

BANK BRADESCO
Form 6-K
November 12, 2002

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

FORM 6-K

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

For the month of November, 2002

Commission File Number 1-15250

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

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

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

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

Form 20-F ☒ Form 40-F ☐

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

Yes ☐ No ☒

Edgar Filing: BANK BRADESCO - Form 6-K

1 - Analysis of Consolidated Results

Profitability

Comparative Statement of Income

Analysis of the Statement of Income

Results by Activity

Increase in the main Statement of Income items compared to Prior Year

Increase in Financial Margin items plus Exchange Adjustments compared to Prior Year

Analysis of the Adjusted Financial Margin and Average Rates

Allowance for Loan Losses

Commissions and Fees

Administrative and Personnel Expenses

Human Resources

Operating Efficiency

Activity - Based Management

2 - Equity Analysis

Balance Sheet by Currency

Comparative Balance Sheet

Equity Analysis

Securities

Credit Operations

Funding

Savings Accounts

3 - Highlights for the Period and Operating Structure

Balance Sheet

Statement of Income for the Period

Results per Thousand Shares

Net Book Value and Market Value

Cash Generation

Change in Number of Shares

Performance Ratios

Other Ratios

Risk Management

Asset Management and Own Working Capital

Added Value

Customers

Customer Service Network

Banco Postal (Post Office Bank)

Cards

Investments in Infrastructure, Information Technology and Telecommunications

Risk Ratings

Ranking

Awards

Capital Market

Foreign Exchange

Collection and Tax and Utility Collections

Stock, Custody and Controllershship Services

Internet and Web-based Products

Bradesco Day and Night (BDN)

Telebanco

BCN

Banco Finasa S.A.

Banco Mercantil de Sao Paulo S.A.

Bradesco S.A. CTVM

Bradesco Securities Inc.

Leasing

Bradesco Consorcios Ltda.

Insurance

Private Pension Plans

Edgar Filing: BANK BRADESCO - Form 6-K

Savings Bonds
Bradesco Foundation
Sociocultural Events
Summary of Financial Statements - at September 30
Historical Data
Corporate Organization Chart
Independent Auditors' Report

4 - Consolidated Balance Sheet and Statement of Income - 1997 to 2002

5 - Financial Statements and Independent Auditors' Report

Certain figures included in this document have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

1- Analisis of Consolidated Results

Profitability

The return on annualized stockholders' equity for the period from January 1 through September 30, 2002 was 17.2% and return on total assets was 1.3%.

Net income for the period from January 1 through September 30, 2002 was 15.1% lower than net income for the same period in 2001.

Third-quarter net income totaled R\$ 420 million, a 12.3 % decrease compared to the second quarter of 2002.

Comparative Statement of Income - In millions of reais

Edgar Filing: BANK BRADESCO - Form 6-K

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

Income from Credit and Leasing Operations

Result of Securities and Financial Derivative Instruments

Result of Foreign Exchange Transactions

Compulsory Deposits

Expenses of Deposits

Expenses for Borrowings and Onlendings

Financial Margin

Allowance for Loan Losses

Commissions and Fees

Retained Insurance Premiums, Private Pension Plans and Savings Bonds

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

Claims - Insurance Operations

Savings Bond Redemptions

Insurance and Pension Plan Selling Expenses

Expenses with Pension Plan Benefits and Redemptions

Personnel Expenses

Other Administrative Expenses

Edgar Filing: BANK BRADESCO - Form 6-K

Tax Expenses

Equity in the Earnings of Subsidiary and Associated Companies

Other Operating Income (Expenses)

Non-operating Income (Expenses)

Income Tax and Social Contribution

Results by Activity - In millions of reais

Increase in the main Statement of Income items compared to Prior Year
In millions of reais

Increase in Financial Margin items plus Exchange Adjustment compared to Prior
Year - In millions of reais

Analysis of the Adjusted Financial Margin and Average Rates

Credit Operations x Income

Securities x Profit on Security Transactions

Total Assets x Income from Financial Intermediation

Funding x Expenses

Borrowings and Onlendings (Local and Foreign) x Expenses

Total Assets x Financial Margin

Financial Market Indicators

Edgar Filing: BANK BRADESCO - Form 6-K

Analysis of Adjusted Financial Margin and Average Rates

Bradesco reported R\$ 4.39 billion of financial margin (before PDD), an increase of 56.5% over the prior quarter, or 71.6% over the 3rd quarter/2001. This increase is the result of a series of operating activities and the significant exchange variation in the 3rd Quarter/2002 (36.9%) on Bradesco's international investments.

Operating Activities

The increase in financial margin is mainly a result of Bradesco's policy regarding funding, investments and its positions in respect of the security portfolio rates, indices and terms. We present below the development of the main product groups during the 3rd Quarter/2002 which contributed to this increase in margin.

Total Bradesco assets/liabilities attained R\$ 140.1 billion for the quarter corresponding to a growth rate of 12.6% over the prior quarter. We highlight among others:

Deposits

Total deposits for the 3rd Quarter/2002 increased by 9.9%, as follows: demand deposits by 14.4%, savings deposits by 6.4% and time deposits by 11.4%, partially as a result of the decrease in fund equities.

Technical Reserves for Insurance, Savings Bonds and Private Pension Plans

The resources of technical reserves for insurance, savings bonds and private pension plans totaled R\$ 16.6 billion at September 30, 2002, a 9.1% increase over June 30, 2002. These are mostly medium and long-term funds providing Bradesco with improved investment conditions.

Credit Portfolio

The credit portfolio grew from R\$ 52.6 billion in June/2002 to R\$ 53.6 billion in September/2002 a slight upturn of 2% for the quarter. We stress that during the quarter, if on the one hand the portfolio grew as a result of the significant exchange variation (U.S. dollar-backed credits), on the other hand it was penalized by shrinking credit demand, as well as Bradesco's more selective credit granting strategy adopted as a result of the unstable economic scenario in Brazil.

Securities (+) Short-term Interbank Investments (-) Deposits Received under Security Repurchase Agreements

The portfolio increased by R\$ 8.1 billion, from R\$ 34.6 billion in the 2nd Quarter/2002, to R\$ 42.7 billion in the 3rd Quarter/2002, as a result of increased funding.

Market Volatility

The significant devaluation of the real occurred as a result of local and international financial market volatility, however this trend could be reversed during the coming quarter. During the quarter, Bradesco adopted a conservative approach, in the expectation that the U.S. dollar rate will return to levels of under R\$ 3.00. Accordingly, the USD was locked at R\$ 2.88, ie, the result of the

Edgar Filing: BANK BRADESCO - Form 6-K

exchange variation between USD at R\$ 2.88 and R\$ 3.89 (USD rate at September 30, 2002) and a provision recorded with expense allocated to other operating expenses, thus outside of the financial margin.

The financial margin for the 3rd Quarter/2002 on total average assets results in an annualized rate of 13.9%, compared to 9.5% for the 2nd Quarter/2002.

Adjusting the additional provision for market risk fluctuation recorded for the quarters, the annualized financial margin would be 9.8% and 9.0% in the 2nd Quarter/2002 and the 3rd Quarter/2002 respectively and for the 2001 and 2002 nine-month periods, 9.8% and 9.0%, respectively.

Market volatility as regards the resources derived from insurance, savings bond and private pension plan transactions also favored the increase in margin, diminishing the increase in expenses recorded outside of this account.

We also stress that the significant U.S. dollar rate fluctuations between the quarters jeopardize the comparison of the product group rate increases on an individual basis (credit, securities, foreign exchange and other operations), however, on analysis of the total financial margin, the effects of positive and negative exchange variance are eliminated, producing the exchange result of cross-border investments only.

Allowance for Loan Losses

Movement of allowance for loan losses

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

Expenses for Allowance for Loan Losses on Income from Credit and Leasing Operations

Commissions and Fees

Administrative and Personnel Expenses

Integrated Cash Management

Concept

This is a new weekly cash planning methodology which determines on a timely basis and based on historical demand, the number of cash deliveries/collections required by the branches, as well as establishing overnight limits and average balances based on demand, security and compulsory deposit regulation requirements.

Benefits

Edgar Filing: BANK BRADESCO - Form 6-K

- Weekly planning of cash needs for a 5-day period, based on the historical demand of the prior 6 months.
- Facilitate decisions in respect of when and how much needs to be delivered and/or collected, based on projected requirements.
- Take greater advantage of cash inflows decreasing costs for transport, processing and custody.

Results

The Integrated Cash Management System implemented in 1,205 branches generated savings of R\$ 15.998 million from January to August 2002, related to expenses in 1999, totaling an accumulated benefit of R\$ 28.997 million since project kick-off (May 2000).

Cash Transfers between Financial Institutions

Concept

Through this system, the local Commercial Banks can transfer cash amounts depending on the corresponding availability via management terminals.

Benefits

Cost decreases with charges for Brazilian Central Bank, security transport, cash processing and custody services, as well as time saved in filling out diverse documents, such as shipping orders, etc. expediting the process.

Results

From January to August 2002, Bradesco and BCN obtained savings of R\$ 3.5 million and R\$ 778 thousand, respectively, from the use of Interbank Transfers.

Mailbag Transport

The Bank economized R\$ 17.123 million for the period from January to September 2002, as a result of negotiating courier services for the delivery of correspondence to account-holder residences.

Human Resources

At September 30, 2002, Bradesco's headcount, including its subsidiaries, totaled 73,943 employees. The increase, in comparison with the headcount for December 2001, was generated by the acquisition of Banco BEA, Banco Mercantil de São Paulo, Scopus Tecnologia and Banco Cidade, whose activities were transferred to BCN, the creation of new call centers and the opening of new Bradesco Branches. We present below the evolution in the Bradesco headcount.

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

Edgar Filing: BANK BRADESCO - Form 6-K

At September 30, 2002, Bradesco's accumulated expenditure for these benefits totaled R\$ 537 million.

Human Resources - September/2002

Personnel Expenses

At September 30, 2002, Bradesco's personnel expenses totaled R\$ 2,929 million, including expenses for salaries, benefits, social charges and training.

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

Composition of Personnel Expenses - September/2002

Personnel Expenses by Type of Company - September/2002

Training

Based on initiatives which are fully aligned with the Organization's strategies and innovative approach, Bradesco offers an extensive staff training program, focused on the ongoing improvement of its customer service quality and organizational efficiency, relying on internal instructors, external consultants and universities.

The training program uses bespoke methodologies, with both in-class courses and self-training methods. During the period from January to September of 2002, 965 courses were given, in 7,608 groups, with 178,229 participants and a total of 3,088,179 hours spent in training, as well as investments to the order of R\$ 33.8 million.

TreiNet - Bradesco's Online Internet Training Program is a tool used to train large numbers of employees and which can be accessed by any computer terminal connected to the Internet. During the six-month period, there were 39,100 participations in programs such as Basic Banking Integration, Financial Mathematics, Financial Market and Investments, Loans and Financing, Business Accounting and Balance Sheet Analysis, Business Support Platforms, Convenience Services, Compliance, Capitalization and Health and Private Pension Plans. Other courses will also be available shortly.

Emphasizing the importance of the Organization's Internal Controls, the training department developed a manual and a course which is available to all staff via TreiNet.

Increase in Employee Training Participation

Edgar Filing: BANK BRADESCO - Form 6-K

Total Amount Invested in Training

We present below a list of the most important universities and institutions at which Bradesco employees receive post-graduate and other professional specialization courses: FIA-USP, FGV, FIPE-USP, FAAP, FIPECAFI-USP, IBMEC, MACKENZIE and PUC.

