 6            | 6            | 6            |
| <b>Total</b>   | <b>1,605</b> | <b>1,752</b> | <b>2,882</b> | <b>3,098</b> |
| <b>LIABILITIES</b>   |              |              |              |              |
| Current and Long-Term Liabilities  | 1,475        | 1,617        | 2,719        | 2,924        |
| Demand and Interbank Deposits  | 1,262        | 1,408        | 2,490        | 2,636        |
| Securities Received under Security Repurchase Agreements and Funds from the Issuance of Securities | 2            | 4            | 3            | 13           |
| Interbank Accounts   | 4            | 1            | 25           | 1            |
| Borrowings and Onlendings  | -            | -            | -            | 2            |
| Financial Derivative Instruments   | -            | -            | -            | 55           |
| Other Liabilities  | 207          | 204          | 201          | 217          |
| Deferred Income  | -            | -            | -            | 3            |
| Stockholders' Equity   | 130          | 135          | 163          | 171          |
| <b>Total</b>   | <b>1,605</b> | <b>1,752</b> | <b>2,882</b> | <b>3,098</b> |

### State of Income - In millions of reais

|   | 2001                 |                      |                      | 2002                 |                      |                      |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|   | 1 <sup>st</sup> Qtr. | 2 <sup>nd</sup> Qtr. | 1 <sup>st</sup> Half | 1 <sup>st</sup> Qtr. | 2 <sup>nd</sup> Qtr. | 1 <sup>st</sup> Half |
| Income from Lending and Trading Activities              | 213                  | 55                   | 268                  | 257                  | 267                  | 524                  |
| Expenses  | (152)                | 10                   | (142)                | (158)                | (167)                | (325)                |
| <b>Gross Profit from Financial Intermediation</b>       | <b>61</b>            | <b>65</b>            | <b>126</b>           | <b>99</b>            | <b>100</b>           | <b>199</b>           |
| Other Operating Income (Expenses), Net                  | (44)                 | (47)                 | (91)                 | (81)                 | (76)                 | (157)                |
| <b>Operating Income</b>                                 | <b>17</b>            | <b>18</b>            | <b>35</b>            | <b>18</b>            | <b>24</b>            | <b>42</b>            |
| Non-Operating Income (Expenses), Net                    | -                    | -                    | -                    | (1)                  | -                    | (1)                  |
| <b>Income before Taxes on Income and Profit Sharing</b> | <b>17</b>            | <b>18</b>            | <b>35</b>            | <b>17</b>            | <b>24</b>            | <b>41</b>            |
| Income Tax and Social Contribution                      | (6)                  | (6)                  | (12)                 | (6)                  | (9)                  | (15)                 |
| Employee Profit Sharing                                 | -                    | (1)                  | (1)                  | -                    | -                    | -                    |
| <b>Net Income</b>                                       | <b>11</b>            | <b>11</b>            | <b>22</b>            | <b>11</b>            | <b>15</b>            | <b>26</b>            |

Continental Banco, purchased by Banco BCN in October 1998, operates through the intermediation of its sales promotion company Continental Promotora de Vendas Ltda., which is responsible for prospecting customers and preparing credit proposals. Focused on the retail market sector, it now leads the sector, operating in new and used auto financing via direct consumer credit (CDC) and leasing. In January 2002, Continental Banco S.A. acquired the credits and other rights of the Banco Ford S.A.'s CDC loan portfolio, as well as its new financing business, and at the same time, through

Continental Promotora de Vendas Ltda. entered into an operating agreement for the deployment of financing products to be commercialized in the Ford Dealership Network

Continental operates in this segment through more than 10,800 outlets distributed nationwide and can also be found on the Internet at the following address: <http://www.continentalbanco.com.br>. Services are also provided at 1,295 stores specialized in the sale of furniture, home decor, mobile telephony and IT related equipment. A number of

different instruments are used to fuel its financial market headway, including: credit simulation calculators, prize-winning loans, Smart Club and similar fidelity building programs and other related products, such as Savings Bonds and Insurance, as well as quick and efficient credit approval process.

#### Performance

##### Income and Stockholders' Equity

Net income for the first six months was R\$ 26 million, a growth rate of 19.9% over the same period in 2001, corresponding to an annualized return of 33.2% on Stockholders' Equity of R\$ 171 million.

##### Assets

Total Assets attained R\$ 3.1 billion, a 76.8% growth rate compared to the results at June 30, 2001. The

Continental Promotora de Vendas opened a new branch in Aracaju - SE during the half year and now has 40 branches installed in all of Brazil's core cities.

Customers served at Continental Banco during the period totaled some 712 thousand.

CDC portfolio totaled R\$ 2.8 billion, an increase of 118%, including the credits acquired and new business generated as a result of the agreement entered into with Ford during the period.

## Banco Mercantil de São Paulo

### Consolidated Balance Sheet - In millions of reais

|  | 2002         |              |
|--|--------------|--------------|
|  | March        | June         |
| <b>ASSETS</b>  |              |              |
| Current Assets and Long-Term Receivables   | 6,958        | 7,183        |
| Available Funds  | 72           | 68           |
| Short-Term Interbank Investments   | 830          | 650          |
| Securities   | 873          | 876          |
| Interbank and Interdepartmental Accounts   | 566          | 553          |
| Credit and Leasing Operations  | 3,252        | 3,376        |
| Other Receivables and Other Assets   | 1,365        | 1,660        |
| Permanent Assets   | 805          | 539          |
| <b>Total</b>   | <b>7,763</b> | <b>7,722</b> |
| <b>LIABILITIES</b>   |              |              |
| Current and Long-Term Liabilities  | 6,974        | 6,956        |
| Demand and Interbank Deposits  | 3,690        | 4,162        |
| Savings Account Deposits   | 535          | 542          |
| Securities Received under Security Repurchase Agreements and Funds from the Issuance of Securities | 1,286        | 945          |
| Interbank and Interdepartmental Accounts   | 220          | 264          |
| Borrowings and Onlendings  | 697          | 568          |
| Financial Derivative Instruments   | -            | 9            |
| Other Liabilities  | 546          | 466          |
| Deferred Income  | 1            | 1            |
| Minority Interests   | 53           | 53           |
| Stockholders' Equity   | 735          | 712          |
| <b>Total</b>   | <b>7,763</b> | <b>7,722</b> |

## Statement of Income - In millions of reais

|   | 2 <sup>nd</sup> Qtr.<br>2002 |
|---|------------------------------|
| <b>ASSETS</b>   |                              |
| Income from Lending and Trading Activities              | 716                          |
| Expenses  | (643)                        |
| <b>Gross Profit from Financial Intermediation</b>       | <b>73</b>                    |
| Other Operating Income (Expenses), Net                  | (140)                        |
| <b>Operating Income</b>                                 | <b>(67)</b>                  |
| Non-Operating Income (Expenses), Net                    | 24                           |
| <b>Income before Taxes on Income and Profit Sharing</b> | <b>(43)</b>                  |
| Income Tax and Social Contribution                      | 44                           |
| Employee Profit Sharing                                 | (1)                          |
| <b>Total</b>  | <b>0</b>                     |

Integrated to the Bradesco's Group since the 1<sup>st</sup> half of 2002, Banco Mercantil de São Paulo S.A., under its new management, resumed the strategy designed to grow its operations, personalize its customer service and intensify its partner relationships. As a result, the

Bank's capacity to deliver increasingly comprehensive and specialized services was maintained and extended to an even wider public through the Bradesco Customer Service Network.

## Performance/Achievements in the First Half of 2002

**Branches and Services**

At the end of the first six-month period of 2002, the Bank's nationwide network was formed by 219 branches strategically distributed. The 407 thousand individual and corporate checking account holders can use 188 Banking Service Outlets and 9 Consumer Credit Shops. The Self-service Network operates with 750 terminals installed in the Bank's own Branches and Banking Service Posts, and also through the 24Hour Bank Network with its 2,176 Service Outlets, 20,555 Shared Network units and some 9,500 BDN Network terminals.

The Bank's overseas branches in New York, London and Grand Cayman and an affiliated Bank in Luxembourg maintained their typical international financial market activities, focusing particularly on foreign trade financing.

**The Brazilian Payments System (SBP)**

Banco Mercantil de São Paulo S.A. has been preparing its systems since 2000 for the changes which took place from April 22, 2002 and will continue to take place in the way of individual and corporate customers handle their banking business. The Bank made investments of more than R\$ 14

million in improvements designed to boost the speed and security of customer transactions. As well as improving its internal systems, a special training and communications program was developed for the Bank's Branch Network and Telefinasa customer service teams and employees in general, as well as the dissemination of information necessary to continue training through the Banks Intranet.

Further details on the new payments system can be obtained at the Bank's website - <http://www.finasa.com.br> through the exclusive e-mail address - [spb@finasa.com.br](mailto:spb@finasa.com.br); and from the toll-free help line 0800 701 18 44.

As part of its strategy to anticipate trends and meet customers' needs, the Bank has developed a number of products and services which facilitate the control and management of the changes introduced by SPB implementation. For example:

- Cash Management Finasa;
- Caixa Único Finasa;
- Novo Módulo de Pagamentos Finasa;
- Caixa Postal Finasa; and
- Cartão Finasa Visa Electron Business.

## Products

### Finasa Credit Cards

The special treatment given by Banco Mercantil de São Paulo S.A. to this product produced sales in the first six months of the year of 43.7 thousand cards in a total portfolio of 215.6 thousand units (85% under the Visa banner and 15% under the MasterCard banner), corresponding to an increase of 29%, compared to sales for the first half of 2001. Revenues also increased by 4% during the half-year compared to the same prior-year period and totaled R\$ 116.7 million.

### New Management Approach Regarding Branch Revenue

New sales actions and tools are also being developed to stimulate and facilitate increases in the Bank's customer base and consumption of products and services per customer by the branches.

As a result, the Bank's network offers cutting-edge banking technology facilitating the opening of accounts at banking posts (PABs), as well as appropriate support for mass account openings, facilitating the day-to-day activities of the branches and in turn customer service quality.

### Self-service Channels

- Telefinasa: seeking excellence in customer service, the Finasa call-center received 1,839 thousand interactive voice response calls (URA) during the period, with a total 2,059 thousand transactions and consultations.
- Finasa Internet Banking: Finasa Internet Banking for Individuals Customers was launched in August 2001, and has 21.7 thousand registered accounts, corresponding to a 6.2% share of the account base for the period.
- Relationship Accounts: at the end of the period, Banco Mercantil de São Paulo S.A. had served 335 thousand individual checking account holders, corresponding to 348 thousand accounts. 33.53% of all individual customer checking accounts were Special Check accounts with authorized overdraft facilities. 26.2 thousand were opened during the period.

At June 30, 2002, the corporate customer portfolio had 71.8 thousand checking account customers, corresponding to 94.9 thousand accounts. Of these, 6.6 thousand were opened during the first half of 2002.

The Traditional and Mobile Savings Portfolio registered a record of 107.4 thousand accounts up to June 30, 2002.

The Finasa Easy Account service package (Conta Fácil Finasa) giving priority to customer relationships and offering a range of differentiated and competitive products had 184.7 thousand registered customers at June 30, 2002, and the Progressive Scale Advantages Relationship account (Vantagens Progressivas) had a total of 20.3 thousand customers enjoying the system's excellent benefits.

### Finasa: Top-of-Mind Brand Awareness

Market studies carried out in the financing segment revealed high memory recall levels for the Finasa brand, prompting the Bradesco Organization to developing a specific plan for integrating all of its finance companies.

The intention is to group together all the financing activities carried out by Mercantil de São Paulo, Bradesco and the other recently acquired banks under a single Finasa brand.

Accordingly, a specific administrative and sales structure is now at the final development stage and will soon come into operation in the vehicle resales area and in shops and stores all over the country. The start-up of operations in the new company Finasa Promotora de Vendas is forecast for the second half of this year.

### Bradesco Products: Aggregating to Increase Benefits for Customers

Banco Mercantil de São Paulo is aggregating its personalized products and customer service with the facilities and other services offered by Banco Bradesco.

As a result, customers now have access to the market's most complete self-service network: as well as the self-service network of Mercantil de São Paulo and the 24Hour Bank kiosks, customers also have access to the extensive BDN Bradesco Day and Night ATM network.

The Bank's acquisition has stimulated its entry into new activity areas, such as savings bonds, which will undoubtedly boost its customer fidelity building program and increase branch revenue.

In May, the Bank's branches commenced the sale of a new savings bond from the Pé Quente Verde Amarelo which has a 60-month term and, based on its success and excellent returns, other new products, such as the Easy Fly (Voe Fácil) awards program, which is specifically targeted to Finasa Card holders, are now under analysis, as well as other differentiated alternatives for each of the Bank's customer service channels: Telefinasa, Banking Service Posts and Finasa Internet Banking.

The Bank's corporate and individual customers in the health insurance area now have access to all Bradesco Saúde products.

The options available to customers in the private pension plan area have also been extended to include Bradesco Vida e Previdência. Initially, five products are being sold, meeting the needs of the Bank's different customer profiles.

There are two PGBL (PGBL Proteção Familiar and Prev Jovem PGBL) plans, one of which specifically targets the younger public, the VGBL (VGBL Proteção Familiar) plan, a conventional plan with special features (Conta Vip de Rendas Programadas) and a Redeemable Family Coverage (Cobertura Familiar Resgatável) plan.

These are just a few of the many improvements made to the exceptional service already received by the customers of Banco Mercantil de São Paulo, maintaining the Bank's capacity to provide increasingly comprehensive and specialized services and increasing the range of its activities throughout Brazil.

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

### Balance Sheet - In millions of reais

|   | 2001       |            | 2002       |            |
|---|------------|------------|------------|------------|
|   | March      | June       | March      | June       |
| <b>ASSETS</b>                                   |            |            |            |            |
| <b>Current Assets and Long-Term Receivables</b> | 169        | 160        | 119        | 140        |
| Short-Term Interbank Investments and Securities | 59         | 58         | 68         | 69         |
| Other Receivables and Other Assets              | 110        | 102        | 51         | 71         |
| <b>Permanent Assets</b>                         | 19         | 19         | 18         | 17         |
| <b>Total</b>                                    | <b>188</b> | <b>179</b> | <b>137</b> | <b>157</b> |
| <b>LIABILITIES</b>                              |            |            |            |            |
| <b>Current and Long-Term Liabilities</b>        | 126        | 114        | 60         | 80         |
| Other Liabilities                               | 126        | 114        | 60         | 80         |
| <b>Stockholders' Equity</b>                     | 62         | 65         | 77         | 77         |
| <b>Total</b>                                    | <b>188</b> | <b>179</b> | <b>137</b> | <b>157</b> |

## State of Income - In millions of reais

|  | 2001                |                      |                     | 2002                |                      |                     |
|--|---------------------|----------------------|---------------------|---------------------|----------------------|---------------------|
|  | 1 <sup>a</sup> Qtr. | 2 <sup>nd</sup> Qtr. | 1 <sup>a</sup> Half | 1 <sup>a</sup> Qtr. | 2 <sup>nd</sup> Qtr. | 1 <sup>a</sup> Half |
| Income from Lending and Trading Activities       | 1                   | -                    | 1                   | 3                   | 3                    | 6                   |
| Gross Profit from Financial Intermediation       | 1                   | -                    | 1                   | 3                   | 3                    | 6                   |
| Other Operating Income (Expenses), Net           | 4                   | 3                    | 7                   | 2                   | (1)                  | 1                   |
| Operating Income                                 | 5                   | 3                    | 8                   | 5                   | 2                    | 7                   |
| Non-Operating Income (Expenses), Net             | -                   | (1)                  | (1)                 | -                   | -                    | -                   |
| Income before Taxes on Income and Profit Sharing | 5                   | 2                    | 7                   | 5                   | 2                    | 7                   |
| Income Tax and Social Contribution               | (2)                 | -                    | (2)                 | (2)                 | (1)                  | (3)                 |
| Net Income                                       | 3                   | 2                    | 5                   | 3                   | 1                    | 4                   |

Bradesco Corretora closed the first half of 2002 maintaining its outstanding position in the Capital Market.

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

Bradesco Corretora was placed 2<sup>nd</sup> in the half-year ranking of the Mercantile and Futures Exchange (BM&F), with 5.5 million contracts negotiated for a financial volume of R\$ 590.2 billion. The consolidation of the company's position in this market is a result of its policy to attract important customers, particularly treasury operations at Brazil's major banks. As part of its effort to expand activities in the agricultural area, Bradesco Corretora continued its scheduled visits program in 2002. The company also hosted visits from farmers, teachers, important opinion-makers and brokers from the physical commodities market. This expansion policy is designed to disseminate the futures market and increase transactions.

Bradesco Corretora ended the first half of 2002 among the 10 most important brokerage firms operating in the São Paulo Stock Exchange (Bovespa). During the period services were provided

to 29,826 investors and 80,466 buy and sell orders were carried out for a total financial volume of R\$ 4.5 billion.

Online web trading totaled 44,229 orders with a volume of R\$ 238.6 million, representing 7.1% of all Home-Broker operations carried out in Bovespa. The customer base increased by 24.8% with more than 2,348 new customers registered for the first half of 2002 and more than 9,309 e-mails received.

As a result of its important role in Public Offerings of Share Purchases, Special Operations, Stock Swapping Auctions and Privatization Auctions, Bradesco Corretora continued in its important market position, with financial volume of R\$ 217.4 million for the six-month period.

Net income recorded for the period totaled R\$ 4.3 million.

Stockholders' equity at the end of the first half grew to R\$ 76.7 million, corresponding to 48.8% of total assets, which amounted to R\$ 157 million.

## Information - Trading at BM&amp;F and BOVESPA

|   | 2001                 |                      |                      | 2002                 |                      |                      |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|   | 1 <sup>st</sup> Qtr. | 2 <sup>nd</sup> Qtr. | 1 <sup>st</sup> Half | 1 <sup>st</sup> Qtr. | 2 <sup>nd</sup> Qtr. | 1 <sup>st</sup> Half |
| <b>BM&amp;F</b>                         |                      |                      |                      |                      |                      |                      |
| Ranking                                 | 1 <sup>st</sup>      | 1 <sup>st</sup>      | 1 <sup>st</sup>      | 1 <sup>st</sup>      | 6 <sup>th</sup>      | 2 <sup>nd</sup>      |
| Contracts Traded (million)              | 9.2                  | 5.3                  | 14.5                 | 3.5                  | 2.0                  | 5.5                  |
| Financial Volume (in billions of reais) | 941.8                | 707.0                | 1,648.8              | 387.9                | 202.3                | 590.2                |
| <b>Stock Exchange</b>                   |                      |                      |                      |                      |                      |                      |
| Ranking                                 | 5 <sup>th</sup>      | 10 <sup>th</sup>     | 10 <sup>th</sup>     | 7 <sup>th</sup>      | 10 <sup>th</sup>     | 9 <sup>th</sup>      |
| Number of Investors                     | 24,946               | 16,550               | 41,496               | 16,172               | 17,164               | 29,826               |
| Number of Orders Executed               | 45,264               | 41,768               | 87,032               | 38,604               | 41,862               | 80,466               |
| Volume Traded (in billions of reais)    | 2.8                  | 2.4                  | 5.2                  | 2.5                  | 2.0                  | 4.5                  |
| <b>Home Broker</b>                      |                      |                      |                      |                      |                      |                      |
| Registered Customers                    | 7,384                | 8,061                | 8,061                | 11,091               | 11,821               | 11,821               |
| Orders Executed                         | 21,635               | 21,044               | 42,679               | 21,993               | 22,236               | 44,229               |
| Volume Traded (in millions of reais)    | 87.1                 | 84.7                 | 171.8                | 128.4                | 110.2                | 238.6                |

## Bradesco Securities, Inc.

## Balance Sheet - In thousands of reais

|   | 2001  |       | 2002  |       |
|---|-------|-------|-------|-------|
|   | March | June  | March | June  |
| <b>ASSETS</b>                                   |       |       |       |       |
| <b>Current Assets and Long-Term Receivables</b> | 3,946 | 3,776 | 2,887 | 3,150 |
| Available Funds                                 | 696   | 381   | 467   | 568   |
| Securities                                      | 3,250 | 3,382 | 2,405 | 2,564 |
| Other Receivables and Other Assets              | -     | 13    | 15    | 18    |
| <b>Permanent Assets</b>                         | 143   | 150   | 124   | 138   |
| <b>Total</b>                                    | 4,089 | 3,926 | 3,011 | 3,288 |
| <b>LIABILITIES</b>                              |       |       |       |       |
| <b>Current and Long-Term Liabilities</b>        | 187   | 63    | 62    | 61    |
| Other Liabilities                               | 187   | 63    | 62    | 61    |
| <b>Stockholders' Equity</b>                     | 3,902 | 3,863 | 2,949 | 3,227 |
| <b>Total</b>                                    | 4,089 | 3,926 | 3,011 | 3,288 |

## Statement of Income - In thousands of reais

|   | 2001                 |                      |                      | 2002                 |                      |                      |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|   | 1 <sup>st</sup> Qtr. | 2 <sup>nd</sup> Qtr. | 1 <sup>st</sup> Half | 1 <sup>st</sup> Qtr. | 2 <sup>nd</sup> Qtr. | 1 <sup>st</sup> Half |
| Income from Lending and Trading Activities        | 55                   | 47                   | 102                  | 22                   | 26                   | 48                   |
| <b>Gross Profit from Financial Intermediation</b> | 55                   | 47                   | 102                  | 22                   | 26                   | 48                   |
| Other Operating Income (Expenses), Net            | (367)                | (366)                | (733)                | (313)                | (475)                | (788)                |
| <b>Operating Income</b>                           | (312)                | (319)                | (631)                | (291)                | (449)                | (740)                |
| Income before Taxes on Income and Profit Sharing  | (312)                | (319)                | (631)                | (291)                | (449)                | (740)                |
| <b>Loss</b>                                       | (312)                | (319)                | (631)                | (291)                | (449)                | (740)                |

Bradesco Securities, Inc., a wholly owned subsidiary of Bradesco, operates as a broker dealer in the United States. The company's activities are focused on the intermediation of share purchases and sales, with emphasis on ADR operations. It is also authorized to operate, among others, with Bonds, Commercial Paper and Certificates of Deposit and to provide

Investment Advisory services. This Bradesco initiative was motivated by more than 80 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.

Leasing<sup>(1)</sup>

## Balance Sheet - In millions of reais

|   | 2001         |              | 2002         |              |
|---|--------------|--------------|--------------|--------------|
|   | March        | June         | March        | June         |
| <b>ASSETS</b>   |              |              |              |              |
| Current Assets and Long-Term Receivables  | 1,867        | 1,846        | 2,532        | 2,800        |
| Available Funds   | 7            | 8            | 2            | 9            |
| Short-Term Interbank Investments  | -            | -            | 668          | 806          |
| Securities  | 18           | 18           | 18           | 34           |
| Credit and Leasing Operations   | 1,539        | 1,541        | 1,515        | 1,606        |
| Other Receivables and Other Assets  | 303          | 279          | 329          | 345          |
| Permanent Assets  | 12           | 11           | 48           | 44           |
| <b>Total</b>  | <b>1,879</b> | <b>1,857</b> | <b>2,580</b> | <b>2,844</b> |
| <b>LIABILITIES</b>  |              |              |              |              |
| Current and Long-Term Liabilities   | 1,214        | 1,173        | 1,700        | 1,904        |
| Demand, Time and Interbank Deposits   | 582          | 534          | 265          | 356          |
| Securities Received under Security Repurchase Agreements and Funds Received from Issuance of Securities | -            | -            | 97           | 144          |
| Borrowings and Onlendings   | 192          | 202          | 244          | 330          |
| Other Liabilities   | 440          | 437          | 1,094        | 1,074        |
| Stockholders' Equity  | 665          | 684          | 880          | 940          |
| <b>Total</b>  | <b>1,879</b> | <b>1,857</b> | <b>2,580</b> | <b>2,844</b> |

## Statement of Income - In millions of reais

|  | 2001                 |                      |                      | 2002                 |                      |                      |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|  | 1 <sup>st</sup> Qtr. | 2 <sup>nd</sup> Qtr. | 1 <sup>st</sup> Half | 1 <sup>st</sup> Qtr. | 2 <sup>nd</sup> Qtr. | 1 <sup>st</sup> Half |
| Income from Lending and Trading Activities       | 70                   | 84                   | 154                  | 100                  | 173                  | 273                  |
| Expenses   | (55)                 | (42)                 | (97)                 | (52)                 | (173)                | (225)                |
| Gross Profit from Financial Intermediation       | 15                   | 42                   | 57                   | 48                   | -                    | 48                   |
| Other Operating Income (Expenses), Net           | (13)                 | (5)                  | (18)                 | (11)                 | (7)                  | (18)                 |
| Operating Income                                 | 2                    | 37                   | 39                   | 37                   | (7)                  | 30                   |
| Non-Operating Income                             | 11                   | 7                    | 18                   | 3                    | 3                    | 6                    |
| Income Before Taxes on Income and Profit Sharing | 13                   | 44                   | 57                   | 40                   | (4)                  | 36                   |
| Income Tax and Social Contribution               | (4)                  | (13)                 | (17)                 | (13)                 | (1)                  | (14)                 |
| <b>Net Income</b>                                | <b>9</b>             | <b>31</b>            | <b>40</b>            | <b>27</b>            | <b>(5)</b>           | <b>22</b>            |

(1) Includes: Bradesco Leasing, BCN Leasing, Boavista S.A. Arrendamento Mercantil, Finasa Leasing, Potenza Leasing and Bancocidade Leasing.

Bradesco's leasing operations are carried out through its subsidiaries Bradesco Leasing S.A. Arrendamento Mercantil, BCN Leasing Arrendamento Mercantil S.A., Continental Banco S.A. Arrendamento Mercantil, Boavista S.A. Arrendamento Mercantil, Finasa Leasing Arrendamento Mercantil S.A., Bancocidade Arrendamento Mercantil S.A. and Potenza Leasing S.A. Arrendamento Mercantil.

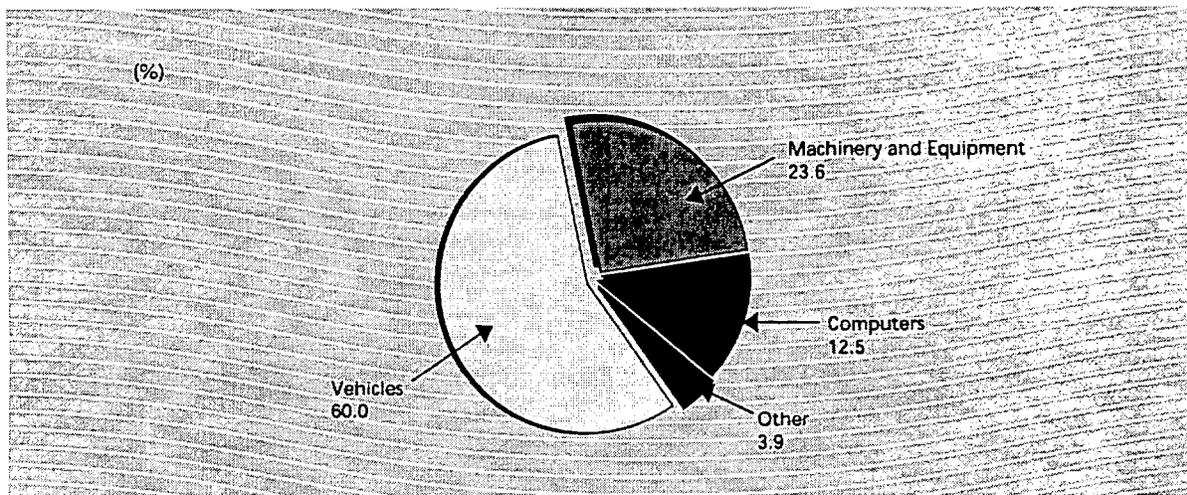
At June 30, 2002, Bradesco's leasing operations totaled R\$ 1,897 million (present value), with 73,855 contracts.

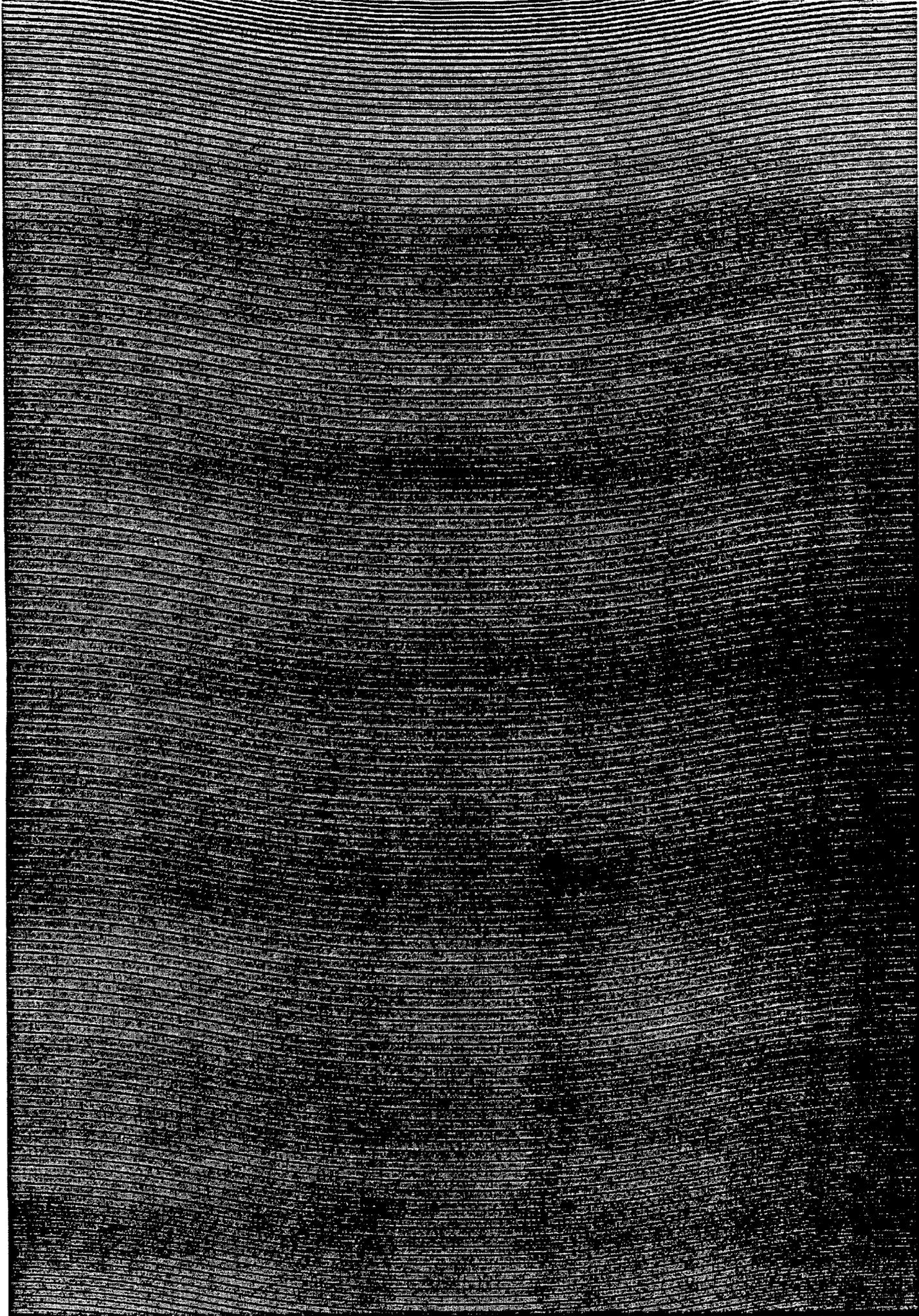
In accordance with the Brazilian Association of Leasing Companies (ABEL), Bradesco is one of the leaders in the national ranking of leasing companies, with a 18.6% market share (May/2002).

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

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

Portfolio by Types of Asset at June 30, 2002





# Insurance, Private Pension Plans and Savings Bonds



Insurance<sup>(1)</sup>

## Balance Sheet - In millions of reais

|  | 2001         |              | 2002         |              |
|--|--------------|--------------|--------------|--------------|
|  | March        | June         | March        | June         |
| <b>ASSETS</b>  |              |              |              |              |
| Current and Long-term Assets                         | 2,916        | 3,122        | 3,052        | 3,237        |
| Securities   | 1,417        | 1,408        | 1,589        | 1,512        |
| Insurance Transactions and Other Accounts Receivable | 1,499        | 1,714        | 1,463        | 1,725        |
| Permanent Assets                                     | 1,849        | 1,982        | 1,986        | 2,084        |
| <b>Total</b>   | <b>4,765</b> | <b>5,104</b> | <b>5,038</b> | <b>5,321</b> |
| <b>LIABILITIES</b>                                   |              |              |              |              |
| Current and Long-term Liabilities                    | 1,268        | 1,367        | 1,345        | 1,582        |
| Tax and Social Security Contributions                | 418          | 485          | 463          | 528          |
| Insurance-related Payables                           | 222          | 286          | 188          | 258          |
| Other Liabilities                                    | 628          | 596          | 694          | 796          |
| Technical Reserves                                   | 1,419        | 1,516        | 1,353        | 1,478        |
| Minority Interest                                    | 129          | 85           | 40           | 85           |
| Stockholders' Equity of the Parent Company           | 1,949        | 2,136        | 2,300        | 2,176        |
| <b>Total</b>   | <b>4,765</b> | <b>5,104</b> | <b>5,038</b> | <b>5,321</b> |

## Statement of Income - In millions of reais

|   | 2001                 |                      |                      | 2002                 |                      |                      |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|   | 1 <sup>st</sup> Qtr. | 2 <sup>nd</sup> Qtr. | 1 <sup>st</sup> Half | 1 <sup>st</sup> Qtr. | 2 <sup>nd</sup> Qtr. | 1 <sup>st</sup> Half |
| Earned Premiums   | 1,006                | 1,098                | 2,104                | 1,156                | 1,263                | 2,419                |
| Retained Claims   | (713)                | (818)                | (1,531)              | (861)                | (918)                | (1,779)              |
| Selling Expenses  | (146)                | (144)                | (290)                | (131)                | (144)                | (275)                |
| Other Operating Income (Expenses)                             | 4                    | 12                   | 16                   | 1                    | (6)                  | (5)                  |
| Contribution Margin   | 151                  | 148                  | 299                  | 165                  | 195                  | 360                  |
| Administrative Costs  | (122)                | (140)                | (262)                | (136)                | (168)                | (304)                |
| Taxes   | (19)                 | (18)                 | (37)                 | (18)                 | (10)                 | (28)                 |
| Financial Results   | 53                   | 74                   | 127                  | 85                   | 71                   | 156                  |
| Operating Income  | 63                   | 64                   | 127                  | 96                   | 88                   | 184                  |
| Non-operating Income  | (23)                 | (6)                  | (29)                 | (23)                 | (8)                  | (31)                 |
| Results on Investments in Subsidiary and Associated Companies | 104                  | 137                  | 241                  | 125                  | 115                  | 240                  |
| Profit Sharing  | (4)                  | (2)                  | (6)                  | (2)                  | (3)                  | (5)                  |
| Minority Interest   | (4)                  | -                    | (4)                  | -                    | (5)                  | (5)                  |
| <b>Income Before Income Tax and Social Contribution</b>       | <b>136</b>           | <b>193</b>           | <b>329</b>           | <b>196</b>           | <b>187</b>           | <b>383</b>           |
| Income Tax and Social Contribution                            | (7)                  | 2                    | (5)                  | (27)                 | (11)                 | (38)                 |
| <b>Net Income</b>   | <b>129</b>           | <b>195</b>           | <b>324</b>           | <b>169</b>           | <b>176</b>           | <b>345</b>           |

N.B.: Includes insurance premiums issued by Bradesco Previdência e Seguros S.A. (with VGBl).

(1) Includes: Bradesco Seguros, Indiana Seguros, Bradesco Saude, União Novo Hamburgo de Seguros, Finasa Seguradora S.A. (from 1<sup>st</sup> Half/2002) and Universal Companhia de Seguros Gerais (from 1<sup>st</sup> Half/2002).

## Performance Ratios (annualized)

|                                   | 2001  |       | 2002  |      |
|-----------------------------------|-------|-------|-------|------|
|                                   | March | June  | March | June |
| Claims Ratio (1)                  | 70.9  | 72.8  | 71.8  | 70.9 |
| Selling Ratio (2)                 | 14.5  | 13.8  | 11.4  | 11.4 |
| Combined Ratio (3)                | 99.0  | 100.0 | 99.0  | 98.8 |
| Expanded Combined Ratio (4)       | 94.1  | 94.3  | 92.2  | 92.8 |
| Administrative Expenses Ratio (5) | 12.1  | 12.5  | 11.7  | 12.6 |

(1) Retained Claims (from 2002, excluding withdrawals on life insurance)/Earned Premiums

(2) Selling Expenses/Earned Premiums

(3) (Retained Claims + Selling Expenses + Administrative Costs + Taxes + Other Operating Expenses)/Earned Premiums

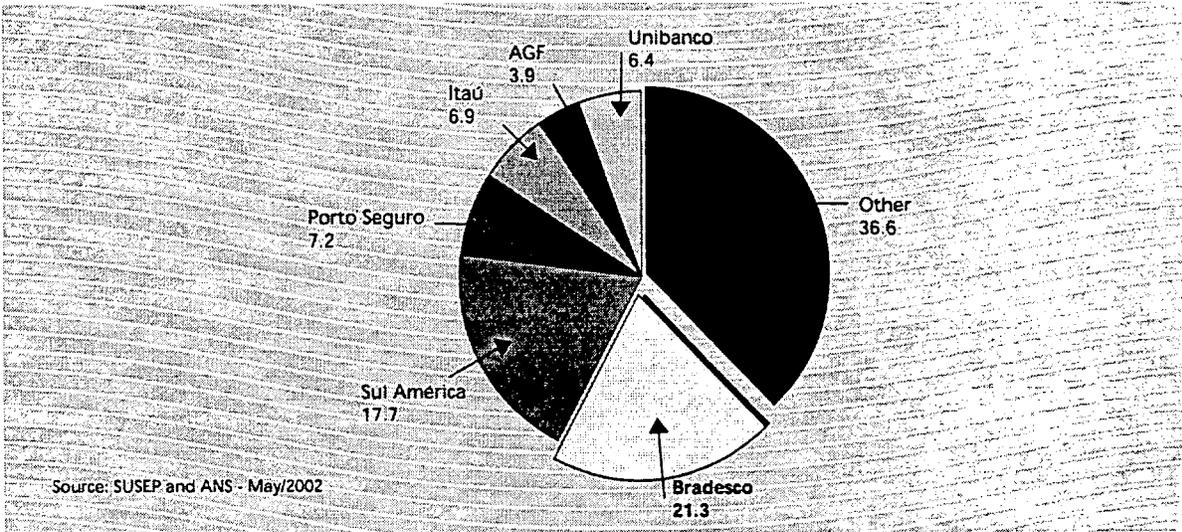
(4) (Retained Claims + Selling Expenses + Administrative Costs + Taxes + Other Operating Expenses)/(Earned Premiums + Financial Result on Earned Premiums)

(5) Administrative Expenses/Earned Premiums

The company's stable performance in comparison to the prior period, with a trend for improvement, demonstrates that Bradesco Seguros is using an appropriate pricing policy and consistent risk

acceptance criteria. The claims ratio fell by 1.9 percentage points and the selling index by 2.4 percent compared to the same period in 2001.

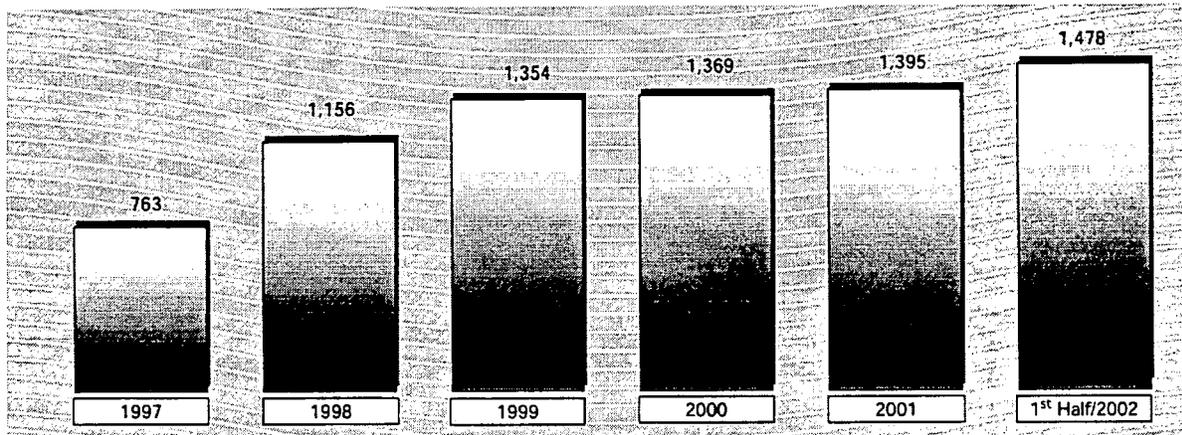
Insurance Premiums - Market Share (%)



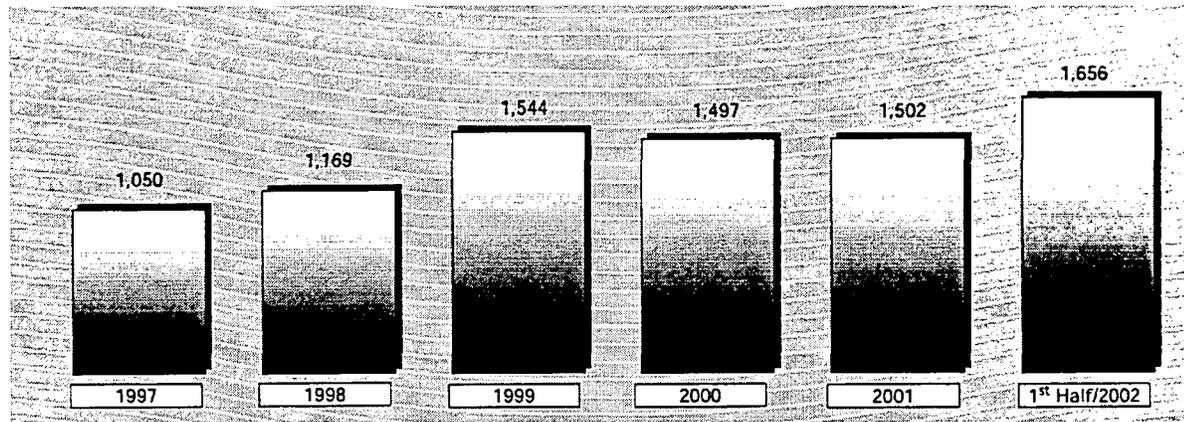
The company's continued use of a more appropriate auto portfolio pricing policy and stricter risk acceptance criteria in the automotive and basic

insurance line portfolios maintained the claims ratios at satisfactory levels.

Growth in Technical Reserves - In million of reais



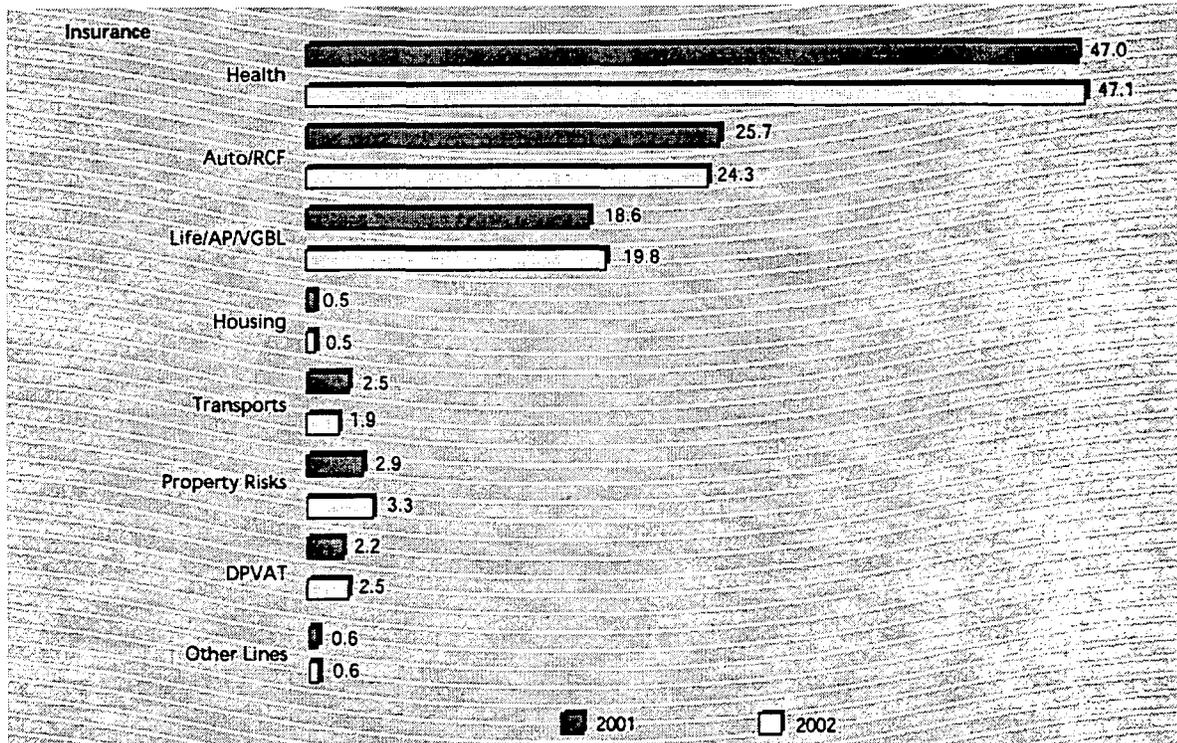
Growth in Technical Reserve Guaranteeing Assets - In millions of reais



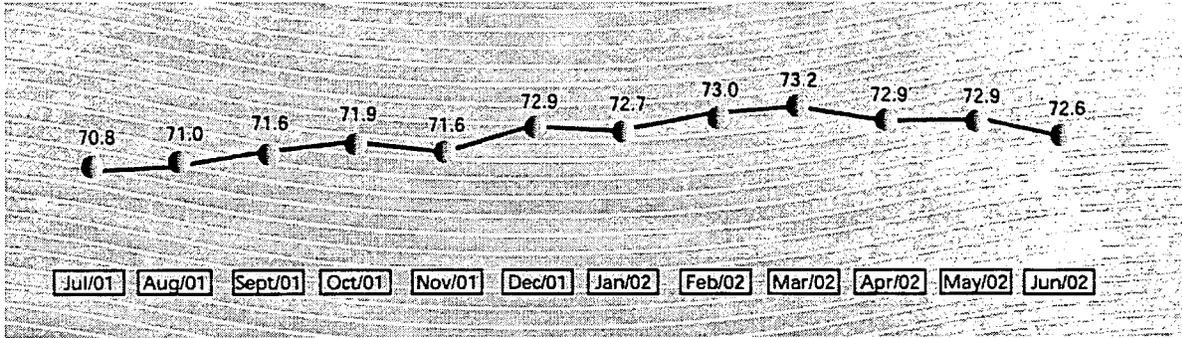
Earned Premiums by Insurance Line - In millions of reais

| Insurance      | 2001                 |                      |                      | Accumulated          |                      |                      |
|----------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|                | 1 <sup>st</sup> Qtr. | 2 <sup>nd</sup> Qtr. | 1 <sup>st</sup> Half | 1 <sup>st</sup> Qtr. | 2 <sup>nd</sup> Qtr. | 1 <sup>st</sup> Half |
| Health         | 460                  | 529                  | 989                  | 557                  | 582                  | 1,139                |
| Auto/RCF       | 263                  | 277                  | 540                  | 274                  | 313                  | 587                  |
| Life/AP/VGBL   | 161                  | 230                  | 391                  | 223                  | 255                  | 478                  |
| Housing        | 4                    | 7                    | 11                   | 6                    | 6                    | 12                   |
| Transport      | 23                   | 30                   | 53                   | 22                   | 24                   | 46                   |
| Property Risks | 44                   | 18                   | 62                   | 32                   | 49                   | 81                   |
| DPVAT          | 41                   | 6                    | 47                   | 36                   | 25                   | 61                   |
| Other Lines    | 10                   | 1                    | 11                   | 6                    | 9                    | 15                   |
| <b>Total</b>   | <b>1,006</b>         | <b>1,098</b>         | <b>2,104</b>         | <b>1,156</b>         | <b>1,263</b>         | <b>2,419</b>         |

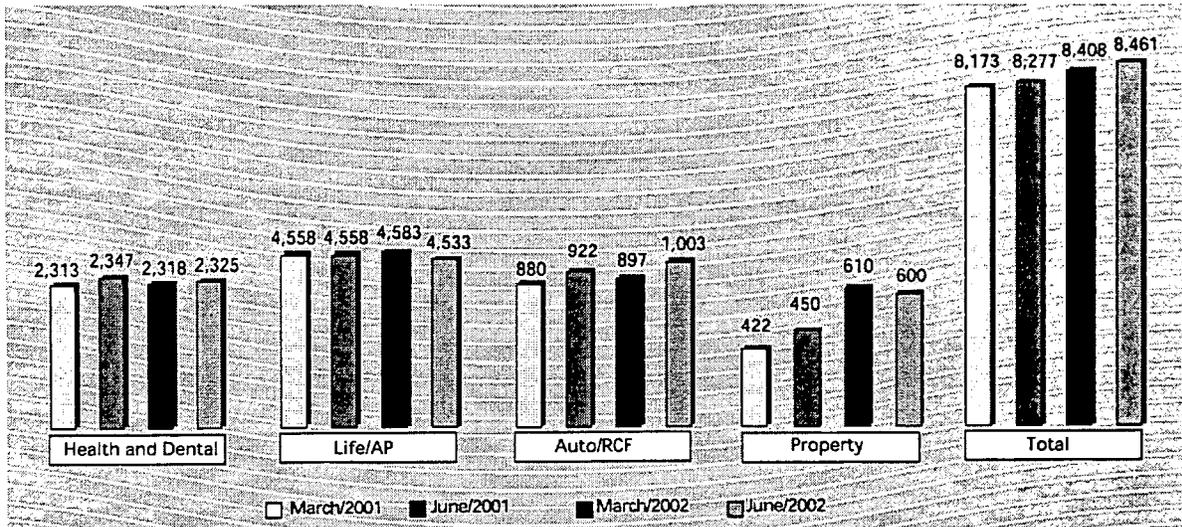
Earned Premiums by Insurance Line - Accumulated - June/2002 (%)



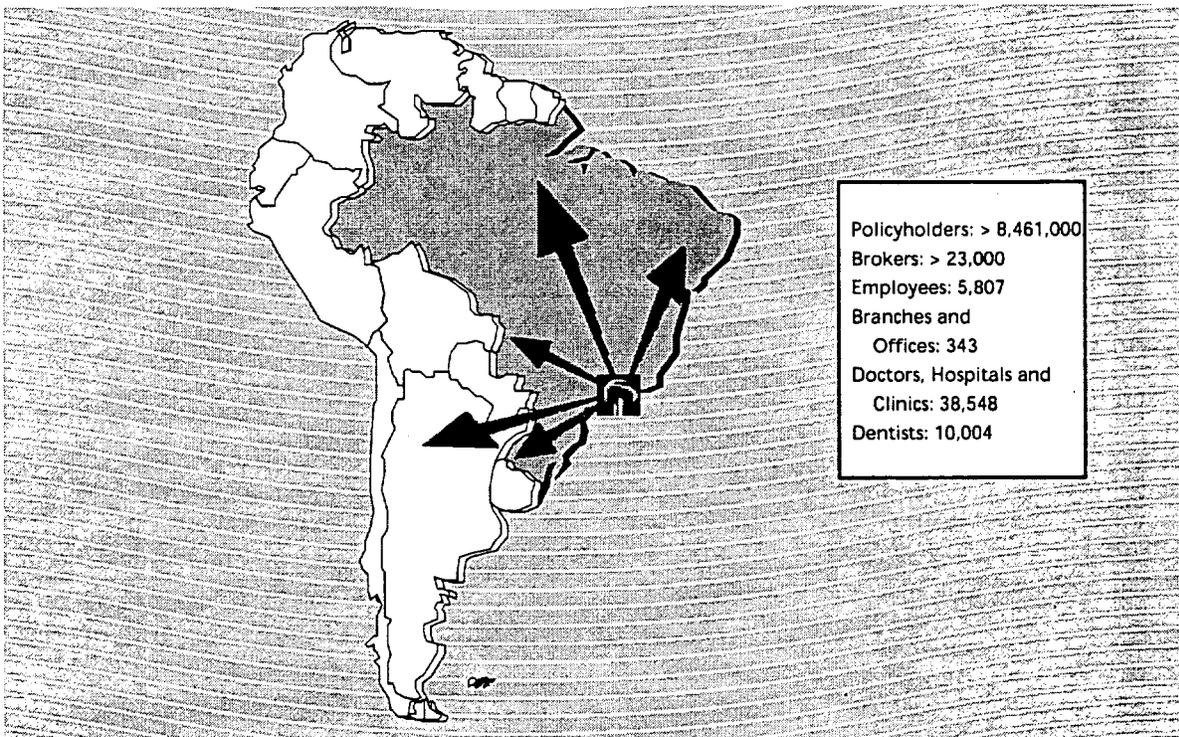
Total Claims Ratio - % (prior 12 Months) - Average



Number of Policyholders - Thousands



Bradesco Insurance Group June/2002



Bradesco Saúde maintained the leadership of its market segment, particularly in the business insurance industry. Brazilian consumers are increasingly looking to Health and Dental Insurance as the best alternatives for their healthcare and dental treatment needs. Bradesco Saúde has more than 2.3 million policyholders.

