

BANK BRADESCO
Form 6-K
February 04, 2005

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

FORM 6-K

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

For the month of February, 2005

Commission File Number 1-15250

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

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

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

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

Form 20-F Form 40-F

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

Yes No

Report on Economic and
Financial Analysis

December 2004

Financial Market Indicators (%)

| Index | 2003 | | | 2004 | | |
|--------------------------------|----------------------|----------------------|-------------------------|----------------------|----------------------|-------------------------|
| | 3 rd Qtr. | 4 th Qtr. | Accumulated to December | 3 rd Qtr. | 4 th Qtr. | Accumulated to December |
| CDI | 5.61 | 4.40 | 23.26 | 3.86 | 3.99 | 16.20 |
| IBOVESPA | 23.42 | 38.88 | 97.34 | 9.92 | 12.70 | 17.81 |
| USD - Commercial rate | 1.79 | (1.17) | (18.23) | (8.01) | (7.14) | (8.13) |
| IGP-M | 1.14 | 1.49 | 8.70 | 3.25 | 1.96 | 12.42 |
| IPCA - IBGE | 1.32 | 1.15 | 9.30 | 1.94 | 2.0 | 7.60 |
| TJLP | 2.87 | 2.63 | 11.48 | 2.35 | 2.35 | 9.81 |
| TR | 1.29 | 0.69 | 4.65 | 0.57 | 0.47 | 1.82 |
| Savings deposits | 2.82 | 2.21 | 11.10 | 2.09 | 1.98 | 8.10 |
| Business days | 66 | 64 | 252 | 65 | 62 | 251 |
| Collective labor agreement (*) | 12.60 | - | 12.60 | 8.50 | - | 8.50 |

Closing Price

| | | | | | | |
|--|--------|--------|--------|--------|--------|--------|
| USD - Commercial rate - sell (in reais) | 2.9234 | 2.8892 | 2.8892 | 2.8586 | 2.6544 | 2.6544 |
| Euro | 3.4103 | 3.6506 | 3.6506 | 3.5573 | 3.6195 | 3.6195 |
| Peso (Argentine) | 1.0066 | 0.9847 | 0.9847 | 0.9572 | 0.8955 | 0.8955 |
| Sovereign risk (points) | 695 | 463 | 463 | 466 | 383 | 383 |
| SELIC Central Bank reference rate COPOM (% p.a.) | 20.00 | 16.50 | 16.50 | 16.25 | 17.75 | 17.75 |
| Prefixed BM&F rate - 1 yr. (% p.a.) | 18.10 | 15.88 | 15.88 | 17.40 | 17.85 | 17.85 |

(*) In 2004, monthly salaries of up to R\$ 1,500.00 were increased by R\$ 30,00.

Compulsory Deposit Rates (%)

| Deposits | 2003 | | 2004 | |
|--------------------------------|----------------------|----------------------|----------------------|----------------------|
| | 3 rd Qtr. | 4 th Qtr. | 3 rd Qtr. | 4 th Qtr. |
| Demand deposits ⁽¹⁾ | 45 | 45 | 45 | 45 |
| Additional ⁽²⁾ | 8 | 8 | 8 | 8 |
| Time deposits ⁽³⁾ | 15 | 15 | 15 | 15 |
| Additional ⁽²⁾ | 8 | 8 | 8 | 8 |

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| | | | | |
|---------------------------------|----|----|----|----|
| Savings deposits ⁽⁴⁾ | 20 | 20 | 20 | 20 |
| Additional ⁽²⁾ | 10 | 10 | 10 | 10 |

- (1) Cash deposit - no remuneration.
- (2) Cash deposit - SELIC rate.
- (3) Deposit in Government Securities. From the amount calculated at 15% , R\$ 300 million may be deducted as per Brazilian Central Bank instructions, effective from November 8, 2004.
- (4) Cash deposit - Reference Rate (TR) + interest of 6.17% p.a.

Rates and Limits (%)

| Items | 2003 | | 2004 | |
|--------------------------------------|----------------------|----------------------|----------------------|----------------------|
| | 3 rd Qtr. | 4 th Qtr. | 3 rd Qtr. | 4 th Qtr. |
| Income tax | 25 | 25 | 25 | 25 |
| Social contribution | 9 | 9 | 9 | 9 |
| PIS ⁽¹⁾ | 0.65 | 0.65 | 0.65 | 0.65 |
| COFINS ⁽²⁾ | 4 | 4 | 4 | 4 |
| Legal reserve on net income | 5 | 5 | 5 | 5 |
| Maximum fixed assets ⁽³⁾ | 50 | 50 | 50 | 50 |
| Minimum capital Basel ⁽⁴⁾ | 11 | 11 | 11 | 11 |

- (1) The rate applicable to non-financial and similar companies is 1.65% (non-cumulative PIS).
- (2) The rate applicable to financial and similar companies was increased to 4% in September 2003 and for other companies to 7.60% in February 2004 (non-cumulative COFINS).
- (3) On reference equity.
- (4) Reference equity may not be lower than 11% of weighted assets.

Forward-Looking Statements

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

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

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

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RISK FACTORS

Reaffirming Bradesco's adherence to best international practices for transparency and corporate governance, we transcribe below the text extracted from the Risk Factors section of Form 20-F, the annual report filed at the Securities and Exchange Commission - SEC, describing the risk factors which we consider most significant and which could affect our daily business, the results of our operations or our financial position. We stress that Bradesco addresses the management of all risks inherent to its activities in a complete and integrated manner. This integrated approach facilitates the improvement of risk management models and avoids the existence lacunas that could jeopardize the correct identification and assessment of these risks.

Risks Relating to Brazil

1) Brazilian political and economic conditions have a direct impact on our business and the market price of the preferred shares and ADSs

Substantially all of our operations and customers are located in Brazil. Accordingly, our financial condition and results of operations are substantially dependent on Brazil's economy, which in the past has been characterized by frequent and occasionally drastic intervention by the Brazilian government and volatile economic cycles. In addition, our operations, financial condition and the market price of the preferred shares and ADSs may also be adversely affected by changes in policy involving exchange controls, tax and other matters, as well as factors such as: fluctuations in exchange rates; base interest rate fluctuations; inflation; and other political, diplomatic, social and economic developments within and outside of Brazil that affect the country.

In the past, the Brazilian government has often changed monetary, fiscal, taxation and other policies to influence the course of Brazil's economy. We have no control over, and cannot predict, what measures or policies the Brazilian government may take in response to the current or future situation of the Brazilian economy or how the Brazilian government intervention and government policies will affect the Brazilian economy and, both directly and indirectly, our operations and revenues.

2) If Brazil experiences substantial inflation in the future, our revenues and the market price of the preferred shares and ADSs may be reduced

Brazil has in the past experienced extremely high rates of inflation, with annual rates of inflation during the last fifteen years reaching as high as 1,158% in 1992, 2,708% in 1993 and 1,093% in 1994.

More recently, Brazil's rates of inflation were 26.4% in 2002, 7.7% in 2003 and 12.1% in 2004. Inflation itself and governmental measures to combat inflation have in the past had significant negative effects on the Brazilian economy. Inflation, actions taken to combat inflation and public speculation about possible future actions have also contributed to economic uncertainty in Brazil and to heightened volatility in the Brazilian securities markets. If Brazil experiences substantial inflation in the future, our costs (if not accompanied by an increase in interest rates) may increase, our operating and net margins may decrease and, if investor confidence lags, the price of our preferred shares and ADSs may fall. Inflationary pressures may also curtail our ability to access foreign financial markets and may lead to further government intervention in the economy, including the introduction of government policies that may adversely affect the overall performance of the Brazilian economy.

3) Access to international capital markets for Brazilian companies is influenced by the perception of risk in emerging economies, which may hurt our ability to finance our operations

Since the end of 1997, and in particular during the last three years, as a result of economic problems in various emerging market countries, including the economic crisis in Argentina, investors have had a heightened risk perception for investments in emerging markets. As a result, in some periods Brazil has experienced a significant outflow of U.S. dollars and Brazilian companies have faced higher costs for raising funds, both domestically and abroad, and have been impeded from accessing international capital markets. We cannot assure you that international capital markets will remain open to Brazilian companies or that prevailing interest rates in these markets will be advantageous to us.

4) Developments in other emerging markets may adversely affect the market price of the preferred shares and ADSs

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The market price of the preferred shares and ADSs may be adversely affected by declines in the international financial markets and world economic conditions. Brazilian securities markets are, to varying degrees, influenced by economic and market conditions in other emerging market countries, especially those in Latin America, including Argentina, which is one of Brazil's principal trading partners. Although economic conditions are different in each country, investors' reaction to developments in one country can affect the securities markets and the securities of issuers in other countries, including Brazil. Since the fourth quarter of 1997, the international financial markets have experienced significant volatility, and a large number of market indices, including those in Brazil, have declined significantly.

Developments in other countries have also at times adversely affected the market price of our and other Brazilian companies' preferred shares, as investors' perceptions of increased risk due to crises in other emerging markets can lead to reduced levels of investment in Brazil and, in addition, may hurt our ability to finance our operations through the international capital markets. If the current economic situation in Argentina and Latin America deteriorates, or if similar developments occur in the international financial markets in the future, the market price of the preferred shares and ADSs may be adversely affected.

Risks Relating to Bradesco and the Brazilian Banking and Insurance Industry

1) The Brazilian government regulates the operations of Brazilian banks and insurance companies, and changes in existing laws and regulations or the imposition of new ones may negatively affect our operations and revenues

Brazilian banks and insurance companies, including our banking and insurance operations, are subject to extensive and continuous regulatory review by the Brazilian government. We have no control over government regulations, which govern all facets of our operations, including the imposition of minimum capital requirements, compulsory reserve requirements, lending limits and other credit restrictions.

The regulatory structure governing Brazilian banks and insurance companies is continuously evolving. Existing laws and regulations could be amended, the manner in which laws and regulations are enforced or interpreted could change, and new laws or regulations could be adopted. Such changes could materially adversely affect our operations and our revenues.

Regulatory changes affecting other businesses in which we are engaged, including our brokerdealer, consortium and leasing operations, could also have an adverse effect on our operations and our revenues.

2) The increasingly competitive environment in the Brazilian bank and insurance industries may negatively affect our business prospects

We face significant competition in all of our principal areas of operation from other large Brazilian banks and insurance companies, public and private. Brazilian regulations raise limited barriers to market entry and do not differentiate between local or foreign commercial and investment banks and insurance companies. As a result, the presence of foreign banks and insurance companies in Brazil, some of which have greater resources than we do, has grown and competition both in the banking and insurance sectors generally and in markets for specific products has increased. The privatization of publicly owned banks has also made the Brazilian markets for banking and other financial services more competitive.

The increased competition may negatively affect our business results and prospects by, among other things, limiting our ability to increase our client base and expand our operations, reducing our profit margins on the banking, insurance, leasing and other services and products we offer; and increasing competition for foreign investment opportunities.

Furthermore, additional publicly-owned banks and insurance companies may be privatized in the future. The acquisition of a bank or insurance company in a privatization process or otherwise by one of our competitors would generally add to the acquirers' market share, and as a result we may face increased competition from the acquirer.

3) A majority of our common shares are held by two shareholders, whose interests may conflict with other investors' interests

At December 31, 2004, Cidade de Deus Companhia Comercial de Participações, which we call Cidade de Deus Participações, directly held 47.95% of our common shares and Fundação Bradesco directly and indirectly held 44.38% of our common shares. As a result, these shareholders have the power to prevent a change in control of our company, even if a transaction of that nature would be beneficial to our other shareholders, as well as to approve related-party transactions or corporate reorganizations.

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5 Operating Structure

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Bradesco Private Banking
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Customer Service Network
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Banco Postal
Investments in Infrastructure, Information Technology and Telecommunications
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Certain figures included in this document have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

List of Abbreviations

| | |
|----------|--|
| ABC | Activity-Based Costing |
| ABEL | Brazilian Association of Leasing Companies |
| ABM | Activity-Based Management |
| ACC | Advance on foreign exchange contracts |
| ACE | Advance on Export Contracts - Delivered Bills |
| ADR | American Depositary Receipt |
| ADS | American Depositary Share |
| ANAPP | National Association of Private Pension Plan Companies |
| ANBID | National Association of Investment Banks |
| ANS | National Agency for Supplementary Healthcare |
| AP | Personal Accident |
| APIMEC | Association of Capital Market Investment Analysts and Professionals |
| B2B | Business to Business |
| B2C | Business to Consumer |
| BACEN | Brazilian Central Bank |
| BDR | Brazilian Depositary Receipt |
| BID | Interamerican Development Bank |
| BM&F | Mercantile and Futures Exchange |
| BNDES | National Bank for Economic and Social Development |
| BOVESPA | São Paulo Stock Exchange |
| CBLC | Brazilian Settlement and Custody Company |
| CDB | Certificate of Bank Deposit |
| CDC | Consumer Sales Financing |
| CDI | Certificate of Interbank Deposit |
| CEF | Federal Savings Bank |
| CETIP | Center for the Financial Clearance and Custody of Private Securities |
| CMN | National Monetary Council |
| CNSP | National Private Insurance Council |
| COFINS | Social Contribution on Billings |
| COPOM | Monetary Policy Committee |
| COSIF | Chart of Accounts for National Financial System Institutions |
| COSO | Committee of Sponsoring Organizations |
| CRI | Certificate of Real Estate Receivables |
| CS | Social Contribution |
| CVM | Brazilian Securities Commission |
| DPVAT | Compulsory Vehicle Insurance |
| DR | Depositary Receipt |
| DTVM | Securities Dealer |
| ERP | Enterprise Resource Planning |
| EVR | Electronic Voice Response Unit |
| EXIM | Export and Import BNDES financing line |
| FCVS | Compensation and Salary Variation Fund |
| FED | U.S. Federal Reserve System |
| FGC | Receivables Guarantee Fund |
| FGTS | Employee Severance Indemnity Fund |
| FGV | Fundação Getulio Vargas |
| FIA | Fundação Instituto de Administração |
| FIDC | Credit Assignment Funds |
| FIFE | Exclusive Financial Investment Fund |
| FINAME | Fund for Financing the Acquisition of Industrial Machinery and Equipment |
| FIPE | Economic Research Institute Foundation |
| FIPECAFI | Accounting, Actuarial and Financial Research Institute Foundation |
| FxRN | Fixed Rate Note |

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GDAD Performance and Decision Making Support Management
GDP Gross Domestic Product
IBA Brazilian Actuarial Institute
IBMEC Brazilian Capital Market Institute
IBNR Claims Incurred But Not Reported
IBOVESPA São Paulo Stock Exchange Index
IFC International Finance Corporation
IGP-M General Price Index - Market
IPCA Extended Consumer Price Index
IR Income tax
ISO International Organization for Standardization
JCP Interest attributed to own capital
LFT Financial Treasury Notes
LTN National Treasury Bonds
MBA Master of Business Administration
MP Provisional Measure
NBC Central Bank Notes
NTN Federal Treasury Notes
ON Common Stock
PDD Allowance for Loan Losses
PGBL Unrestricted Benefits Generating Plan
PIS Social Integration Program
PL Stockholders Equity
PN Preferred Stock
PROEX Export Financing Program
PTRB Online Tax Payment
RCF Optional Third-Party Liability
ROA Return on Assets
ROAA Return on Average Assets
ROAE Return on Average Equity
ROE Return on Equity
SAP Systems Applications and Products
SBCE Brazilian Export Financing Insurance Company
SBPE Brazilian Savings and Loan System
SEC U.S. Securities and Exchange Commission
SELIC Special Clearance and Custody System
SESI National Industry Social Service
SFH National Housing System
SFN National Financial System
SPB Brazilian Payment System
SPE Specific Purpose Entity
SUSEP Superintendency of Private Insurance
TED Instant Online Transfer
TJLP Long-term Interest Rate
TR Reference Rate
TVM Securities
UNESCO United Nations Educational, Scientific and Cultural Organization
USCP United States Commercial Paper
USP São Paulo State University
V@R Value at Risk
VGBL Long-term life insurance
WAP Wireless Application Protocol

1 Bradesco Line by Line

Highlights

Earnings In millions of reais

| | 2004 | | | Accumulated to December | | |
|---|----------------------|----------------------|-------------|-------------------------|--------|-------------|
| | 3 rd Qtr. | 4 th Qtr. | % Variation | 2003 | 2004 | % Variation |
| Financial margin | 3,303 | 3,516 | 6.4 | 13,282 | 13,231 | (0.4) |
| Provision for loan losses | 478 | 489 | 2.3 | 2,450 | 2,042 | (16.7) |
| Commission and fees | 1,455 | 1,675 | 15.1 | 4,557 | 5,824 | 27.8 |
| Insurance premiums, private pension plans and savings bonds | 3,465 | 3,836 | 10.7 | 11,726 | 13,284 | 13.3 |
| Personnel expenses | 1,274 | 1,284 | 0.8 | 4,779 | 4,969 | 4.0 |
| Other administrative expenses | 1,225 | 1,289 | 5.2 | 4,814 | 4,937 | 2.6 |
| Operating income | 1,163 | 1,534 | 31.9 | 3,553 | 4,118 | 15.9 |
| Net income | 752 | 1,058 | 40.7 | 2,306 | 3,060 | 32.7 |

Balance Sheet In millions of reais

| | 2004 | | | December | | |
|---------------------------|-----------|----------|-------------|----------|---------|-------------|
| | September | December | % Variation | 2003 | 2004 | % Variation |
| Total assets | 179,703 | 184,926 | 2.9 | 176,098 | 184,962 | 5,0 |
| Securities | 58,155 | 62,422 | 7.3 | 53,805 | 62,422 | 16,0 |
| Credit operations | 59,976 | 62,788 | 4.7 | 54,336 | 62,788 | 15,6 |
| Permanent assets | 5,030 | 4,946 | (1.7) | 4,956 | 4,946 | (0,2) |
| Total deposits | 64,787 | 68,643 | 6.0 | 58,024 | 68,643 | 18,3 |
| Borrowings and onlendings | 16,715 | 15,960 | (4.5) | 14,795 | 15,960 | 7,9 |
| Technical reserves | 31,585 | 33,669 | 6.6 | 26,409 | 33,669 | 27,5 |
| Stockholders equity | 14,678 | 15,215 | 3.7 | 13,547 | 15,215 | 12,3 |

Change in Number of Shares Outstanding

| | Common Stock | Preferred Stock | Total |
|---|-------------------|-------------------|--------------------|
| Number of shares held at December 31, 2003 (*) | 79,836,526 | 78,693,936 | 158,530,462 |
| Shares acquired and not canceled for the year | (386,083) | (4) | (386,087) |
| Stock split (**) | 158,900,886 | 157,387,864 | 316,288,750 |

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Number of shares held at December 31, 2004 238,351,329 236,081,796 474,433,125

(*) Shares divided by 10,000, as a result of the reverse stock split.

(**) 2-for-1 stock split increasing the number of shares by 200%. Please see Note 25b to the financial statements for further information.

Share Performance (*) in reais

| | 2004 | | | Accumulated to December | | |
|--|----------------------|----------------------|-------------|-------------------------|--------|-------------|
| | 3 rd Qtr. | 4 th Qtr. | % Variation | 2003 | 2004 | % Variation |
| Net income per share | 1.59 | 2.23 | 40.3 | 4.85 | 6.45 | 33.0 |
| Dividends/JCP per share ON (net of income tax) | 0.567 | 0.584 | 2.9 | 2.318 | 2.261 | (2.5) |
| Dividends/JCP per share PN (net of income tax) | 0.624 | 0.642 | 2.9 | 2.550 | 2.487 | (2.5) |
| Net book value (ON and PN) | 30.94 | 32.07 | 3.7 | 28.48 | 32.07 | 12.6 |
| Average last day price (ON) | 39.48 | 55.63 | 40.9 | 44.57 | 55.63 | 24.8 |
| Average last day price (PN) | 50.00 | 64.88 | 29.8 | 51.03 | 64.88 | 27.1 |
| Market value of stockholders' equity (in millions of reais) (**) | 21,213 | 28,576 | 34.7 | 22,722 | 28,576 | 25.8 |

(*) Adjusted for comparison purposes to reflect the 2-for-1 stock split.

(**) Number of shares x average last day quotation for the period.

JCP = Interest attributed to own capital.

Cash Generation In millions of reais

| | 2003 | | | 2004 | | |
|--|----------------------|----------------------|-------------------------|----------------------|----------------------|-------------------------|
| | 3 rd Qtr. | 4 th Qtr. | Accumulated to December | 3 rd Qtr. | 4 th Qtr. | Accumulated to December |
| Net income | 564 | 715 | 2,306 | 752 | 1,058 | 3,060 |
| Equity in the earnings of associated companies | (7) | (31) | (5) | 4 | (44) | (163) |
| Allowance for loan losses | 603 | 453 | 2,450 | 478 | 489 | 2,042 |
| Technical reserves | 1,625 | 1,844 | 6,791 | 2,019 | 2,239 | 7,180 |
| (Reversal of) allowance for mark-to-market | (1) | (11) | 19 | - | (3) | (7) |
| Depreciation and amortization | 179 | 153 | 623 | 134 | 128 | 548 |
| Amortization of goodwill | 62 | 173 | 1,035 | 188 | 212 | 713 |
| Other | (22) | 2 | (3) | 21 | (12) | (29) |
| Total | 3,003 | 3,298 | 13,216 | 3,596 | 4,067 | 13,344 |

Added Value In millions of reais

| | 2003 | | | 2004 | | |
|----------------------------|----------------------|----------------------|-------------------------|----------------------|----------------------|-------------------------|
| | 3 rd Qtr. | 4 th Qtr. | Accumulated to December | 3 rd Qtr. | 4 th Qtr. | Accumulated to December |
| ADDED VALUE (A+B+C) | 2,395 | 2,172 | 9,008 | 2,702 | 2,812 | 10,207 |

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| | | | | | | |
|--|--------------|--------------|--------------|--------------|--------------|---------------|
| A - Gross profit from financial intermediation | 2,554 | 3,192 | 10,832 | 2,825 | 3,027 | 11,189 |
| B - Commissions and fees | 1,182 | 1,275 | 4,557 | 1,455 | 1,675 | 5,824 |
| C - Other operating expenses | (1,341) | (2,295) | (6,381) | (1,578) | (1,890) | (8,806) |
| DISTRIBUTION OF ADDED VALUE (D+E+F+G) | 2,395 | 2,172 | 9,008 | 2,702 | 2,812 | 10,207 |
| D - Employees | 1,094 | 1,013 | 3,887 | 1,030 | 1,027 | 3,992 |
| E - Government | 737 | 444 | 2,815 | 920 | 727 | 3,155 |
| F - JCP/Dividends to stockholders (paid and accrued) | 367 | 347 | 1,347 | 333 | 340 | 1,325 |
| G - Reinvestment of profits | 197 | 368 | 959 | 419 | 718 | 1,735 |

Performance Ratios (annualized) - %

| | 2004 | | Accumulated to December | |
|---|----------------------|----------------------|-------------------------|------|
| | 3 rd Qtr. | 4 th Qtr. | 2003 | 2004 |
| Return on stockholders' equity (total) | 22.1 | 30.9 | 17.0 | 20.1 |
| Return on stockholders' equity (average) | 23.3 | 31.7 | 18.9 | 22.0 |
| Return on total assets (total) | 1.7 | 2.3 | 1.3 | 1.7 |
| Stockholders' equity to total assets | 8.2 | 8.2 | 7.7 | 8.2 |
| Capital adequacy ratio (Basel) - financial consolidated | 19.9 | 18.8 | 19.9 | 18.8 |
| Capital adequacy ratio (Basel) - total consolidated | 17.0 | 16.1 | 17.2 | 16.1 |
| Permanent assets to stockholders' equity - financial consolidated | 42.7 | 38.0 | 40.8 | 38.0 |
| Permanent assets to stockholders' equity - total consolidated | 24.2 | 23.3 | 26.4 | 23.3 |
| Efficiency ratio (accumulated over the prior 12-month period) | 58.3 | 55.5 | 56.6 | 55.5 |

Other Information

| | 2004 | | | December | | |
|---|-----------|----------|-------------|----------|---------|-------------|
| | September | December | % Variation | 2003 | 2004 | % Variation |
| Funds obtained and managed - in millions of reais | 255,017 | 265,383 | 4.1 | 240,832 | 265,383 | 10.2 |
| Number of employees | 74,227 | 73,644 | (0.8) | 75,781 | 73,644 | (2.8) |
| Number of branches | 3,049 | 3,004 | (1.5) | 3,052 | 3,004 | (1.6) |
| Checking account holders - million | 15.3 | 15.7 | 2.6 | 14.5 | 15.7 | 8.3 |
| Debit and credit card base - million | 45.2 | 46.4 | 2.7 | 41.1 | 46.4 | 12.9 |

Profitability

Bradesco reported net income of R\$ 3,060 million, for 2004, up by 32.7%, compared to net income of R\$ 2,306 million for 2003. Stockholders equity was R\$ 15,215 million at December 31, 2004, an increase of 12.3% compared to the prior-year. As a result, the return on stockholders equity (ROE) was 20.1%. Assets totaled R\$ 184,762 million at the end of 2004, a growth rate of 4.9% compared to the balance for 2003. Return on total assets (ROA) for 2004 was 1.7%. Net income per share, adjusted to reflect the 2-for-1 stock split was R\$ 6.45.

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In the fourth quarter of 2004 (4Q04) consolidated net income was R\$ 1,058 million, up by R\$ 306 million, or 40.7% compared to third-quarter earnings (3Q04). Return on stockholders' equity (ROE) annualized was 30.9% for the quarter and return on total assets (ROA) annualized was 2.3%.

4Q04 was marked by the good performance of revenues comprising financial margin, mainly as a result of expanding business volume, in particular credit portfolio, influenced by the return to economic growth, in both the international and domestic markets. We also highlight the increase in commissions and fees, up by 15.1% compared to 3Q04, in particular, income on cards and checking account maintenance.

The present improved credit portfolio scenario, in sync with our ongoing selective credit granting policy, was mirrored by improved portfolio risk ratings, with AA-to-C rated credits comprising 92.3% of total portfolio, and the provision for loan loss recorded in the amount of R\$ 489 million for 4Q04, totaling R\$ 2,042 million for the year.

The Operating Efficiency Ratio in 2004 was 55.5%, improving by 2.8 points compared to the 12-month period ended 3Q04, mainly as a result of the firm commitment by Bradesco's management to control expenses and grow quarterly revenues. As a result the expanded coverage ratio (income on commission and fees/personnel expenses + administrative expenses) increased from 58.2% in 3Q04 to 65.1% in 4Q04.

Comparative Statement of Income - In millions of reais

| | Accumulated to December 2003 | Accumulated to December 2004 | % Variation | 3 rd Qtr. 2004 | 4 th Qtr. 2004 | % Variation |
|---|------------------------------------|------------------------------------|----------------|------------------------------|------------------------------|----------------|
| Income from lending and trading activities | 28,034 | 26,203 | (6.5) | 5,525 | 6,202 | 12.30 |
| Credit operations | 12,295 | 12,731 | 3.5 | 2,871 | 3,102 | 8.0 |
| Leasing operations | 308 | 301 | (2.3) | 73 | 86 | 17.8 |
| Securities | 7,833 | 4,921 | (37.2) | 361 | 758 | 110.0 |
| Financial income on insurance, private pension plans and savings bonds | 5,360 | 5,143 | (4.0) | 1,337 | 1,379 | 3.1 |
| Derivative financial instruments | 55 | 1,239 | 2,152.7 | 582 | 530 | (8.9) |
| Foreign exchange transactions | 797 | 691 | (13.3) | - | 29 | - |
| Compulsory deposits | 1,386 | 1,177 | (15.1) | 301 | 318 | 5.6 |
| Expenses | 17,203 | 15,014 | (12.7) | 2,700 | 3,175 | 17.6 |
| Deposits | 10,536 | 8,486 | (19.5) | 1,292 | 1,710 | 32.4 |
| Price-level restatement and interest on technical reserves for insurance, private pension plans and savings bonds | 3,120 | 3,216 | 3.1 | 943 | 922 | (2.2) |
| Borrowings and onlendings | 1,084 | 1,253 | 15.6 | (18) | 50 | (377.8) |
| Financial margin | 13,282 | 13,231 | (0.4) | 3,304 | 3,516 | 6.4 |
| Leasing operations | 13 | 17 | 30.8 | 5 | 4 | (20.0) |
| Provision for loan losses | 2,450 | 2,042 | (16.7) | 478 | 489 | 2.3 |
| Income from financial intermediation | 10,831 | 11,189 | 3.3 | 2,825 | 3,027 | 7.2 |
| Other operating income (expenses) | (7,279) | (7,071) | (2.9) | (1,662) | (1,493) | (10.2) |
| Commissions and fees | 4,557 | 5,824 | 27.8 | 1,455 | 1,675 | 15.1 |
| Income on insurance premiums, private pension plans and savings bonds | 11,726 | 13,284 | 13.3 | 3,465 | 3,836 | 10.7 |
| Insurance premiums retained | 5,535 | 6,433 | 16.2 | 1,674 | 1,770 | 5.7 |
| Private pension plan contributions | 5,035 | 5,493 | 9.1 | 1,453 | 1,748 | 20.3 |
| Income on savings bonds | 1,156 | 1,358 | 17.5 | 338 | 318 | (5.9) |
| Variation in technical reserves for insurance, pension plans and savings bonds | (3,670) | (3,964) | 8.0 | (1,076) | (1,317) | 22.4 |
| Variation in technical reserves for insurance | (249) | (288) | 15.7 | (114) | (127) | 11.4 |
| Variation in technical reserves for pension plans | (3,336) | (3,640) | 9.1 | (972) | (1,200) | 23.5 |
| Variation in technical reserves for savings bonds | (85) | (36) | (57.6) | 10 | 10 | - |
| Claims - insurance operations | (3,980) | (5,159) | 29.6 | (1,328) | (1,317) | (0.8) |

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| | | | | | | |
|---|--------------|--------------|---------------|--------------|--------------|--------------|
| Savings bond draws and redemptions | (1,100) | (1,223) | 11.2 | (312) | (292) | (6.4) |
| Insurance, Pension Plan and Savings Bond Selling Expenses | (762) | (867) | 13.8 | (216) | (234) | 8.3 |
| Insurance product selling expenses | (622) | (709) | 14.0 | (176) | (189) | 7.4 |
| Pension plan and savings bond selling expenses | (140) | (158) | 12.9 | (40) | (45) | 12.5 |
| Expenses with pension plan benefits and redemptions | (2,363) | (2,131) | (9.8) | (496) | (511) | 3.0 |
| Operating income from insurance, private pension plans and savings bonds | (149) | (60) | (59.7) | 37 | 165 | 345.9 |
| Personnel expenses | (4,779) | (4,969) | 4.0 | (1,274) | (1,284) | 0.8 |
| Other administrative expenses | (4,814) | (4,937) | 2.6 | (1,225) | (1,289) | 5.2 |
| Tax expenses | (1,054) | (1,464) | 38.9 | (374) | (411) | 9.9 |
| Equity in the earnings of associated companies | 5 | 163 | 3,160.0 | (4) | 44 | (1,200.0) |
| Other operating income | 1,697 | 1,198 | (29.4) | 351 | 311 | (11.4) |
| Other operating expenses | (2,741) | (2,826) | 3.1 | (628) | (704) | 12.1 |
| Operating income | 3,553 | 4,118 | 15.9 | 1,163 | 1,534 | 31.9 |
| Non-operating income | (841) | (491) | (41.6) | (130) | (148) | 13.8 |
| Income before taxes and profit sharing | 2,712 | 3,627 | 33.7 | 1,033 | 1,386 | 34.2 |
| Provision for income tax and social contribution | (397) | (554) | 39.5 | (278) | (321) | 15.5 |
| Minority interest in subsidiaries | (9) | (13) | 44.4 | (3) | (7) | 133.3 |
| Net income | 2,306 | 3,060 | 32.7 | 752 | 1,058 | 40.7 |
| Return on stockholders equity (%) annualized | 17.0 | 20.1 | - | 22.1 | 30.9 | - |

Analysis of the Statement of Income In millions of reais

Income from Credit and Leasing Operations

| Accumulated to December | | | 2004 | | |
|-------------------------|--------|-------------|-------------------------|-------------------------|-------------|
| 2003 | 2004 | % Variation | 3 rd Quarter | 4 rd Quarter | % Variation |
| 12,590 | 13,015 | 3.4 | 2,939 | 3,184 | 8.3 |

Income was up mostly as a result of: (i) the increase in the volume of the credit portfolio, which totaled R\$ 62,788, particularly in the consumer customer portfolio, up by 35.6%, as compared to the corporate portfolio up by 7.5% (ii) negative exchange variation of 8.1% for the twelve-month period through December 2004 (period/04), compared to negative exchange variation of 18.2% for the twelve-month period through December 2003 (period/03), impacting foreign-currency indexed and/or denominated operations, which comprise 10.3% of the portfolio; offset substantially by: (iii) falling average interest rates in line with the variation in CDI of 23.3% for period/03 as compared to 16.2% for period/04.

The variation was mainly due to: (i) less negative exchange variation of 7.1% in 4Q04, against negative exchange variation of 8.0% in 3Q04, impacting foreign-currency indexed and/or denominated operations, comprising 10.3% of the portfolio; and (ii) the increase in the average volume of the credit portfolio, especially the 13.4% increase for the quarter in the consumer customer portfolio, particularly, Personal Credit and Auto CDC products, with higher average revenues.

Results of Securities (TVM) and Derivative Financial Instrument Operations

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| Accumulated to December | | | 2004 | | |
|-------------------------|-------|-------------|-------------------------|-------------------------|-------------|
| 2003 | 2004 | % Variation | 3 rd Quarter | 4 rd Quarter | % Variation |
| 7,888 | 6,160 | (21.9) | 943 | 1,288 | 36.6 |

The variation for the period is mainly due to: (i) falling average interest rates for the period/04; offset in part by: (ii) the increase (non-interest income) of R\$ 1,261, in period/04 against R\$ 939 in period/03, as a result of increased gains with securities (TVM) and treasury operations; (iii) less negative exchange variation of 8.1% in period/04, against negative exchange variation of 18.2% in period/03, impacting foreign-currency-indexed and or denominated securities, which comprise 12.6% of the portfolio; and (iv) increase in the average volume of the securities portfolio, particularly federal government securities, as a result of increased funding.

This increase for the quarter reflects mainly: (i) increase in the average volume of the securities portfolio, particularly federal government securities, as a result of increased funding; (ii) less negative exchange variation of 7.1% in 4Q04, against negative exchange variation of 8.0% in 3Q04, impacting foreign currency-indexed and or denominated securities, which comprise 12.6% of the total portfolio; partially offset by: (iii) decrease in non-interest income of R\$ 415 in 4Q04, compared to R\$ 438 in 3Q04, as a result of less gains with securities.

Financial Income on Insurance, Private Pension Plans and Savings Bonds

| Accumulated to December | | | 2004 | | |
|-------------------------|-------|-------------|-------------------------|-------------------------|-------------|
| 2003 | 2004 | % Variation | 3 rd Quarter | 4 rd Quarter | % Variation |
| 5,360 | 5,143 | (4.0) | 1,337 | 1,379 | 3.1 |

The variation for the period was mainly due to the increase in the average volume of the securities portfolio, comprising federal government securities, related to technical reserves, especially PGBL and VGBL products and by increased variation in the IGP-M index, of 8.7% for 2003, against 12.4% in 2004. However, overall results were down mainly due to: (i) the decrease in average interest rates, especially CDI, from 23.3% in period/03 to 16.2% for period/04; and (ii) by the drop in non-interest income from R\$ 303 in period/03 to R\$ 179 in period/04, as a result of less gains on securities.

The variation for the quarter was substantially due to the increase in volume of the securities portfolio, mainly comprising federal government securities, as a result of the increase in the sale of supplementary pension plans and insurance policies, especially PGBL and VGBL, partially offset by: (ii) less variation in the IGP-M index, from 2.0% in 4Q04, against 3.3% in 3Q04.

Results of Foreign Exchange Transactions

| Accumulated to December | | | 2004 | | |
|-------------------------|------|-------------|-------------------------|-------------------------|-------------|
| 2003 | 2004 | % Variation | 3 rd Quarter | 4 rd Quarter | % Variation |
| 797 | 691 | (13.3) | - | 29 | - |

During the period, there was a decrease in the volume of the foreign exchange portfolio as a result of less exchange variation for the period. Considering the adjustments to foreign funding expenses

The volume of the fx portfolio for the quarter presents a decrease, when measured in reais, mainly as a result of negative exchange variation of 7.1% in 4Q04. Considering the adjustments to foreign

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used to finance import/export transactions (Note 13 to the financial statements), results would total R\$ 325 for period/03 to R\$ 222 for period/04.

funding expenses used to finance import/export transactions, results would total R\$ 45 and R\$ 79 in 3Q04 and 4Q04, respectively.

Results of Compulsory Deposits

| Accumulated to December | | | 2004 | | |
|-------------------------|-------|-------------|-------------------------|-------------------------|-------------|
| 2003 | 2004 | % Variation | 3 rd Quarter | 4 rd Quarter | % Variation |
| 1,386 | 1,177 | (15.1) | 301 | 318 | 5.6 |

The decrease for the period reflects: (i) drop in the SELIC rate from 23.3% for period/03 to 16.2% for period/04, which is used to remunerate the additional compulsory deposit; (ii) the decrease in the TR reference rate used to remunerate compulsory savings account deposits, from 4.7% in period/03 to 1.8% for period/04; partially offset by: (iii) the increase in the average volume of deposits for the period.

This increase was mainly due to: (i) increase in the SELIC rate from 3.9% in 3Q04 to 4.0% in 4Q04, which is used to remunerate the additional compulsory deposit; (ii) increase in the average volume of deposits for the quarter; partially offset by (iii) the decrease in the TR reference rate used to remunerate compulsory savings account deposits, from 0.6% in 3Q04 to 0.5% for 4Q04.

Interest and Charges on Deposits

| Accumulated to December | | | 2004 | | |
|-------------------------|-------|-------------|-------------------------|-------------------------|-------------|
| 2003 | 2004 | % Variation | 3 rd Quarter | 4 rd Quarter | % Variation |
| 10,536 | 8,486 | (19.5) | 1,292 | 1,710 | 32.4 |

The decrease mainly reflects: (i) falling average interest rates, in line with the variation in the CDI from 23.3% in period/03 against 16.2% in period/04, impacting expenses for purchase and sale commitments third-party portfolio and time deposits and - R\$ 1,131 and R\$ 951 respectively, partially offset by: (ii) greater expense for securities abroad - R\$ 535, generated by negative exchange variation of 18.2% in period/03 as compared to negative exchange variation of 8.1% in period/04; and (iii) increase in the average volume of funding for the period.

The increase in this expense mainly reflects negative exchange variation of 7.1% in 4Q04, compared to negative exchange variation of 8.0% in 3Q04, impacting securities and other funds obtained abroad; (ii) increase in interest rates, in line with the variation in the CDI from 3.9% in 3Q04 to 4.0% in 4Q04; and (iii) increase in the average volume of funding in 4Q04.

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

| Accumulated to December | | | 2004 | | |
|-------------------------|-------|-------------|-------------------------|-------------------------|-------------|
| 2003 | 2004 | % Variation | 3 rd Quarter | 4 rd Quarter | % Variation |
| 3,120 | 3,216 | 3.1 | 943 | 922 | (2.2) |

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The increase mainly reflects (i) the increase in the average volume of technical reserves, for insurance, private pension plans and premium bonds, particularly PGBL and VGBL products and (ii) the improved accounting policies in period/04, with R\$ 267, recorded in this account rather than in Variation in technical reserves for insurance, private pension plans and savings bonds pursuant to prior policy; partially offset by: (iii) the fall in average interest rates, in line with the variation in the CDI rate of 23.3% for period/03 as compared to 16.2% for period/04.

The variation was mainly due to less variation in the IGP-M, from 3.3% in 3Q04 against 2.0% in 4Q04, one of the indexes used to remunerate technical reserves for insurance, private pension plans and savings bonds; partially offset by the increase in sales of supplementary pension plans and insurance policies, particularly PGBL and VGBL products.

Expenses for Borrowings and Onlendings

| Accumulated to December | | |
|-------------------------|-------|-------------|
| 2003 | 2004 | % Variation |
| 1,084 | 1,253 | 15.6 |

| 2004 | | |
|-------------------------|-------------------------|-------------|
| 3 rd Quarter | 4 rd Quarter | % Variation |
| (18) | 50 | (377.8) |

The increase reflects negative exchange variation of 18.2% in period/03, against negative exchange variation of 8.1% in period/04, impacting borrowings and onlendings indexed and/or denominated in foreign currency, as well as the increase in local funding through onlendings from BNDES/FINAME.

This increase reflects negative exchange variation of 7.1% in 4Q04 against positive exchange variation of 8.0% in 3Q04, impacting borrowings and onlendings indexed and/or denominated in foreign currency, as well as the increase in local funding through onlendings from BNDES/FINAME.