Operating Efficiency

The 3Q02 efficiency ratio oscillated slightly by 0.3% in comparison with the prior quarter, mainly as a result of the collective labor agreement in September which impacted 3Q02 results by R\$ 133 million. A comparison of the period from January 1 to September 30, 2002 with the same period in 2001 shows that the rate has remained practically stable.

Operating Efficiency (%)

Activity-Based Management

As part of the Organization's ongoing pursuit to optimize costs and performance in 2000, Bradesco initiated the process designed to enhance employee awareness regarding the need to control costs, based on the implementation of activity-based costing methodology (ABC) which has gradually developed into activity-based management (ABM).

Through the use of activity-based costing companies can measure the profitability of products and services, customers and their related segments, units and service channels, with greater accuracy and quality. This alone made a significant contribution to increasing the Bank's operating efficiency, since ABC methodology facilitates the identification of what activities are necessary for which operating process and in turn how these activities consume resources.

Over the last two years, the ABC program has provided valuable support for studies relating to the formation and negotiation of banking charges, cost supply for performance management and decision-making support and for customer profitability, as well as providing a data base for analyses regarding the unification and rationalization of the Bank's different units.

ABM methodology is now leading us towards cost prevention, to the adoption of a pro-active approach as regards the identification of opportunities. Thus, at the same time as we improve our processes, we are also able to seamlessly integrate operating performance with strategic objectives, in the pursuit to create and/or sustain competitive advantages and value, for both our customers and stockholders.

The methodology allows us to identify solutions which can be integrated into operations in terms of cost, performance and value, through a structured analysis of cost drivers, process chain value and the competitive position of both our products and the Organization. As a result, we are able to identify the key factors to be monitored, anticipating cost prevention actions and the strategic alignment of our operations and their corresponding processes.

Edgar Filing: BANK BRADESCO - Form 6-K

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

Equity Analysis

Balance Sheet by Currency

NB: Excluding derivative operations maturing in D+1, to be settled in currency at September 30, 2002 price levels

Comparative Balance Sheet (In millions of reais)

Consolidated Balance Sheet Analysis (In millions of reais)

Funds Available

Short-term Interbank Investments

Securities and Financial Derivative Instruments

Interbank and Interdepartmental Accounts

Credit and Leasing Operations

Allowance for Loan Losses

Other Receivables and Other Assets

Permanent Assets

Deposits

Deposits Received under Security Repurchase Agreements

Funds from Acceptance and Issuance of Securities

Edgar Filing: BANK BRADESCO - Form 6-K

Interbank and Interderpartamental Accounts

Borrowings and Onlendings

Other Liabilities and Financial Derivative Instruments

Technical Provisions for Insurance, Savings Bonds and Private Pension Plans

Minority Interest in Subsidiaries

Stockholders' Equity

Securities (In millions of reais)

Summary of the Classification of Securities at September 30, 2002

Credit Operations (in million of reais)

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

At the end of September 2002, some 99.5% of the credit portfolio was directed to the private sector, with no significant movement compared to the prior quarter. By economic activity sector, taking into consideration lagging production levels, the majority of credit volume was directed to manufacturing with a 32.1% share of total operations, particularly, food and beverages, steel, metal products and mechanics. Credits directed to the service sector, including financial intermediaries, comprised 23.0%, whereas commerce and farming/livestock raising recorded a 16.5% and 1.8% portfolio share, respectively. Loans to consumers comprised 26.1% of the portfolio.

Portfolio Performance

During the third quarter, the volume of credit operations remained conditioned to the lack of perspective among the economic agents regarding short-term developments in the domestic and international economic scenario. The intense volatility experienced by the market contributed towards the low level of economic activity registered during the period and as a result growing stagnation in industrial production decreased the overall demand for credit.

Accordingly, resources were mainly directed to the renewal of traditional customer lines, with no increase in credit limits and the increase recorded in the volume of operations was mainly generated by the increase in the balance of foreign-currency indexed portfolios, following the significant appreciation of the U.S. dollar during the quarter. Specifically in the case of consumer loans, the performance of this segment was impacted by the trend to settle amounts owed using resources derived from the release of income tax and FGTS refunds.

Edgar Filing: BANK BRADESCO - Form 6-K

Nevertheless, Bradesco's consolidated credit portfolio attained a total balance in September of R\$ 53.6 billion, presenting a growth rate of 1.9% as compared with the position at the end of June, or 18.4% considering the variation accumulated over the prior twelve months.

Credit Portfolio Composition Distributed by Risk Level

Analyzing the distribution of the Bradesco portfolio by risk level, the quality of the credit assets remained stable in September as compared to the prior quarter. The operations concentrated between levels AA and C, classified by BACEN as normal course operations, totaled 90.7% of the accumulated balance while 2.5% of operations were classified at risk administration level until this risk is reduced or guarantees with greater liquidity are obtained. Only 6.8% were considered to be abnormal course operations, subject to partial loss after the application of usual recovery procedures.

Consolidated plus Acquisitions

- (1) On total portfolio.
- (2) For operations with installments overdue by more than 14 days.
- (3) Recorded based on the customer/transaction classification.
- (4) The additional provision is recorded based on management's experience and expected collection of the credit portfolio, 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.

The total volume of the allowance for loan losses at September 30, 2002 attained R\$ 3,818 million, corresponding to 7.1% of total credit operations. Of this amount, only 55.7% effectively comprise overdue operations (past due and falling due) compared to 63.2% in June and the remaining portion is recorded as a precaution only, based on the customers internal classification.

Movement of the Portfolio between September/2001 and September/2002

*Includes Banco Mercantil de São Paulo, Banco BEA, the Banco Ford portfolio and Banco Cidade, acquired during the 1st half of 2002.

The performance of the consolidated credit portfolio for the 12-month period ended September 30, 2002, despite the low level of economic activity during the period, evidence the maintenance of the quality of the assets, mainly as a result of new borrowers, comprising 25.3% of total loans for the period.

Portfolio Movement between September/2001 and September/2002

However, despite a relatively stable portfolio position, the quality of the credits granted to new borrowers is proving to be increasingly solid and accordingly the total percentage of credit operations classified as normal course (from AA to C) maintained an upward trend attaining 90.7% at September 30, 2002.

Concentration of Credit Portfolio

Edgar Filing: BANK BRADESCO - Form 6-K

In terms of portfolio concentration, no significant changes were noted in the position of the largest borrowers at September 30, 2002.

Credit Portfolio Indicators

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

The performance of Bradesco's credit portfolio up to September 2002 continues to present a low credit risk, despite the current unfavorable economic scenario, as a result of its comfortable coverage levels. These results evidence that the Organization's credit asset expansion strategy, including the recent acquisitions program, is being applied on a secure and consistent basis.

Funding

Deposits by Maturity (In millions of reais)

Demand Deposits

Savings Account

The Bradesco Organization Savings Account, as a result of the convenience offered to our customers, both in terms of easy movement and simple regulations, as well as the security offered, now has more than 11 million account holders nationwide with more than 28 million accounts.

The balance of Bradesco Organization Savings Accounts ended the third quarter of 2002 with R\$ 20.1 billion in deposits, comprising an 18.2% market share of the Brazilian Savings and Loan System (SBPE).

Savings Account Deposits

Savings Accounts - Market Share

Savings Accounts

3- Highlights for the Period and Operating Structure

Balance Sheet

Edgar Filing: BANK BRADESCO - Form 6-K

Statement of Income for the Period

Results per Thousand Shares

Net Book Value and Market Value (per thousand shares)

Market Value (number of shares x average last day price)

Cash Generation

Change in Number of Shares (million)

Performance Ratios (annualized)

NB: $\text{Return on equity} = \text{Net income for the quarter} / \text{final stockholders' equity annualized}$.

$\text{Return on average equity} = \text{Net income for the quarter} / \text{Average (daily) stockholders' equity annualized}$.

Other Ratios

(1) The calculation of the efficiency ratio is presented on page 20

(2) Minimum requirement = 11% of reference equity.

(3) At September 30, 2002, permanent assets are limited to 60% of reference equity. This percentage will be decreased to 50% as from December 31, 2002.

Other Ratios

Risk Management

Structure

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

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

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

Edgar Filing: BANK BRADESCO - Form 6-K

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 1st quarter of 2002, 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 all types of credit operations and direct 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 underlying guarantees are sufficient to cover the risks assumed, considering the purpose and terms of the credit granted.

Market Segmentation

Bradesco operates on a segmented service basis, seeking to match its different products and services to the different profiles and size of its target public.

While Bradesco Corporate Banking serves major companies with billings 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

Edgar Filing: BANK BRADESCO - Form 6-K

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 established on a corporate basis and are permanently reviewed to maintain the quality of the credit portfolio. These ratings are segmented as follows:

Classification - Corporate

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

Market Risk Management

Market risk is related to the possibility of the loss of income from fluctuating rates caused by mismatched maturities, currencies and indices of the Institution's asset and liability 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 realities, ensuring that the Organization's strategic decisions are implemented quickly and with 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, while 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):

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

Edgar Filing: BANK BRADESCO - Form 6-K

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.

Following recent guidelines issued by the Basel Committee regarding the measurement of Operating Risk by financial institutions and in anticipation of future capital requirements, the Organization has commenced the process designed to adapt the Bank to possible Brazilian Central Bank requirements. This process, parallel to compliance with future regulations, will be supplementary to present capital management policies with its analysis focused on operating expenses.

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, an 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:

- o 4 hours, on average, in the case of branches;
- o 20 hours, in the case of the Regional Clearance and Telecommunications Centers; and
- o 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, as well as the liquidity of the financial investments used to manage the financial positions.

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

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

Capital Risk Management

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

Capital Adequacy Ratio (Basel) - September 2002 - In millions of reais

Internal Controls

Edgar Filing: BANK BRADESCO - Form 6-K

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).

Asset Management and Own Working Capital

Exame magazine rates Bradesco as Brazil's Best Fund Manager

Bradesco was ranked the best investment fund manager in Brazil in 2002.

This was the result of one of the most complete and well-respected industry analyses conducted by the Center for Finance Studies of the Fundação Getúlio Vargas and published in Exame's Fund Guide. The assessment covered 1000 of the country's main open and non-exclusive investment funds. Bradesco with a number of award-winning funds was also ranked the best manager in the retail category.

This recognition confirms the appropriateness of Bradesco's strategic decision to promote an investment policy focused on specialization and customer service quality.

Assets under Management

Funds

Portfolio

Added Value

Customers - Checking Accounts (million)

Consumer and Corporate Customers - September/2002

Increase in Checking Accounts

Savings Accounts (million)

Edgar Filing: BANK BRADESCO - Form 6-K

Customer Service Network

(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) This increase is a result of the incorporation of the Banco Cidade branch network in June/2002.

Customer Service Network (Branches)

Bradesco and Financial System

(1) Source: CADINF-DEORF/COPEC - September 2002

(2) Includes 1 Branch of Banco Finasa

Customer Service Network (Branches) - Market Share - September/2002

Customer to Branch Ratio - Thousand

Banco Postal

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 concentration of financial institutions in major centers.

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

The Correspondent Bank method adopted in partnership with the Brazilian Postal and Telegraph Company (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 products and services offered, the remote self-service channels and its integration with Brazil's largest branch and ATM bank network.