The increasing numbers of beneficiaries employed by micro, small and even large-sized corporations that have contracted Bradesco Saúde demonstrates the company's high level of expertise and personalization in Business Insurance services, a distinct advantage in the Health Insurance market.

Approximately 13,000 companies in Brazil have acquired Bradesco Health Insurance. From the 100 largest companies in Brazil, 35 are Bradesco clients in the Health and Dental Health lines and of the country's 10 largest companies, 60% are Bradesco Saúde clients.

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

The number of policyholders and the growth in sales verified in the Life and Personal Accident lines, compared to the same period in 2001, confirms Bradesco Seguros' unquestionable leadership of these lines. The company's ongoing investments in the training of its distributors were undoubtedly an important factor in the achievement of these results.

The Automotive and RCF (Optional Third Party Liability) line posted a growth in the number of vehicles insured and the technically correct pricing policy and use of stricter risk acceptance criteria were maintained.

In the Basic Insurance Line area, we maintained our leadership position in the Brazilian market, with a substantial share in the insurance-related business of the majority of the country's 100 largest companies.

In the mass market insurance segment, our company recorded a significant evolution in the number of policies, with Bradesco Seguros e Residencial Simplificado (Bradesco Simplified Residential Insurance) as our leading sales product.

Finally, we stress that our business portfolio has increased without jeopardizing our results policy, as a result of the use of strict risk acceptance criteria and the preparation of appropriate technical specifications consistent with market needs.

#### Awards

1. The Bradesco Seguros website won three prizes at the iBEST 2002 awards - Brazil's equivalent to the internet *Oscar*. In the "Insurance Companies" category, it was twice victorious, voted best site by Popular vote and by the iBEST Academy vote. In the "Revelation" category it was the most voted site by Popular vote.
2. Insurance Market award in the category "Excelência em Prêmios Totais" (Seguro Total magazine and All Time Editora e Eventos) for economic and financial performance, outstanding initiatives focusing consumers and improved products and services.
3. Distinction in the Insurance Company category (ANSP) for the case "Natal Bradesco Seguros 2001".
4. Top of Marketing (ADVB) for the case "Natal Bradesco Seguros 2001".

## Private Pension Plans

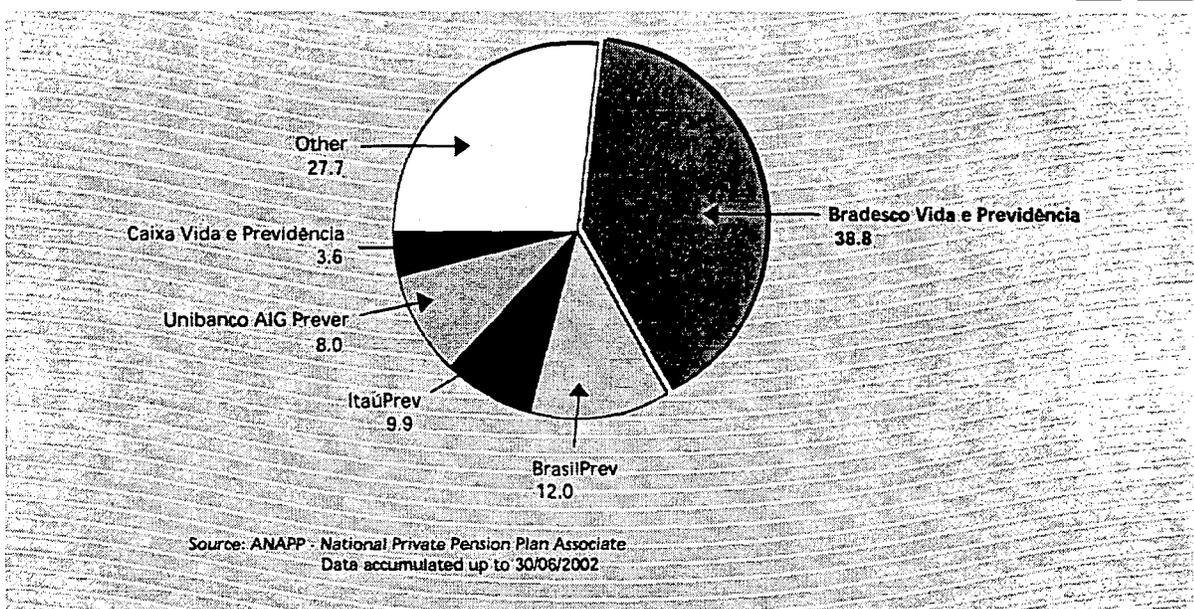
## Balance Sheet - In millions of reais

|   | 2001         |               | 2002          |               |
|---|--------------|---------------|---------------|---------------|
|   | March        | June          | March         | June          |
| <b>ASSETS</b>   |              |               |               |               |
| Current and Long-term Assets                                  | 8,524        | 9,228         | 12,866        | 13,655        |
| Available Funds   | 11           | 11            | 19            | 32            |
| Short-term Interbank Investments                              | 15           | 15            | 16            | 17            |
| Securities  | 8,242        | 9,023         | 12,453        | 13,231        |
| Insurance Operations and Other Accounts Receivable            | 256          | 179           | 378           | 375           |
| Permanent Assets  | 937          | 929           | 301           | 315           |
| <b>Total</b>  | <b>9,461</b> | <b>10,157</b> | <b>13,167</b> | <b>13,970</b> |
| <b>LIABILITIES</b>  |              |               |               |               |
| Current and Long-term Liabilities                             | 418          | 401           | 686           | 635           |
| Tax and Social Security Contributions                         | 174          | 203           | 190           | 285           |
| Committed Technical Reserves                                  | 35           | 38            | 247           | 183           |
| Operating Liabilities for Insurance and Private Pension Plans | 85           | 95            | 92            | 73            |
| Other Liabilities   | 124          | 65            | 157           | 94            |
| Technical Reserves  | 8,244        | 8,887         | 11,435        | 12,158        |
| Stockholders' Equity  | 799          | 869           | 1,046         | 1,177         |
| <b>Total</b>  | <b>9,461</b> | <b>10,157</b> | <b>13,167</b> | <b>13,970</b> |

## Statement of Income - In millions of reais

|  | 2001                 |                      |                      | 2002                 |                      |                      |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|  | 1 <sup>st</sup> Qtr. | 2 <sup>nd</sup> Qtr. | 1 <sup>st</sup> Half | 1 <sup>st</sup> Qtr. | 2 <sup>nd</sup> Qtr. | 1 <sup>st</sup> Half |
| Retained Premiums                      | 22                   | 33                   | 55                   | 222                  | 572                  | 794                  |
| Variation in Premium Reserves          | 1                    | (2)                  | (1)                  | (10)                 | (354)                | (364)                |
| Earned Premiums                        | 23                   | 31                   | 54                   | 212                  | 218                  | 430                  |
| Retained Claims                        | (10)                 | (15)                 | (25)                 | (120)                | (108)                | (228)                |
| Selling Expenses - Insurance           | (3)                  | (12)                 | (15)                 | (46)                 | (49)                 | (95)                 |
| Other Operating Income (Expenses)      | 12                   | 13                   | 25                   | 19                   | 17                   | 36                   |
| Income from Net Contributions          | 269                  | 347                  | 616                  | 298                  | 389                  | 687                  |
| Expenses with Benefits/Matured Plans   | (277)                | (353)                | (630)                | (349)                | (344)                | (693)                |
| Selling expenses - Pension Plans       | (29)                 | (27)                 | (56)                 | (30)                 | (23)                 | (53)                 |
| Administrative Expenses                | (31)                 | (35)                 | (66)                 | (43)                 | (47)                 | (90)                 |
| Tax Expenses                           | (4)                  | (4)                  | (8)                  | (5)                  | (8)                  | (13)                 |
| Financial Income                       | 323                  | 400                  | 723                  | 475                  | 360                  | 835                  |
| Financial Expenses                     | (208)                | (286)                | (494)                | (274)                | (254)                | (528)                |
| Equity Income and Expenses             | 1                    | 2                    | 3                    | 3                    | 2                    | 5                    |
| Non-operating Income (loss)            | 36                   | 31                   | 67                   | (1)                  | (2)                  | (3)                  |
| Income before Taxes and Profit Sharing |                      |                      |                      |                      |                      |                      |
| Sharing                                | 102                  | 92                   | 194                  | 139                  | 151                  | 290                  |
| Taxes and Profit Sharing               | (33)                 | (27)                 | (60)                 | (46)                 | (45)                 | (91)                 |
| <b>Net Income</b>                      | <b>69</b>            | <b>65</b>            | <b>134</b>           | <b>93</b>            | <b>106</b>           | <b>199</b>           |

Income from Plans - Market Share (%)



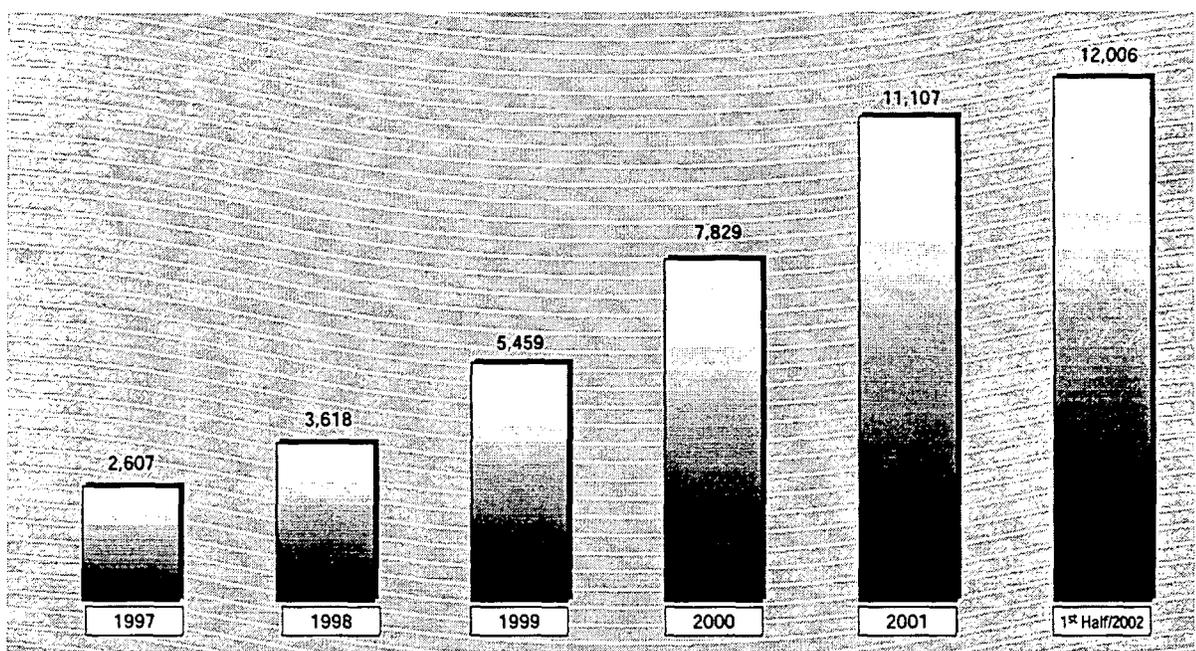
Since its foundation in 1981, Bradesco Vida e Previdência has recorded consistently high levels of growth, confirming its leadership of a sector which, from the early nineties, has shown considerable potential for expansion.

the company to maintain its leadership position with 38.8% of the market, the result of a sound product development policy structured around innovative and flexible options.

Income from its private pension plans has grown some 50% per year over the last five years, enabling

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

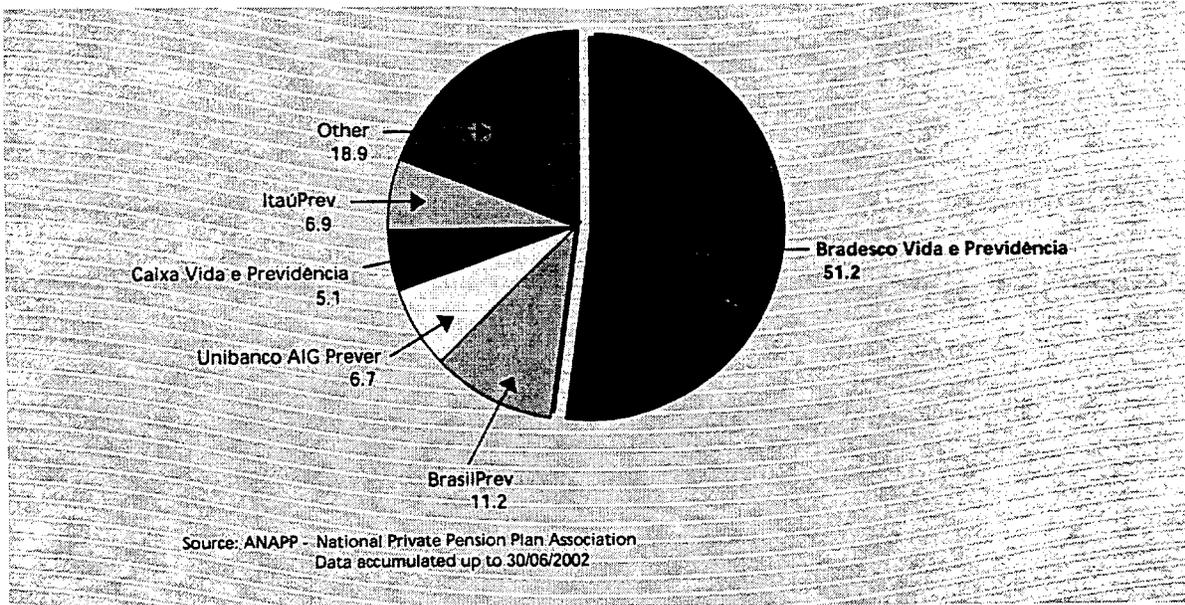
Growth in Technical Reserves - In millions of reais



Providing a safe option for both participants and beneficiaries, Bradesco Vida e Previdência has recorded increasing growth in the volume of its Technical Reserves. In the first six-month period of 2002, Technical Reserves presented an increase of 8.1% over the same period in 2001, 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 private pension plan company.

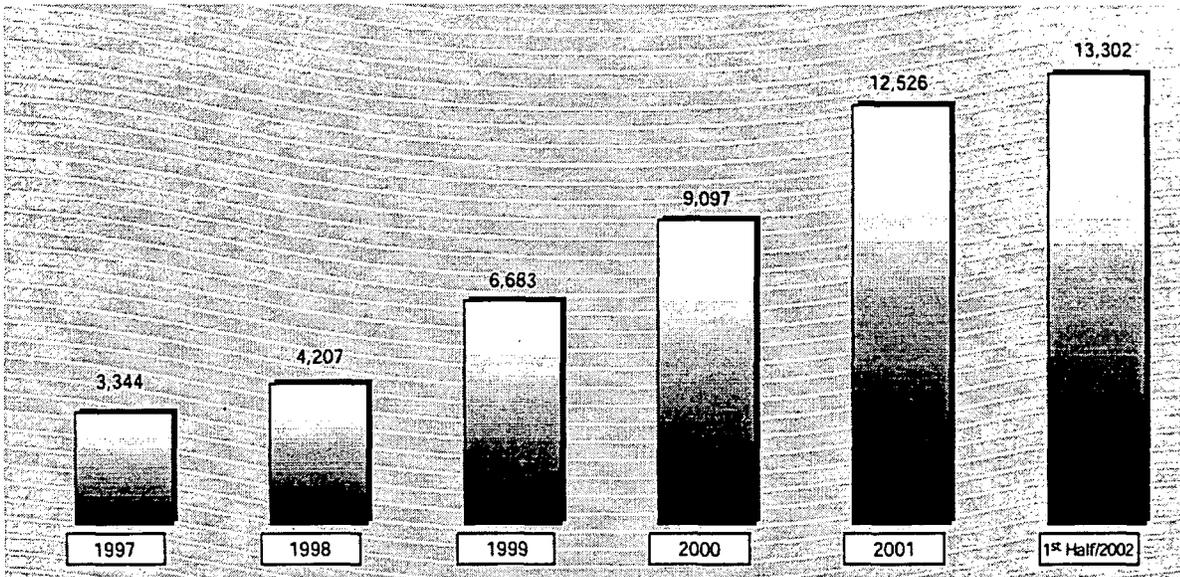
**Guaranteeing Assets - Market Share (%)**



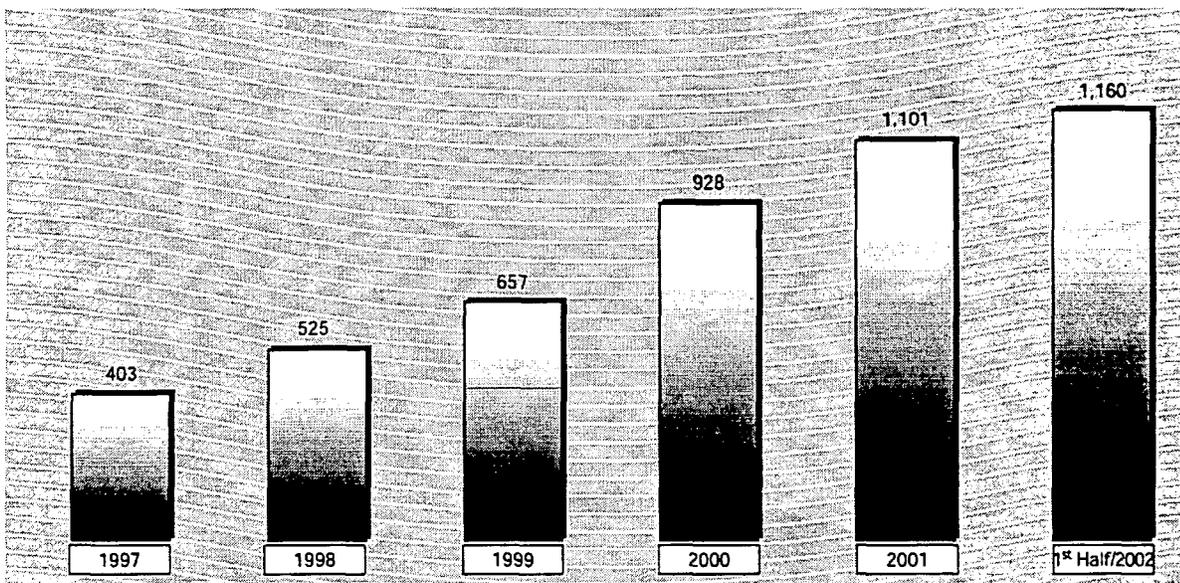
Reflecting the growth in income from private pension plans, Bradesco Previdência closed the period with a high level of capitalization. The investment portfolio presents an ongoing evolution of amounts and results, well above the required volume of Technical Reserves.

The company's success and commitment to the implementation of its policies are confirmed by its 51.2% share of this segment, one of most important market indicators.

Growth in Guaranteeing Assets - In millions of reais



Increase in number of Participants - Thousands



During the first six months of 2002, Bradesco Vida e Previdência signed new contracts for individual and company plans, which accounted for a 5.4% growth rate in the number of participants compared to the performance recorded for the same period in 2001. Total plan participants surpassed the 1.160 million mark.

**VGBL Bradesco: a success since its launching**

In the first quarter of 2002, Bradesco Vida e Previdência commenced the sale of its tax-assisted savings and Individuals' life insurance plan, the

VGBL - Vida Gerador de Benefício Livre. From the date it was launched, this plan has occupied an important position in the company's product portfolio as a result of its enormous growth potential. The product's estimated market potential for the next five years is approximately R\$ 15 billion in assets for a target public of 20 million participants.

Since it has the same features as PGBL and differs only in respect of its tax treatment, the information presented above also includes the amounts relating to VGBL.

Savings Bonds<sup>(2)</sup>

## Balance Sheet - In millions of reais

|  | 2001         |              | 2002         |              |
|--|--------------|--------------|--------------|--------------|
|  | March        | June         | March        | June         |
| <b>ASSETS</b>                                      |              |              |              |              |
| Current and Long-term Receivables                  | 1,151        | 1,247        | 1,563        | 1,532        |
| Securities   | 1,109        | 1,175        | 1,479        | 1,446        |
| Accounts Receivable and Other Accounts Receivables | 42           | 72           | 84           | 86           |
| Permanent Assets                                   | 515          | 502          | 305          | 366          |
| <b>Total</b>                                       | <b>1,666</b> | <b>1,749</b> | <b>1,868</b> | <b>1,898</b> |
| <b>LIABILITIES</b>                                 |              |              |              |              |
| Current and Long-term Liabilities                  | 141          | 165          | 165          | 215          |
| Tax and Social Security Contributions              | 134          | 161          | 155          | 169          |
| Other Liabilities                                  | 7            | 4            | 10           | 46           |
| Technical Reserves                                 | 1,246        | 1,285        | 1,337        | 1,365        |
| Stockholders' Equity                               | 279          | 299          | 366          | 318          |
| <b>Total</b>                                       | <b>1,666</b> | <b>1,749</b> | <b>1,868</b> | <b>1,898</b> |

## Statement of Income - In millions of reais

|                                    | 2001                 |                      |                      | 2002                 |                      |                      |
|------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|                                    | 1 <sup>st</sup> Qtr. | 2 <sup>nd</sup> Qtr. | 1 <sup>st</sup> Half | 1 <sup>st</sup> Qtr. | 2 <sup>nd</sup> Qtr. | 1 <sup>st</sup> Half |
| Income from Saving Bonds           | 180                  | 305                  | 485                  | 192                  | 230                  | 422                  |
| Variation in Technical Reserves    | (58)                 | (39)                 | (97)                 | 1                    | (30)                 | (29)                 |
| Redemption of Bonds                | (111)                | (253)                | (364)                | (181)                | (191)                | (372)                |
| Bonds Redeemed                     | (98)                 | (244)                | (342)                | (166)                | (184)                | (350)                |
| Winning Bonds                      | (13)                 | (9)                  | (22)                 | (15)                 | (7)                  | (22)                 |
| Financial Income                   | 25                   | 64                   | 89                   | 55                   | 56                   | 111                  |
| Administrative Expenses            | (15)                 | (15)                 | (30)                 | (16)                 | (18)                 | (34)                 |
| Equity Results                     | 18                   | 5                    | 23                   | 11                   | 16                   | 27                   |
| Non-operating Income               | 12                   | 6                    | 18                   | -                    | -                    | -                    |
| Income Before Taxes and Profit     | 51                   | 73                   | 124                  | 62                   | 63                   | 125                  |
| Sharing                            |                      |                      |                      |                      |                      |                      |
| Income Tax and Social Contribution | (11)                 | (22)                 | (33)                 | (17)                 | (15)                 | (32)                 |
| <b>Net Income</b>                  | <b>40</b>            | <b>51</b>            | <b>91</b>            | <b>45</b>            | <b>48</b>            | <b>93</b>            |

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

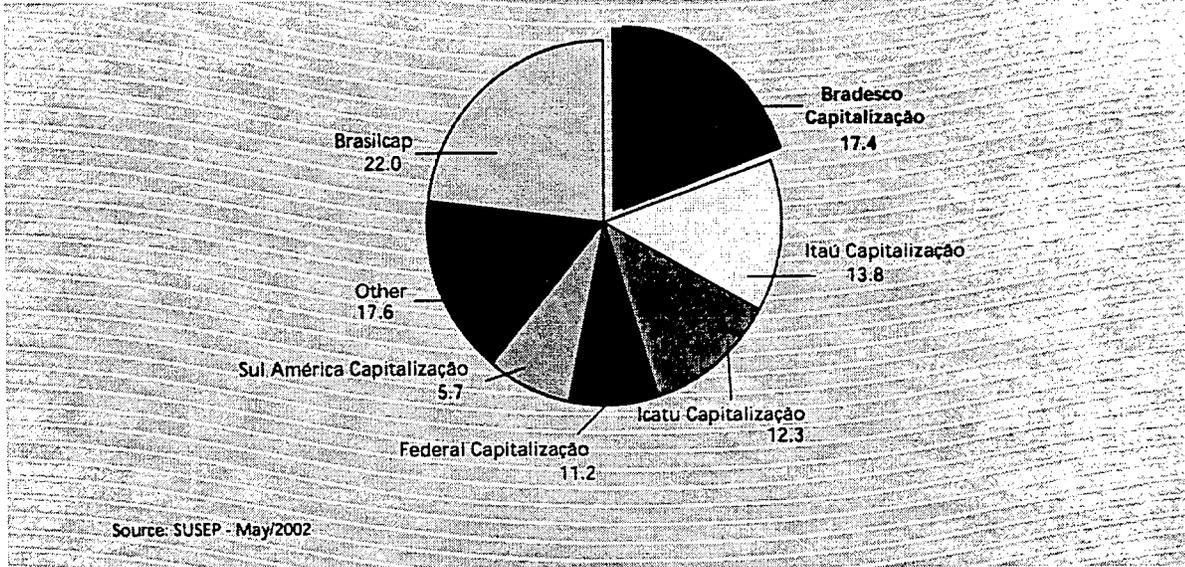
Bradesco Capitalização has sustained its growth rates as a result of its transparent operating policy, which is focused on deploying products in line with potential consumer demand and, as a result, has consolidated its leadership position in the savings bond market.

The company's significant performance was also based on the success of the "Pé Quente" (Lucky Bond) savings bond series, which marked the beginning of a new phase, bringing the company closer to the general public through the creation of specific products in line with their different profiles and which fit into the family budget.

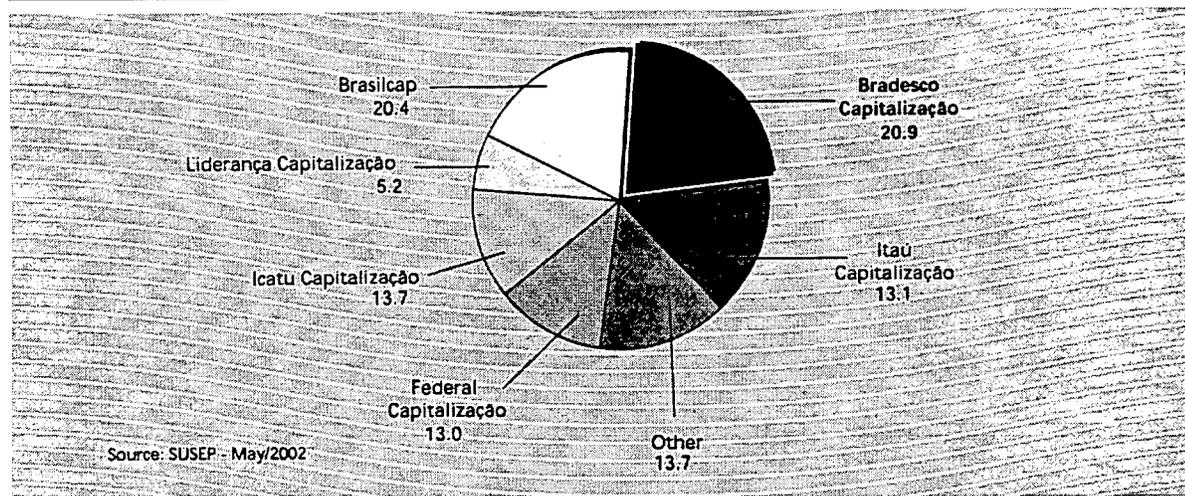
Bradesco Capitalização is the first private savings bond company in Brazil to receive ISO9002 accreditation from Fundação Vanzolini. This Certificate attests to the management quality of Bradesco's savings bonds and confirms the principles on which their creation was based: good products, good services and continuous growth.

Plans maturing during the period increased the number of redemptions recorded.

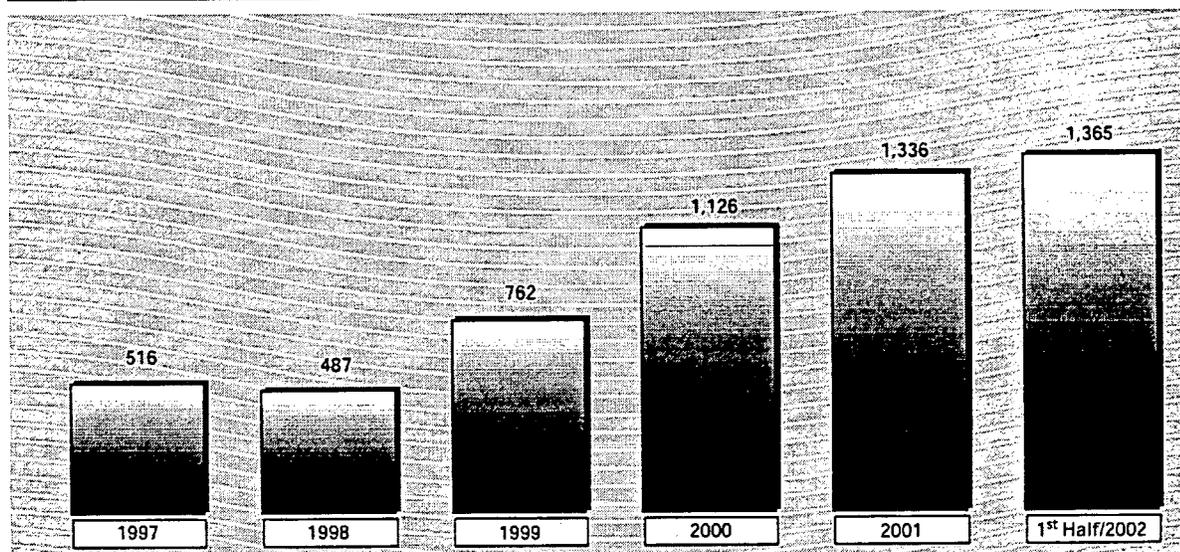
Income from Plans - Market Share (%)



Technical Reserves - Market Share (%)



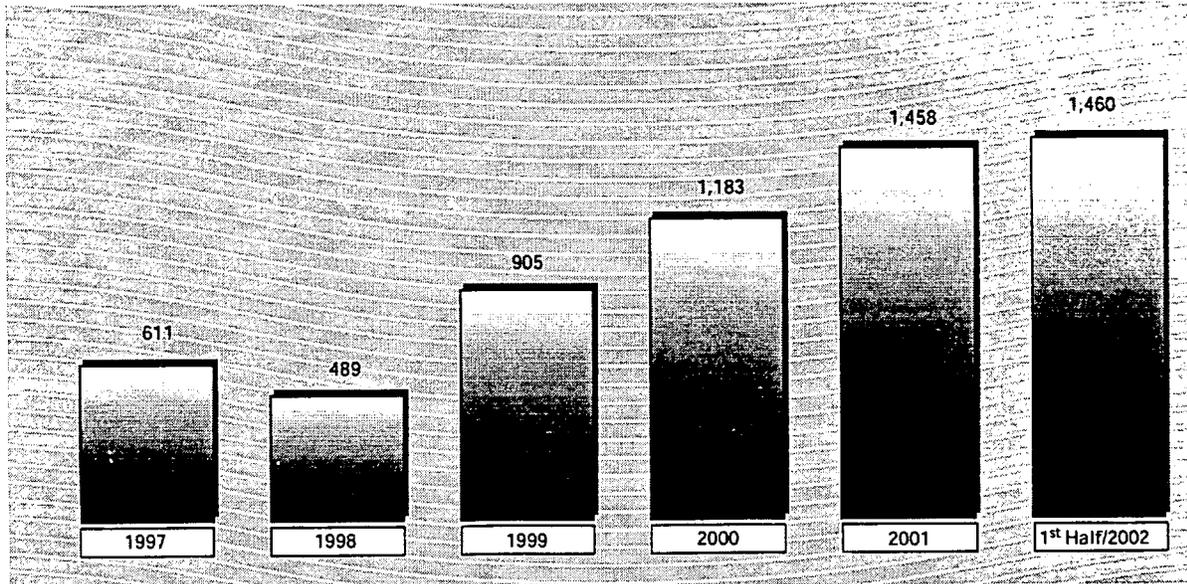
Growth in Technical Reserves - In millions of reais



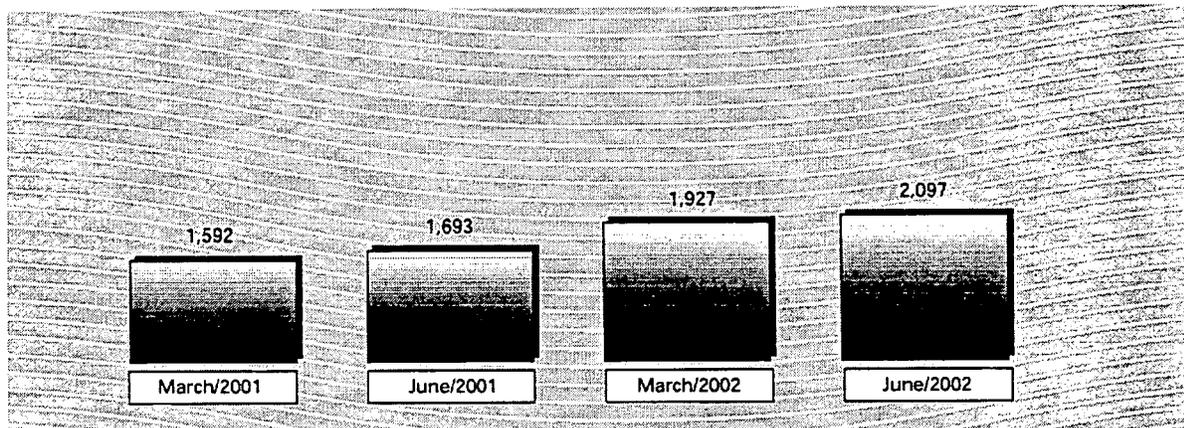
With its fast-growing volume of technical reserves, Bradesco Capitalização is consolidating its market leadership achieved in January 2001. At present, the company has a 20.9% market share of the total volume of technical reserves and in the first half of

2002 presented a growth rate of 6.1% as compared to the same period in 2001. This result conveys confidence and highlights the company's capacity to honor commitments assumed with its customers.

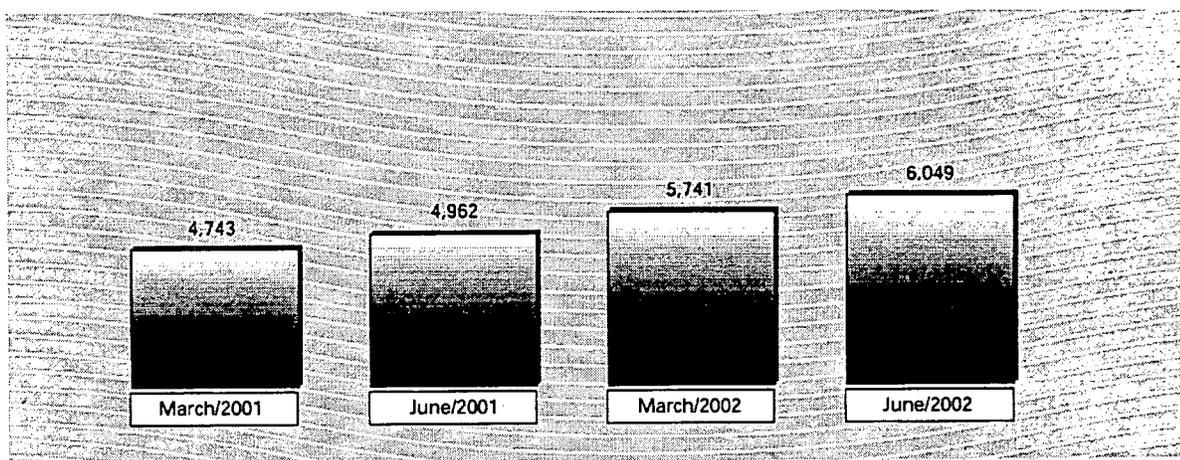
#### Growth in Technical Reserves Guaranteeing Assets - In millions of reais



#### Number of Customers - Thousands



## Number of Savings Bonds - Thousands



Based on its fidelity building policy, focused on customer service quality and the ongoing supply of differentiated products, Bradesco Capitalização achieved important results in the portfolio of outstanding savings bonds and its customer base volume. As a result of this strategy, the number of customers increased by 23.8% in the first six months of 2002 compared with the same period in 2001, exceeding the mark of 2 million customers. The outstanding savings bond portfolio also presented a significant growth rate of some 21.9%, over the same period in 2001, attaining a total of 6 million bonds.

## Awards

In the first half of 2002, Bradesco Capitalização received two important awards from entities specialized in recognizing successful initiatives:

01. Insurance and Risk Trophy - ANSP 2002 Award - Savings Bond Category; and
02. Insurance Market Award 2002 (Seguro Total magazine) - Best market companies.

# Social Activities

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## Bradesco Foundation – The Bradesco Organization's Social Arm

### Background

The Bradesco Foundation, a non-profit entity headquartered in Cidade de Deus, Osasco (SP), was founded in 1956 and declared to be of 'Public Utility' by Decree 86,238 on July 30, 1981.

Convinced that education lies at the basis of equal opportunity and self-fulfillment on both a personal and collective basis, the Foundation maintains 38 schools to date, installed primarily in regions which are both socially and economically deprived, in 25 of Brazil's 26 states and in the Federal District.

### Objectives and Goals

A pioneer in privately funded social investment, the Bradesco Foundation's chief mission is to provide formal and quality education for children, teenagers and adults prompting self-fulfillment through their careers and effective participation as community dwellers.

Extending the range of these activities year by year, Bradesco has increased the number of students attending its Foundation schools from 13,080 to 102,762 over the last 22 years. The Foundation offers free schooling at infant, junior and middle school levels, as well as basic professional and technical education in areas which include IT, electronics, management, farming and husbandry. Youth and Adult education is also available through distance learning courses.

### Significant Events

Construction of the Bradesco Foundation's 39<sup>th</sup> school is now underway in the city of Boa Vista, Roraima. The school will have modern facilities and the capacity to receive more than 1,200 students as from 2003.

The Public TV Network is currently broadcasting a new *Rá Tim Bum* series, "*Ilha Rá Tim Bum*" (*Rá Tim Bum Island*). The result of a co-production between Bradesco Foundation and Fundação Padre Anchieta – TV Cultura, this all-time favorite children's program is alternative quality entertainment option for the infant and juvenile segment.

### Awards

Leading the ranking of Brazil's 400 Largest Philanthropic Entities according to *Guia da Filantropia* published by Kanitz & Associados, the Bradesco Foundation was once again amongst the winners of the **Prêmio Bem Eficiente** ('Very Efficient' Award) given to the 50 Best Managed Philanthropic Entities in Brazil. Nominated together with 351 other institutions, the Foundation's activities received recognition based on criteria which measured efficiency in organization, finance, operations, transparency and social impact.

The Bradesco Foundation was commended for its educational efforts by the Marília City Council who offered their **Official Congratulations** for "the outstanding services provided in the social area to the community of Marília, and whose advanced technology and highly qualified personnel are an example of best educational management practice, focusing permanently on qualifying its students for future job opportunities, as well as on the ethical and citizenship values which have earned the Institution such excellent repute."

The Foundation's School in Rio de Janeiro received the **Prêmio Geração Capaz** (Capable Generation Award) given by CIEE (Center for Company-School Integration) in the Best Educational Institution category for its teaching activities focusing on the insertion of young people into the employment market. Developed by CIEE-Rio, the Capable Generation program is designed to train socially and economically active citizens, as well as to stimulate community action in the partner companies and educational institutions, such as Bradesco Foundation, which contribute towards the professional development of thousands of young people every year.

The Foundation's website at [www.fundacaobradesco.org.br](http://www.fundacaobradesco.org.br) was also rated as one of the best sites on the World Wide Web in the social action category at the iBest internet awards.

A 2<sup>nd</sup> year middle school student from the Foundation's school in Maceió won 1<sup>st</sup> prize in the "Short Story" category of the **Concurso Arnon de Melo de Literatura** literary awards, out of a total of 735 stories submitted. An eighth grader from the same school came 2<sup>nd</sup> in the **31<sup>st</sup> Concurso Epistolar para Jovens**, organized by the Brazilian Postal and Telegraph Company - Correios.

The **e-Learning Brasil** awards given by ABRH (Brazilian Association of Human Resources) and Micropower acknowledged 10 Brazilian benchmarks in Distance Learning. The Bradesco Foundation was recognized for its action in the Educational Technology area for the development of projects including Virtual Classroom and Port for the Physically Challenged, among other initiatives.

The Franco-Brazilian Chamber of Commerce conferred the **LIF - Liberty, Equality and Fraternity prize** for best social action of companies in the Environmental, Social Responsibility and Community Support areas. Among the 32 different projects nominated, Bradesco Foundation was finalist in the Education, Health and Culture category for its 'complete education' project.

The essays of three students from the Foundation's school in Caucaia were classified to compete in the

**1<sup>o</sup> Concurso de Redação e Desenho** (Drawing and Composition competition) organized by the Environment Week held by the Parque Botânico do Ceará.

In São Luís, Maranhão, an eighth grade student from the Foundation's school came 2<sup>nd</sup> in the Essay Competition organized by the National and State Folklore Commissions.

Bradesco, a true example of an organization which considers, respects, promotes and demonstrates its social responsibility, won this year's **Marketing Best Responsabilidade Social** (Social Responsibility Marketing Best) award, through the Foundation, from among 22 companies, foundations, institutes and associations who dedicate efforts to the benefit of the community, organized by the *Fundação Getúlio Vargas (FGV-SP)*, *Editora Referência* and *MadiaMundoMarketing*.

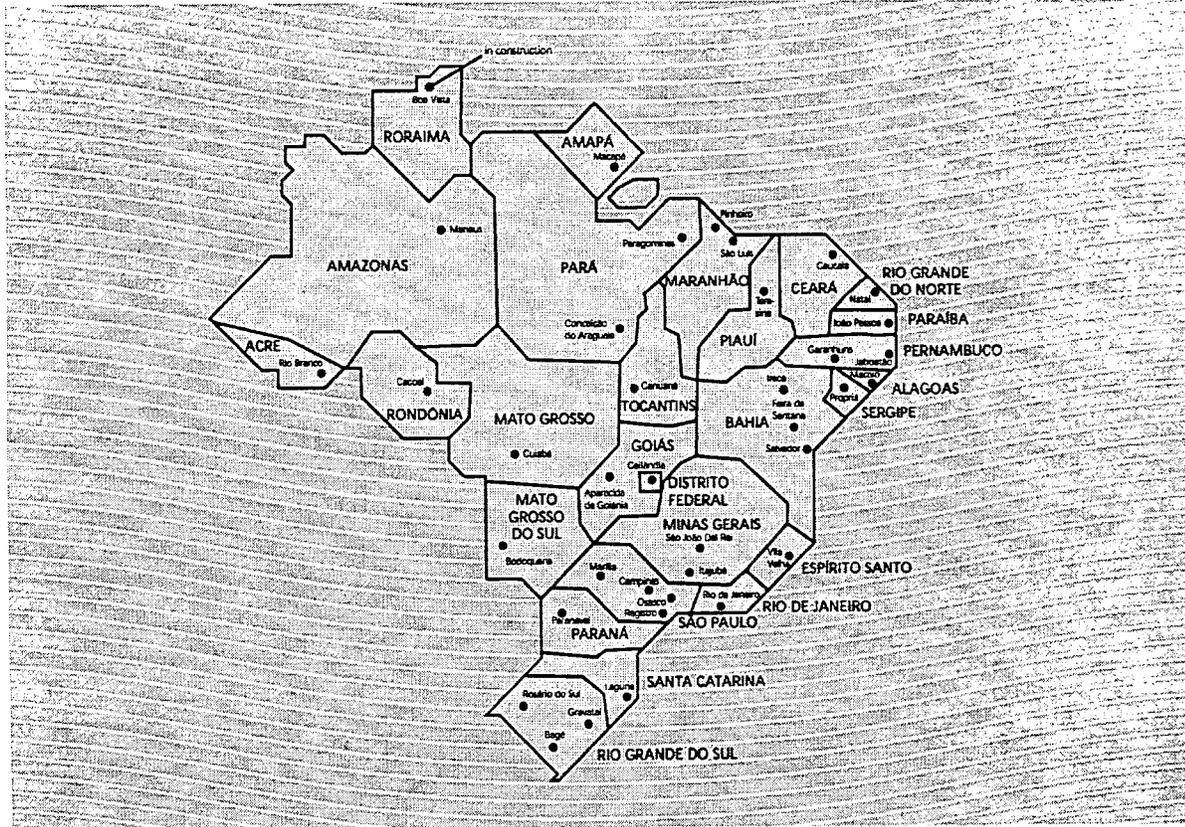
### School Locations

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 |
|--------------------------------|----------|
| Aparecida de Goiânia - GO      | 2,266    |
| Bagé - RS                      | 2,028    |
| Bodoquena - MS                 | 1,289    |
| Cacoal - RO                    | 1,781    |
| Campinas - SP                  | 3,527    |
| Canuanã - TO                   | 1,355    |
| Caucaia - CE                   | 2,195    |
| Cellândia - DF                 | 3,058    |
| Cidade de Deus - Osasco - SP   |          |
| • Unit I                       | 3,875    |
| • Unit II                      | 2,816    |
| • Supplementary Education      |          |
| • Teleposts - Companies        | 11,800   |
| • Professional Training Nuclei | 9,135    |
| Conceição do Araguaia - PA     | 1,886    |
| Cuiabá - MT                    | 1,855    |
| Feira de Santana - BA          | 835      |
| Garanhuns - PE                 | 627      |
| Gravataí - RS                  | 2,934    |
| Irecê - BA                     | 1,868    |
| Itajubá - MG                   | 1,861    |
| Jaboatão - PE                  | 1,913    |
| João Pessoa - PB               | 2,096    |
| Laguna - SC                    | 2,384    |
| Macapá - AP                    | 2,155    |
| Maceió - AL                    | 2,291    |
| Manaus - AM                    | 3,098    |
| Marília - SP                   | 2,498    |
| Natal - RN                     | 2,090    |

| School  | Students       |
|---|----------------|
| Paragominas - PA  | 1,929          |
| Paranaval - PR  | 2,159          |
| Pinheiro - MA   | 1,975          |
| Propriá - SE  | 2,166          |
| Registro - SP   | 2,076          |
| Rio Branco - AC   | 2,082          |
| Rio de Janeiro - RJ   | 4,081          |
| Rosário do Sul - RS   | 756            |
| Salvador - BA   | 2,068          |
| São João Del Rei - MG   | 2,248          |
| São Luis - MA   | 2,222          |
| Teresina - PI   | 2,129          |
| Vila Velha - ES   | 1,761          |
| <b>Basic Professional Education,<br/>Rural Area - Artificial Insemination</b> |                |
| Cáceres - MT  |                |
| Campinas - SP   |                |
| Campo Grande - MS   |                |
| Colider - MT  |                |
| Goiania - GO  |                |
| Gurupi - TO   |                |
| Igarapé - MG  |                |
| Ihúus - BA  |                |
| Imperatriz - MA   |                |
| Uberaba - MG  |                |
| <b>TOTAL</b>  | <b>2,180</b>   |
|   | <b>103,168</b> |

The Bradesco Foundation - An Education Project the Size of Brazil



**Total Students Qualified**

Over its 45 years of existence, the Bradesco Foundation has qualified 454,902 students: 103,618 at school certificate level and 351,284 on other courses.