Financial Margin

| Accumulated to December | | |
|-------------------------|--------|-------------|
| 2003 | 2004 | % Variation |
| 13,282 | 13,231 | (0.4) |

| 2004 | | |
|-------------------------|-------------------------|-------------|
| 3 rd Quarter | 4 rd Quarter | % Variation |
| 3,304 | 3,516 | 6.4 |

The variation for the period was mainly due to: (i) decrease in interest income - R\$ 90, comprising growth in the average volume of business - R\$ 1,470 and shrinking spreads R\$ 1,560; (ii) financial expenses recorded formerly in the Variation in technical reserves for insurance, private pension plans and savings bonds account - R\$ 267; partially offset by (iii) the increase in non-interest income - R\$ 306, mainly due to increased gains on treasury transactions and credit recoveries for period/04.

The variation for the quarter was mainly due to: (i) increase in interest income - R\$ 291, comprising growth in the average volume of business - R\$ 194 and change in loan profile - R\$ 97; partially offset by (ii) decrease in non-interest income - R\$ 79, derived from the less gains on securities transactions and credit recoveries as compared to 3Q04.

Expenses for Provision for Loan Losses

| Accumulated to December | | |
|-------------------------|--|--|
|-------------------------|--|--|

| 2004 | | |
|------|--|--|
|------|--|--|

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| 2003 | 2004 | % Variation |
|-------|-------|-------------|
| 2,450 | 2,042 | (16.7) |

Excluding additional provisions - R\$ 354 in period/03 and R\$ 66 in period/04, the decrease in expenses for PDD in the amount of R\$ 120, was mainly due to our selectivity and ongoing enhancement of tools/instruments used to grant, recover and monitor credits, as well as the continuing recovery of the Brazilian economy, reflected in the quality of our credit portfolio. In December 2003 and December 2004, our AA to C rated portfolio comprised 91.2% and 92.3% respectively of our total portfolio.

Income on Commissions and Fees

| 3 rd Quarter | 4 rd Quarter | % Variation |
|-------------------------|-------------------------|-------------|
| 478 | 489 | 2.3 |

The increase is consistent with the growth in credit portfolio volume in 4Q04, offset by our selectivity and ongoing enhancement of tools/instruments used to grant, recover and monitor credits, as well as the continuing recovery of the Brazilian economy, reflected in the quality of our credit portfolio. In September 2004 and December 2004, our AA to C rated portfolio comprised 91.6% and 92.3% respectively of our total portfolio.

| Accumulated to December | | |
|-------------------------|-------|-------------|
| 2003 | 2004 | % Variation |
| 4,557 | 5,824 | 27.8 |

Growth for the period is derived substantially from the increase in the average volume of transactions and number of customers, as well as improvement in the partnership ratio, as a result of the segmentation process, especially: (i) fund management - R\$ 298; (ii) credit operations - R\$ 252; (iii) income on cards - R\$ 252; and (iv) checking accounts - R\$ 220; and (v) consortium purchase plan management - R\$ 61.

Income from Insurance Premiums, Private Pension Plans and Savings Bonds

| 2004 | | |
|-------------------------|-------------------------|-------------|
| 3 rd Quarter | 4 rd Quarter | % Variation |
| 1,455 | 1,675 | 15.1 |

Variation for the quarter was mainly due to the increase in the average volume of transactions, as well as improvement in the partnership ratio, as a result of the segmentation process, in particular: (i) income on cards R\$ 105; checking accounts R\$ 49; credit operations - R\$ 26; and (iv) collection R\$8.

| Accumulated to December | | |
|-------------------------|--------|-------------|
| 2003 | 2004 | % Variation |
| 11,726 | 13,284 | 13.3 |

The variation for the period is detailed below:

a) Insurance Premiums Retained

| 2004 | | |
|-------------------------|-------------------------|-------------|
| 3 rd Quarter | 4 rd Quarter | % Variation |
| 3,465 | 3,836 | 10.7 |

The variation for the quarter is detailed below:

| Accumulated to December | | |
|-------------------------|------|-------------|
| 2003 | 2004 | % Variation |

| 2004 | | |
|-------------------------|-------------------------|-------------|
| 3 rd Quarter | 4 rd Quarter | % Variation |

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| | | |
|-------|-------|------|
| 5,535 | 6,433 | 16.2 |
|-------|-------|------|

The variation for the period mainly reflects: (i) the increase in the Health line portfolio - R\$ 464, as a result of the inclusion of 300 thousand new lives in the Corporate Health segment; (ii) increase in the Auto portfolio - R\$ 245, especially online transactions by brokers and policyholders; and (iii) increase in the Life portfolio - R\$ 168.

| | | |
|-------|-------|-----|
| 1,674 | 1,770 | 5.7 |
|-------|-------|-----|

The increase for the fourth quarter was mainly due to growth in sales of Life - R\$ 44 and Auto - R\$ 40.

b) Private Pension Plan Contributions

| Accumulated to December | | |
|-------------------------|-------|-------------|
| 2003 | 2004 | % Variation |
| 5,035 | 5,493 | 9.1 |

The variation for the period was substantially due to: (i) growth in VGBL product sales - R\$ 478; (ii) receipt of the transfer of the Previllares supplementary pension plan portfolio - R\$ 117; e partially offset by (iii) lower PGBL product sales -R\$ 274.

| 2004 | | |
|-------------------------|-------------------------|-------------|
| 3 rd Quarter | 4 rd Quarter | % Variation |
| 1,453 | 1,748 | 20.3 |

The growth for the quarter was substantially derived from growth in VGBL and PGBL product sales - R\$ 290 and 208, respectively; partially offset by lower traditional product sales - R\$ 203.

c) Income on Savings Bonds

| Accumulated to December | | |
|-------------------------|-------|-------------|
| 2003 | 2004 | % Variation |
| 1,156 | 1,358 | 17.5 |

This growth reflects the increase in sales and re-investment of bonds maturing during the period.

| 2004 | | |
|-------------------------|-------------------------|-------------|
| 3 rd Quarter | 4 rd Quarter | % Variation |
| 338 | 318 | (5.9) |

The variation is partly due to the decrease in the re-investment of bonds matured in 4Q04.

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

| Accumulated to December | | |
|-------------------------|---------|-------------|
| 2003 | 2004 | % Variation |
| (3,670) | (3,964) | 8.0 |

The variation for the period is detailed below:

| 2004 | | |
|-------------------------|-------------------------|-------------|
| 3 rd Quarter | 4 rd Quarter | % Variation |
| (1,076) | (1,317) | 22.4 |

The variation for the period is detailed below:

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a) Variation in Technical Reserves for Insurance

| Accumulated to December | | | 2004 | | |
|-------------------------|-------|-------------|-------------------------|-------------------------|-------------|
| 2003 | 2004 | % Variation | 3 rd Quarter | 4 rd Quarter | % Variation |
| (249) | (288) | 15.7 | (114) | (127) | 11.4 |

Variations in technical reserves for insurance are directly related to the production of premiums in their respective effective periods. In period/04, the most significant variation occurred as a result of the increased reserve recorded in the Auto line - R\$ 30.

Variations in technical reserves for insurance are directly related to the production of premiums in their respective effective periods. In 4Q04, the most significant amount was recorded in the Auto line - R\$ 17.

b) Variation in Technical Reserves for Pension Plans

| Accumulated to December | | | 2004 | | |
|-------------------------|---------|-------------|-------------------------|-------------------------|-------------|
| 2003 | 2004 | % Variation | 3 rd Quarter | 4 rd Quarter | % Variation |
| (3,336) | (3,640) | 9.1 | (972) | (1,200) | 23.5 |

Variations in technical reserves are directly related to the production of premium and contributions in diverse selling periods, against benefits and redemptions. During the period, reserves were recorded in VGBL and traditional products - R\$ 430 and R\$ 771, respectively, offset by a lower reserve recorded for the PGBL product - R\$ 897 and by the improved accounting policies in period/04, with R\$ 267, recorded in Price-level statement and interest on technical reserves for insurance, private pension plans and savings bonds rather than in this account.

Variations in technical reserves are directly related to the production of premium and contributions in diverse selling periods, against benefits and redemptions. During the quarter, reserves were recorded, mainly, in VGBL and PGBL products - R\$ 280 and R\$ 71, respectively, offset by a lower reserve recorded for traditional products - R\$ 123.

c) Variation in Technical Reserves for Savings Bonds

| Accumulated to December | | | 2004 | | |
|-------------------------|------|-------------|-------------------------|-------------------------|-------------|
| 2003 | 2004 | % Variation | 3 rd Quarter | 4 rd Quarter | % Variation |
| (85) | (36) | (57.6) | 10 | 10 | - |

The variation reflects substantially the change in the criteria used to calculate the reserves for draws in September 2004, as well as the decrease in reserves for contingencies.

The variation of technical reserves remained stable for the quarter.

Claims - Insurance Operations

| Accumulated to December | | | 2004 | | |
|-------------------------|---------|-------------|-------------------------|-------------------------|-------------|
| 2003 | 2004 | % Variation | 3 rd Quarter | 4 rd Quarter | % Variation |
| (3,980) | (5,159) | 29.6 | (1,328) | (1,317) | (0.8) |

The increase in expense with claims for the period was mainly due to: (i) improved calculation of the provision for claims incurred but not reported (IBNR) during the period, used to analyze the movement of claims for a period of 54 months rather than 12, as in prior periods, which resulted in the recording of an extraordinary reserve of R\$ 276; (ii) an amount of R\$ 74, arising from civil contingencies related to insurance operations; and (iii) the increase in indemnities in Health, Auto and Life lines - R\$ 773, compatible with earned premium growth.

Excluding the extraordinary reserves in 3Q04 R\$ 74, arising from civil contingencies related to insurance operations, the amounts of retained claims would total R\$ 1,254 and R\$ 1,137, respectively, compatible with earned premium growth.

Savings Bond Draws and Redemptions

| Accumulated to December | | | 2004 | | |
|-------------------------|---------|-------------|-------------------------|-------------------------|-------------|
| 2003 | 2004 | % Variation | 3 rd Quarter | 4 rd Quarter | % Variation |
| (1,100) | (1,223) | 11.2 | (312) | (292) | (6.4) |

The increase for the period is due to increased reserves recorded for redemptions and draws - R\$ 123, as a result of increased sales of savings bonds.

The drop is mainly due to the decreased volume of single payment bond redemptions of R\$ 5 thousand, matured in 4Q04.

Insurance, Pension Plan and Savings Bond Selling Expenses

| Accumulated to December | | | 2004 | | |
|-------------------------|-------|-------------|-------------------------|-------------------------|-------------|
| 2003 | 2004 | % Variation | 3 rd Quarter | 4 rd Quarter | % Variation |
| (762) | (867) | 13.8 | (216) | (234) | 8.3 |

The variation for the period is detailed below:

The variation for the quarter is detailed below:

a) Insurance Product Selling Expenses

| Accumulated to December | | | 2004 | | |
|-------------------------|--|--|------|--|--|
|-------------------------|--|--|------|--|--|

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| 2003 | 2004 | % Variation | 3 rd Quarter | 4 rd Quarter | % Variation |
|-------|-------|-------------|-------------------------|-------------------------|-------------|
| (622) | (709) | 14.0 | (176) | (189) | 7.4 |

The increase in selling expenses for the period occurred mainly in Life - R\$ 33, Auto - R\$ 32 and Health - R\$ 17 products, in line however with the ratio of selling expenses to earned premium.

The increase in selling expenses for the quarter occurred mainly in the Life R\$ 10 and Auto - R\$3, even though the ratio of selling expenses to earned premium decreased for the quarter.

b) Pension Plan and Savings Bond Selling Expenses

| Accumulated to December | | | 2004 | | |
|-------------------------|-------|-------------|-------------------------|-------------------------|-------------|
| 2003 | 2004 | % Variation | 3 rd Quarter | 4 rd Quarter | % Variation |
| (140) | (158) | 12.9 | (40) | (45) | 12.5 |

The increase in these expenses for the period reflects substantially the growth in VGBL product sales.

The increase in these expenses for the quarter reflects substantially the growth in VGBL and PGBL product sales.

Expenses with Pension Plan Benefits and Redemptions

| Accumulated to December | | | 2004 | | |
|-------------------------|---------|-------------|-------------------------|-------------------------|-------------|
| 2003 | 2004 | % Variation | 3 rd Quarter | 4 rd Quarter | % Variation |
| (2,363) | (2,131) | (9.8) | (496) | (511) | 3.0 |

The decrease for the period was mainly due to decreased benefit payments and redemptions of traditional private pension plans - R\$323, offset by increased benefit payments and redemptions in the PGBL and VGBL products - R\$ 91.

The increase in these expenses for the quarter mainly reflects increased benefit payments and redemptions in traditional pension plan products - R\$ 7 and PGBL and VGBL products - R\$ 8, in 4Q04 compared to 3Q04.

Personnel Expenses

| Accumulated to December | | | 2004 | | |
|-------------------------|---------|-------------|-------------------------|-------------------------|-------------|
| 2003 | 2004 | % Variation | 3 rd Quarter | 4 rd Quarter | % Variation |
| (4,780) | (4,969) | 4.0 | (1,274) | (1,284) | 0.8 |

The variation for the period reflects for the most part: (i) the effect of the collective bargaining agreement - R\$ 260, of which: R\$ 248 in 2003 was reflected in 2004 and R\$ 72 in 2004, offset by less

The variation for the quarter was mainly due to payroll increases, as a result of the collective bargaining agreement (8.5%) in September 2004, which was partially offset by lower personnel expenses, as a

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expenses with bonus in 2004 of R\$ 60; (ii) increased expenses for labor claims R\$ 40; and (iv) consolidation of BBV Banco, Zogbi and BEM - R\$ 207. Disregarding the above events the decrease in payroll would amount to R\$ 317 for the period, mainly as a result of the synergy following the merger of banks acquired.

result of the synergy following the merger of banks acquired.

Other Administrative Expenses

| Accumulated to December | | |
|-------------------------|---------|-------------|
| 2003 | 2004 | % Variation |
| (4,814) | (4,937) | 2.6 |

The increase for the period was mainly due to consolidation of BBV Banco, Zogbi and BEM R\$ 239, acquired in 2004, partially offset by the decrease in expenses R\$ 116, as a result of management's focus on controlling administrative expenses, establishing goals for maintenance of their notional value.

| 2004 | | |
|-------------------------|-------------------------|-------------|
| 3 rd Quarter | 4 rd Quarter | % Variation |
| (1,225) | (1,289) | 5.2 |

The variation in administrative expenses remained practically stable in 4Q04, except for the seasonal increase in expenses for publicity and advertising - R\$ 54.

Tax Expenses

| Accumulated to December | | |
|-------------------------|---------|-------------|
| 2003 | 2004 | % Variation |
| (1,054) | (1,464) | 38.9 |

This variation was substantially generated by: (i) the increase in expenses for COFINS - R\$ 266, as a result of the rise in the calculation base rate from 3% to 4% in September 2003, as well as an increase in taxable income; (ii) the increase in expenses for ISS - R\$ 74, as a result of a change in legislation; and (iii) increased expense for CPMF - R\$ 45.

| 2004 | | |
|-------------------------|-------------------------|-------------|
| 3 rd Quarter | 4 rd Quarter | % Variation |
| (374) | (411) | 9.9 |

The increase for the quarter was mainly generated by an increase in expenses for COFINS - R\$ 22, which is compatible with the growth in taxable income during the quarter.

Equity in the Earnings of Associated Companies

| Accumulated to December | | |
|-------------------------|------|-------------|
| 2003 | 2004 | % Variation |
| 5 | 163 | 3,160.0 |

The variation was mainly derived from improved results in associated companies for the period, as follows: IRB-Brasil

| 2004 | | |
|-------------------------|-------------------------|-------------|
| 3 rd Quarter | 4 rd Quarter | % Variation |
| (4) | 44 | (1,200.0) |

The variation was mainly derived from improved results in associated companies for the quarter as follows: Marlim

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Resseguros - R\$ 70; Marlim Participações - R\$ 25; and American BankNote - R\$ 18.

Participações - R\$ 19 and IRB-Brasil Resseguros - R\$ 19.

Other Operating Income

| Accumulated to December | | |
|-------------------------|-------|-------------|
| 2003 | 2004 | % Variation |
| 1,697 | 1,198 | (29.4) |

The variation for the period was mainly derived from: (i) reversal of other operating provisions in period/03, especially tax contingencies - R\$ 344; and (ii) decrease due to non-consolidation of Latasa, sold in period/2003 R\$ 130.

| 2004 | | |
|-------------------------|-------------------------|-------------|
| 3 rd Quarter | 4 rd Quarter | % Variation |
| 351 | 311 | (11.4) |

The variation for the quarter reflects the reversal of other operating provisions, in particular, the reversal of tax contingencies in 3Q04.

Other Operating Expenses

| Accumulated to December | | |
|-------------------------|---------|-------------|
| 2003 | 2004 | % Variation |
| (2,741) | (2,826) | 3.1 |

The growth was generated substantially by: (i) increased expenses for amortization of goodwill, as a result of the acquisition of BBV Banco, Zogbi and BEM - R\$ 107; (ii) increase in the cost of services rendered; (iii) operating provisions R\$ 33; (iv) increase in sundry losses (discounts granted on credit operations/fraud) R\$ 45; partially offset by (v) less financial expense R\$ 251.

| 2004 | | |
|-------------------------|-------------------------|-------------|
| 3 rd Quarter | 4 rd Quarter | % Variation |
| (628) | (704) | 12.1 |

The increase for 4Q04 was mainly due to: (i) operating provisions R\$ 31; (ii) increase in costs of services rendered - R\$ 27; and (iii) increase in sundry losses ((discounts granted on credit operations/fraud) R\$ 10.

Operating Income

| Accumulated to December | | |
|-------------------------|-------|-------------|
| 2003 | 2004 | % Variation |
| 3,553 | 4,118 | 15.9 |

The variation for the period was due to: (i) increase in income on commissions and fees - R\$ 1,267; (ii) less expense for provision for loan losses - R\$ 408; (iii) increase in equity and earnings in associated companies - R\$ 158; (iv) increase in the margin of contribution of insurance, private pension plan and savings bond operations - R\$ 88; partially offset by: (v) decrease in operating

| 2004 | | |
|-------------------------|-------------------------|-------------|
| 3 rd Quarter | 4 rd Quarter | % Variation |
| 1,163 | 1,534 | 31.9 |

The variation for the quarter was derived from: (i) increase in financial margin - R\$ 212; (ii) increase in income on commissions and fees R\$ 220; (iii) increase in the margin of contribution of insurance, private pension plan and savings bond operations R\$ 128; (iv) increase in equity and earnings in associated companies - R\$ 48; partially offset by: (v) decrease in operating revenue (net of other

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revenue (net of other expenses) R\$ 583; (vi) increased tax expense - R\$ 410; (vii) increase in personnel and administrative expenses - R\$ 312; and (viii) less financial margin R\$ 51.

expenses) - R\$ 115; (vi) increased personnel and administrative expenses - R\$ 74; (vii) increased tax expenses - R\$ 37; and (viii) increase in expense for provision for loan losses - R\$ 11.

Non-operating Income

| Accumulated to December | | | 2004 | | |
|-------------------------|-------|-------------|-------------------------|-------------------------|-------------|
| 2003 | 2004 | % Variation | 3 rd Quarter | 4 rd Quarter | % Variation |
| (841) | (491) | (41.6) | (130) | (148) | 13.8 |

The variation for the period mainly reflects (i) extraordinary amortization of goodwill for period/03 - R\$799; offset by: (ii) extraordinary amortization of goodwill in period/04 - R\$ 370; and (iii) income determined as a result of the auction of branches R\$ 211 for period/03.

The variation for the quarter reflects substantially increased extraordinary amortization of goodwill in 4Q04 - R\$ 133 as compared to R\$ 102 in 3Q04.

Income Tax and Social Contribution

| Accumulated to December | | | 2004 | | |
|-------------------------|-------|-------------|-------------------------|-------------------------|-------------|
| 2003 | 2004 | % Variation | 3 rd Quarter | 4 rd Quarter | % Variation |
| (397) | (554) | 39.5 | (278) | (321) | 15.5 |

The variation in the expense for income tax and social contribution, for the year, reflects tax charges on pre-tax income, after additions and exclusions, as described in Note 35 to the financial statements.

The variation in the expense for income tax and social contribution for the quarter was due substantially to: (i) calculation basis increase which applied to the IRPJ and CS rates (34%), generated an increase in expense - R\$ 121; adjusted by variations in exclusions: (ii) increase in equity in the earnings of subsidiary and associated companies - R\$ 18; (iii) less exchange loss - R\$ 32; and (iv) decrease in the amount of deferred tax assets recorded - R\$ 23.

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Comparative Balance Sheet - In millions of reais

| Assets | December 2003 | December 2004 | % Variation | September 2004 | December 2004 | % Variation |
|--|------------------|------------------|----------------|-------------------|------------------|----------------|
| Current assets and long-term receivables | 171,142 | 179,980 | 5.2 | 174,673 | 179,980 | 3.0 |
| Funds available | 2,448 | 2,639 | 7.8 | 2,386 | 2,639 | 10.6 |
| Interbank investments | 31,724 | 22,347 | (29.6) | 25,126 | 22,347 | (11.1) |
| Securities and derivative financial instruments | 53,805 | 62,422 | 16.0 | 58,155 | 62,422 | 7.3 |
| Interbank and interdepartmental accounts | 14,528 | 16,235 | 11.7 | 15,336 | 16,235 | 5.9 |
| Restricted deposits: | | | | | | |
| Brazilian Central Bank | 13,580 | 15,696 | 15.6 | 14,244 | 15,696 | 10.2 |
| Other | 948 | 539 | (43.1) | 1,092 | 539 | (50.6) |
| Credit and leasing operations | 43,469 | 53,447 | 23.0 | 49,859 | 53,447 | 7.2 |
| Credit and leasing operations | 47,376 | 57,440 | 21.2 | 53,832 | 57,440 | 6.7 |
| Allowance for loan and leasing losses | (3,907) | (3,993) | 2.2 | (3,973) | (3,993) | 0.5 |
| Other receivables and assets | 25,168 | 22,890 | (9.1) | 23,811 | 22,890 | (3.9) |
| Foreign exchange portfolio | 11,103 | 7,337 | (33.9) | 8,960 | 7,337 | (18.1) |
| Other receivables and assets | 14,217 | 15,705 | 10.5 | 15,059 | 15,705 | 4.3 |
| Allowance for losses | (152) | (152) | 0.7 | (208) | (152) | (26.9) |
| Permanent assets | 4,956 | 4,946 | (0.2) | 5,030 | 4,946 | (1.7) |
| Investments | 862 | 1,101 | 27.7 | 971 | 1,101 | 13.4 |
| Property and equipment in use and leased assets | 2,326 | 2,289 | (1.6) | 2,288 | 2,289 | - |
| Deferred charges | 1,768 | 1,556 | (12.0) | 1,771 | 1,556 | (12.1) |
| Deferred charges | 552 | 530 | (4.0) | 541 | 530 | (2.0) |
| Goodwill on acquisition of subsidiaries, net of amortization | 1,216 | 1,026 | (15.6) | 1,230 | 1,026 | (16.6) |
| Total | 176,098 | 184,926 | 5.0 | 179,703 | 184,926 | 2.9 |
| Liabilities | | | | | | |
| Current and long-term liabilities | 162,406 | 169,595 | 4.4 | 164,907 | 169,595 | 2.8 |
| Deposits | 58,024 | 68,643 | 18.3 | 64,787 | 68,643 | 6.0 |
| Demand deposits | 12,909 | 15,298 | 18.5 | 14,782 | 15,298 | 3.5 |
| Savings deposits | 22,140 | 24,783 | 11.9 | 23,186 | 24,783 | 6.9 |
| Interbank deposits | 32 | 19 | (40.6) | 14 | 19 | 35.7 |
| Time deposits | 22,943 | 28,459 | 24.0 | 26,805 | 28,459 | 6.2 |
| Other deposits | - | 84 | - | - | 84 | - |
| Deposits received under security repurchase agreements | 32,793 | 22,886 | (30.2) | 21,551 | 22,886 | 6.2 |
| Funds from issuance of securities | 6,847 | 5,057 | (26.1) | 6,116 | 5,057 | (17.3) |
| Securities issued abroad | 5,809 | 4,376 | (24.7) | 5,227 | 4,376 | (16.3) |
| Other resources | 1,038 | 681 | (34.4) | 889 | 681 | (23.4) |
| Interbank and interdepartmental accounts | 2,311 | 1,920 | (16.9) | 1,739 | 1,920 | 10.4 |
| Borrowings and onlendings | 14,795 | 15,960 | 7.9 | 16,715 | 15,960 | (4.5) |
| Borrowings | 7,224 | 7,561 | 4.7 | 8,695 | 7,561 | (13.0) |
| Onlendings | 7,571 | 8,399 | 10.9 | 8,020 | 8,399 | 4.7 |
| Derivative financial instruments | 52 | 173 | 232.7 | 308 | 173 | (43.8) |
| Technical reserves for insurance, private pension plans and savings bonds | 26,409 | 33,669 | 27.5 | 31,585 | 33,669 | 6.6 |
| Other liabilities | 21,175 | 21,287 | 0.5 | 22,106 | 21,287 | (3.7) |
| Foreign exchange portfolio | 5,119 | 3,011 | (41.2) | 3,974 | 3,011 | (24.2) |
| Taxes and social security contributions, social and statutory payables | 5,633 | 5,395 | (4.2) | 5,208 | 5,395 | 3.6 |
| Subordinated debt | 4,995 | 5,972 | 19.6 | 6,089 | 5,972 | (1.9) |
| Sundry | 5,428 | 6,909 | 27.3 | 6,835 | 6,909 | 1.1 |
| Deferred income | 32 | 45 | 40.6 | 44 | 45 | 2.3 |
| Minority interest in subsidiaries | 113 | 71 | (37.2) | 74 | 71 | (4.1) |
| Stockholders equity | 13,547 | 15,215 | 12.3 | 14,678 | 15,215 | 3.7 |
| Total | 176,098 | 184,926 | 5.0 | 179,703 | 184,926 | 2.9 |

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Equity Analysis - In millions of reais

Funds Available

| December/2003 | December/2004 | % Variation |
|---------------|---------------|-------------|
| 2,448 | 2,639 | 7.8 |

This increase for the year reflects the increase in the volume of local currency cash funds - R\$ 347, offsetting the decrease in the volume of foreign currency cash funds - R\$ 156.

Interbank Investments

| December/2003 | December/2004 | % Variation |
|---------------|---------------|-------------|
| 31,724 | 22,347 | (29.6) |

The variation for the year reflects: (i) the decrease in the third-party and own portfolio positions and unrestricted notes in open market investments, down by R\$ 2,730, R\$ 5,222 and R\$ 3,135, respectively; partially offset by: (ii) the increase in interbank deposits - R\$ 1,710.

Securities (TVM) and Derivative Financial Instruments

| December/2003 | December/2004 | % Variation |
|---------------|---------------|-------------|
| 53,805 | 62,422 | 16.0 |

The increase for the year is due substantially to: (i) additional funds derived from the increase in funding, particularly technical reserves for insurance, private pension plans and savings bonds, as well as issuance of subordinated and mitigated in part by: (ii) negative exchange variation of 8.1% for 2004 (year/04) impacting foreign-currency indexed and/or denominated securities, which comprise 12.6% of the portfolio; and (iii) the redemption/maturity of securities during the year.

Interbank and Interdepartmental Accounts

| December/2003 | December/2004 | % Variation |
|---------------|---------------|-------------|
|---------------|---------------|-------------|

| September/2004 | December/2004 | % Variation |
|----------------|---------------|-------------|
| 2,386 | 2,639 | 10.6 |

This variation for the quarter was due to the increase in the volume of local currency cash funds - R\$ 268, offsetting the decrease in the volume of foreign currency cash funds - R\$ 15.

| September/2004 | December/2004 | % Variation |
|----------------|---------------|-------------|
| 25,126 | 22,347 | (11.1) |

The increase for the quarter is mainly due to: (i) decrease in the third-party portfolio and own portfolio positions of open market investments, down by R\$ 1,103 and R\$ 1,510 respectively; and (ii) by decreased interbank deposits - R\$ 166.

| September/2004 | December/2004 | % Variation |
|----------------|---------------|-------------|
| 58,155 | 62,422 | 7.3 |

The variation is mainly due to: (i) additional funds derived from the increase in funding, particularly technical reserves for insurance, private pension plans and savings bonds; partially offset by: (ii) negative exchange variation of 7.1% for the quarter, impacting foreign-currency indexed and/or denominated securities, which comprise 12.6% of the portfolio; and (iii) the redemption/maturity of securities during the quarter.

| September/2004 | December/2004 | % Variation |
|----------------|---------------|-------------|
|----------------|---------------|-------------|

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14,528

16,235

11.7

15,336

16,235

5.9

The variation for the year reflects the increase in compulsory Brazilian Central Bank (BACEN) deposits, as a result of the increase in the volume of demand and savings deposits which grew 18.5% and 11.9%, respectively.

The increase for the quarter reflects the growth in compulsory BACEN deposits, as a result of the increase in the volume of demand and savings deposits which grew 3.5% and 6.9%, respectively, offset by amounts resulting from the balancing of checks and other documents recorded in the Unsettled payments and receipts accounts, between SFN institutions on the last day of the year.

Credit and Leasing Operations

| December/2003 | December/2004 | % Variation |
|---------------|---------------|-------------|
| 54,336 | 62,788 | 15.6 |

Growth for the year was mainly due to: (i) the consumer customer portfolio with a growth rate of 35.6%, in particular, Auto CDC products up by 51.1% and Personal Credit, up by 66.7% and Onlendings BNDES up by 52.7%, reflecting increased consumer confidence in the present economic scenario. In the corporate portfolio, the growth rate was 7.5%, as a result of the increase of 32.8% of the micro, small and medium business portfolio, offset by a decline of 7.0% in the portfolio of large companies, (mainly as a result of the appreciation of the real against the US dollar). In the corporate portfolio, we highlight the rural credit product, up by 27.8%, auto financing up by 62.5% and working capital up by 11.4%, following the return to economic growth, in both foreign and domestic markets in 2004; (ii) consolidation of Banco Zogbi and Banco BEM; partially offset by: (iii) negative exchange variation of 8.1% for year/04, affecting foreign-currency indexed and/or denominated contracts, comprising 10.3% of the total portfolio.

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

| September/2004 | December/2004 | % Variation |
|----------------|---------------|-------------|
| 59,976 | 62,788 | 4.7 |

This growth was mainly due to: (i) increase in the balance of the credit portfolio, especially the 13.4% increase for the quarter in the individual customer portfolio, in particular, Auto Financing products up by 16.8%, Personal Credit up by 13.8% and Onlendings BNDES up by 12.0%. In the corporate customer portfolio, the increase of 0.7% was partially motivated by appreciation of the real against the US dollar influencing the negative results of foreign-currency indexed and/or denominated operations. In this portfolio, we highlight working capital products, up by 15.6%, discount of promissory notes, up by 19.2% and Auto Financing, up by 17.8%; partially offset by: (ii) negative exchange variation of 7.1% in 4Q04, affecting foreign-currency indexed and/or denominated contracts, comprising 10.3% of the total portfolio.

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

Allowance for Loan Losses (PDD)

| December/2003 | December/2004 | % Variation |
|---------------|---------------|-------------|
| (4,059) | (4,145) | 2.1 |

The variation in the balance of PDD for the year was due to the increase in the volume of credit operations, mitigated by the ongoing improvement in quality of the Bank's credit portfolio. We noted that the ratio of total PDD to the credit portfolio dropped from 75% in December/03 to 6.6% in December/04, and the ratio of allowance coverage to the abnormal course credit portfolio, rated from D to H, increased from 154.2% in December/03 to 169.8% in December/04. These ratios evidence the improvement in credit portfolio quality, as a result of our safe, selective and consistent credit granting strategy, as well as the improved Brazilian economy. In year/04, R\$ 2,118 (R\$ 77 derived from acquisition) was recorded as PDD and R\$ 2,032 was written off. Excess allowance over minimum requirements increased from R\$ 859 in December/03 to R\$ 925 in December/04.

| September/2004 | December/2004 | % Variation |
|----------------|---------------|-------------|
| (4,181) | (4,145) | (0.9) |

The balance of PDD remained practically stable for the quarter, evidencing the excellent quality of the Bank's credit portfolio. We noted that the ratio of total PDD to the credit portfolio dropped from 7.0% in September/04 to 6.6% in December/04, and the ratio of allowance coverage to the abnormal course credit portfolio, rated from D to H, increased from 165.1% in September/04 to 169.8% in December/04. These ratios evidence the improvement in credit portfolio quality, as a result of our safe, selective and consistent credit granting strategy, as well as the improved Brazilian economy. During the quarter, R\$ 489 was recorded and R\$ 525 was written off. Excess allowance over minimum requirements increased from R\$ 913 in September/04 to R\$ 925 in December/04.

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Other Receivables and Assets

| December/2003 | December/2004 | % Variation |
|---------------|---------------|-------------|
| 24,543 | 22,491 | (8.4) |

This variation is mainly due to: (i) the decrease in fx portfolio volume R\$ 3,766; partially mitigated by: (ii) the increase in accounts receivable for credit card transactions, which do not involve the granting of credit.

N.B. This total is less (net of corresponding PDD) an amount of R\$ 625 in December/03 and R\$ 399 in December/04, allocated to the Credit Operations and Leasing Operations and Allowance for loan losses accounts.

Permanent Assets

| December/2003 | December/2004 | % Variation |
|---------------|---------------|-------------|
| 4,956 | 4,946 | (0.2) |

The variation for the year reflects substantially: (i) amortization of goodwill in subsidiaries R\$ 713, of which R\$ 370 was amortized on an extraordinary basis in year/04; (ii) goodwill on the acquisition of Banco Zogbi and Banco BEM R\$ 443, partially offset by equity in the earnings of subsidiary and associated companies for 2004 and (iii) the transfer of share investments from current to permanent assets.

Demand Deposits

| December/2003 | December/2004 | % Variation |
|---------------|---------------|-------------|
| 12,909 | 15,298 | 18.5 |

The increase for the year is principally due to the growing number of consumer customers, as well as the increase in funds deposited by corporate entities.

Savings Deposits

| December/2003 | December/2004 | % Variation |
|---------------|---------------|-------------|
| 22,140 | 24,783 | 11.9 |

This growth reflects substantially: (i) increase in the number of customers and (ii) 8.1% remuneration (TR + 0.5% p.m.) for year/04

| September/2004 | December/2004 | % Variation |
|----------------|---------------|-------------|
| 23,387 | 22,491 | (3.8) |

The variation for the quarter mostly reflects: (i) the decrease in fx portfolio volume R\$ 1,623; partially mitigated by: (ii) the increase in accounts receivable for credit card transactions, which do not involve the granting of credit.

N.B. This total is less (net of corresponding PDD) an amount of R\$ 424 in September/04 and R\$ 399 in December/04, allocated to the Credit Operations and Leasing Operations and Allowance for loan losses accounts.

| September/2004 | December/2004 | % Variation |
|----------------|---------------|-------------|
| 5,030 | 4,946 | (1.7) |

The variation for the quarter was substantially due to: (i) amortization of goodwill in subsidiaries - R\$ 204, of which R\$ 133 was amortized on an extraordinary basis, mitigated by: (ii) equity in the earnings of subsidiary and associated companies for 4Q04 and (iii) the transfer of share investments from current to permanent assets.

| September/2004 | December/2004 | % Variation |
|----------------|---------------|-------------|
| 14,782 | 15,298 | 3.5 |

The increase for the quarter is principally due to the increase in funds deposited by corporate entities and in the number of bank customers.

| September/2004 | December/2004 | % Variation |
|----------------|---------------|-------------|
| 23,186 | 24,783 | 6.9 |

The growth for the quarter is due to: (i) increase in the number of customers and (ii) 2.0% remuneration (TR + 0.5% p.m.) for 4Q04 on

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on deposits.

Time Deposits

| December/2003 | December/2004 | % Variation |
|---------------|---------------|-------------|
| 22,943 | 28,459 | 24.0 |

This increment is due for the most part to: (i) remuneration recognized for the year; (ii) increased volume, partly, to attend demand by institutional investors.

Interbank Deposits and Other Deposits

| December/2003 | December/2004 | % Variation |
|---------------|---------------|-------------|
| 32 | 103 | 221.9 |

The variation for the year is mainly due to the introduction of the Investment Account effective from October 1, 2004.

Deposits Received under Security Repurchase Agreements

| December/2003 | December/2004 | % Variation |
|---------------|---------------|-------------|
| 32,793 | 22,886 | (30.2) |

The variation in this account balance for the year was due mostly to: (i) decrease in the third-party portfolio R\$ 3,128; (ii) decrease in the unrestricted notes portfolio R\$ 8,366; partially offset by: (iii) increase in own portfolio R\$ 1,587.

N.B. Includes investment fund and managed portfolio resources invested in purchase and sale commitments with Bradesco, the investors in which are subsidiary companies included in the consolidated financial statements in the amounts of R\$ 11,512 (December/03) and R\$ 10,234 (December/04).

Funds from Acceptance and Issuance of Securities

| December/2003 | December/2004 | % Variation |
|---------------|---------------|-------------|
| 6,847 | 5,057 | (26.1) |

The decrease is due to the redemption of securities issued abroad (Eurobonds) matured and not renewed during the year, as well as negative exchange variation of 8.1% for the year.

Interbank and Interdepartmental Accounts

deposits.

| September/2004 | December/2004 | % Variation |
|----------------|---------------|-------------|
| 26,805 | 28,459 | 6.2 |

The growth for the quarter is due to: (i) income accrued and (ii) increase in the volume of funding to attend demand by institutional investors.

| September/2004 | December/2004 | % Variation |
|----------------|---------------|-------------|
| 14 | 103 | 635.7 |

The variation for the quarter is mainly due to the introduction of the Investment Account effective from October 1, 2004.

| September/2004 | December/2004 | % Variation |
|----------------|---------------|-------------|
| 21,551 | 22,886 | 6.2 |

The variation in this account balance for the quarter was mostly due to: (i) increase in own portfolio - R\$ 2,428; partially offset by: (ii) decrease in third-party portfolio - R\$ 1,198, respectively.

N.B. Includes investment fund and managed portfolio resources invested in purchase and sale commitments with Bradesco, the investors in which are subsidiary companies included in the consolidated financial statements in the amounts of R\$ 8,518 (September/04) and R\$ 10,234 (December/04).

| September/2004 | December/2004 | % Variation |
|----------------|---------------|-------------|
| 6,116 | 5,057 | (17.3) |

The decrease is due to the redemption of securities issued abroad (Eurobonds) matured and not renewed during the quarter, as well as negative exchange variation of 7.1% for 4Q04.

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| December/2003 | December/2004 | % Variation |
|---------------|---------------|-------------|
| 2,311 | 1,920 | (16.9) |

The variation reflects mainly the increased volume of foreign currency money orders in December/04 as compared to December/03.

Borrowings and Onlendings

| December/2003 | December/2004 | % Variation |
|---------------|---------------|-------------|
| 14,795 | 15,960 | 7.9 |

The variation for the year is due substantially to: (i) the increase in the volume of funds obtained in Brazil via onlendings from BNDES/FINAME; and (ii) new funding transactions abroad, partially offset by: (iii) negative exchange variation of 8.1% for year/04, since a portion of these transactions are indexed and/or denominated in foreign currency.

Other Liabilities and Derivative Financial Instruments

| December/2003 | December/2004 | % Variation |
|---------------|---------------|-------------|
| 27,410 | 26,256 | (4.2) |

The variation was due mostly to: (i) decrease in the volume of the fx portfolio; (ii) negative exchange variation of 8.1% for the year on balances of a portion of subordinated debt; offset by (iii) new issuance of subordinated debt in foreign currency R\$ 817 in year/04.

N.B. Excludes advances on foreign exchange contracts of R\$ 6,183 and R\$ 4,797, allocated to the specific account in credit operations in December/03 and December/04, respectively.

Technical Reserves for Insurance, Private Pension Plans and Savings Bonds

| December/2003 | December/2004 | % Variation |
|---------------|---------------|-------------|
| 26,409 | 33,669 | 27.5 |

The increase for the year reflects mainly the increased sales of private supplementary pension plans and insurance policies, in particular, PGBL and VGBL products, as well as price-level restatement and interest on technical reserves.

Minority Interest in Subsidiaries

| September/2004 | December/2004 | % Variation |
|----------------|---------------|-------------|
| 1,739 | 1,920 | 10.4 |

The variation reflects mainly the increased volume of foreign currency money orders in December/04 as compared to September/04.

| September/2004 | December/2004 | % Variation |
|----------------|---------------|-------------|
| 16,715 | 15,960 | (4.5) |

The decrease for the quarter is mainly due to: (i) negative exchange variation of 7.1% in 4Q04, since a portion of these transactions are indexed and/or denominated in foreign currency; partially offset by: (ii) increase in the volume of funds obtained in Brazil via onlendings from BNDES/FINAME.

| September/2004 | December/2004 | % Variation |
|----------------|---------------|-------------|
| 28,032 | 26,256 | (6.3) |

The variation for the quarter reflects substantially: (i) the decrease in the volume of the fx portfolio - R\$ 963; and (ii) negative exchange variation of 7.1% for 4Q04 on balances of a portion of subordinated debt.