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

The results achieved from the units already in operation evidence the success of Banco Postal and permit an optimistic outlook for future service points considering the significant number of accounts opened and the volume of transactions carried out.

Increase in number of accounts opened in 2002

Transactions carried out in 2002 (Monthly)

Units installed in 2002 (Accumulated)

Of the 1,033 units installed, 739 are in towns which had no previous access

Edgar Filing: BANK BRADESCO - Form 6-K

to banking services. favoring the expansion of its business and giving the Bank a significant competitive advantage, as well as contributing to the economic growth of these regions.

Banco Postal will also be 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.

Available Products and Services

- o Receipt and remittance of account opening proposals;
- o Cash withdrawals and deposits;
- o Account balances and statements;
- o Receipt of bill payments and public utility bill payments (water, electricity, telephone, etc.);
- o Payment of government retirement pensions and benefits (INSS);
- o Receipt and remittance of credit proposals.

Products and services under development

- o Collection of INSS contributions;
- o Collection of federal, state and municipal taxes;
- o Identified deposits;
- o Stopping of checks;
- o Online vehicle licensing;
- o Credit cards;
- o Savings Bonds;
- o IPVA; and
- o Employee travel card and salary card.

Geocodification - Bradesco and ECT

The project will provide important business opportunities for the Organization since, via the ECT service units, Bradesco will be able to serve 100% of Brazil's municipalities.

Cards (Million)

Bradesco is one of the largest independent Credit Card issuers in Brazil, with a diversified portfolio containing a range of different products and services under the Visa, Mastercard and American Express (BCN) banners, designed to serve all of the Brazilian population's income brackets. Our products and services meet the needs of the various market segments, providing from the Visa Fácil Card to the Infinite Card, focusing our high-wealth customers.

In August 2002, Bradesco's Visa and Mastercard credit card base presented a 23.2% growth rate over the results in August 2001, compared to an overall market increase of 17.7%. This increase expanded our market share from 13.3% to 13.9%.

In terms of billings, Bradesco recorded a 17.7% growth rate while the market grew by 16.9% and the variation of the IGP-M was 13.3%, ie, we attained a growth rate of 33% above inflation for the same period while the market grew by 27%.

Since October 2001, Bradesco has been substituting its magnetic-strip

Edgar Filing: BANK BRADESCO - Form 6-K

credit card base for chip-embedded smart cards which contain a microcircuit guaranteeing holders greater security and speed in their transactions. Approximately 500 thousand cards have been substituted to date. Emphasis should be given to the fact that Bradesco is pioneer in the use of this technology in Brazil's credit card market.

Bradesco, BCN and Mercantil Finasa Credit Cards are also accepted throughout the International Visa and Mastercard Networks, comprising 19 million establishments and ATMs in 249 countries.

Debit Cards (Electron)

Debit cards are also an important part of our business. From January to September 2002, the debit card base presented a variation of 17.4% compared to the same period of the prior year.

Billings from January to September of 2002 totaled R\$ 8.5 billion, a 29.5% growth rate over the same period of the prior year and an increase of 27.4% in the number of transactions.

Visa Vale

Visa Vale, the new company which will operate in the benefits voucher sector was formally constituted by its stockholders Visa do Brasil and the banks Bradesco, ABN-Amro Real and BB Banco de Investimentos, the pilot project will be implemented in the first half of 2003.

The company expects that the benefit voucher sector sales volume will increase by 50% over the next five years from the current R\$ 6 billion per year to R\$ 9 billion per year.

Acquiring Market

The network of commercial establishments in Brazil accredited by the Visa system is administered by Companhia Brasileira de Meios de Pagamentos - Visanet, in which Bradesco has a direct capital holding of 39.2%. For the period from January to September 2002, Visanet posted sales of R\$ 28.8 billion.

At present, the Bradesco Organization banks (Bradesco, BCN and Mercantil) are responsible for 39% of the total volume paid by Visanet to Visa network member establishments in Brazil.

Growth

Credit Card Base - Million

Credit Card Billings - in billions of reais

Market Share

Debit Card Base (Electron) - Million

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

Edgar Filing: BANK BRADESCO - Form 6-K

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 2001, includes contract for Banco Postal services (R\$ 200 million)

Risk Ratings

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

- (1) Bradesco Seguros
- (2) Bradesco Capitalizacão

Ranking

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.

Bradesco received the prize awarded by Exame magazine's Guia de Fundos for best investment fund manager in Brazil and was also rated as best retail fund manager. This Fund Guide is the country's most important and respected publication of its kind.

For the fourth time and third in a row, Bradesco is included among the best companies to work for in Brazil, according to the survey conducted by Exame and Você S.A. magazines in partnership with the international consulting firm Great Place to Work Institute.

Banco Bradesco was the winner of the 2002 Edition of the Mauá Prize which is awarded to the listed company with the best shareholder and market relationship in 2001. This is the third time that Bradesco has won this award given by the National Confederation of Stock Markets (CNBV).

The Bradesco Organization was elected overall winner in the Grand Prix category of the 2002 Social Value Award, by both the popular and expert juries. Sponsored by the newspaper Valor Econômico, with support from the Ethos and Akatu Institutes, this award is designed to distinguish companies whose commitment with society is based on excellence and best management criteria.

The US magazine Global Finance elected the Bradesco website as the best financial portal for consumers on the Internet. It was also rated the best Internet Bank in Brazil and Latin America.

A poll carried out by Datafolha for the Top of Mind awards, identified Bradesco as the most remembered private bank and Bradesco Seguros as the most remembered company in the insurance category.

Elected by Gazeta Mercantil readers as the country's most influential company, Bradesco was awarded the Imagem Empresarial Nacional prize for the second consecutive year. Bradesco also received the state category award for São Paulo and Bradesco's President, Márcio Cypriano, was elected Business Leader in the Bank Sector category.

Edgar Filing: BANK BRADESCO - Form 6-K

Bradesco was also rated Best Financial Institution in Brazil by the National Association of the Construction Material Retailers (Anamaco), which also gave Mr. Cypriano the title of Personality of the year 2002, awarded to businesspeople for outstanding actions in the financial market.

Capital Market

Underwriting Transactions

Bradesco coordinated stock and fixed income transactions up to September 2002, which totaled R\$ 11.12 billion, comprising 75.58% 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\$ 4.51 billion and the Public Offer of Non-convertible Debentures of Petrobras, held in August which totaled R\$ 750 million.

Of the total number of floating and fixed-return transactions registered at CVM up to September 2002, Bradesco participated in 66% of the primary and secondary stock issues, in 44% of the debenture issues and in 22% of promissory notes issues.

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

Origination and Distribution - ANBID Ranking - September/2002

Origination

Distribution

Structured Operations

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

Up to September 2002, some 8 operations had been concluded and a further 7 operations were in progress.

Bradesco's presence is also notable in Project Finance operations, 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.

Foreign Exchange

Structure

The Organization has 18 specialized units operating in Brazil (Bradesco - 12, BCN - 5 and Mercantil - 1), 1 Branch in New York (Bradesco), 4 Branches in Grand Cayman (Bradesco, BCN, Boavista and Mercantil), 1 Branch in Nassau (Boavista), 1 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 Bradesco Luxembourg S.A and Banco Mercantil de Sao Paulo International S.A.), 1 subsidiary in Tokyo, (Bradesco Services Co., Ltd.) and 1 subsidiary in New York (Bradesco Securities

Edgar Filing: BANK BRADESCO - Form 6-K

Inc.)

In the Exchange area, emphasis should be given to the traditionally important support offered by the Bradesco Organization to foreign trade, with a balance of US\$ 5.3 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 from January to September totaled US\$ 9.6 billion, a 26.4% increase compared to September 2001, and for imports a total of US\$ 3 billion.

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 September 30, 2002:

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.

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 nine months of 2002, as well as short-term loans in the amount of US\$ 100 million 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

SPREAD OVER TBILL

Bradesco has the following programs:

Collection and Tax and Utility Collections

Corporate Collection

Edgar Filing: BANK BRADESCO - Form 6-K

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 34 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 one hand, they seek to provide customer satisfaction with appropriate and innovative solutions for the settlement of taxes, duties and contributions. On the other, they effectively interact with the different Government Departments in the federal, state and municipal spheres and with public utility concessionaires.

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

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

(a) Payment via direct debit

34.217 million - January to September/2001

36.432 million - January to September/2002

(b) Total beneficiaries: more than 3,563 thousand retirees and pensioners (corresponding to 17.4% 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

Stock, Custody and Controllershship Services

With an appropriate infrastructure and specialized personnel, Bradesco offers its customers the following services: custody of securities, controllership, DR- Depositary Receipt and BDR-Brazilian Depositary Receipt, as well as bookkeeping services for stocks, debentures and investment fund quotas.

Customers using custody services x assets under custody

Internet and Web-based Products

Internet Banking

Edgar Filing: BANK BRADESCO - Form 6-K

Internet Banking - Transactions

Bradesco Internet Banking

Online since May 31, 1996, Bradesco Internet Banking (www.bradesco.com.br) soon became a worldwide reference for Home Banking and is currently ranked the 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 Internet Banking has focused on innovating and deploying the largest number of online services possible for its customers.

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

Bradesco Internet Banking Consumer Customers reported the following results at September 30, 2002:

- o 4.6 million registered customers;
- o 195 million transactions;
- o 30% increase in the number of transactions compared to the same period in 2001; and
- o R\$ 7.2 billion in financial volume.

ShopInvest Bradesco

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

Through ShopInvest, investors can access 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.

Customer 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, Savings Bonds, CDB, Funds, Real Estate, BM&F, Savings Accounts, Life and Private Pension Plans and Insurance.

As a result of these strategic investment options, ShopInvest reported the following significant results at the end of September 30, 2002:

- o 549 thousand registered users.
- o 215 thousand transactions corresponding to a 33 % increase over the results recorded at the end of the same period in 2001.
- o R\$ 1.010 billion in financial volume.

ShopCredit

Edgar Filing: BANK BRADESCO - Form 6-K

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

ShopCredit results at September 30, 2002 were as follows:

- o 272 thousand transactions/operations; and
- o R\$ 80 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 website, 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 September 30, 2002, Net Empresa posted the following results:

- o 47,100 registered companies, with 30,850 in operation.
- o 1.4 million transactions/operations.
- o R\$ 1.9 billion in financial volume.

Out of the total volume of transactions carried out via dial-up corporate systems, 398 thousand companies were connected via Bradesco.

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 ISO 9000 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 1,380 stores operating with Bradesco Online Payment Methods.

At the end of September 2002, B2C posted the following results:

- o 10.4 million transactions/sales; and
- o R\$ 790 million in financial volume.