**Financing**

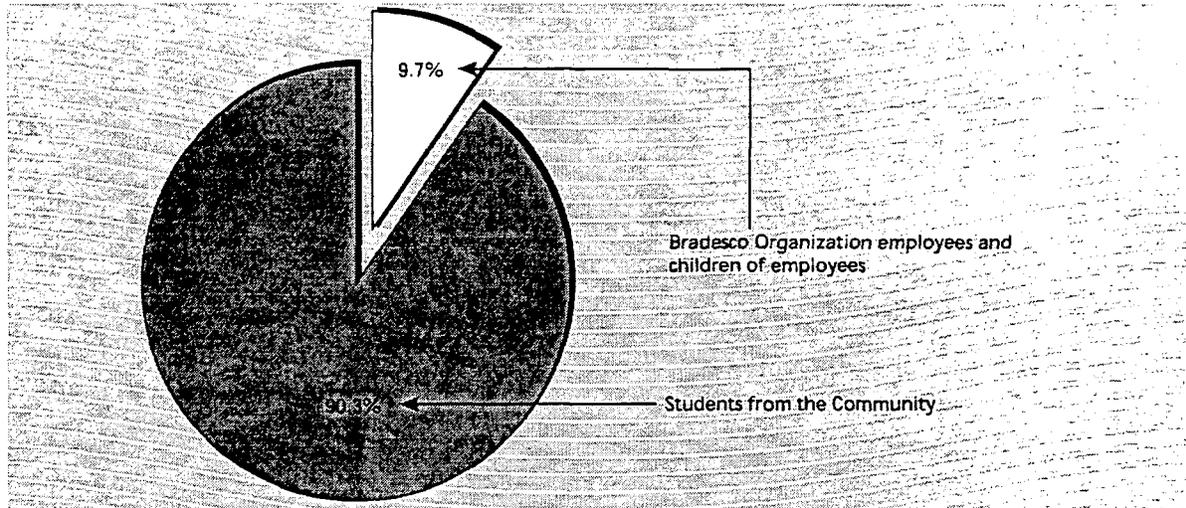
The Bradesco Foundation activities are funded exclusively by resources from its own income and donations made by the Bradesco Organization Companies.

|                              |                   |
|------------------------------|-------------------|
| Investments in 2001          | R\$ 112.1 million |
| Investments Forecast in 2002 | R\$ 119.8 million |

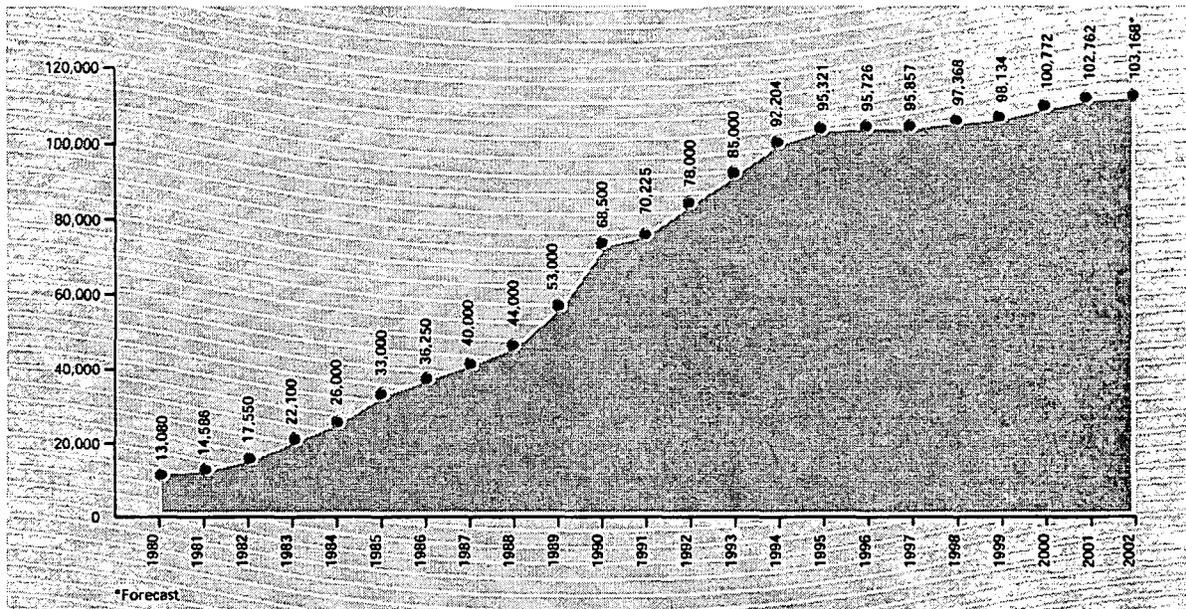
**Courses - Number of Students per Level of Schooling Forecast for 2002**

|                                    | Nº of Students | % of Total   |
|------------------------------------|----------------|--------------|
| Infant                             | 3,298          | 3.20         |
| Junior and Middle                  | 29,087         | 28.19        |
| High School and Technical Training | 16,007         | 15.52        |
| Youth and Adult Education          | 22,835         | 22.13        |
| Basic Professional Training        | 31,941         | 30.96        |
| <b>Total</b>                       | <b>103,168</b> | <b>100.0</b> |

### Student Profiles



### Increase in Student Numbers



### Sociocultural Events

The Bradesco Organization is a benchmark in the undertaking of corporate actions focused on social responsibility, facilitating the promotion of sociocultural projects and events to the benefit of society and highlighting citizenship values.

As well as the intense work carried out by the Bradesco Foundation, which places Bradesco as Brazil's largest private investor in basic education, the Organization also takes part in a number of other activities which contribute to Brazil's development. Effective action, promoting the convergence of

culture, information and education.

During the first half of the year, Bradesco gave support to a number of socially significant projects throughout Brazil, without distinction of geographical or thematic criteria, bringing prestige to initiatives which added value to society. In line with this approach, Bradesco was present at 305 regional, sector and professional venues, including trade fairs, seminars, congresses and community events.

Bradesco has always been interested in promoting the expression of popular culture, folklore and celebrations which are deeply rooted in regional tradition. As a result, it was a sponsor of the Parintins Folklore Festival which attracted more than 100 thousand visitors over three days of festivities. The dispute between the two schools Garantido and Caprichoso, with their traditional red and blue colors, is the most important folklore festival in the North of Brazil and one of Brazil's most famous, with its colorful parades, typical music and dance and participants dressed as mythical figures from Brazil's interior and the Amazon forest.

Bradesco was also one of the Summer Festival sponsors in Salvador, an enormously successful event which gathered crowds of more than 50 thousand. It also sponsored the Expresso 2222 Trio Elétrico road show at the Bahia State Carnival, undoubtedly one of the most important expressions of Brazilian popular festivity.

The Organization was present again this year at the 'Festa da Uva', a traditional grape festival organized by the descendants of Italian immigrants in Caxias do Sul, Rio Grande do Sul, which receives more tourists from all over the country every year, attracted by the cultural traditions which unite Brazilians and Italians.

Special attention was also given to the conservation of Brazil's historical and architectural heritage. Continuing the activities which commenced last year, Bradesco renewed its commitment to the restoration of the Sé Cathedral in São Paulo and the Chapel of Our Lady of the Rosary in Conceição do Mato Dentro, in Minas Gerais; to the renovation of the Roman Catholic Basilica at Aparecida (SP), the Carlos Costa Pinto Museum in Salvador and the Museum of Modern Art in São Paulo (MAM-SP).

## Independent auditors' report on supplementary information

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

We have examined, in accordance with auditing standards generally accepted in Brazil, the financial statements of Banco Bradesco S.A. and the consolidated financial statements of Banco Bradesco S.A. and its subsidiaries as of and for the semesters ended June 30, 2002 and 2001 and have issued our report, without exception, thereon dated August 2, 2002.

Our examinations were made for the purpose of forming an opinion on the basic 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. The supplementary account information included in the Report on Economic and Financial Analysis is prepared for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements.

The supplementary account information related to the subsidiaries described in Note 3e (item 4) to periods before March 31, 2002, as well all supplementary account information related to the periods before March 31, 2001, were reviewed/examined by other independent auditors who issued their reports, without exception.

In our opinion, based in our examinations and on the reports of the other independent auditors, the aforementioned financial statement present fairly, in all material respects, in relation to the basic financial statements taken as a whole.

As mentioned in Note 8 to the financial statements, the Bank adopted, in this semester, the new criteria for recording and evaluation of the securities and derivative financial instruments, determined by the Brazilian Central Bank.

The Report on Economic and Financial Analysis and this report are intended solely for the information of the Administrative Council, and others who have received the financial statements referred to in the first paragraph, for use in analyzing those financial statements and should not to be used for any other purpose.

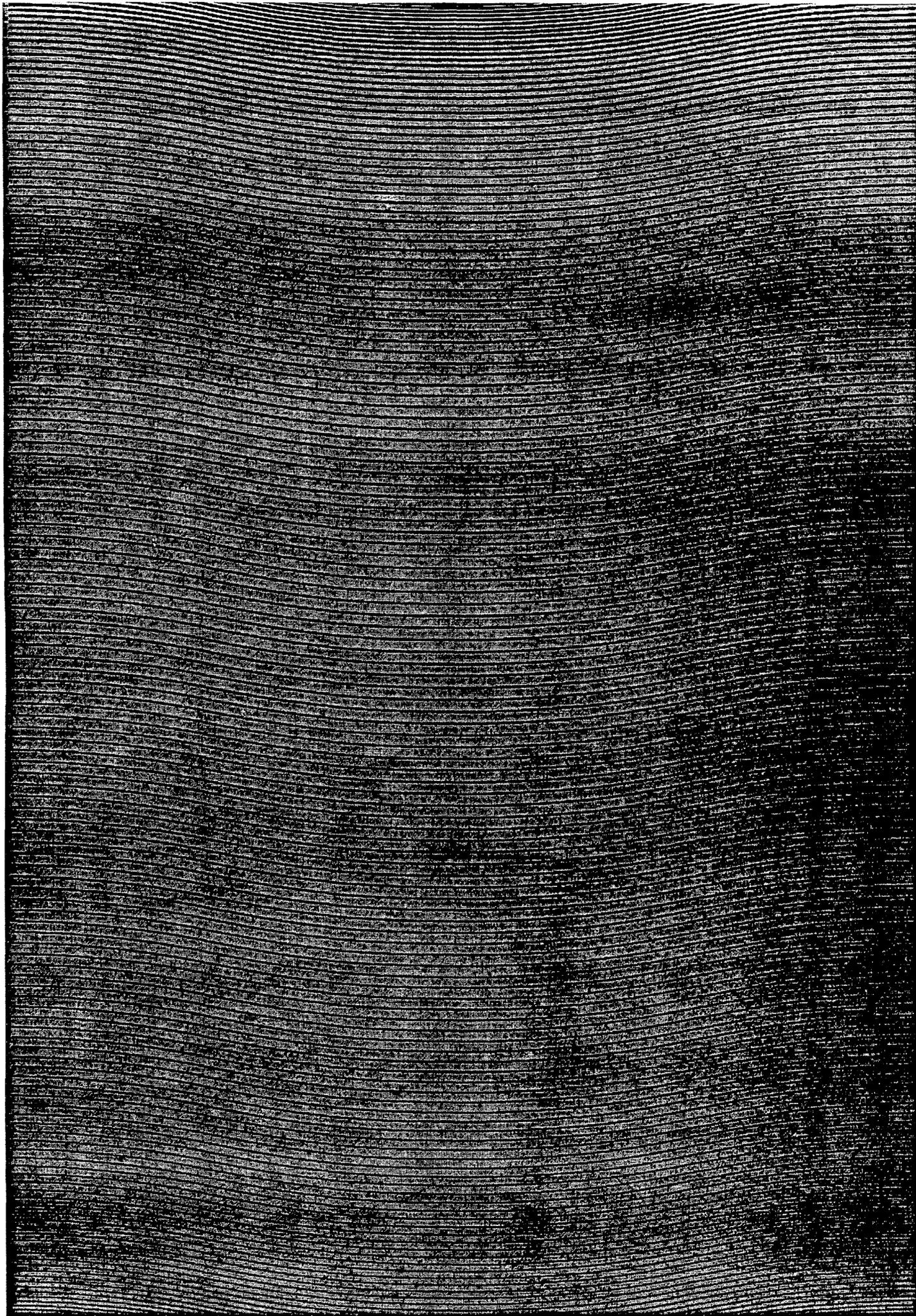
August 2, 2002



KPMG Auditores Independentes  
CRC 2SP014428/O-6

José Marcelo Bessan  
Accountant  
CRC 1SP129705/O-0

Alberto Spilborghs Neto  
Accountant  
CRC1SP167455/O-0



Consolidated Balance Sheet and Statement of  
Income - 1997 to 2002

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10

## Consolidated Balance Sheet - In thousands of reais

|   | 06/2002            | 2001               | 2000              | DECEMBER<br>1999  | 1998              | 1997              |
|---|--------------------|--------------------|-------------------|-------------------|-------------------|-------------------|
| <b>ASSETS</b>   |                    |                    |                   |                   |                   |                   |
| <b>CURRENT AND LONG TERM ASSETS</b>                             | <b>118,797,651</b> | <b>105,767,892</b> | <b>90,693,025</b> | <b>75,136,910</b> | <b>62,635,794</b> | <b>56,845,356</b> |
| CASH AND CASH EQUIVALENTS                                       | 2,131,331          | 3,085,787          | 1,341,653         | 827,329           | 709,803           | 1,407,697         |
| INTERBANK INVESTMENTS   | 5,402,247          | 3,867,319          | 2,308,273         | 2,590,599         | 5,167,038         | 9,953,212         |
| Money market  | 4,449,842          | 2,110,573          | 1,453,461         | 1,890,828         | 4,449,356         | 9,676,011         |
| Interbank deposits  | 965,571            | 1,760,850          | 854,815           | 699,771           | 718,125           | 277,975           |
| Valuation Allowance   | (13,166)           | (4,104)            | (3)               | -                 | (443)             | (774)             |
| SECURITIES  | 37,909,325         | 39,931,519         | 33,119,843        | 29,196,857        | 19,705,200        | 11,849,104        |
| Own portfolio   | 28,604,234         | 27,493,936         | 21,743,924        | 20,950,342        | 12,821,409        | 9,470,356         |
| Subject to repurchase agreements                                | 5,102,541          | 9,922,036          | 10,822,637        | 5,987,713         | 5,759,959         | 2,214,409         |
| Subject to negotiaton and intermediation of securities          | -                  | 526,219            | 9,394             | 157               | 295               | 13,560            |
| Restricted deposits - Brazilian Central Bank                    | 3,566,857          | 1,988,799          | 421,727           | 2,359,466         | 1,214,811         | 1,980             |
| Privatization securities  | 17,762             | 25,104             | 9,526             | 7,241             | 5,839             | 402               |
| Pledged as guarantees   | 818,330            | 715,858            | 783,501           | 449,536           | 108,200           | 302,386           |
| Instrumentos Financeiros Derivados                              | 349,332            | -                  | -                 | -                 | -                 | -                 |
| Valuation allowance   | (549,731)          | (740,433)          | (670,866)         | (557,598)         | (205,313)         | (153,989)         |
| INTERBANK ACCOUNTS  | 6,699,325          | 5,141,940          | 5,060,628         | 6,454,553         | 5,536,959         | 4,324,880         |
| Unsettled payments and receipts                                 | 547,193            | 10,118             | 6,920             | 7,635             | 189,329           | 4,798             |
| Restricted deposits:  |                    |                    |                   |                   |                   |                   |
| - Brazilian Central Bank  | 5,744,456          | 4,906,502          | 4,848,668         | 6,184,959         | 5,194,724         | 4,163,383         |
| - National Treasury - Rural Funding                             | 578                | 712                | 660               | 599               | 779               | 490               |
| - National Housing System - SFH                                 | 397,274            | 217,518            | 197,191           | 142,653           | 149,826           | 156,193           |
| Interbank onlendings  | 11                 | -                  | 2,024             | 116,733           | 1                 | -                 |
| Correspondent banks   | 9,813              | 7,090              | 5,165             | 1,974             | 2,300             | 16                |
| INTERDEPARTMENTAL ACCOUNTS                                      | 279,189            | 176,073            | 111,636           | 49,018            | 38,661            | 62,175            |
| Third-party funds in transit                                    | -                  | -                  | -                 | -                 | -                 | 57                |
| Internal transfer of funds                                      | 279,189            | 176,073            | 111,636           | 49,018            | 38,661            | 62,118            |
| CREDIT OPERATIONS   | 40,542,316         | 35,131,359         | 30,236,106        | 21,535,633        | 20,794,541        | 20,228,436        |
| Credit Operations:  |                    |                    |                   |                   |                   |                   |
| - Public sector   | 215,751            | 199,182            | 275,479           | 154,266           | 111,141           | 164,415           |
| - Private sector  | 43,631,720         | 37,689,671         | 32,244,482        | 22,848,128        | 21,553,453        | 20,780,634        |
| Allowance for loan losses                                       | (3,305,155)        | (2,757,494)        | (2,283,855)       | (1,466,761)       | (870,053)         | (716,613)         |
| LEASING OPERATIONS  | 1,697,380          | 1,567,927          | 1,914,081         | 1,712,343         | 1,688,761         | 1,354,994         |
| Leasing receivables:  |                    |                    |                   |                   |                   |                   |
| - Public sector   | 84                 | 138                | 160               | 800               | 1,667             | 7,857             |
| - Private sector  | 3,599,984          | 3,248,050          | 3,813,369         | 3,515,396         | 3,410,990         | 2,878,675         |
| Unearned lease income   | (1,744,078)        | (1,557,642)        | (1,760,305)       | (1,490,803)       | (1,485,780)       | (1,307,532)       |
| Allowance for losses  | (158,610)          | (122,619)          | (139,143)         | (313,050)         | (238,116)         | (224,006)         |
| OTHER RECEIVABLES   | 23,214,200         | 16,266,602         | 16,226,725        | 12,420,787        | 8,491,994         | 7,356,633         |
| Receivables on guarantees honored                               | 1,189              | 1,131              | 2,020             | -                 | 645               | 1,942             |
| Foreign exchange portfolio                                      | 12,661,696         | 5,545,527          | 6,417,431         | 3,375,563         | 2,488,263         | 2,526,731         |
| Income receivable   | 228,740            | 187,910            | 191,873           | 109,734           | 113,814           | 57,230            |
| Securities clearing accounts                                    | 253,161            | 1,342,923          | 497,655           | 839,758           | 320,821           | 393,659           |
| Specific credits  | 184,682            | 146,919            | 124,776           | 206,952           | 164,770           | 196,551           |
| Insurance premiums receivable                                   | 1,035,516          | 995,662            | 818,773           | 994,718           | 825,162           | 588,155           |
| Sundry  | 8,914,054          | 8,107,714          | 8,258,402         | 7,021,988         | 4,685,384         | 3,709,543         |
| Allowance for losses  | (64,838)           | (61,184)           | (84,205)          | (127,926)         | (106,865)         | (117,178)         |
| OTHER ASSETS  | 922,338            | 599,366            | 374,080           | 349,791           | 502,837           | 308,225           |
| Other assets  | 694,698            | 415,484            | 409,771           | 406,910           | 513,407           | 382,331           |
| Allowance for losses  | (226,386)          | (164,290)          | (171,876)         | (166,447)         | (199,753)         | (106,423)         |
| Prepaid expenses  | 454,026            | 348,172            | 136,185           | 109,328           | 189,183           | 32,317            |
| PERMANENT ASSETS  | 5,707,251          | 4,348,014          | 4,185,458         | 5,186,682         | 4,702,082         | 4,289,406         |
| INVESTMENTS   | 617,961            | 884,773            | 830,930           | 2,453,425         | 2,306,500         | 1,911,096         |
| Investments in associated companies:                            |                    |                    |                   |                   |                   |                   |
| - Domestic  | 477,261            | 742,586            | 689,002           | 2,044,120         | 1,400,144         | 665,542           |
| Other investments   | 658,565            | 452,871            | 525,316           | 753,901           | 1,148,977         | 1,374,584         |
| Allowance for losses  | (517,865)          | (310,684)          | (383,388)         | (344,596)         | (242,621)         | (129,030)         |
| FIXED ASSETS  | 2,596,733          | 2,152,680          | 2,017,093         | 1,683,069         | 1,562,430         | 1,556,057         |
| Buildings in use  | 1,903,188          | 1,475,581          | 1,491,847         | 1,415,720         | 1,395,530         | 1,375,339         |
| Other fixed assets  | 3,322,079          | 2,988,088          | 2,705,577         | 2,285,918         | 2,169,300         | 2,114,687         |
| Accumulated depreciation  | (2,628,534)        | (2,310,909)        | (2,180,331)       | (2,018,569)       | (2,002,400)       | (1,933,969)       |
| LEASED ASSETS   | 38,409             | 46,047             | 10,688            | 17,026            | 22,351            | 23,322            |
| Leased assets   | 49,151             | 51,214             | 19,421            | 18,451            | 38,860            | 38,863            |
| Accumulated depreciation  | (10,742)           | (5,167)            | (8,733)           | (1,425)           | (16,509)          | (15,541)          |
| DEFERRED CHANGES  | 2,454,148          | 1,264,514          | 1,326,747         | 1,033,162         | 810,801           | 798,931           |
| Organization and expansion costs                                | 973,267            | 874,970            | 731,717           | 477,058           | 553,354           | 548,166           |
| Accumulated amortization  | (523,756)          | (481,127)          | (391,417)         | (190,510)         | (207,627)         | (211,763)         |
| Premium on the acquisition of subsidiaries, net of amortization | 2,004,637          | 870,671            | 986,447           | 746,614           | 465,074           | 462,528           |
| <b>TOTAL</b>  | <b>124,504,902</b> | <b>110,115,906</b> | <b>94,878,483</b> | <b>80,323,592</b> | <b>67,337,876</b> | <b>61,134,762</b> |

## Consolidated Balance Sheet - In thousands of reais

|  | 06/2002            | 2001               | 2000              | DECEMBER<br>1999  | 1998              | 1997              |
|--|--------------------|--------------------|-------------------|-------------------|-------------------|-------------------|
| <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>  |                    |                    |                   |                   |                   |                   |
| <b>CURRENT AND LONG TERM LIABILITIES</b>   | <b>99,880,804</b>  | <b>87,352,076</b>  | <b>77,006,572</b> | <b>66,345,011</b> | <b>56,020,611</b> | <b>51,557,700</b> |
| <b>DEPOSITS</b>  | <b>50,848,356</b>  | <b>41,083,979</b>  | <b>36,468,659</b> | <b>34,723,630</b> | <b>28,249,838</b> | <b>24,029,394</b> |
| Demand deposits  | 10,005,046         | 8,057,627          | 7,500,518         | 6,803,429         | 4,976,836         | 5,275,471         |
| Saving deposits  | 18,901,203         | 18,310,948         | 17,835,745        | 17,244,520        | 16,171,727        | 14,642,601        |
| Interbank deposits   | 151,508            | 40,446             | 568,416           | 468,950           | 136,955           | 128,983           |
| Time deposits  | 21,790,599         | 14,674,958         | 10,563,980        | 10,206,731        | 6,964,320         | 3,982,339         |
| <b>MONEY MARKET REPURCHASE COMMITMENTS</b>   | <b>8,695,119</b>   | <b>14,057,327</b>  | <b>12,108,350</b> | <b>7,814,288</b>  | <b>9,307,113</b>  | <b>10,683,286</b> |
| Own portfolio  | 5,070,217          | 12,178,855         | 10,696,199        | 5,973,260         | 5,729,892         | 2,221,910         |
| Third-party portfolio  | 3,624,902          | 1,878,472          | 1,412,151         | 1,841,028         | 3,577,221         | 8,461,376         |
| <b>DEBT SECURITIES</b>   | <b>5,123,452</b>   | <b>4,801,410</b>   | <b>4,111,171</b>  | <b>4,628,344</b>  | <b>2,067,118</b>  | <b>901,262</b>    |
| Funds from foreign exchange acceptances  | 37,396             | -                  | -                 | -                 | 2                 | 20,722            |
| Mortgage backed securities   | 701,216            | 780,425            | 741,248           | 452,379           | 262,165           | 47,306            |
| Debentures   | 175,759            | 48,921             | 1,039             | 1,043,125         | 44,800            | -                 |
| Securities issued abroad   | 4,209,081          | 3,972,064          | 3,368,884         | 3,132,840         | 1,760,151         | 833,234           |
| <b>INTERBANK ACCOUNTS</b>  | <b>158,711</b>     | <b>192,027</b>     | <b>107,129</b>    | <b>59,607</b>     | <b>42,839</b>     | <b>75,988</b>     |
| Unsettled payments receipts  | -                  | -                  | -                 | -                 | -                 | 130               |
| Interbank onlendings   | 4,313              | 4,519              | 1,059             | 10,016            | 28,191            | 63,249            |
| Correspondent banks  | 154,398            | 187,508            | 106,070           | 49,591            | 14,648            | 12,609            |
| <b>INTERDEPARTMENTAL ACCOUNTS</b>  | <b>797,367</b>     | <b>762,505</b>     | <b>904,188</b>    | <b>879,592</b>    | <b>573,526</b>    | <b>455,333</b>    |
| Third-party funds in transit   | 797,367            | 762,505            | 904,188           | 879,592           | 573,501           | 454,945           |
| Internal transfer of funds   | -                  | -                  | -                 | -                 | 25                | 388               |
| <b>BORROWINGS</b>  | <b>10,003,147</b>  | <b>7,887,154</b>   | <b>6,463,555</b>  | <b>4,864,414</b>  | <b>4,035,313</b>  | <b>5,378,545</b>  |
| Domestic borrowings - official institutions  | 3,146              | 2,979              | 9,737             | 10,178            | 5,147             | 5,483             |
| Domestic borrowings - other institutions   | 230,362            | 230,468            | 170,775           | 138,279           | 31,932            | 73,975            |
| Foreign currency borrowings  | 9,769,639          | 7,653,707          | 6,283,043         | 4,715,957         | 3,998,234         | 5,299,087         |
| <b>DOMESTIC ONLENDINGS - OFFICIAL INSTITUTIONS</b>   | <b>6,246,491</b>   | <b>5,830,633</b>   | <b>5,096,604</b>  | <b>4,123,486</b>  | <b>3,571,562</b>  | <b>2,800,143</b>  |
| Tesouro Nacional   | 1,028              | -                  | -                 | -                 | -                 | -                 |
| Developmental (BNDES)  | 3,252,452          | 3,067,220          | 2,589,284         | 1,650,243         | 987,997           | 598,024           |
| Federal Savings Bank (CEF)   | 442,689            | 433,381            | 405,264           | 388,109           | 331,010           | 298,163           |
| Financing (FINAME)   | 2,541,815          | 2,321,508          | 2,090,374         | 2,064,153         | 2,238,674         | 1,899,966         |
| Other institutions   | 8,507              | 8,524              | 11,682            | 20,981            | 13,881            | 3,990             |
| <b>FOREIGN ONLENDINGS</b>  | <b>52,587</b>      | <b>316,283</b>     | <b>108,178</b>    | <b>185,774</b>    | <b>1,094,207</b>  | <b>1,169,267</b>  |
| Foreign onlendings   | 52,587             | 316,283            | 108,178           | 185,774           | 1,094,207         | 1,169,267         |
| <b>FINANCIAL DERIVATIVES INSTRUMENTS</b>   | <b>552,073</b>     | <b>-</b>           | <b>-</b>          | <b>-</b>          | <b>-</b>          | <b>-</b>          |
| <b>OTHER LIABILITIES</b>   | <b>17,403,501</b>  | <b>12,420,758</b>  | <b>11,638,738</b> | <b>9,065,876</b>  | <b>7,079,095</b>  | <b>6,064,482</b>  |
| Collection of taxes and other contributions  | 902,322            | 181,453            | 128,785           | 113,693           | 135,394           | 81,946            |
| Foreign exchange portfolio   | 5,565,678          | 1,343,769          | 2,439,657         | 1,029,963         | 1,045,553         | 513,469           |
| Social and statutory contributions   | 394,506            | 572,265            | 560,533           | 603,405           | 382,676           | 398,922           |
| Taxes and social security contributions  | 3,573,066          | 3,371,127          | 3,094,628         | 2,665,681         | 2,168,827         | 1,696,022         |
| Securities clearing accounts   | 321,009            | 1,418,985          | 592,395           | 914,127           | 506,767           | 667,688           |
| Committed technical reserves for insurance:  |                    |                    |                   |                   |                   |                   |
| private pension plans and special savings  | 1,032,273          | 1,005,793          | 689,891           | 659,450           | 529,288           | 501,624           |
| Subordinated Debt  | 1,989,581          | 969,842            | -                 | -                 | -                 | -                 |
| Sundry   | 3,625,066          | 3,557,524          | 4,132,849         | 3,079,557         | 2,310,590         | 2,204,811         |
| <b>TECHNICAL RESERVES FOR INSURANCE,<br/>PRIVATE PENSION PLANS AND<br/>SPECIAL SAVINGS</b> | <b>14,179,286</b>  | <b>12,847,633</b>  | <b>9,648,174</b>  | <b>6,904,469</b>  | <b>4,740,741</b>  | <b>3,451,051</b>  |
| <b>DEFERRED INCOME</b>   | <b>11,907</b>      | <b>9,020</b>       | <b>34,632</b>     | <b>17,543</b>     | <b>33,195</b>     | <b>8,904</b>      |
| Deferred income  | 11,907             | 9,020              | 34,632            | 17,543            | 33,195            | 8,904             |
| <b>MINORITY INTERESTS</b>  | <b>314,346</b>     | <b>139,231</b>     | <b>96,903</b>     | <b>287,350</b>    | <b>222,330</b>    | <b>544,362</b>    |
| <b>STOCKHOLDERS' EQUITY</b>  | <b>10,118,559</b>  | <b>9,767,946</b>   | <b>8,092,202</b>  | <b>6,769,219</b>  | <b>6,320,999</b>  | <b>5,572,745</b>  |
| Capital:   |                    |                    |                   |                   |                   |                   |
| - Local residents  | 4,808,350          | 4,940,004          | 5,072,071         | 4,206,644         | 3,659,692         | 3,235,167         |
| - Foreign residents  | 391,650            | 259,996            | 74,429            | 58,856            | 50,626            | 44,833            |
| Unrealized capital   | -                  | -                  | (400,500)         | (465,500)         | (246,000)         | (280,000)         |
| Capital reserves   | 7,435              | 7,435              | 19,002            | 5,643             | 11,756            | 151               |
| Revenue reserves   | 5,221,851          | 4,560,511          | 3,327,200         | 2,963,576         | 2,844,925         | 2,572,594         |
| Mark-to-market Adjustments Securities and<br>Derivatives                                   | (310,727)          | -                  | -                 | -                 | -                 | -                 |
| <b>STOCKHOLDERS' EQUITY MANAGED BY THE<br/>PARENT COMPANY</b>                              | <b>10,432,905</b>  | <b>9,907,177</b>   | <b>8,189,105</b>  | <b>7,056,569</b>  | <b>6,543,329</b>  | <b>6,117,107</b>  |
| <b>TOTAL</b>   | <b>124,504,902</b> | <b>110,115,906</b> | <b>94,878,483</b> | <b>80,323,592</b> | <b>67,337,876</b> | <b>61,134,762</b> |

## Consolidated Statements of Income - In thousands of reais

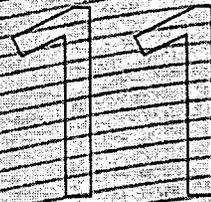
|  | 2001               | 2000               | Exercise<br>1999   | 1998               | 1997               |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|
| <b>INCOME FROM FINANCIAL INTERMEDIATION</b>  | <b>21,411,673</b>  | <b>15,519,008</b>  | <b>18,286,815</b>  | <b>11,935,162</b>  | <b>7,613,065</b>   |
| Credit operations  | 11,611,236         | 7,787,745          | 9,602,701          | 6,623,789          | 4,420,168          |
| Leasing operations   | 420,365            | 512,962            | 730,929            | 425,321            | 140,105            |
| Securities   | 7,182,422          | 6,122,486          | 5,875,823          | 3,823,626          | 2,327,882          |
| Financial Derivative Instruments   | (85,394)           | -                  | -                  | -                  | -                  |
| Foreign exchange transactions  | 2,045,092          | 872,234            | 1,776,925          | 572,104            | 391,598            |
| Compulsory deposits  | 237,952            | 223,581            | 300,437            | 490,322            | 333,312            |
| <b>EXPENSES FROM FINANCIAL INTERMEDIATION</b>  | <b>13,312,726</b>  | <b>9,132,137</b>   | <b>12,821,198</b>  | <b>7,441,180</b>   | <b>4,292,920</b>   |
| Deposits and money market funds  | 6,986,027          | 5,521,407          | 4,954,854          | 4,430,881          | 2,397,929          |
| Borrowings and onlendings  | 4,316,682          | 2,158,725          | 5,819,063          | 1,414,272          | 1,059,761          |
| Leasing operations   | -                  | 93                 | 18,852             | 2,985              | 8,811              |
| Allowance for loan losses  | 2,010,017          | 1,451,912          | 2,028,429          | 1,593,042          | 826,419            |
| <b>GROSS PROFIT FROM FINANCIAL INTERMEDIATION</b>                                      | <b>8,098,947</b>   | <b>6,386,871</b>   | <b>5,465,617</b>   | <b>4,493,982</b>   | <b>3,320,145</b>   |
| <b>OTHER OPERATING INCOME (EXPENSES)</b>   | <b>(5,164,463)</b> | <b>(4,535,910)</b> | <b>(4,300,792)</b> | <b>(3,303,216)</b> | <b>(2,237,672)</b> |
| Commissions and fees   | 3,472,560          | 3,042,699          | 2,099,937          | 1,774,624          | 1,445,500          |
| Insurance premiums, private pension plans and special savings                          | 8,959,259          | 6,919,942          | 5,975,488          | 5,014,830          | 4,064,826          |
| Variance in technical reserve for insurance, private pension plans and special savings | (3,492,217)        | (3,001,118)        | (2,341,648)        | (1,392,136)        | (906,061)          |
| Claims and special savings redemptions   | (3,996,108)        | (2,866,389)        | (2,844,171)        | (2,631,300)        | (2,436,886)        |
| Insurance and private pension plans selling expenses                                   | (689,352)          | (645,020)          | (635,351)          | (518,390)          | (308,682)          |
| Expenses with private pension plans benefits   | (1,369,424)        | (912,784)          | (557,608)          | (422,756)          | (247,191)          |
| Personnel expenses   | (3,389,102)        | (3,109,476)        | (2,680,049)        | (2,554,922)        | (1,905,623)        |
| Administrative expenses  | (3,435,759)        | (2,977,665)        | (2,566,657)        | (2,158,685)        | (1,745,006)        |
| Tax expenses   | (790,179)          | (670,138)          | (651,801)          | (319,537)          | (230,202)          |
| Results on investments in associated companies   | 70,764             | 156,300            | 127,100            | 157,223            | 28,660             |
| Other operating income   | 1,326,459          | 902,807            | 1,069,562          | 560,319            | 498,855            |
| Other operating expenses   | (1,831,364)        | (1,375,068)        | (1,295,594)        | (812,486)          | (495,862)          |
| <b>OPERATING RESULTS</b>   | <b>2,934,484</b>   | <b>1,850,961</b>   | <b>1,164,825</b>   | <b>1,190,766</b>   | <b>1,082,473</b>   |
| <b>NON-OPERATING RESULTS</b>   | <b>(83,720)</b>    | <b>(123,720)</b>   | <b>(224,874)</b>   | <b>(263,696)</b>   | <b>61,267</b>      |
| <b>INCOME BEFORE TAXES AND PROFIT SHARING</b>  | <b>2,850,764</b>   | <b>1,727,241</b>   | <b>939,951</b>     | <b>927,070</b>     | <b>1,143,740</b>   |
| <b>INCOME TAX AND SOCIAL CONTRIBUTION</b>  | <b>(502,257)</b>   | <b>(258,776)</b>   | <b>307,186</b>     | <b>240,203</b>     | <b>(198,710)</b>   |
| <b>NON-RECURRING/EXTRAORDINARY RESULTS</b>   | <b>-</b>           | <b>400,813</b>     | <b>-</b>           | <b>-</b>           | <b>-</b>           |
| <b>EMPLOYEE PROFIT SHARING</b>   | <b>(159,703)</b>   | <b>(111,131)</b>   | <b>(103,578)</b>   | <b>(86,879)</b>    | <b>(71,464)</b>    |
| <b>MINORITY INTERESTS</b>  | <b>(18,674)</b>    | <b>(17,982)</b>    | <b>(38,753)</b>    | <b>(67,974)</b>    | <b>(43,054)</b>    |
| <b>NET INCOME</b>  | <b>2,170,130</b>   | <b>1,740,165</b>   | <b>1,104,806</b>   | <b>1,012,420</b>   | <b>830,512</b>     |
| <b>RETURN ON STOCKHOLDERS' EQUITY</b>  | <b>22.22%</b>      | <b>21.50%</b>      | <b>16.32%</b>      | <b>16.02%</b>      | <b>14.90%</b>      |

## Consolidated Statements of Income - In thousands of reais

|   | 2002                 |                      |                      | 2001                 |                      | 2000                 |                      |                      |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|   | 2 <sup>nd</sup> Qtr. | 1 <sup>st</sup> Qtr. | 4 <sup>th</sup> Qtr. | 3 <sup>rd</sup> Qtr. | 2 <sup>nd</sup> Qtr. | 1 <sup>st</sup> Qtr. | 4 <sup>th</sup> Qtr. | 3 <sup>rd</sup> Qtr. |
| <b>INCOME FROM FINANCIAL INTERMEDIATION</b>   | <b>8,526,934</b>     | <b>4,517,326</b>     | <b>2,604,301</b>     | <b>7,972,096</b>     | <b>5,611,218</b>     | <b>5,224,058</b>     | <b>4,534,442</b>     | <b>3,858,777</b>     |
| Credit operations   | 4,426,505            | 2,435,822            | 1,189,535            | 4,345,353            | 3,091,410            | 2,984,938            | 2,478,580            | 1,968,321            |
| Leasing operations  | 116,028              | 90,409               | 62,021               | 117,633              | 125,032              | 115,679              | 146,513              | 111,864              |
| Securities  | 3,746,263            | 1,270,024            | 446,383              | 2,898,308            | 2,035,443            | 1,802,288            | 1,532,771            | 1,503,525            |
| Financial Derivative Instruments  | (1,118,846)          | 330,972              | 739,742              | (391,720)            | (195,978)            | (237,438)            | -                    | -                    |
| Foreign exchange transactions   | 1,276,756            | 329,544              | 103,954              | 936,425              | 498,643              | 506,070              | 325,099              | 219,936              |
| Compulsory deposits   | 80,228               | 60,555               | 62,666               | 66,097               | 56,668               | 52,521               | 51,479               | 55,131               |
| <b>EXPENSES FROM FINANCIAL INTERMEDIATION</b>   | <b>6,433,745</b>     | <b>2,484,197</b>     | <b>182,949</b>       | <b>5,898,611</b>     | <b>3,567,772</b>     | <b>3,663,394</b>     | <b>2,843,263</b>     | <b>2,272,419</b>     |
| Deposit and money market funds  | 3,430,308            | 1,518,935            | 53,292               | 3,128,332            | 1,884,421            | 1,919,982            | 1,667,429            | 1,429,905            |
| Borrowing and onlendings  | 2,289,540            | 329,469              | (489,948)            | 2,287,172            | 1,190,093            | 1,329,365            | 826,432              | 514,324              |
| Leasing operations  | 3,071                | 3,114                | -                    | -                    | -                    | -                    | -                    | 25                   |
| Allowance for loan losses   | 710,826              | 632,679              | 619,605              | 483,107              | 493,258              | 414,047              | 349,402              | 328,165              |
| <b>GROSS PROFIT FROM FINANCIAL INTERMEDIATION</b>                                       | <b>2,093,189</b>     | <b>2,033,129</b>     | <b>2,421,352</b>     | <b>2,073,485</b>     | <b>2,043,446</b>     | <b>1,560,664</b>     | <b>1,691,179</b>     | <b>1,586,358</b>     |
| <b>OTHER OPERATING INCOME (EXPENSES)</b>  | <b>(1,522,336)</b>   | <b>(1,384,603)</b>   | <b>(1,471,893)</b>   | <b>(1,410,462)</b>   | <b>(1,264,422)</b>   | <b>(1,017,686)</b>   | <b>(1,212,774)</b>   | <b>(1,135,148)</b>   |
| Commissions and fees  | 925,649              | 860,568              | 874,001              | 839,110              | 864,576              | 894,873              | 819,365              | 802,148              |
| Insurance premiums, private pension plans and special savings                           | 2,262,775            | 1,949,544            | 2,641,322            | 2,153,652            | 2,278,909            | 1,885,376            | 1,955,088            | 1,728,312            |
| Variance in technical reserves for insurance, private pension plans and special savings | (632,624)            | (537,148)            | (1,310,005)          | (792,203)            | (751,756)            | (638,253)            | (877,449)            | (722,089)            |
| Claims and special savings redemptions  | (1,086,640)          | (1,043,613)          | (1,068,032)          | (1,030,772)          | (1,073,029)          | (824,275)            | (765,261)            | (735,153)            |
| Insurance and private pension plans selling expenses                                    | (160,390)            | (160,169)            | (169,032)            | (177,561)            | (168,893)            | (173,866)            | (167,471)            | (157,395)            |
| Expenses with private pension plans benefits  | (411,115)            | (349,295)            | (415,859)            | (323,815)            | (352,583)            | (277,167)            | (236,566)            | (213,353)            |
| Personnel expenses  | (963,800)            | (856,576)            | (896,163)            | (880,516)            | (836,562)            | (775,861)            | (850,795)            | (790,714)            |
| Administrative expenses   | (1,010,760)          | (843,661)            | (896,004)            | (890,377)            | (817,135)            | (832,243)            | (825,494)            | (763,942)            |
| Tax expenses  | (200,145)            | (204,070)            | (209,624)            | (200,828)            | (190,253)            | (189,474)            | (179,745)            | (162,589)            |
| Results on investments in associated companies  | 20,864               | 2,240                | 55,230               | 16,835               | 1,058                | (2,359)              | 66,526               | 1,434                |
| Other operating income  | 381,044              | 254,312              | 435,891              | 345,155              | 218,669              | 326,744              | 309,362              | 194,736              |
| Other operating expenses  | (647,194)            | (456,735)            | (513,618)            | (469,142)            | (437,423)            | (411,181)            | (460,334)            | (316,543)            |
| <b>OPERATING RESULTS</b>  | <b>570,853</b>       | <b>648,526</b>       | <b>949,459</b>       | <b>663,023</b>       | <b>779,024</b>       | <b>542,978</b>       | <b>478,405</b>       | <b>451,210</b>       |
| <b>NON-OPERATING RESULTS</b>  | <b>19,901</b>        | <b>(29,327)</b>      | <b>(36,188)</b>      | <b>(47,426)</b>      | <b>14,619</b>        | <b>(14,725)</b>      | <b>(31,259)</b>      | <b>(27,278)</b>      |
| <b>INCOME BEFORE TAXES AND PROFIT SHARING</b>   | <b>590,754</b>       | <b>619,199</b>       | <b>913,271</b>       | <b>615,597</b>       | <b>793,643</b>       | <b>528,253</b>       | <b>447,146</b>       | <b>423,932</b>       |
| <b>INCOME TAX AND SOCIAL CONTRIBUTION</b>   | <b>(68,457)</b>      | <b>(165,862)</b>     | <b>(261,664)</b>     | <b>(35,152)</b>      | <b>(142,009)</b>     | <b>(63,432)</b>      | <b>(8,076)</b>       | <b>(65,135)</b>      |
| <b>NON-RECURRING/EXTRAORDINARY RESULTS</b>  | -                    | -                    | -                    | -                    | -                    | -                    | 46,292               | -                    |
| <b>EMPLOYEE PROFIT SHARING</b>  | <b>(32,305)</b>      | <b>(31,426)</b>      | <b>(40,356)</b>      | <b>(41,985)</b>      | <b>(35,886)</b>      | <b>(41,476)</b>      | <b>(36,673)</b>      | <b>(26,510)</b>      |
| <b>MINORITY INTERESTS</b>   | <b>(10,960)</b>      | <b>3,295</b>         | <b>(1,412)</b>       | <b>(20,271)</b>      | <b>5,987</b>         | <b>(2,978)</b>       | <b>456</b>           | <b>(1,699)</b>       |
| <b>NET INCOME</b>   | <b>479,032</b>       | <b>425,206</b>       | <b>609,839</b>       | <b>518,189</b>       | <b>621,735</b>       | <b>420,367</b>       | <b>449,145</b>       | <b>330,588</b>       |

Financial Statements and  
Independent Auditors' Report

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## Directors' Report for the Six-month Period

To Our Stockholders,

We are pleased to present the consolidated financial statements of **Banco Bradesco S.A.** and subsidiaries, prepared in accordance with the requirements of Brazilian corporate legislation for the six-month period ended June 30, 2002.

On a national level, the importance of the economic principles built up over recent years was heightened during the first half of the year: the floating exchange rate system which motivated a reduction in the current account deficit and the good fiscal results were key factors in cushioning, at least partially, the turbulence experienced by the financial markets. However, the continuing downside in the Brazil risk perception prompted the economic authorities to reaffirm their commitment to maintaining macroeconomic policies in line with economic stability, a critical base for the country's return to sustainable medium-term economic growth.

At Bradesco, the six-month period was marked by a succession of important events among which we highlight the following:

- **Acquisition of the share control of Banco Mercantil de São Paulo S.A.** and its subsidiaries, including Finasa Seguradora S.A., Finasa S.A. Crédito, Financiamento e Investimento and Banco Mercantil de São Paulo International (Luxembourg) S.A.
- **Acquisition of the share control of Banco do Estado do Amazonas S.A., now named Banco BEA S.A.** at a privatization auction, an institution with 36 Branches, 49 Banking Service Posts and 131 thousand customers. Its customer service network was integrated with the Bradesco network on June 10.
- **Acquisition by Banco BCN S.A. of the share control of Banco Cidade S.A.,** headquartered in São Paulo (SP) with 24 Branches in Brazil, 53 Banking Service Posts, Assets of some R\$ 2.085 billion, Stockholders' equity of R\$ 242 million and more than 49 thousand customers. The institution was incorporated by BCN on June 24.

- **Strategic partnership entered into with Ford:** Banco BCN S.A. acquired the total capital stock of Ford Leasing S.A. - Arrendamento Mercantil; Continental Banco S.A. acquired the credits and other rights of the direct consumer credit (CDC) loan portfolio of Banco Ford S.A., as well as the financing of new business; and Continental Promotora de Vendas Ltda., which entered into an operating agreement to serve Ford Dealership Network customers.

- **Acquisition of Deutsche Bank Investimentos DTVM S.A.** and its Investment Fund Administration and Management Portfolio, with assets of R\$ 2.16 billion, now under BRAM - Bradesco Asset Management Ltda. administration.

- **Increase of percentage ownership in Banco Espírito Santo, S.A. to 3%,** Portugal's second largest private sector bank, headquartered in Lisbon, Portugal.

- **First Banco Postal post office banking branch opened on March 25, in São Francisco de Paula, Minas Gerais.** By June 30, 1000 of the 3 thousand units forecast for installation this year were in operation, out of a total of 5,320 units to be installed in the Post Office Network (Correios). These units are used by Bradesco as local correspondent banks bringing banking services to the population in remote areas of Brazil.

- **Constitution of Bradesco Consórcios Ltda.,** created to sell consortium group plans for the acquisition of national and imported, light and heavy vehicles and real estate which is forecast to commence activities in the second half of the year.

### 1 - Results for the First Six Months

During the first half, Bradesco recorded net income of R\$ 904.238 million, equivalent to R\$ 0.63 per thousand shares and a return of 8.94% on stockholders' equity, or 18.67% annualized. Taxes and contributions, including social security contributions, payable or accrued, on the main

## Directors' Report for the Six-month Period

activities carried out by the Bradesco Organization, amounted to R\$ 1.238 billion, 136.96% of net income for the half year.