N.B. Excludes advances on foreign exchange contracts of R\$ 5,618 and R\$ 4,797, allocated to the specific account in credit operations in September/04 and December/04, respectively.

| September/2004 | December/2004 | % Variation |
|----------------|---------------|-------------|
| 31,585 | 33,669 | 6.6 |

The growth for the quarter is substantially due to the increased sales of private supplementary pension plans and insurance policies, in particular, PGBL and VGBL products, as well as price-level restatement and interest on technical reserves.

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| December/2003 | December/2004 | % Variation |
|---------------|---------------|-------------|
| 113 | 71 | (37.2) |

The decrease for the year was due to the sale of our stake in Sete Quedas Empreendimentos Imobiliários e Participações Ltda.

Stockholders Equity

| December/2003 | December/2004 | % Variation |
|---------------|---------------|-------------|
| 13,547 | 15,215 | 12.3 |

This variation is due to: (i) appropriation of net income for the year - R\$ 3,060; (ii) others - R\$ 2; offset by: (iii) interest attributed to own capital, paid and accrued - R\$ 1,325; (iv) decrease in the mark-to-market adjustment reserve of securities and derivatives - R\$ 20, as a result of the reversal of mark-to-market adjustment of certain investments in shares, subsequent to their transfer to permanent assets, offset by the results of the appreciation of market value in year/04; and (v) acquisition of own shares - R\$ 49.

| September/2004 | December/2004 | % Variation |
|----------------|---------------|-------------|
| 74 | 71 | (4.1) |

Minority interest in subsidiaries remained practically stable for the quarter.

| September/2004 | December/2004 | % Variation |
|----------------|---------------|-------------|
| 14,678 | 15,215 | 3.7 |

This variation is due to: (i) appropriation of net income for 4Q04 - R\$ 1,058; offset by: (ii) decrease in the mark-to-market adjustment reserve of securities and derivatives - R\$ 181, as a result of the reversal of mark-to-market adjustment of certain investments in shares, subsequent to their transfer to permanent assets, offset by the results of the appreciation of market value in 4Q04; and (iii) interest attributed to own capital, paid and accrued - R\$ 340.

2 Main Statement of Income Information

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Consolidated Statement of Income In thousands of reais

| | 2004 | 2003 | 2002 | 2001 | 2000 |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|
| Income from lending and trading activities | 26,203,227 | 28,033,866 | 31,913,379 | 21,411,673 | 15,519,008 |
| Credit operations | 12,731,435 | 12,294,528 | 15,726,929 | 11,611,236 | 7,787,745 |
| Leasing operations | 300,850 | 307,775 | 408,563 | 420,365 | 512,962 |
| Securities transactions | 4,921,179 | 7,832,965 | 9,527,663 | 7,367,600 | 6,122,486 |
| Financial income on insurance, private pension plans and savings bonds | 5,142,434 | 5,359,939 | 3,271,913 | - | - |
| Derivative financial instruments | 1,238,890 | 55,192 | (2,073,247) | (270,572) | - |
| Foreign exchange transactions | 691,302 | 797,702 | 4,456,594 | 2,045,092 | 872,234 |
| Compulsory deposits | 1,177,137 | 1,385,765 | 594,964 | 237,952 | 223,581 |
| Expenses | 15,013,996 | 17,201,888 | 23,259,783 | 13,312,726 | 9,132,137 |
| Interest and charges on: | | | | | |
| Deposits | 8,486,003 | 10,535,497 | 10,993,327 | 6,986,027 | 5,521,407 |
| Price-level restatement and interest on technical reserves for insurance, private pension plans and savings bonds | 3,215,677 | 3,120,342 | 2,241,283 | - | - |
| Borrowings and onlendings | 1,253,175 | 1,083,379 | 7,194,161 | 4,316,682 | 2,158,725 |
| Leasing operations | 17,492 | 12,981 | 12,486 | - | 93 |
| Provision for loan losses | 2,041,649 | 2,449,689 | 2,818,526 | 2,010,017 | 1,451,912 |
| Income from financial intermediation | 11,189,231 | 10,831,978 | 8,653,596 | 8,098,947 | 6,386,871 |
| Other operating income (expenses) | (7,071,120) | (7,278,870) | (6,343,850) | (5,324,166) | (4,647,041) |
| Commissions and fees | 5,824,368 | 4,556,861 | 3,711,736 | 3,472,560 | 3,042,699 |
| Income on insurance premiums, private pension plans and savings bonds | 13,283,677 | 11,726,088 | 10,134,873 | 8,959,259 | 6,919,942 |
| Variation in technical reserves for insurance, private pension plans and savings bonds | (3,964,106) | (3,670,163) | (2,784,647) | (3,492,217) | (3,001,118) |
| Claims - insurance operations | (5,159,188) | (3,980,419) | (3,614,963) | (3,251,706) | (2,511,146) |
| Savings bond draws and redemptions | (1,223,287) | (1,099,554) | (720,932) | (744,402) | (355,243) |
| Insurance and pension plan selling expenses | (867,094) | (762,010) | (667,527) | (689,352) | (645,020) |
| Expenses with pension plan benefits and redemptions | (2,130,647) | (2,362,771) | (1,688,639) | (1,369,424) | (912,784) |
| Personnel expenses | (4,969,007) | (4,779,491) | (4,075,613) | (3,548,805) | (3,220,607) |
| Other administrative expenses | (4,937,143) | (4,814,204) | (4,028,377) | (3,435,759) | (2,977,665) |
| Tax expenses | (1,464,446) | (1,054,397) | (847,739) | (790,179) | (670,138) |
| Equity in the earnings of associated companies | 163,357 | 5,227 | 64,619 | 70,764 | 156,300 |
| Other operating income | 1,198,532 | 1,697,242 | 1,320,986 | 1,326,459 | 902,807 |
| Other operating expenses | (2,826,136) | (2,741,279) | (3,147,627) | (1,831,364) | (1,375,068) |
| Operating income | 4,118,111 | 3,553,108 | 2,309,746 | 2,774,781 | 1,739,830 |
| Non-operating income (expenses), net | (491,146) | (841,076) | 186,342 | (83,720) | (123,720) |
| Income before taxes and profit sharing | 3,626,965 | 2,712,032 | 2,496,088 | 2,691,061 | 1,616,110 |

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| | | | | | |
|---|------------------|------------------|------------------|------------------|------------------|
| Provision for income tax and social contribution | (554,345) | (396,648) | (460,263) | (502,257) | (258,776) |
| Non-recurring/extraordinary income | - | - | - | - | 400,813 |
| Minority interest in subsidiaries | (12,469) | (9,045) | (13,237) | (18,674) | (17,982) |
| Net income | 3,060,151 | 2,306,339 | 2,022,588 | 2,170,130 | 1,740,165 |
| <hr/> | | | | | |
| Return on stockholders' equity | 20.11% | 17.02% | 18.65% | 22.22% | 21.50% |
| <hr/> | | | | | |

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| | 2004 | | | | 2003 | | | |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| | 4th Qtr. | 3rd Qtr. | 2nd Qtr. | 1st Qtr. | 4th Qtr. | 3rd Qtr. | 2nd Qtr. | 1st Qtr. |
| Income from lending and trading activities | 6,201,944 | 5,525,100 | 7,719,563 | 6,756,620 | 7,443,322 | 7,911,617 | 5,434,443 | 7,244,484 |
| Credit operations | 3,102,037 | 2,870,585 | 3,659,023 | 3,099,790 | 3,169,261 | 3,504,644 | 2,685,193 | 2,935,430 |
| Leasing operations | 85,556 | 73,467 | 56,715 | 85,112 | 78,660 | 85,952 | 65,777 | 77,386 |
| Securities transactions | 758,491 | 361,241 | 2,120,909 | 1,680,538 | 2,230,775 | 2,312,036 | 1,333,343 | 1,956,811 |
| Financial income on insurance, private pension plans and savings bonds | 1,379,157 | 1,337,097 | 1,181,151 | 1,245,029 | 1,411,927 | 1,334,756 | 1,172,214 | 1,441,042 |
| Derivative financial instruments | 529,925 | 582,105 | (68,697) | 195,557 | 8,877 | 33,158 | (360,489) | 373,646 |
| Foreign exchange transactions | 28,645 | (746) | 502,246 | 161,157 | 254,543 | 275,508 | 168,153 | 99,498 |
| Compulsory deposits | 318,133 | 301,351 | 268,216 | 289,437 | 289,279 | 365,563 | 370,252 | 360,671 |
| Expenses | 3,174,801 | 2,699,294 | 5,152,601 | 3,987,300 | 4,251,574 | 5,357,189 | 3,068,353 | 4,524,772 |
| Interest and charges on: | | | | | | | | |
| Deposits | 1,709,830 | 1,291,812 | 3,029,988 | 2,454,373 | 2,605,171 | 3,434,326 | 1,826,314 | 2,669,686 |
| Price-level restatement and interest on technical reserves for insurance, private pension plans and savings bonds | 922,018 | 942,651 | 698,695 | 652,313 | 701,184 | 761,148 | 755,950 | 902,060 |
| Borrowings and onlendings | 49,921 | (18,123) | 905,617 | 315,760 | 490,305 | 555,389 | (103,670) | 141,355 |
| Leasing operations | 4,300 | 4,585 | 4,747 | 3,860 | 3,398 | 3,187 | 3,194 | 3,202 |
| Provision for loan losses | 488,732 | 478,369 | 513,554 | 560,994 | 451,516 | 603,139 | 586,565 | 808,469 |
| Income from financial intermediation | 3,027,143 | 2,825,806 | 2,566,962 | 2,769,320 | 3,191,748 | 2,554,428 | 2,366,090 | 2,719,712 |
| Other operating income (expenses) | (1,491,990) | (1,663,296) | (1,945,378) | (1,970,456) | (2,305,000) | (1,887,139) | (1,506,993) | (1,579,738) |
| Commissions and fees | 1,675,594 | 1,454,636 | 1,375,202 | 1,318,936 | 1,274,590 | 1,182,359 | 1,082,637 | 1,017,275 |
| Income on insurance premiums, private pension plans and savings bonds | 3,836,157 | 3,464,550 | 2,989,637 | 2,993,333 | 3,434,634 | 2,873,832 | 2,728,022 | 2,689,600 |
| Variation in technical reserves for insurance, private pension plans and savings bonds | (1,316,961) | (1,076,201) | (693,433) | (877,511) | (1,143,458) | (863,897) | (708,447) | (954,361) |
| Claims - insurance operations | (1,317,196) | (1,328,082) | (1,281,728) | (1,232,182) | (920,068) | (1,066,766) | (1,055,767) | (937,818) |
| Savings bond draws and redemptions | (291,770) | (312,043) | (346,151) | (273,323) | (301,838) | (283,009) | (282,275) | (232,432) |
| Insurance and pension plan selling expenses | (233,846) | (215,775) | (205,157) | (212,316) | (208,229) | (190,761) | (182,499) | (180,521) |
| Expenses with pension plan benefits and redemptions | (511,108) | (496,399) | (590,492) | (532,648) | (955,812) | (555,691) | (461,256) | (390,012) |
| Personnel expenses | (1,284,423) | (1,273,981) | (1,233,345) | (1,177,258) | (1,272,063) | (1,306,415) | (1,147,838) | (1,053,175) |
| Other administrative expenses | (1,288,511) | (1,225,032) | (1,215,747) | (1,207,853) | (1,327,995) | (1,232,599) | (1,152,697) | (1,100,913) |
| Tax expenses | (411,494) | (373,965) | (343,100) | (335,887) | (293,466) | (254,650) | (238,429) | (267,852) |
| Equity in the earnings of associated companies | 44,797 | (3,708) | 122,309 | (41) | 30,723 | 7,218 | (27,989) | (4,725) |
| Other operating income | 310,663 | 350,660 | 279,688 | 257,521 | 246,922 | 422,630 | 517,507 | 510,183 |
| Other operating expenses | (703,892) | (627,956) | (803,061) | (691,227) | (868,940) | (619,390) | (577,962) | (674,987) |
| Operating income | 1,535,153 | 1,162,510 | 621,584 | 798,864 | 886,748 | 667,289 | 859,097 | 1,139,974 |
| Non-operating income (expenses), net | (148,183) | (129,249) | (202,568) | (11,146) | (73,495) | 9,854 | (95,872) | (681,563) |
| Income before taxes and profit sharing | 1,386,970 | 1,033,261 | 419,016 | 787,718 | 813,253 | 677,143 | 763,225 | 458,411 |
| Provision for income tax and social contribution | (322,116) | (278,499) | 224,907 | (178,637) | (95,620) | (111,614) | (242,190) | 52,776 |
| Minority interest in subsidiaries | (7,101) | (2,413) | (2,587) | (368) | (2,496) | (1,638) | (1,325) | (3,586) |
| Net income | 1,057,753 | 752,349 | 641,336 | 608,713 | 715,137 | 563,891 | 519,710 | 507,601 |

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Results by Business Segment - In millions of reais

Amounts accumulated from January to December

| | Financial | | Insurance Group | | Other Activities | Amount Eliminated | Consolidated Bradesco |
|--|----------------|--------------|-----------------|------------|------------------|-------------------|-----------------------|
| | Local | Foreign | Local | Foreign | | | |
| Income from financial intermediation | 8,768 | 468 | 1,935 | 1 | 11 | 6 | 11,189 |
| Other operating income (expenses) | (6,989) | (108) | (1,046) | (2) | 22 | (6) | (8,129) |
| Commissions and fees | 5,120 | 17 | 311 | - | 775 | (399) | 5,824 |
| Personnel expenses | (4,233) | (21) | (478) | (1) | (236) | - | (4,969) |
| Other administrative expenses | (4,625) | (66) | (529) | (1) | (182) | 466 | (4,937) |
| Other revenue (expenses) | (3,251) | (38) | (350) | - | (335) | (73) | (4,047) |
| Net income accumulated to December 2004 | 1,779 | 360 | 889 | (1) | 33 | - | 3,060 |
| Net income accumulated to December 2003 | 1,249 | 323 | 678 | 1 | 55 | - | 2,306 |

Composition of Income - %

Increase in the Main Statement of Income Items

2004 as Compared to 2003 In millions of reais

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

(**) Mainly reversal of other operating provisions in the amount of R\$ 344.

4Q04 as Compared to 3Q04 In millions of reais

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

Increase in Financial Margin Items plus Exchange Adjustment

2004 as Compared to 2003 In millions of reais

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

4Q04 as Compared to 3Q04 In millions of reais

- (1) Includes income on credit operations + income on leasing operations + income on foreign exchange transactions (Note 13a).
- (2) Includes interest and charges on deposits, excluding expenses for purchase and sale commitments + expenses for borrowings and onlendings + income on compulsory deposits + adjustments to income on foreign exchange transactions (Note 13a).

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- (3) Includes income on securities transactions, less expenses with purchase and sale commitments + financial income on insurance, private pension plans and savings bonds + income on derivative financial instruments + adjustments to income on foreign exchange transactions (Note 13a).
- (4) Includes price-level restatement and interest on technical reserves for insurance, private pension plans and savings bonds.
Analysis of the Adjusted Financial Margin and Average Rates

Credit Operations x Income

| In millions of reais | Accumulated to December 2003 | Accumulated to December 2004 | 3 rd Qtr. 2004 | 4 th Qtr. 2004 |
|---|---------------------------------|---------------------------------|------------------------------|------------------------------|
| Credit operations | 44,051 | 50,207 | 51,270 | 54,080 |
| Leasing operations | 1,481 | 1,452 | 1,402 | 1,556 |
| Advances on foreign exchange contracts | 5,876 | 5,784 | 5,938 | 5,207 |
| 1 - Total average balance (quarterly) | 51,407 | 57,443 | 58,610 | 60,843 |
| 2 - Income (*) | 12,678 | 13,149 | 2,983 | 3,258 |
| 3 - Average return annualized exponentially (2/1) | 24.7% | 22.9% | 22.0% | 23.2% |

(*) Includes income from credit operations, net results from leasing operations and adjusted results on foreign exchange transactions (Note 13a).

Securities x Income on Securities Transactions

| In millions of reais | Accumulated to December 2003 | Accumulated to December 2004 | 3 rd Qtr. 2004 | 4 th Qtr. 2004 |
|---|---------------------------------|---------------------------------|------------------------------|------------------------------|
| Securities | 43,188 | 56,749 | 57,184 | 60,288 |
| Interbank investments | 25,232 | 23,792 | 22,827 | 23,736 |
| Subject to repurchase agreements | (20,957) | (21,812) | (19,149) | (22,219) |
| Derivative financial instruments | (322) | (332) | (546) | (241) |
| 4 Total average balance (quarterly) | 47,141 | 58,397 | 60,316 | 61,565 |
| 5 Income on securities transactions (net of expenses for repurchase agreements) (*) | 9,269 | 8,101 | 1,509 | 1,835 |
| 6 Average rate annualized exponentially (5/4) | 19.7% | 13.9% | 10.4% | 12.5% |

(*) Includes financial income on insurance, private pension plans, savings bonds, derivative financial instruments and foreign exchange adjustments (Note 13a).

Total Assets x Income from Financial Intermediation

| In millions of reais | Accumulated to December 2003 | Accumulated to December 2004 | 3 rd Qtr. 2004 | 4 th Qtr. 2004 |
|---|---------------------------------|---------------------------------|------------------------------|------------------------------|
| 7 - Total assets - Average balance (quarterly) | 156,547 | 175,591 | 177,979 | 182,314 |
| 8 - Income from financial intermediation | 28,034 | 26,203 | 5,525 | 6,202 |
| 9 - Average rate annualized exponentially (8/7) | 17.9% | 14.9% | 13.0% | 14.3% |

Funding x Expenses

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| In millions of reais | Accumulated to December 2003 | Accumulated to December 2004 | 3 rd Qtr. 2004 | 4 th Qtr. 2004 |
|--|---------------------------------|---------------------------------|------------------------------|------------------------------|
| Deposits | 56,885 | 62,955 | 64,460 | 66,715 |
| Funds from acceptance and issuance of securities | 5,717 | 6,332 | 6,598 | 5,587 |
| Interbank and interdepartmental accounts | 1,857 | 1,648 | 1,415 | 1,830 |
| Subordinated debt | 3,705 | 5,676 | 6,135 | 6,031 |
| 10 - Total funding - average balance (quarterly) | 68,166 | 76,611 | 78,608 | 80,163 |
| 11 - Expenses (*) | 5,167 | 4,147 | 218 | 563 |
| 12 - Average rate annualized exponentially (11/10) | 7.6% | 5.4% | 1.1% | 2.8% |

(*) Funding expenses without repurchase agreements, less income on compulsory deposits and foreign exchange adjustments (Note 13a).
Technical Reserves for Insurance, Private Pension Plans and Savings Bonds x Expenses

| In millions of reais | Accumulated to December 2003 | Accumulated to December 2004 | 3 rd Qtr. 2004 | 4 th Qtr. 2004 |
|--|---------------------------------|---------------------------------|------------------------------|------------------------------|
| 13 Technical reserves for insurance, private pension plans and savings bonds - average balance (quarterly) | 22,762 | 29,818 | 30,532 | 32,627 |
| 14 Expenses (*) | 3,120 | 3,216 | 943 | 922 |
| 15 Average rate annualized exponentially (14/13) | 13.7% | 10.8% | 12.9% | 11.8% |

(*) Price-level restatement and interest on technical reserves for insurance, private pension plans and savings bonds.
Borrowings and Onlendings (Local and Foreign) x Expenses

| In millions of reais | Accumulated to December 2003 | Accumulated to December 2004 | 3 rd Qtr. 2004 | 4 th Qtr. 2004 |
|--|---------------------------------|---------------------------------|------------------------------|------------------------------|
| Borrowings | 8,375 | 8,034 | 8,795 | 8,128 |
| Onlendings | 7,069 | 7,986 | 7,971 | 8,209 |
| 16 - Total borrowings and onlendings - average balance (quarterly) | 15,444 | 16,020 | 16,766 | 16,337 |
| 17 - Expenses for borrowings and onlendings (*) | 377 | 656 | 26 | 92 |
| 18 - Average rate annualized exponentially (17/16) | 2.4% | 4.1% | 0.6% | 2.3% |

(*) Includes foreign exchange adjustments (Note 13a).
Total Assets x Financial Margin

| In millions of reais | Accumulated to December 2003 | Accumulated to December 2004 | 3 rd Qtr. 2004 | 4 th Qtr. 2004 |
|--|---------------------------------|---------------------------------|------------------------------|------------------------------|
| 19 - Total assets - average balance (quarterly) | 156,547 | 175,591 | 177,979 | 182,314 |
| 20 - Financial margin (*) | 13,282 | 13,231 | 3,304 | 3,516 |
| 21 - Average rate annualized exponentially (20/19) | 8.5% | 7.5% | 7.6% | 7.9% |

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

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Financial Market Indicators

Analysis of Financial Margin

Bradesco's consolidated financial margin (before PDD) totaled R\$ 13,231 million, for 2004, down by 0.4% compared to R\$ 13,282 million for 2003.

Interest income decreased financial margin by R\$ 90 million for the year, mainly as a result of the growth in average business volume of some R\$ 1,470 million, offset by the decrease in spreads of R\$ 1,560 million.

In 2004, non-interest income grew financial margin by R\$ 360 million, as compared to the prior year, mainly as a result of increased gains on securities transactions and credit recoveries during the 12-month period.

Compared to 2003, we stress that the balance of financial margin, for 2004, was impacted negatively by an amount of R\$ 267 million, as a result of the reclassification of financial expenses, recorded in prior periods in the "Changes in technical reserves for insurance, private pension plans and savings bonds" account, and the fact that in 2003, financial margin was also influenced favorably by gain on the sale of shares of Latasa in the amount of R\$ 195 million.

Compared to 2003, the average financial margin rate for 2004, reflecting the ratio between the results of financial margin and the average balance of total assets decreased by 1.0 percentage point. This downturn was influenced in particular by the sharp fall in the interest rate (CDI) used to remunerate own working capital, funding and float, considering that in 2003, CDI was 23.3%, compared to 16.2% in 2004.

Compared to the prior quarter (3Q04), financial margin for the fourth quarter of 2004 (4Q04) was up by 6.4%, from R\$ 3,304 million to R\$ 3,516 million, respectively.

The main factor responsible for the growth in financial margin between these quarters was the increase in interest income, up by R\$ 291 million, as well as the increase of R\$ 194 million, derived from the growth in business volume and R\$ 97 million in change of loan profile.

This increase was partially offset by the decrease in non-interest income which dropped by R\$ 79 million in 4Q04, mainly as a result of the impact of the mark-to-market of securities and credit recoveries for 4Q04.

The annualized financial margin rate for 4Q04 was 7.9%, up by 0.3 percentage point compared to 3Q04, evidencing Bradesco's efforts to allocate its assets to best margin products.

The increase in Bradesco's consolidated financial margin, as mentioned above, was based on the continuous growth in financial volume, in particular, business activities with the best spreads.

Confirming this expansion policy, the balance of consumer customer credit operations grew by 13.4% in 4Q04 and comparing the growth of these balances over the 12-month period of 2004, the increase was even greater, 35.6%.

Emphasis should also be given to the performance of demand and savings account deposits, up by 18.5% and 11.9% respectively, for the year. In 4Q04, the balance of demand deposits grew by 3.5% and savings deposits by 6.9%, compared to 3Q04.

The good operating performance, presented by Bradesco in 2004, had a positive effect on financial margin, as a result of the restructuring and customer base segmentation processes, as well as the consolidation of Banco Postal, and the extensive presence of Banco Finasa in the consumer sales financing market (CDC), seeking new business fronts and confirming its outstanding capacity to secure new customers and expand its activities in different niche markets.

Provision for Loan Losses (PDD)

Movement of Allowance for Loan Losses - In millions of reais

| 2003 | | | 2004 | | |
|----------------------|----------------------|----------------------------|----------------------|----------------------|----------------------------|
| 3 rd Qtr. | 4 th Qtr. | Accumulated to December | 3 rd Qtr. | 4 th Qtr. | Accumulated to December |
| | | | | | |

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| | | | | | | |
|---|--------------|--------------|--------------|--------------|--------------|--------------|
| Opening balance | 4,109 | 4,151 | 3,665 | 4,213 | 4,181 | 4,059 |
| Amount recorded for the period | 603 | 451 | 2,449 | 478 | 489 | 2,041 |
| Amount written off for the period | (561) | (543) | (2,226) | (510) | (525) | (2,032) |
| Balance derived from acquired institutions | - | - | 171 | - | - | 77 |
| Closing balance | 4,151 | 4,059 | 4,059 | 4,181 | 4,145 | 4,145 |
| Specific provision | 1,939 | 1,816 | 1,816 | 1,885 | 1,785 | 1,785 |
| Generic provision | 1,390 | 1,384 | 1,384 | 1,383 | 1,435 | 1,435 |
| Additional provision | 822 | 859 | 859 | 913 | 925 | 925 |
| Credit recoveries | 138 | 160 | 511 | 228 | 154 | 612 |
| Allowance for Loan Losses (PDD) on Credit and Leasing Operations - In millions of reais | | | | | | |

| | 2003 | | 2004 | |
|---|-------------------------------------|----------|-----------|----------|
| | September | December | September | December |
| | Allowance for loan losses - PDD (A) | 4,151 | 4,059 | 4,181 |
| Credit operations (B) | 52,776 | 54,336 | 59,976 | 62,788 |
| PDD on credit operations (A/B) | 7.9% | 7.5% | 7.0% | 6.6% |
| Ratio of PDD Coverage to Abnormal Course Credits (D to H) | | | | |

| | In millions of reais | | | |
|---|----------------------|----------|-----------|----------|
| | 2003 | | 2004 | |
| | September | December | September | December |
| Total provisions (1) | 4,151 | 4,059 | 4,181 | 4,145 |
| Abnormal course credits (D to H) (2) | 2,922 | 2,633 | 2,533 | 2,441 |
| PDD coverage ratio (1/2) | 142.1% | 154.2% | 165.1% | 169.8% |
| Please see pages 63, 64 and 65 of this report for further information on the allowance for loan losses. | | | | |

Commissions and Fees

| | In millions of reais | | | | | |
|-------------------|----------------------|----------------------|-------------------------|----------------------|----------------------|-------------------------|
| | 2003 | | | 2004 | | |
| | 3 rd Qtr. | 4 th Qtr. | Accumulated to December | 3 rd Qtr. | 4 th Qtr. | Accumulated to December |
| Checking accounts | 287 | 311 | 1,107 | 324 | 373 | 1,327 |
| Cards | 203 | 220 | 818 | 241 | 346 | 1,069 |
| Fund management | 163 | 189 | 590 | 233 | 239 | 888 |
| Collection | 155 | 155 | 595 | 160 | 168 | 629 |

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| | | | | | | |
|-------------------------------------|-----|-----|-----|-----|-----|-----|
| Credit operations | 149 | 159 | 579 | 222 | 248 | 831 |
| Interbank charges | 65 | 68 | 257 | 67 | 69 | 261 |
| Collection of taxes | 48 | 48 | 186 | 51 | 54 | 204 |
| Custody and brokerage services | 21 | 22 | 77 | 24 | 25 | 98 |
| Consortium purchase plan management | 8 | 14 | 26 | 23 | 29 | 87 |
| Other | 83 | 89 | 322 | 110 | 124 | 430 |

| | | | | | | |
|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Total | 1,182 | 1,275 | 4,557 | 1,455 | 1,675 | 5,824 |
|--------------|--------------|--------------|--------------|--------------|--------------|--------------|

In 2004, the balance of income on commissions and fees increased by 27.8%, or R\$ 1,267 million, as compared to 2003 and totaled R\$ 5,824 million. Growth for 4Q04 was 15.1%, an increase of R\$ 220 million compared to the prior quarter, a total end-quarter balance of R\$ 1,675 million, mainly as a result of the increase in revenues on: (i) credit cards, up by R\$ 105 million; (ii) checking accounts, up by R\$ 49 million; and (iii) credit operations, up by R\$ 26 million. The increase in business volume, directly related to improvements in Brazil's economic activity levels, was the main factor influencing the growth of these revenues, as well as the increase in the number of customers and improved partnership ratio as a result of the segmentation process.

Administrative and Personnel Expenses

| | In millions of reais | | | | | |
|--|----------------------|----------------------|-------------------------|----------------------|----------------------|-------------------------|
| | 2003 | | | 2004 | | |
| | 3 rd Qtr. | 4 th Qtr. | Accumulated to December | 3 rd Qtr. | 4 th Qtr. | Accumulated to December |
| Third-party services | 214 | 231 | 815 | 216 | 216 | 847 |
| Communications | 163 | 171 | 634 | 159 | 171 | 647 |
| Depreciation and amortization | 137 | 127 | 530 | 118 | 120 | 480 |
| Publicity and advertising | 83 | 139 | 372 | 88 | 142 | 426 |
| Financial system services | 92 | 97 | 357 | 101 | 103 | 402 |
| Transport | 91 | 99 | 357 | 100 | 108 | 390 |
| Leasing | 79 | 70 | 279 | 76 | 72 | 308 |
| Rents | 72 | 82 | 287 | 73 | 76 | 299 |
| Data processing | 73 | 75 | 274 | 70 | 55 | 254 |
| Maintenance and repairs | 60 | 68 | 242 | 69 | 75 | 272 |
| Materials | 47 | 43 | 172 | 36 | 44 | 152 |
| Water, electricity and gas | 27 | 32 | 115 | 30 | 34 | 129 |
| Travel | 17 | 18 | 64 | 14 | 17 | 58 |
| Other | 78 | 76 | 316 | 75 | 56 | 273 |
| Administrative expenses | 1,233 | 1,328 | 4,814 | 1,225 | 1,289 | 4,937 |
| Remuneration | 632 | 646 | 2,380 | 636 | 647 | 2,509 |
| Single payment bonus | 98 | 1 | 99 | 14 | 29 | 43 |
| Benefits | 265 | 258 | 964 | 257 | 271 | 1,007 |
| Social charges | 196 | 244 | 831 | 228 | 241 | 924 |
| Employee profit sharing | 48 | 43 | 171 | 43 | 55 | 182 |
| Training | 16 | 15 | 61 | 15 | 16 | 53 |
| Labor/other | 51 | 65 | 273 | 81 | 25 | 251 |
| Personnel expenses | 1,306 | 1,272 | 4,779 | 1,274 | 1,284 | 4,969 |
| Total administrative and personnel expenses | 2,539 | 2,600 | 9,593 | 2,499 | 2,573 | 9,906 |

In 2004, administrative and personnel expenses increased by R\$ 313 million, or 3.3% compared to the prior year comprising a total year-end balance of R\$ 9,906 million. In 4Q04, this increase was 3.0%, or R\$ 74 million compared to the prior quarter comprising a total fourth-quarter

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balance of R\$ 2,573 million.

Administrative expenses remained practically stable for the quarter, except for the seasonal increase in expenses for publicity and advertising in the amount of R\$ 54 million. The increase in administrative expenses is related to the growth in business volume, since Bradesco is permanently focused on expenditure control.

Personnel expenses were affected in 4Q04 by the increase in salary levels, following the collective bargaining agreement (8.5%) in September 2004, and were mitigated by the decrease in personnel expenses as a result of the synergy achieved by the incorporation of the banks acquired by Bradesco.

Operating Efficiency

| | In millions of reais | | | | |
|--|----------------------|---------------|---------------|---------------|---------------|
| | Year | | | | |
| | 2000 | 2001 | 2002 | 2003 | 2004 |
| Personnel expenses | 3,221 | 3,549 | 4,076 | 4,779 | 4,969 |
| Employee profit sharing | (112) | (160) | (140) | (170) | (182) |
| Other administrative expenses | 2,978 | 3,436 | 4,028 | 4,814 | 4,937 |
| Total (1) | 6,087 | 6,825 | 7,964 | 9,423 | 9,724 |
| Financial margin = Gross income from financial intermediation less PDD | 7,839 | 10,109 | 11,472 | 13,282 | 13,231 |
| Commissions and fees | 3,043 | 3,473 | 3,712 | 4,557 | 5,824 |
| Income from insurance premiums, private pension plans and savings bonds | 6,920 | 8,959 | 10,135 | 11,726 | 13,284 |
| Variation in technical reserves for insurance, pension plans and savings bonds | (3,001) | (3,492) | (2,785) | (3,670) | (3,964) |
| Claims - insurance operations and savings bond draws and redemptions | (2,866) | (3,996) | (4,336) | (5,080) | (6,382) |
| Insurance and pension plan selling expenses | (645) | (689) | (667) | (762) | (867) |
| Expenses with pension plan benefits and redemptions | (913) | (1,370) | (1,689) | (2,363) | (2,131) |
| Subtotal | (505) | (588) | 658 | (149) | (60) |
| Equity in the earnings of associated companies | 156 | 71 | 65 | 5 | 163 |
| Other operating expenses | (1,376) | (1,831) | (3,148) | (2,741) | (2,826) |
| Other operating income | 903 | 1,326 | 1,321 | 1,697 | 1,198 |
| Total (2) | 10,060 | 12,560 | 14,080 | 16,651 | 17,530 |
| Efficiency ratio (%) = (1/2) | 60.5 | 54.3 | 56.6 | 56.6 | 55.5 |
| Operating Efficiency Ratio (%) | | | | | |

The Operating Efficiency Ratio (accumulated for the 12-month period) for 4Q04, was 55.5%, down by 2.8% as compared to the 12-month period ended 3Q04, mainly as a result of the successful efforts to increase revenues, in particular, commissions and fees and operating income from insurance, private pension plans and savings bonds, as well as management's emphasis on controlling administrative costs and the establishment of goals for maintaining their notional value. (N.B. In 2004, if we exclude expenses for the amortization of goodwill from the IEO calculation basis, in the amount of R\$ 344 million, the ratio drops by 1.1%, from 55.5% to 54.4%.).

Among other results, through the use of activity-based costing methodology (ABC), the Bradesco Organization is enhancing the criteria used to formulate and negotiate bank charges, the supply of costing information to GDAD (Performance Management and Decision-making Support) and for customer profitability determination purposes, as well as establishing a reliable basis for ongoing rationalization analyses.

As regards cost control practices, Bradesco adopts ABM (Activity-Based Management) methodology, a pro-active approach designed to produce effective results and the identification of opportunities on a timely basis. Accordingly, at the same time as its processes are improved, operating performance is seamlessly integrated with strategic objectives.

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The strict control of expenses, enhanced as a result of the creation of the Expenditure Appraisal Committee in March 2004 and the successful synergy process of the Institutions acquired had a positive effect on the Operating Efficiency Ratio.