B2B (Business to Business)

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

Edgar Filing: BANK BRADESCO - Form 6-K

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

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

Other Services:

Other Bradesco Organization Websites

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

Websites, Products and Services under Construction and Development

- o Corporate Banking (new version)
- o Private Banking (new version)
- o Press Room
- o Bradesco Consortium Website
- o MultiChannel CRM
- o B2B Buyer and Vendor Financing
- o B2B Payment Method System

Bradesco Day and Night (BDN)

BDN ATM Network Evolution:

Volume of accumulated transactions (million)

Number of BDN Network ATMs

Volume of IPVA Payments

Edgar Filing: BANK BRADESCO - Form 6-K

BDN Network Distribution - Monthly Productivity - September/2002

Telebanco (Call Center)

Integrated Call Centers: Bank, Cards, Pension Plans, Alo Bradesco, BCN and Finasa

Increase in Number of Calls - million

Evolution of Telebanco Transactions - In millions of reais

Highlights:

- o 15.6 million electronic voice response calls per month;
- o 3.8 million personalized service calls per month;
- o 2.4 million customers access Telebanco per month;
- o R\$ 410 million in financial volume from transactions per month;
- o 96% of Personalized Service call queries are resolved during the first contact;
- o 559 call-center representatives were trained and designated to other areas of the Organization, particularly the sales areas, up to the end of September 2002;
- o A record 4.3 million products were sold up to September 2002; and
- o Utilization of labor management and service quality processes based on cutting-edge tools which increase productivity and guarantee ongoing customer service enhancement. Customer segmentation based on specific needs routing calls directly to the corresponding specialized representatives.

BCN

Consolidated Balance Sheet - In millions of reais

Statement of Income - In millions of reais

The Relationship Bank

Part of the Bradesco Organization since December 1997, BANCO BCN S.A. is known as the RELATIONSHIP BANK, offering differentiated bespoke products and services designed to meet the needs of both its consumer and corporate customers.

In line with the Organization's policy to specialize in top-quality customer service, Banco BCN S.A. expanded its operating structure, creating areas to attend specific niche markets, such as: Health, Education, Notarial and Registry as well as Government Relations.

Customers now have access to the efficient remote customer service structure which comprises two call centers (Linha Viva and Alô BCN), BCNNET Internet Banking (www.bcn.com.br) and BCN's virtual bank (BCN DIGITAL) with branches in São Paulo and Rio de Janeiro.

A particularly important event was the introduction of the current

Edgar Filing: BANK BRADESCO - Form 6-K

financing sector leader BANCO FINASA S.A., formerly Continental Banco S.A., a wholly owned subsidiary of BCN, combining the traditional market brand FINASA, acquired by the Organization in the first half of 2002, with the strength and performance of the Continental team and the security of the Bradesco Organization.

Growth

Between July and September new branches were opened in: Bragança Paulista (SP) and Planalto Paulista São Paulo (SP). Following the incorporation of 24 Banco Cidade S.A. branches at the end of June 2002, 10 branches were closed during the period as a result of redundancy. On the other hand, Finasa Promotora de Vendas opened 11 new branches in the following states: 2 in Minas Gerais, 1 in Pará, 1 in Pernambuco, 2 in Rio Grande do Norte, 2 in Rio Grande do Sul and 3 in Santa Catarina. This company operates in the new and used vehicle segment, in more than 12,900 sales outlets throughout Brazil and in approximately 1,216 stores selling furniture, home decor, mobile phones and IT related equipment.

At the end of the quarter, the BCN Customer Service Network comprised 458 service points, with 227 branches in Brazil, including 1 branch of Banco Finasa S.A., 1 foreign branch in Grand Cayman, 179 conventional and electronic service centers and outlets, as well as 51 branches of Finasa Promotora de Vendas Ltda. The Self-service Network has 980 terminals operating in BCN Branches and Service Posts, as well as the Bradesco Day and Night BDN Network with 9,733 terminals, which can be used by BCN customers for cash withdrawals, and the 24-hour Bank Network with 2,248 terminals.

At September 30, 2002, Banco BCN S.A. had served approximately 610 thousand checking account holders and 134 thousand non-checking account holders. Customers served by Banco Finasa S.A. totaled 882 thousand, a 23.73% growth rate for the quarter. Credit card holders surpassed 183 thousand and savings accounts totaled 642 thousand.

Performance

Net Income and Stockholders' Equity

Net income for the 3rd quarter of 2002 was R\$ 66 million, totaling R\$ 218 million for the year, a 6.34% growth rate over the same period in 2001. The annualized return on stockholders equity was 19.28% for the quarter and 20.32% for the year. Stockholders equity, at September 30, 2002, totaled R\$ 1.465 billion, after adjustment of dividends not recorded as a provision.

Assets and Liabilities

Total assets at September 30, 2002 increased to R\$ 23,241 billion, a 9.99% growth rate compared to June 30, 2002, with credit operations, including leasing and advances on foreign exchange contracts (ACC), before the allowance for loan losses, totaled R\$ 14.083 billion, comprising 60.60% and securities and financial derivative instruments 20.92%. Credit operations presented an increase of 17.39% for the quarter, highlighting the growth in the sales financing portfolio (CDC) mainly as a result of the acquisition, in August 2002, of the portfolio of Banco Mercantil de São Paulo S.A., a Bradesco Organization company with a balance of R\$ 971 million at September 30.

Total funds obtained which include R\$ 2.892 billion in investment funds and managed portfolios, negotiated through the BCN Branches and managed by BRAM Bradesco Asset Management Ltda., attained R\$ 22.976 billion at September 30, 2002. Deposits including savings accounts comprised 54.74% of this amount with a balance of R\$ 12.577 billion and a 15.36% growth rate for the quarter.

Edgar Filing: BANK BRADESCO - Form 6-K

Banco Finasa S.A.

Consolidated Balance Sheet - In millions of reais

Statement of Income - In millions of reais

In August 2002, BANCO FINASA S.A. came into existence, uniting the strength of the FINASA brand acquired by the Organization in the first half of 2002, with the security provided by BANCO BRADESCO S.A.

Prior to its change of name, the bank was formerly Continental Banco S.A., acquired by Banco BCN S.A. in October of 1998.

On August 19, 2002, Banco Finasa S.A. acquired Banco Mercantil de São Paulo, another Bradesco Organization member, with some R\$ 1.1 billion in direct sales financing operations (CDC) which together with the financings and leasing portfolios of the former Continental Banco S.A. transformed the Bank into the market segment leader.

Banco Finasa S.A., focusing on the retail sector, continues operating through the intermediation of its sales promotion company, now called Finasa Promotora de Vendas Ltda., which is responsible for prospecting customers and preparing credit proposals.

At September 30, 2002, the Promotora had 51 Branches, 11 of which were opened during the quarter, a growth rate of 27.50% as compared with June 2002.

At the end of the period, the total number of customers served attained 882 thousand, an increase of 23.73% compared to June 30. The company operates in the new and used vehicle segment, through more than 12,900 dealership outlets nationwide and in 1,216 stores which sell furniture and home decor, mobile telephony and IT related equipment.

Performance

Net Income and Stockholders' Equity

Net income for the 3rd quarter of 2002 was R\$ 25 million, totaling R\$ 51 million for the year, a growth rate of 59.38% compared to the same period in 2001. The annualized, return on stockholder s equity of R\$ 197 million, at September 30, 2002, was 61.27% for the quarter and 35.93% for the nine month period.

Assets

Total assets attained R\$ 4.173 billion, a 34.70% growth rate compared to the results at June 30, 2002. Credit and leasing operations increased by 36.61%, amounting to a balance of R\$ 3.847 billion, including the sales financing portfolio (CDC) acquired from Banco Mercantil de São Paulo S.A.

Banco Mercantil de Sao Paulo S.A.

Consolidated balance Sheet - In millions of reais

Statement of Income - In millions of reais

Edgar Filing: BANK BRADESCO - Form 6-K

We are pleased to present the consolidated financial statements of Banco Mercantil de São Paulo S.A., prepared in conformity with Brazilian corporate legislation for the quarter ended September 30, 2002.

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

Performance/Achievements for the Period

Capital and Reserves

Stockholders' equity totaled R\$ 740.763 million. Net equity per thousand shares totaled R\$ 120.71. During this period, the balance of R\$ 48.050 million relating to the capital increase approved at the Board of Directors meeting, held on November 28, 2000, was paid up in full.

Economic Results

Assets totaled R\$ 7.193 billion. The amount of income, including stockholdings, attained R\$ 1.631 billion. Expenses totaled R\$ 1.670 billion and administrative expenses totaled R\$ 288.729 million. Net income for the period was R\$ 20 million.

Investment and Obtaining of Funds

Credit operations totaled R\$ 3.080 billion, while deposits and other funding totaled R\$ 5.665 billion. Net equity of the Investment Funds managed by the Bank and related financial institutions increased to R\$ 1.475 billion.

Purchase and Sale Process

The controllers of Banco Mercantil de São Paulo S.A. signed the documents formalizing the transfer of the Bank's share control to Bradesco on March 25, 2002.

The operation comprised the sale of 2,764,959,259 common shares and 2,277,767,313 preferred shares of Mercantil, corresponding to 90.1% of voting capital and 74.2% of non-voting capital, for the amount of R\$ 1.362 billion, equivalent to R\$ 0.270047 per share.

Bradesco held a public offer for the acquisition of the common shares owned by the other stockholders at a price corresponding to 80% of the price paid per share to the controlling stockholders, in conformity with the provisions of Article 254-A of Law 6404/76, the auction for which was held on September 25, 2002, and, as a result, now holds 99.03% of voting capital.

On September 30, 2002, under its new direction, Mercantil 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.

Branches and Services

At the end of the 3rd quarter of 2002, the Bank's nationwide network

Edgar Filing: BANK BRADESCO - Form 6-K

was formed by 219 strategically distributed branches. Our 423,547 consumer and corporate checking account holders can use 187 Banking Service Outlets. The Self-service Network operates with 757 terminals installed in the Bank's own Branches and Banking Service Posts and also through the 24 Hour Bank Network with its 2,248 Service Outlets, 20,555 Shared Network units and 21,114 Bradesco Day and Night BDN Network terminals.

The Bank's overseas branch in 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 (SPB)

Banco Mercantil de São Paulo S.A. has been preparing its systems since 2000 for the changes which took place on April 22, 2002 and which will continue to take place in the way consumer 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.

Further details on this 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; 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:

- o Cash Management Finasa
- o Caixa Unico Finasa
- o Novo Modulo de Pagamentos Finasa
- o Caixa Postal Finasa
- o Cartao 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, up to September 30, 2002, of 48,335 cards in a total portfolio of 233,697 units, corresponding to an increase of 26.08%, compared to the same period in the prior year. Billings also increased by 9.62% compared to the same period in 2001 and totaled R\$ 275 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 average 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 put into place to operate in vehicle dealership and stores nationwide. As part of this new concept, Banco Finasa S.A. and Finasa Promotora de Vendas Ltda. commenced their activities.

Self-service Channels

Edgar Filing: BANK BRADESCO - Form 6-K

Telefinasa: seeking excellence in customer service, the Finasa call-center received 2,749,918 interactive voice response calls (URA) during the period with a total 3,086,962 transactions and consultations up to September 30, 2002.

Finasa Internet Banking: Finasa Internet Banking for Consumer Customers was launched in August 2001, and has 24,997 registered accounts, corresponding to a 6.88% share of the account base for the period.

Relationship Accounts: at September 30, 2002, Banco Mercantil de São Paulo S.A. had served 350,048 consumer checking account holders, corresponding to 363,135 accounts, 31.52% of all consumer customer checking accounts were Special Check accounts with authorized overdraft facilities, 17,891 accounts were opened during the quarter.

At September 30, 2002, the corporate customer portfolio had 73,499 checking account customers, corresponding to 97,089 accounts. Of these, 2,518 were opened during the third quarter of 2002. The Savings Account Portfolio registered a record 527,815 accounts at September 30, 2002.

The Finasa Easy Account service package (Conta Fácil Finasa) giving priority to customer relationship and offering a range of differentiated and competitive products had 190,189 registered customers at the end of the quarter.