Interim and supplementary interest attributed to own capital distributed to the Bank's 2,338,689 stockholders totaled R\$ 212.900 million. This represents R\$ 0.1552980 (R\$ 0.1320033 net of withholding tax), including the additional 10%, per thousand preferred shares and R\$ 0.1411800 (R\$ 0.1200030 net of withholding tax) per thousand common shares. These amounts were paid as an advance on the interest and/or dividends payable for the full year, which pursuant to the Bank's statutes correspond to at least 30% of adjusted annual net income.

### 2 - Capital and Reserves

At the end of the first half, paid-up capital totaled R\$ 5.200 billion and paid-up capital plus reserves of R\$ 4.919 billion comprised the total stockholders' equity of R\$ 10.119 billion. Net equity per thousand shares was equivalent to R\$ 7.04.

Managed stockholders' equity is equivalent to 8.38% of consolidated assets which totaled R\$ 124.505 billion, a 22.23% growth rate compared to June 2001. The capital adequacy ratios attained 14.65% on a consolidated financial basis and 12.96% on a consolidated economic financial basis, accordingly, above the 11% required minimum established by National Monetary Council Resolution 2,099 of August 17, 1994, in conformity with the Basle Accord. The ratio of fixed assets to stockholders' equity at the end of the six-month period was 46.57% on a total consolidated basis and 56.14% on a consolidated financial basis, well within the maximum 60% limit. In compliance with the provisions of Article 8 of Brazilian Central Bank Circular 3068, of November 8, 2001, Bradesco has declared that it has both the financial capacity and the intention to hold to maturity the securities classified in the 'securities held up to maturity' category.

### 3 - Funding and Portfolio Administration

With a 19.33% growth rate over the same period in 2001, overall funding obtained by the Bradesco Organization amounted to R\$ 170.306 billion at June 30, 2002 and comprised the following:

- R\$ 59.543 billion in demand, time and interbank deposits, open market and savings deposits accounts.
- R\$ 60.941 billion in managed assets, comprising investment funds and customer portfolios.
- R\$ 29.590 billion in foreign exchange portfolio, borrowings and onlendings, working capital funds, collections and tax and utility collections and similar and funds from issuance of securities and local subordinated debt.
- R\$ 15.212 billion recorded in technical reserves for insurance, savings bonds and private pension plans, a growth rate of 29.45% compared to the same period in 2001.
- R\$ 5.020 billion in foreign resources through public and private issues and subordinated debt, corresponding to a total of US\$ 1.765 billion.

### 4 - Credit Operations

At June 30, 2002, the balance of consolidated credit operations amounted to R\$ 52.576 billion, growing to 19.91% as compared to June 2001, and comprising the following:

- R\$ 6.339 billion in advances on foreign exchange contracts, which registered a significant increase of 44% compared to the same period in 2001, for a portfolio of US\$ 3.089 billion in export financing, a growth rate of 26% compared to June 2001.
- US\$ 703.766 million in foreign currency import financing.
- R\$ 1.897 billion in leasing.

## Directors' Report for the Six-month Period

- R\$ 3.303 billion in rural loans.
- R\$ 8.521 billion in foreign and domestic onlendings, mainly comprising funds from the National Bank for Economic and Social Development (BNDES).

In the property loan area, Bradesco provided funds for the construction and purchase of homes during the six-month period in the amount of R\$ 342.758 million, comprising 5,986 properties.

### 5 - Capital Market

In its ongoing pursuit to strengthen private enterprise, offering the support required for increasing corporate capitalization, Bradesco acted as intermediary in the public placement of shares, debentures and promissory notes, with a volume of R\$ 8.474 billion, corresponding to 73.15% of all issues registered with the Brazilian Securities Commission (CVM) during the six-month period. The Bank also played an important role in this area as an advisor in structured operations focusing on mergers and acquisitions, project finance and the financial restructuring of companies.

### 6 - Corporate Governance

The forward-looking corporate governance practices adopted by the Organization are designed to ensure ongoing performance improvements and to secure the best possible results. The numbers recorded to date assure us that this goal is being attained, in terms of both increased operating efficiency and expansion of the Institution's funding capacity in Brazil and abroad. We present below the main guidelines on which our business administration is geared.

#### 6.1 - Risk Management

At the Bradesco Organization, the analysis and control of market risks, focused on the enhancement of process management, is directly subordinated to the Board of Executive Officers and the Bank's President. The management of market risks, involves a series of controls relating to the exposure of

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

#### 6.2 - Internal Control System

Bradesco's internal control system (compliance) ensures that its activities, policies and normative instructions are always in compliance with legal and regulatory requirements. Activities in this area are supervised by the Audit Committee formed by internal and external auditors and representatives from the Bank's top-level management. The Internal Controls Compliance Report for the 1st six-month period, prepared by the Internal Controls Advisory Committee was approved by the Bank's Board of Directors.

#### 6.3 - Money Laundering Prevention

Pursuant to Law 9,613, of March 3, 1998 and complementary legislation, the Organization implemented anti-money laundering procedures designed to prevent crimes relating to money laundering or concealment of assets and rights, through the careful monitoring of transactions and specific orientation which is disseminated throughout the Branch network

#### 6.4 - Brazilian Payments System (SPB)

SPB management activities are conducted at the Bradesco Organization in accordance with the regulations issued by the corresponding regulatory bodies and internal standards, identifying and establishing processes, facilitating adaptation to the new operating model and guaranteeing that the transactions carried out are processed and settled correctly. Parallel to this management, the Organization also monitors the SPB transaction

## Directors' Report for the Six-month Period

process through its Transaction Validation area, ensuring a higher level of security and lower operating risk.

### 6.5 - Operating Risk

Operating risk is managed at Bradesco based on the dissemination of policies and the development of its own risk management methodologies and tools, ensuring compliance with the provisions of the New Basle Accord and with regulatory authority requirements.

### 6.6 - Information System Security

The Information Security System used by the Bradesco Organization is a key business success factor. The Corporate Information Security Policy and Guidelines cover the data base, all its IT environments, documents, files and other tools. Restricted data and information which is of the exclusive interest of customers is treated internally with strict secrecy and fully protected by PIN and password systems. To maintain procedure compliance, independent reviews and updates are carried out periodically, as well as specific staff training programs designed to ensure maximum efficiency.

### 6.7 - 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 speedy and profitable business and to guide the setting of operating limits and granting of credit. The Credit Committees, credit limit model and specialized credit scoring systems are critical to policy implementation. Operations are diversified, non-selective and focused on Consumer and Corporate customers with sound payment capacity and proven creditworthiness, ensuring that underlying guarantees are sufficient to cover the risks assumed, considering the purpose and terms of the credit granted.

### 6.8 - Activity-Based Costing Program

The new ABC Activity Based Costing System methodology implemented by the Bradesco Organization in an effort to decrease costs has made a successful contribution to results. As well as the use of the ABC system, the Organization seeks return to scale through the restructuring of its activities, based on the rationalization of duties and aggregating greater competitive value. The series of procedures adopted to control and restrict costs seeks to answer three basic questions: where, how, and how much was expenditure. Accordingly, the Bank, from different viewpoints, is able to assess profitability, optimize processes and steer its control actions to activities which consume more resources or to where they are able to yield the best returns.

### 6.9 - Information Transparency and Dissemination Policies

In line with market trends and expectations, Bradesco has improved the level of information disclosed through the publication of its Financial Statements, Report on Economic and Financial Analysis, at meetings and conferences with capital market analysts and on its Investor Relations website. As a result of its information transparency and dissemination policy, Bradesco was recently awarded the "Maior Transparência 2001" (most transparent) prize in the retail bank category given by Atlantic Rating, a traditional rating agency specialized in risk analysis.

## 7 - Bradesco Customer Service Network

Combining cutting-edge technologies and professional expertise, efficiency and security in the ongoing pursuit to provide top-quality standards, the Bradesco Customer Service Network offered its customers and other users 7,248 service facilities at June 30, 2002:

2,927 Branches in Brazil (Bradesco - 2,473 Banco BCN - 234, Banco Mercantil - 219 and Continental Banco - 1).

## Directors' Report for the Six-month Period

9 Branches abroad, 2 in New York (Bradesco and Mercantil), 4 in Grand Cayman (Bradesco, BCN, Mercantil and Banco Boavista), 2 in London (Mercantil) and 1 in Nassau, Bahamas (Boavista).

6 Subsidiaries abroad, Banco Bradesco Argentina S.A. in Buenos Aires, Banco Bradesco Luxembourg S.A. and Banco Mercantil de São Paulo International S.A., both in Luxembourg, Boavista Banking Ltd. in Nassau, Bradesco Services Co., Ltd. in Tokyo and Bradesco Securities, Inc. in New York.

1,000 Banco Postal branches.

1,697 Banking service posts and outlets in companies (Bradesco - 1,343, BCN - 169 and Mercantil - 185).

1,560 Outplaced terminals in the BDN – Bradesco Day and Night Network.

9 Credit sale outlets of Mercantil.

40 Branches of Continental Promotora de Vendas, present in 12,100 vehicle dealerships and stores selling furniture and home decor, mobile phones and computers.

20,779 ATMs in the BDN – Bradesco Day and Night Self-service Network, 9,493 of which also operating at weekends and on bank holidays.

### 8 – Bradesco Insurance Group

Leading the Brazilian market, the Bradesco Insurance Group operates in the insurance, private pension plan and savings bond areas. At June 30, 2002, net income totaled R\$ 345.036 million, corresponding to an annualized return of 32.63%. The overall premium income attained R\$ 4.563 billion, a growth rate of 3.38% in comparison to the same period in 2001.

Emphasis should also be given to the results presented by Bradesco Vida e Previdência S.A., in its Private Pension and VGBL (Vida Gerador de Benefício Livre) products which achieved a record 1.160 million participants in Brazil and R\$ 13.302 billion in the investment portfolio. The company has a 38.77% market share, permanently increasing its positions and offering products and services with flexibility and transparency.

### 9 - The Bradesco Organization's Social Activities

In the social area, the Organization develops extensive educational work through the Bradesco Foundation. The Foundation offers through its 38 schools, installed as a priority in Brazil's underprivileged areas, in 25 of 26 Brazilian states and in the Federal District, basic education completely free of charge. This year there are more than 103 thousand students enrolled, including pupils on in its youth and adult education and basis professional training courses. The Foundation also provides free meals, uniforms, school materials and medical/dental care to its more than 48 thousand infant, junior, middle and technical school pupils.

### 10 - Human Resources

Training and qualification play a major role in this area, ensuring that the Organization's staff are permanently in tune with an increasingly demanding and competitive market. The specialized skills of the Bradesco work force are maintained up to date through permanent professional education programs. During the first six months of the year, 656 courses were given, with an enrollment of 93,536 employees trained to provide the support required for improving the products and services offered by the Organization, permanently focused on improving customer service quality.

At the same time, Bradesco continued to dedicated special attention to improving the quality of life, well

## Directors' Report for the Six-month Period

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being and security of its employees and their dependents through benefit plans covering 183,048 persons in the six-month period.

### 11 - Acknowledgements

First half results evidence the Bradesco Organization's healthy relationship with the economy as a whole, in its multiple segments. Signaling justified optimism, these results encourage us to continue with our firm disposition to conquer new positions, in an environment which combines

the support and trust of our stockholders and customers and the dedication of our employees and stakeholders. To all of them we express our sincere gratitude.

Cidade de Deus, August 2, 2002

Board of Directors and  
Board of Executive Officers

## Balance Sheet at June 30 - In thousands of reais

(A free Translation of the original in Portuguese prepared in accordance with accounting principles determined by Brazilian corporate Law)

| ASSETS  | BRADESCO    |             | CONSOLIDATED BRADESCO |             |
|---|-------------|-------------|-----------------------|-------------|
|   | 2002        | 2001        | 2002                  | 2001        |
| CURRENT ASSETS (Note 3b)  | 65,560,069  | 51,682,900  | 95,893,565            | 73,325,123  |
| FUNDS AVAILABLE   | 1,181,744   | 848,143     | 2,131,331             | 1,169,931   |
| SHORT-TERM INTERBANK INVESTMENTS (Note 7)                             | 10,678,366  | 8,083,404   | 5,281,050             | 1,513,076   |
| Open Market Investments   | 5,135,646   | 4,345,503   | 4,449,842             | 362,275     |
| Interbank Deposits  | 5,545,996   | 3,739,384   | 834,788               | 1,153,469   |
| Loss Accrual  | (3,276)     | (1,483)     | (3,580)               | (2,668)     |
| SECURITIES AND FINANCIAL DERIVATIVE INSTRUMENTS (Notes 8, 22b and 30) | 8,372,810   | 4,598,978   | 31,974,718            | 25,274,788  |
| Own Portfolio   | 2,978,311   | 1,501,138   | 23,330,841            | 18,125,752  |
| Subject to Repurchase Agreements                                      | 2,765,181   | 1,953,360   | 4,629,586             | 5,915,800   |
| Subject to Negotiation and Intermediation of Securities               | -           | 1,905       | -                     | 5,903       |
| Restricted Deposits - Brazilian Central Bank                          | 2,230,183   | 340,196     | 3,115,224             | 345,427     |
| Privatization Currencies  | -           | -           | 1,619                 | 2,298       |
| Subject to Collateral Provided  | 333,923     | 692,879     | 656,428               | 1,054,900   |
| Financial Derivative Instruments (Note 30)                            | 65,212      | 319,013     | 241,020               | 305,998     |
| Allowance for Mark-to-Market  | -           | (209,513)   | -                     | (481,290)   |
| INTERBANK ACCOUNTS  | 8,057,684   | 6,338,678   | 6,392,046             | 4,602,327   |
| Unsettled Payments and Receipts                                       | 2,915,668   | 2,819,871   | 547,193               | 737,290     |
| Restricted Deposits:  |             |             |                       |             |
| - Brazilian Central Bank  | 5,127,360   | 3,461,995   | 5,744,456             | 3,802,864   |
| - National Treasury - Rural Funding                                   | 578         | 134         | 578                   | 693         |
| - National Housing System - SFH                                       | 14,054      | 56,674      | 89,995                | 56,994      |
| Interbank Onlendings  | -           | -           | 11                    | -           |
| Correspondent Banks   | 24          | 4           | 9,813                 | 4,486       |
| INTERDEPARTMENTAL ACCOUNTS  | 245,575     | 155,193     | 279,189               | 164,837     |
| Internal Transfer of Funds  | 245,575     | 155,193     | 279,189               | 164,837     |
| CREDIT OPERATIONS (Notes 10 and 22b)                                  | 20,456,295  | 19,791,019  | 28,533,247            | 24,698,036  |
| Credit Operations:  |             |             |                       |             |
| - Public Sector   | 3,426       | 83,826      | 18,650                | 84,215      |
| - Private Sector  | 22,199,102  | 20,992,038  | 30,878,877            | 26,286,181  |
| Allowance for Loan Losses (Notes 10f and 10g)                         | (1,746,233) | (1,284,845) | (2,364,280)           | (1,672,360) |
| LEASING OPERATIONS (Notes 3e, 10 and 22b)                             | -           | -           | 1,055,176             | 1,072,377   |
| Leasing Receivables:  |             |             |                       |             |
| - Public Sector   | -           | -           | 84                    | 166         |
| - Private Sector  | -           | -           | 2,227,468             | 2,200,468   |
| Unearned Lease Income   | -           | -           | (1,062,208)           | (1,007,902) |
| Allowance for Losses (Notes 10f and 10g)                              | -           | -           | (110,168)             | (120,355)   |
| OTHER RECEIVABLES   | 16,311,992  | 11,659,797  | 19,663,081            | 14,433,635  |
| Receivables on Guarantees Honored (Note 10a-3)                        | 1,099       | 1,557       | 1,189                 | 2,032       |
| Foreign Exchange Portfolio (Note 11)                                  | 11,482,153  | 6,491,734   | 12,661,696            | 6,898,230   |
| Income Receivable (Note 12a)  | 711,944     | 798,503     | 228,740               | 259,580     |
| Negotiation and Intermediation of Securities (Note 30)                | 160,839     | 1,283,710   | 253,161               | 1,727,504   |
| Specific Credits  | 153,562     | -           | 153,562               | -           |
| Insurance Premiums Receivable   | -           | -           | 1,035,516             | 1,054,020   |
| Sundry (Note 12b)   | 3,828,206   | 3,111,070   | 5,389,897             | 4,543,013   |
| Allowance for Losses (Notes 10f and 10g)                              | (25,811)    | (26,777)    | (60,680)              | (50,744)    |
| OTHER ASSETS  | 255,603     | 207,688     | 583,727               | 396,116     |
| Other Assets  | 357,459     | 265,148     | 625,750               | 457,654     |
| Allowance for Losses  | (139,431)   | (123,423)   | (191,524)             | (178,777)   |
| Prepaid Expenses  | 37,575      | 65,963      | 149,501               | 117,239     |
| LONG-TERM RECEIVABLES (Note 3b)                                       | 12,120,649  | 15,916,575  | 22,904,086            | 24,316,015  |
| INTERBANK INVESTMENTS (Note 7)  | 116,151     | 92,134      | 121,197               | 134,451     |
| Interbank Deposits  | 124,952     | 100,941     | 130,783               | 145,671     |
| Loss Accrual  | (8,801)     | (8,807)     | (9,586)               | (11,220)    |
| SECURITIES AND FINANCIAL DERIVATIVE INSTRUMENTS (Notes 8, 22b and 30) | 2,188,550   | 6,634,396   | 5,934,607             | 10,228,808  |
| Own Portfolio   | 1,718,569   | 2,438,122   | 5,273,393             | 5,237,172   |
| Subject to Repurchase Agreements                                      | 283,818     | 4,256,867   | 472,955               | 5,098,876   |
| Restricted Deposits - Brazilian Central Bank                          | 376,398     | 142,672     | 451,633               | 154,991     |
| Privatization Currencies  | 29,453      | -           | 16,143                | 12,118      |
| Subject to Collateral Provided  | 133,922     | -           | 161,902               | -           |
| Financial Derivative Instruments (Note 30)                            | 96,653      | 6,627       | 108,312               | 18,386      |
| Allowance for Mark-to-Market  | (450,263)   | (209,892)   | (549,731)             | (292,735)   |

## Balance Sheet at June 30 – In thousands of reais

(A free Translation of the original in portuguese prepared in accordance with accounting principles determined by Brazilian corporate Law)

|   | BRADESCO          |                   | CONSOLIDATED BRADESCO |                    |
|---|-------------------|-------------------|-----------------------|--------------------|
|   | 2002              | 2001              | 2002                  | 2001               |
| <b>ASSETS</b>   |                   |                   |                       |                    |
| <b>INTERBANK ACCOUNTS</b>   | 142,384           | 104,268           | 307,279               | 159,752            |
| Restricted Deposits:  |                   |                   |                       |                    |
| - National Housing System - SFH   | 142,384           | 104,268           | 307,279               | 159,752            |
| <b>CREDIT OPERATIONS (Notes 10 and 22b)</b>   | 8,286,515         | 7,647,995         | 12,009,069            | 9,745,367          |
| - Public Sector   | 62,673            | 74,666            | 197,101               | 195,700            |
| - Private Sector  | 8,930,901         | 8,280,428         | 12,752,843            | 10,431,370         |
| Allowance for Loan Losses (Notes 10f and 10g)                                       | (707,059)         | (707,099)         | (940,875)             | (881,703)          |
| <b>LEASING OPERATIONS (Notes 3e, 10 and 22b)</b>                                    | -                 | -                 | 642,204               | 748,883            |
| Leasing Receivables:  |                   |                   |                       |                    |
| - Public Sector   | -                 | -                 | -                     | 74                 |
| - Private Sector  | -                 | -                 | 1,372,516             | 1,513,035          |
| Unearned Lease Income   | -                 | -                 | (681,870)             | (721,922)          |
| Allowance for Losses (Notes 10f and 10g)  | -                 | -                 | (48,442)              | (42,304)           |
| <b>OTHER RECEIVABLES</b>  | 1,113,930         | 1,408,945         | 3,551,119             | 3,252,561          |
| Income Receivable (Note 12a)  | -                 | -                 | -                     | 251                |
| Specific Credits  | 762               | 125,026           | 31,120                | 134,573            |
| Sundry (Note 12b)   | 1,114,525         | 1,311,234         | 3,524,157             | 3,145,545          |
| Allowance for Losses (Notes 10f and 10g)  | (1,357)           | (27,315)          | (4,158)               | (27,808)           |
| <b>OTHER ASSETS</b>   | 273,119           | 28,837            | 338,611               | 46,193             |
| Other Assets  | -                 | -                 | 68,948                | 34                 |
| Allowance for Losses  | -                 | -                 | (34,862)              | -                  |
| Prepaid Expenses (Note 13)  | 273,119           | 28,837            | 304,525               | 46,159             |
| <b>PERMANENT ASSETS (Note 3c)</b>   | 14,142,834        | 10,657,825        | 5,707,251             | 4,221,760          |
| <b>INVESTMENTS (Notes 3e, 14 and 22b)</b>   | 12,750,826        | 9,376,843         | 617,961               | 848,869            |
| Investments in Subsidiary and Associated Companies:                                 |                   |                   |                       |                    |
| - Local (Notes 14b, 14d and 30)   | 12,522,704        | 9,470,956         | 477,261               | 682,377            |
| - Foreign (Note 14b)  | 209,661           | 74,239            | -                     | -                  |
| Other Investments (Notes 14d, 22b and 30)   | 225,453           | 52,294            | 658,565               | 579,791            |
| Allowance for Losses (Notes 14d, 22b and 30)  | (206,992)         | (220,646)         | (517,865)             | (413,299)          |
| <b>PROPERTY AND EQUIPMENT IN USE (Note 15)</b>                                      | 1,108,105         | 1,033,768         | 2,596,733             | 2,052,629          |
| Buildings in Use  | 581,362           | 670,656           | 1,903,188             | 1,502,178          |
| Other Fixed Assets (Note 30)  | 2,160,757         | 1,889,077         | 3,322,079             | 2,804,326          |
| Accumulated Depreciation (Note 30)  | (1,634,014)       | (1,525,965)       | (2,628,534)           | (2,253,875)        |
| <b>LEASED ASSETS (Note 3e and 10a-1)</b>  | -                 | -                 | 38,409                | 9,728              |
| Leased Assets   | -                 | -                 | 49,151                | 19,026             |
| Accumulated Depreciation  | -                 | -                 | (10,742)              | (9,298)            |
| <b>DEFERRED CHARGES</b>   | 283,903           | 247,214           | 2,454,148             | 1,310,534          |
| Organization and Expansion Costs (Note 30)  | 617,885           | 505,642           | 973,267               | 822,189            |
| Accumulated Amortization (Note 30)  | (333,982)         | (258,428)         | (523,756)             | (444,161)          |
| Goodwill on the Acquisition of Subsidiaries, Net of Amortization (Notes 3e and 14c) | -                 | -                 | 2,004,637             | 932,506            |
| <b>TOTAL</b>  | <b>91,823,552</b> | <b>78,257,300</b> | <b>124,504,902</b>    | <b>101,862,898</b> |

## Balance Sheet at June 30 – In thousands of reais

(A free Translation of the original in portuguese prepared in accordance with accounting principles determined by Brazilian corporate Law)

|  | BRADESCO          |                   | CONSOLIDATED BRADESCO |                   |
|--|-------------------|-------------------|-----------------------|-------------------|
|  | 2002              | 2001              | 2002                  | 2001              |
| <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>  |                   |                   |                       |                   |
| <b>CURRENT LIABILITIES (Note 3d)</b>   | <b>67,411,310</b> | <b>60,185,615</b> | <b>78,650,605</b>     | <b>67,778,852</b> |
| <b>DEPOSITS (Note 16a)</b>   | <b>35,828,419</b> | <b>29,740,631</b> | <b>41,269,339</b>     | <b>33,409,724</b> |
| Demand Deposits  | 8,770,599         | 6,228,730         | 10,005,046            | 7,090,314         |
| Savings Deposits   | 17,666,453        | 16,553,676        | 18,901,203            | 17,521,891        |
| Interbank Deposits   | 161,167           | 61,054            | 150,125               | 62,900            |
| Time Deposits (Note 22b)   | 9,230,200         | 6,897,171         | 12,212,965            | 8,734,619         |
| <b>DEPOSITS RECEIVED UNDER SECURITY REPURCHASE AGREEMENTS (Note 16a)</b>                     | <b>7,874,017</b>  | <b>10,897,557</b> | <b>8,688,651</b>      | <b>11,592,316</b> |
| Own Portfolio  | 3,082,101         | 6,552,105         | 5,063,749             | 11,232,288        |
| Third-party Portfolio  | 4,791,916         | 4,345,452         | 3,624,902             | 360,028           |
| <b>FUNDS FROM ACCEPTANCE AND ISSUANCE OF SECURITIES (Notes 16a and 22b)</b>                  | <b>2,744,644</b>  | <b>2,420,135</b>  | <b>4,314,956</b>      | <b>2,985,911</b>  |
| Exchange Acceptances   | -                 | -                 | 37,396                | -                 |
| Mortgage Notes   | 255,064           | 144,749           | 641,378               | 384,369           |
| Debentures   | -                 | -                 | 45,442                | 868               |
| Securities Issued Abroad (Note 16b)  | 2,489,580         | 2,275,386         | 3,590,740             | 2,600,674         |
| <b>INTERBANK ACCOUNTS</b>  | <b>2,511,526</b>  | <b>3,561,027</b>  | <b>158,711</b>        | <b>117,357</b>    |
| Unsettled Receipts and Payments  | 2,283,508         | 3,365,225         | -                     | -                 |
| Interbank Onlendings   | 76,728            | 103,655           | 4,313                 | 24,375            |
| Correspondent Banks  | 151,290           | 92,147            | 154,398               | 92,982            |
| <b>INTERDEPARTMENTAL ACCOUNTS</b>  | <b>719,537</b>    | <b>390,629</b>    | <b>797,367</b>        | <b>439,439</b>    |
| Third-party Funds in Transit   | 719,537           | 390,629           | 797,367               | 439,439           |
| <b>BORROWINGS (Notes 16a and 22b)</b>  | <b>7,573,826</b>  | <b>6,370,923</b>  | <b>9,024,869</b>      | <b>7,660,202</b>  |
| Local Borrowings - Official Institutions   | -                 | -                 | 3,146                 | 1,525             |
| Local Borrowings - Other Institutions  | -                 | -                 | 130,631               | 126,439           |
| Foreign Currency Borrowings  | 7,573,826         | 6,370,923         | 8,891,092             | 7,532,238         |
| <b>LOCAL ONLENDINGS - OFFICIAL INSTITUTIONS (Notes 16a and 22b)</b>                          | <b>1,176,089</b>  | <b>1,221,970</b>  | <b>1,674,191</b>      | <b>1,557,912</b>  |
| National Treasury  | -                 | -                 | 1,028                 | -                 |
| National Bank for Economic and Social Development (BNDES)                                    | 664,428           | 675,621           | 747,548               | 752,373           |
| Federal Savings Bank (CEF)   | 1,732             | 283               | 20,372                | 15,829            |
| Government Agency for Machinery and Equipment Financing (FINAME)                             | 501,422           | 538,837           | 896,736               | 782,226           |
| Other Institutions   | 8,507             | 7,229             | 8,507                 | 7,484             |
| <b>FOREIGN ONLENDINGS (Notes 16a and 22b)</b>  | <b>38,872</b>     | <b>291,901</b>    | <b>39,237</b>         | <b>292,529</b>    |
| Foreign onlendings   | 38,872            | 291,901           | 39,237                | 292,529           |
| <b>FINANCIAL DERIVATIVE INSTRUMENTS (Notes 22c and 30)</b>                                   | <b>287,946</b>    | <b>384,461</b>    | <b>397,426</b>        | <b>473,652</b>    |
| <b>OTHER LIABILITIES</b>   | <b>8,656,434</b>  | <b>4,906,381</b>  | <b>12,285,858</b>     | <b>9,249,810</b>  |
| Collection of Taxes and Other Contributions  | 757,922           | 578,733           | 902,322               | 689,672           |
| Foreign Exchange Portfolio (Note 11)   | 5,526,055         | 2,221,995         | 5,565,678             | 2,192,119         |
| Social and Statutory Payables  | 319,097           | 351,550           | 394,506               | 360,681           |
| Taxes and Social Security Contributions (Notes 18 and 29c)                                   | 255,075           | 184,939           | 958,963               | 646,466           |
| Negotiation and Intermediation of Securities   | 219,789           | 135,236           | 321,009               | 1,893,050         |
| Committed Technical Reserves for Insurance, Savings Bonds and Private Pension Plans (Note 4) | -                 | -                 | 1,032,273             | 798,024           |
| Subordinated Debt (Note 19)  | 12,517            | -                 | 38,920                | -                 |
| Sundry (Note 17)   | 1,565,979         | 1,433,928         | 3,072,187             | 2,669,798         |
| <b>LONG-TERM LIABILITIES (Note 3d)</b>   | <b>14,288,218</b> | <b>8,919,450</b>  | <b>21,230,199</b>     | <b>13,825,067</b> |
| <b>DEPOSITS (Note 16a)</b>   | <b>7,215,659</b>  | <b>2,193,265</b>  | <b>9,579,017</b>      | <b>3,458,697</b>  |
| Interbank Deposits   | 622,903           | -                 | 1,383                 | 6,629             |
| Time Deposits (Note 22b)   | 6,592,756         | 2,193,265         | 9,577,634             | 3,452,068         |
| <b>DEPOSITS RECEIVED UNDER SECURITY REPURCHASE AGREEMENTS (Note 16a)</b>                     | <b>6,468</b>      | <b>1,101,321</b>  | <b>6,468</b>          | <b>1,086,476</b>  |
| Own Portfolio  | 6,468             | 1,101,321         | 6,468                 | 1,086,476         |
| <b>FUNDS FROM ISSUANCE OF SECURITIES (Notes 16a and 22b)</b>                                 | <b>407,153</b>    | <b>1,154,047</b>  | <b>808,496</b>        | <b>1,669,731</b>  |
| Mortgage Notes   | 49,870            | 123,753           | 59,838                | 366,324           |
| Debentures   | -                 | -                 | 130,317               | 47,475            |
| Securities Issued Abroad (Note 16b)  | 357,283           | 1,030,294         | 618,341               | 1,255,932         |
| <b>BORROWINGS (Notes 16a and 22b)</b>  | <b>863,181</b>    | <b>555,353</b>    | <b>978,278</b>        | <b>669,818</b>    |
| Local Borrowings - Official Institutions   | -                 | -                 | -                     | 7,694             |
| Local Borrowings - Other Institutions  | -                 | -                 | 99,731                | 85,222            |
| Foreign Currency Borrowings  | 863,181           | 555,353           | 878,547               | 576,902           |

## Balance Sheet at June 30 - In thousands of reais

(A free Translation of the original in portuguese prepared in accordance with accounting principles determined by Brazilian corporate Law)

|   | BRADESCO          |                   | CONSOLIDATED BRADESCO |                    |
|---|-------------------|-------------------|-----------------------|--------------------|
|   | 2002              | 2001              | 2002                  | 2001               |
| <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>   |                   |                   |                       |                    |
| <b>LOCAL ONLENDINGS - OFFICIAL INSTITUTIONS (Notes 16a and 22b)</b>                       | <b>3,333,028</b>  | <b>2,872,098</b>  | <b>4,572,300</b>      | <b>3,867,656</b>   |
| National Bank for Economic and Social Development (BNDES)                                 | 2,360,755         | 1,853,335         | 2,504,904             | 1,988,558          |
| Federal Savings Bank (CEF)  | -                 | 1,646             | 422,317               | 397,680            |
| Government Agency for Machinery and Equipment Financing (FINAME)                          | 972,273           | 1,014,119         | 1,645,079             | 1,477,489          |
| Other Institutions  | -                 | 2,998             | -                     | 3,929              |
| <b>FOREIGN ONLENDINGS (Notes 16a and 22b)</b>   | <b>13,208</b>     | <b>30,113</b>     | <b>13,350</b>         | <b>30,459</b>      |
| Foreign Onlendings  | 13,208            | 30,113            | 13,350                | 30,459             |
| <b>FINANCIAL DERIVATIVE INSTRUMENTS (Notes 22c and 30)</b>                                | <b>25,940</b>     | <b>3,425</b>      | <b>154,647</b>        | <b>51,850</b>      |
| <b>OTHER LIABILITIES</b>  | <b>2,423,581</b>  | <b>1,009,828</b>  | <b>5,117,643</b>      | <b>2,990,380</b>   |
| Taxes and Social Security Contributions (Notes 18 and 29c)                                | 918,569           | 894,965           | 2,614,103             | 2,457,412          |
| Subordinated Debt (Note 19)   | 1,350,661         | -                 | 1,950,661             | -                  |
| Sundry (Note 17)  | 154,351           | 114,863           | 552,879               | 532,968            |
| <b>TECHNICAL RESERVES FOR INSURANCE, SAVINGS BONDS AND PRIVATE PENSION PLANS (Note 4)</b> | <b>-</b>          | <b>-</b>          | <b>14,179,286</b>     | <b>10,940,274</b>  |
| <b>DEFERRED INCOME</b>  | <b>5,465</b>      | <b>4,187</b>      | <b>11,907</b>         | <b>16,321</b>      |
| Deferred Income   | 5,465             | 4,187             | 11,907                | 16,321             |
| <b>MINORITY INTEREST IN SUBSIDIARY AND ASSOCIATED COMPANIES (Note 3e)</b>                 | <b>-</b>          | <b>-</b>          | <b>314,346</b>        | <b>154,336</b>     |
| <b>STOCKHOLDERS' EQUITY (Notes 8d and 20)</b>   | <b>10,118,559</b> | <b>9,148,048</b>  | <b>10,118,559</b>     | <b>9,148,048</b>   |
| Capital:  |                   |                   |                       |                    |
| - Local Residents   | 4,808,350         | 5,108,698         | 4,808,350             | 5,108,698          |
| - Foreign Residents   | 391,650           | 91,302            | 391,650               | 91,302             |
| Capital Reserves  | 7,435             | 7,435             | 7,435                 | 7,435              |
| Revenue Reserves  | 5,227,701         | 3,959,387         | 5,227,701             | 3,959,387          |
| Mark-to-Market Adjustment - Securities and Derivatives (Note 8c)                          | (310,727)         | -                 | (310,727)             | -                  |
| Treasury Stock (Note 22b)   | (5,850)           | (18,774)          | (5,850)               | (18,774)           |
| <b>STOCKHOLDERS' EQUITY MANAGED BY THE PARENT COMPANY</b>                                 | <b>-</b>          | <b>-</b>          | <b>10,432,905</b>     | <b>9,302,384</b>   |
| <b>TOTAL</b>  | <b>91,823,552</b> | <b>78,257,300</b> | <b>124,504,902</b>    | <b>101,862,898</b> |

## Statement of Income for the Six-month Periods Ended at June 30 - In thousands of reais

(A free Translation of the original in portuguese prepared in accordance  
with accounting principles determined by Brazilian corporate Law)

|  | BRADESCO          |                   | CONSOLIDATED BRADESCO |                    |
|--|-------------------|-------------------|-----------------------|--------------------|
|  | 2002              | 2001              | 2002                  | 2001               |
| <b>INCOME FROM LENDING AND TRADING ACTIVITIES</b>  | <b>8,205,352</b>  | <b>6,270,405</b>  | <b>13,044,260</b>     | <b>10,835,276</b>  |
| Credit Operations (Note 30)  | 4,746,247         | 3,901,072         | 6,862,327             | 6,076,348          |
| Leasing Operations   | -                 | -                 | 206,437               | 240,711            |
| Securities   | 2,615,893         | 1,626,054         | 5,016,287             | 3,837,731          |
| Financial Derivative Instruments (Note 30)   | (575,943)         | (229,853)         | (787,874)             | (433,416)          |
| Foreign Exchange Transactions (Note 11b)   | 1,301,541         | 871,098           | 1,606,300             | 1,004,713          |
| Compulsory Deposits  | 117,614           | 102,034           | 140,783               | 109,189            |
| <b>EXPENSES</b>  | <b>6,668,427</b>  | <b>4,852,325</b>  | <b>8,917,942</b>      | <b>7,231,166</b>   |
| Interest and charges on:   |                   |                   |                       |                    |
| Deposits   | 3,434,980         | 2,467,257         | 4,949,243             | 3,804,403          |
| Borrowings, Credit Assignments and Onlendings  | 2,174,950         | 1,604,413         | 2,619,009             | 2,519,458          |
| Leasing Operations   | -                 | -                 | 6,185                 | -                  |
| Allowance for Loan Losses (Note 10f and 10g)   | 1,058,497         | 780,655           | 1,343,505             | 907,305            |
| <b>INCOME FROM FINANCIAL INTERMEDIATION</b>  | <b>1,536,925</b>  | <b>1,418,080</b>  | <b>4,126,318</b>      | <b>3,604,110</b>   |
| <b>OTHER OPERATING INCOME (EXPENSES)</b>   | <b>(685,287)</b>  | <b>(396,212)</b>  | <b>(2,906,939)</b>    | <b>(2,282,108)</b> |
| Commission and Fees (Note 23)  | 1,325,846         | 1,366,725         | 1,786,217             | 1,759,449          |
| Retained Insurance Premiums, Private Pensions Plans and Savings Bonds (Note 4)               | -                 | -                 | 4,212,319             | 4,164,285          |
| Change in Technical Reserves for Insurance, Private Pension Plans and Savings Bonds (Note 4) | -                 | -                 | (1,169,772)           | (1,390,009)        |
| Claims - Insurance Operations (Note 4)   | -                 | -                 | (1,758,061)           | (1,532,270)        |
| Saving Bond Redemption (Note 4)  | -                 | -                 | (372,192)             | (365,034)          |
| Insurance and Pension Plan Selling Expenses (Note 4)   | -                 | -                 | (320,559)             | (342,759)          |
| Expenses with Pension Plan Benefits and Redemption (Note 4)                                  | -                 | -                 | (760,410)             | (629,750)          |
| Personnel Expenses   | (1,295,588)       | (1,135,205)       | (1,820,376)           | (1,612,423)        |
| Other Administrative Expenses (Notes 24 and 30)  | (1,293,637)       | (1,149,002)       | (1,854,421)           | (1,649,378)        |
| Tax Expenses   | (218,077)         | (205,311)         | (404,215)             | (379,727)          |
| Equity in the Earnings of Subsidiary and Associated Companies (Notes 14a and b)              | 925,990           | 926,084           | 23,104                | (1,301)            |
| Other Operating Income (Note 25)   | 218,603           | 190,248           | 635,356               | 545,413            |
| Other Operating Expenses (Notes 26 and 30)   | (348,424)         | (389,751)         | (1,103,929)           | (848,604)          |
| <b>OPERATING INCOME</b>  | <b>851,638</b>    | <b>1,021,868</b>  | <b>1,219,379</b>      | <b>1,322,002</b>   |
| <b>NON-OPERATING INCOME (EXPENSES) Net (Note 27)</b>   | <b>(38,585)</b>   | <b>(18,009)</b>   | <b>(9,426)</b>        | <b>(106)</b>       |
| <b>INCOME BEFORE TAXES AND PROFIT SHARING</b>  | <b>813,053</b>    | <b>1,003,859</b>  | <b>1,209,953</b>      | <b>1,321,896</b>   |
| <b>PROVISION FOR INCOME TAX AND SOCIAL CONTRIBUTION (Note 29)</b>                            | <b>136,397</b>    | <b>94,142</b>     | <b>(234,319)</b>      | <b>(205,441)</b>   |
| <b>EMPLOYEE PROFIT SHARING</b>   | <b>(45,212)</b>   | <b>(55,899)</b>   | <b>(63,731)</b>       | <b>(77,362)</b>    |
| <b>MINORITY INTEREST (Note 3e)</b>   | <b>-</b>          | <b>-</b>          | <b>(7,665)</b>        | <b>3,009</b>       |
| <b>NET INCOME (Note 8d)</b>  | <b>904,238</b>    | <b>1,042,102</b>  | <b>904,238</b>        | <b>1,042,102</b>   |
| Interest attributed to own capital   | (316,249)         | (375,417)         |                       |                    |
| Number of outstanding shares   | 1,437,151,301,837 | 1,443,756,601,837 |                       |                    |
| Net income per thousand shares - (In reais)  | 0.63              | 0.72              |                       |                    |

(A free translation of the original in Portuguese prepared in accordance with accounting principles determined by Brazilian corporate Law)

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

| EVENTS   | PAID-UP CAPITAL | CAPITAL RESERVES | LEGAL   | REVENUE RESERVES               |             | STATUTORY FOR DIVIDENDS PAYMENT OF | STATUTORY FOR INVESTMENTS | MARK-TO-MARKET ADJUSTMENT - SECURITIES AND DERIVATIVES |              | TREASURY STOCK | RETAINED EARNINGS | TOTAL      |
|--|-----------------|------------------|---------|--------------------------------|-------------|------------------------------------|---------------------------|--|--------------|----------------|-------------------|------------|
|  |                 |                  |         | STATUTORY FOR CAPITAL INCREASE | STATUTORY   |                                    |                           | OWN  | SUBSIDIARIES |                |                   |            |
| At December 31, 2000   | 4,746,000       | 19,002           | 584,071 | -                              | 1,977,593   | 432,663                            | 408,693                   | -  | -            | (75,820)       | -                 | 8,092,202  |
| CAPITAL INCREASE THROUGH SUBSCRIPTION OF SHARES              | 400,500         | -                | -       | -                              | -           | -                                  | -                         | -  | -            | -              | -                 | 400,500    |
| CAPITAL INCREASE WITH RESERVES                               | 53,500          | (19,002)         | -       | -                              | (34,498)    | -                                  | -                         | -  | -            | (18,774)       | -                 | (18,774)   |
| TREASURY STOCK   | -               | -                | -       | -                              | -           | -                                  | -                         | -  | -            | 75,820         | -                 | 75,820     |
| CANCELLATION OF TREASURY STOCK                               | -               | -                | -       | -                              | (75,820)    | -                                  | -                         | -  | -            | -              | -                 | (75,820)   |
| PREMIUM ON SUBSCRIPTION OF SHARES                            | -               | 7,435            | -       | -                              | -           | -                                  | -                         | -  | -            | -              | -                 | 7,435      |
| NET INCOME   | -               | -                | -       | -                              | -           | -                                  | -                         | -  | -            | -              | 1,042,102         | 1,042,102  |
| APPROPRIATION OF NET INCOME:                                 | -               | -                | 52,105  | -                              | 614,580     | -                                  | -                         | -  | -            | -              | (666,685)         | (666,685)  |
| Reserves   | -               | -                | -       | -                              | -           | -                                  | -                         | -  | -            | -              | (375,417)         | (375,417)  |
| Interest attributed to own capital                           | -               | -                | -       | -                              | -           | -                                  | -                         | -  | -            | -              | -                 | -          |
| At June 30, 2001   | 5,200,000       | 7,435            | 636,176 | -                              | 2,481,855   | 432,663                            | 408,693                   | -  | -            | (18,774)       | -                 | 9,148,048  |
| At December 31, 2001   | 5,200,000       | 7,435            | 692,577 | -                              | 3,080,177   | 432,663                            | 408,693                   | -  | -            | (53,599)       | -                 | 9,767,946  |
| PRIOR-YEAR ADJUSTMENT:                                       | -               | -                | -       | -                              | -           | -                                  | -                         | -  | -            | -              | 21,146            | 21,146     |
| TRADING - SECURITIES   | -               | -                | -       | -                              | -           | -                                  | -                         | -  | -            | -              | -                 | -          |
| PRIOR-YEAR ADJUSTMENT - SECURITIES AVAILABLE FOR SALE - GAIN | -               | -                | -       | -                              | -           | -                                  | -                         | 125,571  | 71,532       | -              | -                 | 197,103    |
| PRIOR-YEAR ADJUSTMENT - SECURITIES AVAILABLE FOR SALE - LOSS | -               | -                | -       | -                              | -           | -                                  | -                         | (5,606)  | (85,358)     | -              | 90,964            | 90,964     |
| TRANSFER OF PRIOR-YEAR ADJUSTMENT TO RESERVES                | -               | -                | 5,606   | -                              | (3,080,177) | (432,663)                          | (408,693)                 | -  | -            | -              | (112,110)         | (112,110)  |
| TRANSFER OF RESERVES   | -               | -                | -       | -                              | -           | -                                  | -                         | -  | -            | -              | -                 | -          |
| TREASURY STOCK   | -               | -                | -       | -                              | -           | -                                  | -                         | -  | -            | (38,759)       | -                 | (38,759)   |
| CANCELLATION OF OWN SHARES                                   | -               | -                | -       | -                              | -           | -                                  | -                         | -  | -            | 86,508         | -                 | 86,508     |
| MARK-TO-MARKET ADJUSTMENT SECURITIES AND DERIVATIVES         | -               | -                | -       | -                              | -           | -                                  | -                         | (221,212)  | (195,654)    | -              | 904,238           | (416,866)  |
| NET INCOME   | -               | -                | -       | -                              | -           | -                                  | -                         | -  | -            | -              | (587,989)         | (587,989)  |
| APPROPRIATION OF NET INCOME:                                 | -               | -                | 45,212  | -                              | -           | -                                  | -                         | -  | -            | -              | (316,249)         | (316,249)  |
| Reserves   | -               | -                | -       | -                              | -           | -                                  | -                         | -  | -            | -              | -                 | -          |
| Interest attributed to own capital                           | -               | -                | -       | -                              | -           | -                                  | -                         | -  | -            | -              | -                 | -          |
| At June 30, 2002   | 5,200,000       | 7,435            | 743,395 | -                              | 4,484,306   | -                                  | -                         | (101,247)  | (209,480)    | (5,850)        | -                 | 10,118,559 |

# Statement of Changes in Financial Position

## Six-month Periods Ended June 30 - In thousands of reais

(A free Translation of the original in portuguese prepared in accordance with accounting principles determined by Brazilian corporate Law)

|  | BRADESCO           |                   | CONSOLIDATED BRADESCO |                  |
|--|--------------------|-------------------|-----------------------|------------------|
|  | 2002               | 2001              | 2002                  | 2001             |
| <b>FINANCIAL RESOURCES WERE PROVIDED BY:</b>   |                    |                   |                       |                  |
| OPERATIONS   | 19,878,033         | 16,147,128        | 23,305,225            | 9,413,258        |
| NET INCOME   | 904,238            | 1,042,102         | 904,238               | 1,042,102        |
| ADJUSTMENTS TO NET INCOME  | (709,139)          | (593,577)         | 494,196               | 282,271          |
| Depreciation and Amortization  | 190,442            | 169,322           | 319,626               | 267,541          |
| Increase (decrease) in Provision for Investments   | (81,545)           | 3,290             | 201,445               | 22,789           |
| Equity in the Earnings of Subsidiary and Associated Companies                                      | (925,990)          | (926,084)         | (23,104)              | 1,301            |
| Other  | 107,954            | 159,895           | (3,771)               | (9,360)          |
| Technical reserve for Insurance, Savings Bonds and Private Pension Plans                           | -                  | -                 | 1,331,653             | 1,292,100        |
| Change in Deferred Income  | (629)              | 156               | 2,887                 | (18,311)         |
| Change in Minority Interest  | -                  | -                 | 175,116               | 57,433           |
| Mark-to-Market Adjustments - prior years   | 218,249            | -                 | 218,249               | -                |
| Trading Securities   | 21,146             | -                 | 21,146                | -                |
| Securities available for sale  | 197,103            | -                 | 197,103               | -                |
| Mark-to-Market - securities available for sale   | (416,866)          | -                 | (416,866)             | -                |
| Stockholders   | -                  | 407,935           | -                     | 407,935          |
| Capital Increase   | -                  | 400,500           | -                     | 400,500          |
| Share Premium  | -                  | 7,435             | -                     | 7,435            |
| <b>THIRD PARTIES</b>   |                    |                   |                       |                  |
| Increase in Liabilities  | 14,379,617         | 13,255,907        | 17,924,252            | 5,062,096        |
| Deposits   | 5,511,298          | 868,438           | 9,764,377             | 399,762          |
| Deposits Received under Security Repurchase Agreements   | -                  | 5,360,174         | -                     | 570,442          |
| Funds From Acceptance and Issuance of Securities   | -                  | 566,856           | 322,042               | 544,471          |
| Interbank Accounts   | 2,320,267          | 3,372,126         | -                     | 10,228           |
| Interdepartmental Accounts   | 18,644             | -                 | 34,862                | -                |
| Borrowings and Onlendings  | 1,546,119          | 2,547,844         | 2,268,155             | 2,410,239        |
| Financial Derivative Instruments   | 313,886            | -                 | 552,073               | -                |
| Committed Technical Reserves for Insurance, Savings Bonds and Private Pension Plans                | -                  | -                 | 26,480                | 108,133          |
| Other Liabilities  | 4,669,403          | 540,469           | 4,956,263             | 1,018,821        |
| Decrease in Assets   | 4,602,060          | -                 | 2,150,733             | 1,049,274        |
| Short-term Interbank Investments   | -                  | -                 | -                     | 660,746          |
| Securities and Financial Derivative Instruments  | 4,602,060          | -                 | 2,150,733             | -                |
| Interbank Account  | -                  | -                 | -                     | 298,549          |
| Leasing Operations   | -                  | -                 | -                     | 89,979           |
| Sale (write off) of Assets and Investments   | 253,946            | 1,988,278         | 503,281               | 230,562          |
| Non-operating Assets   | 38,472             | 27,934            | 50,175                | 67,513           |
| Property and Equipment in Use  | 34,909             | 9,627             | 86,473                | 52,946           |
| Leased Assets  | -                  | -                 | 1,505                 | 441              |
| Investments  | 70,254             | 1,950,384         | 362,316               | 100,711          |
| Mark-to-Market Adjustment - Securities and Derivatives   | 110,180            | -                 | -                     | -                |
| Deferred Charges   | 131                | 333               | 2,812                 | 8,951            |
| Interest Attributed to Own Capital and Dividends received from Associated and Subsidiary Companies | 646,557            | 46,327            | 17,486                | 7,796            |
| <b>TOTAL FUNDS PROVIDED</b>  | <b>21,147,234</b>  | <b>16,408,632</b> | <b>24,259,681</b>     | <b>9,584,980</b> |
| <b>INTEREST ATTRIBUTED TO OWN CAPITAL AND DIVIDENDS PAID AND/OR DECLARED</b>                       | <b>316,249</b>     | <b>375,417</b>    | <b>316,249</b>        | <b>375,417</b>   |
| <b>ACQUISITION OF OWN SHARES</b>   | <b>38,759</b>      | <b>18,774</b>     | <b>38,759</b>         | <b>18,774</b>    |
| <b>INVESTMENTS IN</b>  | <b>2,091,976</b>   | <b>3,098,079</b>  | <b>1,259,571</b>      | <b>400,138</b>   |
| Non-operating assets   | 63,676             | 54,579            | 123,801               | 107,480          |
| Property and Equipment in Use  | 163,747            | 83,786            | 715,777               | 217,358          |
| Leased Assets  | -                  | -                 | 15                    | 1,058            |
| Investments  | 1,864,553          | 2,959,714         | 419,978               | 74,242           |
| <b>DEFERRED CHARGES</b>  | <b>57,095</b>      | <b>67,624</b>     | <b>1,373,367</b>      | <b>129,540</b>   |
| <b>INCREASE IN ASSETS</b>  | <b>12,343,736</b>  | <b>12,416,480</b> | <b>15,876,211</b>     | <b>8,196,362</b> |
| Short-term Interbank Investments   | 2,505,572          | 4,153,132         | 1,534,928             | -                |
| Securities and Financial Derivative Instruments  | -                  | 252,014           | -                     | 2,123,692        |
| Interbank Accounts   | 3,426,998          | 1,831,985         | 1,557,385             | -                |
| Interdepartmental Accounts   | 76,591             | 51,082            | 103,116               | 53,201           |
| Credit Operations  | 322,272            | 3,668,925         | 5,410,957             | 4,207,297        |
| Leasing Operations   | -                  | -                 | 129,453               | -                |
| Other Receivables  | 5,945,549          | 2,443,794         | 6,907,744             | 1,548,608        |
| Insurance Premiums Receivable  | -                  | -                 | 39,854                | 235,247          |
| Other Assets   | 66,754             | 15,548            | 192,774               | 28,317           |
| <b>DECREASE IN LIABILITIES</b>   | <b>6,299,419</b>   | <b>432,258</b>    | <b>5,395,524</b>      | <b>464,749</b>   |
| Deposits Received Under Security Repurchase Agreements   | 5,568,980          | -                 | 5,362,208             | -                |
| Funds from Acceptance and Issuance of Securities   | 730,439            | -                 | -                     | -                |
| Interbank Accounts   | -                  | -                 | 33,316                | -                |
| Interdepartmental Accounts   | -                  | 432,258           | -                     | 464,749          |
| <b>DECREASE IN FUNDS AVAILABLE</b>   | <b>(1,269,201)</b> | <b>(261,504)</b>  | <b>(954,456)</b>      | <b>(171,722)</b> |
| <b>CHANGES IN FINANCIAL POSITION</b>   |                    |                   |                       |                  |
| At the Beginning of Six-month Period   | 2,450,945          | 1,109,647         | 3,085,787             | 1,341,653        |
| At the End of Six-month Period   | 1,181,744          | 848,143           | 2,131,331             | 1,169,931        |
| <b>DECREASE IN FUNDS AVAILABLE</b>   | <b>(1,269,201)</b> | <b>(261,504)</b>  | <b>(954,456)</b>      | <b>(171,722)</b> |

## Notes to the Financial Statements

(A free Translation of the original in portuguese prepared in accordance with accounting principles determined by Brazilian corporate Law)

### 1. OPERATIONS

Banco Bradesco S.A., operating as a multiple bank, carries out all types of authorized banking activities, including foreign exchange transactions, through its commercial, investment, consumer credit and housing loan portfolios. The Bank also operates through its associated and subsidiary companies in leasing, insurance, savings bond and private pension plan activities.