Other Indicators

3 Main Balance Sheet Information

Consolidated Balance Sheet - In thousands of reais

| Assets | December | | | | |
|---|--------------------|--------------------|--------------------|--------------------|-------------------|
| | 2004 | 2003 | 2002 | 2001 | 2000 |
| Current assets and long-term receivables | 179,979,956 | 171,141,348 | 137,301,711 | 105,767,892 | 90,693,025 |
| Funds available | 2,639,260 | 2,448,426 | 2,785,707 | 3,085,787 | 1,341,653 |
| Interbank investments | 22,346,721 | 31,724,003 | 21,472,756 | 3,867,319 | 2,308,273 |
| Open market investments | 15,667,078 | 26,753,660 | 19,111,652 | 2,110,573 | 1,453,461 |
| Interbank deposits | 6,682,608 | 4,970,343 | 2,370,345 | 1,760,850 | 854,815 |
| Provision for losses | (2,965) | - | (9,241) | (4,104) | (3) |
| Securities and derivative financial instruments | 62,421,658 | 53,804,780 | 37,003,454 | 40,512,688 | 33,119,843 |
| Own portfolio | 51,255,745 | 42,939,043 | 29,817,033 | 27,493,936 | 21,743,924 |
| Subject to repurchase agreements | 4,807,769 | 5,682,852 | 1,497,383 | 9,922,036 | 10,822,637 |
| Derivative financial instruments | 397,956 | 232,311 | 238,839 | 581,169 | - |
| Subject to negotiation and intermediation of securities | - | - | - | 526,219 | 9,394 |
| Restricted deposits - Brazilian Central Bank | 4,512,563 | 3,109,634 | 3,536,659 | 1,988,799 | 421,727 |
| Privatization currencies | 82,487 | 88,058 | 77,371 | 25,104 | 9,526 |
| Subject to collateral provided | 1,365,138 | 1,752,882 | 1,836,169 | 715,858 | 783,501 |
| Allowance for mark-to-market | - | - | - | (740,433) | (670,866) |
| Interbank accounts | 16,087,102 | 14,012,837 | 12,943,432 | 5,141,940 | 5,060,628 |
| Unsettled payments and receipts | 22,075 | 20,237 | 16,902 | 10,118 | 6,920 |
| Restricted deposits: | | | | | |
| - Brazilian Central Bank | 15,696,154 | 13,580,425 | 12,519,635 | 4,906,502 | 4,848,668 |
| - National Treasury - rural funding | 578 | 578 | 578 | 712 | 660 |
| - National Housing System - SFH | 335,320 | 391,871 | 374,177 | 217,518 | 197,191 |
| Interbank onlendings | - | - | - | - | 2,024 |
| Correspondent banks | 32,975 | 19,726 | 32,140 | 7,090 | 5,165 |
| Interdepartmental accounts | 147,537 | 514,779 | 191,739 | 176,073 | 111,636 |
| Internal transfer of funds | 147,537 | 514,779 | 191,739 | 176,073 | 111,636 |
| Credit operations | 51,890,887 | 42,162,718 | 39,705,279 | 35,131,359 | 30,236,106 |
| Credit operations: | | | | | |
| - Public sector | 536,975 | 186,264 | 254,622 | 199,182 | 275,479 |
| - Private sector | 55,242,348 | 45,768,970 | 42,842,693 | 37,689,671 | 32,244,482 |
| Allowance for loan losses | (3,888,436) | (3,792,516) | (3,392,036) | (2,757,494) | (2,283,855) |
| Leasing operations | 1,556,321 | 1,306,433 | 1,431,166 | 1,567,927 | 1,914,081 |
| Leasing receivables: | | | | | |
| - Public sector | - | - | 45 | 138 | 160 |
| - Private sector | 3,237,226 | 2,859,533 | 3,141,724 | 3,248,050 | 3,813,369 |
| Unearned lease income | (1,576,690) | (1,438,534) | (1,560,278) | (1,557,642) | (1,760,305) |
| Allowance for leasing losses | (104,215) | (114,566) | (150,325) | (122,619) | (139,143) |
| Other receivables | 21,664,592 | 24,098,765 | 20,690,054 | 15,685,433 | 16,226,725 |

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| | | | | | |
|--|--------------------|--------------------|--------------------|--------------------|-------------------|
| Receivables on guarantees honored | 811 | 624 | 1,577 | 1,131 | 2,020 |
| Foreign exchange portfolio | 7,336,806 | 11,102,537 | 10,026,298 | 5,545,527 | 6,417,431 |
| Income receivable | 197,120 | 331,064 | 249,849 | 187,910 | 191,873 |
| Negotiation and intermediation of securities | 357,324 | 602,543 | 175,185 | 761,754 | 497,655 |
| Specific credits | - | - | - | 146,919 | 124,776 |
| Insurance premiums receivable | 988,029 | 889,358 | 718,909 | 995,662 | 818,773 |
| Sundry | 12,937,408 | 11,324,857 | 9,640,966 | 8,107,714 | 8,258,402 |
| Allowance for other losses | (152,906) | (152,218) | (122,730) | (61,184) | (84,205) |
| Other assets | 1,225,878 | 1,068,607 | 1,078,124 | 599,366 | 374,080 |
| Other assets | 477,274 | 586,994 | 679,515 | 415,484 | 409,771 |
| Allowance for losses | (230,334) | (257,185) | (243,953) | (164,290) | (171,876) |
| Prepaid expenses | 978,938 | 738,798 | 642,562 | 348,172 | 136,185 |
| Permanent assets | 4,946,512 | 4,956,342 | 5,483,319 | 4,348,014 | 4,185,458 |
| Investments | 1,101,174 | 862,323 | 512,720 | 884,773 | 830,930 |
| Investments in associated companies: | | | | | |
| - Local | 496,054 | 369,935 | 395,006 | 742,586 | 689,002 |
| Other investments | 971,311 | 857,985 | 439,342 | 452,871 | 525,316 |
| Allowance for losses | (366,191) | (365,597) | (321,628) | (310,684) | (383,388) |
| Property and equipment in use | 2,270,497 | 2,291,994 | 2,523,949 | 2,152,680 | 2,017,093 |
| Buildings in use | 1,357,063 | 1,398,735 | 1,748,409 | 1,475,581 | 1,491,847 |
| Other fixed assets | 3,604,741 | 3,480,636 | 3,459,950 | 2,988,008 | 2,705,577 |
| Accumulated depreciation | (2,691,307) | (2,587,377) | (2,684,410) | (2,310,909) | (2,180,331) |
| Leased assets | 18,951 | 34,362 | 34,323 | 46,047 | 10,688 |
| Leased assets | 58,463 | 63,812 | 51,198 | 51,214 | 19,421 |
| Accumulated depreciation | (39,512) | (29,450) | (16,875) | (5,167) | (8,733) |
| Deferred charges | 1,555,890 | 1,767,663 | 2,412,327 | 1,264,514 | 1,326,747 |
| Organization and expansion costs | 1,268,436 | 1,124,058 | 1,037,559 | 874,970 | 731,717 |
| Accumulated amortization | (738,738) | (572,620) | (568,525) | (481,127) | (391,417) |
| Goodwill on acquisition of subsidiaries, net of amortization | 1,026,192 | 1,216,225 | 1,943,293 | 870,671 | 986,447 |
| Total | 184,926,468 | 176,097,690 | 142,785,030 | 110,115,906 | 94,878,483 |

| Liabilities and stockholders' equity | December | | | | |
|--|--------------------|--------------------|--------------------|--------------------|-------------------|
| | 2004 | 2003 | 2002 | 2001 | 2000 |
| Current and long-term liabilities | 169,596,632 | 162,406,307 | 131,652,394 | 100,199,709 | 86,654,746 |
| Deposits | 68,643,327 | 58,023,885 | 56,363,163 | 41,083,979 | 36,468,659 |
| Demand deposits | 15,297,825 | 12,909,168 | 13,369,917 | 8,057,627 | 7,500,518 |
| Savings deposits | 24,782,646 | 22,140,171 | 20,730,683 | 18,310,948 | 17,835,745 |
| Interbank deposits | 19,499 | 31,400 | 23,848 | 40,446 | 568,416 |
| Time deposits | 28,459,122 | 22,943,146 | 22,238,715 | 14,674,958 | 10,563,980 |
| Other deposits | 84,235 | - | - | - | - |
| Deposits received under security repurchase agreements | 22,886,403 | 32,792,725 | 16,012,965 | 14,057,327 | 12,108,350 |
| Own portfolio | 8,248,122 | 6,661,473 | 915,946 | 12,178,855 | 10,696,199 |
| Third-party portfolio | 14,430,876 | 17,558,740 | 12,188,054 | 1,878,472 | 1,412,151 |
| Unrestricted portfolio | 207,405 | 8,572,512 | 2,908,965 | - | - |
| Funds from issuance of securities | 5,057,492 | 6,846,896 | 3,136,842 | 4,801,410 | 4,111,171 |
| Exchange acceptances | - | - | 1,214 | - | - |
| Mortgage notes | 681,122 | 1,030,856 | 384,727 | 780,425 | 741,248 |
| Debentures | - | 7,291 | 100,369 | 48,921 | 1,039 |
| Securities issued abroad | 4,376,370 | 5,808,749 | 2,650,532 | 3,972,064 | 3,368,884 |
| Interbank accounts | 174,066 | 529,332 | 606,696 | 192,027 | 107,129 |
| Interbank onlendings | - | 159,098 | 35,686 | 4,519 | 1,059 |
| Correspondent banks | 174,066 | 370,234 | 571,010 | 187,508 | 106,070 |
| Interdepartmental accounts | 1,745,721 | 1,782,068 | 1,337,729 | 762,505 | 904,188 |
| Third-party funds in transit | 1,745,721 | 1,782,068 | 1,337,729 | 762,505 | 904,188 |
| Borrowings | 7,561,395 | 7,223,356 | 9,390,630 | 7,887,154 | 6,463,555 |
| Local borrowings - official institutions | 1,376 | 2,070 | 3,368 | 2,979 | 9,737 |
| Local borrowings - other institutions | 11,756 | 4,010 | 216,812 | 230,468 | 170,775 |
| Foreign currency borrowings | 7,548,263 | 7,217,276 | 9,170,450 | 7,653,707 | 6,283,043 |
| Local onlendings - official institutions | 8,355,398 | 7,554,266 | 7,000,046 | 5,830,633 | 5,096,604 |
| National Treasury | 72,165 | 51,398 | 62,187 | - | - |
| National Bank for Economic and Social Development (BNDES) | 3,672,007 | 3,403,462 | 3,437,319 | 3,067,220 | 2,589,284 |
| Federal Savings Bank (CEF) | 395,820 | 459,553 | 453,803 | 433,381 | 405,264 |
| Government Agency for Machinery and Equipment Financing (FINAME) | 4,211,762 | 3,638,966 | 3,045,176 | 2,321,508 | 2,090,374 |
| Other institutions | 3,644 | 887 | 1,561 | 8,524 | 11,682 |
| Foreign onlendings | 42,579 | 17,161 | 47,677 | 316,283 | 108,178 |
| Foreign onlendings | 42,579 | 17,161 | 47,677 | 316,283 | 108,178 |
| Derivative financial instruments | 173,647 | 52,369 | 576,697 | 111,600 | - |
| Technical reserves for insurance, private pension plans and savings bonds | 33,668,654 | 26,408,952 | 19,155,479 | 13,853,426 | 10,338,065 |
| Other liabilities | 21,287,950 | 21,175,297 | 18,024,470 | 11,303,365 | 10,948,847 |
| Collection of taxes and other contributions | 204,403 | 130,893 | 108,388 | 181,453 | 128,785 |
| Foreign exchange portfolio | 3,011,421 | 5,118,801 | 5,002,132 | 1,343,769 | 2,439,657 |
| Social and statutory payables | 900,266 | 851,885 | 666,409 | 572,265 | 560,533 |
| Taxes and social security contributions | 4,495,387 | 4,781,458 | 4,376,031 | 3,371,127 | 3,094,628 |
| Negotiation and intermediation of securities | 312,267 | 595,958 | 109,474 | 1,307,385 | 592,395 |
| Subordinated debt | 5,972,745 | 4,994,810 | 3,321,597 | 969,842 | - |
| Sundry | 6,391,461 | 4,701,492 | 4,440,439 | 3,557,524 | 4,132,849 |
| Deferred income | 44,600 | 31,774 | 15,843 | 9,020 | 34,632 |
| Deferred income | 44,600 | 31,774 | 15,843 | 9,020 | 34,632 |
| Minority interest in subsidiary companies | 70,590 | 112,729 | 271,064 | 139,231 | 96,903 |

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| | | | | | |
|---|--------------------|--------------------|--------------------|--------------------|-------------------|
| Stockholders' equity | 15,214,646 | 13,546,880 | 10,845,729 | 9,767,946 | 8,092,202 |
| Capital: | | | | | |
| - Local residents | 6,959,015 | 6,343,955 | 4,960,425 | 4,940,004 | 5,072,071 |
| - Foreign residents | 740,985 | 656,045 | 239,575 | 259,996 | 74,429 |
| Unpaid capital | (700,000) | - | - | - | (400,500) |
| Capital reserves | 10,853 | 8,665 | 7,435 | 7,435 | 19,002 |
| Revenue reserves | 7,745,713 | 6,066,640 | 5,715,317 | 4,614,110 | 3,403,020 |
| Mark-to-market adjustment - securities and derivatives | 458,080 | 478,917 | 9,152 | - | - |
| Treasury stock | - | (7,342) | (86,175) | (53,599) | (75,820) |
| Stockholders' equity managed by the parent company | 15,285,236 | 13,659,609 | 11,116,793 | 9,907,177 | 8,189,105 |
| Total | 184,926,468 | 176,097,690 | 142,785,030 | 110,115,906 | 94,878,483 |

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Balance Sheet by Currency and Exchange Exposure at December 31, 2004 - In millions of reais

| | Currency | | |
|---|----------------|---------------------------|----------------|
| | Local | Foreign ⁽¹⁾⁽²⁾ | Total |
| Assets | | | |
| Current and long-term receivables | 154,232 | 25,748 | 179,980 |
| Funds available | 2,224 | 415 | 2,639 |
| Interbank investments | 17,691 | 4,656 | 22,347 |
| Securities and derivative financial instruments | 54,667 | 7,755 | 62,422 |
| Interbank and interdepartmental accounts | 16,228 | 7 | 16,235 |
| Credit and leasing operations | 46,856 | 6,591 | 53,447 |
| Other receivables and assets | 16,566 | 6,324 | 22,890 |
| Permanent assets | 4,580 | 366 | 4,946 |
| Investments | 737 | 364 | 1,101 |
| Property and equipment in use and leased assets | 2,287 | 2 | 2,289 |
| Deferred charges | 1,556 | - | 1,556 |
| Total assets | 158,812 | 26,114 | 184,926 |
| Liabilities | | | |
| Current and long-term liabilities | 148,026 | 21,570 | 169,596 |
| Deposits | 66,190 | 2,453 | 68,643 |
| Deposits received under security repurchase agreements | 21,961 | 925 | 22,886 |
| Funds from issuance of securities | 679 | 4,378 | 5,057 |
| Interbank and interdepartmental accounts | 935 | 985 | 1,920 |
| Borrowings and onlendings | 7,942 | 8,017 | 15,959 |
| Derivative financial instruments | 174 | - | 174 |
| Technical reserves for insurance, private pension plans and savings bonds | 33,669 | - | 33,669 |
| Other liabilities | | | |
| - Subordinated | 3,060 | 2,913 | 5,973 |
| - Other | 13,416 | 1,899 | 15,315 |
| Deferred income | 45 | - | 45 |
| Minority interest in subsidiaries | 70 | - | 70 |
| Stockholders' equity | 15,215 | - | 15,215 |
| Total | 163,356 | 21,570 | 184,926 |
| Net position of assets and liabilities | | | 4,544 |
| Net position of derivatives (2) | | | (5,692) |
| Other memorandum accounts, net (3) | | | (325) |
| Net exchange position (liability) | | | (1,473) |

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

(2) Excluding operations maturing in D+1, to be settled in currency at December 31, 2004 price levels.

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

Total Assets by Currency

Balance Sheet by Maturity at December 31, 2004 - In millions of reais

| Up to 30 days | From 31 to 180 days | From 181 to 360 days | More than 360 days | Indeterminate | Total |
|------------------|------------------------|-------------------------|-----------------------|---------------|-------|
|------------------|------------------------|-------------------------|-----------------------|---------------|-------|

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Assets

| | | | | | | |
|--|----------------|---------------|---------------|---------------|---------------|----------------|
| Current assets and long-term receivables | 100,240 | 20,941 | 18,871 | 39,928 | - | 179,980 |
| Funds available | 2,639 | - | - | - | - | 2,639 |
| Interbank investments | 20,549 | 483 | 555 | 760 | - | 22,347 |
| Securities and derivative financial instruments ⁽¹⁾ | 39,675 | 604 | 8,465 | 13,678 | - | 62,422 |
| Interbank and interdepartmental accounts | 15,924 | 7 | 9 | 295 | - | 16,235 |
| Credit and leasing operations | 8,982 | 18,931 | 8,490 | 17,044 | - | 53,447 |
| Other receivables and assets | 12,493 | 916 | 1,353 | 8,128 | - | 22,890 |
| Permanent assets | 56 | 282 | 337 | 2,598 | 1,673 | 4,946 |
| Investments | - | - | - | - | 1,101 | 1,101 |
| Property and equipment in use and leased assets | 21 | 104 | 124 | 1,468 | 572 | 2,289 |
| Deferred charges | 35 | 178 | 213 | 1,130 | - | 1,556 |
| Total | 100,318 | 21,223 | 19,209 | 42,503 | 1,673 | 184,926 |
| Liabilities | | | | | | |
| Current and long-term liabilities | 97,147 | 16,057 | 8,253 | 48,139 | - | 169,526 |
| Deposits ⁽²⁾ | 42,921 | 6,448 | 3,752 | 15,522 | - | 68,643 |
| Deposits received under security repurchase agreements | 20,458 | 369 | 50 | 2,009 | - | 22,886 |
| Funds from issuance of securities | 475 | 1,302 | 235 | 3,045 | - | 5,057 |
| Interbank and interdepartmental accounts | 1,920 | - | - | - | - | 1,920 |
| Borrowings and onlendings | 1,818 | 5,157 | 2,591 | 6,393 | - | 15,959 |
| Derivative financial instruments | 138 | 24 | 3 | 9 | - | 174 |
| Technical reserves for insurance, private pension plans and savings bonds ⁽²⁾ | 21,490 | 1,019 | 307 | 10,853 | - | 33,669 |
| Other liabilities: | | | | | | |
| - Subordinated debt | 45 | 25 | - | 5,903 | - | 5,973 |
| - Other | 7,882 | 1,713 | 1,315 | 4,405 | - | 15,315 |
| Deferred income | 45 | - | - | - | - | 45 |
| Minority interest in subsidiaries | - | - | - | - | 70 | 70 |
| Stockholders' equity | - | - | - | - | 15,215 | 15,215 |
| Total | 97,192 | 16,057 | 8,253 | 48,139 | 15,285 | 184,926 |
| Accumulated net assets in 2004 | 3,126 | 8,292 | 19,248 | 13,612 | - | - |
| Accumulated net assets in 2003 | 8,014 | 15,596 | 18,799 | 12,244 | - | - |

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

(2) Demand and savings account deposits and technical reserves for insurance and private pension plans, comprising VGBL and PGBL products, are classified as up to 30 days, without considering average historical turnover.

Total Assets by Maturity

Securities - In millions of reais

Consolidated Portfolio Composition by Issuer (1)

| Securities | Up to 30 days | From 31 to 180 days | From 181 to 360 days | More than 360 days | Market/Book value | Restated cost value | Mark-to-market adjustment |
|------------------------------|---------------|---------------------|----------------------|--------------------|-------------------|---------------------|---------------------------|
| Government securities | 1,299 | 2,928 | 12,651 | 23,539 | 40,417 | 40,209 | 208 |
| Financial Treasury Notes | 110 | 2,139 | 2,853 | 9,301 | 14,403 | 14,416 | (13) |
| National Treasury Bonds | 814 | 734 | 8,453 | 545 | 10,546 | 10,561 | (15) |
| Federal Treasury Notes | 219 | 0 | 1,217 | 7,776 | 9,212 | 9,211 | 1 |
| Brazilian foreign debt notes | 156 | 0 | 31 | 5,590 | 5,777 | 5,518 | 259 |
| Privatization certificates | - | - | - | 267 | 267 | 286 | (19) |
| Central Bank Notes | 0 | 0 | 50 | 0 | 50 | 54 | (4) |

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| | | | | | | | |
|--------------------------------------|--------------|---------------|---------------|---------------|---------------|---------------|------------|
| Other | 0 | 55 | 47 | 60 | 162 | 163 | (1) |
| Corporate bonds | 4,249 | 1,690 | 1,112 | 4,720 | 11,771 | 11,249 | 522 |
| Certificates of Bank Deposit | 2,197 | 1,269 | 909 | 1,411 | 5,786 | 5,790 | (4) |
| Debentures | 5 | 0 | 65 | 1,690 | 1,760 | 1,792 | (32) |
| Corporate bonds abroad | 29 | 69 | 42 | 1,358 | 1,498 | 1,432 | 66 |
| Shares | 1,788 | 0 | 0 | 0 | 1,788 | 1,300 | 488 |
| Derivative financial instruments | 112 | 163 | 40 | 83 | 398 | 385 | 13 |
| Other | 118 | 189 | 56 | 178 | 541 | 550 | (9) |
| Purchase and sale commitments | 0 | 0 | 1,047 | 9,187 | 10,234 | 10,234 | 0 |
| Total at December 31, 2004 | 5,548 | 4,618 | 14,810 | 37,446 | 62,422 | 61,692 | 730 |
| Total at December 31, 2003 | 2,598 | 14,007 | 8,248 | 28,952 | 53,805 | 52,937 | 868 |

Composition by Maturity (1)

| Securities | Up to 30 days | From 31 to 180 days | From 181 to 360 days | More than 360 days | Market/Book value | Restated cost value | Mark-to-market adjustment |
|---|------------------|------------------------|-------------------------|-----------------------|----------------------|------------------------|------------------------------|
| Trading securities | 3,733 | 4,269 | 9,060 | 25,096 | 42,158 | 42,159 | (1) |
| Financial Treasury Notes | 96 | 2,039 | 2,789 | 8,265 | 13,189 | 13,195 | (6) |
| Purchase and Sale Commitments | 0 | 0 | 1,047 | 9,186 | 10,233 | 10,233 | 0 |
| National Treasury Bonds | 813 | 732 | 3,133 | 158 | 4,836 | 4,841 | (5) |
| Federal Treasury Notes | 20 | 0 | 1,063 | 4,103 | 5,186 | 5,187 | (1) |
| Debentures | 3 | 0 | 0 | 1,177 | 1,180 | 1,180 | 0 |
| Certificates of Bank Deposit | 2,175 | 1,254 | 908 | 1,101 | 5,438 | 5,441 | (3) |
| Brazilian foreign debt notes | 22 | 0 | 31 | 768 | 821 | 801 | 20 |
| Shares | 519 | 0 | 0 | 0 | 519 | 519 | 0 |
| Other | 85 | 244 | 89 | 338 | 756 | 762 | (6) |
| Securities available for sale | 1,579 | 186 | 5,652 | 8,009 | 15,426 | 14,708 | 718 |
| Federal Treasury Notes | 1 | 2 | 5,320 | 387 | 5,710 | 5,720 | (10) |
| Brazilian foreign debt notes | 93 | 0 | 0 | 3,671 | 3,764 | 3,525 | 239 |
| Financial Treasury Notes | 14 | 100 | 65 | 1,035 | 1,214 | 1,222 | (8) |
| Corporate bonds abroad | 27 | 0 | 0 | 1,211 | 1,238 | 1,168 | 70 |
| Federal Treasury Notes | 116 | 0 | 98 | 617 | 831 | 829 | 2 |
| Shares | 1,270 | 0 | 0 | 0 | 1,270 | 781 | 489 |
| Debentures | 2 | 0 | 64 | 514 | 580 | 612 | (32) |
| Certificates of Bank Deposit | 22 | 15 | 1 | 310 | 348 | 349 | (1) |
| Other | 34 | 69 | 104 | 264 | 471 | 501 | (30) |
| Securities held to maturity | 124 | 0 | 58 | 4,258 | 4,440 | 4,440 | 0 |
| Federal Treasury Notes | 83 | 0 | 55 | 3,057 | 3,195 | 3,195 | 0 |
| Brazilian foreign debt notes | 41 | 0 | 0 | 1,151 | 1,192 | 1,192 | 0 |
| Other | 0 | 0 | 3 | 50 | 53 | 53 | 0 |
| Derivative financial instruments | 112 | 163 | 40 | 83 | 398 | 385 | 13 |
| Total at December 31, 2004 | 5,548 | 4,618 | 14,810 | 37,446 | 62,422 | 61,692 | 730 |
| Total at December 31, 2003 | 2,598 | 14,007 | 8,248 | 28,952 | 53,805 | 52,937 | 868 |
| Derivative financial instruments (liabilities) | | | | | | | |
| Total at December 31, 2004 | (138) | (25) | (3) | (8) | (174) | (176) | 2 |

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Total at December 31, 2003 (5) (15) (11) (21) (52) (42) (10)

(1) Please see Note 10 to the financial statements for further information.
Summary of the Classification of Securities

| | Financial | Insurance/ savings bonds | Private pension plan | Other activities | Total | % |
|-----------------------------------|---------------|-----------------------------|-------------------------|---------------------|---------------|---------------|
| Trading securities | 11,026 | 4,999 | 26,058 | 75 | 42,158 | 67.54 |
| Securities available for sale | 12,869 | 1,478 | 1,067 | 12 | 15,426 | 24.71 |
| Securities held to maturity | 1,328 | - | 3,112 | - | 4,440 | 7.11 |
| Derivative financial instruments | 398 | - | - | - | 398 | 0.64 |
| Total at December 31, 2004 | 25,621 | 6,477 | 30,237 | 87 | 62,422 | 100.00 |
| Total at December 31, 2003 | 24,607 | 4,683 | 24,427 | 88 | 53,805 | |

Classification of Securities by Segment - %

Credit Operations

The consolidated balance of credit operations at the end of the fourth quarter of 2004 totaled R\$ 62.8 billion, up by 15.6% for the year and by 4.7% for the final quarter. This positive performance reflected the ongoing recovery process presented by the Brazilian economy, mainly as a result of the good foreign sector performance, which produced a significant trade surplus, as well as the return to domestic market activity, as a result of the relay effect produced by exports, and gradually improving income and employment levels in the second half of the year.

If macroeconomic conditions remain stable in 2005, bank sector credit activity is expected to grow, achieving a more streamlined expansion between export sector related business and that related to domestic market consumption and infrastructure.

The main contribution to credit performance in 2004 came from consumer customers. This portfolio grew consistently throughout the year, recording an increase of 35.6% from January thru December and 13.4% in the final quarter alone. The sustained recovery of economic activity during the period raised consumer confidence and guaranteed a more stable scenario, increasing the volume of credit directed to the consumer financing and family investment areas.

The integration of Banco Zogbi and Finasa operations, in February 2004, as well as the expansion of Banco Postal also contributed to the increase in the volume of credit directed to consumers with a lower-income profiles, finalizing, as a result, the consumer customer segmentation process which commenced with the creation of the Bradesco Private banking and Bradesco Prime segments.

The recent operating agreements entered into with retailers and banks are consistent with this growth strategy, even though their effects are expected to be perceived more consistently in 2005.

On the other hand, despite the dynamic economic growth prevailing in 2004, the volume of credit granted to companies, while evidencing a definite tendency for expansion, accelerated at a much more moderate pace (+ 7.5% for the year). The manufacturing sector maintained, in absolute terms, the majority of credit volume (29.5% of total portfolio), especially, the agribusiness, steel, metal products and automobile segments, all of which contain a significant export component.

By Economic Activity Sector - In millions of reais

| 2004 | | | |
|-----------|---|----------|---|
| September | % | December | % |

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| | | | | |
|--|---------------|--------------|---------------|--------------|
| Public sector | 625 | 1.0 | 537 | 0.8 |
| Private sector | 59,351 | 99.0 | 62,251 | 99.2 |
| Manufacturing | 18,458 | 30.8 | 18,549 | 29.5 |
| Commerce | 9,544 | 15.9 | 9,826 | 15.6 |
| Financial intermediation | 355 | 0.6 | 344 | 0.6 |
| Services | 11,203 | 18.7 | 11,232 | 17.9 |
| Agriculture, livestock raising, fishing, forest development and management | 1,103 | 1.8 | 1,109 | 1.8 |
| Individuals | 18,688 | 31.2 | 21,191 | 33.8 |
| Total | 59,976 | 100.0 | 62,788 | 100.0 |

This restrained performance by companies was particularly evidenced in the case of major companies, whose segment while maintaining its leadership portfolio position with a total volume of loans in the amount of R\$ 22.9 billion in December 2004, was affected by other factors, including exchange rate appreciation, considering the volume of assets indexed in foreign currency. Moreover, the significant improvement evidenced in the operating income of these companies during the year, decreased the demand for new bank credit, as did other more favorable capital market funding methods.

Credit Portfolio by Type of Customer

However, as a result of our specific segmentation strategy, we were able to expand business with other customer profiles, both consumer customers (in particular the auto and personal credit financing lines) and micro, small and medium sized business customers, through the increase in loans and discounted notes, which are mainly directed to supply working capital demand. Another advantage of this strategy is the greater diversification in terms of the number of customers and wide-ranging credit distribution.

| | 2003 | | 2004 | |
|--|---------------|---------------|---------------|---------------|
| | September | December | September | December |
| Discount of trade receivables and other loans | 24,481 | 24,736 | 26,818 | 27,791 |
| Financings | 15,721 | 16,776 | 19,608 | 21,906 |
| Rural and agribusiness loans | 4,204 | 4,443 | 5,955 | 6,082 |
| Leasing operations | 1,439 | 1,421 | 1,451 | 1,661 |
| Advances on foreign exchange contracts | 6,168 | 6,183 | 5,618 | 4,796 |
| Subtotal of credit operations | 52,013 | 53,559 | 59,450 | 62,236 |
| Other receivables | 763 | 777 | 526 | 552 |
| Total credit operations | 52,776 | 54,336 | 59,976 | 62,788 |
| Securities and guarantees recorded in memorandum accounts | 6,433 | 6,435 | 6,960 | 8,100 |

Emphasis should also be given to the increase recorded in transactions with securities and guarantees, especially in the major companies segment, which could indicate greater confidence and willingness by the economic agents to make further investments based on the growth in demand and income.

Credit Portfolio Quality

2004 was marked by a continuous improvement in the credit portfolio profile. AA-to-C rated credits, classified by BACEN as normal course operations, totaled 92.3% of the total portfolio, compared to 91.2% in December 2003.

Credit Portfolio by Rating - %

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As a result, the volume of the allowance for loan losses decreased from 7.5% of assets in December 2003, to 6.6% in December 2004, with a total balance of R\$ 4,145 million. We stress, however, that out of this amount, 43.1% effectively comprises operations past due for more than 15 days (installments overdue and falling due) and the remaining portion is recorded as a precaution only, based on the customers' internal classification (34.6%) or to cover specific and general portfolio risks (22.3%).

In this respect, we stress that the volume recorded as an allowance in recent years has proved sufficient not only to cover, comfortably, the minimum requirements established by Resolution 2682, but also to cover credit losses (recorded subsequent to the regulatory 12-month period), confirming the consistency of Bradesco's policy for recording the allowance for loan losses.

Allowance for Loan Losses (PDD) x Default x Losses % of Credit Operation Balance

Considering that, as a rule, Bradesco transfers its non-performing loans to loss, subsequent to a default period of 12 months, in compliance with BACEN regulations, the percentage of credits written off to loss for the prior 12 months, compared to the percentage of existing credits in the prior year, is an important indicator of portfolio quality. For our readers' convenience, the curve in the above graph representing the amounts written off for the 12 months prior to the corresponding determination was moved to permit a direct comparison between the percentage of expected loss and the amounts effectively written off.

Historically, the percentage of overdue credits rated E-to-H of total credit operations shows a similar path to that recorded by losses, anticipating their behavior.

Credit Portfolio Profile

Credit Portfolio by Maturity In millions of reais

The maturity of the normal course credit portfolio evidences a concentration of short-term credits, with 38.9% maturing in up to 90 days. However, the prior 12 months indicate a gradual lengthening of credit operation terms, as a result of the economic stability.

Movement of Credit Portfolio between December 2003 and 2004 In millions of reais

The performance of the consolidated credit portfolio over the prior twelve months up to December 2004, evidences an ongoing improvement in the quality of the assets, ratifying the appropriateness of the credit rating instruments used in Bradesco's credit granting process.

Portfolio Movement between December 2003 and 2004

| Level | Borrowers remaining from December 2003 | | New borrowers between December 2003 and 2004 | | Total credit at December 2004 | |
|--------------|--|--------------|--|--------------|-------------------------------|--------------|
| | In millions reais | % | In millions reais | % | In millions reais | % |
| AA to C | 47,907 | 91.4 | 10,021 | 96.4 | 57,928 | 92.3 |
| D | 1,595 | 3.1 | 98 | 0.9 | 1,693 | 2.7 |
| E to H | 2,891 | 5.5 | 276 | 2.7 | 3,167 | 5.0 |
| Total | 52,393 | 100.0 | 10,395 | 100.0 | 62,788 | 100.0 |

Concentration of Credit Portfolio - In millions of reais

As a result of the increase in the proportion of credits granted to consumer customers, the concentration of credit among the Bank's largest borrowers decreased, both in absolute and relative terms, as presented in the following table:

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| | 2003 | | | | 2004 | | | |
|-----------------------|-----------|------|----------|------|-----------|------|----------|------|
| | September | % | December | % | September | % | December | % |
| Largest borrower | 771 | 1.5 | 828 | 1.5 | 931 | 1.6 | 897 | 1.4 |
| 10 largest borrowers | 5,060 | 9.6 | 5,515 | 10.1 | 5,746 | 9.6 | 5,593 | 8.9 |
| 20 largest borrowers | 8,111 | 15.4 | 8,408 | 15.5 | 8,803 | 14.7 | 8,239 | 13.1 |
| 50 largest borrowers | 13,500 | 25.6 | 13,363 | 24.6 | 14,196 | 23.7 | 13,055 | 20.8 |
| 100 largest borrowers | 17,493 | 33.1 | 17,319 | 31.9 | 18,062 | 30.1 | 16,683 | 26.6 |

Credit Portfolio Indicators

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

| Items | In millions of reais | | | |
|--|----------------------|----------|-----------|----------|
| | 2003 | | 2004 | |
| | September | December | September | December |
| Total credit operations | 52,776 | 54,336 | 59,976 | 62,788 |
| - Consumer | 14,740 | 15,633 | 18,688 | 21,191 |
| - Corporate | 38,036 | 38,703 | 41,288 | 41,597 |
| Existing allowance | 4,151 | 4,059 | 4,181 | 4,145 |
| - Specific | 1,939 | 1,816 | 1,885 | 1,785 |
| - Generic | 1,390 | 1,384 | 1,383 | 1,435 |
| - Additional | 822 | 859 | 913 | 925 |
| Specific allowance/existing allowance (%) | 46.7 | 44.7 | 45.1 | 43.1 |
| Existing allowance/total credit operations (%) | 7.9 | 7.5 | 7.0 | 6.6 |
| Normal course operations (from AA to C)/total credit operations (%) | 90.4 | 91.2 | 91.6 | 92.3 |
| Operations under risk management (D)/total credit operations (%) | 2.8 | 2.7 | 2.9 | 2.7 |
| Abnormal course operations (from E to H)/total credit operations (%) | 6.8 | 6.1 | 5.5 | 5.0 |
| Credit operations (D) | 1,460 | 1,488 | 1,765 | 1,693 |
| Existing allowance (D) | 413 | 423 | 398 | 454 |
| Allowance/credit operations (D) (%) | 28.3 | 28.4 | 22.5 | 26.8 |
| Credit operations (from E to H) | 3,580 | 3,286 | 3,287 | 3,167 |
| Existing provision (from E to H) | 3,027 | 2,842 | 2,856 | 2,741 |
| Allowance/credit operations (from E to H) (%) | 84.6 | 86.5 | 86.9 | 86.5 |

The year-end figures for 2004 continue to confirm the portfolio's low credit risk, based on its comfortable coverage levels. For 2005, Bradesco is prepared to take full advantage of the expected growth in credit demand, while at the same time respecting the established credit granting parameters and maintaining its expansion strategy firmly rooted in the traditional concepts of security, consistency and selectivity.

Funding

Deposits by Maturity - In millions of reais

2004

| Days to maturity | September | | December | | | Total |
|------------------|---------------|---------------|---------------------|----------------------|--------------------|---------------|
| | Total | Up to 30 days | From 31 to 180 days | From 181 to 360 days | More than 360 days | |
| Demand | 14,782 | 15,298 | - | - | - | 15,298 |
| Savings | 23,186 | 24,783 | - | - | - | 24,783 |
| Interbank | 14 | 19 | - | - | - | 19 |
| Time | 26,805 | 2,737 | 6,448 | 3,752 | 15,522 | 28,459 |
| Other deposits | - | 84 | - | - | - | 84 |
| Total | 64,787 | 42,921 | 6,448 | 3,752 | 15,522 | 68,643 |

Demand Deposits - In billions of reais

Checking Accounts - Million

Increase in Checking Accounts - Million

Consumer and Corporate Customers - December 2004

Savings Accounts

The balance of Bradesco Organization Savings Accounts totaled R\$ 24.8 billion in deposits at the end of 4Q04, corresponding to a 19.46% market share of the Brazilian Savings and Loan System (SBPE) and secured Bradesco's leadership of all private banks in the National Financial System.

Since the introduction of the Investment Account, established by Law 10892, of July 13, 2004 and effective from October 10, 2004, five thousand new accounts have been opened as integrated investment accounts. This process is fully automated and requires no additional effort by savers, since as a checking account holder, S/he need only select the Savings Account option at the time of the investment for the account to be opened automatically.

Savings Account Deposits - In billions of reais

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

Savings Accounts - Million

Asset Management

Bradesco Rated Best Fund Manager by Thomson Financial Brazil

BRAM - Bradesco Asset Management was ranked top of the list of the 10 best rated investment fund managers organized by the Ranking Invest Tracker Estadão, published by the O Estado de S. Paulo newspaper on October 25, 2004. Bradesco's differential was the combination of high performance, the significance of the assets managed and its presence in the majority of the fund subgroups.

Bradesco Rated Best Bank in which to Invest in 2004

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For the second year in a row, Bradesco was rated Best Bank in which to Invest by the personal investment guide, Guia de Investimentos Pessoais 2005, according to an annual study organized by Você S/A magazine and by the Finance Studies Center at the Fundação Getúlio Vargas.

New Information Disclosure

As from 4Q04, additional information is included in this section related to asset management, providing greater transparency to the net assets managed by Banco Bradesco. These amounts are presented in the following tables and facilitate comparison with prior periods, in line with the premises adopted by the ANBID ranking:

Net Assets - In millions of reais

| | 2003 | | 2004 | |
|-------------------------|---------------|---------------|---------------|---------------|
| | September | December | September | December |
| Investment funds | 67,552 | 72,494 | 80,852 | 86,253 |
| Managed portfolios | 9,050 | 9,033 | 9,319 | 8,243 |
| Third-party fund quotas | 880 | 1,490 | 3,095 | 5,144 |
| Total | 77,482 | 83,017 | 93,266 | 99,640 |

● Distribution of Assets - In millions of reais

| | 2003 | | 2004 | |
|--|---------------|---------------|---------------|---------------|
| | September | December | September | December |
| Investment funds - fixed return | 65,272 | 69,784 | 78,148 | 83,441 |
| Investment funds - floating rate | 2,280 | 2,710 | 2,704 | 2,812 |
| Investment funds - third-party funds | 730 | 1,294 | 3,004 | 5,067 |
| Total | 68,282 | 73,788 | 83,856 | 91,320 |
| Fixed return customer portfolios | 6,372 | 6,728 | 6,742 | 5,922 |
| Floating rate customer portfolios | 2,678 | 2,305 | 2,577 | 2,321 |
| Managed portfolios - third-party funds | 150 | 196 | 91 | 77 |
| Total | 9,200 | 9,229 | 9,410 | 8,320 |
| Total fixed-return funds | 71,644 | 76,512 | 84,890 | 89,363 |
| Total floating-rate funds | 4,958 | 5,015 | 5,281 | 5,133 |
| Total third-party funds | 880 | 1,490 | 3,095 | 5,144 |
| Total | 77,482 | 83,017 | 93,266 | 99,640 |

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

(*) Considering third-party fund quotas.
Number of Funds, Portfolios and Quotaholders

2003

2004

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| | Number | Quotaholders | Number | Quotaholders |
|--------------------|------------|------------------|------------|------------------|
| Investment funds | 505 | 2,758,298 | 507 | 2,683,514 |
| Managed portfolios | 126 | 415 | 105 | 371 |
| Total | 631 | 2,758,713 | 612 | 2,683,885 |

4 Operating Companies

Bradesco Insurance Group

Insurance Companies

Consolidated Balance Sheet - In millions of reais

| | 2003 | | 2004 | |
|--|---------------|---------------|---------------|---------------|
| | September | December | September | December |
| Assets | | | | |
| Current assets and long-term receivables | 29,156 | 31,787 | 37,873 | 39,593 |
| Securities | 26,735 | 29,297 | 35,157 | 36,778 |
| Insurance premiums receivable | 817 | 846 | 844 | 951 |
| Other receivables | 1,604 | 1,644 | 1,872 | 1,864 |
| Permanent assets | 956 | 935 | 1,016 | 965 |
| Total | 30,112 | 32,722 | 38,889 | 40,558 |
| Liabilities | | | | |
| Current and long-term liabilities | 26,819 | 29,130 | 34,551 | 37,482 |
| Tax, civil and labor contingencies | 895 | 938 | 1,065 | 1,087 |
| Payables on insurance, private pension plans and savings bonds | 452 | 518 | 696 | 860 |
| Other liabilities | 1,011 | 1,265 | 1,205 | 1,903 |
| Technical reserves for insurance | 1,949 | 2,031 | 2,477 | 2,687 |
| Technical reserves for private pension plans | 20,733 | 22,524 | 27,059 | 28,960 |
| Technical reserves for savings bonds | 1,779 | 1,854 | 2,049 | 1,985 |
| Minority interest | 45 | 44 | 36 | 35 |
| Stockholders' equity of the parent company | 3,248 | 3,548 | 4,302 | 3,041 |
| Total | 30,112 | 32,722 | 38,889 | 40,558 |

Consolidated Statement of Income - In millions of reais

| | 2003 | | | 2004 | | |
|---|----------|----------|-------------------------|----------|----------|-------------------------|
| | 3rd Qtr. | 4th Qtr. | Accumulated to December | 3rd Qtr. | 4th Qtr. | Accumulated to December |
| Income on insurance premiums, private pension plans and premium bonds | 2,873 | 3,424 | 11,715 | 3,464 | 3,836 | 13,283 |
| Variation in technical reserves | (952) | (1,353) | (4,108) | (1,077) | (1,280) | (3,827) |
| Commission and fees | 52 | 60 | 188 | 83 | 90 | 314 |

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| | | | | | | |
|---|------------|------------|------------|------------|------------|--------------|
| Retained claims | (1,069) | (1,098) | (4,160) | (1,338) | (1,330) | (5,197) |
| Expenses for premium bond draws and redemptions | (283) | (162) | (959) | (313) | (291) | (1,223) |
| Expenses for private pension plan benefits and redemptions | (558) | (774) | (2,195) | (486) | (499) | (2,093) |
| Selling expenses | (194) | (208) | (769) | (216) | (236) | (873) |
| Other operating income (expenses) | (1) | (23) | (8) | 46 | (6) | (78) |
| Personnel and administrative expenses | (238) | (288) | (996) | (244) | (343) | (1,111) |
| Tax expenses | (16) | (23) | (82) | (32) | (39) | (137) |
| Financial revenue, net | 624 | 673 | 2,268 | 405 | 432 | 1,894 |
| Operating income (expense) | 238 | 228 | 894 | 292 | 448 | 966 |
| Non-operating income | 12 | 28 | 16 | 18 | (28) | (45) |
| Equity in the earnings of subsidiary and associated companies | 34 | 36 | 43 | (1) | (90) | 84 |
| Minority interest | - | 1 | 1 | - | (2) | 1 |
| Income before taxes and contributions | 284 | 293 | 954 | 309 | 328 | 1,006 |
| Taxes and contributions on income | (92) | (117) | (341) | (108) | (16) | (118) |
| Net income | 192 | 176 | 613 | 201 | 312 | 888 |

Performance Ratios - %

| | 2003 | | | 2004 | | |
|----------------------------------|----------|----------|-------------------------|----------|----------|-------------------------|
| | 3rd Qtr. | 4th Qtr. | Accumulated to December | 3rd Qtr. | 4th Qtr. | Accumulated to December |
| Claims ratio (1) | 78.6 | 76.7 | 78.0 | 84.2 | 79.1 | 83.1 |
| Selling ratio (2) | 12.4 | 12.9 | 12.5 | 12.0 | 12.1 | 12.3 |
| Combined ratio (3) | 106.0 | 106.6 | 106.2 | 99.4 | 101.7 | 108.2 |
| Expanded combined ratio (4) | 92.6 | 99.7 | 96.7 | 88.6 | 92.6 | 98.3 |
| Administrative expense ratio (5) | 13.6 | 14.5 | 13.8 | 12.9 | 11.9 | 12.8 |

- (1) Retained claims/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 revenue).
- (5) Administrative expenses/earned premiums.

Insurance Premiums - Market Share (%)

Up to November 2004, Bradesco Seguros secured R\$ 10.3 billion in premiums and maintained its industry leadership with a 25.8% market share. The insurance sector obtained a total of R\$ 40.1 billion in premiums through November 2004.

Growth in Technical Reserves
In millions of reais

The exhibits presenting the technical reserves of Bradesco Vida e Previdência are presented below in the section specifically related to the pension plan company.

Earned Premiums by Insurance Line - In millions of reais

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| Line | 2003 | | | 2004 | | |
|---|--------------|--------------|-------------------------|--------------|--------------|-------------------------|
| | 3rd Qtr. | 4th Qtr. | Accumulated to December | 3rd Qtr. | 4th Qtr. | Accumulated to December |
| Health | 661 | 681 | 2,590 | 792 | 805 | 3,036 |
| Auto/RCF ^(a) | 349 | 397 | 1,419 | 413 | 436 | 1,634 |
| Life/AP ^(b) /VGBL ^(c) | 242 | 246 | 872 | 268 | 325 | 1,103 |
| Basic Lines | 86 | 86 | 345 | 90 | 93 | 368 |
| DPVAT ^(d) | 22 | 21 | 105 | 26 | 23 | 111 |
| Total | 1,360 | 1,431 | 5,331 | 1,589 | 1,682 | 6,252 |

(a) Optional third-party liability.