The Finasa Brand

As a result of the high level of Finasa brand awareness in the financing sector, the Bradesco Organization developed a specific plan to integrate all of its finance companies. Accordingly, an independent administrative and sales structure was put into place to operate in vehicle dealerships and stores nationwide. As part of this new concept, Banco Finasa S.A. and Finasa Promotora de Vendas Ltda. commenced their activities.

Bradesco Products: aggregating to increase customer benefits

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. In addition to the Mercantil Self-Service Network and the 24 Hour Bank kiosks, customers also have access to the extensive BDN Bradesco Day and Night ATM network.

In May 2002, the Mercantil Branch Network commenced sales of the very successful Verde e Amarelo Pé Quente series savings bond, which has a 60-month term.

In the health insurance area, Mercantil Customers 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 products which cover the Bank's diverse customer profiles. These include the PGBL (PGBL Proteção Familiar and Prev Jovem PGBL) and VGBL (VGBL Proteção Familiar) plans, a conventional plan with special features (Conta Vip de Rendas Programadas) and a Redeemable Family Coverage (Cobertura Familiar Resgatável) plan.

The results presented above increase Banco Mercantil de São Paulo's determination to support both people and companies and to respond to new market demands with increasingly comprehensive and specialized products and services. Convinced that we are on the right path, we thank our customers for their preference, our stockholders for their trust and our employees and

Edgar Filing: BANK BRADESCO - Form 6-K

stakeholders for their dedication.

Bradesco S.A. - Corretora de Titulos e Valores Mobiliarios

Balance Sheet - In millions of reais

Statement of Income - In millions of reais

Bradesco Corretora closed the 3rd quarter of 2002 maintaining its outstanding position in the Capital Market

We present below a summary of the main activities for the quarter:

Bradesco Corretora negotiated 491.8 thousand contracts in the Mercantile and Futures Exchange (BM&F) for a financial volume of R\$ 55.9 billion. The Corretora has centered its efforts on the continued expansion of its business as well as promoting the futures market. For example, in the agricultural area it acts directly in the country's main production centers, through visits, seminars and participation in agricultural fairs and exhibitions. In conjunction with the BM&F, the company has sponsored visits to the exchange and Bradesco Corretora in São Paulo by investors from all over the country. Additionally, the company has hosted numerous visits by farmers, teachers, opinion-makers and brokers from the physical commodities market.

Bradesco Corretora ended the quarter among the 10 most important brokerage firms out of more than 100 operating in the São Paulo Stock Exchange (BOVESPA). During the period services were provided to 15,831 investors and 60,985 buy and sell orders were carried out for a total financial volume of R\$ 3.2 billion.

Online web trading for the quarter totaled 36,222 orders with a financial volume of R\$ 172.8 million, representing 7.9% of all Home-Broker operations carried out in BOVESPA and placing the Corretora third in the overall ranking. The customer base increased by 11.3% with more than 1,340 new customers registered for the quarter and more than 5,503 e-mails received. Bradesco Corretora participated online in the Public Offer of Net Serviços e Comunicações S.A. and Marcopolo S.A., in the retail investor segment.

In September, the company was ranked first in the monthly rating of institutions operating via the Home Broker system and in the BOVESPA after market.

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\$ 278.2 million for the quarter.

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

Stockholders' equity at the end of the quarter grew to R\$ 81.2 million, corresponding to 27% of total assets.

Information - Trading at BM&F and BOVESPA

Bradesco Securities, Inc.

Balance Sheet - In thousands of reais

Edgar Filing: BANK BRADESCO - Form 6-K

Statement of Income - In thousands of reais

Bradesco Securities, Inc., a wholly owned subsidiary of Bradesco, operates as a broker dealer in the United States. The company's activities are focused on the intermediation of share purchases and sales, with emphasis on ADR operations. The company is also authorized to operate, 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(*)

Balance Sheet - In millions of reais

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

Statement of Income - In millions of reais

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 September 30, 2002, Bradesco leasing operations totaled R\$ 1,780 million (present value) with 70,973 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 17.29% market share (August/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 September 30, 2002

NB: The consolidated balance - R\$ 41 million comprises Operating Leases (Bradesco - R\$ 17.8 and BCN - R\$ 23.3)

Bradesco Consorcios Ltda.

Operations

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

Edgar Filing: BANK BRADESCO - Form 6-K

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

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

The formation of the company's new consortium groups is expected to commence in the 2nd half of 2002. The company will use all the facilities of the Bradesco customer service network to commercialize the products offered. The consortium groups managed by the former company are now closed.

Mission

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

Segmentation

The Bradesco Organization's entry into this segment is part of its strategy to offer Customers the widest range of product and services possible, providing all income brackets with the opportunity to purchase items through the consortium quota system, filling a market lacuna at accessible cost and considering, in relation to its real estate products, the country's present significant housing deficit.

Bradesco Consórcios expands this segmentation base by offering an alternative which will permit access by both the Bank's customers and the public in general. The Consortium segment is a complementary niche to regular banking activities and at present there are 2.9 million(*) consortium group members nationwide. According to information gathered, only 14%(*) of all vehicles sold in Brazil are currently sold via the Consortium method.

The consortium quotas will be placed in the market through the vehicle dealerships, the Bank's Private Pension Plan brokers working from the Bank's Branches, via the Telebanco and Fone Fácil call centers and online via the Internet.

Representation

At present, Brazil's Consortium segment has 312 companies in operation. The total number of active participants in auto consortium groups in July 2002 was 2.5 million(*). Bradesco Consórcios expects to become market leader over the next two years. The real estate consortium is one of the most sought after products. Based on the comparison between July 2001 and 2002, the total number of consortium participants increased by 26%. There are currently some 110,000 participants. In September 2002, the market commemorated 40 years since the introduction of Brazil's first consortium group. Bradesco will play a major role in this segment increasing the volume of goods and real estate available for purchase by Brazilian consumers.

As a result of this new activity, our medium and long-term results will undoubtedly receive significant leverage, with a positive effect on the securing of new customers.

(*) Source ABAC - Brazilian Association of Consortium Administrators.

Insurance(*)

Edgar Filing: BANK BRADESCO - Form 6-K

Balance Sheet - In millions of reais

Statement of Income - In millions of reais

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

(*) Includes: Bradesco Seguros, Indiana Seguros, Bradesco Saude, Uniao Novo Hamburgo de Seguros (1H02) and Universal Companhia de Seguros Gerais (as from 1H02).

Performance Ratios

(1) Retained claims (excluding withdrawals on life insurance from 2002)/Earned premiums

(2) Selling expenses/Earned premiums

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

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

(5) Administrative expenses/Earned premiums

Insurance Premiums Market Share (%)

Bradesco Seguros secured R\$ 4.457 billion in premiums and maintained its industry leadership with a 23.13% market share. An amount of R\$ 19.271 billion was secured in premiums by this sector up to August 2002.

Growth in Technical Reserves

Growth in Assets Guaranteeing Technical Reserves

Earned Premiums by Insurance Line

(a) Optional third-party liability

(b) Personal accident

(c) Long-term life products

(d) Compulsory vehicle insurance

In September 2002, the company's earned premiums grew by 12.04% as compared to the same period in 2001.

Earned Premiums by Insurance Line - Accumulated to September 2002 (%)

Total Claims Ratio - % (prior 12 months)

Number of Policyholders - thousands

Up to September 2002, the number of customers grew by 1.23% as compared with the same period in 2001.

Edgar Filing: BANK BRADESCO - Form 6-K

Awards

01. The campaign Acorda para o penta, Brasil, developed by Bradesco Seguros the Brazilian Soccer Team's official insurer, received two awards: Best National Institutional Campaign (Bronze Medal) and Best National Institutional Commercial (Bronze Medal). The award was conferred by the About magazine, specialized in advertising and marketing, based on its selection of the best national campaigns relating to the World Cup Soccer Championships (Bradesco Seguros).

02. Bradesco Vida e Previdência, part of the Bradesco Insurance Group, was rated Best Insurance Company of the Year (Seguradora do Ano), for the period July 2001 to July 2002, by the Rio de Janeiro Life Group Club (Clube Vida em Grupo do Rio de Janeiro). The unanimous decision was based on the growth of the company's Life segment, the close relationship between brokers and policyholders and the company's positive public image (Bradesco Vida e Previdência).

Private Pension Plans

Balance Sheet - In millions of reais

Statement of Income - In million of reais

Income from Plans - Market Share (%)

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

Income from its private pension plans has grown some 50% per year over the last five years, enabling the company to maintain its leadership position with a 41.78% market share, the result of a sound product development policy structured around innovative and flexible options.

Products bearing the Bradesco Vida e Previdencia 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. During the period, technical reserves presented an increase of 19% 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 Vida e Previdencia closed the period with a high level of capitalization. The

Edgar Filing: BANK BRADESCO - Form 6-K

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 51.52% share of this segment, one of most important market indicators.

Growth in Guaranteeing Assets - In millions of reais

Increase in Number of Participants - Thousand

During the period, Bradesco Vida e Previdência signed new contracts for individual and company plans, which accounted for a 7.5% growth rate in the number of participants compared to the performance recorded for the same period in 2001. Total plan participants surpassed the 1.184 million mark.

Savings Bonds(*)

Balance Sheet - In millions of reais

Statement of Income - In millions of reais

(*) Includes: Bradesco Capitalizacão and Atlantica Capitalizacão (formerly BCN Capitalizacão).

Income from Plans - Market Share (%)

Technical Reserves - Market Share (%)

Growth in Technical Reserves - In millions of reais

Growth in Assets Guaranteeing Technical Reserves - In millions of reais

Number of Customers - Thousand

Outstanding Savings Bonds - Thousand

At September 30, 2002, the number of customers increased by 31.36% and outstanding savings bonds grew by 27.62%, as compared with the same period in 2001.

Bradesco Foundation - The Bradesco Organization's Social Arm

Background

Edgar Filing: BANK BRADESCO - Form 6-K

The Bradesco Foundation, a non-profit entity headquartered in Cidade de Deus, Osasco (SP), was founded in 1956 and declared to be of 'Federal Public Utility' by Decree 86.238 on July 30, 1981.

Convinced that education lies at the root 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.

Objetives 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 39th 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 launched the new Rá-Tim-Bum series, Ilha Rá-Tim-Bum (Rá-Tim-Bum Island) on July 1, 2002. The result of a co-production between Bradesco Foundation and Fundação Padre Anchieta

TV Cultura, the program is already competing at international award ceremonies and is extremely popular among infant and juvenile viewers thanks to its distinguishing mark: the commitment to offer alternative quality entertainment.

Recognition

Two Science Projects developed by the Bradesco Foundation schools in Osasco and Vila Velha were prize winners at the 45th Scientists of Tomorrow Competition (Concurso Cientistas de Amanhã) and two other projects from Foundation schools in Rio de Janeiro and Irecê also received special mention at the same competition which was organized in conjunction by the Brazilian Institute of Education, Science and Culture (IBECC), the Brazilian Society for the Progress of Science (SBPC) and UNESCO, who examined more than 100 science projects from schools all over Brazil.

Themes such as: Adulteration of Fuel Samples, Environment Monitoring in the Guanabara Bay and Ethnic Diversity comprised the studies entered by the Bradesco Foundation schools and the awards ceremony was held at the Universidade Federal de Goiás.

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.