### 2. PRESENTATION OF THE FINANCIAL STATEMENTS

The financial statements of Banco Bradesco S.A. (Bradesco) are presented together with the consolidated financial statements of the Bank and its subsidiaries and its jointly controlled investments (Consolidated Bradesco) and were prepared based on accounting principles determined by Brazilian Corporation Law for the recording of operations, as well as rules and instructions of the Brazilian Central Bank (BACEN) and the Brazilian Securities Commission (CVM), which include accounting practices and estimates addressing the recording of provisions.

### 3. SIGNIFICANT ACCOUNTING POLICIES

#### a) Determination of net income

Net income is determined on the accrual basis of accounting.

#### b) Current assets and long-term receivables

These are stated at their realizable values, including, where applicable related income and exchange variations and monetary correction on a daily pro rata basis including provisions when deemed appropriate.

The accrual of credit operations past due up to 60 days is accounted for in income from credit operations and subsequent to the 61th day in unearned income.

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.

**Securities and Financial Derivative Instruments** - Through its Circulars 3068/2001 and 3082/2002, BACEN established new accounting policies for recording and classifying securities and financial derivative instruments as follows:

- **Trading securities** - securities which are acquired for the purpose of being actively and frequently traded are appraised at 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 to be held in portfolio up to maturity are appraised at 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 in portfolio up to maturity are recorded at restated cost as a counter-entry to results for the period; and
- **Financial derivative instruments** - these are recorded at market value as a counter-entry to results for the period.

The allowance for loan losses is recorded at an amount considered sufficient to cover estimated losses and is based upon current economic conditions, past loan loss experience, specific and general portfolio risks and on BACEN requirements and instructions. (Notes 10f, g).

Deferred tax assets are stated at their expected realizable values and comprise mainly income tax and social contribution benefits from tax losses and temporary differences (Notes 29 b, c).

#### c) Permanent assets

These are stated at cost plus restatements through December 31, 1995 less of the provision for losses and take into consideration the following:

- Significant investments in subsidiaries, associated companies and jointly controlled investments are recorded under the equity method and the financial statements of the branches and foreign subsidiaries are adjusted to comply with the accounting criteria effective in Brazil and translated into reais;
- Depreciation of property and equipment in use is calculated on the straight-line method at annual rates which take into consideration the economic useful lives of the assets as follows: land and buildings in use - 4%; furniture and fixtures and machinery and equipment - 10%; data processing system (CPD) - 20% to 50%; and transport system - 20%;
- Deferred expenses are amortized at a rate of 20% to 50% per annum;
- Goodwill on the acquisition of investments in subsidiary and associated companies, based on expected future results is amortized at rates of 10% to 20% per annum and presented in deferred charges on a consolidated basis and under investments in Bradesco.

## Notes to the Financial Statements

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d) Current and long-term liabilities

The amounts shown include known or estimated liabilities and related expenses, exchange variations and monetary correction on a daily pro rata basis. 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 applicable legislation.

e) Consolidated financial statements

The consolidated financial statements were prepared in conformity with the consolidation principles of Brazilian Corporation Law, including the jointly controlled investments, in compliance with BACEN and CVM instructions and comprise the financial statements of the leasing companies based on the financial method of accounting.

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 is presented in deferred expenses and minority interests in net income and stockholders' equity are separately disclosed.

## Notes to the Financial Statements

These consolidated financial statements include those of Banco Bradesco S.A., its subsidiary and associated companies, including its foreign branches and its direct and indirect jointly controlled investments as follows:

|   | Activity area          | Ownership |         |
|---|------------------------|-----------|---------|
|   |                        | 2002      | 2001    |
| <b>Financial area - Local</b>   |                        |           |         |
| Banco Banab S.A. (4)  | Banking                | 99.97%    | 99.97%  |
| Banco BCN S.A. (4)  | Banking                | 100.00%   | 100.00% |
| Banco BEA S.A. (1) (2) (4)  | Banking                | 88.68%    | -       |
| Banco Boavista Interatlântico S.A. (4)                                  | Banking                | 100.00%   | 100.00% |
| Banco das Nações S.A. (4)   | Banking                | 100.00%   | 100.00% |
| Banco de Crédito Real de Minas Gerais S.A. (4)                          | Banking                | 99.99%    | 99.99%  |
| Banco Finasa de Investimento S.A. (1) (4)                               | Banking                | 77.35%    | -       |
| Banco Mercantil de São Paulo S.A. (1) (4)                               | Banking                | 79.73%    | -       |
| BCN Leasing - Arrendamento Mercantil S.A. (4)                           | Leasing                | 99.94%    | 99.94%  |
| Bradesco Leasing S.A. Arrendamento Mercantil                            | Leasing                | 100.00%   | 100.00% |
| Bradesco S.A. Corretora de Títulos e Valores Mobiliários                | Brokerage              | 99.99%    | 99.99%  |
| BRAM - Bradesco Asset Management Ltda and subsidiary                    | Asset Management       | 99.99%    | 99.99%  |
| Companhia Brasileira de Meios de Pagamento - VISANET (3) and subsidiary | Services               | 38.97%    | 38.97%  |
| Continental Banco S.A.  | Banking                | 100.00%   | 100.00% |
| Finasa Leasing Arrendamento Mercantil S.A. (1) (4)                      | Leasing                | 79.72%    | -       |
| <b>Financial area - Foreign</b>   |                        |           |         |
| Banco Bradesco Argentina S.A.   | Banking                | 99.99%    | 99.99%  |
| Bradesco Securities, Inc.   | Brokerage              | 100.00%   | 100.00% |
| Banco Mercantil de São Paulo International S.A. (1)                     | Banking                | 79.73%    | -       |
| BCN Grand Cayman  | Banking                | 100.00%   | 100.00% |
| Boavista Grand Cayman   | Banking                | 100.00%   | 100.00% |
| Bradesco Grand Cayman   | Banking                | 100.00%   | 100.00% |
| Bradesco New York   | Banking                | 100.00%   | 100.00% |
| Mercantil Grand Cayman (1)  | Banking                | 79.73%    | -       |
| Mercantil Londres (1)   | Banking                | 79.73%    | -       |
| Mercantil New York (1)  | Banking                | 79.73%    | -       |
| <b>Insurance, Pension Plan and Saving Bonds Area</b>                    |                        |           |         |
| Atlântica Capitalização S.A. (4)  | Saving Bonds           | 99.66%    | 99.81%  |
| Aurea Seguros S.A. (3)  | Insurance              | 27.41%    | 27.45%  |
| BCN Seguradora S.A. (4) (5)   | Insurance              | -         | 98.28%  |
| Bradesco Argentina de Seguros S.A. (4)                                  | Insurance              | 99.43%    | 99.58%  |
| Bradesco Capitalização S.A. (4)   | Saving Bonds           | 99.65%    | 99.80%  |
| Bradesco Saúde S.A. (4)   | Insurance              | 99.66%    | 99.81%  |
| Bradesco Seguros S.A. (4)   | Insurance              | 99.66%    | 99.81%  |
| Bradesco Vida e Previdência S.A. (4) (12)                               | Pension Plan/Insurance | 99.65%    | 99.80%  |
| Finasa Seguradora S.A. (1) (6)  | Insurance              | 99.37%    | -       |
| Indiana Seguros S.A. (4)  | Insurance              | 39.86%    | 39.92%  |
| Novo Hamburgo Companhia de Seguros Gerais (4) (7)                       | Insurance              | -         | 84.45%  |
| Prudential - Bradesco Seguros S.A. (4) (8)                              | Insurance              | -         | 48.25%  |
| Seguradora Brasileira de Crédito à Exportação S.A. (3) (4)              | Insurance              | 12.05%    | 13.72%  |
| União Novo Hamburgo Seguros S.A. (4) (9)                                | Insurance              | 91.19%    | 79.89%  |
| <b>Other Activities</b>   |                        |           |         |
| ABS - Empreendimentos Imobiliários, Participações e Serviços S.A.       | Real Estate            | 99.09%    | 99.24%  |
| Bradescor Corretora de Seguros Ltda.                                    | Insurance Brokerage    | 99.99%    | 99.99%  |
| Cibrasec - Companhia Brasileira de Securitização (3) and subsidiary     | Credit Acquisition     | 10.00%    | 10.00%  |
| CPM Holdings Limited (3) and subsidiary                                 | Holding                | 49.00%    | 49.00%  |
| Latasa S.A. (3) (10) and subsidiary                                     | Metal Products         | 39.12%    | 39.04%  |
| Pevê Prédios S.A. (1)   | Real Estate            | 70.19%    | -       |
| Scopus Tecnologia S.A. e suas controladas (11)                          | Information Technology | 99.99%    | 25.00%  |
| SERASA S.A. (3) (11) (13)   | Services               | 20.42%    | 16.61%  |
| Smart Club do Brasil Ltda. (3)  | Services               | 20.00%    | 20.00%  |
| União de Comércio e Participações Ltda.                                 | Holding                | 99.99%    | 99.99%  |

(1) Acquired in first six months of 2002; (2) New name of Banco do Estado do Amazonas S.A. - BEA; (3) Proportionally consolidated in accordance with CMN Resolution 2723 and CVM Instruction 247; (4) Companies audited by other independent auditors in 2001; (5) BCN Seguradora S.A. was merged into Bradesco Seguros S.A. in November 2001; (6) Company became a subsidiary of Bradesco Seguros S.A. in May 2002; (7) Novo Hamburgo Cia. de Seguros Gerais was merged into Cia. União de Seguros Gerais in October 2001; (8) Sold in July 2002; (9) New name of Cia. União de Seguros Gerais; (10) New name of Latasa - Latasa de Alumínio S.A.; (11) Percentage ownership increased through acquisition of shares; (12) New name of Bradesco Previdência e Seguros S.A.; (13) New name of SERASA Centralização de Serviços dos Bancos S.A.

## Notes to the Financial Statements

f) During the first half of 2002, Bradesco acquired the share control of Banco BEA S.A., through a privatization process, of Banco Cidade S.A. and subsidiaries and of Banco Mercantil de São Paulo S.A. and subsidiaries. These acquisition processes were ratified by the Brazilian Central Bank on May 31, 2002 and March 25, 2002, respectively.

We present below the main adjusted account balances of these companies:

|   | In thousands of reais  |  |   |
|---|--|--|---|
|   | Banco Mercantil<br>de São Paulo<br>S.A. and<br>Subsidiaries<br>June 30, 2002 | Banco<br>BEA S.A.<br>(1)<br>May 31, 2002 | Banco Cidade<br>S.A. and<br>Subsidiaries<br>(2)<br>May 31, 2002 |
| <b>ASSETS</b>   |  |  |   |
| Current assets and long-term receivables  | 6,955,525  | 696,008                                  | 1,181,832   |
| Funds available   | 68,189   | 17,756                                   | 48,629  |
| Short-term interbank investments  | 650,361  | 115,501                                  | 159,917   |
| Securities  | 875,595  | 310,339                                  | 249,617   |
| Interbank and interdepartmental accounts  | 338,493  | 43,690                                   | 43,887  |
| Credit and leasing operations   | 3,375,570  | 179,044                                  | 528,800   |
| Other receivables and other assets  | 1,647,317  | 29,678                                   | 150,982   |
| Permanent assets  | 539,382  | 14,268                                   | 38,107  |
| - Investments   | 24,452   | 4  | 19,877  |
| - Property and equipment  | 409,461  | 14,264                                   | 17,400  |
| - Deferred charges  | 105,469  | -  | 830   |
| <b>Total</b>  | <b>7,494,907</b>   | <b>710,276</b>                           | <b>1,219,939</b>  |
| <b>LIABILITIES</b>  |  |  |   |
| Current and long-term liabilities   | 6,703,533  | 569,252                                  | 1,029,241   |
| Demand, time and interbank deposits   | 4,162,626  | 225,635                                  | 404,761   |
| Savings account deposits  | 541,533  | 38,508                                   | -   |
| Deposits received under security repurchase agreements and funds from acceptance and issuance of securities | 943,993  | 251,966                                  | 231,434   |
| Interbank and interdepartmental accounts  | 48,915   | 54                                       | 3,003   |
| Borrowings and onlendings   | 568,535  | 10,886                                   | 269,053   |
| Other liabilities   | 437,931  | 42,203                                   | 120,990   |
| Deferred income   | 826  | -  | 141   |
| Minority interest   | 53,450   | -  | -   |
| Stockholders' equity  | 737,098  | 141,024                                  | 190,557   |
| <b>Total</b>  | <b>7,494,907</b>   | <b>710,276</b>                           | <b>1,219,939</b>  |

|   | In thousands of reais  |  |
|---|--|--|
|   | Banco Mercantil<br>de São Paulo<br>S.A. and<br>Subsidiaries<br>April 1 to<br>June 30, 2002 | Banco<br>BEA S.A.<br>January 1 to<br>June 30, 2002 |
| <b>STATEMENT OF INCOME</b>                        |  |  |
| Income from lending and trading activities        | 511,326  | 70,665   |
| Expenses from lending and trading activities      | 525,770  | 19,744   |
| <b>Gross profit from financial intermediation</b> | <b>(14,444)</b>  | <b>50,921</b>                                      |
| Other operating income (expenses), net            | (13,446)   | (15,594)   |
| <b>Operating income</b>                           | <b>(27,890)</b>  | <b>35,327</b>                                      |
| Non-operating income (expenses), net              | 23,641   | (684)  |
| <b>Income before taxes on income</b>              | <b>(4,249)</b>   | <b>34,643</b>                                      |
| Income tax and social contribution                | 31,312   | (6,676)  |
| <b>Adjusted net income</b>                        | <b>27,063</b>  | <b>27,967</b>                                      |

(1) On June 10, 2002, Banco Bradesco S.A. and Banco BEA S.A. entered into an agreement for the assignment of assets and rights and assumption of liabilities in which Bradesco assumes at book value assets in the amount of R\$ 227,233 thousand (mainly, credit operations and interbank accounts), liabilities in the amount of R\$ 307,706 thousand (mainly deposits) and memorandum accounts in the amount of R\$ 418,178 thousand.

(2) Banco Cidade S.A. was merged into Banco BCN S.A. in June 2002 with no impact on results.

## Notes to the Financial Statements

## 4. ADJUSTED BALANCE SHEET AND STATEMENT OF INCOME BY BUSINESS SEGMENT

The consolidated balance sheet and statement of income at June 30, 2002, by business segment, are presented below in accordance with the Chart of Accounts for National Financial System Institutions (COSIF).

## Balance Sheet

|   | Financial (1) (6)  |                   | Insurance (6)    |               | Pension Plan      | Savings Bond (6) | Other Activities (6) | In thousands of reais  |                    |
|---|--------------------|-------------------|------------------|---------------|-------------------|------------------|----------------------|------------------------|--------------------|
|   | Local (3)          | Foreign (4)       | Local            | Foreign (3)   |                   |                  |                      | Amounts eliminated (2) | Total Consolidated |
| <b>ASSETS</b>   |                    |                   |                  |               |                   |                  |                      |                        |                    |
| Current assets  | 78,006,100         | 10,017,167        | 2,167,581        | 46,408        | 10,711,127        | 1,258,804        | 646,661              | (6,960,283)            | 95,893,565         |
| Funds available   | 1,938,095          | 173,854           | 13,555           | 13,970        | 31,898            | 388              | 14,285               | (54,714)               | 2,131,331          |
| Short-term interbank investments  | 4,936,826          | 343,696           | 14,235           | -             | 16,874            | -                | 625                  | (31,206)               | 5,281,050          |
| Securities and financial derivative instruments                           | 18,338,633         | 2,523,194         | 1,015,216        | 27,501        | 10,318,633        | 1,227,793        | 244,918              | (1,721,170)            | 31,974,718         |
| Interbank accounts  | 6,382,196          | 10,101            | -                | -             | -                 | -                | -                    | (251)                  | 6,392,046          |
| Credit and leasing operations   | 27,078,629         | 6,911,374         | -                | -             | -                 | -                | -                    | (4,401,580)            | 29,588,423         |
| Other receivables and other assets  | 19,331,721         | 54,948            | 1,124,575        | 4,937         | 343,722           | 30,623           | 386,833              | (751,362)              | 20,525,997         |
| Long-term receivables   | 16,585,730         | 2,323,322         | 987,007          | 284           | 2,946,914         | 272,984          | 195,374              | (407,529)              | 22,904,086         |
| Short-term interbank investments  | 121,197            | -                 | -                | -             | -                 | -                | -                    | -                      | 121,197            |
| Securities and financial derivative instruments                           | 1,829,479          | 613,192           | 485,824          | -             | 2,912,709         | 218,142          | 56,222               | (180,961)              | 5,934,607          |
| Interbank accounts  | 307,279            | -                 | -                | -             | -                 | -                | -                    | -                      | 307,279            |
| Credit and leasing operations   | 11,289,900         | 1,581,721         | -                | -             | -                 | -                | -                    | (220,348)              | 12,651,273         |
| Other receivables and other assets  | 3,037,875          | 128,409           | 501,183          | 284           | 34,205            | 54,842           | 139,152              | (6,220)                | 3,889,730          |
| Permanent assets  | 8,904,432          | 12,969            | 1,942,126        | 1,584         | 314,689           | 366,124          | 874,676              | (6,709,349)            | 5,707,251          |
| Investments (5)   | 5,530,183          | -                 | 1,765,559        | -             | 150,767           | 348,076          | 170,476              | (7,347,100)            | 617,961            |
| Property and equipment in use and leased assets                           | 2,464,022          | 11,657            | 129,897          | 349           | 125,668           | 18,048           | 624,311              | (738,810)              | 2,635,142          |
| Deferred charges  | 910,227            | 1,312             | 46,670           | 1,235         | 38,254            | -                | 79,889               | 1,376,561              | 2,454,148          |
| <b>Total</b>  | <b>103,496,262</b> | <b>12,353,458</b> | <b>5,096,714</b> | <b>48,276</b> | <b>13,972,730</b> | <b>1,897,912</b> | <b>1,716,711</b>     | <b>(14,077,161)</b>    | <b>124,504,902</b> |
| <b>LIABILITIES</b>  |                    |                   |                  |               |                   |                  |                      |                        |                    |
| Current liabilities   | 73,936,766         | 8,236,681         | 1,778,622        | 36,106        | 460,205           | 215,990          | 451,856              | (6,465,621)            | 78,650,605         |
| Deposits  | 38,780,040         | 2,658,266         | -                | -             | -                 | -                | -                    | (168,967)              | 41,269,339         |
| Deposits received under security re-purchase agreements                   | 8,686,550          | 2,101             | -                | -             | -                 | -                | -                    | -                      | 8,688,651          |
| Funds from the acceptance and issuance of securities                      | 3,257,912          | 1,497,808         | -                | -             | -                 | -                | 13,350               | (454,114)              | 4,314,956          |
| Interbank accounts  | 154,649            | 4,313             | -                | -             | -                 | -                | -                    | (251)                  | 158,711            |
| Borrowings and onlendings   | 11,331,524         | 4,016,130         | -                | -             | -                 | -                | 85,522               | (4,694,879)            | 10,738,297         |
| Financial derivative instruments  | 481,050            | 137               | -                | -             | -                 | -                | 4,568                | (88,329)               | 397,426            |
| Other liabilities   | 11,245,041         | 57,926            | 1,778,622        | 36,106        | 460,205           | 215,990          | 348,416              | (1,059,081)            | 13,083,225         |
| Long-term liabilities   | 20,289,120         | 1,905,197         | 360,013          | -             | 177,068           | 137,948          | 224,947              | (1,864,094)            | 21,230,199         |
| Deposits  | 9,382,935          | 236,968           | -                | -             | -                 | -                | -                    | (40,886)               | 9,579,017          |
| Deposits received under security re-purchase agreements                   | 6,468              | -                 | -                | -             | -                 | -                | -                    | -                      | 6,468              |
| Funds from the acceptance and issuance of securities                      | 2,363,293          | 35,792            | -                | -             | -                 | -                | 47,643               | (1,638,232)            | 808,496            |
| Borrowings and onlendings   | 4,673,189          | 893,544           | 1,127            | -             | -                 | -                | 90,402               | (94,334)               | 5,563,928          |
| Financial derivative instruments  | 179,303            | -                 | -                | -             | -                 | -                | -                    | (24,656)               | 154,647            |
| Other liabilities   | 3,683,932          | 738,893           | 358,886          | -             | 177,068           | 137,948          | 86,902               | (65,986)               | 5,117,643          |
| Technical reserves for insurance, private pension plans and savings bonds | -                  | -                 | 794,626          | 255           | 12,158,758        | 1,225,647        | -                    | -                      | 14,179,286         |
| Deferred income   | 11,535             | -                 | -                | -             | 52                | -                | 320                  | -                      | 11,907             |
| Minority interest and net equity of the subsidiaries                      | (859,718)          | 2,211,580         | 2,163,453        | 11,915        | 1,176,647         | 318,327          | 1,039,588            | (5,747,446)            | 314,346            |
| Stockholders' equity of the parent company                                | 10,118,559         | -                 | -                | -             | -                 | -                | -                    | -                      | 10,118,559         |
| <b>Total</b>  | <b>103,496,262</b> | <b>12,353,458</b> | <b>5,096,714</b> | <b>48,276</b> | <b>13,972,730</b> | <b>1,897,912</b> | <b>1,716,711</b>     | <b>(14,077,161)</b>    | <b>124,504,902</b> |

## Notes to the Financial Statements

## Adjusted Statement of Income

|  | Financial (1) (6) |             | Insurance (6) |             | Pension Plan | Savings Bond (6) | Other Activities (6) | Amounts Eliminated (2) | Total Consolidated |
|--|-------------------|-------------|---------------|-------------|--------------|------------------|----------------------|------------------------|--------------------|
|  | Local             | Foreign (3) | Local         | Foreign (3) |              |                  |                      |                        |                    |
| Six-month periods ended June 30 - In thousands of reais                            |                   |             |               |             |              |                  |                      |                        |                    |
| Income from lending and trading activities   | 11,128,164        | 1,818,125   | 142,500       | (15,822)    | 803,616      | 120,120          | 29,777               | (982,220)              | 13,044,260         |
| Credit operations  | 6,543,450         | 1,098,979   | -             | -           | -            | -                | -                    | (780,102)              | 6,862,327          |
| Leasing operations   | 206,526           | -           | -             | -           | -            | -                | -                    | (89)                   | 206,437            |
| Security transactions  | 3,454,741         | 692,451     | 142,500       | (15,822)    | 803,616      | 120,120          | 29,777               | (211,096)              | 5,016,287          |
| Financial derivative instruments   | (789,115)         | 1,096       | -             | -           | -            | -                | -                    | 145                    | (787,874)          |
| Foreign exchange transactions  | 1,571,779         | 25,599      | -             | -           | -            | -                | -                    | 8,922                  | 1,606,300          |
| Compulsory deposits  | 140,783           | -           | -             | -           | -            | -                | -                    | -                      | 140,783            |
| Expenses   | 8,158,389         | 1,736,595   | -             | -           | -            | -                | 618                  | (977,660)              | 8,917,942          |
| Interest and charges on:   |                   |             |               |             |              |                  |                      |                        |                    |
| Deposits received under security repurchase agreements                             | 4,199,453         | 1,112,469   | -             | -           | -            | -                | -                    | (362,679)              | 4,949,243          |
| Borrowings and onlendings  | 2,609,401         | 624,589     | -             | -           | -            | -                | -                    | (614,981)              | 2,619,009          |
| Leasing operations   | 6,185             | -           | -             | -           | -            | -                | -                    | -                      | 6,185              |
| Allowance for loan losses  | 1,343,350         | (463)       | -             | -           | -            | -                | 618                  | -                      | 1,343,505          |
| Gross profit from financial intermediation   | 2,969,775         | 81,530      | 142,500       | (15,822)    | 803,616      | 120,120          | 29,159               | (4,560)                | 4,126,318          |
| Other operating income (expenses)  | (2,301,018)       | (50,704)    | (25,339)      | (3,362)     | (507,708)    | (21,403)         | (1,828)              | 4,423                  | (2,906,939)        |
| Commissions and fees   | 1,641,135         | 3,589       | -             | -           | 36,853       | -                | 236,923              | (132,283)              | 1,786,217          |
| Retained insurance premiums private pension plans and saving bonds                 | -                 | -           | 1,941,822     | 1,105       | 1,847,474    | 421,918          | -                    | -                      | 4,212,319          |
| Change in technical reserves for insurance, private pension plans and saving bonds | -                 | -           | 879           | 113         | (1,141,965)  | (28,799)         | -                    | -                      | (1,169,772)        |
| Claims - insurance operations  | -                 | -           | (1,524,298)   | (6,027)     | (227,736)    | -                | -                    | -                      | (1,758,061)        |
| Savings bond redemptions   | -                 | -           | -             | -           | -            | (372,192)        | -                    | -                      | (372,192)          |
| Insurance and pension plan selling expenses  | -                 | -           | (175,476)     | (1,266)     | (146,724)    | -                | -                    | 2,907                  | (320,559)          |
| Expenses with pension plan benefits and redemptions                                | -                 | -           | -             | -           | (760,410)    | -                | -                    | -                      | (760,410)          |
| Personnel expenses   | (1,589,531)       | (10,430)    | (114,956)     | (121)       | (32,170)     | (7,289)          | (65,879)             | -                      | (1,820,376)        |
| Other administrative expenses  | (1,666,394)       | (22,531)    | (151,990)     | (1,220)     | (59,650)     | (23,496)         | (75,465)             | 146,325                | (1,854,421)        |
| Tax expenses   | (314,446)         | (614)       | (27,129)      | (206)       | (26,348)     | (3,061)          | (32,411)             | -                      | (404,215)          |
| Equity in the earnings of subsidiary and associated companies (5)                  | -                 | -           | 21,889        | -           | -            | -                | 1,215                | -                      | 23,104             |
| Other operating revenue  | 334,104           | 99,216      | 87,686        | (5,449)     | 16,862       | 1,820            | 113,818              | (12,701)               | 635,356            |
| Other operating expenses   | (705,886)         | (119,934)   | (83,766)      | 9,709       | (13,894)     | (10,304)         | (180,029)            | 175                    | (1,103,929)        |
| Operating income   | 668,757           | 30,826      | 117,161       | (19,184)    | 295,908      | 98,717           | 27,331               | (137)                  | 1,219,379          |
| Non-operating income (expenses), net   | (9,452)           | 3,098       | (9,249)       | -           | (5,120)      | -                | 11,160               | 137                    | (9,426)            |
| Income before taxes and profit sharing   | 659,305           | 33,924      | 107,912       | (19,184)    | 290,788      | 98,717           | 38,491               | -                      | 1,209,953          |
| Provision for income tax and social contribution                                   | (23,306)          | (29,480)    | (38,807)      | (73)        | (91,486)     | (31,811)         | (19,356)             | -                      | (234,319)          |
| Employee profit sharing  | (54,795)          | -           | (6,396)       | -           | (488)        | -                | (2,052)              | -                      | (63,731)           |
| Minority interest  | (9,818)           | -           | (2,968)       | -           | -            | -                | 5,122                | -                      | (7,665)            |
| Net income   | 571,386           | 4,444       | 59,740        | (19,257)    | 198,814      | 66,906           | 22,205               | -                      | 904,238            |

(1) The financial area comprises financial institutions and holding companies which are mainly responsible for managing financial resources, as well as and credit card administration and asset management companies.

(2) Amounts eliminated between companies from different segments.

(3) Includes exchange gains/loss from foreign branches and subsidiaries.

(4) Permanent investments are presented net of excess provision in the amount of R\$ 54,254 thousand.

(5) Investments and equity in earnings of associated companies are allocated to the segment to which the companies pertain.

(6) Account balances and revenue and expenses between companies in the same segment were eliminated.

## Notes to the Financial Statements

### 5. BALANCE SHEET BY CURRENCY AND EXCHANGE EXPOSURE

We present below the account balances by currency and exchange exposure at June 30, 2002:

| Balance Sheet by Currency  | In thousands of reais |                    |                    |
|--|-----------------------|--------------------|--------------------|
|  | CONSOLIDATED BRADESCO |                    |                    |
|  | Balance Sheet         | Currency           |                    |
|  | Local                 | Foreign (1)        |                    |
| <b>ASSETS</b>  |                       |                    |                    |
| Funds available  | 2,131,331             | 1,145,873          | 985,458            |
| Short-term interbank investments   | 5,402,247             | 4,974,448          | 427,799            |
| Open market investments  | 4,449,842             | 4,205,342          | 244,500            |
| Interbank deposits   | 952,405               | 769,106            | 183,299            |
| Securities and financial derivative instruments                          | 37,909,325            | 28,073,661         | 9,835,664          |
| Interbank and interdepartmental accounts                                 | 6,978,514             | 6,971,269          | 7,245              |
| Credit and leasing operations  | 42,239,696            | 32,421,198         | 9,818,498          |
| Other assets   | 24,136,538            | 13,870,512         | 10,266,026         |
| Foreign exchange portfolio   | 12,661,696            | 2,696,920          | 9,964,776          |
| Other  | 11,474,842            | 11,173,592         | 301,250            |
| Permanent assets   | 5,707,251             | 5,692,698          | 14,553             |
| Investments  | 617,961               | 617,961            | -                  |
| Property and equipment and leased assets                                 | 2,635,142             | 2,623,136          | 12,006             |
| Deferred charges   | 2,454,148             | 2,451,601          | 2,547              |
| <b>Total in 2002</b>   | <b>124,504,902</b>    | <b>93,149,659</b>  | <b>31,355,243</b>  |
| <b>LIABILITIES</b>   |                       |                    |                    |
| Deposits   | 50,848,356            | 47,957,658         | 2,890,698          |
| Demand deposits  | 10,005,046            | 9,855,691          | 149,355            |
| Savings account deposits   | 18,901,203            | 18,901,203         | -                  |
| Interbank deposits   | 151,508               | 151,508            | -                  |
| Time deposits  | 21,790,599            | 19,049,256         | 2,741,343          |
| Deposits received under security repurchase agreements                   | 8,695,119             | 8,693,018          | 2,101              |
| Funds from acceptance and issuance of securities                         | 5,123,452             | 914,371            | 4,209,081          |
| Interbank and interdepartmental accounts                                 | 956,078               | 410,661            | 545,417            |
| Borrowings   | 10,003,147            | 25,375             | 9,977,772          |
| Onlendings   | 6,299,078             | 5,225,217          | 1,073,861          |
| Financial derivative instruments   | 552,073               | 117,871            | 434,202            |
| Other liabilities  | 17,403,501            | 13,119,634         | 4,283,867          |
| Foreign exchange portfolio   | 5,565,678             | 2,422,824          | 3,142,854          |
| Subordinated debt  | 1,989,581             | 1,178,564          | 811,017            |
| Other  | 9,848,242             | 9,518,246          | 329,996            |
| Technical reserves for insurance, savings bond and private pension plans | 14,179,286            | 14,179,031         | 255                |
| Deferred income  | 11,907                | 11,907             | -                  |
| Minority interest in subsidiaries  | 314,346               | 314,346            | -                  |
| Stockholders' equity   | 10,118,559            | 10,118,559         | -                  |
| Capital and reserves   | 10,435,136            | 10,435,136         | -                  |
| Mark-to-market adjustment - Securities and derivatives                   | (310,727)             | (310,727)          | -                  |
| Treasury stock   | (5,850)               | (5,850)            | -                  |
| <b>Total in 2002</b>   | <b>124,504,902</b>    | <b>101,087,648</b> | <b>23,417,254</b>  |
| <b>Net position of assets and liabilities in 2002</b>                    | <b>-</b>              | <b>-</b>           | <b>7,937,989</b>   |
| <b>Net position of derivatives in 2002 (2)</b>                           | <b>-</b>              | <b>-</b>           | <b>(4,915,710)</b> |
| <b>Net exchange position in 2002</b>                                     | <b>-</b>              | <b>-</b>           | <b>3,022,279</b>   |
| Investments abroad   | -                     | -                  | 2,610,307          |
| Other  | -                     | -                  | 411,972            |

(1) Amounts expressed and/or mainly indexed in U.S. dollars.

(2) Excluding derivative operations maturing in D - 1, to be settled in currency at June 28, 2002 price levels.

## Notes to the Financial Statements

## 6. BALANCE SHEETS BY MATURITY

a) We present below the consolidated balance sheet at June 30, 2002, by days to maturity, based on accounting classification:

|  | CONSOLIDATED BRADESCO |                        |                         |                       |                   | In thousands of reais |  |
|--|-----------------------|------------------------|-------------------------|-----------------------|-------------------|-----------------------|--|
|  | Up to<br>30 days      | From 31 to<br>180 days | From 181 to<br>360 days | More than<br>360 days | Indeterminate     | TOTAL                 |  |
| <b>ASSETS</b>  |                       |                        |                         |                       |                   |                       |  |
| Current assets and long-term receivables   | 62,907,099            | 22,497,570             | 10,488,896              | 22,904,086            | -                 | 118,797,651           |  |
| Funds available  | 2,131,331             | -                      | -                       | -                     | -                 | 2,131,331             |  |
| Short-term interbank investments   | 4,717,487             | 377,993                | 185,570                 | 121,197               | -                 | 5,402,247             |  |
| Securities and financial derivative instruments (1)                              | 24,700,991            | 6,976,974              | 296,753                 | 5,934,607             | -                 | 37,909,325            |  |
| Interbank accounts   | 6,380,990             | 4,948                  | 6,108                   | 307,279               | -                 | 6,699,325             |  |
| Interdepartmental accounts   | 279,189               | -                      | -                       | -                     | -                 | 279,189               |  |
| Credit operations  | 9,228,196             | 13,707,906             | 5,597,145               | 12,009,069            | -                 | 40,542,316            |  |
| Leasing operations   | 135,865               | 463,099                | 456,212                 | 642,204               | -                 | 1,697,380             |  |
| Other receivables  | 14,867,484            | 932,252                | 3,863,345               | 3,551,119             | -                 | 23,214,200            |  |
| Other assets   | 465,566               | 34,398                 | 83,763                  | 338,611               | -                 | 922,338               |  |
| <b>PERMANENT ASSETS</b>  | -                     | -                      | -                       | -                     | 5,707,251         | 5,707,251             |  |
| Investments  | -                     | -                      | -                       | -                     | 617,961           | 617,961               |  |
| Property and equipment in use and leased assets                                  | -                     | -                      | -                       | -                     | 2,635,142         | 2,635,142             |  |
| Deferred charges   | -                     | -                      | -                       | -                     | 2,454,148         | 2,454,148             |  |
| <b>TOTAL ASSETS</b>  | <b>62,907,099</b>     | <b>22,497,570</b>      | <b>10,488,896</b>       | <b>22,904,086</b>     | <b>5,707,251</b>  | <b>124,504,902</b>    |  |
| <b>LIABILITIES</b>   |                       |                        |                         |                       |                   |                       |  |
| Current and long-term liabilities  | 55,124,425            | 14,500,424             | 9,025,756               | 21,230,199            | -                 | 99,880,804            |  |
| Demand deposits (2)  | 10,005,046            | -                      | -                       | -                     | -                 | 10,005,046            |  |
| Savings account deposits (2)   | 18,901,203            | -                      | -                       | -                     | -                 | 18,901,203            |  |
| Interbank deposits   | 133,235               | 5,106                  | 11,784                  | 1,383                 | -                 | 151,508               |  |
| Time deposits  | 2,506,254             | 5,572,803              | 4,133,908               | 9,577,634             | -                 | 21,790,599            |  |
| Deposits received under security repurchase agreements                           | 8,197,050             | 386,177                | 105,424                 | 6,468                 | -                 | 8,695,119             |  |
| Funds from acceptance and issuance of securities                                 | 1,130,306             | 2,742,534              | 442,116                 | 808,496               | -                 | 5,123,452             |  |
| Interbank accounts   | 158,711               | -                      | -                       | -                     | -                 | 158,711               |  |
| Interdepartmental accounts   | 797,367               | -                      | -                       | -                     | -                 | 797,367               |  |
| Borrowings   | 2,308,237             | 3,696,876              | 3,019,756               | 978,278               | -                 | 10,003,147            |  |
| Onlendings   | 292,162               | 665,687                | 755,579                 | 4,585,650             | -                 | 6,299,078             |  |
| Financial derivative instruments   | 48,292                | 240,747                | 108,386                 | 154,648               | -                 | 552,073               |  |
| Other liabilities  | 10,646,562            | 1,190,494              | 448,803                 | 5,117,642             | -                 | 17,403,501            |  |
| <b>TECHNICAL RESERVES FOR INSURANCE, PRIVATE PENSION PLANS AND SAVINGS BONDS</b> | -                     | -                      | -                       | 14,179,286            | -                 | 14,179,286            |  |
| <b>DEFERRED INCOME</b>   | <b>11,340</b>         | <b>412</b>             | <b>155</b>              | -                     | -                 | <b>11,907</b>         |  |
| <b>MINORITY INTEREST</b>   | -                     | -                      | -                       | -                     | 314,346           | 314,346               |  |
| <b>STOCKHOLDERS' EQUITY</b>  | -                     | -                      | -                       | -                     | 10,118,559        | 10,118,559            |  |
| <b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>                                | <b>55,135,765</b>     | <b>14,500,836</b>      | <b>9,025,911</b>        | <b>35,409,485</b>     | <b>10,432,905</b> | <b>124,504,902</b>    |  |
| <b>ACCUMULATED NET ASSETS</b>  | <b>7,771,333</b>      | <b>15,768,068</b>      | <b>17,231,053</b>       | <b>4,725,654</b>      | -                 | -                     |  |

(1) Investment fund applications are classified under terms of 1 to 30 days.

(2) Demand and savings account deposits are classified on a conservative basis under terms of 1 to 30 days without considering the average historical balance.

## Notes to the Financial Statements

### 7. SHORT-TERM INTERBANK INVESTMENTS

Short-term interbank investments are stated at cost of acquisition plus accrued income, less of the provision for adjustment to probable realization value and are presented below with their corresponding days to maturity:

|   | Up to<br>30 days | From 31 to<br>180 days | From 181 to<br>360 days | More than<br>360 days | In thousands of reais |            |
|---|------------------|------------------------|-------------------------|-----------------------|-----------------------|------------|
|   |                  |                        |                         |                       | Consolidated          | Bradesco   |
| TOTAL   |                  |                        |                         |                       |                       |            |
| Securities purchased under resale agreements: |                  |                        |                         |                       |                       |            |
| • Own portfolio position                      | 786,981          | -                      | -                       | -                     | 786,981               | 303,670    |
| • National Treasury Bonds                     | 121,743          | -                      | -                       | -                     | 121,743               | -          |
| • Financial Treasury Notes                    | 312,813          | -                      | -                       | -                     | 312,813               | 196,207    |
| • Central Bank Notes                          | 18,763           | -                      | -                       | -                     | 18,763                | 15,094     |
| • Federal Treasury Notes                      | 96,371           | -                      | -                       | -                     | 96,371                | 92,369     |
| • Other                                       | 237,291          | -                      | -                       | -                     | 237,291               | -          |
| • Third-party portfolio position              | 3,660,741        | 2,120                  | -                       | -                     | 3,662,861             | 4,831,976  |
| • National Treasury Bonds                     | 2,612,621        | -                      | -                       | -                     | 2,612,621             | 2,416,968  |
| • Financial Treasury Notes                    | 159,961          | -                      | -                       | -                     | 159,961               | 485,585    |
| • Central Bank Notes                          | 515,937          | 2,120                  | -                       | -                     | 518,057               | 1,505,583  |
| • Federal Treasury Notes                      | 372,222          | -                      | -                       | -                     | 372,222               | 423,840    |
| Total   | 4,447,722        | 2,120                  | -                       | -                     | 4,449,842             | 5,135,646  |
| Interbank deposits:                           |                  |                        |                         |                       |                       |            |
| • Interbank deposits                          | 269,769          | 376,450                | 188,569                 | 130,783               | 965,571               | 5,670,948  |
| • Provision for loss                          | (4)              | (577)                  | (2,999)                 | (9,586)               | (13,166)              | (12,077)   |
| Total   | 269,765          | 375,873                | 185,570                 | 121,197               | 952,405               | 5,658,871  |
| Total in 2002                                 | 4,717,487        | 377,993                | 185,570                 | 121,197               | 5,402,247             | 10,794,517 |
| %   | 87.3             | 7.0                    | 3.5                     | 2.2                   | 100.0                 | 100.0      |
| Total in 2001                                 | 1,268,790        | 145,138                | 99,148                  | 134,451               | 1,647,527             | 8,175,538  |
| %   | 77.0             | 8.8                    | 6.0                     | 8.2                   | 100.0                 | 100.0      |

### 8. SECURITIES AND FINANCIAL DERIVATIVE INSTRUMENTS

#### a) New recording and classification policies

Through its Circulars 3068/2001 and 3082/2002, BACEN established new accounting policies for recording and classifying securities and financial derivative instruments, introducing the mark-to-market concept and classification based on whether management intends to trade a particular security or financial derivative instrument in the future or not. The securities must be classified and recorded based on the new policies as follows:

- Trading securities: securities which are acquired for the purpose of being actively and frequently traded. These securities are recorded based on 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 to be held in portfolio up to maturity. These securities are recorded based on market value as a counter-entry to a specific account in stockholders' equity named "Mark-to-market adjustment - Securities and Derivatives", at amounts net of tax effects; and
- Securities held to maturity: securities for which there exists intention and financial capacity for maintenance in portfolio up to maturity. These securities are recorded at their corresponding cost of acquisition, plus accrued income in results for the period.

#### b) Transition criteria for implementation of the new rules (Circular Letter 3026/2002 of BACEN)

The effects of the change in accounting policy were determined pursuant to the requirements of Circular Letter 3026/2002, and consisted of the application of new criteria be applied for the purposes of calculating the portfolio at December 31, 2001, remaining at June 30, 2002, directly in stockholders' equity, adjusted for tax effects. The new criteria are summarized below:

- Trading securities - When market value is higher than book value, the difference in assets are recorded as a counter-entry to retained earnings. When market value is lower than book value, no adjustment is required since prior criteria determined that an allowance for mark-to-market should be recorded.
- Securities available for sale - When market value is higher than book value, the difference in assets are recorded as a counter-entry to a specific account in stockholders' equity named "Mark-to-market adjustment - Securities and Derivatives", at amounts net of tax effects. When market value is lower than book value, the negative amount is recorded in a specific account in stockholders' equity named "Mark-to-market adjustment - Securities and Derivatives", as a counter-entry to the retained earnings account, net of tax effects.

## Notes to the Financial Statements

- Securities held to maturity - When market value is higher than book value, no adjustment is required. When market value is lower than book value, the allowance for mark-to-market of the security is reversed in accordance with prior rules, as a counter-entry to retained earnings in stockholders' equity, net of tax effects.

Financial derivative instruments - The difference between market value and corresponding book value is recorded in retained earnings, net of tax effects.

c) The application of the new rules generated effects in stockholders' equity: in retained earnings and in the "Mark-to-market adjustment -

|  | In thousands<br>of reais |
|--|--------------------------|
| <b>IN RETAINED EARNINGS</b>                              |                          |
| • Derivatives  | 21,146                   |
| <b>Total adjustment of trading securities</b>            | <b>21,146</b>            |
| • Shares   | 35,086                   |
| • Debentures   | 20,678                   |
| • Central Bank Notes                                     | 23,037                   |
| • Federal Treasury Notes                                 | 3,643                    |
| • Other  | 8,520                    |
| <b>Total Adjustment of securities available for sale</b> | <b>90,964</b>            |
| <b>Total adjustment in retained earnings</b>             | <b>112,110</b>           |

In "Mark-to-market adjustment - Securities and Derivatives":

|  | December/2001              |                            | Balance        | Movement for six-month period |                  | June/2002        |
|--|----------------------------|----------------------------|----------------|-------------------------------|------------------|------------------|
|  | Positive<br>adjustment (1) | Negative<br>adjustment (2) |                | (3)                           | (4)              | Balance          |
| <b>Total adjustment of securities<br/>available for sale</b> |                            |                            |                |                               |                  |                  |
| • Shares   | 108,382                    | (53,160)                   | 55,222         | (108,382)                     | (116,516)        | (169,676)        |
| • Debentures   | -                          | (31,330)                   | (31,330)       | -                             | (2,052)          | (33,382)         |
| • Central Bank Notes   | 138,000                    | (34,905)                   | 103,095        | (138,000)                     | (67,275)         | (102,180)        |
| • Federal Treasury Notes                                     | 52,259                     | (5,520)                    | 46,739         | (52,259)                      | (69,897)         | (75,417)         |
| • Financial Treasury Notes                                   | -                          | (541)                      | (541)          | -                             | (85,111)         | (85,652)         |
| • Other  | -                          | (12,368)                   | (12,368)       | -                             | 7,877            | (4,491)          |
| <b>Total</b>   | <b>298,641</b>             | <b>(137,824)</b>           | <b>160,817</b> | <b>(298,641)</b>              | <b>(332,974)</b> | <b>(470,798)</b> |
| • Tax Effects  | (101,538)                  | 46,860                     | (54,678)       | 101,538                       | 113,211          | 160,071          |
| <b>Total net of tax effects</b>                              | <b>197,103</b>             | <b>(90,964)</b>            | <b>106,139</b> | <b>(197,103)</b>              | <b>(219,763)</b> | <b>(310,727)</b> |

(1) Adjustment to account "Mark-to-market adjustment - Securities and derivatives" relating to prior-year gains on securities available for sale as a counter-entry to assets.

(2) Adjustment to account "Mark-to-market adjustment - Securities and derivatives" of prior-year losses with securities available for sale as a counter-entry to retained earnings.

(3) Absorption of gain relating to the prior-year positive adjustment described in item one above.

(4) Recognition of negative adjustment for the six-month period.