(b) Personal accident.

(c) Long-term life products.

(d) Compulsory vehicle insurance.

In 2004, the Company's earned premiums grew by 17.3% as compared to 2003.

Earned Premiums by Line - %

Retained Claims by Insurance Line - In millions of reais

| Line | 2003 | | | 2004 | | |
|--------------|--------------|--------------|-------------------------|--------------|--------------|-------------------------|
| | 3rd Qtr. | 4th Qtr. | Accumulated to December | 3rd Qtr. | 4th Qtr. | Accumulated to December |
| Health | 604 | 612 | 2,326 | 734 | 749 | 2,805 |
| Auto/RCF | 275 | 312 | 1,106 | 357 | 363 | 1,430 |
| Life/AP | 129 | 114 | 464 | 164 | 139 | 646 |
| Basic Lines | 40 | 46 | 180 | 61 | 65 | 231 |
| DPVAT | 21 | 14 | 84 | 22 | 14 | 85 |
| Total | 1,069 | 1,098 | 4,160 | 1,338 | 1,330 | 5,197 |

Retained Claims by Insurance Line (%)

N.B. Retained claims/earned premiums.

Selling Expenses by Insurance Line - In millions of reais

| Line | 2003 | | | 2004 | | |
|-------------|----------|----------|-------------------------|----------|----------|-------------------------|
| | 3rd Qtr. | 4th Qtr. | Accumulated to December | 3rd Qtr. | 4th Qtr. | Accumulated to December |
| Health | 20 | 21 | 79 | 25 | 25 | 96 |
| Auto/RCF | 64 | 74 | 263 | 77 | 76 | 295 |
| Life/AP | 68 | 71 | 262 | 72 | 83 | 303 |
| Basic Lines | 16 | 18 | 65 | 17 | 20 | 74 |

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| | | | | | | |
|--------------|------------|------------|------------|------------|------------|------------|
| Total | 168 | 184 | 669 | 191 | 204 | 768 |
|--------------|------------|------------|------------|------------|------------|------------|

Selling Expenses by Insurance Line (%)

N.B. Expenses for Selling/earned premiums.

Number of Policyholders - Thousand

Up to December 2004, the average number of customers grew by 18.7% compared to the prior year.

In comparison with the same period in 2003, Bradesco Saúde maintained its outstanding market position, especially in the corporate health insurance segment (source: ANS - National Agency for Supplementary Healthcare). Brazilian consumers are increasingly convinced that Health and Dental Insurance are the best alternatives for meeting their medical, hospital and dental care needs. At present, Bradesco Saúde has more than 2.5 million customers.

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

Almost 12 thousand companies in Brazil have acquired Bradesco Health Insurance. Out of Brazil's 100 largest companies in terms of billings, 32 are Bradesco clients in the Health and Dental Health lines and out of the country's 50 largest companies, 28% are Bradesco Saúde clients. (source: Exame Magazine's Biggest and Best List, July 2004).

Finally, emphasis should also be given to the user-friendly nature of the Bradesco Saúde Portal (www.bradescosauade.com.br), which, in addition to providing information on available products, also offers access to a number of services for policyholders, prospects and brokers.

Through November 2004, the Bradesco Insurance Group maintained its position as one of the main players in the Brazilian Basic Line (RE) Insurance market, with a significant 10.4% share of total market billings in this area.

In the major risk segment, Bradesco Auto/RE participates in the insurance coverage of 147 out of Brazil's 500 largest companies and maintains an outstanding position among the Brazilian market's largest insurance companies in this business segment.

BRDESCO FLIGHT INSURANCE which was launched at the beginning of 2004, increased Bradesco Auto/RE's competitiveness in that particular portfolio and facilitated the securing of a number of new premiums, in particular, for executive aircraft.

The workshop held to present the new SIGA (Integrated Policy Management) system and to debate the new rules introduced by the Civil Code for Transport Insurance and Customs Regulations, brought brokers closer to policyholders in this segment and became a distinct advantage in the sale of policies to freight companies.

Special emphasis should also be given to the combined actions carried out by the Production and Corporate areas, facilitating increased success in the renewal of policies and the securing of new business in the non-mass insurance segment.

In the Corporate Area, we highlight the deployment of products which complement the operations of Bradesco Consórcios and Bradesco Credit Cards, such as Credit Insurance (Breach of Guarantee) and Insurance Against Theft, which offer protection against risks inherent to the utilization of credit cards and acquisition of goods, respectively. In addition to these products, studies relating to the issuance of insurance policies to protect debit card holders are being concluded, such coverage will protect Bradesco checking account holders against certain events when using ATMs (withdrawals, cash transfers, bill and tax payments etc.) and when making purchases in commercial establishments.

In the mass market insurance segment, whose products are focused on the consumer and small and medium corporate segments, Bradesco maintained a significant number of customers, in particular, for the Residential Insurance line, with more than 600,000 homes insured.

In the pursuit to always offer our customers best quality services, the launching of our new products made a substantial contribution to the results achieved during the period.

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In the Auto/RCF line, the market was affected by intense competition, aggravated by slacking vehicle sales. During the period, we maintained our technically correct pricing policy, guaranteeing balanced portfolio results. Emphasis should also be given to the launching of our new pricing policy based on the policyholders' specific characteristics and maintenance of the differentiated services which add value to our products, such as discounts given through the nationwide customer service networks and autoglass repair, as well as the increase in the number of relationships with brokers which are carried out exclusively online via the Internet.

Bradesco's market share of the Auto/RCF portfolio, up to November 2004, was 16.8%.

Awards/Recognition

Bradesco Seguros

1. In April, Bradesco Seguros e Previdência was rated among the 100 largest investors in this area for 2003, according to research carried out in Brazil by Info magazine. Indiana Seguros, another Bradesco Insurance Group company, was also highlighted in the 2004 edition of Brazil's 100 most wired companies.
2. Bradesco Seguros e Previdência was the brand name preferred by consumers in the southern state of Rio Grande do Sul. This preference was revealed in May 2004 in the sixth edition of the poll Decision-maker Brands, prepared by the Jornal do Comércio, a regional newspaper specialized in business and economy, in partnership with Instituto Qualidata. Bradesco was rated preferred insurance company by 13.2% of those interviewed.
3. The Bradesco e Previdência Insurance website is 3-time champion award winner at the iBEST awards, considered Brazil's equivalent to the Internet Oscar. In May, at the awards ceremony held in São Paulo, the insurance company was voted winner by popular jury in the "Insurance" category.
4. Bradesco Seguros e Previdência won the Segurador Brasil award in the Best Institutional Campaign and Arts and Culture Support Highlight categories. These awards were given in June by Brasil/Notícias Editora e Comunicação Empresarial, publishers of the Planeta Seguros magazine.
5. Bradesco Seguros e Previdência was rated best company in the vehicle insurance line according to the "Gazeta Mercantil Financial Report prepared in partnership with the consultancy Austin Rating in June. The report was prepared based on data for 2003.
6. Bradesco Seguros e Previdência won the insurance "Market Award" ("Prêmio Mercado de Seguros"), in June, given by the Seguro Total magazine in the "Excellence in Total Premiums" category.
7. Bradesco Seguros e Previdência received the Folha Top of Mind award, in the insurance category, for the third time in a row. The Folha Top of Mind awards are given every year to the brands with best consumer recall indices, based on the results of a market research study carried out by the Datafolha Institution among thousands of Brazilians nationwide. The awards are announced in the month of October.
8. Bradesco Seguros e Previdência was rated, for the second year running, as the insurance company with greatest recall by the population of the state of Alagoas, and for which the company received the 2004 Best Brand Name award, in the category Top of Mind First Brand Name Recalled. The award, organized by the Tribuna de Alagoas daily, was received in October.
9. In November, Bradesco Seguros e Previdência received the Multilogística/Expocargo 2004 award, organized by the Portos e Comércio Exterior, freight journal, published in Porto Alegre, Rio Grande do Sul. The prize pays homage to professionals, companies and agencies with a significant contribution to export and import activities.
10. In November, Bradesco Seguros e Previdência was recognized as a Notable Company in 2004 by the trade journal, Jornal do Comercio, published in Rio de Janeiro.
11. Bradesco Seguros e Previdência was mentioned in the 2004 edition of the Marketing Highlight Awards, organized by the Brazilian Association of Marketing and Business ABM&N. The Company received the award in the services category for the case The Bradesco Seguros e Previdência Ombudsman. The awards ceremony took place in December.
12. In December, Bradesco Seguros e Previdência received a trophy from the Rio de Janeiro chapter of the Brazilian Hotel Industry Association (ABIH-RJ), for its contribution to tourism in Rio, in the form of the Bradesco Seguros e Previdência traditional Christmas Tree.

Culture

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1. Bradesco Seguros e Previdência sponsored the Dell Arte series of International Concerts held at the Municipal Theater in Rio de Janeiro. The following concerts were held up to September 2004:

- Italian Concert - May 17.
- Academie Für Alte Musik - June 22.
- Emma Kirkby & The Romantic Chamber Group of London - July 29.
- Quartet Herold - August 23.
- Les Arts Florissants - September 29.
- BBC Symphony Orchestra with Jukka-Pekka Saraste October 19
- Christmas Oratory by J. S. Bach with Windsbacher Knabenchor & Deutsche Kammer Virtuosen Berlin and Soloists November 3

2. Bradesco Seguros e Previdência sponsored the 2004 Christmas Tree Project, built to float in the middle of the Lagoa Rodrigo de Freitas lake in Rio de Janeiro, for the ninth year in a row. Recognized by the Guinness Book of Records as the world's largest stylized floating Christmas Tree, its initial lighting up ceremony is considered to be the third most important event in Rio de Janeiro's tourist agenda, after the Carnival and the New Year Eve fireworks display. The tree was lit up every evening from November 27 thru January 6, 2005.

Bradesco Saúde

1. In May, Bradesco Saúde was announced winner of the Prêmio Segurador Brasil award in the Excellence in Health Insurance category. This award is given by Brasil/Notícias Editora e Comunicação Empresarial, publishers of the Planeta Seguros magazine.

2. Bradesco Saúde won the Hospital Best award in the Health Operator of the Year category, according to a poll carried out among innumerable physicians and other health professionals nationwide. The poll was organized by Simonsen e Associados. The first edition of this award held in June is an initiative of the Brazilian Association of Health Marketing (Associação Brasileira de Marketing em Saúde).

Vida e Previdência (Private Pension Plans)

Balance Sheet - In millions of reais

| | 2003 | | 2004 | |
|---|---------------|---------------|---------------|---------------|
| | September | December | September | December |
| Assets | | | | |
| Current assets and long-term receivables | 22,719 | 24,920 | 29,454 | 31,279 |
| Funds available | 36 | 27 | 41 | 6 |
| Interbank investments | 19 | 20 | - | - |
| Securities | 22,197 | 24,438 | 28,826 | 30,246 |
| Insurance operations and other receivables | 467 | 435 | 587 | 1,027 |
| Permanent assets | 253 | 249 | 1,194 | 1,590 |
| Total | 22,972 | 25,169 | 30,648 | 32,869 |
| Liabilities | | | | |
| Current and long-term liabilities | 21,404 | 23,451 | 28,171 | 31,144 |
| Tax and social security contingencies | 503 | 627 | 704 | 723 |
| Operating liabilities for insurance and private pension plans | 124 | 160 | 331 | 518 |
| Other liabilities | 44 | 140 | 77 | 943 |
| Technical reserves | 20,733 | 22,524 | 27,059 | 28,960 |
| Stockholders' equity | 1,568 | 1,718 | 2,477 | 1,725 |
| Total | 22,972 | 25,169 | 30,648 | 32,869 |

Statement of Income - In millions of reais

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| | 2003 | | | 2004 | | |
|--|------------|------------|-------------------------|------------|------------|-------------------------|
| | 3rd Qtr. | 4th Qtr. | Accumulated to December | 3rd Qtr. | 4th Qtr. | Accumulated to December |
| Retained premiums | 210 | 227 | 820 | 266 | 322 | 1,039 |
| Variations in premium reserves | (5) | (19) | (66) | (25) | (28) | (67) |
| Earned premiums | 205 | 247 | 754 | 241 | 294 | 972 |
| Retained claims | (117) | (101) | (430) | (138) | (136) | (561) |
| Expenses with benefits - VGBL | - | (6) | (6) | (11) | (12) | (37) |
| Selling expenses - insurance | (45) | (50) | (185) | (55) | (66) | (227) |
| Other operating income (expenses) | 45 | 58 | 174 | 75 | 78 | 267 |
| Income from contributions and VGBL | 1,348 | 1,877 | 5,644 | 1,810 | 2,233 | 6,903 |
| Variations in technical reserves and VGBL | (821) | (1,137) | (3,631) | (973) | (1,200) | (3,640) |
| Expenses with benefits/matured plans | (559) | (773) | (2,195) | (486) | (499) | (2,093) |
| Expenses for redemptions VGBL | (200) | (223) | (608) | (357) | (485) | (1,411) |
| Selling expenses - pension plans and VGBL | (39) | (38) | (147) | (39) | (43) | (157) |
| Administrative expenses | (53) | (67) | (217) | (62) | (67) | (235) |
| Tax expenses | (3) | (3) | (14) | (12) | (19) | (51) |
| Financial income | 1,081 | 1,068 | 4,363 | 1,117 | 1,129 | 4,237 |
| Financial expenses | (701) | (623) | (2,884) | (926) | (909) | (3,160) |
| Equity income and expenses | 4 | 2 | 9 | 58 | 141 | 368 |
| Non-operating income (expense) | 4 | (2) | 2 | 3 | (16) | (11) |
| Income before taxes and contributions | 149 | 190 | 629 | 245 | 423 | 1,164 |
| Taxes and contributions on income | (42) | (71) | (202) | (64) | (97) | (269) |
| Net income | 107 | 119 | 427 | 181 | 326 | 895 |

Income from Plans and VGBL - Market Share (%)

In 2004, plan income totaled R\$ 6.903 billion, a 22.3% increase over the prior year.

Life Insurance Premiums Market Share (%)

Income on net premiums issued in 2004 totaled R\$ 1.208 billion.

Increase in Technical Reserves In millions of reais

Total technical reserves of Bradesco Vida e Previdência in December 2004 of R\$ 28,960 million comprised R\$ 18,973 million for supplementary pension plans, R\$ 9,140 million for VGBL, R\$ 773 million for life and personal accident, R\$ 69 million for DPVAT and R\$ 5 million for retrocession.

Guaranteeing Assets of Technical Reserves

Pension Plan and VGBL Investment Portfolios Market Share (%)

In December 2004, the investment portfolios totaled R\$ 30,842 million, comprising almost half of market resources.

Participants

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Increase in Number of Participants thousand

N.B. Includes VGBL long-term life products.
Life and Personal Accident Policyholders

Increase in Life Insurance Policyholders thousand

Thanks to its solid structure, innovative product policy and trusted market standing, Bradesco Vida e Previdência maintained its leadership, in 2004, of both markets in which it operates, with a 36.3% share of income from private pension plans and a 17.0% share of life insurance premiums.

Bradesco is also sole leader in all the private pension product areas in which it operates, with a 44.7% share in VGBL, a 25.9% share in PGBL and a 26.4% share in traditional plans (Source: ANAPP National Association of Private Pension Plans Data accumulated thru November 2004).

The number of Bradesco Vida e Previdência customers grew by 27.3%, in 2004, surpassing the mark of 1.5 million private pension plan participants and 6.7 million life insurance holders. This significant increase was prompted by the strength of the Bradesco brand name, by the use of an appropriate management and sales policies and by the launching of innovative products.

Among the new products launched during the year, we highlight Vida Segura Bradesco and for women, Vida Máxima Mulher Bradesco, which together now surpass the half-million policyholders mark and a monthly premium income of more than R\$ 7.2 million, strengthening, accordingly, Bradesco's strategy which is designed to offer different products to different market segments and facilitate the access to life insurance for lower income bracket consumers.

Year-end technical reserves totaled R\$ 29.0 billion, an increase of 28.6% as compared to 2003 and a portfolio of investments in private pensions and VGBL totaling R\$ 30.8 billion, comprising almost half of all market resources.

Awards/Recognition

The quality of the services provided by Bradesco Vida e Previdência was recognized again in 2004 by receipt of the following awards:

1. Best Private Pension Plan Company, according to the Balanço Financeiro report published by Gazeta Mercantil newspaper, prepared in partnership with the agency Austin Rating.
2. "Brazil's Largest Insurance Company", according to the Biggest and Best guide published by Exame magazine.
3. Trusted Brand Names Award", organized by Reader's Digest magazine.
4. Best Insurance Company Award, according to Clube Vida em Grupo of Rio de Janeiro (CVG-RJ).
5. ANSP 2004 Award, for the case "Everyone has the right to protect their family."
6. Top Sales Award", organized by ADBV.
7. Marketing Top Award", from the Brazilian Association of Sales and Marketing Directors (RJ), for the case "Vida Segura Bradesco".
8. Marketing Highlight Award", organized by the Brazilian Association of Marketing & Business - ABM&N, in the category Product, for the case "Vida Segura Bradesco".
9. 2004 Coverage-Performance Award", in the category "Portfolio Performance Private Pension Plans" given by the Cobertura magazine.

Savings Bond Companies (1)

Balance Sheet - In millions of reais

2003

2004

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| | September | December | September | December |
|---|--------------|--------------|--------------|--------------|
| Assets | | | | |
| Current assets and long-term receivables | 2,152 | 2,621 | 2,813 | 2,949 |
| Securities | 2,059 | 2,427 | 2,719 | 2,844 |
| Accounts receivable and other receivables | 93 | 194 | 94 | 105 |
| Permanent assets | 329 | 20 | 205 | 31 |
| Total | 2,481 | 2,641 | 3,018 | 2,980 |
| Liabilities | | | | |
| Current and long-term liabilities | 2,033 | 2,239 | 2,413 | 2,616 |
| Tax and labor contingencies | 155 | 165 | 177 | 179 |
| Other liabilities | 99 | 220 | 187 | 452 |
| Technical reserves | 1,779 | 1,854 | 2,049 | 1,985 |
| Stockholders' equity | 448 | 402 | 605 | 364 |
| Total | 2,481 | 2,641 | 3,018 | 2,980 |

Statement of Income - In millions of reais

| | 2003 | | | 2004 | | |
|--|--------------|--------------|-------------------------|--------------|--------------|-------------------------|
| | 3rd Qtr. | 4th Qtr. | Accumulated to December | 3rd Qtr. | 4th Qtr. | Accumulated to December |
| Income from savings bonds | 292 | 314 | 1,156 | 338 | 319 | 1,358 |
| Variation in technical reserves | (42) | (171) | (226) | 10 | 47 | 1 |
| Draws and redemption of bonds | (283) | (162) | (959) | (312) | (292) | (1,223) |
| Redemptions | (277) | (158) | (941) | (298) | (276) | (1,172) |
| Draws | (6) | (4) | (18) | (14) | (16) | (51) |
| Selling expenses | - | - | (1) | (1) | (4) | (5) |
| Other operating income (expenses) | (1) | - | (2) | (1) | - | - |
| Financial income, net | 110 | 88 | 338 | 60 | 74 | 311 |
| Administrative expenses/taxes | (18) | (26) | (81) | (22) | (21) | (90) |
| Equity results | 35 | 14 | 57 | 4 | 33 | 65 |
| Non-operating income | 1 | 39 | 40 | - | (3) | (2) |
| Income before taxes and contributions | 94 | 96 | 322 | 76 | 153 | 415 |
| Taxes and contributions on income | (20) | (30) | (90) | (24) | (41) | (117) |
| Net income | 74 | 66 | 232 | 52 | 112 | 298 |

(1) Includes: Bradesco Capitalização and Atlântica Capitalização.

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

The company holds a leadership position in two Brazilian states, according to the latest figures for November 2004 published by SUSEP. The company's market share was as follows: 33.5% in Amazonas and 25.7% in São Paulo.

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

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Bradesco Capitalização was the first private savings bond company in Brazil to receive ISO 9002 certification and in December 2002 this certificate was upgraded to the 2000 Version ISO 9001:2000. This certification from Fundação Vanzolini attests to the management quality of Bradesco savings bonds and confirms the principles on which their creation was based: good products, good services and continuous growth.

Income from Savings Bond Certificates - Market Share (%)

Technical Reserves - Market Share (%)

Growth in Technical Reserves - In millions of reais

Bradesco Capitalização's fast-growing volume of technical reserves totaled R\$ 2.0 billion in December 2004, a growth rate of 7.1% compared to December 2003. According to data for November 2004 published by SUSEP, the company has 22.2% of the total market volume of technical reserves.

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

Number of Customers - Thousand

As a result of its customer loyalty building policy, focused on quality customer service and the offer of innovative products, the number of Bradesco Capitalização customers totaled more than 2.7 million at the end of 4Q04.

Outstanding Savings Bonds - Thousand

Outstanding Saving Bonds with Transfer of Draw Participation Rights - Thousand

Total Outstanding Savings Bonds - Thousand

The outstanding savings bond portfolio varied from 78 million bonds in 2003 to 31.8 million bonds in 2004. This decrease was motivated by the maturity of a major series of bonds of the Transfer of Draw Participation Rights type, which were sold in 2003 via partnership agreements in various market segments. Of the total portfolio, 85.5% comprise bonds of the Transfer of Draw Participation Rights type, including Bradesco Cartões, Bradesco Vida e Previdência, Banco Finasa etc. Since the purpose of this type of savings bond certificate is to add value to partners products or to provide incentives for customer payments, these are low-priced bonds which are sold with reduced terms and grace periods and at a lower unit purchase price.

Awards/Recognition

1. In June, Bradesco Capitalização won the Insurance Market Award in the Best Savings Bond Company category, organized by Seguro Total magazine.
2. In November, Bradesco Capitalização received the Top de Marketing award, given by the Brazilian Association of Sales and Marketing Directors (RJ), for the successful sales of its Pé Quente Bradesco SOS Mata Atlântica bond.
3. Bradesco Capitalização received the Marketing Highlight 2004 award given by the Brazilian Association of Marketing and Business ABM&N, in the Products category for the case Pé Quente Bradesco SOS Mata Atlântica. The awards ceremony was held in December.
4. In December, Bradesco Capitalização received the Ecology Top award from the Brazilian Association of Sales and Marketing Directors (SP), for the sales performance of its Pé Quente Bradesco SOS Mata Atlântica bond.

Banco Finasa

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Consolidated Balance Sheet - In millions of reais

| | 2003 | | 2004 | |
|--|--------------|--------------|--------------|---------------|
| | September | December | September | December |
| Assets | | | | |
| Current assets and long-term receivables | 4,841 | 5,519 | 7,652 | 8,697 |
| Funds available | 3 | 4 | 8 | 9 |
| Interbank investments | 25 | 35 | 37 | 107 |
| Securities and derivative financial instruments | 15 | 12 | 78 | 27 |
| Interbank accounts | 20 | 20 | 30 | 28 |
| Credit and leasing operations | 4,595 | 5,172 | 7,129 | 8,114 |
| Allowance for loan losses | (134) | (136) | (233) | (253) |
| Other receivables and other assets | 317 | 412 | 603 | 665 |
| Permanent assets | 12 | 12 | 343 | 1,640 |
| Total | 4,853 | 5,531 | 7,995 | 10,337 |
| Liabilities | | | | |
| Current and long-term liabilities | 4,557 | 5,308 | 7,551 | 9,837 |
| Demand, time and interbank deposits | 4,128 | 4,746 | 7,025 | 9,322 |
| Deposits received under security repurchase agreements and funds from the issuance of securities | 3 | - | - | - |
| Interbank accounts | - | - | 2 | - |
| Borrowings and onlendings | 124 | 140 | 51 | 47 |
| Derivative financial instruments | 92 | 327 | 203 | 159 |
| Other liabilities | 210 | 95 | 270 | 309 |
| Deferred income | 18 | 21 | 35 | 36 |
| Stockholders equity | 278 | 202 | 409 | 464 |
| Total | 4,853 | 5,531 | 7,995 | 10,337 |

Consolidated Statement of Income - In millions of reais

| | 2003 | | | 2004 | | |
|---|------------|--------------|-------------------------|------------|------------|-------------------------|
| | 3rd Qtr. | 4th Qtr. | Accumulated to December | 3rd Qtr. | 4th Qtr. | Accumulated to December |
| Income from lending and trading activities | 408 | 209 | 1,374 | 590 | 667 | 2,334 |
| Expenses for lending and trading activities | (239) | (229) | (918) | (333) | (418) | (1,314) |
| Gross profit from financial intermediation | 169 | (20) | 456 | 257 | 249 | 1,020 |
| Other operating income (expenses), net | (133) | (125) | (480) | (160) | (133) | (583) |
| Operating income | 36 | (145) | (24) | 97 | 115 | 437 |
| Non-operating income (expenses), net | - | - | (4) | 1 | 1 | (4) |
| Income before taxes and contributions | 36 | (145) | (28) | 98 | 116 | 433 |
| Taxes and contributions on income | (13) | 49 | 9 | (34) | (19) | (91) |
| Net income (loss) | 23 | (96) | (19) | 64 | 97 | 342 |

Profile

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Banco Finasa S.A. is the Bradesco Organization's consumer sales financing arm since October 1998, complementing Bradesco's Direct Consumer Credit and Personal Credit operations and is fully integrated with its policies and guidelines.

Focusing on the direct relationship with vehicle dealerships and stores which sell other durables and semi-durables and services, the Bank operates through the intermediation of Finasa Promotora de Vendas Ltda., its wholly owned subsidiary, which is responsible for prospecting customers and forwarding credit proposals to the Bank.

The first significant event of the year was the commencement, from February 2004, of the management of the business and structures of Banco Zogbi and Promovel Empreendimentos e Serviços Ltda., acquired by the Bradesco Organization in November 2003. With vast experience in the Personal Credit and Consumer Sales Financing segments focused on durable and semi-durable goods and services for classes B, C, D and E, Zogbi had some 1 million active customers and some 4 million customers on file, a network of 67 branches and more than 11 thousand registered stores. This acquisition comprised a strategic advance for the Organization and complements, in full, Finasa's operations.

In October 2004, Banco Zogbi was incorporated by Banco Finasa and in November, Finasa Promotora incorporated Promovel.

Finasa will operate the agreements signed by Bradesco in November and December 2004, respectively, with Casas Bahia and Salfer, two important domestic market retail networks for the granting of consumer sales financing. These agreements represent a distinct advantage and important relationship instrument with commercial partners for expanding business, as do the agreements signed previously with Ford Credit, Microsoft and ABRAPAR, subsequent to approval by the Brazilian Association of Fiat Automobile Dealerships - ABRACAF.

At the end of 2004, the commercial and operating structures of the former Zogbi and Finasa, were fully integrated and apt for the expansion of three business lines: Vehicles, Personal Credit and Other Assets and Services under the name of Finabens, with 121 branches of Finasa Promotora de Vendas distributed nationwide, 3,174 employees and 32,687 registered service outlets, including 14,105 new and used vehicle dealerships and 18,582 stores selling furniture, DIY, tourism, auto parts and IT related equipment and software, white goods, clothing and footwear, among others.

Customers served by Banco Finasa totaled some 1.994 million.

Appraised by Austin Rating, Banco Finasa obtained the maximum AAA rating for financial soundness and a Low Risk long-term rating.

Operating Performance

At December 31, 2004, consolidated assets totaled R\$ 10.3 billion, a growth rate of 29.3% compared to September 2004 and of 86.9% compared to December 2003. Credit operations, before the allowance for loan losses, totaled R\$ 8.1 billion, a growth rate of 13.8% compared to September 2004 and 56.9%, as compared to the same period in 2003. Of this total, R\$ 7.6 billion comprised the new and used auto financing portfolio, compared to R\$ 6.6 billion at September 30, 2004 and R\$ 5.1 billion at December 31, 2003.

Auto-financing production for 4Q04 totaled R\$ 2.1 billion and R\$ 6.4 billion for the period between January and December, up by 52.4% as compared to 2003.

The acquisition of Zogbi and its management by Finasa during the year are already producing positive results, with year-end results for the Finabens and Personal Credit portfolios of R\$ 415.2 million and R\$ 124.1 million, respectively, as compared to R\$ 115.4 million and R\$ 4.2 million, in December 2003.

Finabens financing production for 4Q04 totaled R\$ 249.7 million, and R\$ 866.3 million from January thru December, a growth rate of 51.5% as compared to 2003, including Zogbi production.

Personal credit production in 4Q04 was R\$ 60.5 million and totaled R\$ 181.0 million from January thru December, up by 59.0% compared to the prior year, including Zogbi production.

The largest permanent asset balances in September and December 2004, as compared to the same periods in the prior year, comprise, respectively, unamortized goodwill on the purchase of Banco Zogbi and other group companies and the acquisition of 35% of the shares of Banco Alvorada in November 2004.

Banco Finasa reported second-half net income of R\$ 160.5 million, totaling R\$ 342.3 million for the year. Stockholders' equity at December 31, 2004 was R\$ 464 million.

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We stress that income in the amount of R\$ 16.4 million was recorded for 4Q04, derived from the mark-to-market (MTM) adjustment of swap transactions, in compliance with Central Bank Circular 3082, which totaled R\$ 114.5 million for the period from January to December. These transactions are designed to hedge overall credit operations and were entirely successful from an economic viewpoint. However, from a formal standpoint, these transactions are not acceptable as hedges pursuant to the aforementioned legislation. As a result, the asset transactions to which they are a counter entry receive a different accounting treatment, ie, they are adjusted based on the rates established in the corresponding contracts, whereas swaps are marked to market.

Net income for the year is comprised as follows:

| | In millions of reais | | | |
|------------------------------|----------------------|--------------|--------------|----------------------------|
| | 2003 | 2004 | | |
| | | 1st Half | 2nd Half | Accumulated to December |
| Net income before MTM - SWAP | 119.0 | 101.9 | 125.9 | 227.8 |
| Mark-to-market effect - SWAP | (138.3) | 79.9 | 34.6 | 114.5 |
| Net income (loss) | (19.3) | 181.8 | 160.5 | 342.3 |

● Leasing Companies

At December 31, 2004, the Bradesco Organization had the following leasing companies: Bradesco Leasing S.A. Arrendamento Mercantil, formerly Potenza Leasing S.A. Arrendamento Mercantil, Alvorada Leasing Brasil S.A. Arrendamento Mercantil, formerly BBV Leasing Brasil S.A. Arrendamento Mercantil and Zogbi Leasing S.A. Arrendamento Mercantil.

Balance Sheet in Aggregate - In millions of reais

| | 2003 | | 2004 | |
|---|--------------|--------------|--------------|--------------|
| | September | December | September | December |
| Assets | | | | |
| Current assets and long-term receivables | 4,989 | 5,061 | 4,737 | 5,227 |
| Funds available | 6 | 2 | 1 | - |
| Interbank investments | 2,105 | 2,153 | 2,257 | 2,548 |
| Securities and derivative financial instruments | 1,096 | 1,171 | 618 | 649 |
| Leasing operations | 1,405 | 1,372 | 1,348 | 1,513 |
| Allowance for leasing losses | (122) | (114) | (95) | (99) |
| Other receivables and other assets | 499 | 477 | 608 | 616 |
| Permanent assets | 40 | 41 | 485 | 93 |
| Total | 5,029 | 5,102 | 5,222 | 5,320 |
| Liabilities | | | | |
| Current and long-term liabilities | 2,994 | 3,022 | 3,131 | 3,209 |
| Interbank deposits | 3 | - | - | - |
| Securities received under security repurchase agreements and funds received from issuance of securities | 1,593 | 1,650 | 1,834 | 1,907 |
| Borrowings and onlendings | 256 | 253 | 191 | 191 |
| Derivative financial instruments | 10 | 22 | 11 | 8 |
| Subordinated debt | 635 | 628 | 624 | 625 |

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| | | | | |
|-----------------------------|--------------|--------------|--------------|--------------|
| Other liabilities | 497 | 469 | 471 | 478 |
| Stockholders' equity | 2,035 | 2,080 | 2,091 | 2,111 |
| Total | 5,029 | 5,102 | 5,222 | 5,320 |

Statement of Income - In millions of reais

| | 2003 | | | 2004 | | |
|---|------------|-----------|-------------------------|-----------|-----------|-------------------------|
| | 3rd Qtr. | 4th Qtr. | Accumulated to December | 3rd Qtr. | 4th Qtr. | Accumulated to December |
| Income from lending and trading activities | 283 | 345 | 1,000 | 257 | 382 | 1,480 |
| Expenses for lending and trading activities | (161) | (246) | (579) | (191) | (296) | (1,115) |
| Gross profit from financial intermediation | 122 | 99 | 421 | 66 | 86 | 365 |
| Other operating income (expenses), net | (20) | (30) | (85) | 8 | (14) | (45) |
| Operating income | 102 | 69 | 336 | 74 | 72 | 320 |
| Non-operating income | - | 4 | 8 | (5) | (4) | (8) |
| Income before taxes and contributions | 102 | 73 | 344 | 69 | 68 | 312 |
| Tax and contributions on income | (33) | (25) | 14 | (15) | (22) | (98) |
| Net income | 69 | 48 | 358 | 54 | 46 | 214 |

Leasing Performance - Consolidated Bradesco

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

At December 31, 2004, leasing operations brought to present value totaled R\$ 1.660 billion, with a balance of R\$ 20.3 million receivable in operating leases.

According to the Brazilian Association of Leasing Companies (ABEL), the Bradesco Organization leasing companies are sector leaders, with an 11.9% share of this market (base date: November 2004). This sound performance is rooted in its Branch Network integrated operations and the maintenance of its diversified business strategies in various market segments, in particular, the implementation of operating agreements with major industries, mainly in the heavy vehicle and machinery/equipment sectors.

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

Portfolio by Types of Asset at December 31, 2004

- Bradesco Consórcios (Consortium Purchase System)

Administradora (management company)

Balance Sheet - In thousands of reais

| | 2003 | | 2004 | |
|--|-----------|----------|-----------|----------|
| | September | December | September | December |

Assets

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| | | | | |
|---|---------------|---------------|---------------|---------------|
| Current assets and long-term receivables | 19,956 | 26,369 | 61,552 | 76,381 |
| Funds available | - | - | 8 | 5 |
| Securities | 17,335 | 25,509 | 60,217 | 74,709 |
| Other receivables | 2,621 | 860 | 1,327 | 1,667 |
| Permanent assets | 731 | 740 | 770 | 782 |

| | | | | |
|--------------|---------------|---------------|---------------|---------------|
| Total | 20,687 | 27,109 | 62,322 | 77,163 |
|--------------|---------------|---------------|---------------|---------------|

Liabilities

| | | | | |
|--|---------------|---------------|---------------|---------------|
| Current and long-term liabilities | 6,456 | 7,903 | 15,055 | 23,252 |
| Amounts refundable to former groups now closed | 5,292 | 5,450 | 5,749 | 5,853 |
| Other liabilities | 1,164 | 2,453 | 9,306 | 17,399 |
| Stockholders equity | 14,231 | 19,206 | 47,267 | 53,911 |

| | | | | |
|--------------|---------------|---------------|---------------|---------------|
| Total | 20,687 | 27,109 | 62,322 | 77,163 |
|--------------|---------------|---------------|---------------|---------------|

Statement of Income - In thousands of reais

| | 2003 | | | 2004 | | |
|--|--------------|--------------|-------------------------|---------------|---------------|-------------------------|
| | 3rd Qtr. | 4th Qtr. | Accumulated to December | 3rd Qtr. | 4th Qtr. | Accumulated to December |
| Income on commission and fees | 8,437 | 13,682 | 26,133 | 22,935 | 28,676 | 86,970 |
| Taxes payable | (591) | (946) | (1,849) | (1,370) | (1,722) | (5,179) |
| Financial income | 560 | 708 | 2,147 | 1,780 | 2,466 | 6,428 |
| Administrative expenses (including personnel expenses) | (1,790) | (2,479) | (7,445) | (2,522) | (4,162) | (11,060) |
| Selling expenses | (2,993) | (3,179) | (11,205) | (4,550) | (8,624) | (20,455) |
| Other operating (expenses) income | 37 | (3) | 54 | 210 | 291 | 668 |
| Income before taxes and contributions | 3,660 | 7,783 | 7,835 | 16,483 | 16,925 | 57,372 |
| Taxes and contributions on income | (1,239) | (2,808) | (2,931) | (3,181) | (4,068) | (11,857) |
| Net income | 2,421 | 4,975 | 4,904 | 13,302 | 12,857 | 45,515 |

Quarterly Results 2003 and 2004 In thousands of reais

Consortium Groups

Balance Sheet - In thousands of reais

| | 2003 | | 2004 | |
|--|------------------|------------------|------------------|------------------|
| | September | December | September | December |
| Assets | | | | |
| Current assets and long-term receivables | 49,809 | 85,235 | 201,818 | 268,577 |
| Amount offset | 2,750,813 | 4,101,186 | 6,189,691 | 8,163,846 |
| Total | 2,800,622 | 4,186,421 | 6,391,509 | 8,432,423 |

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Liabilities

| | | | | |
|-----------------------------------|------------------|------------------|------------------|------------------|
| Current and long-term liabilities | 1,595 | 4,933 | 30,923 | 36,083 |
| Stockholders' equity | 48,214 | 80,302 | 170,895 | 232,494 |
| Amount offset | 2,750,813 | 4,101,186 | 6,189,691 | 8,163,846 |
| Total | 2,800,622 | 4,186,421 | 6,391,509 | 8,432,423 |

Operations

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

Operating in the administration of consortium groups for the purchase of real estate, vehicles, tractors, trucks and combine harvesters, the company can rely on the customer service infrastructure deployed by Banco Bradesco.

The company uses all the facilities offered by the Bradesco customer service network to commercialize the products offered, a distinct market advantage responsible for the rapid growth presented by the consortium purchase system segment. The extensive nature and security associated with the Bradesco brand name are added advantages for expanding consortium plan sales.

Mission

The company's mission is to manage consortium plans and groups for consumer and corporate purchasers regardless of whether they are Bradesco account holders or not, and to operate in the car, truck, tractor and combine harvester segment, as well as in real estate, maintaining excellent standards in the quality of the services offered and in consortium system practice, pursuant to regulations determined by the Brazilian Central Bank and in line with the Bradesco Organization's philosophy.

Segmentation

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

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

Representation

Within this segment, Bradesco plays a central role in providing Brazilians with the opportunity to acquire consumer durables and real estate. In this sector consumers can acquire apartments, houses, building plots or commercial offices.

In 2004, 104.3 thousand consortium quotas were sold comprising an increase of more than 60% compared to December 2003.

Billings also increased to R\$ 2.8 billion, up by 27% compared to 2003.

At December 31, 2004, accumulated sales totaled 150.2 thousand consortium quotas, with billings of more than R\$ 4.3 billion, 24,302 participants were selected by bid or by draw and 14,720 items were delivered to members comprising 805 active groups. 241 groups were formed in 4Q04.

Quotas sold in 2004

Market leadership

With a bold market strategy, Bradesco Consórcios leads the real estate segment, according to data informed by the Brazilian Central Bank in November, with 38,455 active quotas. These results brought important recognition, such as the Marketing Best and ADVB Awards, given by the Brazilian Association of Sales and Marketing Directors.

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In September 2004, Bradesco Consórcios commenced an aggressive campaign to secure the leadership of the Auto segment, growing by 103.1% in comparison with the prior quarter, which is equivalent to 37,114 quotas sold during the period and with very real possibilities of attaining its objective.

Leadership is secured and consolidated as a result of ongoing and determined efforts, motivated by the enthusiasm of each sales teams and the distribution force of our customer service network.

Quotas sold in 4Q03 and 4Q04

Quotas accumulated for the year

Total outstanding real-estate quotas in 2004

Number of active participants comprising the 10 largest real-estate consortium management companies (*)

(*) Data for November 2004, as per Central Bank report.

List of 10 largest auto segment consortium management companies (*)

(*) Data for November 2004, as per Central Bank report.