Edgar Filing: BANK BRADESCO - Form 6-K

The Bradesco Foundation - An Education Project the Size of Brazil

Total Number of 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.

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

Student Profile

Increase in Student Numbers

Sociocultural Events

The Bradesco Organization is a benchmark in the conduction of corporate actions focused on social responsibility, facilitating the promotion of sociocultural projects and events which highlight citizenship values.

As well as the intense work carried out by the Bradesco Foundation, rating Bradesco as Brazil's largest private investor in basic education, the Organization also takes part in a number of other activities which contribute to the convergence of culture, information and education.

Bradesco traditionally supports socially significant projects throughout Brazil without distinction of geographic or thematic criteria. In line with this approach, during the months of July, August and September of 2002, Bradesco was present at more than 200 regional, sector and professional venues, including trade fairs, seminars, congresses and community events. During the year these participations totaled more than 500.

Bradesco plays an important part in preserving historical buildings, such as the restoration of the Sé Cathedral in São Paulo, the repair work carried out on the Roman Catholic Basilica at Aparecida (SP) and the Carlos Costa Pinto Museum in Salvador (BA). Bradesco also took part in a number of educational and cultural actions designed to disseminate, conserve, restore, document and exhibit works at the Pinacoteca do Estado, São Paulo's oldest art museum. A similar partnership was also formed with the São Paulo Museum of Modern Art (MAM-SP) for a number of important exhibitions.

Bradesco also took part in citizen value projects such as that promoted by the São Paulo YWCA (ACM-SP), which celebrated its centenary this year and with the City Hall Education Department of Conceição do Mato Dentro, via the Educar Project which offers extra teaching to children and youngsters from low-income families.

In the music field, Bradesco sponsored the VII Carlos Gomes Award 2002, with the performance of concerts by the São Paulo State Symphony Orchestra, the Brazilian Symphony Orchestra and the Philharmonic Orchestra of Ceará.

Edgar Filing: BANK BRADESCO - Form 6-K

Special mention should also be given to the theater production of Rá-Tim-Bum Castle (Castelo Rá-Tim-Bum), sponsored by Bradesco, especially created for children from between the ages of 4 and 12.

The integration of young people with sport is another area which has received intense social action from the Organization, reflected in the work carried out by BCN, through the BCN Esportes (BCN Sports) project. The project has been investing, stimulating and promoting the practice of sports in Brazil without interruption for 15 years. The project benefits 3.4 thousand girls and young women at 44 sports training centers nationwide.

Bradesco also participates, through the Bradesco Foundation, in the nationwide adult literacy program "Alfabetização Solidária", which over the last four and a half years, has given more than 65 thousand low-income students the chance to learn how to read and write. The Canal Futura (Future Channel), which broadcasts educational TV programs throughout Brazil, also receives important support from the Bradesco Foundation. Through its partnership with the Fundação Padre Anchieta, the Institution took part in the co-production of the Ilha Rá-Tim-Bum TV series shown by TV Cultura in São Paulo and other educational TVs nationwide.

Summary of the Financial Statements - At September 30

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

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

(*) 2002 - Paid and Accrued.

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

Corporate Organization Chart

Major Stockholders

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

(2) The new name of Sanwa Bank

Source: September 30, 2002

Subsidiaries and Associated Companies

Independent auditor's report on supplementary information

To

The Administrative Council and Stockholders

Banco Bradesco S.A.

Osasco - SP

We have performed a special review, in accordance with the specific rules established by the Brazilian Institute of Independent Auditors (IBRACON), jointly with the Brazilian Federal Accounting Council, of the consolidated interim report of Banco Bradesco S.A. and its subsidiaries for the nine-month period ended September 30, 2002, and have issued our report, with out exception,

Edgar Filing: BANK BRADESCO - Form 6-K

there on dated October 25, 2002. This review was performed in connection with the review of the consolidated interim report of Banco Bradesco S.A. and its subsidiaries.

Our review was performed for the purpose of reviewing the basic consolidated interim report of Banco Bradesco S.A. and its subsidiaries, taken as a whole. The supplementary information included in the accompanying Report on Economic and Financial Analysis is presented for purposes of additional analysis and is not a required part of the basic interim report. This supplementary information has been submitted to the same reviewing procedures applied in the special review of the basic consolidated interim report.

The supplementary account information related to the subsidiaries described in Note 3e (item 13) 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.

Based on our review, we are not aware of any significant modifications that should be made to the Report on Economic and Financial Analysis for it to be presented adequately, in all material respects, in relation to the basic interim report taken as a whole.

As mentioned in Note 8 to the consolidated interim report, the Bank adopted, in the first semester of 2002, 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 consolidated interim report referred to in the first paragraph, for use in analyzing those consolidated interim report and should not to be used for any other purpose.

October 25, 2002

KPMG Auditores Independentes
CRC 2SP014428/O-6

José Marcelo Bessan
Contador
CRC 1SP129705/O-0

Cláudio Rogélio Sertório
Contador
CRC1SP212059/O-0

Edgar Filing: BANK BRADESCO - Form 6-K

Consolidated Balance Sheets and Statements of Income - 1997 to 2002

Consolidated Balance Sheets - In thousands of reais

Consolidated Balance Sheets - In thousands of reais

Consolidated Statements of Income - In thousands of reais

Consolidated Statements of Income - In thousands of reais

Financial Statements and
Independent Auditors' Report

Directors' Report

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 quarter ended September 30, 2002.

At the Bradesco Organization, the quarter was marked by a number of important events, among which we highlight the start-up, on August 19, of the activities of Banco Finasa S.A. and Finasa Promotora de Vendas Ltda., formerly Continental Banco S.A. and Continental Promotora de Vendas Ltda., operating in the consumer sales financing segment. Banco Finasa S.A. which operates through Finasa Promotora de Vendas Ltda., now leads this market segment following the acquisition of consumer sales financing operations (CDC) of approximately R\$ 1.1 billion, from Banco Mercantil de Sao Paulo S.A., another Bradesco Organization company, in addition to the Financing and Leasing Portfolios of the former Continental Banco S.A. Accordingly the traditional Finasa Brand is now united with the strength and security of Bradesco.

For the period from January 1 through September 30, 2002, Bradesco recorded net income of R\$ 1.325 billion, corresponding to R\$ 0.93 per thousand shares and a return of 12.61% on stockholders equity, or 17.16% annualized.

Taxes and contributions, including social security contributions, payable or accrued, on the main activities carried out by the Bradesco Organization, amounted to R\$ 1.748 billion, 131.92% of net income for the first nine months of the year.

At the end of the quarter, paid-up capital totaled R\$ 5.200 billion and paid-up capital plus reserves of R\$ 5.300 billion comprised the total stockholders equity of R\$ 10.500 billion, an 11.02% growth rate as compared to the same period in 2001. Net equity per thousand shares was equivalent to R\$ 7.35.

Managed stockholders equity is equivalent to 7.68% of consolidated assets which totaled R\$ 140.151 billion, a 30.46% growth rate compared to

Edgar Filing: BANK BRADESCO - Form 6-K

September 2001. The capital adequacy ratios was 15.55% on a total consolidated financial basis and 13.68% on a consolidated basis, accordingly, above the 11% required minimum established by National Monetary Council Resolution 2099 of August 17, 1994, in conformity with the Basel Accord. The ratio of permanent assets to consolidated reference equity at the end of the quarter was 42.37% on a total consolidated basis and 52.90% 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 declares that it has both the financial capacity and the intention to hold to maturity the securities classified in the securities held to maturity' category.

With a growth rate of 22.21% over the same period in 2001, overall funding obtained by the Bradesco Organization amounted to R\$ 181.409 billion, at September 30, 2002 and comprised the following :

- o R\$ 63.101 billion in demand, time and interbank deposits, open market and savings accounts.

- o R\$ 59.065 billion in managed assets, comprising investment funds and customer portfolios.

- o R\$ 36.430 billion in foreign exchange portfolio, borrowings and onlendings, working capital funds, tax and utility collections and similar, as well as funds from issuance of securities and local subordinated debt.

- o R\$ 16.600 billion recorded in technical reserves for insurance, savings bonds and private pension plans, a growth of 32.46% compared to the same period in 2001.

- o R\$ 6.213 billion in foreign resources through public and private issues and subordinated debt, corresponding to a total of US\$ 1.595 billion.

The balance of credit operations amounted to R\$ 53.599 billion, growing by 18.41% as compared to September 30, 2001, and including the following:

- o R\$ 5.403 billion in advances on foreign exchange contracts, which registered an increase of 10.83% compared to the same period in 2001, for a portfolio of US\$ 2.559 billion in export financing, a growth rate of 3.16% compared to September 2001.

- o US\$ 547.329 million in foreign currency import financing.

- o R\$ 1.780 billion in leasing.

- o R\$ 3.621 billion in agricultural loans.

- o R\$ 9.639 billion in foreign and domestic onlendings, mainly comprising funds from the National Bank for Economic and Social Development (BNDES).

In the housing loan area, Bradesco provided funds for the construction and purchase of residential housing during the first nine months of the year in the amount of R\$ 455.078 million, comprising 8,014 properties.

Maintaining its important role in the Capital Market area, Bradesco acted as intermediary in the public placement of shares, debentures and promissory notes, with a total volume of R\$ 11.117 billion, corresponding to 75.58% of all issues registered with the Brazilian Securities Commission (CVM) during the nine-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.

Edgar Filing: BANK BRADESCO - Form 6-K

The Bradesco Insurance Group, operating in the insurance, private pension plan and savings bond areas recorded net income of R\$ 538.223 million at September 30, 2002. The overall premium income was R\$ 7.294 billion, a growth of 9.09% in comparison to the same period in 2001.

With its cutting-edge technology structure and based on its traditional principles of quality, efficiency and security, the Bradesco Customer Service Network offered its customers and other users 7,464 service outlets at September 30, 2002:

- o 2,928 Branches in Brazil (Bradesco - 2,482 Banco BCN - 226, Banco Mercantil - 219 and Banco Finasa - 1).

- o 7 Branches abroad, 1 in New York (Bradesco), 4 in Grand Cayman (Bradesco, BCN, Mercantil and Banco Boavista), 1 in London (Mercantil) and 1 in Nassau, Bahamas (Boavista).

- o 6 Subsidiaries abroad (Banco Bradesco Argentina S.A. in Buenos Aires, Banco Bradesco Luxembourg S.A. and Banco Mercantil de Sao 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).

- o 1,033 Banco Postal branches.

- o 1,775 Banking service posts and outlets in companies (Bradesco - 1,409, BCN - 179 and Mercantil - 187).

- o 1,664 Outplaced terminals in the BDN- Bradesco Day and Night Network.

- o 51 Branches of Finasa Promotora de Vendas, present in 14,121 vehicle dealerships and stores selling furniture and home decor, mobile phones and IT related equipment.

- o 21,114 ATMs in the BDN Bradesco Day and Night Self-service Network, 10,027 of which also operate at weekends and on bank holidays.

Emphasis should also be given to the social area actions carried out by the Organization through the Bradesco Foundation which maintains 38 schools, installed as a priority in Brazil's underprivileged areas, in 25 of 26 Brazilian states and in the Federal District. At these schools more than 103 thousand students receive education completely free-of-charge, including youth and adult education courses and basic professional training. To more than 48 thousand infant, junior, middle and technical school pupils, the Foundation also provides free meals, uniforms, school materials and medical/dental care.