## Notes to the Financial Statements

d) We present below the amounts of net income and of stockholders' equity for the six-month period ended June 30, 2002, without the effects produced by the application of BACEN Circulars 3068/2001 and 3082/2002:

|  | In thousands of reais |                      |
|--|-----------------------|----------------------|
|  | Net Income            | Stockholders' Equity |
| Balance Presented  | 904,238               | 10,118,559           |
| • Adjustment to market value of securities available for sale (1)    | (332,974)             | (41,154)             |
| • Adjustment market value of securities held to maturity (2)         | (474,731)             | (474,731)            |
| • Positive Mark-to-market adjustment of trading securities (3)       | -                     | -                    |
| • Adjustment to market value of financial derivative instruments (4) | (46,237)              | (46,237)             |
| • Absorption of excess provision for market risk fluctuation (5)     | 801,574               | 801,574              |
| • Tax effects  | 17,805                | (81,414)             |
| Total net of tax effects   | 869,675               | 10,276,597           |

(1) The negative mark-to-market adjustment of securities available for sale recorded in stockholders' equity pursuant to Circular 3068/2001, would be recorded income based on prior criteria and the positive mark-to-market of certain securities would not be recorded in stockholders' equity.

(2) The negative mark-to-market adjustment of securities held to maturity, not required pursuant to Circular 3068/2001, would be recorded as a provision based on prior criteria. This effect, disclosed separately in this line for presentation purposes, is effectively offset against "absorption of additional provision", described below, since Bradesco recorded this provision in accordance with its prudent and conservative approach.

(3) No gains on the mark-to-market adjustment of trading securities were recorded for the six-month period.

(4) Gains on the mark-to-market adjustment of financial derivative instruments required by Circular 3082/2002 the disclosure of which was required pursuant to prior criteria.

(5) Excess provision for market risk fluctuation presented at June 30, 2002 (Note 9) comprises the provision for securities held to maturity and accordingly offsets the effect of item "2" described above and the remaining provision should be addressed based on the general context of the application of the new mark-to-market criteria.

e) Summary of the classification of securities at June 30, 2002

|                               | In thousands of reais |                            |                         |                     |            |       |
|-------------------------------|-----------------------|----------------------------|-------------------------|---------------------|------------|-------|
|                               | Financial             | Insurance/<br>Saving Bonds | Private<br>Pension Plan | Other<br>Activities | Total      | %     |
| Trading securities            | 9,987,530             | 203,263                    | 8,982,018               | 93,699              | 19,266,510 | 50.8  |
| Securities available for sale | 10,074,035            | 2,727,481                  | 2,256,811               | 68,817              | 15,127,144 | 39.9  |
| Securities held to maturity   | 1,533,548             | -                          | 1,982,123               | -                   | 3,515,671  | 9.3   |
| Total                         | 21,595,113            | 2,930,744                  | 13,220,952              | 162,516             | 37,909,325 | 100.0 |

## Notes to the Financial Statements

f) Consolidated classification by category and days to maturity:

|   | In thousands of reais |                     |                      |                    |                              |                   |                         |
|---|-----------------------|---------------------|----------------------|--------------------|------------------------------|-------------------|-------------------------|
|   | Up to 30 days         | From 31 to 180 days | From 181 to 360 days | More Than 360 days | Mark to Market/ Recorded (1) | Cost              | Unreleased/ Gain (Loss) |
| <b>SECURITIES</b>                           |                       |                     |                      |                    |                              |                   |                         |
| <b>I. TRADING SECURITIES</b>                | 4,045,194             | 6,540,261           | 870,313              | 7,810,742          | 19,266,510                   | 19,509,715        | (243,205)               |
| - FINANCIAL                                 | 1,075,285             | 4,740,878           | 167,091              | 4,004,276          | 9,987,530                    | 10,212,640        | (225,110)               |
| Financial Treasury Notes                    | 76,961                | 884,924             | 29,108               | 3,335,736          | 4,326,729                    | 4,487,975         | (161,246)               |
| National Treasury Bonds                     | 665,545               | 3,413,679           | 102,236              | 9,712              | 4,191,172                    | 4,207,209         | (16,037)                |
| Debtentures                                 | 6,073                 | -                   | 23                   | 482,853            | 488,949                      | 490,774           | (1,825)                 |
| Central Bank Notes                          | 11,098                | 297,973             | 38                   | 1,410              | 310,519                      | 312,115           | (1,596)                 |
| Brazilian Foreign Debt Notes                | 178,639               | 52,833              | 19,002               | 93,280             | 343,754                      | 360,521           | (16,767)                |
| Fixed Rate Note                             | 8,202                 | 49,673              | 16,107               | 47,495             | 121,477                      | 126,039           | (4,562)                 |
| Other                                       | 128,767               | 41,796              | 577                  | 33,790             | 204,930                      | 228,007           | (23,077)                |
| - INSURANCE AND SAVING BONDS                | 119,959               | 7,850               | 16,739               | 58,715             | 203,263                      | 203,263           | -                       |
| Shares (Funds)                              | 100,866               | -                   | -                    | -                  | 100,866                      | 100,866           | -                       |
| Financial Treasury Notes                    | 13,064                | 5,303               | 16,445               | 57,486             | 92,298                       | 92,298            | -                       |
| Other                                       | 6,029                 | 2,547               | 294                  | 1,229              | 10,099                       | 10,099            | -                       |
| - PRIVATE PENSIONS PLANS                    | 2,789,617             | 1,789,431           | 678,985              | 3,723,985          | 8,982,018                    | 9,000,113         | (18,095)                |
| Financial Treasury notes                    | 1,385,820             | 12,202              | 677,801              | 3,695,083          | 5,770,906                    | 5,789,001         | (18,095)                |
| National Treasury Bonds                     | 754,139               | 1,373,956           | -                    | 2,270              | 2,130,365                    | 2,130,365         | -                       |
| Central Bank Notes                          | 394,351               | 345,839             | 283                  | 6,028              | 746,501                      | 746,501           | -                       |
| Shares (Funds)                              | 190,999               | -                   | -                    | -                  | 190,999                      | 190,999           | -                       |
| Federal Treasury Notes                      | 34,244                | 43,567              | -                    | -                  | 77,811                       | 77,811            | -                       |
| Debtentures                                 | 27,922                | 11,294              | 14                   | 19,273             | 58,503                       | 58,503            | -                       |
| Other                                       | 2,142                 | 2,573               | 887                  | 1,331              | 6,933                        | 6,933             | -                       |
| - OTHER ACTIVITIES                          | 60,333                | 2,102               | 7,498                | 23,766             | 93,699                       | 93,699            | -                       |
| Other Funds                                 | 23,269                | -                   | 242                  | -                  | 23,511                       | 23,511            | -                       |
| Financial Treasury Notes                    | 24,454                | 627                 | 7,253                | 23,063             | 55,397                       | 55,397            | -                       |
| Certificate of Bank Deposit                 | 7,910                 | 1                   | -                    | -                  | 7,911                        | 7,911             | -                       |
| Other                                       | 4,700                 | 1,474               | 3                    | 703                | 6,880                        | 6,880             | -                       |
| <b>II. SECURITIES AVAILABLE FOR SALE</b>    | 6,112,460             | 6,158,358           | 285,220              | 2,571,106          | 15,127,144                   | 15,599,943        | (472,799)               |
| - FINANCIAL                                 | 3,220,988             | 5,657,392           | 95,854               | 1,099,801          | 10,074,035                   | 10,399,168        | (325,133)               |
| Central Bank Notes                          | 2,206,122             | 2,707,031           | 53,488               | 6,256              | 4,972,897                    | 5,075,237         | (102,340)               |
| Federal Treasury Notes                      | 81,405                | 2,119,512           | -                    | 173,038            | 2,373,955                    | 2,449,344         | (75,389)                |
| Mortgage Notes                              | 556,433               | 579,477             | 6,890                | 11,196             | 1,153,996                    | 1,154,034         | (38)                    |
| Debtentures                                 | 3,092                 | 31,135              | 10,403               | 359,570            | 404,200                      | 419,084           | (14,884)                |
| Financial Derivative Instruments (Funds)    | 55,842                | 159,931             | 20,597               | 109,029            | 345,399                      | 345,399           | -                       |
| Financial Treasury Notes                    | -                     | -                   | -                    | 292,055            | 292,055                      | 320,479           | (28,424)                |
| Shares                                      | 303,359               | -                   | -                    | -                  | 303,359                      | 398,433           | (95,074)                |
| Certificate of bank deposit                 | 4,895                 | 58,310              | -                    | 57,260             | 120,465                      | 120,465           | -                       |
| Other                                       | 9,840                 | 1,996               | 4,476                | 91,397             | 107,709                      | 116,693           | (8,984)                 |
| - INSURANCE AND SAVING BONDS                | 761,844               | 498,520             | 183,737              | 1,283,380          | 2,727,481                    | 2,831,488         | (104,007)               |
| Financial Treasury Notes                    | 103,130               | 75,139              | 180,880              | 1,267,491          | 1,626,640                    | 1,680,649         | (54,009)                |
| Shares                                      | 500,593               | -                   | -                    | -                  | 500,593                      | 532,556           | (31,963)                |
| National Treasury Bonds                     | 59,074                | 357,440             | 2                    | -                  | 416,516                      | 416,516           | -                       |
| Central Bank Notes                          | 67,642                | 44,834              | -                    | -                  | 112,476                      | 112,476           | -                       |
| Debtentures                                 | 2,199                 | 2,372               | -                    | 12,990             | 17,561                       | 35,596            | (18,035)                |
| Other                                       | 29,206                | 18,735              | 2,855                | 2,899              | 53,695                       | 53,695            | -                       |
| - Private Pension Plans                     | 2,071,121             | -                   | -                    | 185,690            | 2,256,811                    | 2,300,470         | (43,659)                |
| Shares                                      | 968,452               | -                   | -                    | -                  | 968,452                      | 1,011,879         | (43,427)                |
| Federal Treasury Notes                      | 915,253               | -                   | -                    | -                  | 915,253                      | 915,253           | -                       |
| Privatization Certificates                  | -                     | -                   | -                    | 135,493            | 135,493                      | 135,493           | -                       |
| Debtentures                                 | 92,790                | -                   | -                    | 21,642             | 114,432                      | 114,664           | (232)                   |
| Financial Treasury Notes                    | 66,624                | -                   | -                    | -                  | 66,624                       | 66,624            | -                       |
| Other                                       | 28,002                | -                   | -                    | 28,555             | 56,557                       | 56,557            | -                       |
| - OTHER ACTIVITIES                          | 58,507                | 2,446               | 5,629                | 2,235              | 68,817                       | 68,817            | -                       |
| Certificate of bank deposit                 | 41,770                | 2,446               | 5,629                | 29                 | 49,874                       | 49,874            | -                       |
| Other                                       | 16,737                | -                   | -                    | 2,206              | 18,943                       | 18,943            | -                       |
| <b>III. SECURITIES HELD TO MATURITY (2)</b> | 43,928                | -                   | 101,210              | 3,370,533          | 3,515,671                    | 4,065,402         | (549,731)               |
| - FINANCIAL                                 | 43,928                | -                   | 101,210              | 1,388,410          | 1,533,548                    | 2,083,279         | (549,731)               |
| Central Bank Notes                          | -                     | -                   | 96,600               | 736,118            | 832,718                      | 992,216           | (159,498)               |
| Brazilian Foreign Debt Notes                | 43,928                | -                   | 1,108                | 652,292            | 697,328                      | 1,087,398         | (390,070)               |
| Federal Treasury Notes                      | -                     | -                   | 3,502                | -                  | 3,502                        | 3,665             | (163)                   |
| - PRIVATE PENSION PLANS                     | -                     | -                   | -                    | 1,982,123          | 1,982,123                    | 1,982,123         | -                       |
| Federal Treasury Notes                      | -                     | -                   | -                    | 1,982,123          | 1,982,123                    | 1,982,123         | -                       |
| <b>TOTAL</b>                                | <b>10,201,582</b>     | <b>12,698,619</b>   | <b>1,256,743</b>     | <b>13,752,381</b>  | <b>37,908,325</b>            | <b>39,175,060</b> | <b>(1,265,735)</b>      |

## Notes to the Financial Statements

Investment fund applications: stated based on the paper comprising their portfolios. The date of maturity was considered for the purpose of distribution, regardless of accounting classification.

(1) This column presents book value subsequent to mark-to-market adjustment, except the investment in Federal Treasury Notes under Private Pension Plans, classified in securities available for sale, the market value of which exceeds book value by an amount of R\$ 46,361 thousand.

(2) Even though pursuant to BACEN Circular 3068/2001, securities classified in the "held to maturity" category are not required to be marked to market and are not characterized as permanent loss, Bradesco Management adopting a prudent and conservative approach, recorded an allowance for mark-to-market relating to these securities in the amount R\$ 549,731 thousand, of which an amount of R\$ 474,731 thousand was recorded calculated on corresponding market prices at June 28, 2002.

g) Composition of the portfolio and days to maturity:

|   |                  |                        |                         |                       |              | In thousands of reais |  |
|---|------------------|------------------------|-------------------------|-----------------------|--------------|-----------------------|--|
|   | Up to<br>30 days | From 31 to<br>180 days | From 181 to<br>360 days | More than<br>360 days | Consolidated | Bradesco              |  |
| Own Portfolio                                     | 7,316,999        | 7,311,214              | 1,089,403               | 12,433,255            | 28,150,871   | 4,342,984             |  |
| Fixed Income Services                             | 5,215,606        | 7,311,214              | 1,089,403               | 12,433,255            | 26,049,478   | 4,177,479             |  |
| • Financial Treasury Notes                        | 1,641,641        | 964,063                | 902,605                 | 8,224,531             | 11,732,840   | 476,539               |  |
| • National Treasury Bonds                         | 899,234          | 3,978,379              | 85,550                  | 11,981                | 4,975,144    | 116,495               |  |
| • Mortgage Notes                                  | 566,726          | 579,477                | 6,890                   | 11,196                | 1,164,289    | 1,128,170             |  |
| • Federal Treasury Notes                          | 960,643          | 475,677                | 3,502                   | 2,003,673             | 3,443,495    | 385,852               |  |
| • Certificate of bank deposit                     | 62,405           | 64,085                 | 9,904                   | 58,729                | 195,123      | 71,718                |  |
| • Debentures                                      | 134,975          | 21,640                 | 10,449                  | 743,584               | 910,648      | 176,997               |  |
| • Central Bank Note                               | 614,826          | 1,096,972              | 29,566                  | 310,520               | 2,051,884    | 872,943               |  |
| • Fixed Rate Notes                                | 8,201            | 49,673                 | 16,108                  | 47,495                | 121,477      | 76,953                |  |
| • Euronotes                                       | 5,525            | 3,803                  | -                       | 11,131                | 20,459       | 106,898               |  |
| • Brazilian Foreign Debt Notes                    | 221,911          | 40,195                 | 20,109                  | 745,573               | 1,027,788    | 716,362               |  |
| • State and Municipal government securities       | 11,056           | -                      | -                       | 28,555                | 39,611       | 6,690                 |  |
| • Other   | 88,463           | 37,250                 | 4,720                   | 236,287               | 366,720      | 41,862                |  |
| Equity securities                                 | 2,101,393        | -                      | -                       | -                     | 2,101,393    | 165,505               |  |
| • Shares of listed companies (Technical Reserves) | 1,468,995        | -                      | -                       | -                     | 1,468,995    | -                     |  |
| • Shares and quotas (Other)                       | 632,398          | -                      | -                       | -                     | 632,398      | 165,505               |  |
| Subject to Commitments                            | 2,884,583        | 5,387,405              | 167,340                 | 1,319,126             | 9,758,454    | 6,218,376             |  |
| Repurchase and sale agreements                    | 2,483,151        | 1,909,734              | 104,777                 | 588,031               | 5,085,693    | 3,032,152             |  |
| • Financial Treasury Notes                        | 12,927           | 937                    | 272                     | 370,453               | 384,589      | 50,601                |  |
| • National Treasury Bonds                         | 566,195          | 63,307                 | -                       | -                     | 629,502      | 367,078               |  |
| • Federal Treasury Notes                          | 134,652          | 879,789                | -                       | -                     | 1,014,441    | 879,789               |  |
| • Debentures                                      | -                | 23,219                 | -                       | 154,148               | 177,367      | 177,367               |  |
| • Central Bank Note                               | 1,768,721        | 929,844                | 104,505                 | 63,430                | 2,866,500    | 1,544,023             |  |
| • Brazilian Foreign debt Notes                    | 656              | 12,638                 | -                       | -                     | 13,294       | 13,294                |  |
| Collateral Provided                               | 220,465          | 342,914                | 25,220                  | 215,678               | 804,277      | 467,845               |  |
| • Financial Treasury Notes                        | 15,429           | 2,288                  | 8,610                   | 68,462                | 94,789       | 88,407                |  |
| • National Treasury Bonds                         | 19,423           | 17,436                 | -                       | -                     | 36,859       | 17,301                |  |
| • Federal Treasury Notes                          | 2,705            | 23,403                 | 264                     | 80,489                | 106,861      | -                     |  |
| • Central Bank Note                               | 182,908          | 299,787                | 16,346                  | 66,727                | 565,768      | 362,137               |  |
| Brazilian Central Bank                            | 121,191          | 2,973,208              | 16,746                  | 390,245               | 3,501,390    | 2,541,115             |  |
| • Financial Treasury Notes                        | 56               | 10,907                 | -                       | 7,468                 | 18,431       | -                     |  |
| • National Treasury Notes                         | -                | 1,088,176              | 16,746                  | -                     | 1,104,922    | 750,012               |  |
| • Federal Treasury Bonds                          | 3,141            | 804,683                | -                       | 71,845                | 879,669      | 635,421               |  |
| • Central Bank Note                               | 117,994          | 1,069,442              | -                       | 310,932               | 1,498,368    | 1,155,682             |  |
| Privatization currencies                          | -                | 1,619                  | -                       | 16,143                | 17,762       | 15,399                |  |
| Financial derivative Instruments                  | 59,776           | 159,930                | 20,597                  | 109,029               | 349,332      | 161,865               |  |
| Total at June, 2002                               | 10,201,582       | 12,698,619             | 1,256,743               | 13,752,381            | 37,909,325   | 10,561,360            |  |
| %   | 26.9             | 33.5                   | 3.3                     | 36.3                  | 100.0        | -                     |  |
| Total at June, 2001                               | 20,304,475       | 2,560,921              | 2,116,558               | 10,521,542            | 35,503,496   | 11,233,374            |  |
| %   | 57.2             | 7.2                    | 6.0                     | 29.6                  | 100.0        | -                     |  |

The above amounts are less of allowance for mark-to-market classified as "held to maturity", in total of R\$ 549,731 thousand.

Investment fund applications: stated based on the paper comprising their portfolios. The date of maturity was considered for the purpose of distribution, regardless of accounting classification.

## Notes to the Financial Statements

h) Criteria used to determine market value:

The market value of securities and investments 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.

### 9. EXCESS PROVISION MARKET RISK OSCILATION

|                              | Securities<br>(1) | Investment<br>(2) | Exchange<br>Variation (3) | Total   |
|------------------------------|-------------------|-------------------|---------------------------|---------|
| Balance at December 31, 2001 | 438,000           | 67,000            | -                         | 505,000 |
| Amount recorded/written off  | 111,731           | (12,746)          | 197,589                   | 296,574 |
| Balance at June 30, 2002     | 549,731           | 54,254            | 197,589                   | 801,574 |

(1) Note 8f.

(2) Note 4.

(3) Note 14d.

### 10. CREDIT OPERATIONS

a) Total portfolio composition and days to maturity:

|  | Consolidated Bradesco - Normal Course |                          |                          |                           |                            |                       | Total at<br>June 30,<br>2002(A) | %     | Total at<br>June 30,<br>2001(A) | %     |
|--|---------------------------------------|--------------------------|--------------------------|---------------------------|----------------------------|-----------------------|---------------------------------|-------|---------------------------------|-------|
|  | Up to 30<br>days                      | From<br>31 to 60<br>days | From<br>61 to 90<br>days | From<br>91 to 180<br>days | From<br>181 to 360<br>days | More than<br>360 days |                                 |       |                                 |       |
| Discount and Trade Receivables and Other Loans | 6,695,711                             | 3,403,087                | 2,859,794                | 2,810,237                 | 2,187,953                  | 3,289,409             | 21,246,191                      | 41.5  | 17,875,853                      | 41.9  |
| Financings                                     | 1,231,124                             | 960,077                  | 1,087,031                | 2,099,823                 | 2,904,850                  | 6,754,393             | 15,037,298                      | 29.3  | 12,904,344                      | 30.2  |
| Rural and Agribusiness Loans                   | 121,351                               | 124,089                  | 194,162                  | 451,750                   | 373,313                    | 1,987,728             | 3,252,393                       | 6.3   | 2,908,410                       | 6.8   |
| Subtotal                                       | 8,048,186                             | 4,487,253                | 4,140,987                | 5,361,810                 | 5,466,116                  | 12,031,530            | 39,535,882                      | 77.1  | 33,688,607                      | 78.9  |
| Leasing Operations (1)                         | 226,287                               | 86,566                   | 83,874                   | 249,633                   | 351,727                    | 636,846               | 1,634,933                       | 3.2   | 1,740,952                       | 4.1   |
| Advances on Foreign Exchange Contracts (2)     | 1,840,787                             | 1,014,474                | 773,392                  | 1,464,323                 | 1,211,358                  | -                     | 6,304,334                       | 12.3  | 4,345,085                       | 10.2  |
| Subtotal                                       | 10,115,260                            | 5,588,293                | 4,998,253                | 7,075,768                 | 7,029,201                  | 12,668,376            | 47,475,149                      | 92.6  | 39,774,644                      | 83.2  |
| Other Receivables (3)                          | 120,577                               | 39,322                   | 36,492                   | 68,593                    | 103,721                    | 113,343               | 482,048                         | 0.9   | 442,754                         | 1.0   |
| Total Credit Operations                        | 10,235,837                            | 5,627,615                | 5,034,745                | 7,144,359                 | 7,132,922                  | 12,781,719            | 47,957,197                      | 93.5  | 40,217,398                      | 94.2  |
| Sureties and Guarantees (4)                    | 2,285,104                             | 71,394                   | 49,643                   | 84,710                    | 279,275                    | 578,053               | 3,348,179                       | 6.5   | 2,473,618                       | 5.8   |
| Total  | 12,520,941                            | 5,699,009                | 5,084,388                | 7,229,069                 | 7,412,197                  | 13,359,772            | 51,305,376                      | 100.0 | 42,691,016                      | 100.0 |

|   | Consolidated Bradesco - Normal Course |                          |                          |                           |                            |  | Total at<br>June 30,<br>2002 (B) | %     | Total at<br>June 30,<br>2001 (B) | %     |
|---|---------------------------------------|--------------------------|--------------------------|---------------------------|----------------------------|--|----------------------------------|-------|----------------------------------|-------|
|   | Up to 30<br>days                      | From<br>31 to 60<br>days | From<br>61 to 90<br>days | From<br>91 to 180<br>days | From<br>181 to 720<br>days |  |                                  |       |                                  |       |
| Discount of Trade Receivables and Other Loans | 365,137                               | 191,082                  | 258,173                  | 348,609                   | 465,437                    |  | 1,628,438                        | 75.9  | 1,218,181                        | 72.8  |
| Financings                                    | 111,253                               | 51,420                   | 26,201                   | 45,472                    | 54,745                     |  | 289,091                          | 13.5  | 205,909                          | 12.3  |
| Rural and Agribusiness Loans                  | 3,823                                 | 12,183                   | 1,272                    | 5,571                     | 15,068                     |  | 37,917                           | 1.8   | 95,433                           | 5.7   |
| Subtotal                                      | 480,213                               | 254,685                  | 285,646                  | 399,652                   | 535,250                    |  | 1,955,446                        | 91.2  | 1,519,523                        | 90.8  |
| Leasing Operations (1)                        | 18,435                                | 7,790                    | 4,833                    | 9,136                     | 10,566                     |  | 50,760                           | 2.4   | 51,922                           | 3.1   |
| Advances on Foreign Exchange Contracts (2)    | 27,805                                | 4,223                    | 638                      | 392                       | 1,499                      |  | 34,557                           | 1.6   | 58,235                           | 3.5   |
| Subtotal                                      | 526,453                               | 266,698                  | 291,117                  | 409,180                   | 547,315                    |  | 2,040,763                        | 95.2  | 1,629,680                        | 97.4  |
| Other Receivables (3)                         | 2,819                                 | 1,507                    | 1,346                    | 4,037                     | 8,295                      |  | 18,004                           | 0.8   | 16,628                           | 1.0   |
| Total Credit Operations                       | 529,272                               | 268,205                  | 292,463                  | 413,217                   | 555,610                    |  | 2,058,767                        | 96.0  | 1,646,308                        | 98.4  |
| Sureties and Guarantees (4)                   | 68,055                                | 3,393                    | 738                      | 1,270                     | 12,489                     |  | 85,945                           | 4.0   | 26,359                           | 1.6   |
| Total   | 597,327                               | 271,598                  | 293,201                  | 414,487                   | 568,099                    |  | 2,144,712                        | 100.0 | 1,672,667                        | 100.0 |

## Notes to the Financial Statements

|   | CONSOLIDATED BRADESCO                      |               |               |                |                 |                    |                           |       | In thousands of reais     |       |                          |       |                          |       |
|---|--|---------------|---------------|----------------|-----------------|--------------------|---------------------------|-------|---------------------------|-------|--------------------------|-------|--------------------------|-------|
|   | Abnormal Course - Installments Falling Due |               |               |                |                 |                    |                           |       | Total                     |       |                          |       |                          |       |
|   | Up to 30 days                              | 31 to 60 days | 61 to 90 days | 91 to 180 days | 181 to 360 days | More than 360 days | Total at June 30, 2002(C) | %     | Total at June 30, 2001(C) | %     | at June 30, 2002 (A+B+C) | %     | at June 30, 2001 (A+B+C) | %     |
| Discount of Trade Receivables and Other Loans |  |               |               |                |                 |                    |                           |       |                           |       |                          |       |                          |       |
| Financings                                    | 119,153                                    | 98,685        | 81,673        | 189,087        | 240,395         | 324,495            | 1,053,488                 | 41.2  | 740,360                   | 37.3  | 23,928,117               | 42.7  | 19,834,394               | 42.8  |
| Rural and Agribusiness Loans                  | 76,026                                     | 70,196        | 66,597        | 186,728        | 303,669         | 586,542            | 1,289,758                 | 50.4  | 1,018,371                 | 51.3  | 16,616,147               | 29.7  | 14,128,624               | 30.5  |
| Subtotal                                      | 431  | 655           | 1,341         | 1,591          | 1,502           | 7,377              | 12,897                    | 0.5   | 30,605                    | 1.6   | 3,303,207                | 5.9   | 3,034,448                | 6.5   |
| Leasing Operations (1)                        | 195,610                                    | 169,536       | 149,611       | 377,406        | 545,566         | 918,414            | 2,356,143                 | 92.1  | 1,789,336                 | 90.2  | 43,847,471               | 78.3  | 36,997,466               | 79.8  |
| Advances on Foreign Exchange Contracts (2)    | 14,895                                     | 11,337        | 11,033        | 34,081         | 54,972          | 68,530             | 194,848                   | 7.6   | 191,045                   | 9.6   | 1,880,541                | 3.4   | 1,983,919                | 4.3   |
| Subtotal                                      | 210,505                                    | 180,873       | 160,644       | 411,487        | 600,538         | 986,944            | 2,550,991                 | 99.7  | 1,980,381                 | 99.8  | 6,338,891                | 11.3  | 4,403,320                | 9.5   |
| Other Receivables (3)                         | 649  | 607           | 1,249         | 1,106          | 1,347           | 3,758              | 8,716                     | 0.3   | 3,106                     | 0.2   | 52,066,903               | 93.0  | 43,384,705               | 93.6  |
| Total Credit Operations                       | 211,154                                    | 181,480       | 161,893       | 412,593        | 601,885         | 990,702            | 2,559,707                 | 100.0 | 1,983,487                 | 100.0 | 52,575,671               | 93.9  | 43,847,193               | 94.6  |
| Sureties and Guarantees (4)                   |  |               |               |                |                 |                    |                           |       |                           |       | 3,434,124                | 6.1   | 2,499,977                | 5.4   |
| Total   | 211,154                                    | 181,480       | 161,893       | 412,593        | 601,885         | 990,702            | 2,559,707                 | 100.0 | 1,983,487                 | 100.0 | 56,009,795               | 100.0 | 46,347,170               | 100.0 |

On an unconsolidated basis, normal course Bradesco credit operations determined on the same basis as presented above total R\$ 36,204,515 thousand (June 30, 2001 - R\$ 32,815,803 thousand), past due installments R\$ 1,519,034 thousand (June 30, 2001 - R\$ 1,312,028 thousand) and installments falling due R\$ 1,454,680 thousand (June 30, 2001 - R\$ 1,380,833 thousand).

(1) Leasing operations include operating leases which are presented in the financial statements under leased assets.

(2) Advances on foreign exchange contracts are recorded as a discount to other liabilities.

(3) Other receivables comprise receivables on sureties and guarantees, receivables on purchase of assets, credit instruments receivable, income receivable on foreign exchange contracts and receivables arising from export contracts.

(4) Recorded in memorandum accounts.

b) Credit operations derived from acquisitions

Credit operations derived from the acquisition of the Banks Mercantil de São Paulo, BEA and Cidade as well as Ford Leasing and Banco Ford's portfolio acquired during the first half of 2002, are presented below:

|  | In thousands of reais                              |                    |                        |                   |  |           |
|--|--|--------------------|------------------------|-------------------|--|-----------|
|  | Banco Mercantil de São Paulo S.A. and subsidiaries | Banco BEA S.A. (1) | Carteira do Banco Ford | Ford Leasing S.A. | Banco Cidade S.A. and subsidiaries (1) | Total     |
| Credit Operations                      | 3,424,396  | 185,453            | 818,476                | -                 | 487,468                                | 4,915,793 |
| Leasing Operations                     | 167,117  | -                  | -                      | 113,629           | 58,138                                 | 338,884   |
| Other Receivables                      | 70,249   | 15,604             | -                      | -                 | 22,229                                 | 108,082   |
| Advances on Foreign Exchange Contracts | 618,048  | -                  | -                      | -                 | -                                      | 618,048   |
| Total                                  | 4,279,808  | 201,057            | 818,476                | 113,629           | 567,835                                | 5,980,805 |
| Normal Course                          | 3,848,710  | 189,244            | 575,649                | 69,799            | 539,815                                | 5,223,217 |
| Abnormal Course                        | 431,098  | 11,813             | 242,827                | 43,830            | 28,020                                 | 757,588   |

(1) may 5, 2002.

## Notes to the Financial Statements

c) Credit Operation Portfolio Distributed by Risk Level:

In thousands of reais

### CONSOLIDATED BRADESCO

| RISK LEVEL                             |                   |                   |                  |                  |                  |                |                |                | Total in         | %                 | Total in     | %                 |              |
|--|-------------------|-------------------|------------------|------------------|------------------|----------------|----------------|----------------|------------------|-------------------|--------------|-------------------|--------------|
| CREDIT OPERATIONS                      | AA                | A                 | B                | C                | D                | E              | F              | G              | H                | 2002              |              | 2001              |              |
| Discount of Trade                      |                   |                   |                  |                  |                  |                |                |                |                  |                   |              |                   |              |
| Receivables and Other Loans            | 7,137,010         | 8,945,162         | 2,329,948        | 2,527,690        | 781,383          | 258,275        | 238,422        | 224,387        | 1,485,840        | 23,928,117        | 45.5         | 19,834,394        | 45.2         |
| Financings                             | 4,367,961         | 7,124,643         | 1,610,476        | 2,606,326        | 263,102          | 97,523         | 82,463         | 68,056         | 395,597          | 16,616,147        | 31.6         | 14,128,624        | 32.2         |
| Rural and Agribusiness Loans           | 362,194           | 667,742           | 200,211          | 1,595,154        | 135,187          | 46,575         | 34,814         | 216,068        | 45,262           | 3,303,207         | 6.3          | 3,034,448         | 7.0          |
| Subtotal                               | 11,867,165        | 16,737,547        | 4,140,635        | 6,729,170        | 1,179,672        | 402,373        | 355,699        | 508,511        | 1,926,699        | 43,847,471        | 83.4         | 36,997,466        | 84.4         |
| Leasing Operations                     | 80,525            | 667,212           | 280,367          | 631,696          | 47,435           | 53,810         | 21,236         | 14,368         | 83,892           | 1,880,541         | 3.6          | 1,983,919         | 4.5          |
| Advances on Foreign Exchange Contracts | 4,479,808         | 851,428           | 564,753          | 384,164          | 44,126           | 573            | 722            | 259            | 13,058           | 6,338,891         | 12.0         | 4,403,320         | 10.0         |
| Subtotal                               | 16,427,498        | 18,256,187        | 4,985,755        | 7,745,030        | 1,271,233        | 456,756        | 377,657        | 523,138        | 2,023,649        | 52,066,903        | 99.0         | 43,384,705        | 98.9         |
| Other Receivables                      | 249,164           | 114,297           | 34,257           | 81,449           | 5,611            | 3,939          | 2,327          | 1,371          | 16,353           | 508,768           | 1.0          | 462,488           | 1.1          |
| <b>Total Credit Operations</b>         | <b>16,676,662</b> | <b>18,370,484</b> | <b>5,020,012</b> | <b>7,826,479</b> | <b>1,276,844</b> | <b>460,695</b> | <b>379,984</b> | <b>524,509</b> | <b>2,040,002</b> | <b>52,575,671</b> | <b>100.0</b> | <b>43,847,193</b> | <b>100.0</b> |
| %                                      | 31.7              | 35.0              | 9.5              | 14.9             | 2.4              | 0.9            | 0.7            | 1.0            | 3.9              | 100.0             |              |                   |              |
| Total in 2001                          | 12,118,902        | 16,416,245        | 4,080,900        | 7,150,784        | 1,232,247        | 438,864        | 280,635        | 544,403        | 1,584,213        |                   |              | 43,847,193        |              |
| %                                      | 27.6              | 37.4              | 9.3              | 16.3             | 2.8              | 1.1            | 0.6            | 1.3            | 3.6              |                   |              | 100.0             |              |

d) Concentration of credit and leasing operations, advances on foreign exchange contracts and other receivables:

In thousands of reais

|  | CONSOLIDATED BRADESCO |            | BRADESCO   |            |
|--|-----------------------|------------|------------|------------|
|  | 2002                  | 2001       | 2002       | 2001       |
| Largest borrower                               | 962,630               | 509,732    | 857,954    | 509,512    |
| Percentage of total credit operation portfolio | 1.8%                  | 1.2%       | 2.3%       | 1.5%       |
| 10 largest borrowers                           | 4,718,273             | 3,521,702  | 3,914,170  | 3,067,795  |
| Percentage of total credit operation portfolio | 9.0%                  | 8.0%       | 10.7%      | 9.1%       |
| 20 largest borrowers                           | 7,231,443             | 5,548,209  | 6,037,820  | 4,890,805  |
| Percentage of total credit operation portfolio | 13.8%                 | 12.7%      | 16.5%      | 14.5%      |
| 50 largest borrowers                           | 11,874,792            | 9,379,219  | 9,696,074  | 8,077,003  |
| Percentage of total credit operation portfolio | 22.6%                 | 21.4%      | 26.5%      | 24.0%      |
| 100 largest borrowers                          | 15,436,433            | 12,677,370 | 12,630,734 | 10,837,039 |
| Percentage of total credit operation portfolio | 29.4%                 | 28.9%      | 34.5%      | 32.2%      |

## Notes to the Financial Statements

## e) Total Portfolio Composition by Activity Sector

|  | CONSOLIDATED BRADESCO |       |            |       | BRADESCO              |       |            |       |
|--|-----------------------|-------|------------|-------|-----------------------|-------|------------|-------|
|  |                       |       |            |       | In thousands of reais |       |            |       |
|  | 2002                  | %     | 2001       | %     | 2002                  | %     | 2001       | %     |
| <b>PUBLIC SECTOR</b>                         | 215,973               | 0.4   | 280,253    | 0.6   | 66,236                | 0.2   | 158,590    | 0.5   |
| <b>FEDERAL</b>                               | 215,835               | 0.4   | 280,151    | 0.6   | 66,098                | 0.2   | 158,488    | 0.5   |
| Petrochemical                                | 215,835               | 0.4   | 280,151    | 0.6   | 66,098                | 0.2   | 158,488    | 0.5   |
| <b>MUNICIPAL</b>                             | 138                   | -     | 102        | -     | 138                   | -     | 102        | -     |
| Direct Administration                        | 138                   | -     | 102        | -     | 138                   | -     | 102        | -     |
| <b>PRIVATE SECTOR</b>                        | 52,359,698            | 99.6  | 43,566,940 | 99.4  | 36,590,776            | 99.8  | 33,545,789 | 99.5  |
| <b>INDUSTRY</b>                              | 17,422,862            | 33.2  | 13,225,367 | 30.2  | 13,789,330            | 37.6  | 11,268,242 | 33.5  |
| Food and Beverage                            | 3,555,948             | 6.9   | 2,748,464  | 6.3   | 3,042,258             | 8.3   | 2,408,136  | 7.1   |
| Steel, Metallurgical and Mechanical          | 3,448,280             | 6.6   | 2,284,208  | 5.2   | 2,704,921             | 7.4   | 2,018,324  | 6.0   |
| Chemical                                     | 1,629,635             | 3.1   | 1,795,927  | 4.1   | 1,278,528             | 3.5   | 1,547,613  | 4.6   |
| Light and Heavy Vehicles                     | 1,148,617             | 2.2   | 684,445    | 1.6   | 1,021,019             | 2.8   | 525,847    | 1.6   |
| Paper and Pulp                               | 957,104               | 1.8   | 745,917    | 1.7   | 680,714               | 1.9   | 670,798    | 2.0   |
| Textiles and Clothing                        | 920,150               | 1.8   | 644,566    | 1.5   | 649,962               | 1.8   | 527,372    | 1.6   |
| Electro-electronics                          | 716,379               | 1.4   | 658,461    | 1.5   | 547,003               | 1.5   | 569,199    | 1.7   |
| Publishing, Printing and Reproduction        | 653,263               | 1.2   | 590,273    | 1.3   | 530,405               | 1.4   | 515,300    | 1.5   |
| Rubber and Plastic Articles                  | 493,145               | 0.9   | 370,438    | 0.8   | 445,311               | 1.2   | 354,025    | 1.1   |
| Non-metallic Materials                       | 439,096               | 0.8   | 348,082    | 0.8   | 411,052               | 1.1   | 342,427    | 1.0   |
| Furniture and Wood Products                  | 437,102               | 0.8   | 404,560    | 0.9   | 342,670               | 0.9   | 330,219    | 1.0   |
| Extraction of Metallic and Non-Metallic      |                       |       |            |       |                       |       |            |       |
| Ores   | 1,165,234             | 2.2   | 463,241    | 1.1   | 957,258               | 2.6   | 440,753    | 1.3   |
| Oil Refining and Production of Alcohol       | 331,383               | 0.6   | 372,661    | 0.9   | 328,107               | 0.9   | 364,996    | 1.1   |
| Leather Articles                             | 264,539               | 0.5   | 235,104    | 0.5   | 195,493               | 0.5   | 174,276    | 0.5   |
| Automotive Parts and Accessories             | 242,150               | 0.5   | 272,072    | 0.6   | 215,219               | 0.6   | 266,533    | 0.8   |
| Other Industries                             | 1,020,837             | 1.9   | 606,948    | 1.4   | 439,410               | 1.2   | 212,424    | 0.6   |
| <b>COMMERCE</b>                              | 7,822,629             | 14.9  | 6,929,870  | 15.8  | 4,924,847             | 13.5  | 4,651,974  | 13.8  |
| Specialty Store Products                     | 1,359,817             | 2.6   | 1,349,929  | 3.1   | 1,160,668             | 3.2   | 1,162,398  | 3.5   |
| Food, Beverage and Tobacco Products          | 875,697               | 1.7   | 1,065,148  | 2.4   | 517,067               | 1.4   | 520,799    | 1.5   |
| General Merchandise Wholesalers              | 410,249               | 0.8   | 421,522    | 1.0   | 536,827               | 1.5   | 326,429    | 1.0   |
| Vehicles                                     | 809,727               | 1.5   | 500,516    | 1.1   | 295,561               | 0.8   | 322,751    | 1.0   |
| Non-Specialized Retailers                    | 436,209               | 0.8   | 401,773    | 0.9   | 371,345               | 1.0   | 387,510    | 1.1   |
| Repairs, Parts and Accessories for Vehicles  | 290,752               | 0.6   | 558,169    | 1.3   | 285,887               | 0.8   | 553,219    | 1.6   |
| Clothing and Footwear                        | 370,050               | 0.7   | 238,291    | 0.5   | 248,939               | 0.7   | 175,720    | 0.5   |
| Repair, Parts and Accessories for Vehicles   | 311,065               | 0.6   | 244,836    | 0.6   | 264,697               | 0.7   | 235,938    | 0.7   |
| Articles for Personal Use and for Use in the |                       |       |            |       |                       |       |            |       |
| Home   | 366,767               | 0.7   | 241,375    | 0.6   | 248,105               | 0.7   | 231,603    | 0.7   |
| Fuel   | 258,826               | 0.5   | 201,729    | 0.4   | 189,578               | 0.5   | 193,035    | 0.6   |
| Commercial Intermediary                      | 179,682               | 0.3   | 206,520    | 0.5   | 166,793               | 0.5   | 201,452    | 0.6   |
| Agricultural Products                        | 215,498               | 0.4   | 184,926    | 0.4   | 190,927               | 0.5   | 122,360    | 0.4   |
| Other Commerce                               | 1,938,290             | 3.7   | 1,315,136  | 3.0   | 448,453               | 1.2   | 218,760    | 0.6   |
| <b>FINANCIAL INTERMEDIATION</b>              | 474,487               | 0.9   | 476,194    | 1.1   | 1,309,815             | 3.6   | 831,279    | 2.5   |
| <b>SERVICES</b>                              | 11,425,113            | 21.7  | 9,936,536  | 22.7  | 7,238,734             | 19.7  | 6,943,556  | 20.5  |
| Telecommunications                           | 1,824,106             | 3.4   | 1,833,190  | 4.2   | 1,818,639             | 5.0   | 1,814,848  | 5.4   |
| Transports and Storage                       | 1,633,419             | 3.1   | 1,769,391  | 4.0   | 788,165               | 2.1   | 1,066,689  | 3.1   |
| Civil Construction                           | 1,302,576             | 2.5   | 1,309,016  | 3.0   | 1,167,955             | 3.2   | 1,257,283  | 3.7   |
| Real Estate Activities, Rents and Corporate  |                       |       |            |       |                       |       |            |       |
| Services                                     | 1,048,576             | 2.0   | 938,571    | 2.1   | 764,975               | 2.1   | 636,558    | 1.9   |
| Holdings, Legal, Accounting and Business     |                       |       |            |       |                       |       |            |       |
| Advisory Services                            | 1,187,299             | 2.3   | 637,698    | 1.5   | 992,946               | 2.7   | 501,800    | 1.5   |
| Production and Distribution of Electric      |                       |       |            |       |                       |       |            |       |
| Power, Gas and Water                         | 866,719               | 1.6   | 671,872    | 1.6   | 866,305               | 2.3   | 671,773    | 2.0   |
| Social Services, Education, Health, Defense  |                       |       |            |       |                       |       |            |       |
| and Social Security                          | 663,208               | 1.3   | 396,485    | 0.9   | 255,328               | 0.7   | 233,994    | 0.7   |
| Clubs, Leisure, Cultural and Sports          |                       |       |            |       |                       |       |            |       |
| Activities                                   | 317,790               | 0.6   | 260,873    | 0.6   | 145,488               | 0.4   | 157,218    | 0.4   |
| Hotel and Catering                           | 245,616               | 0.5   | 213,562    | 0.5   | 208,424               | 0.6   | 194,836    | 0.6   |
| Other Services                               | 2,335,804             | 4.4   | 1,905,878  | 4.3   | 230,509               | 0.6   | 408,557    | 1.2   |
| <b>AGRICULTURE, LIVESTOCK RAISING,</b>       |                       |       |            |       |                       |       |            |       |
| <b>FISHING, FOREST DEVELOPMENT</b>           |                       |       |            |       |                       |       |            |       |
| <b>AND MANAGEMENT</b>                        | 959,515               | 1.8   | 715,388    | 1.6   | 700,377               | 1.9   | 637,657    | 1.9   |
| <b>INDIVIDUALS</b>                           | 14,255,092            | 27.1  | 12,283,585 | 28.0  | 8,627,673             | 23.5  | 9,213,081  | 27.3  |
| <b>TOTAL</b>                                 | 52,575,671            | 100.0 | 43,847,193 | 100.0 | 36,657,012            | 100.0 | 33,704,379 | 100.0 |

Notes to the Financial Statements

f) We present below the composition of the credit operation portfolio and of the allowance for loan losses distributed by risk level:

In thousands of reais

| RISK LEVEL    | CONSOLIDATED BRADESCO<br>PORTFOLIO BALANCE |             |                  |            | %     |                 |
|---------------|--|-------------|------------------|------------|-------|-----------------|
|               | ABNORMAL COURSE                            |             | NORMAL<br>COURSE | TOTAL      | %     | %<br>ACCUMULATE |
|               | PAST DUE                                   | FALLING DUE |                  |            |       |                 |
| AA            | -  | -           | 16,676,662       | 16,676,662 | 31.7  | 31.7            |
| A             | -  | -           | 18,370,484       | 18,370,484 | 35.0  | 66.7            |
| B             | 116,985                                    | 474,306     | 4,428,721        | 5,020,012  | 9.5   | 76.2            |
| C             | 246,113                                    | 692,636     | 6,887,730        | 7,826,479  | 14.9  | 91.1            |
| D             | 172,945                                    | 344,423     | 759,476          | 1,276,844  | 2.4   | 93.5            |
| E             | 129,470                                    | 174,954     | 156,271          | 460,695    | 0.9   | 94.4            |
| F             | 134,609                                    | 136,600     | 108,775          | 379,984    | 0.7   | 95.1            |
| G             | 136,768                                    | 120,946     | 266,795          | 524,509    | 1.0   | 96.1            |
| H             | 1,121,877                                  | 615,842     | 302,283          | 2,040,002  | 3.9   | 100.0           |
| Total at 2002 | 2,058,767                                  | 2,559,707   | 47,957,197       | 52,575,671 | 100.0 |                 |
| %             | 3.9  | 4.9         | 91.2             | 100.0      |       |                 |
| Total at 2001 | 1,646,308                                  | 1,983,487   | 40,217,398       | 43,847,193 | 100.0 |                 |
| %             | 3.8  | 4.5         | 91.7             | 100.0      |       |                 |

In thousands of reais

| RISK LEVEL    | % MINIMUM<br>REQUIRED<br>PROVISION | CONSOLIDATED BRADESCO<br>PROVISION |                        |           | ADDITIONAL | EXISTING  | % (1)  |
|---------------|------------------------------------|------------------------------------|------------------------|-----------|------------|-----------|--------|
|               |                                    | MINIMUM REQUIREMENT                |                        | TOTAL     |            |           |        |
|               |                                    | SPECIFIC<br>PAST DUE               | GENERIC<br>FALLING DUE |           |            |           |        |
| AA            | 0.0%                               | -                                  | -                      | -         | -          | -         | -      |
| A             | 0.5%                               | -                                  | 91,808                 | 91,808    | 2,058      | 93,866    | 0.51   |
| B             | 1.0%                               | 1,170                              | 44,497                 | 50,410    | 1,673      | 52,083    | 1.03   |
| C             | 3.0%                               | 7,383                              | 206,626                | 234,788   | 18,520     | 253,308   | 3.24   |
| D             | 10.0%                              | 17,294                             | 75,945                 | 127,681   | 114,166    | 241,847   | 18.94  |
| E             | 30.0%                              | 38,841                             | 46,879                 | 138,206   | 39,226     | 177,432   | 38.51  |
| F             | 50.0%                              | 67,304                             | 54,386                 | 189,990   | 29,167     | 219,157   | 57.68  |
| G             | 70.0%                              | 95,738                             | 186,755                | 367,155   | 83,753     | 450,908   | 85.97  |
| H             | 100.00%                            | 1,121,877                          | 302,283                | 2,040,002 | -          | 2,040,002 | 100.00 |
| Total at 2002 |                                    | 1,349,607                          | 1,009,179              | 3,240,040 | 288,563    | 3,528,603 | 6.71   |
| %             |                                    | 38.2                               | 28.6                   | 91.8      | 8.2        | 100.0     |        |
| Total at 2001 |                                    | 1,010,254                          | 1,042,299              | 2,697,913 | 97,361     | 2,795,274 |        |
| %             |                                    | 36.1                               | 37.3                   | 96.5      | 3.5        | 100.0     |        |

## Notes to the Financial Statements

In thousands of reais

| RISK LEVEL             | ABNORMAL COURSE |             |                  | BRADESCO<br>PORTFOLIO BALANCE |       |   |            |
|------------------------|-----------------|-------------|------------------|-------------------------------|-------|---|------------|
|                        | PAST DUE        | FALLING DUE | NORMAL<br>COURSE | TOTAL                         | %     | % | ACCUMULATE |
|                        |                 |             |                  |                               |       |   |            |
| AA                     | -               | -           | 14,207,252       | 14,207,252                    | 38.8  |   | 38.8       |
| A                      | -               | -           | 11,038,569       | 11,038,569                    | 30.1  |   | 68.9       |
| B                      | 71,807          | 185,077     | 2,599,349        | 2,856,233                     | 7.8   |   | 76.7       |
| C                      | 172,198         | 319,885     | 4,836,951        | 5,329,034                     | 14.5  |   | 91.2       |
| D                      | 132,763         | 210,880     | 430,162          | 773,805                       | 2.1   |   | 93.3       |
| E                      | 105,588         | 127,324     | 95,095           | 328,007                       | 0.9   |   | 94.2       |
| F                      | 112,499         | 99,534      | 74,636           | 286,669                       | 0.8   |   | 95.0       |
| G                      | 112,011         | 86,956      | 236,094          | 435,061                       | 1.2   |   | 96.2       |
| H                      | 812,168         | 425,024     | 165,190          | 1,402,382                     | 3.8   |   | 100.0      |
| Total at June 30, 2002 | 1,519,034       | 1,454,680   | 33,683,298       | 36,657,012                    | 100.0 |   |            |
| %                      | 4.1             | 4.0         | 91.9             | 100.0                         |       |   |            |
| Total at June 30, 2001 | 1,312,028       | 1,380,833   | 31,011,518       | 33,704,379                    |       |   |            |
| %                      | 3.9             | 4.1         | 92.0             | 100.0                         |       |   |            |

In thousands of reais

| RISK LEVEL             | % MINIMUM<br>REQUIRED<br>PROVISION | BRADESCO<br>PROVISION |             |         | TOTAL     | ADDITIONAL | EXISTING  | % (1)  |
|------------------------|------------------------------------|-----------------------|-------------|---------|-----------|------------|-----------|--------|
|                        |                                    | MINIMUM REQUIREMENT   |             | GENERIC |           |            |           |        |
|                        |                                    | SPECIFIC              | FALLING DUE |         |           |            |           |        |
| AA                     | 0.0%                               | -                     | -           | -       | -         | -          | -         |        |
| A                      | 0.5%                               | -                     | -           | 55,149  | 55,149    | 2,059      | 57,208    | 0.52   |
| B                      | 1.0%                               | 718                   | 1,851       | 25,988  | 28,557    | 1,673      | 30,230    | 1.06   |
| C                      | 3.0%                               | 5,166                 | 9,597       | 145,102 | 159,865   | 16,044     | 175,909   | 3.30   |
| D                      | 10.0%                              | 13,276                | 21,088      | 43,014  | 77,378    | 67,269     | 144,647   | 18.69  |
| E                      | 30.0%                              | 31,677                | 38,197      | 28,527  | 98,401    | 27,787     | 126,188   | 38.47  |
| F                      | 50.0%                              | 56,249                | 49,767      | 37,317  | 143,333   | 23,320     | 166,653   | 58.13  |
| G                      | 70.0%                              | 78,407                | 60,869      | 165,264 | 304,540   | 72,703     | 377,243   | 86.71  |
| H                      | 100.0%                             | 812,168               | 425,024     | 165,190 | 1,402,382 | -          | 1,402,382 | 100.00 |
| Total at June 30, 2002 |                                    | 997,661               | 606,393     | 665,551 | 2,269,605 | 210,855    | 2,480,460 | 6.77   |
| %                      |                                    | 40.2                  | 24.5        | 26.8    | 91.5      | 8.5        | 100.0     |        |
| Total at June 30, 2001 |                                    | 783,111               | 484,994     | 724,988 | 1,993,093 | 52,943     | 2,046,036 |        |
| %                      |                                    | 38.3                  | 23.7        | 35.4    | 97.4      | 2.6        | 100.0     |        |

(1) Existing provision: portfolio by risk level.