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

Balance Sheet In thousands of reais

| | 2003 | | 2004 | |
|---|----------------|----------------|----------------|----------------|
| | September | December | September | December |
| Assets | | | | |
| Current assets and long-term receivables | 188,853 | 319,850 | 110,193 | 116,135 |
| Funds available | 6 | 15 | 27 | 38 |
| Interbank investments and securities | 96,730 | 65,586 | 73,695 | 62,112 |
| Other receivables and other assets | 92,117 | 254,249 | 36,471 | 53,985 |
| Permanent assets | 19,753 | 20,310 | 23,058 | 23,773 |
| Total | 208,606 | 340,160 | 133,251 | 139,908 |
| Liabilities | | | | |
| Current and long-term liabilities | 109,212 | 274,569 | 56,872 | 78,914 |
| Other liabilities | 109,212 | 274,569 | 56,872 | 78,914 |
| Stockholders' equity | 99,394 | 65,591 | 76,379 | 60,994 |
| Total | 208,606 | 340,160 | 133,251 | 139,908 |

Statement of Income - In thousands of reais

2003

2004

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| | 3rd Qtr. | 4th Qtr. | Accumulated to December | 3rd Qtr. | 4th Qtr. | Accumulated to December |
|--|--------------|--------------|----------------------------|--------------|--------------|----------------------------|
| Income from lending and trading activities | 4,943 | 4,294 | 18,273 | 2,741 | 3,557 | 11,353 |
| Other operating income (expenses), net | 1,088 | 1,146 | 3,689 | 1,209 | 2,620 | 10,104 |
| Operating income | 6,031 | 5,440 | 21,962 | 3,950 | 6,177 | 21,457 |
| Non-operating income (expense) | (390) | (1) | (391) | - | - | 2 |
| Income before taxes and contributions | 5,641 | 5,440 | 21,571 | 3,950 | 6,177 | 21,459 |
| Taxes and contributions on income | (2,051) | (1,818) | (7,387) | (1,341) | (2,076) | (7,212) |
| Net income | 3,590 | 3,622 | 14,184 | 2,609 | 4,101 | 14,247 |

At the end of 2004, Bradesco Corretora maintained its outstanding position in the Capital Market.

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

Bradesco Corretora ended the year ranked 9th among the more than 90 brokerage firms operating in the São Paulo Stock Exchange (BOVESPA). During the year, services were provided to 120,435 investors and 461,258 buy and sell orders were carried out for a total financial volume of R\$ 16.5 billion. The Corretora participates with BOVESPA in the Bovespa vai até você campaign in an important effort to raise public awareness regarding the benefits of investing in the stock market.

Bradesco Corretora negotiated 2.8 thousand contracts in the Mercantile and Futures Exchange (BM&F) for a financial volume of R\$ 315.8 billion, ranking the Corretora 27th out of more than 90 participants. The Corretora has centered its efforts on the continued expansion of its business, as well as promoting the futures market. In the agricultural area, the Corretora acts directly in the country's main production centers, through visits, seminars and participation in agricultural fairs and expos. In conjunction with the BM&F, the company sponsored visits to the exchange and Bradesco Corretora in São Paulo by investors from all over the country. At the same time, the company hosted numerous visits by farmers, teachers, opinion-makers and brokers from the physical commodities market.

Online web trading for the year totaled 232,200 orders with a financial volume of R\$ 1.4 million, comprising 5.3% of all Home-Broker operations carried out in BOVESPA and placing the Corretora fifth in the overall ranking. The customer base increased by 44.5% with more than 8,558 new customers registered during the year and more than 47,059 e-mails received.

As a result of its role in Public Offerings of Share Purchases, Special Operations, Stock Swapping Auctions and Privatization Auctions, Bradesco Corretora continues in its important market position, with a financial volume of R\$ 554.4 million for the year.

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

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

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

Stockholders' equity at the end of the year increased to R\$ 61.0 million, corresponding to 43.6% of total assets of R\$ 139.9 million.

Information - Trading at BM&F and BOVESPA

| | 2003 | | | 2004 | | |
|-----------------|------------------|------------------|----------------------------|------------------|------------------|----------------------------|
| | 3rd Qtr. | 4th Qtr. | Accumulated to December | 3rd Qtr. | 4th Qtr. | Accumulated to December |
| BM&F | | | | | | |
| Ranking | 21 st | 29 th | 24 th | 29 th | 22 nd | 27 th |

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| | | | | | | |
|---|------|------|-------|------|------|-------|
| Contracts traded (million) | 0.6 | 0.4 | 2.0 | 0.6 | 0.8 | 2.8 |
| Financial volume (in billions of reais) | 72.1 | 45.0 | 244.7 | 69.9 | 89.8 | 315.8 |

Stock Exchange

| | | | | | | |
|--------------------------------------|------------------|------------------|------------------|------------------|-----------------|-----------------|
| Ranking | 10 th | 10 th | 11 th | 10 th | 9 th | 9 th |
| Number of investors | 17,025 | 16,802 | 50,499 | 20,341 | 15,394 | 120,435 |
| Number of orders executed | 74,128 | 88,365 | 279,665 | 65,389 | 180,030 | 461,258 |
| Volume traded (in billions of reais) | 3.1 | 3.8 | 11.3 | 3.7 | 5.4 | 16.5 |

Home Broker

| | | | | | | |
|--------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Ranking | 4 th | 5 th | 5 th | 5 th | 5 th | 5 th |
| Registered customers | 17,082 | 19,223 | 19,223 | 25,340 | 27,781 | 27,781 |
| Orders executed | 44,296 | 51,633 | 166,694 | 60,783 | 62,403 | 232,200 |
| Volume traded (in millions of reais) | 248.6 | 319.9 | 960.1 | 355.2 | 378.8 | 1,375.2 |

- Bradesco Securities, Inc.

Balance Sheet - In thousands of reais

| | 2003 | | 2004 | |
|---|---------------|---------------|---------------|---------------|
| | September | December | September | December |
| Assets | | | | |
| Current assets and long-term receivables | 61,366 | 64,587 | 63,500 | 60,348 |
| Funds available | 408 | 2,041 | 1,821 | 1,671 |
| Interbank investments | 2,885 | 970 | 5,978 | 5,771 |
| Securities and derivative financial instruments | 58,036 | 60,544 | 55,682 | 52,890 |
| Other receivables and other assets | 37 | 1,032 | 19 | 16 |
| Permanent assets | 84 | 70 | 34 | 25 |
| Total | 61,450 | 64,657 | 63,534 | 60,373 |
| Liabilities | | | | |
| Current and long-term liabilities | 141 | 158 | 524 | 1,023 |
| Other liabilities | 141 | 158 | 524 | 1,023 |
| Stockholders' equity | 61,309 | 64,499 | 63,010 | 59,350 |
| Total | 61,450 | 64,657 | 63,534 | 60,373 |

Statement of Income - In thousands of reais

| | 2003 | | | 2004 | | |
|---|--------------|--------------|-------------------------|--------------|--------------|-------------------------|
| | 3rd Qtr. | 4th Qtr. | Accumulated to December | 3rd Qtr. | 4th Qtr. | Accumulated to December |
| Gross profit from financial intermediation | 1,332 | 3,552 | 4,697 | 3,263 | 1,792 | 6,929 |
| Other operating income (expenses), net | (294) | 355 | (789) | (683) | (819) | (5,813) |
| Operating income (expense) | 1,038 | 3,907 | 3,908 | 2,580 | 973 | 1,116 |

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| | | | | | | |
|-------------------|--------------|--------------|--------------|--------------|------------|--------------|
| Net income | 1,038 | 3,907 | 3,908 | 2,580 | 973 | 1,116 |
|-------------------|--------------|--------------|--------------|--------------|------------|--------------|

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

Banco Bradesco obtained Financial Holding Company status from the Board of Governors of the Federal Reserve System, on January 30, 2004, which will permit the expansion of Bradesco Securities activities.

This status, given based on a rigorous analysis of various aspects determined in US banking legislation, including Bradesco's high level of capitalization and the quality of its Management, will allow the Bank, either directly or through its subsidiaries, to operate in the US market, carrying out financial activities under the same conditions as local banks, in particular the following:

- Underwriting, private placement and market-making.
- Acquisitions, mergers, portfolio management and financial services (merchant banking).
- Administration of mutual fund portfolios.
- Sale of insurance.

Accordingly, Banco Bradesco has strengthened its role in the Investment Banking segment, increasing opportunities for exploiting various financial activities in the US market and contributing to the increase in the volume of transactions carried out with Brazilian companies.

5 Operating Structure

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Corporate Organization Chart

MAJOR STOCKHOLDERS

(1) The Bradesco Management (Board of Executive Officers and Board of Directors) comprises the Governing Board of the Bradesco Foundation, the Entity's most senior deliberative organ.

Base date: December 31, 2004

ON = COMMON STOCK

PN = PREFERRED STOCK

MAIN SUBSIDIARIES AND ASSOCIATED COMPANIES

ON = COMMON STOCK

PN = PREFERRED STOCK

Administrative Body

Risk Ratings Bank

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

Risk Ratings - Insurance and Savings Bond Companies

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

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

Ranking

| Source | Criteria | Position | Base Date |
|--|----------------------|----------------------------------|-----------|
| Forbes "International 500" | Overall/Revenue | 156th (Worldwide) | 2003 |
| Forbes "International 500" | Banks/Revenue | 1st (Brazil) 21st (Worldwide) | 2003 |
| Forbes "The World's Leading Companies" | Overall/Forbes 2000* | 247th (Worldwide) | 2004 |
| Forbes "The World's Leading Companies" | Banks/Forbes 2000* | 1st (Brazil) 46th (Worldwide) | 2004 |

* Forbes 2000: companies comprising the World's Leading Companies list are rated based on a combination of criteria which takes into consideration income, profit, assets and market value.

Market Segmentation

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

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Retail Bradesco

Bradesco maintains its retail vocation, attending with high quality service all segments of the Brazilian population regardless of income bracket. The Bank has 15 million consumer and corporate customers, who carry out millions of transactions daily at our branches, banking service posts, Banco Postal post-office branches and correspondent banks, comprising Brazil's largest Customer Service Network, providing easy and convenient services over extended hours.

In addition to the extensive service network, customers are offered the comfort of alternative service channels such as the Easy Phone (Fone Fácil) service and Internet Banking, which are already used for a significant portion of daily transactions.

Micro, small and medium-sized companies, as well as individuals, are given special attention through directed management.

The retail segment also highlights the development of financial products, tailor made to meet the customers' profile in an ongoing effort to offer quality, agile and reliable service to all customers, in particular, bearing in mind the value of customer relations.

The main focus of this segment is directed towards meeting the diverse customer demands, which include the offer of microcredit, onlending, foreign exchange and a complete range of financing products for individuals, which allied with the Bradesco brand name and nationwide Branch Network comprise an important source for increasing the Bank's results.

Significant investments in staff training, designed to qualify employees to provide a personalized and efficient customer service, seek to preserve relations and increase the customers' loyalty to the Bank.

Retail Bradesco also has a Digital Branch, operating in a virtual environment and via courier service. The Branch has a team of managers who attend customers regardless of location, from 8h00 to 20h00, seven days a week.

Bradesco Corporate Banking

Mission and Values

Bradesco Corporate's mission is to meet customer needs, developing long-term ethical and innovative relationships in sync with stockholders' interest.

Corporate's principal values and which permeate its day-to-day activities comprise the following:

- Team work.
- Ongoing pursuit of innovation and excellence in customer service.
- Transparency in all actions.
- Commitment to self-development.
- Adherence to strategic guidelines.
- Creativity, flexibility and initiative.
- Agile customer delivery.

Background and Achievements

The Corporate Banking segment was introduced in 1999, designed to attend customers from its target market based on a customer, rather than product standpoint, under a centralized relations management, offering as well as traditional products, structured, tailor-made and capital market solutions, through specific segment managers who have a clear vision of risk, market, economic sectors and relationship.

Among the various significant achievements obtained, we stress the ISO 9001:2000 quality certification received by all areas of the Corporate Banking structure, including its exclusive Corporate Banking customer service platforms, as well as the important partnerships entered into with major international banks: UFJ - Japan, BBVA - Spain, BES - Portugal.

Brazilian Desk

Bradesco was the first Brazilian bank to carry out an operating agreement with a Japanese bank facilitating the inclusion of some 300 thousand Brazilians living and working in Japan.

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This partnership between the different professionals from two banks, which was entered into two years ago, offers checking accounts and products and services designed to meet the needs of this special ex-pat community.

Customers have access to an exclusive UFJ-Bradesco branch 7-days-a-week with 40 bilingual (Japanese and Portuguese) employees who attend via Automated Consulting and Contract Machines - ACMs which are fully integrated with the UFJ Branch Network, for local bank services and remittances to Brazil.

These facilities are also available, initially, via 4,500 ATMs with screens written in Portuguese, offering ease and convenience to customers.

The operating agreement establishes a strategic alliance between Bradesco and the UFJ Bank, which is now the world's largest bank following its merger with Banco Tokyo Mitsubishi.

Another example of a solution with significant added value for the Institution are the partnerships entered into with major retail networks for consumer sales financing, made feasible as a result of the relationship, familiarity with this economic sector's production chain and the synergy which exists between the Bank's various segments.

Total resources comprising assets (credit, bonds and guarantees) and liabilities (deposits and funds/portfolios) amount to R\$ 57.4 billion.

Target Market

The majority of the 1,304 Economic Groups comprising Bradesco Corporate record billings in excess of R\$ 180 million per annum and are located in São Paulo, both the capital and upstate, Rio de Janeiro, Minas Gerais, Paraná, Rio Grande do Sul, Santa Catarina, Goiás, Pernambuco and Bahia.

Specialized Structures

As well as the teams specialized in the different economic sectors, this service also has structures entirely dedicated to the management of specific customers:

Euro Desk - this structure is focused on the management of customers of Spanish origin and the development of financial solutions for Bradesco Corporate companies, prospecting business synergies in Europe, the U.S. and Latin America.

Asian Desk - this structure is focused on the management of customers of Asian origin and the development of financial solutions, acting as an economic and financial advisor in business carried out with Japan and the rest of Asia.

Agribusiness - the structure operates throughout this economic segment's production chain in the pursuit to implement feasible structured solutions to meet the specific needs of companies, as well as offering traditional services and products.

Bradesco Empresas (Middle Market)

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

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

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

This segment has 66 service outlets throughout Brazil distributed as follows: Southeast (41), South (16), Central West (4), Northeast (3) and North (2) with 17,319 corporate customers from the different production chain sectors.

The personalized service offered by Bradesco Empresas requires permanent investment in training for our Relationship Managers and the adaptation of the IT structure, designed to provide added value and consequently increase the Bank's share of this segment.

All managers comprising the Bradesco Empresas service are included in the ANBID certification program.

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

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Bradesco Private Banking

Bradesco Private Banking, through its highly qualified and specialized professionals focused on personalized advisory services, attends the Bank's high-income consumer customers with minimum funds available for investment of R\$ 1 million, offering an exclusive line of products and services designed to increase their wealth by maximizing returns.

Bradesco Prime

This segment was created in May 2003, and its target public comprises consumer customers with a monthly incomes of more than R\$ 4 thousand, or with investments in excess of R\$ 50 thousand.

Bradesco Prime is designed to coordinate the Bank's commercial relationship with these segment customers, providing exclusive VIP facilities specifically designed to provide comfort and privacy, with personalized attendance by the Relationship Managers who, because client portfolios are kept small, are able to dedicate special attention to each customer, offering differentiated products and services, including the Bradesco Prime Account, a loyalty building program which is designed to add value and provide incentives to the customer's relationship with the Bank through the offer of increasing benefits.

Bradesco Prime Customers have access to a network comprising 177 Branches throughout Brazil, 147 of which share facilities with the traditional Retail Segment Branches and 30 of which are exclusive Prime branches. In addition, customers use exclusive internet banking and call center facilities, as well as the extensive Bradesco Customer Service Network, including its nationwide branches and self-service network.

The Prime branches also offer differentiated services, for example:

- Prime Digital Branch: focused on customer service via a call center with extended business hours (from 8h00 to 20h00, 7-days-a-week, including bank holidays).

- Prime Branch at Cidade de Deus, Latin America's first Wireless Branch, where managers' using remotely connected equipment, can manage the customer's banking business from his/her own environment.

The Relationship Managers continually enhance their professional qualifications to ensure that all the financial needs of their customers are taken care of. Moreover, all of these managers are included in the ANBID certification program.

Customer Service Network

| | 2003 | | 2004 | | | | | | |
|--|---------------|--------------|--------------|---------------|--------------|-----------|---------------|------------|--------------|
| | December | | September | | | | December | | |
| | Branches | PABs/PAEs | Branches | PABs | PAEs | PAAs | Branches | PABs | PAEs |
| Consolidated | 3,052 | 2,062 | 3,049 | 806 | 1,458 | 19 | 3,004 | 851 | 1,450 |
| Bradesco | 2,831 | 1,862 | 2,972 | 789 | 1,448 | - | 3,003 | 851 | 1,450 |
| BCN | 220 | 200 | - | - | - | - | - | - | - |
| BEM | - | - | 76 | 17 | 10 | 19 | - | - | - |
| Banco Finasa | 1 | - | 1 | - | - | - | 1 | - | - |
| Banco Postal | 4,000 | | | 5,299 | | | 5,383 | | |
| Branches abroad | 7 | | | 6 | | | 6 | | |
| Subsidiaries abroad | 6 | | | 6 | | | 6 | | |
| ATMs | 21,605 | | | 21,733 | | | 21,822 | | |
| Self-service branch network outplaced terminals | 1,794 | | | 1,866 | | | 1,945 | | |
| Finasa Promotora de Vendas | 53 | | | 52 | | | 121 | | |
| Promovel Empreendimentos e Serviços (*) | - | | | 69 | | | - | | |

N.B. The BCN Customer Service Network was incorporated on February 25, 2004: 125 Branches were integrated under the Bradesco banner, 24 were re-opened as Prime Branches and 100 PABs, 89 PAEs and 57 correspondents were transferred to Bradesco. The BEM Branches were

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incorporated on October 25, 2004; 29 Branches were integrated under the Bradesco banner; 12 PAAs were converted into Branches; 15 PABs and 3 PAEs were transferred to Bradesco and 2 PAEs converted into PABs.

PAB (banking service post), PAA (advanced banking post) and PAE (electronic service outlet).

(*) Merged into Finasa Promotora de Vendas in November 2004.

Customer Service Network - Branches

Customer to Branch Ratio - Thousand

Bradesco and Market Share

| Region/State | Bradesco | Total banks in market ⁽¹⁾ | Market share (%) |
|---------------------|------------|---|---------------------|
| North | | | |
| Acre | 5 | 31 | 16.1 |
| Amazonas | 59 | 132 | 44.7 |
| Amapá | 4 | 23 | 17.4 |
| Pará | 50 | 270 | 18.5 |
| Rondônia | 18 | 88 | 20.5 |
| Roraima | 2 | 17 | 11.8 |
| Tocantins | 13 | 79 | 16.5 |
| Total | 151 | 640 | 23.6 |
| Northeast | | | |
| Alagoas | 12 | 122 | 9.8 |
| Bahia | 230 | 743 | 31.0 |
| Ceará | 29 | 359 | 8.1 |
| Maranhão | 67 | 223 | 30.0 |
| Paraíba | 17 | 170 | 10.0 |
| Pernambuco | 65 | 471 | 13.8 |
| Piauí | 10 | 113 | 8.8 |
| Rio Grande do Norte | 14 | 133 | 10.5 |
| Sergipe | 13 | 153 | 8.5 |
| Total | 457 | 2,487 | 18.4 |
| Central West | | | |
| Federal District | 33 | 305 | 10.8 |
| Goiás | 107 | 543 | 19.7 |
| Mato Grosso | 62 | 231 | 26.8 |
| Mato Grosso do Sul | 56 | 223 | 25.1 |

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| | | | |
|-------------------|--------------|---------------|-------------|
| Total | 258 | 1,302 | 19.8 |
| Southeast | | | |
| Espírito Santo | 40 | 318 | 12.6 |
| Minas Gerais | 285 | 1,830 | 15.6 |
| Rio de Janeiro | 268(2) | 1,626 | 16.5 |
| São Paulo | 1,100 | 5,538 | 19.9 |
| Total | 1,692 | 9,312 | 18.2 |
| South | | | |
| Paraná | 176 | 1,254 | 14.0 |
| Rio Grande do Sul | 161 | 1,401 | 11.5 |
| Santa Catarina | 108 | 829 | 13.0 |
| Total | 445 | 3,484 | 12.8 |
| Total | 3,003 | 17,225 | 17.4 |

(1) Source: UNICAD - Information on entities of interest to the Brazilian Central Bank - November 2004.

(2) Includes a branch of Banco Finasa.

Customer Service Network (Branches) - Market Share - December 2004

Bradesco Day and Night Customer Service Channels

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

Bradesco Day and Night - Self-Service ATM Network

This self-service ATM network, distributed strategically throughout Brazil, has 21,822 terminals.

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

Bradesco Self-Service Network Distribution - Monthly Productivity - December 2004

Increase in Transactions - Thousand

Financial Volume - In millions of reais

Self-service Network Highlights

| Items | 2003 | | | | 2004 | | | |
|---|----------|----------|----------|----------|----------|----------|----------|----------|
| | 1st Qtr. | 2nd Qtr. | 3rd Qtr. | 4th Qtr. | 1st Qtr. | 2nd Qtr. | 3rd Qtr. | 4th Qtr. |
| Banking service outlets (nationwide network) | 5,762 | 5,845 | 6,172 | 6,487 | 6,628 | 6,783 | 6,858 | 7,020 |
| Outplaced terminals (excluding branches, PABs and PAEs) | 1,755 | 1,772 | 1,842 | 1,794 | 1,752 | 1,822 | 1,866 | 1,945 |
| Cash withdrawal transactions (million) | 92.5 | 95.6 | 98.9 | 109.9 | 101.1 | 103.4 | 107.8 | 117.5 |
| Deposit transactions (million) | 47.0 | 47.6 | 48.4 | 50.5 | 47.9 | 48.7 | 50.2 | 51.7 |
| Inter-account transfers (million) | 4.5 | 4.6 | 4.8 | 5.2 | 5.0 | 5.1 | 5.3 | 5.7 |
| Express checkbooks issued (million) | 2.5 | 2.6 | 2.6 | 2.9 | 2.5 | 2.6 | 2.6 | 2.8 |
| Balance consultations (million) | 99.5 | 102.2 | 115.3 | 133.7 | 132.0 | 140.0 | 152.3 | 166.4 |

Highlights for 2004

- Incorporation of BCN with 628 ATMs adjusted to operate with cutting-edge technology.
- 1.7 billion transactions carried out, a 10.5% increase compared to 2003, comprising a daily average of 5.3 million.
- Financial volume movement totaled R\$ 209.9 billion, an increase of 13.3% as compared to 2003, comprising a daily average of R\$ 729.6 million.
- Installation of 4,792 terminals, 290 replacing obsolete machines and 4,502 new terminals for network expansion purposes and to meet increased demand. An average of 399 terminals installed per month.
- An 8.2% increase in the number of service outlets nationwide as compared to 2003.

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

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

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

Number of Calls - Million

Number of Transactions - Thousand

Financial Volume - In millions of reais

Highlights for 2004

- 240.7 million calls received during the year, an increase of 4.9% compared to the total volume of calls received in 2003.
- In 2004, EVR calls totaled 79.4%, up by 4.8% compared to 2003.
- 411 million transactions were carried out during the year, up by 1.5% compared to 2003, with a daily average of 1.1 million transactions.
- Financial movement in 2004 totaled R\$ 5.5 billion, up by 5.1% compared to 2003, a daily average of R\$ 15.1 million with 394 thousand products and services sold in 4Q04, totaling 1.9 million for the year.

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- In 2004, 95.5% of personalized service call queries were resolved during the first contact.

Bradesco Day and Night - Internet Banking

The Bradesco Portal contains links to 29 related websites. 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 255 different services for consumer customers and 190 for corporate customers, which can be accessed around the clock, seven days a week from anywhere on earth.

The results achieved to date evidence the enormous potential of Internet Banking.

Internet Banking - Registered Users - Thousand

Transactions - Thousand (*)

(*) Via Internet Banking, ShopInvest, Cards, ShopCredit and Net Empresa.

Financial Volume - In millions of reais (*)

(*) Via Internet Banking, ShopInvest, Cards, ShopCredit and Net Empresa.

| Services | Total in 2004 |
|---|---|
| Bradesco Internet Banking (www.bradesco.com.br) | 6.4 million registered users. 281.0 million transactions carried out. |
| ShopInvest Bradesco (www.shopinvest.com.br) | 1,045 thousand registered users. 1.1 million transactions carried out. |
| ShopCredit (www.shopcredit.com.br) | 11.4 million transactions/operations carried out. |
| Bradesco Net Empresa (www.bradesco.com.br) | 284,230 registered companies. 22.4 million transactions/operations conducted. |
| B2C (www.bradesco.com.br) | 2.2 million transactions/sales posted. 2,457 stores registered with Bradesco Online Payment Methods. |
| Bradesco Cards (www.bradescocartoes.com.br) | 17.7 million transactions carried out. |
| Bradesco Internet Banking for the Visually Impaired (www.bradesco.com.br) | 2,495 active registered users. |
| Web Point | 112 terminals installed. |
| Bradesco Net Express | 1,921 companies registered. 7.8 million transactions carried out. |
| Infoemail | 177.5 thousand registered users. |
| Infocellphone | 7,202 registered customers. |
| Mobile Banking (WAP) | 744 thousand transactions carried out. |

Highlights for 2004

- Financial volume movement in 2004 totaled R\$ 109.5 billion, up by 123.5% compared to 2003, a daily average of R\$ 299.3 million.
- In 2004, online transmission volume totaled 439.7 million transactions, highlighting WebTA transmissions which grew by 239% as compared to 2003.

Products:

- Launching of the Bradesco website's new layout (www.bradesco.com.br)
- Launching of the new Bradesco Empresas website (www.bradescoempresas.com.br)
- Launching of the ShopFácil corporate portal (www.shopfacil.com.br)

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- Exclusive ShopInvest stocks room content (www.shopinvest.com.br)
- New Finasa website (www.finasa.com.br)
- New Finasa Sports Program website (www.finasaesportes.com.br)
- New layout of the Bradesco Cards website (www.bradescocartoes.com.br)
- New layout of the Bradesco Custody Services website (www.bradescocustodia.com.br)
- On-line courses on the University Student website (www.bradescouniversitarios.com.br)
- Investor Relations website in Spanish (www.bradesco.com.br/ri)
- New Economic Update website (www.economiaemdia.com.br)
- CHIP Campaign 2004
- New transactional ShopCredit website (www.shopinvest.com.br)
- New website for Government Authorities (www.bradescopoderpublico.com.br)
- New Bradesco Nikkei website (www.bradesconikkei.com.br)
- New transactional Bradesco ShopInvest website (www.shopinvest.com.br)
- New layout of the Bradesco Consórcios website (www.consorciobradesco.com.br)
- New layout of the Bradesco Investors Relations website (www.bradesco.com.br/ri)
- New Bradesco Capitalização savings bond area website (www.bradescocapitalizacao.com.br)
- New layout of the Bradesco Corporate segment website (www.corporatebradesco.com.br)
- Reformulation of the Bradesco Fx website (www.bradescocambio.com.br)
- Reformulation of the Bradesco Cidadetran website (www.cidadetran.com.br)
- Investment Account made available
- Adaptation of ShopInvest service to comply with CVM Instruction 409
- Bradesco Net Empresa: Security package implementation
- New WebTA/Remote remittance approval
- Launching of B2B online payment
- On-line customer service via videoconference on the Bradesco Nikkei website

Awards Received:

- iBest award in the Banks category: (www.bradesco.com.br)
- iBest award in the Insurance category: (www.bradescoseguros.com.br)
- Best Internet Banking e-finance award from Executivos Financeiros magazine
- Best Consumer Internet Bank - Brazil from Global Finance
- Included in the InfoExame magazine's list of the 100 Largest e-commerce companies.

Banco Postal

Banco Postal is the trade name through which Bradesco offers its products and services in all of Brazil's municipalities, in partnership with the Brazilian Postal and Telegraph Company - ECT. Banco Postal is an example of the success of the Correspondent Bank concept, as a result of its far-reaching scope, the portfolio of products and services offered and its socially responsible role within Brazil's different local communities. As a result, the Correspondent Bank is yet another segment in which Bradesco is consolidating its leadership.

Instrument of Social Inclusion

Banco Postal is now a reality in more than 4.7 thousand Brazilian municipalities. In just over two years of existence, 5,383 branches were installed in the most diverse regions of Brazil and more than 2.8 million accounts were opened. 1.7 thousand branches were opened in areas which had no previous access to banking services, bringing benefits to a population of some 18 million people. For the first time, this population was given the opportunity to own a check book, invest in a savings account or contract credit. These citizens can now count on the convenience and quality of the services of Brazil's largest private-sector bank.

Today, more than 650 thousand beneficiaries of the National Institute of Social Security (INSS) receive their benefit payments through the comfort of a Banco Postal post-office branch near their homes and no longer need to travel long distances, by boat or dirt track, or spend the better part of their earnings on the journey.

Network Coverage

Banco Postal services will also be installed in franchised units and official post-offices, where the service is not yet available, in a total 2,521 branches.

Benchmark for Lower-income Bracket Customer Service

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Banco Postal is recognized worldwide as a benchmark in low-income customer service, provided in developing countries. Financial institutions from a number of countries and international bodies have contacted Bradesco to study this model.

This recognition is also evidenced by the constant presence of Banco Postal in the media, through articles in major daily newspapers published in Brazil and in the specialized financial market press.

Bradesco was given the important 2004 e-finance award by the Executivos Financeiros magazine for the case "Banco Postal", as best Correspondent Bank project in Brazil.

New Services

New services were deployed in 2004, such as the receipt of federal, state and municipal taxes; GPS payments to the INSS and on-line instant loans for customers with available pre-approved credit, extending the range of products and services offered with Banco Postal as an intermediary.

Available services:

- Receipt and forwarding of account opening proposals.
- Withdrawals from checking and savings accounts.
- Checking and savings account deposits.
- Balance consultation and statements for checking and savings account and INSS benefits.
- Receipt of payments via bank docket.
- Receipt of utility bill payments (water, electricity, telephone etc.).
- Payment of INSS benefits.
- Receipt and forwarding of credit proposals.
- Debit card requests.
- Receipt of federal (DARF), state and municipal taxes.
- Collection of FGTS contributions.
- Receipt of GPS contributions to the INSS.
- On-line loans for customers with available pre-approved credit.

Number of Accounts Opened (Accumulated) - Thousand

Number of Branches Opened (Accumulated)

Number of Transactions Carried Out Monthly - Thousand

Investments in Infrastructure, Information Technology and Telecommunications

The investments for expanding the capacity of infrastructure, IT and telecommunications at the Bradesco Organization are designed to maintain a modern, practical and secure customer service network, characterizing the Bank as one of the world's most contemporary companies and

creating added value for its customers and users at home and abroad.

Investments

In millions of reais

| | 2000 | 2001 | 2002 | 2003 | 2004 |
|-----------------------|------------|--------------|--------------|--------------|--------------|
| Infrastructure | 227 | 509 | 613 | 469 | 230 |
| IT/Telecommunications | 617 | 743 | 947 | 1,225 | 1,302 |
| Total | 844 | 1,252 | 1,560 | 1,694 | 1,532 |

Risk Management and Compliance

Activity and Structure

Risk management is becoming increasingly important, not only as a result of the global economy but also because of the complex services and products provided to communities. Accordingly, Bradesco is constantly enhancing its risk management related activities in the pursuit to incorporate best international practices.

At Bradesco, risk management is seen as a competitive advantage, which adds value to the Bradesco mark, since it provides the support required by the business areas for planning their activities, ensuring that resources are optimized and capital is allocated to the benefit of stockholders and society as a whole.

Accordingly, Bradesco has provided important incentives over the years to its technical staff training programs, in particular regarding the professional qualification of those involved in the control and management of risk. For example one of the Compliance Department staff is a GARP (Global Association of Risk Professionals) certified financial risk manager, having sat and passed this internationally recognized exam.

Aware that integrated risk management provides a competitive edge to activities, Bradesco formed the Risk Management Department in July 1998 which, subsequent to the incorporation of compliance functions in March 2002, became the Risk Management and Compliance Department - DGRC. In July 2003, the department gained a statutory department director and aggregating the activities related to credit risk and other initiatives already in place in other areas of the Organization, commenced the integrated management of credit, market, liquidity and operating risks and compliance functions (comprising money laundering prevention, internal controls, information security, validation of transactions and Brazilian Payments System risks).

Organizational Structure of the Risk Management and Compliance Department:

The structure of the Risk Management and Compliance Department is designed not only to guarantee area independence but also to place greater focus on these important value-added activities, demonstrating the Organization's commitment to the implementation of best corporate governance practices, making every effort to invest in and build its risk management capabilities, since as well as its banking activities, Bradesco is extending risk analysis procedures to cover its equity related companies such as BRAM - Bradesco Asset Management and all the insurance companies (Life, Private Pension Plans, Health, Premium Bonds and other insurance), in respect of market and actuarial risks, consolidating a single risk management culture on an Organization-wide basis.

The Risk Management and Compliance Department is also responsible for coordinating compliance with the regulations to be issued by the Brazilian Central Bank, complementing Communiqué 12746 as regards the New Capital Accord (Basel II) introduced by the Basel Committee in June 2004 and the provisions of section 404, of the Sarbanes-Oxley Act.

Risk Management Process

Bradesco adopts a comprehensive and integrated approach for managing all risks inherent to its activities, based on the support from its Internal Controls and Compliance structure. This integrated view permits the enhancement of its risk management models, filling possible lacunas which could jeopardize the correct identification and assessment of risks.

Credit Risk Management

As part of its credit risk management enhancement process, Bradesco is working uninterruptedly to improve the procedures for gathering and controlling portfolio information, developing new loss estimation models, enhancing and preparing the rating inventories used in the different sectors in which the Bank operates as well as overseeing credit analysis, granting and settlement processes, monitoring credit concentration and identifying the causes of default and in the preparation of risk mitigation strategies.

Efforts are focused on the adoption of advanced and robust models which are used to assess the risks inherent to all the components of the credit process, in line with best practices, as well as the recommendations of the most advanced models comprising the New Basel Capital Accord.

The following efforts, among others are highlighted:

- Mapping, identification, measurement and mitigation of credit risk management capacity gaps, as regards Basel II requirements, as well the best practices, embracing roles and responsibilities, professional qualification, review of the organizational structure and IT demands.
- Creation of an Executive Credit Risk Committee responsible for assuring the strategic management of the credit portfolio.
- Structuring of the system used to calculate projected and unexpected losses and corresponding capital allocation.
- Backtesting of models used to assess the credit portfolio risks.
- Improvement of the management information systems designed to meet the requirements of the present customer segmentation approach, with the emphasis on decision making and credit portfolio management.
- Review and restructuring of internal processes, embracing roles and responsibilities, capacity building, review of organizational structures and information technology demands.

Operating Risk Management

Operating risks are those which could occur as a result of the interruption of business, system failures, errors, omission, fraud or external events in the Bank's different activities, affecting both customers and the Institution.

Operating risk management at Bradesco is based on the application of its own processes, methodologies and tools designed to permit, among other benefits, a decrease in unsubscribed regulatory capital and potential operating loss events. This concept includes the dissemination of the Organization's risk management culture at different levels, disclosure of its corporate policies and the establishment of ongoing procedures used to monitor the degree of exposure.

The Organization has prepared an action plan designed to achieve full compliance with the 10 principles of good operating-risk-management practice and the New Capital Accord, established by the Basel Committee and to meet Brazilian Central Bank regulatory requirements.

In line with the definition and development of the methodology and accounting and management criteria used for managing operating risk, the area has implemented a specific management system for streamlining this information, designed to monitor and properly comprehend operating loss events, facilitating an in-depth assessment, based on either management or accounting controls.

Considering its important status in the Brazilian financial scenario, the Bradesco Organization has established as its operating risk management goal, the Advanced Model Approach as defined by the Basel Committee. The efficient use of this model will require less allocation of capital and increase its competitive advantage as a result of improved operating efficiency and decreased loss events.

The mitigation of operating risk is considered crucial for improving efficiency and business quality.

Market Risk Management

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

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

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The Organization adopts a conservative policy regarding market risk exposure; V@R (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 V@R has a reliability level of 97.5%. The volatilities and correlations used by the models are calculated on statistical bases and are used in processes based on future prospects in accordance with economic studies.

The methodology applied and current statistical models are validated daily using backtesting techniques.

We present below the V@R of the Own Portfolio positions (Treasury):

| Risk factors | In thousands of reais | | | | |
|-------------------|-----------------------|---------------|---------------|---------------|---------------|
| | 2003 | | 2004 | | |
| | December | March | June | September | December |
| Prefixed | 5,888 | 2,832 | 7,267 | 1,586 | 2,040 |
| Exchange coupon | 17,999 | 15,245 | 51,719 | 15,172 | 20,140 |
| Foreign currency | 2,907 | 55 | 285 | 612 | 40 |
| Floating rate | 11 | - | - | - | 339 |
| Correlated effect | (5,858) | (1,322) | (1,902) | (1,109) | (1,759) |
| V@R | 20,947 | 16,810 | 57,369 | 16,261 | 20,800 |

We present below the V@R of the positions related to the Group's commercial transactions:

| Risk factors | In thousands of reais | | | | |
|-------------------|-----------------------|---------------|---------------|---------------|---------------|
| | 2003 | | 2004 | | |
| | December | March | June | September | December |
| Prefixed | 379 | 2,856 | 6,384 | 3,153 | 9,788 |
| IGP-M | 14,696 | 5,748 | 9,161 | 7,885 | 4,010 |
| TR | 3,771 | 5,739 | 8,105 | 4,012 | 4,168 |
| Exchange coupon | 3,456 | 742 | 466 | 1,180 | 1,000 |
| Foreign currency | 2,183 | 723 | 2,125 | 1,953 | 210 |
| Other | 62 | 45 | 36 | 31 | 31 |
| Correlated effect | (8,879) | (5,630) | (10,153) | (7,802) | (4,967) |
| V@R | 15,668 | 10,223 | 16,124 | 10,412 | 14,240 |

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

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

Liquidity Risk Management

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

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

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

Management of Internal Controls and Compliance

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

The Organization is continually developing policies, systems and internal controls to mitigate possible potential losses generated by its exposure to risk, designed to optimize processes and procedures, among which we highlight the following:

- Implementation of an internal controls system based on the 25 Internal Control Principles defined by the Basel Committee and the methodology of the Committee of Sponsoring Organizations (COSO), mainly regarding control environment components, risk assessment, control activities, information, communications and monitoring. This system strengthens the ongoing improvement of the process used to identify and evaluate the controls used to mitigate risks in compliance with regulatory requirements, including Section 404 of the Sarbanes-Oxley Act.

- SPB (Brazilian Payments System) management, designed to guarantee the efficiency of the messages transmitted between the Organization's banks and all the external entities comprising this system. The activity is based on the Organization's information system monitoring tools, as well as an intense staff training and capacity building program to ensure that the system is always fully operational and available. In addition, the Bank has an SPB Systems Contingency Plan, supported by a specific tool and structured within an exclusive environment with corporate access and considers pre-defined scenarios and actions ensuring that system failure risks are kept to a minimum.

- The TED (Online Cash Transfers) validation system designed to reduce operating risks generated by the unauthorized transfer of funds from the Organization, providing a greater level of security and reliability in transactions.

- Measures taken to prevent and combat money laundering, based on the Bank's know-your-customer policy and in conformity with best corporate governance practices, which are applied as part of the continuous staff training programs and ongoing improvement of technology tools used to monitor financial movement and designed to prevent the utilization of the Organization in transactions or situations which could be, direct or indirectly, related to money laundering crimes, defined in Law 9613/98.

- Information Security Management, a series of measures comprised mainly by controls and a Security Policy designed to protect customer and corporate information. The Bradesco Organization has a formal structure, with specific objectives and responsibilities, for defining, maintaining and improving information security in the corporate environment, which is based on the Corporate Information Security Policy and Standards approved by the Executive Information Security Committee. The following policies are adopted in relation to customer information:

- Information is gathered legally and with the customers' knowledge.
- Information transmitted to Bradesco is stored integrally and securely and undergoes no modification with access restricted to authorized personnel only.
- Information is only used for purposes which have been properly approved by the Organization.
- Customer information is never disclosed to third parties, except upon legal or judicial determination.

Capital Risk Management

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

Capital Adequacy Ratio (Basel) - December 2004 - In millions of reais

Calculation

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| Calculation basis | Consolidated financial ⁽¹⁾ | Total consolidated ⁽²⁾ |
|---|--|--------------------------------------|
| Stockholders' equity | 15,215 | 15,215 |
| <i>Minority interest</i> | 6 | 70 |
| Decrease in deferred tax assets - BACEN Resolution 3059 | (41) | (41) |
| Reference equity - Level I | 15,180 | 15,244 |
| Reference equity - Level II (subordinated debt) | 5,663 | 5,663 |
| Total reference equity (Level I + Level II) | 20,843 | 20,907 |
| Risk-weighted assets | 111,182 | 130,056 |
| Capital adequacy ratio (%) | 18.75 | 16.08 |
| Ratio variation - % | | |
| Ratio in December 2003 | 19.85 | 17.22 |
| Movement (%) | | |
| Net income for the period | 3.02 | 2.61 |
| Interest attributed to own capital | (1.32) | (1.15) |
| Mark-to-market adjustment - securities and derivatives | (0.06) | (0.07) |
| Subordinated debt | 0.89 | 0.79 |
| Other | (0.11) | (0.12) |
| Variation in weighted assets: | | |
| Securities | 0.68 | (0.13) |
| Credit operations | (1.93) | (1.40) |
| Deferred tax assets | 0.10 | (0.01) |
| Risk (swap, market, interest rate and foreign exchange) | (1.75) | (1.30) |
| Memorandum accounts | (0.19) | (0.16) |
| Other assets | (0.43) | (0.20) |
| Ratio in December 2004 | 18.75 | 16.08 |

(1) Financial companies only.