In the Human Resources Area, permanently in tune with market demands and in the pursuit of the ongoing improvement of its products and customer service, the Bank continued its staff training and qualification programs. During the first nine months of the year, 965 courses were given, with an enrollment of 178,229 participants. At the end of the quarter, the benefit plans designed to guarantee the well-being, better life quality and security of employees and their dependents covered 184,277 people.

All these achievements reflect the strategic vision and correct positioning of the Bradesco Organization which is permanently focused on offering the very best banking services and products to customers and users, contributing towards the success of its business and the country's development. For the results obtained, we would like to thank our stockholders and customers for their support and confidence and our staff and other stakeholders for their dedicated efforts.

Edgar Filing: BANK BRADESCO - Form 6-K

Cidade de Deus, October 25, 2002
Board of Directors and
Board of Executive Officers

Consolidated Balance Sheet at September 30 - In thousands of reais

Consolidated Balance Sheet at September 30 - In thousands of reais

Consolidated Balance Sheet at September 30 - In thousands of reais

Consolidated Balance Sheet at September 30 - In thousands of reais

Consolidated Statement of Income for the Period from January 1 to September 30 -
In thousands of reais

Consolidated Statement of Changes in Financial Position for the Period from
January 1 to September 30 In thousands of reais

Notes to the Consolidated Financial Statements

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. and its subsidiaries and its jointly controlled investments at September 30, 2002 and 2001 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 amounts, 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 61st day in unearned income.

In the case of mortgage loans, the contractual capitalization period

Edgar Filing: BANK BRADESCO - Form 6-K

(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 - As described in Note 8, these are recorded and classified from June 30, 2002 as described below:

- Trading securities - securities which are acquired for the purpose of being actively and frequently traded are recorded 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 recorded at market value as a counter-entry to a specific account in stockholders equity, at amounts net of tax effects. The corresponding gains and losses are taken to results for the period as a counter-entry to the specific account in stockholders equity;
- Securities held to maturity securities for which there exists intention and financial capacity for maintenance in portfolio up to maturity are recorded at cost plus accrued income 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 and 10g).

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

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 policies 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 - 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.

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

Edgar Filing: BANK BRADESCO - Form 6-K

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.

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:

(1) Acquired in the first six months of 2002; (2) New name of Banco do Estado do Amazonas S.A. BEA; (3) Merged into Banco BCN in July 2002; (4) New name of Continental Banco S.A.; (5) Proportionally consolidated in accordance with CMN Resolution 2723 and CVM Instruction 247; (6) Companies audited by other independent auditors; (7) BCN Seguradora S.A. was merged into Bradesco Seguros S.A. in November 2001; (8) Novo Hamburgo Cia. De Seguros Gerais was merged into Cia. União de Seguros Gerais in October 2001; (9) Sold in July 2002; (10) New name of Cia. União de Seguros Gerais; (11) Percentage ownership increased through acquisition of shares on February 27, 2002; (12) Percentage ownership increased through acquisition of shares; (13) Companies audited by other independent auditors in 2001; (14) New name of Bradesco Previdência e Seguros; (15) Merged into Bradesco Seguros S.A. in May 2002; (16) New name of Latasa Latas de Alumínio S.A.; (17) New name of SERASA Centralização de Serviços de Bancos S.A.

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

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

(1) On August 19, 2002, Banco Mercantil de São Paulo S.A. and Banco Finasa S.A. entered into an agreement for the assignment of assets and rights and

Edgar Filing: BANK BRADESCO - Form 6-K

assumption of liabilities in which Banco Finasa assumed at book value assets in the amount of R\$ 1,028,569 thousand (mainly, credit operations) and liabilities in the amount of R\$ 1,028,369 thousand (mainly interbank deposits). (2) 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 assumed 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. Accordingly, the balance sheet is presented prior to this event. (3) On June 7, 2002, Bradesco acquired the share control of Banco Cidade S.A. through its subsidiary Banco BCN S.A.. Banco Cidade S.A. was merged into Banco BCN on June 24, 2002, with no effects on results. Accordingly, the balance sheet is presented prior to this event.

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

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

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

(2) 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\$ 48,082 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.

(7) Other liabilities include a provision for exchange variation (Note 17).

5. BALANCE SHEET BY CURRENCY AND EXCHANGE EXPOSURE

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

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

(2) Excluding derivative operations maturing in D +1, to be settled in currency at September 30, 2002 price levels.

6. BALANCE SHEET BY MATURITY

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

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

Edgar Filing: BANK BRADESCO - Form 6-K

are presented below with their corresponding days to maturity:

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 maintained by Bradesco and subsidiaries 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 were 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 were 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.

- 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.

- Financial derivative instruments recorded at market value: the effects of mark-to-market were recorded directly 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 to the portfolio at December 31, 2001, remaining at June 30, 2002, and were recorded 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 is recorded as a counter-entry to retained earnings. When market value is lower than book value, no adjustment is required since prior accounting policy 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 is 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.

- 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

Edgar Filing: BANK BRADESCO - Form 6-K

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 the following effects in stockholders' equity, net of tax effects:

In "Retained Earnings": calculated on the portfolio at December 31, 2001, remaining at June 30, 2002.

(1) As a counter-entry to the "Mark-to-Market Adjustment - Securities and Derivatives" account.

In "Mark-to-market adjustment - Securities and Derivatives": Comprising Mark-to-market of Securities Classified as Available for Sale.

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

(2) Adjustment to the Mark-to-market adjustment Securities and derivatives account 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) Net movement of reserve for 1st half/2002.

(5) Write-off of balance of reserved at June/2002 of securities reclassified to held to maturity (Note 8g).

(6) Net movement of reserve for 3rd quarter.

d) We present below the reconciliation, net of tax effects, of net income and of stockholders' equity without the effects of BACEN Circulars 3068/2001 and 3082/2002:

(1) The negative mark-to-market adjustment of securities available for sale, recorded in stockholders equity pursuant to Circular 3068/2001, would be recorded in income based on prior criteria, and the positive market-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, was effectively offset against absorption of additional provision (items)", described below, since Bradesco recorded this provision in accordance with its prudent and conservative approach.

(3) The positive mark-to-market of trading securities is now permitted in accordance with Circular 3068/2001, whereas pursuant to prior criteria only negative adjustments were acceptable.

(4) Gains/Losses on the mark-to-market adjustment of financial derivative instruments required by Circular 3082/2002, the disclosure of which was not required pursuant to prior criteria.

(5) The additional provisions for market risk fluctuation presented at September 30, 2002 (Note 9) neutralizes the effect of item 2" described above and should be treated in the general context of the application of the new mark-to-market policies.

Edgar Filing: BANK BRADESCO - Form 6-K

e) Summary of the classification of Securities at September 30, 2002:

f) Consolidated classification by category and days to maturity:

(1) Applications in investment funds: stated based on the securities comprising their portfolios, maintaining however the classification of the fund category. The date of maturity was considered for the purpose of distribution, regardless of accounting classification.

(2) This column reflects book value subsequent to mark-to-market, except for securities classified as securities held to maturity, whose market value is lower than book value by R\$ 963,067 thousand, net of tax effects:

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

g) Reclassification of Securities

NBCs and exchange NTNs were reclassified from securities available for sale to securities held to maturity, in the amount of R\$ 5,904,115 thousand at september 30, 2002 of which R\$ 5,633,118 thousand will fall due up to December 2002, decreasing results by R\$ 30,328 thousand, net of tax effects.

This reclassification considered management's intention to hold the securities to maturity, based on market conditions and the forthcoming maturity of the securities.

h) Composition of the portfolio and days to maturity:

(1) Applications in investment funds: stated based on the securities comprising their portfolios. The date of maturity was considered for the purpose of distribution, regardless of accounting classification.

9. ADDITIONAL PROVISION FOR MARKET RISK FLUCTUATION, NET OF TAX EFFECTS

10. CREDIT OPERATIONS

a) Total portfolio composition and days to maturity:

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

(2) Advances on foreign exchange contracts and advances in foreign currency granted are recorded as a discount to other liabilities.

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

(4) Recorded in memorandum accounts.

b) Credit operations derived from acquisitions:

Credit operations derived from the acquisition of the banks Mercantil de

Edgar Filing: BANK BRADESCO - Form 6-K

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:

c) Credit Operation Portfolio distributed by Risk Level:

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

e) Total portfolio composition by activity sector:

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

g) Movement of Allowance for loan losses

(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 balances are presented below:

11. FOREIGN EXCHANGE PORTFOLIO

a) Balance sheet accounts

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:

(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.

Edgar Filing: BANK BRADESCO - Form 6-K

12. OTHER RECEIVABLES

a) Income receivable includes dividends, interest attributed to own capital and bonuses receivable in the amount of R\$ 6,503 thousand (2001 - R\$ 6,630 thousand).

b) Sundry

13. PREPAID EXPENSES

These comprise mainly expenses for insurance, prepaid financial expenses and expenses for the contract to provide banking services at Post Office network branches which are amortized on a straight-line basis based on the contract terms.

14. INVESTMENTS

a) Equity accounting was recorded in income under Equity in the earnings of subsidiary and associated companies and totals R\$ 31,764 thousand (2001 - R\$ 15,534 thousand).

b) Presented as follows:

(1) Direct subsidiary; (2) Information at September 30, 2002; (3) Merged into Banco BCN in July 2002; (4) New name of Continental Banco S.A.; (5) New name of Continental Promotora de Vendas Ltda.; (6) Acquired in first half of 2002; (7) New name of Banco do Estado do Amazonas S.A. BEA; (8) Merged into Banco Baneb S.A., in March 2001; (9) Company became a subsidiary of Banco Bradesco in the 2nd quarter of 2002; (10) Information at August 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) Novo Hamburgo Cia. de Seguros Gerais was merged into Cia. União de Seguros Gerais; (14) Proportionally consolidated as from March 2002, pursuant to CMN Resolution 2723 and CVM Instruction 247; (15) New name of Tigre Participações S.A.; (16) Information at July 31, 2002; (17) The provision for exchange variation was recorded in the corresponding subsidiaries with investments abroad; (18) Equity accounting adjustments include results determined by the companies and equity variations in the investees 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\$ 175,617 thousand (2001 - R\$ 209,607 thousand), Credireal R\$ 64,233 thousand (2001 - R\$ 76,661 thousand), Baneb R\$ 84,789 thousand (2001 - R\$ 97,350 thousand), Boavista R\$ 364,798 thousand (2001 - R\$ 409,927 thousand), BEA R\$ 61,512 thousand, Mercantil de São Paulo R\$ 728,449 thousand and Banco Cidade R\$ 181,836 thousand, respectively, and goodwill derived from the increase in percentage ownership of Bradesco Leasing S.A. Arrendamento Mercantil in the amount of R\$ 55,516 thousand (2001 - R\$ 62,717 thousand). In the period, amortization of goodwill totaled R\$ 171,733 thousand (2001 - R\$ 106,793 thousand). 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.

d) Investments in the consolidated financial statements:

Edgar Filing: BANK BRADESCO - Form 6-K

- (1) Investment acquired in December 2001.
- (2) New name of American Bank Note Company Grafica e Servicos Ltda.
- (3) Proportionally consolidated as from March 2002, pursuant to CMN Resolution 2723 and CVM Instruction 247.
- (4) Company sold in first half of 2002.
- (5) Reclassification of shares and investments to securities available to sale.