## Notes to the Financial Statements

## g) Movement of Allowance for Loan Losses:

|  | Six-month periods ended June 30 - |           |
|--|-----------------------------------|-----------|
|  | In thousands of reais             |           |
|  | CONSOLIDATED                      | BRADESCO  |
| At December 31, 2000                           |                                   |           |
| Amount Recorded                                | 2,507,203                         | 1,798,602 |
| Amount Written Off                             | 907,305                           | 780,655   |
| At June 30, 2001                               | (619,234)                         | (533,221) |
| Specific Provision (2)                         | 2,795,274                         | 2,046,036 |
| Generic Provision (3)                          | 1,655,614                         | 1,268,105 |
| Additional Provision (4)                       | 1,042,299                         | 724,988   |
| At December 31, 2001                           | 97,361                            | 52,943    |
| Amount Recorded                                | 2,941,297                         | 2,249,451 |
| Amount Written Off                             | 1,343,505                         | 1,058,497 |
| Balance derived from acquired institutions (1) | (990,288)                         | (827,488) |
| At June 30, 2002                               | 234,089                           | -         |
| Specific Provision (2)                         | 3,528,603                         | 2,480,460 |
| Generic Provision (3)                          | 2,230,861                         | 1,604,054 |
| Additional Provision (4)                       | 1,009,179                         | 665,551   |
|  | 288,563                           | 210,855   |

(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 Ford 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, for determination of the total allowance deemed sufficient to cover specific and general portfolio risks, related to 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 based on the corresponding risk levels.

## h) The total renegotiated and recovered operations are presented below:

|  | Six-month periods ended June 30 - |           |
|--|-----------------------------------|-----------|
|  | In thousands of reais             |           |
|  | CONSOLIDATED                      | BRADESCO  |
|  | 2002                              | 2002      |
| Total operations renegotiated in the six-month period      | 1,067,761                         | 859,634   |
| Amount recovered and written-off for the six-month period  | (921,158)                         | (815,014) |
| Total operations renegotiated in the six-month period, net | 146,603                           | 44,620    |
| Total recoveries in the six-month period                   | 136,773                           | 101,479   |

## Notes to the Financial Statements

## 11. FOREIGN EXCHANGE PORTFOLIO

## a) Balance sheet accounts

|   | CONSOLIDATED BRADESCO |                  | BRADESCO          |                  |
|---|-----------------------|------------------|-------------------|------------------|
|   | 2002                  | 2001             | 2002              | 2001             |
|   | In thousands of reais |                  |                   |                  |
| <b>ASSETS - OTHER RECEIVABLES</b>                                     |                       |                  |                   |                  |
| Exchange purchases pending settlement                                 | 9,793,718             | 5,712,680        | 8,574,914         | 5,311,573        |
| Foreign exchange acceptances and term documents in foreign currencies | 56,188                | 12,284           | 53,049            | 9,803            |
| Exchange sale receivables   | 2,999,433             | 1,243,096        | 2,950,790         | 1,231,491        |
| (-) Advances in local currency received                               | (302,513)             | (180,834)        | (190,791)         | (149,752)        |
| Income receivable on advances granted                                 | 114,870               | 104,024          | 94,191            | 88,619           |
| Other   | -                     | 6,980            | -                 | -                |
| <b>Total</b>  | <b>12,661,696</b>     | <b>6,898,230</b> | <b>11,482,153</b> | <b>6,491,734</b> |
| <b>LIABILITIES - OTHER LIABILITIES</b>                                |                       |                  |                   |                  |
| Exchange sales pending settlement                                     | 3,137,975             | 1,244,092        | 3,088,180         | 1,233,067        |
| Exchange purchase payables  | 8,762,438             | 5,344,325        | 7,694,850         | 4,978,355        |
| (-) Advances on foreign exchange contracts                            | (6,338,891)           | (4,403,320)      | (5,260,225)       | (3,995,232)      |
| Other   | 4,156                 | 7,022            | 3,250             | 5,805            |
| <b>Total</b>  | <b>5,565,678</b>      | <b>2,192,119</b> | <b>5,526,055</b>  | <b>2,221,995</b> |
| <b>MEMORANDUM ACCOUNTS</b>  |                       |                  |                   |                  |
| Open import credits   | 138,067               | 161,537          | 109,893           | 120,711          |

## b) Foreign exchange transactions

The composition of Foreign Exchange Transactions and certain adjustments to ensure a more appropriate presentation of the effective results are presented below showing the net global result of this segment:

|   | CONSOLIDATED BRADESCO                                      |                |
|---|--|----------------|
|   | 2002   | 2001           |
|   | Six-month periods ended June 30 -<br>In thousands of reais |                |
| Income on exchange transactions                 | 3,348,053  | 1,910,942      |
| Expenses for exchange transactions              | (1,741,753)  | (906,229)      |
| Foreign Exchange Transactions                   | 1,606,300  | 1,004,713      |
| Adjustments:                                    |  |                |
| - Income on export financing (1)                | 3,387  | 9,812          |
| - Income on foreign currency financing (1)      | 369,489  | 260,819        |
| - Income on foreign investments                 | 24,371   | 25,866         |
| - Expenses for securities issued abroad         | (3,849)  | (10,919)       |
| - Expenses for payables to foreign bankers (2)  | (1,800,866)  | (1,124,859)    |
| Total adjustments                               | (1,407,468)  | (839,281)      |
| <b>- Adjusted Foreign Exchange Transactions</b> | <b>198,832</b>   | <b>165,432</b> |

(1) Income on export financing and foreign currency financing classified in income from credit operations.

(2) Expenses for payables to foreign bankers relating to funds for financing advances on foreign exchange contracts and import financing, classified in expenses for borrowings and onlendings.

## 12. OTHER RECEIVABLES

a) Income receivable includes dividends, interest attributed to own capital and bonuses receivable in the amount of R\$ 7,522 thousand (June 30, 2001 - R\$ 135 thousand) on a consolidated basis and R\$ 606,927 thousand (June 30, 2001 - R\$ 667,776 thousand) in Bradesco.

## b) Sundry

|  | CONSOLIDATED BRADESCO |                  | BRADESCO         |                  |
|--|-----------------------|------------------|------------------|------------------|
|  | 2002                  | 2001             | 2002             | 2001             |
|  | In thousands of reais |                  |                  |                  |
|  | CURRENT AND LONG-TERM |                  |                  |                  |
| Deposits in guarantee                    | 1,381,050             | 1,151,673        | 529,533          | 556,784          |
| Deferred tax assets (Note 29c)           | 3,908,372             | 3,051,132        | 2,032,853        | 1,728,533        |
| Sundry receivables                       | 847,694               | 721,764          | 1,058,971        | 583,337          |
| Social contribution available for offset | 973,646               | 978,751          | 500,850          | 503,672          |
| Payments to be reimbursed                | 377,267               | 532,957          | 241,376          | 439,797          |
| Credit instruments receivable            | 179,723               | 214,293          | 3,274            | 3,696            |
| Prepaid taxes                            | 915,772               | 690,515          | 424,401          | 378,295          |
| Receivables on purchase of assets        | 240,670               | 274,935          | 102,120          | 184,447          |
| Other                                    | 89,860                | 72,538           | 49,353           | 43,743           |
| <b>Total</b>                             | <b>8,914,054</b>      | <b>7,688,558</b> | <b>4,942,731</b> | <b>4,422,304</b> |

## Notes to the Financial Statements

## 13. PREPAID EXPENSES

These comprise mainly expenses for the contract to provide banking services at post office network branches called "Banco Postal".

## 14. INVESTMENTS

a) Equity accounting was recorded in income under Equity in the earnings of subsidiary and associated companies and totals R\$ 23,104 thousand (2001 - R\$ (1,301) thousand) on a consolidated basis, and R\$ 925,990 thousand in Bradesco (2001 - R\$ 926,084 thousand).

b) Presented as follows:

| Company   | Capital   | Adjusted net equity | Number of shares/quotas held (in thousands) |            |        | Percentage ownership | Adjusted net income/(loss) | Book value (un-consolidated)<br>June 30,2002 | Equity in earnings (loss) (22) |              |
|---|-----------|---------------------|---|------------|--------|----------------------|----------------------------|--|--------------------------------|--------------|
|   |           |                     | Common                                      | Preferred  | Quotas |                      |                            |  | June 30,2002                   | June 30,2001 |
| <b>I - CONSOLIDATED</b>   |           |                     |   |            |        |                      |                            |  |                                |              |
| <b>SUBSIDIARIES</b>   |           |                     |   |            |        |                      |                            |  |                                |              |
| <b>A) Financial Area</b>  |           |                     |   |            |        |                      |                            |  |                                |              |
| BCN and Subsidiaries  | 650,000   | 1,391,686           | 41,604,654                                  | 20,456,646 |        | 100.000%             | 162,763                    | 1,575,800                                    | 800,425                        | 515,710      |
| Banco BCN S.A. (1) (2)  |           |                     |   |            |        |                      |                            |  | 189,589                        | 153,720      |
| Banco das Nações S.A. (2)   |           |                     |   |            |        |                      |                            |  | (12,905)                       | (17,421)     |
| Banco de Crédito Real de Minas Gerais S.A. (2)                          |           |                     |   |            |        |                      |                            |  | 3,527                          | 4,038        |
| Continental Banco (2)   |           |                     |   |            |        |                      |                            |  | 68,473                         | 83,223       |
| BCN Cons. Adm. de Bens. Serv. e Publ. Ltda. (2)                         |           |                     |   |            |        |                      |                            |  | 23,799                         | 19,404       |
| BCN Leasing - Arrendamento Mercantil S.A. (2)                           |           |                     |   |            |        |                      |                            |  | 3,401                          | 3,209        |
| Foreign Branch - Exchange Gain/Loss (2)                                 |           |                     |   |            |        |                      |                            |  | 26,204                         | 17,605       |
| Other Subsidiaries  |           |                     |   |            |        |                      |                            |  | 66,915                         | 33,063       |
| Banco Mercantil and Subsidiaries  | 897,595   | 737,098             | 2,764,959                                   | 2,127,767  |        | 79.726%              | 27,063                     | -  | 10,175                         | 10,599       |
| Banco Mercantil de São Paulo S.A. (2) (3)                               |           |                     |   |            |        |                      |                            |  | 75,272                         | -            |
| Banco Finasa de Investimento S.A. (2) (3)                               |           |                     |   |            |        |                      |                            |  | (66,824)                       | -            |
| Banco Mercantil de São Paulo Internacional (2) (3)                      |           |                     |   |            |        |                      |                            |  | 4,491                          | -            |
| Candelária Empreendimentos e Participações Ltda. (2) (3)                |           |                     |   |            |        |                      |                            |  | 4,849                          | -            |
| Foreign Branch - Exchange Gain/Loss (2) (3)                             |           |                     |   |            |        |                      |                            |  | 6,376                          | -            |
| Other Subsidiaries  |           |                     |   |            |        |                      |                            |  | 119,572                        | -            |
| Other Financial Companies   |           |                     |   |            |        |                      |                            |  | 6,808                          | 361,990      |
| Banco Banab S.A. (1) (2)  | 1,473,950 | 1,512,378           | 50,992,121                                  | 77,363,101 |        | 99.970%              | 49,010                     | 1,599,853                                    | 535,564                        | 62,133       |
| Banco BEA S.A. (1) (2) (4) (5)  | 177,899   | 140,912             | 5,824,106                                   | 4,123,560  |        | 88.683%              | 27,967                     | 188,125                                      | 48,945                         | -            |
| Banco Boavista Interatômico S.A. and Subsidiaries (1) (2)               | 4,401,915 | 4,475,791           | 1,649,135                                   |            |        | 100.000%             | 182,844                    | 4,851,871                                    | 172,912                        | 66,413       |
| Banco Bradesco Argentina S.A. (1) (2)                                   | 21,924    | 40,773              | 29,999                                      |            |        | 99.999%              | 18,680                     | 40,772                                       | 18,680                         | (735)        |
| Banco Bradesco Luxembourg S.A. (1) (2) (6)                              | 80,639    | 108,449             | 28  |            |        | 99.999%              | (168)                      | 110,477                                      | (168)                          | -            |
| BCR - Banco de Crédito Real S.A. (7)                                    |           |                     |   |            |        |                      |                            |  | -                              | 2,810        |
| Boavista S.A. D.T.V.M. (1) (2) (8)                                      | 1,293,552 | 1,309,253           | 297,949                                     |            |        | 100.000%             | 37,470                     | 1,309,253                                    | (4,267)                        | -            |
| Bradesco Leasing S.A. Arrendamento Mercantil (1) (2)                    | 160,000   | 325,424             | 680   |            |        | 100.000%             | 24,408                     | 382,740                                      | 24,408                         | 20,953       |
| Bradesco S.A. Corretora de Títulos e Valores Mobiliários (1) (2)        | 33,200    | 76,752              | 375,999                                     |            |        | 99.999%              | 4,302                      | 76,751                                       | 4,267                          | 6,379        |
| Bradesco Securities Inc. (1) (2)  | 5,689     | 3,227               | 1   |            |        | 100.000%             | (740)                      | 3,227  | (740)                          | (631)        |
| BRAM - Bradesco Asset Management Ltda. and its subsidiaries (1) (2) (9) | 41,489    | 39,320              |   |            | 39,271 | 99.999%              | 7,336                      | 39,319                                       | 7,336                          | 387          |
| Cia. Brasileira de Meios de Pagamento - VISANET (10)                    |           |                     |   |            |        |                      |                            |  | 23,101                         | 22,457       |
| Foreign Branchs / Subsidiaries - Exchange Gain/Loss (2)                 |           |                     |   |            |        |                      |                            |  | 216,288                        | 181,824      |

## Notes to the Financial Statements

| Company  | Capital   | Adjusted stockholders' equity | Number of shares/quotas held (in thousands) |           |        | Percentage ownership | Adjusted net income/ (loss) | Book value (un-consolidated)<br>June 30, 2002 | Equity in earnings (loss) (22) |                |
|--|-----------|-------------------------------|---|-----------|--------|----------------------|-----------------------------|---|--------------------------------|----------------|
|  |           |                               | Common                                      | Preferred | Quotas |                      |                             |   | June 30, 2002                  | June 30, 2001  |
| <b>B) Insurance and Pension Plan Area</b>                    |           |                               |   |           |        |                      |                             |   |                                |                |
| Bradesco Seguros S.A. (1) (2)                                | 1,155,000 | 2,062,713                     | 625   |           |        | 99.660%              | 343,956                     | 2,055,701                                     | 283,689                        | 293,871        |
| Atlântica Bradesco Seguros S.A. (11)                         |           |                               |   |           |        |                      |                             |   | (2,060)                        | 83,774         |
| BCN Seguradora S.A. (12)                                     |           |                               |   |           |        |                      |                             |   | -                              | 4,311          |
| Bradesco Capitalização S.A. (2)                              |           |                               |   |           |        |                      |                             |   | -                              | (1,033)        |
| Bradesco Saúde S.A. (2)                                      |           |                               |   |           |        |                      |                             |   | 66,505                         | 57,839         |
| Bradesco Vida e Previdência S.A. (2) (13)                    |           |                               |   |           |        |                      |                             |   | 39,070                         | 1,601          |
| Novo Hamburgo Cia. de Seguros Gerais (14)                    |           |                               |   |           |        |                      |                             |   | 198,795                        | 137,107        |
| União Novo Hamburgo Seguros S.A. (2) (15)                    |           |                               |   |           |        |                      |                             |   | -                              | (44)           |
| Foreign Subsidiaries - Exchange Gain/Loss (2)                |           |                               |   |           |        |                      |                             |   | (1,769)                        | 1,087          |
| Other Subsidiaries   |           |                               |   |           |        |                      |                             |   | (20,392)                       | 5,202          |
| <b>C) Other Areas</b>  |           |                               |   |           |        |                      |                             |   | 3,540                          | 4,027          |
| União de Comércio e Participações Ltda. (1) (2)              | 343,018   | 390,671                       |   |           | 3,430  | 99.999%              | 22,478                      | 390,667                                       | (4,266)                        | 17,560         |
| ABS Empreend. Imobiliários Participações e Serviços S.A. (2) |           |                               |   |           |        |                      |                             |   | 21,040                         | 24,670         |
| BUS Holding S.A. (10) (16)                                   |           |                               |   |           |        |                      |                             |   | 1,352                          | 1,836          |
| Latasa S.A. (10) (17)  |           |                               |   |           |        |                      |                             |   | 19,291                         | 43,753         |
| Nova Párol Participações S.A. (2) (18)                       |           |                               |   |           |        |                      |                             | 107,809                                       | 2,646                          | -              |
| Other Subsidiaries   |           |                               |   |           |        |                      |                             |   | (23,702)                       | 29,985         |
| <b>TOTAL CONSOLIDATED SUBSIDIARIES</b>                       |           |                               |   |           |        |                      |                             |   | <b>1,100,475</b>               | <b>927,385</b> |
| <b>II - UNCONSOLIDATED SUBSIDIARIES</b>                      |           |                               |   |           |        |                      |                             |   |                                |                |
| IRB Brasil Resseguros S.A. (10)                              |           |                               |   |           |        |                      |                             |   | 21,889                         | -              |
| Tigre S.A. - Tubos e Conexões (10) (19)                      |           |                               |   |           |        |                      |                             |   | 5,450                          | 5,159          |
| UGB Participações S.A. (20)                                  |           |                               |   |           |        |                      |                             |   | (2,655)                        | (5,291)        |
| Other Associated Companies                                   |           |                               |   |           |        |                      |                             |   | (1,580)                        | (1,169)        |
| <b>TOTAL UNCONSOLIDATED SUBSIDIARIES</b>                     |           |                               |   |           |        |                      |                             |   | <b>23,104</b>                  | <b>(1,301)</b> |
| <b>SUB-TOTAL</b>   |           |                               |   |           |        |                      |                             |   | <b>1,123,579</b>               | <b>926,084</b> |
| <b>PROVISION FOR EXCHANGE VARIATION (21)</b>                 |           |                               |   |           |        |                      |                             |   | <b>(197,589)</b>               |                |
| <b>TOTAL GERAL</b>   |           |                               |   |           |        |                      |                             |   | <b>12,732,365</b>              | <b>926,084</b> |

(1) Direct subsidiary; (2) Information at June 30, 2002; (3) Acquired in March 2002; (4) Acquired in January 2002; (5) New name of Banco do Estado do Amazonas S.A. - BEA; (6) Acquired in April 2002; (7) Merged into Banco Baneb S.A., in March 2001; (8) Company became a subsidiary of Banco Bradesco in the 2nd half of 2002; (9) Formed in the 1st half of 2001; (10) Information at May 31, 2002; (11) Atlântica Bradesco Seguros S.A. merged into Bradesco Seguros S.A., in June 2001; (12) BCN Seguradora S.A. was merged into Bradesco Seguros S.A., in November 2001; (13) New name of Bradesco Previdência e Seguros S.A.; (14) Novo Hamburgo Cia. de Seguros Gerais was merged into Cia. União de Seguros Gerais, in October 2001; (15) New name of Cia. União de Seguros Gerais; (16) Proportionally consolidated as from March 2002, pursuant to CMN Resolution 2723 and CVM Instruction 247; (17) New name of Latasa - Latas de Alumínio S.A.; (18) Acquired in July 2001; (19) New name of Tigre Participações S.A.; (20) Information at April 30, 2002; (21) The provision for exchange variation was recorded in the corresponding subsidiaries with investments abroad; (22) Equity accounting adjustments include results determined by the companies and equity variations in the investments not derived from results, as well as adjustments arising from the equalization of accounting principles, where applicable.

c) Goodwill on the acquisition of investments, based on future profitability, mainly results from the acquisitions of BCN - R\$ 184,114 thousand (2001 - R\$ 218,104 thousand), Credireal - R\$ 67,341 thousand (2001 - R\$ 79,769 thousand), Baneb - R\$ 87,930 thousand (2001 - R\$ 100,491 thousand), Boavista - R\$ 376,080 thousand (2001 - R\$ 421,212 thousand), BEA - R\$ 63,160 thousand, Mercantil de São Paulo - R\$ 717,356 thousand and Banco Cidade - R\$ 193,200 thousand, respectively, and goodwill derived from the increase in percentage ownership of Bradesco Leasing S.A. Arrendamento Mercantil in the amount of R\$ 57,317 thousand (2001 - R\$ 64,517 thousand). In the 1st six-month period of 2002, amortization of goodwill totaled R\$ 97,630 thousand (2001 - R\$ 75,421). Remaining goodwill will be amortized over a period from 5 to 10 years, counted from the date of the acquisition of the investment. No deferred tax assets were recorded on the amortization of goodwill above.

## Notes to the Financial Statements

d) Investments in the consolidated financial statements:

|  | In thousands of reais |                |
|--|-----------------------|----------------|
|  | 2002                  | 2001           |
| <b>ASSOCIATED COMPANIES (total percentage ownership)</b> |                       |                |
| • IRB - Brasil Resseguros S.A. - (16.12%)                | 172,273               | 118,703        |
| • Tigre S.A. - Tubos e Conexões - (17.81%)               | 101,830               | 92,744         |
| • CP Cimento e Participações S.A. - (12.48%)             | 48,578                | 48,578         |
| • Marlim Participações S.A. - (11.84%)                   | 25,787                | 31,738         |
| • NovaMarlim Participações S.A. - (17.17%) (1)           | 22,100                | -              |
| • American Bank Note Ltda. - (22.50%) (2)                | 16,449                | 16,449         |
| • BUS Holding S.A. (3)                                   | -                     | 337,156        |
| • Other Associated Companies                             | 90,244                | 37,009         |
| <b>Total in Associated Companies</b>                     | <b>477,261</b>        | <b>682,377</b> |
| • Other Investments                                      | 370,829               | 333,339        |
| • Fiscal Incentives                                      | 287,736               | 246,452        |
| • Provision for:   |                       |                |
| • Fiscal Incentives                                      | (233,994)             | (203,082)      |
| • Other Investments                                      | (86,282)              | (210,217)      |
| • Exchange Variance (4)                                  | (197,589)             | -              |
| <b>Total Consolidated Investments</b>                    | <b>617,961</b>        | <b>648,869</b> |

(1) Investment acquired in December 2001.

(2) New name of American Bank Note Company Gráfica e Serviços Ltda.:

(3) Proportionally consolidated as from March 2002, pursuant to CMN Resolution 2723 and CVM Instruction 247; and

(4) As a result of the volatile markets, an excess provision for market risk fluctuation was recorded based on a dollar rate of US\$ 1: R\$ 2.70, and presented as a discount to permanent assets for improved presentation purposes.

e) We present below the movement of the investments in foreign subsidiary and associated companies for the period from January 1 to June 30, 2002, which were fully eliminated upon consolidation of the financial statements.

|  | In thousands of reais |                |                |                  |                 |                  |
|--|-----------------------|----------------|----------------|------------------|-----------------|------------------|
|  | Balance at            | Balance of     | Exchange       | Equity           | Market          | Balance at       |
| Investments                                  | December              | Acquired       | Variation      | Accounting       | Value           | June 30, 2002    |
|  | 31, 2001              | Institutions   |                |                  | Adjustment      |                  |
| Bradesco - New York                          | 305,862               | -              | 69,071         | 6,571            | -               | 381,504          |
| Bradesco - Grand Cayman                      | 700,094               | -              | 158,098        | 63,694           | (13,943)        | 907,943          |
| Bradesco Securities INC                      | 3,236                 | -              | 730            | (740)            | -               | 3,226            |
| BCN - Grand Cayman                           | 249,627               | -              | 56,373         | 31,126           | -               | 337,126          |
| Cidade Capital Market                        | -                     | 82,636         | 10,543         | (384)            | -               | 92,795           |
| Boavista - (Nassau, Grand Cayman e Banking)  | 73,305                | -              | 16,553         | 14,674           | -               | 104,532          |
| Bradesco Argentina S.A.                      | 70,145                | -              | (48,053)       | 18,680           | -               | 40,772           |
| Bradesco Argentina Seguros S.A.              | 30,174                | -              | (20,392)       | 1,506            | -               | 11,288           |
| Mercantil - New York                         | -                     | 34,238         | 7,668          | (796)            | -               | 41,110           |
| Mercantil - Grand Cayman                     | -                     | 220,555        | 91,862         | (8,174)          | -               | 304,243          |
| Mercantil - Londres                          | -                     | 43,517         | 10,584         | (241)            | -               | 53,860           |
| Finasa Holding                               | -                     | 178,770        | 39,865         | 4,944            | -               | 223,579          |
| Bradesco Luxembourg S.A.                     | -                     | 88,608         | 19,889         | (168)            | -               | 108,329          |
| <b>Subtotal</b>                              | <b>1,432,443</b>      | <b>648,324</b> | <b>412,791</b> | <b>130,692</b>   | <b>(13,943)</b> | <b>2,610,307</b> |
| Provision for Exchange Variation             | -                     | -              | (197,589)      | -                | -               | (197,589)        |
| Provision for Securities held up to maturity | -                     | -              | -              | (390,068)        | -               | (390,068)        |
| <b>Total</b>                                 | <b>1,432,443</b>      | <b>648,324</b> | <b>215,202</b> | <b>(259,376)</b> | <b>(13,943)</b> | <b>2,022,650</b> |

## Notes to the Financial Statements

## 15. Property and Equipment in Use

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 at June 30, 2002

|   | CONSOLIDATED BRADESCO |           |              |                | BRADESCO  |              |                |
|---|-----------------------|-----------|--------------|----------------|-----------|--------------|----------------|
|   | %Rate                 | Cost      | Depreciation | Residual Value | Cost      | Depreciation | Residual Value |
| Land and Building in Use:                     |                       |           |              |                |           |              |                |
| - Buildings                                   | 4%                    | 1,242,697 | (623,244)    | 619,453        | 427,930   | (242,568)    | 185,362        |
| - Lands                                       | -                     | 660,491   | -            | 660,491        | 153,432   | -            | 153,432        |
| Installations, Furniture and equipment in use | 10%                   | 1,945,297 | (1,004,588)  | 940,709        | 1,064,763 | (538,812)    | 525,951        |
| Security and Communications Systems           | 10%                   | 145,656   | (64,481)     | 81,175         | 114,130   | (50,706)     | 63,424         |
| Data Processing Systems                       | 20 to 50%             | 1,152,994 | (927,704)    | 225,290        | 970,265   | (797,043)    | 173,222        |
| Transport Systems                             | 20%                   | 15,775    | (8,517)      | 7,258          | 9,293     | (4,885)      | 4,408          |
| Other   | -                     | 62,357    | -            | 62,357         | 2,306     | -            | 2,306          |
| Total   | -                     | 5,225,267 | (2,628,534)  | 2,596,733      | 2,742,119 | (1,634,014)  | 1,108,105      |

Land and buildings in use of the Bradesco Organization present an unrecorded increment of R\$ 1,335,961 thousand based on appraisal reports prepared by independent experts, in the first six-month period of 2002.

The ratio of fixed assets to consolidated reference stockholders' equity is 46.57% on a consolidated basis and 56.14% on a consolidated financial basis, within the maximum 60% limit.

## 16. Liabilities for Deposits, Deposits received under Security Repurchase Agreements, Funds from Acceptance and Issuance of Securities, Borrowings and Onlendings

a) Deposits, deposits received under security repurchase agreements, funds from acceptance and issuance of securities, borrowings and onlendings:

|  | In thousands of reais |                    |                    |                     |                      |                   |                   |                    |                |
|--|-----------------------|--------------------|--------------------|---------------------|----------------------|-------------------|-------------------|--------------------|----------------|
|  | Up to 30 days         | From 31 to 60 days | From 61 to 90 days | From 91 to 180 days | From 181 to 360 days | From 1 to 3 years | More than 3 years | Total Consolidated | Total Bradesco |
| • Demand Visits  | 10,005,046            | -                  | -                  | -                   | -                    | -                 | -                 | 10,005,046         | 8,770,599      |
| • Savings Deposits                                       | 18,901,203            | -                  | -                  | -                   | -                    | -                 | -                 | 18,901,203         | 17,666,453     |
| • Interbank Deposits                                     | 133,236               | 2,213              | 1,005              | 1,888               | 11,783               | 1,383             | -                 | 151,508            | 784,070        |
| • Time Deposits  | 2,506,254             | 1,410,090          | 1,084,061          | 3,078,652           | 4,133,908            | 9,226,455         | 351,179           | 21,790,599         | 15,822,956     |
| • Deposits Received Under Security Repurchase Agreements | 8,197,050             | 2,343              | 997                | 382,837             | 105,424              | 5,747             | 721               | 8,695,119          | 7,880,485      |
| • Funds From Acceptance and Issuance of Securities (1)   | 1,130,306             | 523,474            | 75,365             | 2,143,695           | 442,116              | 599,754           | 208,742           | 5,123,452          | 3,151,797      |
| • Borrowings and Onlendings Foreign                      | 2,208,475             | 758,386            | 642,765            | 2,294,294           | 3,026,409            | 880,859           | 11,038            | 9,822,226          | 8,489,087      |
| • Borrowings and Onlendings Local(2)                     | 391,925               | 107,996            | 127,935            | 431,186             | 748,926              | 2,357,856         | 2,314,175         | 6,479,999          | 4,509,117      |
| Total in 2002  | 43,473,495            | 2,804,502          | 1,932,128          | 8,332,552           | 8,468,566            | 13,072,054        | 2,885,855         | 80,969,152         | 67,074,564     |
| %  | 53.7                  | 3.4                | 2.4                | 10.3                | 10.5                 | 16.1              | 3.6               | 100.0              |                |
| Total in 2001  | 40,206,349            | 1,535,575          | 1,254,498          | 5,699,132           | 8,803,040            | 8,818,065         | 1,964,772         | 68,281,431         | 58,849,314     |
| %  | 58.9                  | 2.2                | 1.9                | 8.3                 | 12.9                 | 12.9              | 2.9               | 100.0              |                |

b) Securities issued abroad (1)

|                         | In thousands of reais |                    |                    |                     |                      |                   |                   |                    |                |
|-------------------------|-----------------------|--------------------|--------------------|---------------------|----------------------|-------------------|-------------------|--------------------|----------------|
|                         | Up to 30 days         | From 31 to 60 days | From 61 to 90 days | From 91 to 180 days | From 181 to 360 days | From 1 to 3 years | More than 3 years | Total Consolidated | Total Bradesco |
| • Brazil Bonds          | 353,416               | -                  | -                  | -                   | -                    | -                 | -                 | 353,416            | -              |
| • Commercial Papers     | 8,045                 | 430,123            | 24,548             | 34,690              | 997                  | 18,521            | -                 | 516,924            | 426,660        |
| • El Bonds              | 73,896                | -                  | -                  | -                   | -                    | -                 | -                 | 73,896             | -              |
| • Eurobonds             | 440,576               | -                  | -                  | 1,279,620           | -                    | 319,443           | -                 | 2,039,639          | 1,917,679      |
| • Euronotes             | 16,229                | -                  | -                  | -                   | -                    | -                 | -                 | 16,229             | 16,229         |
| • Fixed Rate Euro Notes | 6,487                 | 110                | -                  | 471,211             | 5                    | 90,073            | 154,796           | 722,682            | -              |
| • MTN Program Issues    | -                     | -                  | -                  | -                   | 266,179              | -                 | -                 | 266,179            | 266,179        |
| • Other                 | 37,039                | 59,631             | -                  | 42,666              | 45,272               | 35,508            | -                 | 220,116            | 220,116        |
| Total in 2002           | 935,688               | 489,864            | 24,548             | 1,828,187           | 312,453              | 463,545           | 154,796           | 4,209,081          | 2,846,863      |
| %                       | 22.2                  | 11.7               | 0.6                | 43.4                | 7.4                  | 11.0              | 3.7               | 100.0              |                |
| Total in 2001           | 1,164,659             | 2,924              | -                  | 226,178             | 1,206,913            | 987,765           | 268,167           | 3,856,606          | 3,305,680      |
| %                       | 30.2                  | 0.1                | -                  | 5.9                 | 31.3                 | 25.6              | 6.9               | 100.0              |                |

## Notes to the Financial Statements

(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 onlending to local customers, repayable through 2004, with interest payable semiannually at LIBOR or prime rate, plus a spread and 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.

(2) These mainly comprise funds obtained from official institutions for onlending to local customers, repayable through 2021.

## 17. OTHER LIABILITIES – Sundry

|  | In thousands of reais |                  |                  |                  |
|--|-----------------------|------------------|------------------|------------------|
|  | CURRENT AND LONG-TERM |                  |                  |                  |
|  | CONSOLIDATED BRADESCO |                  | BRADESCO         |                  |
|  | 2002                  | 2001             | 2002             | 2001             |
| Provision for accrued liabilities                                | 965,818               | 838,160          | 438,762          | 364,377          |
| Provision for contingent liabilities (Civil and Labor) (Note 18) | 844,870               | 770,349          | 472,065          | 472,386          |
| Sundry Creditors (1)   | 1,317,606             | 1,100,584        | 542,480          | 474,692          |
| Loans for Acquisition of Assets and Rights                       | 206,402               | 232,853          | 25,297           | 27,283           |
| Payables Under Official Operating Agreements                     | 118,903               | 93,393           | 103,054          | 72,168           |
| Other  | 171,467               | 167,427          | 138,672          | 137,885          |
| <b>Total</b>   | <b>3,625,066</b>      | <b>3,202,766</b> | <b>1,720,330</b> | <b>1,548,791</b> |

(1) Sundry creditors in Consolidated Bradesco mainly refer to payables for goods and services in the amount of R\$ 548,438 thousand (2001 – R\$ 441,948 thousand)

## 18. CONTINGENT LIABILITIES

The Bradesco Organization is disputing the legality of certain taxes and contributions, for which provisions have been recorded in full, notwithstanding the likelihood of a successful medium and long-term outcome based on the opinion of their legal advisors. The Organization is also a defendant in a number of legal suits (labor and civil) for which Management deems that a possible unfavorable sentence will have no significant effect on the financial position or results of operations. The provisions recorded, segregated by legal sphere are as follows:

|                 | In thousands of reais |                  |                  |                  |
|-----------------|-----------------------|------------------|------------------|------------------|
|                 | CURRENT AND LONG-TERM |                  |                  |                  |
|                 | CONSOLIDATED BRADESCO |                  | BRADESCO         |                  |
|                 | 2002                  | 2001             | 2002             | 2001             |
| Labor suits     | 562,904               | 439,179          | 307,156          | 247,695          |
| Civil Suits     | 281,966               | 331,170          | 164,909          | 224,691          |
| <b>Subtotal</b> | <b>844,870</b>        | <b>770,349</b>   | <b>472,065</b>   | <b>472,386</b>   |
| Tax Suits       | 2,448,054             | 2,144,594        | 912,547          | 888,943          |
| <b>Total</b>    | <b>3,292,924</b>      | <b>2,914,943</b> | <b>1,384,612</b> | <b>1,361,329</b> |

## 19. SUBORDINATED DEBT

Pursuant to the definitions in BACEN Resolution 2837/2001, subordinated debt was issued with the following characteristics:

| Paper                   | Issued in     | Amount of Operation | Due Date | Remuneration                           | In thousands of reais       |  |
|-------------------------|---------------|---------------------|----------|--|-----------------------------|--|
|                         |               |                     |          |  | CONSOLIDATED                |  |
|                         |               |                     |          |  | Book Value at June 30, 2002 |  |
| Subordinated Debt       | December/2001 | 353,700             | 2011     | U.S. Government Securities + 5.5% p.a. | 421,623                     |  |
| Subordinated Debentures | December/2001 | 600,000             | 2008     | CDI + 0.75% p.a.                       | 626,403                     |  |
| CDB Subordinated        | March/2002    | 549,000             | 2012     | 100% of ID                             | 552,161                     |  |
| Subordinated debt       | April/2002    | 315,186             | 2012     | Overnight rate * 4.05% p.a. (1)        | 389,394                     |  |
| <b>Total</b>            |               | <b>1,817,886</b>    |          |  | <b>1,989,581</b>            |  |

(1) This rate increases to 10.15% p.a., when swap cost.

## Notes to the Financial Statements

### 20. STOCKHOLDERS' EQUITY

Fully subscribed and paid-up capital comprises nominative-registered shares, with no par value, as follows:

|                 | Outstanding<br>Shares    | Treasury<br>Stock  | 2002<br>Total            |
|-----------------|--------------------------|--------------------|--------------------------|
| Common Stock    | 728,613,690,385          | 526,900,000        | 729,140,590,385          |
| Preferred Stock | 708,537,611,452          | -                  | 708,537,611,452          |
| <b>Total</b>    | <b>1,437,151,301,837</b> | <b>526,900,000</b> | <b>1,437,678,201,837</b> |

|                 | Outstanding<br>Shares    | Treasury<br>Stock    | 2001<br>Total            |
|-----------------|--------------------------|----------------------|--------------------------|
| Common Stock    | 732,488,290,385          | 830,900,000          | 733,319,190,385          |
| Preferred Stock | 711,268,311,452          | 848,700,000          | 712,117,011,452          |
| <b>Total</b>    | <b>1,443,756,601,837</b> | <b>1,679,600,000</b> | <b>1,445,436,201,837</b> |

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 Item 1, Article 17 of Law 6404/76, as amended by Law 9457/97.

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 stockholders' equity accounts and limited to the variation of the long-term interest rate (TJLP), subject to the existence of profits computed prior to their deduction or of retained earnings and revenue reserves in amounts that are equivalent to or in excess of twice its amount.

It is Banco Bradesco S.A.'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 to the minimum compulsory dividend, net of withholding tax (IRRF).

Interest attributed to own capital – 1<sup>st</sup> six-month period/2002

| Details          | Per thousand shares (Gross) |                 | In thousands of reais             |               |                                 |
|------------------|-----------------------------|-----------------|-----------------------------------|---------------|---------------------------------|
|                  | Common                      | Preferred       | Amount<br>paid/accrued<br>(Gross) | IRRF (15%)    | Amount<br>paid/accrued<br>(net) |
| Monthly          | 0.070590                    | 0.077649        | 106,449                           | 15,967        | 90,482                          |
| Intermediary (1) | 0.070590                    | 0.077649        | 106,451                           | 15,968        | 90,483                          |
| Accrued          | 0.068533                    | 0.075386        | 103,349                           | 15,502        | 87,847                          |
| <b>Total</b>     | <b>0.209713</b>             | <b>0.230684</b> | <b>316,249</b>                    | <b>47,437</b> | <b>268,812</b>                  |

(1) Declared on June 28, 2002 and paid on July 29, 2002.

At the Extraordinary Meeting of the Board of Directors held on April 1, 2002, approval was given for the acquisition of up to 25 billion shares, of which 10 billion are common and 15 billion are preferred and which were to remain in treasury for subsequent sale or cancellation, with no capital decrease. At June 30, 2002, 526,900,000 common shares in the amount of R\$ 5.850 thousand remained in treasury. The minimum, average weighted and maximum costs per thousand of these shares are respectively R\$ 9.18168, R\$ 11.10308 and R\$ 12.25290 and the market value of these shares on June 28, 2002 is R\$ 9.13 per thousand common shares.

## Notes to the Financial Statements

## 21. TRANSACTIONS AND BALANCES WITH RELATED PARTIES (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:

|   | Six-month period ended June 30 - In thousands of reais |                      |                         |                      |
|---|--|----------------------|-------------------------|----------------------|
|   | 2002   |                      | 2001                    |                      |
|   | Assets<br>(liabilities)                                | Income<br>(expenses) | Assets<br>(liabilities) | Income<br>(expenses) |
| <b>Interest attributed to own capital and dividends (a)</b>                               |  |                      |                         |                      |
| União de Comércio e Participações Ltda.   | -  | -                    | 312,900                 | -                    |
| Bradesco Seguros S.A.   | 504,294  | -                    | 293,964                 | -                    |
| Banco BCN S.A.  | 45,491   | -                    | 40,734                  | -                    |
| Banco Boavista Interatlântico S.A.  | 31,202   | -                    | -                       | -                    |
| Other subsidiary and associated companies   | 25,940   | -                    | 20,179                  | -                    |
| <b>Exchange purchase pending settlement (b)</b>   |  |                      |                         |                      |
| Banco BCN S.A.  | 99,429   | 1,225                | 80,834                  | 877                  |
| Banco Mercantil de São Paulo S.A.   | 57,766   | -                    | -                       | -                    |
| <b>Pre-export operations (c)</b>  |  |                      |                         |                      |
| Banco BCN S.A. - Abroad   | 298,985  | 2,349                | 45,884                  | 3,670                |
| Banco Boavista Interatlântico S.A. - Abroad   | 596,692  | 14,686               | 417,353                 | 3,943                |
| Banco Mercantil de São Paulo S.A.   | 48,292   | 233                  | -                       | -                    |
| Other subsidiary and associated companies   | -  | 17                   | 11,545                  | 337                  |
| <b>Exchange purchase payables (d)</b>   |  |                      |                         |                      |
| Banco BCN S.A.  | (99,219)   | (842)                | (80,520)                | (292)                |
| Banco Mercantil de São Paulo S.A.   | (57,928)   | -                    | -                       | -                    |
| <b>Demand deposits</b>  |  |                      |                         |                      |
| Bradesco Leasing S.A. Arrendamento Mercantil  | (2,921)  | -                    | (829)                   | -                    |
| Banco BCN S.A. - Abroad   | (14,402)   | -                    | (20,102)                | -                    |
| Banco Mercantil de São Paulo S.A. - Abroad  | (2,988)  | -                    | -                       | -                    |
| Bradesco Vida e Previdência S.A.  | (30,860)   | -                    | (9,363)                 | -                    |
| CPM S.A.  | (2,238)  | -                    | (2,238)                 | -                    |
| Other subsidiary and associated companies   | (6,280)  | -                    | (1,210)                 | -                    |
| <b>Time deposits</b>  |  |                      |                         |                      |
| Banco BCN S.A. - Abroad   | (539,642)  | (21,561)             | (465,922)               | (20,274)             |
| Banco Boavista Interatlântico S.A. - Abroad   | (432,983)  | (2,961)              | (281,005)               | (3,875)              |
| Bradesco Seguros S.A.   | (24,204)   | (2,321)              | (15,348)                | (419)                |
| Bradesco Argentina de Seguros S.A.  | (27,493)   | (452)                | (25,670)                | (115)                |
| Banco Mercantil de São Paulo S.A. - Abroad  | (106,381)  | -                    | -                       | -                    |
| Cidade Capital Markets Limited  | (118,926)  | (137)                | -                       | -                    |
| Boavista Banking Limited  | (56,348)   | (211)                | -                       | -                    |
| Other subsidiary and associated companies   | (15,861)   | (2,206)              | (3,879)                 | (107)                |
| <b>Saving account deposits</b>  |  |                      |                         |                      |
| BUS Holding S.A.  | (390)  | (19)                 | (345,825)               | (2,184)              |
| <b>Deposits Received Under Security repurchase agreements/<br/>Interbank Deposits (e)</b> |  |                      |                         |                      |
| <b>Deposits received Under Security repurchased agreements</b>                            |  |                      |                         |                      |
| Banco Baneb S.A.  | -  | -                    | (38,000)                | (518)                |
| Banco Boavista Interatlântico S.A.  | -  | -                    | (50,790)                | (4,753)              |
| Bradesco Leasing S.A. Arrendamento Mercantil  | (656,140)  | (54,332)             | -                       | -                    |
| Other subsidiary and associated companies   | -  | (23,447)             | -                       | (216)                |
| <b>Interbank deposits</b>   |  |                      |                         |                      |
| Banco BCN S.A.  | 1,161,031  | 104,089              | 1,516,119               | 80,266               |
| Bradesco Leasing S.A. Arrendamento Mercantil  | -  | -                    | 158,972                 | 12,571               |
| Banco de Crédito Real de Minas Gerais S.A.  | -  | -                    | 49,768                  | 34,995               |
| Banco Mercantil de São Paulo S.A.   | 925,665  | 32,109               | -                       | -                    |
| Banco Baneb S.A.  | -  | -                    | 865,939                 | 58,597               |
| Continental Banco S.A.  | 2,633,539  | 212,062              | -                       | -                    |
| Portenza Leasing Arrendamento Mercantil S.A.  | 138,588  | 1,788                | -                       | -                    |
| Other subsidiary and associated companies   | -  | 19                   | 10,280                  | 6,750                |

## Notes to the Financial Statements

|   | In thousands of reais   |                      |                         |                      |
|---|-------------------------|----------------------|-------------------------|----------------------|
|   | 2002                    |                      | 2001                    |                      |
|   | Assets<br>(liabilities) | Income<br>(expenses) | Assets<br>(liabilities) | Income<br>(expenses) |
| <b>Deposits Received Under Security Repurchase Agreements/Open Market Investments (f)</b> |                         |                      |                         |                      |
| <b>Deposits Received Under Security Repurchase Agreements</b>                             |                         |                      |                         |                      |
| Bradesco S.A. - CTVM  | (42,119)                | (3,898)              | (34,317)                | (1,138)              |
| Banco BEA S.A.  | (16,608)                | (499)                | -                       | -                    |
| Continental Banco S.A.  | (46,020)                | (1,697)              | -                       | (55)                 |
| Cia. Brasileira de Meios de Pagamento - VISANET   | -                       | (192)                | (14,845)                | (778)                |
| Banco Mercantil de São Paulo S.A.   | -                       | (10,524)             | -                       | -                    |
| Other subsidiary and associated companies   | (1,400)                 | (7,081)              | (5,487)                 | (964)                |
| <b>Open Market</b>  |                         |                      |                         |                      |
| Banco BCN S.A.  | 979,242                 | 125,722              | 3,341,886               | 144,822              |
| Banco Baneb S.A.  | 82,354                  | 7,630                | 525,348                 | 44,005               |
| Banco BEA S.A.  | 243,270                 | 12,033               | -                       | -                    |
| BES Investimento do Brasil S.A. - Banco de Investimento                                   | 59,902                  | -                    | -                       | -                    |
| Banco Boavista Interatlântico S.A.  | 4,517                   | 219                  | 29,057                  | 59,040               |
| Banco das Nações S.A.   | -                       | 5,597                | 87,700                  | 4,688                |
| Other subsidiary and associated companies   | 10,322                  | 1,737                | 1,434                   | 25                   |
| <b>Negotiation and Intermediation of Securities (Swap) (g)</b>                            |                         |                      |                         |                      |
| Banco BCN S.A.  | (5,811)                 | (5,784)              | 83,623                  | 61,436               |
| Bradesco Leasing S.A. - Arrendamento Mercantil  | (3,051)                 | (3,191)              | 425                     | (979)                |
| Banco Mercantil de São Paulo S.A.   | (4,543)                 | 8,908                | -                       | -                    |
| Other subsidiary and associated companies   | 1,085                   | 638                  | -                       | -                    |
| <b>Borrowings and onlendings - Foreign (h)</b>  |                         |                      |                         |                      |
| Banco BCN S.A.  | (323,098)               | (4,517)              | (92,735)                | (1,651)              |
| Banco Bradesco Luxembourg S.A.  | (28,543)                | (73)                 | -                       | -                    |
| Banco Boavista Interatlântico S.A.  | -                       | (8)                  | (45,148)                | (605)                |
| Banco Mercantil de São Paulo S.A.   | (14,796)                | (51)                 | -                       | -                    |
| Other subsidiary and associated companies   | (7,054)                 | (66)                 | (4,067)                 | (47)                 |
| <b>Reimbursement of costs (i)</b>   |                         |                      |                         |                      |
| Bradesco Leasing S.A. - Arrendamento Mercantil  | 70                      | 572                  | 4,539                   | 4,687                |
| <b>Services Rendered (j)</b>  |                         |                      |                         |                      |
| Scopus Tecnologia S.A.  | (1,755)                 | (35,838)             | (326)                   | (24,633)             |
| CPM S.A.  | (293)                   | (19,839)             | (77)                    | (31,772)             |
| Other subsidiary and associated companies   | (9)                     | 69                   | -                       | 129                  |
| <b>Branch Rents</b>   |                         |                      |                         |                      |
| ABS-Empreend. Imob., Partic. e Serviços S.A.  | -                       | (25,586)             | -                       | (25,600)             |
| Bradesco Vida e Previdência S.A.  | -                       | (4,144)              | -                       | (2,536)              |
| Bradesco Seguros S.A.   | -                       | (2,604)              | -                       | (3,350)              |
| Banco de Crédito Real de Minas Gerais S.A.  | -                       | (1,732)              | -                       | (1,792)              |
| Other subsidiary and associated companies   | -                       | (2,430)              | -                       | (2,205)              |
| <b>Securities (k)</b>   |                         |                      |                         |                      |
| Banco BCN S.A.  | 81,390                  | 20,766               | 462,406                 | 18,785               |
| Banco Boavista Interatlântico S.A.  | 5,651                   | -                    | 2,028                   | 525                  |
| Banco Mercantil de São Paulo S.A.   | 1,449                   | -                    | -                       | -                    |
| <b>Securities Issues Abroad</b>   |                         |                      |                         |                      |
| Banco Mercantil de São Paulo S.A.   | (2,332)                 | (78)                 | -                       | -                    |
| <b>Interbank onlendings (l)</b>   |                         |                      |                         |                      |
| Banco Baneb S.A.  | -                       | -                    | (61,266)                | (2,222)              |
| Banco BCN S.A.  | -                       | -                    | (18,014)                | (14)                 |
| Banco BEA S.A.  | (72,415)                | (1,108)              | -                       | -                    |
| <b>Accrued liabilities (m)</b>  |                         |                      |                         |                      |
| Banco Boavista Interatlântico S.A.  | 453,259                 | -                    | -                       | -                    |
| <b>Healthcare plans</b>   |                         |                      |                         |                      |
| Bradesco Seguros S.A.   | -                       | (59,280)             | -                       | (52,212)             |
| <b>Private Pension Plans</b>  |                         |                      |                         |                      |
| Bradesco Vida e Previdência S.A.  | -                       | (48,497)             | -                       | (42,635)             |

a) Interest attributed to own capital/dividends  
Interest attributed to own capital/dividends declared by the companies.

b) Exchange purchases pending settlement  
Foreign exchange portfolio transactions in the interbank market for prompt settlement.