(2) Financial and non-financial companies.

Credit Policy

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

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

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

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

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

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

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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 periodically reviewed to maintain the quality of the credit portfolio. These ratings are segmented as follows:

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

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

Cards

| | Million | | | | | |
|---|-----------------|-----------------|--------------------------------|-----------------|-----------------|--------------------------------|
| | 2003 | | | 2004 | | |
| | 3rd Qtr. | 4th Qtr. | Accumulated to December | 3rd Qtr. | 4th Qtr. | Accumulated to December |
| Number of cards | 39.1 | 41.1 | 41.1 | 45.2 | 46.4 | 46.4 |
| Credit | 6.8 | 7.0 | 7.0 | 7.2 | 7.6 | 7.6 |
| Debit | 32.3 | 34.1 | 34.1 | 38.0 | 38.8 | 38.8 |
| Average amount billed - in reais | 4,005.6 | 4,808.4 | 16,163.0 | 5,194.5 | 6,186.8 | 20,909.9 |
| Credit | 2,483.4 | 2,761.9 | 9,926.3 | 2,879.4 | 3,146.8 | 11,476.9 |

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| | | | | | | |
|-------------------------------|-------------|-------------|--------------|--------------|--------------|--------------|
| Debit | 1,522.2 | 2,046.5 | 6,236.7 | 2,315.1 | 3,040.0 | 9,433.0 |
| Number of transactions | 76.9 | 91.1 | 306.2 | 102.1 | 119.1 | 407.6 |
| Credit | 38.7 | 42.9 | 154.0 | 46.8 | 51.4 | 185.4 |
| Debit | 38.2 | 48.2 | 152.2 | 55.3 | 67.7 | 222.2 |
| Credit Cards | | | | | | |

The number of Bradesco credit cards increased to 7.6 million in 4Q04, an increase of 8.6% as compared to 4Q03 (Visa and MasterCard banners).

The number of transactions grew by 20.4% in 2004 compared to 2003. Billings for the year reached the mark of R\$ 11.5 billion, a growth rate of 15.6% as compared to 2003, with a market share of 13.4% of cards under the Visa and MasterCard banners.

In the fourth quarter, Bradesco launched the Cred Mais Card for company employees whose salaries are paid via the Bradesco payroll service, offering more attractive interest rates for revolving credit, as well as Private Label cards for the exclusive use of customers of specific retail stores, designed to leverage business and build customer loyalty for the corresponding commercial establishments.

Debit Cards

In the 4Q04, the debit card base increased by 13.8%, compared to the same period in 2003, confirming Bradesco's leadership as Brazil's largest issuer in the Visa Electron market.

In terms of billings, in 2004, there was a significant 51.2% increase compared to 2003, with a growth in transactions of 46.0%.

These two indicators demonstrate clearly that Brazilians are changing their payment habits, substituting checks and cash for the use of cards, especially debit cards.

As part of its strategy to provide incentives to retail credit, Bradesco launched, in 4Q04, CDC Visa Electron, a product for debit card holders which permits the payment of purchases in up to 12 monthly installments, with R\$ 4 billion of pre-approved credit available.

Income on Credit Cards

Income derived from card services, totaled R\$ 1,069 million in 2004, a 30.7% increase, compared to 2003.

Card Assets

In 4Q04, card assets comprising credits for installment purchase and financing credits grew by 16.3%, as compared to 4Q03, totaling R\$ 3.1 billion at the end of the quarter.

Credit Card Base - Million

Credit Card Billings - In millions of reais

Debit Card Base - Million

Debit Card Billings - In millions of reais

Total Card Base (Credit and Debit) - Million

Credit Card Assets - In millions of reais

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International Area

The International Area operates under the following framework:

12 Operational Units in Brazil

Belo Horizonte (with support platform in Brasília), Blumenau, Campinas (with support platforms in Ribeirão Preto, Franca and Sorocaba), Curitiba, Fortaleza, Manaus (with support platforms in Belém), Porto Alegre, Recife, Rio de Janeiro, Salvador, São Paulo (with support platforms in Santos and Guarulhos) and Vitória.

11 Units Abroad (Branches and Subsidiaries)

| | | |
|----------------------|--------------|---|
| Branches: | New York | - Bradesco |
| | Grand Cayman | - Bradesco, BCN, Boavista and Mercantil |
| | Nassau | - Boavista |
| Subsidiaries: | Buenos Aires | - Banco Bradesco Argentina S.A. |
| | Nassau | - Boavista Banking Limited |
| | Luxembourg | - Banco Bradesco Luxembourg S.A. |
| | Tokyo | - Bradesco Services Co., Ltd. |
| | Grand Cayman | - Cidade Capital Markets Ltd. |

At the end of 2004, the Bradesco Organization, through its International Area evidences once more the strong support given over recent years to the expansion and consolidation of foreign trade.

In 2004, Brazilian exports reached the significant volume of US\$ 96.475 billion, a 32% growth rate as compared to the prior year. Bradesco, as a result of its commitment to offer support to exporters, increased its market share from 20.7% in 2003 to 21.4% in 2004.

Exchange contracts negotiated by Bradesco in 2004 attained a total amount of US\$ 20.0 billion, an increase in performance of 29.7% compared to the volume of US\$ 15.4 billion in exchange transactions for 2003. During the year, Bradesco granted a total of US\$ 7.6 billion in export financing.

In the import market, total business conducted by the International Area grew to US\$ 7.4 billion, a 28.8% increase compared to the volume of US\$ 5.8 billion negotiated in 2003, with a market share of 13.1%.

The International Area year-end balance totaled US\$ 3.9 billion in export and import financing, foreign collateral provided and loans to Brazilian companies abroad. In 2004, designed to offer increased support to companies operating in the international market, Bradesco installed 3 foreign exchange platforms in Sorocaba, Ribeirão Preto and Guarulhos. These platforms are located near the Bradesco Empresas sector and are staffed by professionals specialized in foreign exchange and foreign commerce. In 2005, this initiative will be extended to other Brazilian cities.

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

Export Market

Import Market

In the different foreign exchange market segments, Bradesco negotiated the significant volume of 579,070 exchange contracts, up by 29% as compared to 2003.

We present below the exchange contracts negotiated by Bradesco in 2003 and 2004:

| Products | 2003 Volume | 2004 Volume | % Variation |
|-----------------|------------------------|------------------------|------------------------|
| Export | 97,035 | 107,626 | 10.9 |
| Import | 96,918 | 111,779 | 15.3 |

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| | | | |
|--------------------------|----------------|----------------|-------------|
| Financial - purchase | 23,807 | 24,715 | 3.8 |
| Financial - sale | 43,879 | 45,998 | 4.8 |
| Interbank - purchase | 9,350 | 8,181 | (12.5) |
| Interbank - sale | 15,293 | 14,102 | (7.8) |
| Total Free market | 286,282 | 312,401 | 9.1 |
| Floating market | 162,217 | 266,669 | 64.4 |
| Overall total | 448,499 | 579,070 | 29.1 |

Emphasis should also be given to the fact that Bradesco now uses Digital Certification for exchange contract purposes, since the electronic signature process facilitates customer transactions, as well as the foreign exchange flows, reducing operating risks and costs.

We present below the foreign trade portfolio balances at the end of the final quarter of 2004:

| | In millions of U.S. dollars | In millions of reais |
|--|--------------------------------|-------------------------|
| Export financing | | |
| Advance on foreign exchange contracts - undelivered bills | 1,156.0 | 3,067.7 |
| Advance on export contracts - delivered bills | 573.5 | 1,521.7 |
| Prepayments | 1,053.6 | 2,796.7 |
| Onlending of funds borrowed from BNDES/EXIM | 284.9 | 756.0 |
| Documentary drafts and bills of exchange in foreign currency | 3.9 | 10.4 |
| Indirect exports | 6.2 | 16.5 |
| Loans under export incentive program (Proex) | | |
| Total export financing | 3,078.1 | 8,169.0 |
| Import financing | | |
| Foreign currency import loans | 290.2 | 769.9 |
| Exchange discounted in advance | 185.9 | 493.4 |
| Open import credit | 49.7 | 131.8 |
| Total import financing | 525.8 | 1,395.1 |
| Guarantees | | |
| International guarantees | 126.7 | 336.2 |
| Total international guarantees | 126.7 | 336.2 |
| Total export and import financing | 3,730.6 | 9,900.3 |
| Loans via branches abroad | 138.5 | 367.5 |
| Total | 3,869.1 | 10,267.8 |

The foreign exchange portfolio is financed by credit lines obtained from correspondent banks and at the end of December 2004, approximately 85 U.S., European and Asian Banks had extended credit lines to Bradesco. At the end of the year, the cost of obtaining export financing lines reached its lowest level in recent years, at 25 basis points above LIBOR for a period of 180 days and 40 basis points for 360 days. Compared to 2003, the decrease totaled some 25 basis points, evidencing a substantial improvement in the Brazil risk perception by international investors.

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In addition to this source of funding, the Bank also has a Commercial Paper program in the United States in the amount of US\$ 300 million, which was renewed in June 2004 for a 1-year period.

We present below the balance of assets and stockholders' equity of the foreign units at the end of the year:

| | In millions of U.S. dollars | |
|---|-----------------------------|----------------------|
| | Assets | Stockholders' equity |
| Foreign branches and subsidiaries | | |
| Bradesco New York | 1,485.9 | 143.1 |
| Bradesco Grand Cayman | 5,649.6 | 852.3 |
| BCN Grand Cayman | 347.6 | 142.4 |
| Boavista Grand Cayman, Nassau and Banking Ltd. - Nassau | 351.1 | 90.6 |
| Cidade Capital Markets Ltd. - Grand Cayman | 31.3 | 31.1 |
| Bradesco Services Co. Ltd. - Tokyo | 0.4 | 0.4 |
| Mercantil Grand Cayman | 341.3 | 178.6 |
| Banco Bradesco Argentina S.A. | 18.6 | 16.7 |
| Banco Bradesco Luxembourg S.A. | 330.6 | 131.1 |

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

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

In 2004, the Organization commenced a rationalization process designed to close down certain units abroad. Comprising financial institutions acquired over recent years, these units were located in regions in which Bradesco was already present. In 2004, the unit previously owned by Banco Bilbao Vizcaya Brasil, located in Nassau, was closed down and its capital transferred to the Bradesco unit in Grand Cayman. In 2005 a number of other closures abroad will also be concluded.

At the end of the year, as well as short-term funds obtained from correspondent banks for foreign trade financing, loans of US\$ 1.5 billion on a consolidated basis were raised by the Bradesco Organization through public and private, medium and long-term placements, in the international capital market, earmarked for foreign trade financing and working capital loans. 2004 was marked by the low demand by companies for foreign currency indexed loans. Accordingly, despite the large appetite of the international capital market for Brazilian bonds, we accessed this market only sporadically, as compared to 2003, when funds were raised in the amount of some US\$ 2.8 billion.

Emphasis should also be given, among others in 2004, to the issue denominated in reais, equivalent to US\$ 100 million, with a 3-year term, in which Bradesco innovated, once again, by applying straight-line interest, in accordance with the internationally used interest calculation system.

We highlight below the following issues in 2004:

| Issues | Currency | Million | Date issued | Maturity |
|---|----------|---------|-------------|------------|
| FxRN - Banco Bradesco | US\$ | 100.0 | 2.9.2004 | 2.9.2006 |
| FxRN - Banco Bradesco | US\$ | 100.0 | 3.2.2004 | 3.1.2007 |
| USCP - Banco Bradesco | US\$ | 300.0 | 14.6.2004 | 13.6.2005 |
| Securitization MT 100 - Series 2004-1 - Fixed (*) | US\$ | 100.0 | 28.7.2004 | 20.8.2012 |
| Subordinated Debt (US\$ 275.9 million) - Banco Bradesco | Euro | 225.0 | 15.4.2004 | 15.4.2014 |
| FxRN - BRL (US\$ 100 million) | Reais | 270.9 | 10.12.2004 | 10.12.2007 |

(*) International Diversified Payment Rights Company.

Public Placements Abroad - Outstanding - Base Date December 2004
Amounts in excess of US\$ 50 million

| Issues | Currency | Million | Date issued | Maturity |
|--------|----------|---------|-------------|----------|
|--------|----------|---------|-------------|----------|

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| | | | | |
|--|-------|----------|------------|------------|
| FxRN | US\$ | 100.0 | 2.12.2003 | 3.1.2005 |
| FxRN | US\$ | 100.0 | 8.8.1997 | 5.8.2005 |
| FxRN | US\$ | 100.0 | 2.9.2004 | 2.9.2006 |
| FxRN | US\$ | 100.0 | 26.12.2003 | 26.12.2006 |
| FxRN | US\$ | 100.0 | 3.2.2004 | 3.1.2007 |
| FxRN - BRL (US\$ 100 million) | Reais | 270.9 | 10.12.2004 | 10.12.2007 |
| USCP | US\$ | 300.0 | 14.6.2004 | 13.6.2005 |
| Securitization MT 100 - Series 2003-1 - Fixed - (*) | US\$ | 200.0 | 20.8.2003 | 20.8.2010 |
| Securitization MT 100 - Series 2003-2 - Floating - (*) | US\$ | 200.0 | 20.8.2003 | 20.8.2010 |
| Securitization MT 100 - Series 2004-1 - Fixed - (*) | US\$ | 100.0 | 28.7.2004 | 20.8.2012 |
| Subordinated Debt | US\$ | 150.0 | 17.12.2001 | 15.12.2011 |
| Subordinated Debt (US\$ 133.2 million) | Yen | 17,500.0 | 25.4.2002 | 17.4.2012 |
| Subordinated Debt | US\$ | 500.0 | 24.10.2003 | 24.10.2013 |
| FIRN | US\$ | 125.0 | 11.12.2004 | 11.12.2014 |
| Subordinated Debt (US\$ 275.9 million) | Euro | 225.0 | 15.4.2004 | 15.4.2014 |

Total equivalent amount in US\$:

| | | |
|-----------------------|-------------|----------------|
| Public issues | US\$ | 2,631.7 |
| Private issues | US\$ | 363.7 |
| Total | US\$ | 2,995.4 |

(*) International Diversified Payment Rights Company.

The Bradesco Organization had the following programs in December 2004:

| Type | Currency | Million |
|-----------------|-------------|----------------|
| Euro CD Program | US\$ | 1,000.0 |
| MTN Program | US\$ | 2,500.0 |
| USCP | US\$ | 300.0 |
| Total | US\$ | 3,800.0 |

Capital Market

Underwriting Transactions

In 2004, Bradesco coordinated important transactions with shares, debentures and promissory notes which totaled R\$ 12.488 billion, comprising 59.45% of all issues registered at the Brazilian Securities Commission (CVM).

Transactions with shares, comprised the following: public offer of primary market shares of Braskem S.A., in the amount of R\$ 1.105 billion and of CPFL Energia S.A., in the amount of R\$ 940.0 million, of Bradespar S.A., in the amount of R\$ 1.044 billion, as well as a public offer of secondary market shares of Weg S.A., in the total amount of R\$ 320 million. Among fixed income transactions we highlight the following public offers of debentures: of Braskem S.A. in the amount of R\$ 1.200 billion; of Suzano Bahia Sul Papel e Celulose, in the amount of R\$ 500.0 million; of Telecomunicações de São Paulo S.A. - Telesp, in the amount of R\$ 1.500 billion; of Klabin S.A., in the amount of R\$ 314.0 million and also the public offering of promissory notes of Empresa Brasileira de Telecomunicações S.A.- Embratel, in the total amount of R\$ 1.000 billion.

% Share of Transactions

(*) Primary and secondary issues.

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Of the total number of floating and fixed-return transactions registered at CVM up to December 2004, Bradesco participated in 47% of primary and secondary share issues, in 37% of debenture issues and in 60% of promissory notes issues.

Mergers, Acquisitions, Project Finance, Corporate Reorganization and Privatizations

In March 2004, ANBID published its Mergers & Acquisitions Ranking for 2003 in which Bradesco was rated segment leader for the 2nd consecutive year in number of transactions, with completion of a total of 8 operations.

ANBID Mergers & Acquisitions Ranking - December 2003

Ranking - number of operations

| Consultants | Ranking | Operations |
|--------------------|----------------|-------------------|
| Bradesco | 1st | 8 |
| JP Morgan | 1st | 8 |
| Unibanco | 1st | 8 |
| Citigroup | 4th | 6 |

Continuing this trend, in 2004, Bradesco signed 4 new powers of attorney, increasing its activity in the Financial Advisory Service and Merger/Acquisition segments.

Among these, we highlight the contract entered into by Bradesco and the Interamerican Development Bank - BID, for structuring an Investment Fund, designed to obtain US\$ 500.0 million for investments in infrastructure.

Bradesco's presence is also notable in Project Finance operations, where it obtained two new powers of attorney and continues to act as a financial advisor to major corporations operating in electric power generation and co-related projects, as well as in the structuring of the corresponding financings.

Structured Transactions

The Structured Transactions Area is responsible for the following:

- Development of structures used to segregate credit risks, through Special Purpose Entities (SPEs), Credit Acquisitions, Credit Assignment Funds (FIDCs) and Certificates of Real Estate Receivables (CRIs).
- Structuring of properly protected medium and long-term financings based on pre-defined cash flows pursuant to specific covenants and guarantees which minimize the risks of each transaction.
- Development of structured solutions designed to meet the specific needs of companies, such as: decreased use of working capital, increased liquidity, optimization of financial and tax costs, compliance with legal technical limits/financial covenants, sale of permanent assets and structured financings.
- Coordination of loan syndication processes, including the lengthening of refinanceable debts, structured by the Bank or third parties.

Collection and Tax and Utility Collections

Cash Management

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

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

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In particular, we highlight the new Government Authority area, which is designed to provide a specialized service to federal, state and municipal organs, identifying business opportunities and structuring customized solutions, through a specific internet portal (www.bradescopoderpublico.com.br).

Among the key product and service solutions deployed by Bradesco, we highlight the following:

Receipt Solutions

Bradesco Online Collection

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

Tax and Utility Collections

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

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

Payment Solutions

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

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

In 2004, an amount of R\$ 401.5 billion was recorded for 111.1 million payment transactions, facilitating the management of Trade Accounts Payable for more than 288 thousand companies.

| | In billions of reais | | | | | |
|---------------------------------------|----------------------|--------------|----------------------------|--------------|--------------|----------------------------|
| | 2003 | | | 2004 | | |
| | 3rd Qtr. | 4th Qtr. | Accumulated to December | 3rd Qtr. | 4th Qtr. | Accumulated to December |
| Receipt solutions (1) | 174.2 | 193.5 | 695.0 | 209.2 | 230.3 | 812.5 |
| Payment solutions | 71.7 | 96.7 | 302.1 | 104.9 | 114.3 | 401.5 |
| Total | 245.9 | 290.2 | 997.1 | 314.1 | 344.6 | 1,214.0 |
| Taxes | | | | | | |
| Water, electricity, telephone and gas | 20.6 | 23.8 | 82.6 | 25.5 | 25.7 | 98.7 |
| Social security payments | 4.1 | 4.6 | 16.1 | 4.9 | 5.3 | 19.4 |
| Total public sector (*) | 4.4 | 6.4 | 17.8 | 5.3 | 7.2 | 22.7 |
| | 29.1 | 34.8 | 116.5 | 35.7 | 38.2 | 140.8 |

Number of transactions - Million

2003

2004

| | 3rd Qtr. | 4th Qtr. | Accumulated to December | 3rd Qtr. | 4th Qtr. | Accumulated to December |
|---------------------------------------|--------------|--------------|----------------------------|--------------|--------------|----------------------------|
| Receipt solutions (1) | 177.9 | 210.9 | 729.9 | 215.6 | 230.6 | 854.1 |
| Payment solutions | 19.7 | 25.6 | 80.5 | 29.2 | 31.0 | 111.1 |
| Total | | | | | | |
| Taxes | 197.6 | 236.5 | 810.4 | 244.8 | 261.6 | 965.2 |
| Water, electricity, telephone and gas | 15.7 | 15.3 | 61.3 | 18.4 | 16.7 | 72.0 |
| Social security payments (2) | 29.9 | 31.1 | 116.9 | 33.4 | 35.0 | 131.7 |
| Total public sector (*) | 11.3 | 12.0 | 43.2 | 10.7 | 11.4 | 44.4 |
| | 56.9 | 58.4 | 221.4 | 62.5 | 63.1 | 248.1 |

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

(2) Total beneficiaries: more than 4.443 million retirees and pensioners (corresponding to 19.52% of all those registered with the Brazilian Institute of Social Security - (INSS)).

(*) Also includes privatized public utility service concessionaires

N.B Payment via automatic debit

49.165 million - January to December 2003

50.683 million - January to December 2004

Growth - Receipt and Payment Solutions

Public Sector Growth

Bookkeeping of Assets and Qualified Custody Services

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

Growth

Growth in the Qualified Custody area was continuous in 2004, with the securing of new customers and investments in new products (Funds for Receivables) contributing to a total year-end volume of R\$ 141,2 billion. Among the most important new customers, we highlight Fundação Petrobras de Seguridade Social - Petros, Brazil's second largest pension fund in volume of assets, with more than 90 thousand participants, distributed between various sponsoring entities.

Improved Customer Service

Through Internet Banking and ShopInvest, all Bradesco stockholders who are also checking account holders can consult their equity positions (stocks, quota units, debentures and BDR). This system permits consultation of share positions regardless of whether the shares were issued by Bradesco or by any other company integrating the Bradesco Computer-registered Share system, as well as access to assets registered at the Bradesco Financial Depository Institution or Brazilian Financial Clearance and Custody Company (CBLIC).

We present below the main indicators for the final quarter of 2004:

Bookkeeping of Assets

164 companies comprise the Bradesco computer-registered share system, with 2.5 million shareholders.

39 companies comprise the Bradesco computer-registered debenture system with a market value of R\$ 18.2 billion.

17 investment funds comprise the Bradesco computer-registered quota system, with a market value of R\$ 1.1 billion.

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2 registered BDR Programs, with a market value of R\$ 247.7 million.
Custody and Controllership

R\$ 141.2 billion in assets under custody for customers who use the Bradesco Custody services (Funds, Portfolios, DR and Funds for Receivables).

R\$ 225.3 billion comprises the total equity of the 647 investment funds and managed portfolios using the Bradesco Controllership services.

9 registered DR Programs, with a market value of R\$ 30.4 billion
Assets under Custody - In billions of reais

Business Processes

Alô Bradesco (Hello Bradesco)

The Hello Bradesco service, a direct and open channel with users of the Bank's different sectors, facilitates the improvement of customer relations through the suggestions and complaints received in relation to the Organization's products and services. From its creation, prior even to the introduction of the Brazilian Consumer Protection Code, this service has proved to be an instrument of important strategic value, as a result of its transparency, capacity to detect trends and conciliate interests, anticipating solutions in line with the constantly evolving market.

NBR ISO 9001:2000 Quality Certificate

The Bradesco Organization ended the year with 81 Products and Services certified by this high-level distinction, confirming the Bank's commitment to assuring ongoing ease and convenience for its customers and users.

Methodology for Mapping Processes

This methodology is designed to map the processes carried out by the Organization's different departments on a stage-by-stage basis which, in conjunction with the information on related products, services and activities, ensures that these processes are effectively analyzed in the pursuit for ongoing improvement, as well as providing the documentation required by the Internal Controls and Compliance System, the Bradesco Quality Management System based on the NBR ISO 9001:2000, the Activity-Based Costing System - ABC and Section 404 of the Sarbanes-Oxley Act.

Activity-Based Costing - ABC

Designed to support the Bank in its actions to improve processes and optimize production resources, practices recommended for decreasing costs, Bradesco adopts the Activity-Based Costing System - ABC which measures the cost and performance of its activities, resources and cost centers.

A thorough knowledge of the Bank's activities, as well as the correct measurement of the resources consumed by these activities, permit a more accurate analysis of the cost/benefit ratio of each of the Organization's productive processes and results centers.

We stress that as a result of the application of activity-based costing, the Bank is now meeting the following targets: improved allocation of costs to products, channels and customers; information for supporting studies on which the structuring and negotiation of bank charges are based; product, unit and customer profitability systems support; support for studies concerning outsourcing, incorporations and equipment sharing, as well as support for cost rationalization studies.

Activity-Based Management Program

The Bank has commenced implementation of Activity-Based Management, seeking to exploit the potential benefits of this cost management model which will rapidly lead to the prevention of costs and a pro-active approach regarding the identification of opportunities.

Accordingly, as processes are improved, operating performance can be seamlessly integrated with Bradesco's strategic objectives, designed to create and/or sustain the Bank's competitive advantages and add value both for customers and stockholders.

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The future mission of Activity-Based Management is to provide permanent support to the planning and control of the Bank's business processes, ensuring that tactical and operational issues are continually improved, as well as supporting their strategic gearing.

Integrated Management System - ERP

For purposes of providing permanent and appropriate support for its operations and in the pursuit of improved results, as well as extending its capacity to manage the Organization's resources, Bradesco adopts one of the most modern concepts for integrating organizational processes, using SAP's Integrated Management System solution mySAP Business Suite.

The implementation of this system represents an innovation in the treatment of the value chain supporting Bradesco's financial industry, through the adoption of an approach which is focused on processes, people, organizational structure and technology.

Initially, the system will integrate processes in the Human Resources, Training, Purchases, Accounts Payable, and Property and Equipment areas, as well as the Accounting processes on which they are based. The areas integrated through this technology will be able to renew processes and review organizational structures and some 74 thousand system users will be trained via in-class training and distance learning.

As a result of the implementation of the Integrated Management System, Bradesco will benefit most from the organization and standardization of the processes carried out in different areas, secure data processing, increased productivity and agile decision making, as well as decreased operating costs. These factors are crucial for the Organization's growth, especially in view of current financial area competition, prompting us to pursue increasingly effective management methods designed to ensure that all of Bradesco's business potential is properly leveraged.

Expenditure Appraisal Committee

In the pursuit of enhanced cost control and the adoption of strategies, policies and measures designed to restrain expenditure, in March 2004, Bradesco created the Expenditure Appraisal Committee, responsible for monitoring administrative and personnel expenses, as well as expenditure with capitalization, analyzing their origin with the related areas, seeking to obtain a maximum cost/benefit ratio.

The Committee, in sync with good Corporate Governance practices, is an important tool, as a result of its permanent activity and capacity to anticipate events, for improving and enhancing processes, capable of carrying out an in-depth analysis of Bradesco's costs, from all standpoints and producing savings which reflect positively on the Organization's results.

Corporate Governance

Bradesco's adherence to best corporate governance practices has placed greater emphasis on the Bank's efforts to improve internal controls and introduced strict standards of professional conduct. The efforts made to ensure that we are continually perceived as a secure, reliable and dynamic institution are reflected throughout our activity sectors, enhancing our relations and transparency with investors and, at the same time, providing incentives to directors to ensure that their decisions are based on the best interests of the Institution and stockholders, as well as consolidating our positive market image.

The results recorded to date reveal that we are achieving these goals, both in operating efficiency and in the Institution's increasing capacity to raise funds at home and abroad.

Bradesco has always sought to mark its presence through actions designed to strengthen the capital market. As part of its pioneer strategy, its shares were listed in the Brazilian stock exchange in 1946, just three years after its foundation, notwithstanding the fact that its operations were limited to the State of São Paulo.

From June 1997, it has been listed in the New York Stock Exchange (NYSE) for ADR Level I trading and from November 2001 for Level II.

In Spain, non-voting shares are traded in the Madrid Stock Exchange (Latibex) since February 2001.

From June 2001, Bradesco shares are included in BOVESPA's Level 1 Corporate Governance index, evidencing its commitment to add shareholder value, through the use of instruments designed to increase the liquidity of its shares.

Since Bradesco's shares are traded in foreign stock exchanges, the Bank also prepares its financial statements in accordance with internationally accepted US accounting principles (US-GAAP).

During the year, no non-audit services were contracted by the Bradesco Organization or provided by KPMG Auditores Independentes for an amount which exceeds 5% of the total external audit costs. This policy complies with internationally accepted principles designed to maintain

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the independence of external auditors Each external audit is contracted for a maximum five-year period pursuant to Brazilian Central Bank requirements.

At the Ordinary General Meeting of March 10, 2004, approval was given to maintain the Fiscal Council comprising 3 full members and 3 alternates, with terms through 2005, with one full member and his/her alternate elected from among the non-voting stockholders.

Other important initiatives reaffirm the commitment of the Bradesco Organization to adhere to best corporate governance practices, such as:

Tag-along rights were incorporated into the by-laws, ensuring that, in the event of the sale of the controlling interest, 100% of the price paid per share to the controlling stockholders will also be paid to minority stockholders, and 80% of such price to non-voting stockholders.

2 members of the Board of Directors are indicated by the minority stockholders.

Increased transparency of market information, with disclosures in 3 languages (Portuguese, English and Spanish).

Influenced by the Sarbanes-Oxley Act (SARBOX) we enhanced our internal controls and market information disclosure procedures and introduced a code of corporate ethics, code of business sector ethics for the accounting and financial management areas and a code of business sector ethics for units relating to the administration and management of third-party services and the provision of custody and controllership services, which are applicable to all staff involved in these activity areas and based on which they declare themselves to be personally liable for the effectiveness of all related controls and disclosure procedures.

Executive Committee for Ethical Conduct, responsible for monitoring the application of the provisions of the Corporate and Setorial Codes of Ethics, establishing actions focused on disclosure, disseminating and promoting adherence to their content and assessing and establishing applicable sanctions in the event of infringements, to ensure that these codes are effective.

Audit Committee, comprising 3 members, two of whom are non-board members, whose role is to advise the Board of Directors with respect to their duties relating to the monitoring of the accounting policies used to prepare the financial statements of the Institution and its subsidiaries and to indicate and appraise the efficacy of the independent auditors.

Compliance and Internal Controls Committee, whose role it is to advise the Board of Directors with respect to their duties relating to the adoption of strategies, policies and measures used to disseminate the internal controls culture, risk mitigation and compliance with legislation applicable to the Organization.

Remuneration Committee, whose role it is to submit to the Board of Directors proposals for policies and guidelines used to remunerate the Bank's Executive Directors, based on the performance targets established by the Board.

Disclosure Committee, responsible for establishing the Disclosure Policy for Significant Acts or Facts, ensuring control, consistency, quality and transparency in the disclosure of information.

Expenditure Assessment Committee whose role it is to advise the Board with respect to the monitoring and control of costs and the adoption of strategies, policies and measures focused on the contentment of expenditure of the Bradesco Organization companies.

Adherence by Bradesco to the Equator Principles, based on a combination of environmental and social screening policies, developed by the International Finance Corporation (IFC), an arm of the World Bank, for compliance when financing projects of amounts in excess of US\$ 50 million.

By adhering to these principles, Bradesco believes that society as a whole will benefit, since the Bank will be consolidating the management of its exposure to the risks related to these projects and its pro-active involvement in environmental and social issues.

Agenda of corporate events, published on the Bank's website containing the dates of the main corporate events.

Disclosure Policy for Significant Acts or Facts and Securities Trading to be complied with by all directors and managers.

Dividend distribution policy

Pursuant to Bradesco's by-laws, stockholders are entitled to a yearly dividend and/or interest attributed to own capital of at least 30% of the corresponding adjusted net income.

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The policy adopted by the Bank to remunerate stockholders through the payment of interest attributed to own capital in the maximum amount, calculated based on the legislation in force, is designed to add shareholder value through increased investor yields.

In recent years, the following amounts were paid: R\$ 849 million in 2001 (41.17% of adjusted net income), R\$ 947 million in 2002 (49.28% of adjusted net income), R\$ 1,347 billion in 2003 (61.48% of adjusted net income) and R\$ 1.325 billion in 2004 (43.3% of adjusted net income).

Recognition

Bradesco was recognized as the Bank that pays the largest dividends out of all institutions in the banking sector and the third largest out of all companies in Brazil over the last 10 years, according to an unprecedented study prepared by the consulting firm Lafis. Moreover, Bradesco was also ranked leader in dividend yield, in the banking sector of 8 Latam countries and the U.S.A., based on an analysis carried out by the consultancy Economática.

A number of specialized publications also highlighted the Bank's excellence in the administration of funds. Bradesco was considered the best investment manager in Brazil, according to the personal investment guide for 2005 Guia Você S/A de Investimentos Pessoais. The Bank was also rated best investment fund manager in the ranking prepared by the Invest Tracker Estadão - Melhores Gestores. For the third time running, Bradesco was also ranked best fund manager in Brazil, by the Guia Exame Best Investment Fund Guide. In addition, BRAM - Bradesco Asset Management received the maximum rating from Moody's, one of the world's most important risk rating agencies, with an "Aaa (MQ)" in Management Quality.

Bradesco also received triple recognition in the poll carried out by Gazeta Mercantil/Consultoria Austin Rating and published in the special Financial Report edition of Gazeta Mercantil newspaper, as Best Retail Sector Bank, Best Private Pension Fund Company and Best Insurance Company in the Auto Line.

For the second time, the Bank was given the Quality in Banks award by the Banco Hoje magazine, as the financial institution which provides the best customer service in Brazil.

Bradesco was also ranked third in the list of most capitalized Latam banks (Tier One Capital), according to a study organized by the British magazine The Banker.

The Bank was rated leader out of Latin America's 100 Largest Private Financial Institutions according to the Latin Trade magazine, a specialized Latam financial sector publication.

Another important distinction was given in the traditional ranking prepared by the US magazine Fortune Global 500, which listed Bradesco as the only Brazilian private-sector institution among the world's 500 largest banks.

The Bank was also ranked first among Brazilian banks for its customer service quality, based on research into the image of banks, conducted by the América Economia.

In the study carried out to reveal the Best People Management Company organized by the Valor Carreira magazine, published by the Valor Econômico newspaper, with technical support from the Hay Group, Bradesco was ranked leader in the category of companies with more than 15 thousand employees.

Bradesco was ranked for the 5th time in Guia Exame's - 150 Best Companies in which to Work guide and for the second year running among the 50 Best Companies for Women Employees. This recognition is the result of a study carried out by the Exame-Você S/A magazines in partnership with the consultancy Great Place to Work Institute.

Leader for the sixth consecutive year out of a list of Brazil's 100 largest private business groups, according to Exame magazine's biggest and best guide for 2004, Guia Melhores e Maiores. Out of the 50 largest insurance companies by premium, Bradesco Vida e Previdência assumed first place, according to the same publication.

Bradesco was also Brazil's private-sector bank with the best recall, according to a study prepared by the Datafolha Institute for the Top of Mind award given by the Folha de S.Paulo newspaper, which rates the brand names with most value for consumers. Bradesco Seguros e Previdência was the brand name with the best recall in the insurance area.

6 Social Responsibility

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Human Resources

Bradesco offers its staff the opportunity to continually develop their professional careers in a healthy and ethical work environment, where the Bank's commitments and objectives are clearly defined. The Organization regards its staff very highly and adopts the management policy of encouraging its people to seek promotion at all hierarchical levels. A customary saying at Bradesco is "Everyone can make it". One of our Organization's most outstanding business features is as the saying goes that "You can build your career at Bradesco". Our closed-career policy, whereby the majority of our employees are admitted at apprentice level or following the acquisition of other banks, means that all in-house job vacancies are filled from our own ranks. This policy requires substantial investments in on-line or in-class staff training and provides our employees with the opportunity to develop their careers, through agile, extensive and permanent capacity building programs.

We are present both nationwide and in a number of countries abroad and our employees are given the chance to work in a number of different environments, in different operating and territorial areas.

Bradesco has a commitment to respect cultural and ethnic diversity which is considered a strategic factor for the good performance of a Bank which is present in almost all of Brazil's towns and villages.

Best Place in which to Work

Bradesco was listed for the fifth time the prestigious Guia Exame-Você S/A guide – The Best Companies in which to Work, based on a study carried out by the Exame and Você S/A magazines in partnership with the consulting firm Great Place to Work Institute. As well as being ranked among the 150 best companies in which to work in Brazil, Bradesco was also rated among the 50 best companies for women for the second consecutive year.

This Guide is considered the best and most comprehensive study on the workplace environment in Brazil and involved the participation of 460 companies. The study assessed the working environment of all these companies, as well as elements such as benefits, remuneration, professional development opportunities, ethics, citizenship values and social responsibility. Some 900 employees were selected by the researchers to take part in the survey.

In 2004, Bradesco was also highlighted in the list of "Best People Management Companies" organized by the Hay Group and published in the Valor Carreira yearbook, distributed by the Valor Econômico newspaper. According to this survey, based on interviews with 2,051 employees who were asked to assign scores to various statements about the workplace. Bradesco was rated first place in the category for companies with more than 15 thousand workers. Some 250 companies took part in this survey.

People Management

This area, created in 2003, is designed to integrate a complete map of the Organization's human capital, with current HR policy and to introduce innovations in internal relations, through the development of leaders in people management.

The program is already used in the inspection, card, loans and financing systems development departments and in the Prime, Bradesco Empresas (middle market) and Retail segments and in the latter at three regional offices, facilitating the profile appraisal of more than 2,650 employees.

Based on this knowledge, leaders and employees are able to share actions focused on improving their performance and relationships, as well as establishing goals designed to improve their key skills.

Workplace Health and Safety Policies

Bradesco adopts preventive measures in the Occupational Health field, through information and guidance programs focusing employees. The related campaigns are disseminated through information bulletins, brochures and articles published in the Bank's Interação magazine and during the Week for Workplace Accident Prevention - SIPAT.

The Interação magazine publishes periodically health and behavior tips, designed to promote awareness among employees as regards preventive measures for improving life quality.

In 2004, the issues addressed included: chemical dependence, (alcoholism/drugs), RSI/WRMD (Repetitive Stress Injury/Work-related Musculoskeletal Disorders), smoking, diabetes, STD/AIDS (Sexually Transmitted Diseases/Acquired Immuno-deficiency Syndrome) and high blood pressure.

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During the Accident Prevention Week, held every year at locations where CIPA Internal Accident Prevention Committees have been formed by bank employees, important issues addressing health and safety in the workplace were on the agenda in 2004 and brochures on Fire Prevention and Combat were distributed to all the Bradesco Organization employees.

AIDS prevention and care in the workplace: Bradesco maintained its active role, in 2004, as member of the National Business Council - CEN, associated with the Ministry of Health and which is designed to promote actions in the workplace to control and manage this syndrome.

The quality of the furniture, machinery and equipment used by employees is based on the guidelines contained in the Ergonomic Workplace Analysis designed to reduce physical effort and discomfort and correct harmful posture.

Another focal point concerns life quality, ie, establish the equilibrium between the employee's personal and professional life. We are permanently alert to the number of normal and overtime hours worked by our staff, guaranteeing that employees have time for their personal commitments and leisure.

Winding Down Room: the Bank offers its call center staff at the Santa Cecília building, a room for winding down, which is designed to offer a comfortable environment and extra emotional support. The room is completely different to the other Organization environments and is equipped with furniture and apparatus to assist relaxation and soften the impact of the operators' day-to-day activities in and out of the call center. The room is open to all area employees in the event of situations of conflict or psychological and emotional necessities.

Benefits

As well as legally established benefits, Bradesco employees also have access to a series of benefits designed to guarantee their future and improve their life quality.

Supplementary retirement pension plan: contracted with Bradesco Vida e Previdência, to which the Bank contributes 50% of the monthly installments (including the 13th salary). The plan provides coverage to the retiree, the retiree or participant's widow or widower and their children under the age of 21 (or up to the age of 24 if still studying at university).

Health and dental care insurance: Bradesco employees and their dependents have access to healthcare plans paid for in full by the Bank. This insurance includes treatment for AIDS (with reimbursement of expenses for medical prescriptions), kidney dialysis, organ transplants, as well as alternative treatments using acupuncture, homeopathy and physiotherapy, among others. The dental care plan includes preventive and surgical treatment, oral rehabilitation, child dentistry, endodontics, periodontology and prosthodontics.

In 2004, there were 3,427,202 medical/hospital consultations and 725,049 dental consultations.

Influenza jab campaign: 43,544 employees received the jab free of charge and 7,641 of their dependents were vaccinated at subsidized rates.

Social service and psychological assistance: in situations of emergency and special needs, the Bank offers social and psychological assistance to its employees and their dependents. Assistance is given in diverse situations, such as in the event of serious illness, accidents, decease in the family and the need for special loans. This initiative demonstrates Bradesco's concern with the well-being of its staff and in the event of personal problems.

Other Voluntary Benefits

All employees receive daily snacks free of charge.

All Bradesco employees have access to group life and group personal accident insurance policies.

Loans at subsidized rates for the purchase of house, automobiles, computers and personal expenses.

Medical and dental care insurance, as well as an allowance for creche/childcare, with no limit for employees with disabled children.