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

- (1) The Mercantil New York branch was merged into the Mercantil Grand Cayman branch in September 2002.

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 September 30, 2002:

Land and buildings in use of the Bradesco Organization present an unrecorded increment of R\$ 1,272,631 thousand, based on appraisal reports prepared by independent experts, in the first six-month period of 2002.

The ratio of permanent assets to consolidated reference equity is 42.37% on a consolidated basis and 52.90% on a consolidated financial basis, within the maximum 60% limit.

16. LIABILITIES FOR DEPOSITS, DEPOSITS RECEIVED UNDER SECURITU 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:

b) Securities issued abroad (1)

(1) These consist of funds obtained from banks abroad and official institutions from the issuance of notes in the international market (Eurobonds) and under National Monetary Council (CMN) Resolution 2770/2000 for (i) onlending to local customers, repayable monthly through 2004, with interest payable semiannually at LIBOR or prime rate, plus a spread and (ii) for financing exchange operations for customers, through purchase and sale of foreign currencies, discounts of export bills, pre-financing of exports and financing of imports, mainly on a short-term basis.

(2) These mainly comprise funds obtained from official institutions for onlending to local customers, repayable through 2021.

17. OTHER LIABILITIES - SUNDRY

(1) Sundry creditors on a consolidated basis mainly comprise payables for goods and services in the amount of R\$ 549,970 thousand (2001 R\$ 451,972

Edgar Filing: BANK BRADESCO - Form 6-K

thousand).

(2) As a result of market volatility, an additional provision was recorded for market risk fluctuation based on a U.S. dollar rate of R\$ 2.88, presented in Other Liabilities .

18. CONTINGENT LIABILITIES

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

19. SUBORDINATED DEBT

Pursuant to the definitions in BACEN Resolution 2837/2001, subordinated debt was issued with the following characteristics:

20. STOCKHOLDERS' EQUITY (PARENT COMPANY)

Fully subscribed and paid-up capital comprises nominative-registered shares, with no par value, as follows:

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 in 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 - January 1 to September 30, 2002.

Movement in stockholders' equity for the period from January 1 to September 30 may be summarized as follows:

Edgar Filing: BANK BRADESCO - Form 6-K

At the Extraordinary Meetings of the Board of Directors held on April 1 and July 12, 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 50 billion shares, of which 24 billion are common and 26 billion are preferred, which were to remain in treasury for subsequent sale or cancellation, with no capital decrease. At September 30, 2002, 9,326,200,000 common shares in the amount of R\$ 82,205 thousand remained in treasury. The minimum, average weighted and maximum costs per thousand of these shares are respectively R\$ 7.83420, R\$ 8.81441 and R\$ 12.25290 and the market value of these shares on September 30, 2002 is R\$ 6.90 per thousand common shares.

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:

- a) Interest attributed to own capital and 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.
- 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/Interbank Investments - 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) Negotiation and intermediation of securities - 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.

Edgar Filing: BANK BRADESCO - Form 6-K

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 operating limits and the granting of credit. Accordingly, the Credit Department and Committees located at the Bank's Headquarters are critical to policy implementation since they are responsible for gearing and managing this core strategic activity. The Branches operate within varying limits, according to the size and types of underlying guarantees, subject to a centralized evaluation and accordingly in line with the Organization's credit and risk management policy. 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. Operations are diversified, non-selective and focused on Consumer and Corporate customers with sound payment capacity and proven creditworthiness. Care is taken to ensure that related guarantees are sufficient to cover the risks assumed, considering the purpose and terms of the credit granted.

Market Risk

Market risk is related to the possibility of the loss of income from fluctuating rates caused by the unhedged terms, currencies and indices of the Bank'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 with VaR (Value at Risk) limits defined by Senior Management, and compliance is monitored daily by an area which is independent from portfolio management. The methodology used to determine VaR has a reliability level of 97.5%. The fluctuations and correlations used by the models are calculated on statistical bases and future prospects are calculated based on economic studies. The methodology applied and current statistical models are validated daily using backtesting techniques. We present below the VaR of the Consolidated Own Portfolio positions (Treasury):

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

Edgar Filing: BANK BRADESCO - Form 6-K

values at risk for the fixed and foreign exchange positions of the Organization's entire portfolio and of minimum capital requirements.

Liquidity Risk

Liquidity risk management is designed to control the different unhedged liquidation terms of the Bank's rights and obligations, as well as the liquidity of the financial instruments used to manage the financial positions. Knowledge and monitoring of this risk is critical since it enables the Organization to settle transactions on a timely and secure basis. At Bradesco, liquidity risk management involves a series of controls, mainly, the establishment of technical limits and an ongoing assessment of the positions assumed and financial instruments used.

Capital Risk

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

(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 values, net of provisions for mark-to-market, of the main financial instruments and corresponding market values at September 30, 2002 are summarized as follows:

(1) Securities are presented at market value without considering the effects of the mark-to-market of securities held to maturity, in the amount of R\$ 963,067 thousand, net of tax effects, since this difference is fully offset against the potential gain on liabilities related to these securities. In addition, a specific provision was recorded for this purpose to offset the effects of excess volatility in the amount of R\$ 980,351 thousand, net of tax effects (Note 9).

(2) Not including increment in investments in subsidiary and associated companies.

Determination of market value of financial instruments:

Securities, Investments and Other Liabilities: 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

Edgar Filing: BANK BRADESCO - Form 6-K

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 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 indices, or purchasing and selling other financial instruments according to the terms and dates set forth in the contracts. Under the option contracts, the purchaser is entitled, but not obliged, to purchase or sell a financial instrument at a specific strike price in the future. The amounts of the instruments recorded in balance sheet and memorandum accounts at September 30, 2002 are summarized below:

Derivatives include operations falling due in D+1 to be settled in currency at September 30, 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\$ 439,525 thousand and amounts payable, fully recorded as a provision under other liabilities - Financial derivative instruments, total R\$ 1,628,814 thousand.

o Futures, option, forward and swap contracts fall due as follows:

o We present below the type of margin given as collateral for financial derivative instruments, comprising mainly futures contracts and corresponding amounts:

We present below the amounts of net revenue and expense recorded in income for the period ended September 30, 2002:

We present below the overall amounts of the financial derivative instruments, separated by place of trading:

23. COMMISSIONS AND FEES

24. ADMINISTRATIVE EXPENSES

25. OTHER OPERATING INCOME

26. OTHER OPERATING EXPENSES

27. NON-OPERATING INCOME

Edgar Filing: BANK BRADESCO - Form 6-K

(1) 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 and profit was determined in the amount of R\$ 26,303 thousand.

28. EMPLOYEE BENEFITS

We present the following information on employee benefits of Bradesco and its subsidiaries: Banco Bradesco and its subsidiaries do not maintain:

- o Dismissal benefits;
- o Stock option plans;
- o Long-term benefits;
- o 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., 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 periods totaled R\$ 100,983 thousand at September 30, 2002 (September 30, 2001 - R\$ 96,670 thousand).

29. INCOME TAX AND SOCIAL CONTRIBUTION

- a) Calculation of income tax and social contribution charges:
- b) Statement of income tax and social contribution benefit:
- c) Statement of deferred income tax and social contribution assets:

We present below the expected realization of deferred tax assets:

Deferred tax assets were recorded considering Bradesco's historic profitability and are classified in current assets and long-term receivables based on expected realization, in conformity with a technical study addressing the feasibility of the generation of taxable income, prepared in the first six-month period of 2002.

At September 30, 2002, the deferred tax assets of Banco Mercantil de São Paulo and Banco Cidade (Note 3f) and Ford Leasing are recorded, the

Edgar Filing: BANK BRADESCO - Form 6-K

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 period, in the amount of R\$ 209,061 thousand, were not recorded.

30. RECLASSIFICATION FOR COMPARISON PURPOSES

In order to facilitate comparison of the financial statements, certain September 2001 account balances were reclassified in line with the accounting procedures/classification used in 2002.

(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) The financial derivative instruments were reclassified, however the accounting classification policies for the period were maintained.

(5) Transfer of the amount relating to the contract for providing banking services in the post-office branch network from property and equipment to current assets.

31. STATEMENT OF CASH FLOWS

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).

32. OTHER INFORMATION

a) The net assets of the investment funds managed by the Bradesco Organization at September 30, 2002 totaled R\$ 42,504,840 thousand (2001 - R\$ 40,934,864 thousand).

b) On September 19, 2002, Bradesco Leasing S.A. - Arrendamento Mercantil registered at CVM a sole series for public offer of 1,200,000 nominative-registered non-convertible debentures (9th issue), with a unit value of R\$ 1,000.00, issued on June 1, 2002, in the total amount of R\$ 1,200,000,000.00 of the subordinated debt type, with a 10-year term counted from the date of issuance, as approved at the Extraordinary Meeting of the Board of Directors of Bradesco Leasing, held on May 16, 2002.

Moacir Nachbar Junior
Accountant CRC 1SP198208/O-5

Edgar Filing: BANK BRADESCO - Form 6-K

Report of the Audit Committee

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 third quarter of 2002, in comparison with the accounting records and documents presented by the Board of Executive Officers 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, October 25, 2002.

Ricardo Abecassis E. Santo Silva
Sócrates Fonseca Guimarães
Oswaldo de Moura Silveira

Independent auditors' report on special review

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

1. We have performed a special review of the consolidated interim report of Banco Bradesco S.A. and its subsidiaries for the nine-month period then ended September 30, 2002, comprising the balance sheet, the statements of income and changes in financial position and the respective notes to the consolidated interim report, which were prepared in accordance with the accounting practices derived from the Brazilian Corporation Law and the Brazilian Central Bank rules with regards to the paragraph 4.

2. Our review was performed in conformity with the specific rules established by the Brazilian Institute of Independent Auditors (IBRACON), jointly with the Brazilian Federal Accounting Council, and consisted mainly of: (a) inquiries and discussions with the managers responsible for the accounting, financial and operational areas of the Bank and its subsidiaries, regarding to the principal criteria adopted in the preparation of the interim reports; and (b) review of information and subsequent events that have or may have a relevant effect on the financial situation and operations of Banco Bradesco S.A. and its subsidiaries.

3. Based on our review, we are not aware of any significant modifications that should be made to the aforementioned consolidated interim report for it to be in conformity with accounting practices derived from the Brazilian Corporation Law and rules of the Brazilian Central Bank with regards to the following paragraph.

4. As mentioned in Note 8 to the consolidated interim report, the Bank adopted, in the first semester of 2002, the new criteria for recording and evaluation of the securities and derivative financial instruments, determined by the Brazilian Central Bank.

5. The consolidated interim report, related to the nine-month period ended September 30, 2001, presented for comparison purposes, were examined by us and

Edgar Filing: BANK BRADESCO - Form 6-K

based on our exams and on the reports of other independent auditors related to the subsidiaries described in Note 3e (item 13), we issued our report dated October 26, 2001, without exception.

October 25, 2002

KPMG Auditores Independientes
CRC 2SP014428/O-6

Jose Marcelo Bessan
Contador
CRC 1SP129705/O-0

Claudio Rogelio Sertorio
Contador
CRC1SP212059/O-0

SIGNATURE

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

Date: November 12, 2002

BANCO BRADESCO S.A.

By: /s/ Luiz Carlos Trabuco Cappi

Luiz Carlos Trabuco Cappi
Executive Vice-President
and Investor Relations
Director

FORWARD-LOOKING STATEMENTS

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