## Notes to the Financial Statements

c) Pre-export operations

Foreign credit lines for export financing in Brazil, subject to exchange variations and interest at rates practiced in the international market.

d) Exchange purchase payables

These payables are recorded as a counter-entry to exchange purchases pending settlement.

e) Deposits received under security repurchase agreements

Short-term interbank investments - Interbank deposits of related companies at CDI rate (Certificate of Interbank Deposit)

f) Deposits received under security repurchase agreements/Open market investments

Repurchase and/or resale commitments pending settlement, guaranteed by government securities at over-night rates.

g) Financial derivative instruments

Differences receivable and payable on swaps.

h) Borrowings and onlendings

Foreign currency loans for financing of exports subject to exchange variations and bearing interest at international market rates.

i) Reimbursement of costs

Costs reimbursed by Bradesco Leasing S.A. Arrendamento Mercantil to Banco Bradesco S.A. on account of the use of its Branch network facilities for contracting lease operations.

j) Services rendered

Contract with Scopus Tecnologia S.A. for IT equipment maintenance services and the contract with CPM S.A. for data processing systems maintenance services.

k) Securities

Investments in securities issued abroad, fixed rate euronotes and eurobonds subject to exchange variations and carrying interest at rates used for securities placed in the international market.

l) Interbank onlendings

Payables on interbank onlendings - funds from rural loans bearing interest and charges corresponding to normal rates practiced for this type of transaction.

m) Other liabilities

Sale of securities.

## 22. 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 and speedy profitable business, minimizing risks inherent to this type of operation and directing the establishment of the Organization's operating limits and the granting of credit. 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. 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. Designed to ensure that the credit process is secure and operates with maximum efficiency, as well as to facilitate the analysis and generation of reports, Bradesco has developed specific computerized systems supporting its credit decisions which are permanently reviewed and improved. Operations involving less significant amounts are subject to specialized automated credit scoring systems, maximizing the speed and security of approvals process based on strict protection standards. All decisions are based on parameters which rule good credit granting analysis and comply with the approval limits defined by the Bank's Credit Policy.

### 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 portfolio. This risk is monitored on a strict basis by the financial market to avoid losses for institutions. At Bradesco,

## Notes to the Financial Statements

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.

| Risk Factors               | In thousands of reais |               |
|----------------------------|-----------------------|---------------|
|                            | 2002                  | 2001          |
| Prefixed                   | 4,881                 | 3,511         |
| Exchange coupon            | 48,259                | 53,016        |
| Foreign currency           | 8,422                 | 63,457        |
| Floating rate              | 14                    |               |
| Correlated effect          | (15,809)              | (49,870)      |
| <b>VAR (Value at Risk)</b> | <b>45,767</b>         | <b>70,114</b> |

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. 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.

### 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 (Basle).

|   | In thousands of reais |                        |
|---|-----------------------|------------------------|
|   | Financial (1)         | Economic-Financial (2) |
| <b>Calculation Basis - Capital Adequacy Ratio (Basle)</b> |                       |                        |
| Adjusted Stockholders' Equity                             | 11,594,480            | 11,513,979             |
| Total Weighted Risk                                       | 79,142,955            | 88,862,524             |
| Weighted Asset  | 76,539,758            | 86,242,253             |
| Weighted Memorandum Accounts                              | 2,603,197             | 2,620,271              |
| <b>Capital Adequacy Ratio in 2002</b>                     | <b>14.65</b>          | <b>12.96</b>           |

(1) Consolidated financial statements, including investments in financial companies only.

(2) Consolidated financial statements, including investments in financial, insurance, private pension plan, savings bond, non-financial and proportionally consolidated companies.

### b) Market Value

The book value, net of provisions for mark-to-market, of the main financial instruments and their corresponding market value at June 30, 2002 are summarized as follows:

|  | In thousands of reais |              |                       |
|--|-----------------------|--------------|-----------------------|
|  | Book Value            | Market Value | Potential Gain (loss) |
| <b>Assets:</b>                                   |                       |              |                       |
| Securities (1)                                   | 37,909,325            | 38,030,686   | 121,361               |
| Credit and leasing operations                    | 42,239,696            | 42,095,632   | (144,064)             |
| Investments (2)                                  | 617,962               | 732,095      | 114,133               |
| <b>Liabilities:</b>                              |                       |              |                       |
| Time deposits                                    | 21,790,599            | 21,783,277   | 7,322                 |
| Funds from acceptance and issuance of securities | 5,123,452             | 5,099,469    | 23,983                |
| Borrowings and lendings                          | 16,302,225            | 16,307,049   | (4,824)               |
| Treasury Stocks                                  | (5,850)               | (4,811)      | (1,039)               |
| <b>Total</b>                                     | <b>-</b>              | <b>-</b>     | <b>116,872</b>        |

(1) Book values are net of the provision recorded for securities held to maturity.

(2) Not including increment in investments in subsidiary and associated companies.

## Notes to the Financial Statements

Determination of market value of financial instruments:

- Securities and Investments: 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: 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: calculated by discounting the difference between the cash flows under the contract terms and the rates practiced on the balance sheet date.

c) Derivatives

Bradesco carries out transactions involving financial derivatives instruments, which are recorded in balance sheet or memorandum accounts, for its own account and for customers. The financial derivative 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 indexes, 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.

The amounts of the instruments recorded in balance sheet and memorandum accounts at June 30, 2002 are summarized below:

|                       | CONSOLIDATED<br>BRADESCO |               | In thousands of reais<br>BRADESCO |               |
|-----------------------|--------------------------|---------------|-----------------------------------|---------------|
|                       | Overall<br>amount        | Net<br>amount | Overall<br>amount                 | Net<br>amount |
| Future contracts      | 14,672,529               | -             | 6,370,265                         | -             |
| Purchase commitments: | 4,623,138                | -             | 2,654,499                         | -             |
| - Interbank market    | 925,933                  | -             | 609,210                           | -             |
| - Foreign currency    | 3,697,205                | -             | 2,045,289                         | -             |
| Sale commitments:     | 10,049,391               | 5,426,253     | 3,715,766                         | 1,061,267     |
| - Interbank market    | 3,439,690                | 2,513,757     | 633,796                           | 24,586        |
| - Foreign currency    | 6,609,701                | 2,912,496     | 3,081,970                         | 1,036,681     |
| Options contracts     | 15,625                   | -             | -                                 | -             |
| Sale commitments:     | 15,625                   | 15,625        | -                                 | -             |
| - Other               | 15,625                   | 15,625        | -                                 | -             |
| Forward contracts     | 840,805                  | -             | 425,805                           | -             |
| Purchase commitments: | 490,917                  | 141,029       | 160,917                           | 46,029        |
| - Interbank market    | 330,000                  | 95,000        | -                                 | -             |
| - Foreign currency    | 160,917                  | 46,029        | 160,917                           | 46,029        |
| Sale commitments:     | 349,888                  | -             | 264,888                           | 150,000       |
| - Interbank market    | 235,000                  | -             | 150,000                           | 150,000       |
| - Foreign currency    | 114,888                  | -             | 114,888                           | -             |
| Swap contracts        | 10,978,384               | -             | 6,987,975                         | -             |
| Asset position:       | 6,390,232                | 3,368,897     | 4,708,699                         | 3,429,142     |
| - Interbank market    | 1,122,420                | -             | 805,621                           | 440,508       |
| - Prefixed            | 1,437,920                | -             | 770,161                           | -             |
| - Foreign currency    | 603,995                  | -             | 267,007                           | -             |
| - Reference rate (TR) | 1,233,597                | 1,233,597     | 318,824                           | 318,824       |
| - Selic               | 190,220                  | 120,081       | 117,663                           | 51,656        |
| - Other               | 11,181,220               | -             | 7,139,996                         | -             |
| Liability position:   | 3,021,335                | -             | 1,279,557                         | -             |
| - Interbank market    | 1,245,923                | 123,503       | 365,113                           | -             |
| - Prefixed            | 5,968,067                | 4,530,147     | 4,579,319                         | 3,809,158     |
| - Foreign currency    | 875,756                  | 271,761       | 850,000                           | 582,993       |
| - Reference rate (TR) | 70,139                   | -             | 66,007                            | -             |
| - Other               |                          |               |                                   |               |

Derivatives include operations falling due in D+1, to be settled in currency at June 28, 2002 price levels.

Amounts relating to swap contracts are recorded in negotiation and intermediation of securities and outstanding amounts receivable, classified under other receivables total R\$ 340,673 thousand, BRADESCO - R\$ 161,865 thousand, and amounts payable, fully recorded as a provision under other liabilities. Financial derivatives instruments, amount to R\$ 543,509 thousand, BRADESCO - R\$ 313,886 thousand.

## Notes to the Financial Statements

- Futures, option, forward and swap contracts fall due as follows:

|                   | Six-month period ended June 30 - In thousands of reais |                |                 |                    |            | CONSOLIDATED BRADESCO |  |
|-------------------|--|----------------|-----------------|--------------------|------------|-----------------------|--|
|                   | Up to 90 days  | 91 to 180 days | 181 to 360 days | More than 360 days | Total      |                       |  |
|                   |  |                |                 |                    | 2002       | 2001                  |  |
| Future Contracts  | 7,295,475  | 2,512,680      | 1,603,471       | 3,260,903          | 14,672,529 | 12,253,957            |  |
| Option Contracts  | 245  | 268            | 14,509          | 603                | 15,625     | 43,436                |  |
| Forward Contracts | 124,325  | 58,362         | 587,696         | 70,422             | 840,805    | 3,540,000             |  |
| Swap Contracts    | 3,118,917  | 3,239,264      | 1,743,959       | 2,535,571          | 10,637,711 | 13,812,253            |  |

|                   | In thousands of reais |                |                 |                    |           | BRADESCO  |  |
|-------------------|-----------------------|----------------|-----------------|--------------------|-----------|-----------|--|
|                   | Up to 90 days         | 91 to 180 days | 181 to 360 days | More than 360 days | Total     |           |  |
|                   |                       |                |                 |                    | 2002      | 2001      |  |
| Future Contracts  | 3,737,929             | 503,330        | 780,711         | 1,348,295          | 6,370,265 | 8,707,321 |  |
| Option Contracts  | -                     | -              | -               | -                  | -         | 20,500    |  |
| Forward Contracts | 29,325                | 58,362         | 292,696         | 45,422             | 425,805   | 1,660,000 |  |
| Swap Contracts    | 2,414,519             | 2,017,931      | 905,472         | 1,488,188          | 6,826,110 | 9,899,809 |  |

- We present below the type of margin given as collateral for financial derivative instruments, comprising mainly future contracts and the corresponding amounts:

|                         | Six-month period ended June 30 - In thousands of reais |          |
|-------------------------|--|----------|
|                         | CONSOLIDATED BRADESCO                                  | BRADESCO |
| Government Securities:  |  |          |
| Central Bank Notes      | 557,504  | 362,137  |
| National Treasury Notes | 106,861  | -        |
| National Treasury Bond  | 18,872   | -        |
| Financial Treasury Bond | 632  | -        |
| Total                   | 683,869  | 362,137  |

- We present below the amounts of net revenue and expense recorded in income for the period ended June 30, 2002:

|                   | Six-month period ended June 30 - In thousands of reais |           |           |           |
|-------------------|--|-----------|-----------|-----------|
|                   | CONSOLIDATED BRADESCO                                  |           | BRADESCO  |           |
|                   | 2002   | 2001      | 2002      | 2001      |
| Future Contracts  | (168,057)  | (532,034) | (171,089) | (222,810) |
| Option Contracts  | 1,068  | -         | 1,096     | -         |
| Forward Contracts | (8,982)  | 31,827    | (13,438)  | -         |
| Swap Contracts    | (611,902)  | (371,824) | (392,512) | (229,853) |
| Total             | (787,874)  | (872,031) | (575,943) | (452,663) |

- We present below the overall amounts of the financial derivative instruments, separated by place of trading:

|                 | Six-month period ended June 30 - In thousands of reais |            |            |            |
|-----------------|--|------------|------------|------------|
|                 | CONSOLIDATED BRADESCO                                  |            | BRADESCO   |            |
|                 | 2002   | 2001       | 2002       | 2001       |
| CETIP (Counter) | 10,809,363   | 13,812,253 | 6,997,761  | 9,899,809  |
| BM&F (Floor)    | 15,357,307   | 15,837,393 | 6,624,418  | 10,387,821 |
| Total           | 26,166,670   | 29,649,646 | 13,622,179 | 20,287,630 |

## Notes to the Financial Statements

## 23. COMMISSIONS AND FEES

|                           | Six-month period ended June 30 - In thousands of reais |                  |                  |                  |
|---------------------------|--|------------------|------------------|------------------|
|                           | CONSOLIDATED BRADESCO                                  |                  | BRADESCO         |                  |
|                           | 2002   | 2001             | 2002             | 2001             |
| Checking Accounts         | 402,415  | 405,049          | 376,046          | 374,571          |
| Collections               | 264,747  | 268,282          | 229,015          | 236,446          |
| Asset Management Services | 253,853  | 285,332          | 190,465          | 268,969          |
| Credit Card               | 295,040  | 250,147          | 136,915          | 127,591          |
| Credit Operations         | 183,729  | 159,986          | 169,479          | 144,630          |
| Interbank Charge          | 121,059  | 109,043          | 102,935          | 101,436          |
| Receipt of Taxes          | 76,842   | 71,442           | 68,357           | 63,625           |
| Others                    | 188,532  | 210,168          | 52,634           | 49,457           |
| <b>Total</b>              | <b>1,786,217</b>                                       | <b>1,759,449</b> | <b>1,325,846</b> | <b>1,366,725</b> |

## 24. ADMINISTRATIVE EXPENSES

|                               | Six-month period ended June 30 - In thousands of reais |                  |                  |                  |
|-------------------------------|--|------------------|------------------|------------------|
|                               | CONSOLIDATED BRADESCO                                  |                  | BRADESCO         |                  |
|                               | 2002   | 2001             | 2002             | 2001             |
| Third-Party Services          | 316,701  | 239,037          | 200,470          | 157,168          |
| Communications                | 251,515  | 177,616          | 177,318          | 117,245          |
| Depreciation and Amortization | 197,839  | 195,315          | 125,253          | 116,661          |
| Financial System Services     | 157,903  | 154,274          | 136,355          | 141,426          |
| Transport                     | 141,708  | 133,430          | 109,702          | 96,444           |
| Data Processing               | 111,878  | 105,711          | 73,607           | 74,122           |
| Advertising and Publicity     | 140,495  | 94,292           | 68,998           | 45,929           |
| Rents                         | 87,140   | 79,282           | 82,739           | 72,088           |
| Maintenance and Repairs       | 104,476  | 101,931          | 109,350          | 98,639           |
| Materials                     | 68,984   | 68,810           | 47,141           | 43,980           |
| Other                         | 275,782  | 299,680          | 162,704          | 185,300          |
| <b>Total</b>                  | <b>1,854,421</b>                                       | <b>1,649,378</b> | <b>1,293,637</b> | <b>1,149,002</b> |

## 25. OTHER OPERATING INCOME

|  | Six-month period ended June 30 - In thousands of reais |                |                |                |
|--|--|----------------|----------------|----------------|
|  | CONSOLIDATED BRADESCO                                  |                | BRADESCO       |                |
|  | 2002   | 2001           | 2002           | 2001           |
| Other Financial Revenue                                | 298,291  | 166,871        | 78,566         | 75,295         |
| Reversal of Other Operating Provisions                 | 81,845   | 21,085         | 78,171         | 13,877         |
| Income Derived from Recoveries of Charges and Expenses | 57,296   | 77,357         | 33,621         | 40,232         |
| Income on Sale of Goods                                | 58,482   | 11,374         | -              | -              |
| Other  | 139,442  | 268,726        | 28,245         | 60,844         |
| <b>Total</b>   | <b>635,356</b>   | <b>545,413</b> | <b>218,603</b> | <b>190,248</b> |

## 26. OTHER OPERATING EXPENSES

|   | Six-month period ended June 30 - In thousands of reais |                |                |                |
|---|--|----------------|----------------|----------------|
|   | CONSOLIDATED BRADESCO                                  |                | BRADESCO       |                |
|   | 2002   | 2001           | 2002           | 2001           |
| Other Financial Expenses                | 483,325  | 328,682        | 63,054         | 47,710         |
| Expenses from Sundry Losses             | 143,444  | 111,943        | 141,577        | 111,579        |
| Amortization of Goodwill                | 97,630   | 75,421         | 65,189         | 52,661         |
| Cost of Services                        | 147,630  | 70,592         | -              | -              |
| Expenses for other Operating Provisions | 29,800   | 38,282         | 29,800         | 38,282         |
| Other                                   | 202,100  | 223,684        | 48,804         | 139,519        |
| <b>Total</b>                            | <b>1,103,929</b>                                       | <b>848,604</b> | <b>348,424</b> | <b>389,751</b> |

## Notes to the Financial Statements

## 27. NON-OPERATING INCOME

|   | Six-month period ended June 30 - In thousands of reais |          |          |          |
|---|--|----------|----------|----------|
|   | CONSOLIDATED BRADESCO                                  |          | BRADESCO |          |
|   | 2002   | 2001     | 2002     | 2001     |
| Non-operating provisions recorded/reversed    | (9,570)  | (26,776) | (19,699) | (11,703) |
| Profit/loss on sale of assets and investments | (9,432)  | 40,631   | (26,209) | (13,208) |
| Income from rents                             | -  | 3,129    | 3,036    | 2,985    |
| Other   | 9,576  | (17,090) | 4,287    | 3,917    |
| Total   | (9,426)  | (106)    | (38,585) | (18,009) |

## 28. EMPLOYEE BENEFITS

In compliance with the requirements of CVM Deliberation 371, we present the following information on employee benefits:

Banco Bradesco and its subsidiaries do not maintain:

- Dismissal benefits
- Stock option plans
- Long-term benefits
- Post-employment benefits, except the private pension plans, described below:

Banco Bradesco and its subsidiaries maintain supplementary retirement pension plans for their employees and directors, of the defined benefits and defined contribution types (PGBL), managed by Bradesco Vida e Previdência S.A., and by Boavista Prev - Fundo de Pensão Multipatrocinado (for former employees of Boavista) as well as by Fundação Baneb de Seguridade Social - BASES (for former employees of Banco Baneb) and by Caixa de Previdência dos Funcionários do Banco BEA S.A. - CABEA (for former employees of BEA) which are fully covered by technical reserves.

The subsidiary companies Banco Baneb S.A. and subsidiaries and Banco BEA S.A. are sponsors of a supplementary defined benefits pension plan, through Fundação Baneb de Seguridade Social - BASES (for former Baneb employees) and Caixa de Previdência dos Funcionários do Banco BEA S.A. - CABEA (for former employees of BEA), the amounts of which are not significant.

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 period totaled R\$ 65,849 thousand at June 30, 2002 (2001 - R\$ 65,114 thousand).

## 29. INCOME TAX AND SOCIAL CONTRIBUTION

a) Calculation of income tax and social contribution charges:

|   | Six-month period ended June 30 - In thousands of reais |           |           |           |
|---|--|-----------|-----------|-----------|
|   | CONSOLIDATED BRADESCO                                  |           | BRADESCO  |           |
|   | 2002   | 2001      | 2002      | 2001      |
| Income before income tax and social contribution  | 1,209,953  | 1,321,896 | 813,053   | 1,003,859 |
| Composite income tax and social contribution at the statutory rates of 25% and 9%, respectively | (411,384)  | (449,445) | (276,438) | (341,312) |
| Effect of additions and exclusions on tax calculation:  |  |           |           |           |
| Equity in the earnings of subsidiary and associated companies                                   | 148,203  | 74,389    | 382,018   | 314,868   |
| Employee profit sharing   | 21,669   | 26,303    | 15,372    | 19,006    |
| Non-deductible expenses, net of non-taxable income  | (85,112)   | (6,480)   | (65,851)  | (33,485)  |
| Interest attributed to own capital (paid and accrued)   | 107,525  | 127,642   | 107,525   | 127,642   |
| Interest attributed to own capital (received)   | -  | (2,651)   | -         | -         |
| Other amounts   | (15,220)   | 24,801    | (26,229)  | 7,423     |
| Income tax and social contribution benefit (expense) for the period                             | (234,319)  | (205,441) | 136,397   | 94,142    |

## Notes to the Financial Statements

b) Statement of income tax and social contribution benefit (expense):

|  | Six-month period ended June 30 - In thousands of reais |                  |                 |                 |
|--|--|------------------|-----------------|-----------------|
|  | CONSOLIDATED BRADESCO                                  |                  | BRADESCO        |                 |
|  | 2002   | 2001             | 2002            | 2001            |
| <b>Deferred tax assets</b>   |  |                  |                 |                 |
| Amount recorded/realized in the period on temporary additions          | 290,123  | 185,706          | 227,361         | 123,000         |
| Amount recorded/offset on opening balances:                            |  |                  |                 |                 |
| Negative basis of social contribution                                  | (5,609)  | (6,176)          | -               | -               |
| Tax loss   | (39,262)   | (43,291)         | -               | -               |
| Recorded in the year:  |  |                  |                 |                 |
| Negative basis of social contribution                                  | 14,525   | 3,013            | -               | -               |
| Tax loss   | 38,002   | 8,025            | -               | -               |
| <b>Subtotal</b>  | <b>297,779</b>   | <b>147,277</b>   | <b>227,361</b>  | <b>123,000</b>  |
| <b>Current taxes</b>   |  |                  |                 |                 |
| Income tax and social contribution payable                             | (532,098)  | (352,718)        | (90,964)        | (28,858)        |
| <b>Subtotal</b>  | <b>(532,098)</b>                                       | <b>(352,718)</b> | <b>(90,964)</b> | <b>(28,858)</b> |
| <b>Provision for income tax and social contribution for the period</b> | <b>(234,319)</b>                                       | <b>(205,441)</b> | <b>136,397</b>  | <b>94,142</b>   |

c) Statement of deferred income tax and social contribution assets:

|  | In thousands of reais |                  |                  |                  |
|--|-----------------------|------------------|------------------|------------------|
|  | CONSOLIDATED BRADESCO |                  | BRADESCO         |                  |
|  | 2002                  | 2001             | 2002             | 2001             |
| Allowance for loan losses  | 1,837,998             | 1,409,807        | 1,290,122        | 1,023,292        |
| Provision for civil contingencies                                | 79,196                | 87,724           | 53,465           | 65,781           |
| Provision for tax contingencies                                  | 450,399               | 406,337          | 245,165          | 240,921          |
| Provision for labor claims                                       | 184,603               | 142,868          | 104,433          | 84,216           |
| Allowance for mark-to-market on securities and investments       | 173,475               | 367,105          | 49,565           | 192,507          |
| Provision for loss on non-operating assets                       | 75,440                | 57,540           | 46,574           | 40,945           |
| Mark-to-market adjustment of trading securities                  | 132,173               | -                | 58,430           | -                |
| Mark-to-market adjustment of securities available for sale       | 167,469               | -                | 51,004           | -                |
| Other  | 284,976               | 151,388          | 134,095          | 80,871           |
| <b>Total deferred tax assets on temporary differences</b>        | <b>3,385,729</b>      | <b>2,622,769</b> | <b>2,032,853</b> | <b>1,728,533</b> |
| Tax losses and negative basis of social contribution             | 522,643               | 428,363          | -                | -                |
| <b>Total deferred tax assets (Note 12b)</b>                      | <b>3,908,372</b>      | <b>3,051,132</b> | <b>2,032,853</b> | <b>1,728,533</b> |
| <b>Percentage of deferred tax assets on stockholders' equity</b> | <b>37.5%</b>          | <b>32.8%</b>     | <b>20.1%</b>     | <b>18.9%</b>     |
| <b>Percentage of deferred tax assets on total assets</b>         | <b>3.1%</b>           | <b>3.0%</b>      | <b>2.2%</b>      | <b>2.2%</b>      |

We present below the expected realization of deferred tax assets:

|  | CONSOLIDATED BRADESCO |                      |                      | BRADESCO             |                      |                      |
|--|-----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|  | 1 <sup>st</sup> year  | 2 <sup>nd</sup> year | 3 <sup>rd</sup> year | 1 <sup>st</sup> year | 2 <sup>nd</sup> year | 3 <sup>rd</sup> year |
| Temporary differences                              | 48.6%                 | 39.8%                | 11.6%                | 47.9%                | 42.5%                | 9.6%                 |
| Tax loss and negative basis of social contribution | 38.1%                 | 38.0%                | 23.9%                | -                    | -                    | -                    |

Deferred tax assets were recorded considering Bradesco's historic profitability and are classified in current assets and long-term receivables based on expected realization.

At June 30, 2002, the deferred tax assets of Banco Mercantil de São Paulo, Banco Cidade (Note 3f) and Ford Leasing, the opening balances of which totaled R\$ 509,393 thousand, comprising substantially temporary differences of R\$ 296,086 thousand and tax loss and negative basis of social contribution of R\$ 213,307 thousand. Deferred tax assets of other institutions acquired during the first six-month period, in the amount of R\$ 202,642 thousand, were not recorded.

### 30. RECLASSIFICATION FOR COMPARISON PURPOSES

In order to facilitate comparison of the financial statements, certain June 2001 account balances were reclassified in line with the accounting procedures/classification used in June 2002.

## Notes to the Financial Statements

In thousands of reais

|   | CONSOLIDATED BRADESCO |                   |                    | BRADESCO          |                   |                   |
|---|-----------------------|-------------------|--------------------|-------------------|-------------------|-------------------|
|   | Prior Disclosure      | Reclassifications | Reclassified       | Prior Disclosure  | Reclassifications | Reclassified      |
| <b>ASSETS</b>   |                       |                   |                    |                   |                   |                   |
| <b>Current Assets and Long-Term</b>                                   |                       |                   |                    |                   |                   |                   |
| <b>Receivables</b>  |                       |                   |                    |                   |                   |                   |
| Securities – Own Portfolio (1)  | 16,993,679            | 1,132,073         | 18,125,752         | -                 | -                 | -                 |
| Securities – Allowance for Mark-to-Market (1)                         | (310,815)             | (170,475)         | (481,290)          | -                 | -                 | -                 |
| <b>Financial Derivative</b>   |                       |                   |                    |                   |                   |                   |
| Instruments – Securities (5)  | -                     | 324,284           | 324,284            | -                 | 325,640           | 325,640           |
| Other receivables – negotiation and intermediation (5)                | 2,051,888             | (324,284)         | 1,727,604          | 1,609,350         | (325,640)         | 1,283,710         |
| <b>Permanent Assets</b>   |                       |                   |                    |                   |                   |                   |
| <b>Investments in Subsidiary and Associated Companies – Local (1)</b> |                       |                   |                    |                   |                   |                   |
| Other Investments (1)   | 1,830,567             | (1,250,776)       | 579,791            | -                 | -                 | -                 |
| Provisions for Losses (1)   | (583,774)             | 170,475           | (413,299)          | -                 | -                 | -                 |
| Other Leased Assets (2)   | 2,540,972             | 263,354           | 2,804,326          | 1,625,723         | 263,354           | 1,889,077         |
| Accumulated Depreciation (2)  | (2,099,849)           | (154,026)         | (2,253,875)        | (1,371,939)       | (154,026)         | (1,525,965)       |
| Organization and Expansion Costs (2)                                  | 1,085,543             | (263,354)         | 822,189            | 768,996           | (263,354)         | 505,642           |
| Accumulated Amortization (2)  | (598,187)             | 154,026           | (444,161)          | (412,454)         | 154,026           | (258,428)         |
| <b>TOTAL ASSETS</b>   | <b>101,862,898</b>    | <b>-</b>          | <b>101,862,898</b> | <b>78,257,300</b> | <b>-</b>          | <b>78,257,300</b> |
| <b>LIABILITIES</b>  |                       |                   |                    |                   |                   |                   |
| <b>Current and Long-term Liabilities</b>                              |                       |                   |                    |                   |                   |                   |
| Financial Derivative Instruments (5)                                  | -                     | 525,502           | 525,502            | -                 | 387,886           | 387,886           |
| Other Liabilities – Negotiation and Intermediation (5)                | 2,418,552             | (525,502)         | 1,893,050          | 523,122           | (387,886)         | 135,236           |
| <b>TOTAL LIABILITIES</b>  | <b>101,862,898</b>    | <b>-</b>          | <b>101,862,898</b> | <b>78,257,300</b> | <b>-</b>          | <b>78,257,300</b> |

In thousands of reais

|   | CONSOLIDATED BRADESCO |                   |                    | BRADESCO         |                   |                  |
|---|-----------------------|-------------------|--------------------|------------------|-------------------|------------------|
|   | Prior Disclosure      | Reclassifications | Reclassified       | Prior Disclosure | Reclassifications | Reclassified     |
| <b>INCOME FROM LENDING AND TRADING ACTIVITIES</b> |                       |                   |                    |                  |                   |                  |
| Credit Operations (3)                             | 10,782,567            | 52,709            | 10,835,276         | 6,218,054        | 52,351            | 6,270,405        |
| Securities (5)                                    | 6,023,639             | 52,709            | 6,076,348          | 3,848,721        | 52,351            | 3,901,072        |
| Financial Derivative Instruments (5)              | 3,404,315             | 433,416           | 3,837,731          | 1,396,201        | 229,853           | 1,626,054        |
| <b>EXPENSES</b>                                   | <b>7,231,166</b>      | <b>-</b>          | <b>7,231,166</b>   | <b>4,852,325</b> | <b>-</b>          | <b>4,852,325</b> |
| <b>INCOME FROM FINANCIAL INTERMEDIATION</b>       | <b>3,551,401</b>      | <b>52,709</b>     | <b>3,604,110</b>   | <b>1,365,729</b> | <b>52,351</b>     | <b>1,418,080</b> |
| <b>OTHER OPERATING INCOME (EXPENSES)</b>          | <b>(2,229,399)</b>    | <b>(52,709)</b>   | <b>(2,282,108)</b> | <b>(343,861)</b> | <b>(52,351)</b>   | <b>(396,212)</b> |
| Other Administrative Expenses (4)                 | (1,720,871)           | 71,493            | (1,649,378)        | (1,201,663)      | 52,661            | (1,149,002)      |
| Other Operating Expenses (3) (4)                  | (724,402)             | (124,202)         | (848,604)          | (284,739)        | (105,012)         | (389,751)        |
| <b>NET INCOME</b>                                 | <b>1,042,102</b>      | <b>-</b>          | <b>1,042,102</b>   | <b>1,042,102</b> | <b>-</b>          | <b>1,042,102</b> |

(1) Transfer of shares guaranteeing technical reserves of the insurance, savings bond and private pension plan companies and corresponding provision for loss on investments from permanent assets to current assets.

(2) Transfer of expenses for leasehold improvements and their corresponding accumulated amortization from deferred charges to property and equipment in use.

(3) Reclassification of expenses for discounts granted in the renegotiation of credit operations to other operating expenses pursuant to BACEN Circular Letter 2988, of December 4, 2001.

(4) Reclassification of expense for amortization of goodwill from other administrative expenses and from non-operating income to other operating expenses.

(5) The financial derivative instruments were reclassified however the accounting classification policies were maintained for the prior period.

## Notes to the Financial Statements

## 31. STATEMENT OF CASH FLOW

As additional information to these financial statements, 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).

|  | Six-month period ended June 30 - In thousands of reais |                    |                    |                    |
|--|--|--------------------|--------------------|--------------------|
|  | CONSOLIDATED BRADESCO<br>2002                          | 2001               | BRADESCO<br>2002   | 2001               |
| <b>OPERATING ACTIVITIES</b>  |  |                    |                    |                    |
| NET INCOME FOR THE PERIOD  | 904,238  | 1,042,102          | 904,238            | 1,042,102          |
| ADJUSTMENTS FOR RECONCILE NET INCOME TO CASH FLOWS   |  |                    |                    |                    |
| FORM OPERATING ACTIVITIES:   |  |                    |                    |                    |
| Allowance for Loan Losses  | 1,343,505  | 907,305            | 1,058,497          | 780,655            |
| Provision for/Reversal of Losses on Short-Term Interbank Investments, Securities, and Investments and Mark-to-Market adjustments of Trading Securities | 303,327  | 146,955            | 117,639            | 177,103            |
| Variation in technical reserves for insurance, private pension plans and premium bonds   | 1,169,772  | 1,390,009          | -                  | -                  |
| Depreciation and amortization  | 319,626  | 267,541            | 190,442            | 169,322            |
| Results of Investments Accounted for by the Equity Method  | (23,104)   | 1,301              | (925,990)          | (926,084)          |
| Other  | (3,771)  | (9,360)            | 107,954            | 159,895            |
| <b>CHANGES IN ASSETS AND LIABILITIES:</b>  |  |                    |                    |                    |
| (Increase) Decrease in Short-Term Interbank Investments  | (1,543,990)  | 646,861            | (2,514,711)        | (4,163,422)        |
| (Increase) Decrease in Securities and financial derivatives instruments  | 2,057,913  | (2,233,973)        | 4,412,015          | (415,537)          |
| (Increase) Decrease in Interbank Accounts  | (752,747)  | (737,027)          | (587,053)          | 565,686            |
| (Increase) in Interdepartmental Accounts   | (68,254)   | (517,950)          | (57,947)           | (483,340)          |
| (Increase) in Credit Operations  | (5,958,618)  | (4,477,505)        | (549,448)          | (3,911,099)        |
| (Increase) Decrease in Leasing Operations  | (165,444)  | 66,463             | -                  | -                  |
| (Increase) in Insurance Premiums Receivable  | (39,854)   | (235,247)          | -                  | -                  |
| (Increase) in Other Receivables  | (6,911,398)  | (1,542,955)        | (5,949,382)        | (2,449,054)        |
| (Increase) in Other Assets   | (192,774)  | (28,317)           | (66,754)           | (15,548)           |
| Amounts Written Off Against the Allowance for Loan Losses  | (756,199)  | (619,234)          | (827,488)          | (533,221)          |
| (Decrease) Increase in Technical Reserves for Insurance, Savings Bonds and Private Pension Plans   | 188,361  | 10,224             | -                  | -                  |
| Increase in Other Liabilities  | 4,956,263  | 1,018,821          | 4,669,403          | 540,469            |
| (Decrease) Increase in Deferred Income   | 2,887  | (18,311)           | (629)              | 156                |
| <b>NET CASH FROM (USED IN) OPERATING ACTIVITIES</b>  | <b>(5,170,261)</b>                                     | <b>(4,922,297)</b> | <b>(19,214)</b>    | <b>(9,461,917)</b> |
| <b>INVESTING ACTIVITIES</b>  |  |                    |                    |                    |
| (Increase) Decrease in Compulsory Deposits - Brazilian Central Bank  | (837,954)  | 1,045,804          | (519,678)          | 974,455            |
| Sale of Non-Operating Assets   | 50,175   | 67,513             | 38,472             | 27,934             |
| Sale of Investments  | 362,316  | 100,711            | 70,254             | 1,950,384          |
| Mark-to-Market Adjustment - Securities and Derivatives   | -  | -                  | 110,180            | -                  |
| Sale of Property and Equipment in Use  | 86,473   | 52,946             | 34,909             | 9,627              |
| Sale of Leased Assets  | 1,505  | 441                | -                  | -                  |
| Decrease in Deferred Charges   | 2,812  | 8,951              | 131                | 333                |
| Acquisition of Non-Operating Assets  | (123,801)  | (107,480)          | (63,676)           | (54,579)           |
| Acquisition of Investments   | (419,978)  | (74,242)           | (1,864,553)        | (2,959,714)        |
| Acquisition of Property and Equipment in Use   | (715,777)  | (217,358)          | (163,747)          | (83,786)           |
| Acquisition of Leased Assets   | (15)   | (1,058)            | -                  | -                  |
| Deferred Charges   | (1,373,367)  | (129,540)          | (57,095)           | (67,624)           |
| Interest Attributed to Own Capital/Dividends Received  | 17,486   | 7,796              | 646,557            | 46,327             |
| <b>NET CASH FROM (USED IN) INVESTING ACTIVITIES</b>  | <b>(2,950,125)</b>                                     | <b>754,484</b>     | <b>(1,768,246)</b> | <b>(156,643)</b>   |
| <b>FINANCING ACTIVITIES</b>  |  |                    |                    |                    |
| Increase in Deposits   | 9,764,377  | 399,762            | 5,511,298          | 868,438            |
| Increase (Decrease) in Deposits Received from Security Repurchase Agreements   | (5,362,208)  | 570,442            | (5,568,980)        | 5,360,174          |
| Increase (Decrease) in Funds from Issuance of Securities   | 322,042  | 544,471            | (730,439)          | 566,856            |
| Increase in Borrowings and Onlendings  | 2,268,155  | 2,410,239          | 1,546,119          | 2,547,844          |
| Increase in Financial Derivative Instruments   | 552,073  | -                  | 313,886            | -                  |
| Capital Increase   | -  | 400,500            | -                  | 400,500            |
| Share Premium  | -  | 7,435              | -                  | 7,435              |
| Interest Attributed to Own Capital and Dividends Paid and/or Accrued   | (316,249)  | (375,417)          | (316,249)          | (375,417)          |
| Acquisition of Own Share   | (38,759)   | (18,774)           | (38,759)           | (18,774)           |
| Prior year mark-to-market adjustment:  |  |                    |                    |                    |
| - Trading securities   | 21,146   | -                  | 21,146             | -                  |
| - Securities available for sale  | 197,103  | -                  | 197,103            | -                  |
| Mark-to-Market Adjustment - Securities Available for Sale  | (416,866)  | -                  | (416,866)          | -                  |
| Variation in Minority Interest   | 175,116  | 57,433             | -                  | -                  |
| <b>NET CASH FROM (USED IN) FINANCING ACTIVITIES</b>  | <b>7,165,930</b>                                       | <b>3,996,091</b>   | <b>518,259</b>     | <b>9,357,056</b>   |
| <b>DECREASE IN FUNDS AVAILABLE, NET</b>  | <b>(954,456)</b>                                       | <b>(171,722)</b>   | <b>(1,269,201)</b> | <b>(261,504)</b>   |
| <b>CHANGES IN FUNDS AVAILABLE, NET</b>   |  |                    |                    |                    |
| At the Beginning of the Period   | 3,085,787  | 1,341,653          | 2,450,945          | 1,109,647          |
| At the End of the Period   | 2,131,331  | 1,169,931          | 1,181,744          | 848,143            |
| Decrease in Funds Available, Net   | (954,456)  | (171,722)          | (1,269,201)        | (261,504)          |

## Notes to the Financial Statements

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### 32. OTHER INFORMATION

a) The net assets of the investment funds managed by the Bradesco Organization at June 30, 2002 totaled R\$ 44,232,498 thousand (2001 – R\$ 39,985,111 thousand) on a consolidated basis and R\$ 42,252,335 thousand (2001 – R\$ 39,661,053 thousand) in BRADESCO.

b) On October 15, 2001, Banco Bradesco S.A. received authorization from the Brazilian Central Bank to purchase the total capital stock of Banque Banespa International S.A., headquartered in Luxembourg. This transaction was ratified by the authorities of that country on March 15, 2002.

c) Banco Bradesco S.A., together with Banco do Brasil S.A., Banco ABN AMRO REAL S.A. and Visa, signed a statement of principles for the purpose of creating a company focusing on the segment relating to Social Benefit Vouchers, with emphasis on food, meals and transport, and Third-Party Resource Management Vouchers, with emphasis on fuel and highway tolls, with payment via plastic magnetic-strip or chip-embedded card. The constitution of the company is subject to the preparation of the final agreements, and their approval by the management bodies of the related companies and other regulatory authorities, as well as the formalization of other registrations and authorizations required by law.

d) On June 7, 2002, Banco Bradesco S.A. acquired the share control of Banco Cidade S.A., through its subsidiary Banco BCN S.A. As a result of this transaction, the total capital stock of Banco Cidade S.A. was purchased for an amount of R\$ 385.4 million, of which R\$ 111.4 million will be subscribed by the sellers in subordinated debt to be issued by the Bradesco Organization. The operation includes the subsidiaries Bancocidade – Administradora de Cartões e Serviços Ltda., Bancocidade – Corretora de Valores Mobiliários e de Câmbio Ltda., Bancocidade – Distribuidora de Títulos e Valores Mobiliários Ltda., Bancocidade – Leasing Arrendamento Mercantil S.A., Cidade Capital Markets Limited and the companies Cidade Asset Management Ltda. and Cidade Seguros administradora e Corretora S/C Ltda. Bancocidade S.A. was merged into Banco BCN S.A. on June 21, 2002.

e) On July 5, 2002, Bradesco (through its subsidiary Bradesco Seguros) concluded the sale of its stockholding in Prudential-Bradesco Seguros S.A. to Prudential International Insurance Holdings Ltd. Through this transaction Bradesco sold its ownership interest comprising 58,026 shares of the total capital stock of Prudential-Bradesco Seguros.

Cidade de Deus, Osasco, SP, August 2, 2002

## Board of Directors

### Chairman

Lázaro de Mello Brandão

### Vice Chairman

Antônio Bornia

### Members

Dorival Antônio Bianchi  
Mário da Siveira Teixeira Júnior  
Márcio Artur Laurelli Cypriano  
João Aguiar Alvarez  
Denise Aguiar Alvarez Valente

## Board of Executive

### Executive Officers

#### President

Márcio Artur Laurelli Cypriano

#### Executive Vice President

Décio Tenerello  
Laércio Albino Cezar  
Arnaldo Alves Vieira  
Luiz Carlos Trabuco Cappi  
Sérgio Socha  
Julio de Siqueira Carvalho de Araujo  
Milton Almicar Silva Vargas

#### Managing Directors

Armando Trivelato Filho  
Carlos Alberto Rodrigues Guilherme  
José Alcides Munhoz  
José Guilherme Lembli de Faria  
Luiz Pasteur Vasconcellos Machado  
Milton Matsumoto  
Ozias Costa  
Cristiano Queiroz Belfort  
Sérgio de Oliveira  
Odair Afonso Rebelato  
Aurélio Conrado Boni  
Domingos Figueiredo de Abreu

### Department Directors

Adineu Santesso  
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  
Hélio Machado dos Reis  
Jair Delgado Scalco  
João Batistela Biazon  
João Cariello de Moraes Filho  
José Carlos Perri  
José Luiz Rodrigues Bueno  
Karl Heinz Kern  
Kazuhiro Yano  
Luiz Alves dos Santos  
Luiz Carlos Angeiotti  
Luiz Fernando Ceruli  
Luiz Fernando Peres  
Marcos Bader  
Mário Luiz Lancellotti  
Milton Clemente Juvenal  
Nilton Pelegrino Nogueira  
Osvaldo Corrêa Fonseca  
Ricardo Dias  
Roberto Elias Abud Squeff  
Romulo Nagib Lasmar  
Sérgio Alexandre Figueiredo Clemente  
Sergio Sztajn  
Toshifumi Murata

### Regional Directors

Ademar Monteiro de Moraes  
Airton Martello  
Alexandre da Silva Glüher  
Altair Antônio de Souza  
Aurélio Guido Pagani  
Claudio Fernando Manzato  
Edson Pereira dos Santos  
Elias Rodrigues Malheiro  
Idevalter Borba  
João Ceschi Sobrinho  
José Antônio Salmazi  
Josué Augusto Pancini  
Laércio Carlos de Araújo Filho  
Luiz Carlos de Carvalho  
Maria Eliza Sganserla  
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

### Departamento de Contadoria Geral

Moacir Nachbar Junior  
Accountant - CRC 1SP198208/O-5

## Report of the Audit Committee

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The undersigned members of the Audit Committee of Banco Bradesco S.A., having performed a detailed review of the Directors' Report and the Financial Statements for the first six-month period of 2002, in comparison with the accounting records and documents presented by the Board of Executive Officers and of the technical study addressing the feasibility of the generation of taxable income, brought to present values, for the purpose of realizing deferred tax assets over a maximum period of ten years, as referred to in Article 2 of CVM Instruction 371, of June 27, 2002, as well as a thoroughgoing study and investigation of all the administrative acts and events relating to the aforementioned period, hereby declare said documents to be perfectly regular and to convey the true position of the Company, recommending the approval thereof by the Board of Directors of the Bank.

Cidade de Deus, Osasco, SP, August 2, 2002.

Ricardo Abecassis E. Santo Silva  
Sócrates Fonseca Guimarães  
Oswaldo de Moura Silveira

If you require any further information please contact:

The Board of Directors

Luiz Carlos Trabuco Cappi  
Executive Vice-President and Investor Relations Director

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General Secretariat - Investor Relations

Jean Philippe Leroy  
Investor Relations Technical Director

Cidade de Deus - Prédio Novo - 4<sup>th</sup> floor  
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**Bradesco**

## Independent Auditors' Report

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

We have examined the balance sheet of Banco Bradesco S.A. and the consolidated balance sheet of Banco Bradesco S.A. and its subsidiaries as of June 30, 2002 and the related statements of income, changes in stockholders' equity and changes in financial position for the semester 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 generally accepted 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 June 30, 2002, and the results of its operations, changes in its stockholders' equity and changes in its financial position for the semester then ended, in conformity with accounting

practices derived from the Brazilian Corporation Law and the Brazilian Central Bank rules with regards to the following paragraph.

As mentioned in Note 8 to the financial statements, the Bank adopted, in this semester, the new criteria for recording and evaluation of the securities and derivative financial instruments, determined by the Brazilian Central Bank.

The financial statements of Banco Bradesco S.A. and the consolidated financial statement of Banco Bradesco S.A. and its subsidiaries, related to the semester then ended June 30, 2001, presented for comparison purposes, were examined by us and based on our exams and on the reports of other independent auditors related to the subsidiaries described in Note 3e (item 4), we issued our report dated June 27, 2001, without exception.

August 2, 2002



KPMG Auditores Independentes  
CRC 2SP014428/O-6

|                     |                         |
|---------------------|-------------------------|
| José Marcelo Bessan | Alberto Spilborghs Neto |
| Accountant          | Accountant              |
| CRC 1SP129705/O-0   | CRC1SP167455/O-0        |

## SIGNATURES

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

**BANCO BRADESCO S.A.**

Date: August 5, 2002.

By: \_\_\_\_\_

  
Name: **Luiz Carlos Trabuco Cappi**

Title: **Vice-President**