Social Inclusion

Youth apprenticeship program: launched in 2004, this is another Bradesco initiative focused on social inclusion, designed to qualify young people in Financial System services. The project which is based on Law 10097, of December 19, 2000, is carried out in partnership with the Bradesco Foundation. Over a period of 2 years, the time during which they will be working at Bradesco, these young people are given the opportunity to complement the knowledge they acquired at school, participating in the Organization's daily activities. As a result, this program is

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a rare opportunity for young people to gain experience and preparation for the employment market and to develop their professional skills.

This project creates future prospects for these young people, seeking to transform their personal and social reality. At present, Bradesco has 400 young people on its apprenticeship program and expects to double this number thru 2006.

Equal opportunity for the disabled: from 2002, the Bank is a member of the special Work Group, coordinated by Fenaban (National Federation of Banks), which provides professional training courses for disabled people. In 2004, designed to optimize the opportunities for hiring ex-course participants, still unemployed, the Bank offered top-up courses for former students and in December 2004, concluded a program with 212 disabled people in the states of São Paulo, Rio de Janeiro, Paraná and Minas Gerais.

Designed to increase the number of disabled people hired by Bradesco, partnerships have been entered into with specialized institutions, such as the Association for Assistance to Disabled Children - AACD and the Solidarity Center for Workers in Osasco.

At December 31, 2004, Bradesco's employees, including staff at the subsidiaries, totaled 73,644.

The following table presents the variation in the Bradesco headcount:

| | December | | | | 2004 | | | |
|--------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | 2000 | 2001 | 2002 | 2003 | March | June | September | December |
| Banco Bradesco | 49,177 | 51,633 | 53,732 | 59,430 | 63,362 | 62,245 | 61,934 | 62,013 |
| Subsidiaries | 6,575 | 6,943 | 8,729 | 9,407 | 10,649 | 10,601 | 10,429 | 11,631 |
| Subtotal Bradesco | 55,752 | 58,576 | 62,461 | 68,837 | 74,011 | 72,846 | 72,363 | 73,644 |
| Banco BCN | 4,780 | 5,857 | 6,105 | 5,203 | - | - | - | - |
| Subsidiaries | 1,172 | 1,280 | 1,504 | 1,741 | - | - | - | - |
| Subtotal BCN | 5,952 | 7,137 | 7,609 | 6,944 | - | - | - | - |
| Banco Baneb | 2,514 | - | - | - | - | - | - | - |
| Subsidiaries | - | - | - | - | - | - | - | - |
| Subtotal Baneb | 2,514 | - | - | - | - | - | - | - |
| Banco Boavista | 1,564 | - | - | - | - | - | - | - |
| Subsidiaries | 22 | - | - | - | - | - | - | - |
| Subtotal Boavista | 1,586 | - | - | - | - | - | - | - |
| Banco Mercantil | - | - | 3,970 | - | - | - | - | - |
| Subsidiaries | - | - | 353 | - | - | - | - | - |
| Subtotal Mercantil | - | - | 4,323 | - | - | - | - | - |
| Total not including BEM/Zogbi | 65,804 | 65,713 | 74,393 | 75,781 | 74,011 | 72,846 | 72,363 | 73,644 |
| Banco BEM | - | - | - | - | 502 | 488 | 468 | - |
| Subsidiaries | - | - | - | - | 80 | 6 | - | - |
| Subtotal BEM | - | - | - | - | 582 | 494 | 468 | - |
| Banco Zogbi | - | - | - | - | 83 | 3 | 3 | - |
| Subsidiaries | - | - | - | - | 1,514 | 1,441 | 1,393 | - |

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| | | | | | | | | |
|-----------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Subtotal Zogbi | - | - | - | - | 1,597 | 1,444 | 1,396 | - |
| Total | 65,804 | 65,713 | 74,393 | 75,781 | 76,190 | 74,784 | 74,227 | 73,644 |

Human Resources December 2004

| By Age | By Gender | By Educational Background | By Years of Service with Bradesco | By Managerial Position |
|---------------------|------------------|----------------------------------|--|-------------------------------|
| Younger than 30 44% | | | Less than 5 years 40% | |
| From 31 to 40 38% | Men 54% | High School 30% | From 6 to 10 years 12% | Non-managerial 53% |
| From 41 to 50 16% | Women 46% | University 69% | From 11 to 20 years 37% | Managerial 47% |
| Older than 50 2% | | Other 1% | More than 20 years 11% | |

Personnel Expenses

Bradesco's accumulated personnel expenses totaled R\$ 4,969 million at December 31, 2004, including expenses for remuneration, social charges, benefits, training, employee profit sharing and others.

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

Composition of Personnel Expenses - December 2004

Personnel Expenses by Business Segment - December 2004

Training

The Staff Training Department has created and provides specific professional capacity building and enhancement programs providing employees with technical knowledge and behavioral skills, which are in sync with the Organization's needs and market requirements.

Designed to provide ongoing improvement and quality staff training activities, this area is ISO 9001:2000 certified, guaranteeing that course requests are approved and that employees are satisfied with the programs offered and that training activities are efficient.

The desire to offer tools which permit employee self-development Organization-wide, prompted Bradesco to implement online training in January 2000. This system, called TreiNet, offers 31 courses with 367,654 employee participations. In 2004, 6 more technical and 10 behavioral programs were made available.

In order to comply with related legislation, joint actions with the marketing area were required to promote internal-marketing campaigns encouraging staff to participate in courses covering money laundering prevention and internal controls via TreiNet. In addition, written material was distributed to all staff and 4 specific training films in video widely shown.

In compliance with Resolution 3158/03, of the National Monetary Council, preparatory programs for the compulsory Investment Product Certification Exam, were implemented by the Bank. These programs are specifically designed for our specialists in investments responsible for providing investment advice in the branch network and to institutional investors. Some 4,100 of our professionals have successfully sat this exam to date.

Through important partnerships entered into with Consulting Firms, Universities and Business Schools, such as USP, FGV and IBMEC, the Bank has qualified its professionals to operate in the various Organization segments, such Bradesco Empresas (middle market), Corporate and Private Banking and Prime.

In 2004, the Insurance Universe UNIVERSEG was launched in partnership by the Human Resources and Marketing departments of Bradesco Seguros e Previdência, for brokers selling the companies' products. Courses are offered in-class or online, via TreiNetSeg, TreiNetPrev and

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TreiNetCapi with specific courses for the Insurance, Private Pension Plan and Savings Bond areas.

For purposes of training our branch employees in new retail strategies, we created the Bradesco Strategic Management program which addresses, among others, business opportunity potential in the Bank's different regional activity areas, as well as the planning of actions designed to increase results, through the related sales of products and services, involving Regional and Branch Managers. In addition, we have developed a Retail Credit program, in partnership with SEBRAE, designed to qualify account managers, who attend corporate customers, in the granting of credit for micro and small businesses.

In 1996, in partnership with educational institutions such as FIA, FIPE, FGV and Ibmec, 1,037 of the Organization's employees obtained MBAs or other post-graduate degrees and specialization courses. In the second half of the year, a group commenced studying for the Controller-MBA, in partnership with Fipecafi, com 30 participants, from diverse areas and 3 more groups commenced their MBAs in banking business (two in-class groups and one online group) for branch managers Organization-wide and developed in partnership with FGV - São Paulo and FGV - Rio de Janeiro, with 100 participants.

In 2004, the integration of Banco BCN and Banco BEM required the implementation of further training efforts on products, services, operating systems and customer service. ZOGBI and FINASA were also merged which also demanded specific training.

During the period from January to December 2004, 1,322 courses were given in 14,968 groups, with 467,215 employee participations and a total of 4,579,950 hours spent in training, as well as investments of R\$ 52.7 million.

Increase in Employee Training Participation - Thousand Participations

Total Amount Invested in Training - In millions of reais

Sociocultural Events

Bradesco gave support to a number of different social projects throughout Brazil in 2004. These consisted of cultural, regional, sector or professional venues, including trade fairs, seminars, conventions and community events.

In commemoration of São Paulo's 450th anniversary, Bradesco was the exclusive sponsor of the "Picasso na Oca - uma retrospectiva", the largest exhibition of the Spanish genius, Picasso, to be held in Latin America. The retrospective brought 125 works of art from the Picasso Museum in Paris and attracted a visiting public of more than 900 thousand.

Bradesco also sponsored the impressionist exhibition "100 Maravilhas - Impressionismo e Referências", at the Assis Chateaubriand Museum of Art of São Paulo (Masp), with works painted by a number of the movement's principal artists, such as Renoir, Cézanne and Monet.

Bradesco was present, once again this year, as a sponsor of the Summer Festival and Carnival in Salvador (BA) Saint John's fiesta in Caruaru (PE), the VII Japan Festival in São Paulo (SP) and at the 15th Japanese-Brazilian Festival in Maringá (PR). The Bank also gave important support to agricultural expos in Ribeirão Preto (SP), Rio Verde (GO), Rondonópolis (MT), Luís Eduardo Magalhães (BA), as well as the Rural Coopavel Fair in Cascavel (PR) and the 2004 International Machinery Expo in São Paulo (SP).

Bradesco Seguros e Previdência sponsored the 2004 Christmas Tree Project, which was built in the middle of the Lagoa Rodrigo de Freitas lake in Rio de Janeiro, for the ninth year in a row. The lighting up ceremony is considered to be the third most important event in Rio de Janeiro's tourist agenda, after the Carnival and the New Year's Eve fireworks display.

In the educational area, the Bradesco Foundation, in partnership with Microsoft, Intel and Cisco, commenced installation of a number of Digital Inclusion Centers (CIDs). These are centers installed in the vicinity of schools and offer members of the local community courses in basic IT skills and online access to government services, as well as promoting citizenship values and the development of community actions through the use of technology resources. In all, 22 CIDs were opened in 2004

The Finasa Osasco senior women's volleyball team won the Ladies SuperLeague Championship for the second time in a row and their fourth consecutive title (sixth, since the team's foundation) as São Paulo State Ladies Volleyball Champion.

Social Activities: Finasa Sports Program

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The Bradesco Organization channels its support of sports activities through the FINASA Sports Program (FINASA ESPORTES), successor of the BCN Sports Program. This initiative which completed 17 years of activity in 2004, gained momentum in 1977, following its integration with Bradesco's other social projects. From that time on, the program has become a benchmark for assistance in the education of young people, using sports through the formation of womens' basketball and volleyball teams as an instrument for social inclusion. At present, 3,882 girls from 10 to 16 years of age, matriculated at school and attending classes on a regular basis are included in the program. Some 70% of these girls come from deprived backgrounds and are considered to be at social risk.

FINASA ESPORTES maintains 78 training centers, 50 for volleyball and 28 for basketball, installed on the premises of state schools, at Osasco's city hall sports centers, at the Bradesco Foundation school, at a SESI unit and at three private schools, all located in the municipality of Osasco, in Greater São Paulo. Acting in partnership with the local City Hall, the Bradesco Organization offers a full support structure which includes the supply of sports and learning materials, as well as a team of 60 professional instructors, including municipal and state coordinators and teachers.

From its creation, community integration has been the outstanding feature of this important work. The PROGRAM is designed to transform sports practice into a powerful tool for strengthening the ties with citizenship values. At the FINASA ESPORTES training centers, 2 classes every week are dedicated to counseling on various topics such as notions of hygiene, teen pregnancy, stress, drug abuse and other teen-related issues, always emphasizing the importance of team spirit. The training centers are also used to disseminate values that favor healthy living in society, including respect for others, union, dedication, persistence and excellence. Classes also stress the importance of having a positive and participative attitude, emphasizing the need to foster activities related to the recycling of materials, the rational use of water and electricity and the promotion of campaigns related to social issues, such as collecting donations in food and clothing.

The FINASA ESPORTES program shows that sports practice is much more than a way to discover vocations or create athletes, it lays the basis for the formation of citizens, who are the essence of a better country for all.

Fundação Bradesco - The Bradesco Organization's Social Arm

Background

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

Convinced that education lies at the roots of equal opportunity and personal and collective fulfillment, the Bradesco Foundation currently maintains 40 schools installed as priority in the country's most underprivileged regions, in all of Brazil's states and in the Federal District.

Objectives and Goals

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

Accordingly, the Foundation has expanded its activities yearly, increasing the number of students matriculated in its schools from 13,080 to more than 107,699 over the last twenty-four years. The Bradesco Foundation schools offer education free-of-charge at pre, junior and high school levels, as well as basic professional and technical training in IT, electronics, industry, management and agriculture and livestock raising. Distance learning is also offered as part of its Youth and Adult Basic Education Equivalency programs via Tele-education and the Virtual Classroom portal.

Areas and Methods of Action

Basic Education

Students at pre, junior (kindergarten to K9) and high school levels comprise more than 43% of all students on courses provided by the Bradesco Foundation each year. In addition to a free education, these students also receive free school materials, uniforms, meals and medical/dental.

The Bradesco Foundation is continuously rethinking contemporary learning trends and introducing new challenges in its learning practices which are specially developed for use throughout all of its school units and to promote the ongoing interchange of experiences.

The Foundation schools are designed to provide a privileged environment for exercising citizenship values and in which the students are regarded as original and creative human beings, who learn constantly through life experiences in society and at school and understand that the need to interact and reflect on the diversity of knowledge is essential.

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Through their integrated curriculum, the Foundation schools provide students with access to practical and theoretical cognitive content, based on the principle that the development process is both dialectic and constructive and that their role in knowledge building is also that of a producer of culture.

To this intent, the Bradesco Foundation offers various continuing education opportunities, including distance learning.

These resources have resulted in the compilation of diverse learning materials, including text books used thru 5k and texts on philosophy and cultural diversity for high school, use as well as other important learning support materials.

Vocational/Technical Training

Based on its commitment to offer vocational/technical training capable of guaranteeing the student's right to continually develop skills for use in his/her productive and social life, the Bradesco Foundation, in conformity with the new model of vocational/technical training effective in Brazil, structured its course curricula, taking into consideration, most importantly, the demands of both the employment market and society from a totally new perspective.

Based on professional areas, such as agriculture and livestock raising, industry (electronics) and information technology, a number of courses were developed and are offered according to the specific needs of the regional communities in which the school units are located.

The content of these courses is designed to ensure a seamless integration between the worlds of work, knowledge and citizenship for purposes of forming creative, productive and business minded citizens, as well as showing students the importance of permanent education.

Offering opportunities to students who, as a rule, come from less privileged backgrounds, to attend courses whose content will facilitate their entry or re-entry into the employment market, the Bradesco Foundation provides access to the emerging and fast-changing business world.

Basic Vocational Training

The Bradesco Foundation also offers basic vocational courses designed to increase and update the professional capacity of workers with different levels of schooling. There are more than 130 vocational courses available, with flexible programs, designed to keep students abreast of employment market reality in the following professional areas: management, personal image, (fashion and personal beauty care), industry (electrical, electronics and printing and reproduction), information technology, leisure and social development, tourism and hospitality (tourism, hotel and catering). In the farming and livestock area, the Bradesco Foundation offers courses which include artificial insemination techniques.

Youth and Adult Basic Education Equivalency Certificate

These students come from different regions but often have similar life histories and comprise in their majority, workers and housewives who were unable to attend or remain at school when they were children. At the Bradesco Foundation, they can attend adult literacy courses and study for the basic education equivalency certificate, at both elementary and high school levels, in preparation for university entry, to improve their employment prospects and most importantly to increase their knowledge.

Youth and Adult education courses are given in two segments: Youth and Adult literacy and Tele-education for Elementary and High School Equivalency.

The Tele-education courses are offered in the Foundation's own schools or on the premises of the companies that have entered into operating agreements with the Bradesco Foundation, with flexible timetables to suit the different work shifts, avoiding the need for students to travel to the school units. Another motive for the good performance is related to the investments made by the Bradesco Foundation in learning technology resources.

Attending the parents of students at 35 Bradesco Foundation schools, the adult literacy course is structured around a socio-constructive concept, whereby the student becomes an active subject in the learning process. The topics addressed during classes awake the interests and motivate learners, guaranteeing the success of the course.

The main purpose of the Bradesco Foundation is to prepare students to improve their lives, based on the acquisition of organized knowledge, since according to Bradesco philosophy education alone is capable of forming citizens who are participative and aware of their role in society.

Significant Event

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The 40th Bradesco Foundation school unit, in Jardim Conceição in the town of Osasco, SP, opened its doors on March 16, 2004, with modern facilities, capable of attending some 2000 deprived students from the local community.

Combined Community Efforts

On March 7, all the Bradesco Foundation Schools took part in "National Voluntary Action Day". More than 300 thousand people benefited from activities promoted in the leisure and entertainment, education, culture, sports, healthcare, community development and citizenship action areas.

Seven thousand volunteers were involved, including students, parents, support staff, teachers and professionals from partner organizations, providing more than 600 quality services to community members residing in the vicinity of the Foundation schools.

Designed to offer basic IT skills and online access to public services, as well as promoting citizenship values through the development of community actions, the Bradesco Foundation entered into partnerships with other high-tech companies to create a number of Digital Inclusion Centers CIDs. This project is designed to combat digital exclusion and increase access to IT resources by people living in the school neighborhoods, at facilities managed by volunteers from the local community.

High school students monitor the activities carried out as well as playing a leading role as IT facilitators. In 2004, the Bradesco Foundation opened 22 CIDs throughout Brazil, the majority linked to our school units in the following towns and villages: Cacoal (RO), Maceió (AL), São João Del Rei (MG), Ceilândia (DF), Gravataí (RS), Jabotão (PE), Paragominas (PA), Manaus (AM), João Pessoa (PB), São Luís (MA), Conceição do Araguaia (PA), Campinas (SP), Pinheiro (MA), Rosário do Sul (RS), Salvador (BA), Natal (RN), Itajubá (MG), Propriá (SE), Caucaia (CE), Cuiabá (MT), São Paulo (SP) and at the Osasco Computer Clubhouse (SP).

Opened on June 3, 2004, the Center for Educational Technology and Social Inclusion created by the Bradesco Foundation in Campinas, SP, boasts state-of-the-art hard and software technology such as the wireless communications network. The Center is designed to promote the skills of students and teachers at the Bradesco Foundation and from the public school network, as well as developing research which will be used to integrate information and communication technology with the educational process and for social inclusion.

On September 15, 2004, the Bradesco Foundation in conjunction with Intel Brazil, opened its first Computer Clubhouse, a high-tech area installed in the Social Center at Bairro Conceição, Osasco-SP, where young people from deprived backgrounds have access to technology, acquiring skills in digital arts, music CD production and digital films designed to be shown on internet websites.

Media Lab (Massachusetts Institute of Technology, Boston, Massachusetts, EUA): Bradesco sponsors the Digital Life and Digital Nations research consortium groups (of interest to the Bradesco Foundation) since 2001.

The Digital Nations is designed to address social challenges (improvements in education, health and community development) through innovative projects and the use of new technologies, empowering people to develop new opportunities and identify solutions for social problems affecting their communities. The "City We Want" and CID (Digital Inclusion Centers) projects were some of the initiatives implemented in schools and respective communities.

In 2004, the Digital Nations' annual meeting was held at the Bradesco Foundation in Campinas-SP, with the participation of more than 600 educators and technology specialists from Brasil, U.S.A. and Colombia.

Operating agreement with EMBRAPA: on October 29, 2004, an agreement was entered into for cooperation with the EMBRAPA research units covering areas relating to prospective technological developments in regional agribusiness. Educational projects are also in the pipeline designed to promote the qualification and learning of students at agricultural colleges and teachers in the technical and basic vocational training segments.

Adult Literacy program (Alfabetização Solidária): 16 towns and villages were included in this important program in 2004, all of them located in the Northeast regions of Brazil with high adult illiteracy rates. In 2004, some 9,800 Brazilians learned how to read and write in 196 classes maintained with resources provided by the Bradesco Foundation.

Accumulated investments total R\$ 9.017 million, since the partnership was formed in 1998.

TV Futura the learning channel: with 20 million viewers, 1.5 million of whom comprise directed audiences.

This partnership was entered into in 1997. Accumulated investments by the Bradesco Foundation: R\$ 11.696 million.

We highlight the programs produced in partnership with the Bradesco Foundation and which are designed to teach viewers how to earn income through skills acquired from watching TV programs, such as "Made by Hand" and "Family Corp."

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IT skills for the visually impaired: the Bradesco Foundation, as part of its strategy to facilitate IT access to all social sectors, developed a methodology to teach IT skills using Virtual Vision software, initially created to help visually impaired Bradesco customers carry out their banking business with self-sufficiency and security.

The courses are not restricted to Bradesco customers and from 1998, the program has trained more than 5 thousand visually impaired people at 32 Foundation Schools and through a number of partner entities.

Strengthening the Bradesco Foundation belief in the infinite nature of human capacity and its vast potential, this program promotes social inclusion and the development of fundamental skills required to meet everyday challenges, facilitating procedures and increasing opportunities for entering the employment market.

Prison projects - in partnership with the Roberto Marinho Foundation, the Ministry of Justice and Funap - Fundação Professor Manoel Pedro Pimentel, the Bradesco Foundation maintained its Prison Project in 2004, designed to offer formal education at 20 penitentiaries in the State of São Paulo. In 2003, more than 1000 prisoners had the opportunity of commencing or reassuming their elementary grade studies, a significant contribution to their rehabilitation and social integration.

Education for Social and Professional Inclusion: a partnership entered into with the State Foundation for Child and Youth Welfare (FEBEM) and the São Paulo State education authority. The Foundation supports this program offering a 140-hour IT course. Once qualified the young offenders receive a certificate from the Bradesco Foundation and are guaranteed employment by the education authority.

Of the 662 young people assisted by this program, 64 have already started work as IT lab monitors in the São Paulo public state school network.

Inclusion of hearing impaired children in the Basic Education System: in partnership with the Rotary Club of São Paulo. This project is designed to include hearing impaired children in the basic elementary grade education system. The project started in the Bradesco Foundation school at Jardim Conceição, in Osasco, São Paulo, attending 30 students, assisted by Brazilian sign language (LIBRIS) interpreters, ensuring that they are fully integrated with the school community. The course in LIBRIS is also offered to the parents of hearing impaired students.

Recognition in 2004

FEBRACE Brazilian Expo of Creative and Innovative Science and Engineering Projects
3rd place for the Project "Identity Recycling" at the Rio de Janeiro-RJ unit.

Prêmio Super Ecologia (Ecology Award)
Superinteressante magazine Abril Group
"Quelocan: Quelônios de Canuanã" Project in the Fauna category, as best project developed by an NGO - Escola de Canuanã-TO unit.

Concurso ao Ponto (Straight to the Point Awards)
Canal Futura and Schering do Brasil
TV Futura viewers voted for the best sexual education projects shown in programs broadcast in July and published in the Futura magazine. Out of five finalists from four states, the public voted for the project called "Self-knowledge for Self-care", submitted by the Pinheiro MA unit.

Professor Nota 10 (Best Teacher)
Fundação Victor Civita and Nova Escola magazine Abril Group
12 teachers were rated as "Nota 10", including Maria da Conceição Rodarte Paiva for the project: "How writers get their ideas" - São João del Rei unit.

Concurso de Redação para Professores (Best Teacher's Text)
Academia Brasileira de Letras (ABL) and Folha Dirigida
Maria da Conceição Rodarte Paiva's poem was ranked 9th out of 3 thousand poems submitted from all over Brazil - São João del Rei unit. Another two teachers from the Macapá and Vila Velha units were also classified among the 100 best and received their awards at the ceremony held in Rio de Janeiro. All the texts classified will be published in a special edition published by the ABL.

IV Prêmio Denatran de Educação para o Trânsito (Education on the Road)
DENATRAN National Traffic Department

1st and 3rd places in the student category for two students from the pre and junior schools at Ceilândia-DF.

3rd place in the student category for a junior-school girl from the unit at Cuiabá-MT.

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2nd and 3rd places in the student category for three students from the pre and junior schools at Maceió-AL.

The unit at Irecê-BA was also present in the Teacher category.

1st and 2nd places in the student category for two students from the junior school at Manaus-AM.

2nd and 3rd places in the student category for four students from the pre and junior school at Paragominas-PA.

3rd place in the student category for a high-school girl from the unit at Pinheiro-MA.

In the Educational Institute category the units at Ceilândia-DF and Manaus-AM were also winners.

Young Scientist of the Future Award
CNPQ, Gerdau, Eletrobrás and Fundação Roberto Marinho

3rd place for the project: "Food security and the combat against waste think global to act local" School unit at Caucaia-CE.

V Concurso Arte na Escola Cidadã (teachers)
Instituto Arte na Escola Fundação Iochpe
Project "As the world turns, so does the way we see things"
Teacher: Juliana C. Carnasciali
School unit at Osasco-SP.

47th Scientists of Tomorrow Awards
Brazilian Institute of Education, Science and Culture IBECC/ UNESCO, São Paulo Chapter.
3rd Year High School Students from the unit at João Pessoa-PB took 5 prize for the project "Physiological Quality of Bean Seeds".

National Science and Technology Fair in Peru
Peruvian Council of Science and Technology (CONCYTEC)
Participation by the school unit at Goiânia-GO with the project called "The Water We Drink".

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.

| Schools | Students |
|--|-----------------|
| Aparecida de Goiânia - GO | 2,071 |
| Bagé RS | 2,161 |
| Boa Vista - RR | 2,246 |
| Bodoquena - MS | 1,134 |
| Cacoal - RO | 2,285 |
| Campinas - SP | 4,614 |
| Canuanã - TO | 1,289 |
| Caucaia - CE | 2,386 |
| Ceilândia - DF | 3,279 |
| Cidade de Deus - Osasco, SP | |
| Unit I | 4,088 |
| Unit II | 2,808 |
| Youth and Adult Equivalency Certificate learning centers | 6,082 |
| Professional Training Centers | 6,365 |
| Conceição do Araguaia - PA | 2,280 |
| Cuiabá - MT | 2,175 |
| Feira de Santana - BA | 649 |

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| | |
|---------------------|-------|
| Garanhuns - PE | 708 |
| Gravataí RS | 3,597 |
| Irecê BA | 2,366 |
| Itajubá MG | 2,669 |
| Jaboatão PE | 2,563 |
| Jardim Conceição SP | 2,506 |
| João Pessoa PB | 2,204 |
| Laguna SC | 1,907 |
| Macapá AP | 1,993 |
| Maceió AL | 2,409 |
| Manaus AM | 3,071 |
| Marília SP | 3,719 |
| Natal RN | 2,185 |
| Paragominas PA | 2,008 |
| Paranavaí PR | 1,757 |
| Pinheiro MA | 2,264 |
| Propriá SE | 1,852 |
| Registro SP | 2,476 |
| Rio Branco AC | 2,029 |
| Rio de Janeiro RJ | 4,036 |
| Rosário do Sul RS | 1,040 |
| Salvador BA | 2,090 |
| São João Del Rei MG | 2,084 |
| São Luis MA | 2,353 |
| Teresina PI | 2,436 |
| Vila Velha ES | 2,057 |

**Basic Professional Education
Rural Area - Artificial Insemination**

| | |
|-------------------|----------------|
| Cáceres - MT | 201 |
| Campinas - SP | 141 |
| Campo Grande - MS | 243 |
| Goiânia - GO | 170 |
| Igarapé - MG | 221 |
| Ilhéus - BA | 26 |
| Uberaba - MG | 406 |
| Subtotal | 1,408 |
| Total (*) | 107,699 |

(*) Numbers for 2004.

Financing

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

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Investments in 2004

R\$ 156.6 million

Budget for 2005

R\$ 157.6 million

Courses - Grades Numbers for 2004

| | Students | % of total |
|---|----------------|---------------|
| Infant | 3,512 | 3.25 |
| Junior and Middle | 30,640 | 28.45 |
| High School and Technical/Vocational Training | 16,390 | 15.22 |
| Youth and Adult Education | 22,009 | 20.44 |
| Basic Professional Training | 35,148 | 32.64 |
| Total | 107,699 | 100.00 |

Student Profile - Base: December 2004

Increase in Student Numbers

Statement of Social Responsibility for the Years Ended 2004 and 2003

| 1) Calculation basis | 2004 (in thousands of reais) | 2003 (in thousands of reais) |
|---------------------------------|------------------------------|------------------------------|
| Net revenue (RL) ⁽¹⁾ | 11,189,231 | 10,831,978 |
| Operating income (RO) | 4,118,111 | 3,553,108 |
| Gross payroll (FPB) | 4,969,007 | 4,779,491 |

| 2) Internal social indicators | In thousands of reais | % of FPB | % of RL | In thousands of reais | % of FPB | % of RL |
|---|-----------------------|-------------|-------------|-----------------------|-------------|-------------|
| Meals | 479,336 | 9.6 | 4.3 | 396,441 | 8.3 | 3.7 |
| Compulsory social charges | 924,264 | 18.6 | 8.3 | 831,487 | 17.4 | 7.7 |
| Private pension plans | 217,755 | 4.4 | 1.9 | 302,013 | 6.3 | 2.8 |
| Healthcare insurance | 218,838 | 4.4 | 2.0 | 193,046 | 4.0 | 1.8 |
| Safety and medical care in the workplace | - | - | - | - | - | - |
| Education | - | - | - | - | - | - |
| Culture | - | - | - | - | - | - |
| Professional qualification and training | 52,681 | 1.1 | 0.5 | 61,168 | 1.3 | 0.5 |
| On-site child care and child-care benefit | 43,798 | 0.9 | 0.4 | 31,928 | 0.7 | 0.3 |
| Employee profit sharing | 182,386 | 3.7 | 1.6 | 170,579 | 3.6 | 1.6 |
| Other | 89,936 | 1.8 | 0.8 | 40,906 | 0.8 | 0.3 |
| Total - Internal social indicators | 2,208,994 | 44.5 | 19.8 | 2,027,568 | 42.4 | 18.7 |

| 3) External social indicators | In thousands of reais | % of RO | % of RL | In thousands of reais | % of RO | % of RL |
|---|-----------------------|-------------|-------------|-----------------------|-------------|-------------|
| Education | 72,378 | 1.8 | 0.7 | 61,638 | 1.7 | 0.6 |
| Culture | 10,188 | 0.2 | 0.1 | 15,146 | 0.4 | 0.1 |
| Health and basic sanitation | 3,211 | 0.1 | - | 3,019 | 0.1 | - |
| Sports | 431 | - | - | 8,547 | 0.2 | 0.1 |
| Prevention of hunger and food security | 311 | - | - | 532 | - | - |
| Other | 12,595 | 0.3 | 0.1 | 11,041 | 0.4 | 0.1 |
| Total contribution to society | 99,114 | 2.4 | 0.9 | 99,923 | 2.8 | 0.9 |
| Taxes (excluding social charges) | 2,230,743 | 54.2 | 19.9 | 1,982,963 | 55.8 | 18.3 |
| Total - External social indicators | 2,329,857 | 56.6 | 20.8 | 2,082,886 | 58.6 | 19.2 |

| 4) Environmental indicators | In thousands of reais | % of RO | % of RL | In thousands of reais | % of RO | % of RL |
|---|-----------------------|---------|---------|-----------------------|---------|---------|
| Investments related to company production/operation | - | - | - | - | - | - |
| Investments in external programs/projects | - | - | - | - | - | - |

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Total investments in environment protection

| | | |
|--|--|--|
| As regards the establishment of annual goals for minimizing waste, general production/operation consumption and the efficient use of natural resources, the company: | () has no established goals () complies (0 to 50%) () complies (51 to 75%) () complies (76 to 100%) | () has no established goals () complies (0 to 50%) () complies (51 to 75%) () complies (76 to 100%) |
|--|--|--|

5) Employee indicators

| | 2004 | 2003 |
|--|-------------|-------------|
| Employees at the end of the period | 73,644 | 75,781 |
| Admissions during the period | 5,976 | 8,436 |
| Outsourced employees | 6,477 | 7,103 |
| Trainees/interns | 391 | 363 |
| Employees older than 45 | 5,567 | 5,288 |
| Women employees | 33,918 | 34,097 |
| % of management positions held by women | 40.4 | 37.0 |
| Black employees ⁽²⁾ | 5,571 | 6,650 |
| % of management positions held by blacks | 7.1 | 7.4 |
| Disabled employees or employees with special needs | 706 | 686 |

6) Significant information regarding the level of corporate citizenship

| | 2004 | 2005 |
|---|--|---|
| Ratio between maximum and minimum salary | 20,9 | N/A |
| Total number of accidents in the workplace | 586 | Increased employee awareness regarding how to avoid accidents in the workplace. |
| The company's social and environmental projects were established by: | () directors () all employees | (x) directors and managers employees (x) all + Cipa ⁽³⁾ |
| Workplace safety and health standards were defined by: | () directors | () directors () all employees |
| As regards freedom of trade union activities, collective bargaining rights and internal employee representation, the company: | (x) does not interfere | () encourages activities and complies with OIT rules (x) does not interfere |
| Private pension plans are offered to: | () directors | () directors and managers employees (x) all employees |
| The company's profit sharing plan is distributed to: | () directors | () directors and managers employees (x) all employees |
| When selecting suppliers, the ethical, social and environmental responsibility standards adopted by the company: | () are not considered | () are suggested (x) are required |
| As regards the participation of employees in voluntary work programs, the company: | () does not interfere | () organizes and encourages participation (x) gives support |
| Total number of consumer complaints resolved: | at the company N/A | at Procon ⁽⁵⁾ N/A |
| % of complaints resolved: | at the company N/A | at Procon N/A |
| Total added value to be distributed (in thousands of reais) | 2004 : R\$ 10,207,220 | 2003 : R\$ 9,007,625 |
| Distribution of added value (DVA): | 30.9% government 13.0% stockholders | 39.1% employees 17.0% retained |
| | | 31.1% government 15.0% stockholders |
| | | 43.2% employees 10.7% retained |

7) Other information

The information contained in the Statement of Social Responsibility was reviewed by KPMG Auditores Independentes.

- (1) Net revenue (RL) corresponds to Income from Financial Intermediation.
- (2) Percentage of management positions held by women in 2003 was rectified.
- (3) Internal Accident Prevention Committee.
- (4) International Labor Organization.
- (5) Consumer Protection Agency.
- (6) N/A: Not available/applicable.

7 Independent Auditors Report

Independent auditors' report on special review of supplementary account information included in the Report on Economic and Financial Analysis and in the Statement of Social Responsibility

To
The Board of Directors and Stockholders
Banco Bradesco S.A.
Osasco - SP

We have examined, in accordance with auditing standards applied in Brazil, the financial statements of Banco Bradesco S.A. and the consolidated financial statements of Banco Bradesco S.A. and its subsidiaries for the years ended December 31, 2004 and 2003, and have issued an unqualified opinion, dated January 28, 2005.

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

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

January 28, 2005

KPMG Auditores Independentes
CRC 2SP014428/O-6

Original report in Portuguese signed by

Walter Iorio
Accountant
CRC 1SP084113/O-5

Cláudio Rogélio Sertório
Accountant
CRC 1SP212059/O-0

8 Financial Statements, Independent Auditors' Report,
Summary of the Audit Committee Report and
Report of the Fiscal Council

Banco Bradesco S.A.
Message to Stockholders

To our Stockholders,

In 2004, the Bradesco Organization continued to record important progress, strengthening its leadership positions, increasing its economies of scale, expanding its activity areas, identifying new opportunities and promoting technical improvements and the quality of service offered to its vast clientele. Not for one moment did we lose sight of our investors' legitimate expectation for results or the awareness of our role as an agent of Brazilian economic growth, our commitment to provide and expand accessible credit, without which no modern economy can thrive.

These objectives were and will continue to be met as a result of the dedicated efforts of our highly qualified and motivated staff structure, operating within a pioneer, cutting-edge technology framework, under a synergy based on market segmentation, a strategic tool which adjusts the combination of the Bank's activities to meet the specific demands of each customer.

Based on these concepts, Bradesco steers its immense Customer Service Network, present throughout Brazil. In addition to the 58 new Bradesco Branches inaugurated in 2004, the opening of 1,383 new Banco Postal post-office bank branches sets a new record in banking inclusion, facilitating access to financial products and services by innumerable individuals and companies, particularly those located in Brazil's farthest corners.

At the same time, the Bank intensified its participation in the retail loan area, in particular, microcredit and credit with installments discounted from payroll. On a wider plain, credit was used mainly for production and commerce, favoring the creation of jobs and income. As a result, the Bradesco Organization reaffirmed its strategic position in the consumer sales financing sector through the acquisition of the share control of Banco Zogbi and its subsidiaries, including Promovel.

Other events marked the year, such as the acquisition of the share control of Banco do Estado do Maranhão S.A. - BEM, whose branches were integrated with the Bradesco Network and also the authorization given to Bradesco by the Federal Reserve (FED) to operate as a financial holding company in the United States, carrying out activities in the highly competitive US market under the same conditions as local banks.

Out of the net income reported for the year, which reached the important mark of R\$ 3.060 billion, stockholders were paid interest attributed to own capital in the amount of R\$ 1.325 billion, 45.58% of adjusted net income, above the minimum dividend established in the by-laws. Total assets increased to R\$ 184.926 billion, a 5.01% increase as compared to the prior year. In addition to these good balance sheet results, we highlight the valuation of Bradesco shares in the stock exchange, with an increase of 25.76% in the Bank's market value, based on the BOVESPA index for the previous two years. This growth gains even more significance when we consider that 2/3 of the shares are owned by minority and non-voting stockholders.

The convergence of its stature and tradition places the Bradesco Organization on a level which requires impeccable ethical conduct and this requirement has prompted Management to constantly seek best corporate governance practices, improving its internal controls and establishing strict standards of professional conduct for managers and staff. The efforts made to build up our image of security, trust and dynamic action is reflected in the following results: R\$ 265.383 billion of funds obtained and managed, 15.700 million checking accounts, 34.668 million savings accounts, 46,380 million credit and debit cards, 12,766 service outlets, 21,822 ATMs, to name but the most significant. Emphasis should also be given to the important influence that the results of the Bradesco Insurance Group had on the Organization as whole.

By adhering to the Equator Principles, the Organization confirms its commitment to social and environmental responsibility, a key factor to be considered during the analysis of the larger financing projects. The need for sustainability is also included in its actions focused on the development of the communities in which it operates through its successful initiatives in the social area, especially in the educational area, witnessed in the Bradesco Foundation programs that maintain 40 Schools nationwide, installed as a priority in socially and economically deprived regions and providing education free-of-charge to more than 170 thousand students in 2005.

The Bradesco Organization will continue its line of strategic planning, consolidated over a period of 61 years of existence, with common sense and realistic and coherent goals. It will continue its project for growth based on a solid, clear and objective foundation: the securing of new

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customers with a diversified range of products and services, multiplying the number of products per customer and business, facilitating gains both in scale and synergy. Risks and costs will be constantly and strictly monitored, designed to prevent loss and maximize the efficiency with which the Bank's funds are used. The strength of the Bradesco mark will always be its greatest competitive advantage and market segmentation its path to excellent customer service.

Convinced that the future reserves even greater accomplishments, fruit of our constructive and long-lasting work, we would like to thank our stockholders and customers for their trust, support and preference and our directors, employees and other stakeholders for their efforts and dedication, factors which are inseparable from the success achieved.

Cidade de Deus, January 28, 2005

Lázaro de Mello Brandão
President of the Board of Directors

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Directors Report

We are pleased to present the financial statements for the year ended December 31, 2004 of Banco Bradesco S.A., as well as the consolidated financial statements, prepared in accordance with the requirements of Brazilian corporate legislation.

The economic environment in 2004 combined the return to growth of the Brazilian economy with the climate of increased uncertainty in the international scenario, especially regarding the price of oil and the worldwide consequences of the macroeconomic restraints in the U.S.A. Brazilian inflation was strongly impacted by a commodities price shock, requiring an immediate response by the monetary authority. Brazil's good foreign trade performance, resulting from increased growth worldwide, continued to prompt decreasing exchange volatility and as a result, growing economic activity.

Prospects for 2005 indicate that inflation will be maintained within the goals established by the Brazilian government, permitting a slow downturn in the basic interest rate for the second half of the year. GDP growth at a slightly lower level than in 2004, is expected to be pushed by domestic demand, following the projected increase in income. Even though exports are forecast to grow at more modest rates, a robust trade balance is expected. In turn, credit activity should register a good performance in 2005, as well as a gradual improvement in the quality of the loan portfolios, in line with decreasing unemployment, wage recovery and renewed business momentum.

Among the important events for the year at the Bradesco Organization, we highlight the following:

- Authorization from the Federal Reserve (FED) giving permission for Bradesco to operate as a Financial Holding Company in the United States, carrying out financial activities in the highly competitive U.S. market under the same conditions as local banks.
- Acquisition on February 10, of the share control of Banco do Estado do Maranhão - BEM, which had total assets of R\$766 million and a network of 76 Branches at December 31, 2003, incorporated by the Bradesco Network on October 25. As a result of this acquisition through an auction carried out at BOVESPA, the São Paulo stock exchange, the Bradesco Organization increased its presence in the northern state of Maranhão.
- Ratification by the Brazilian Central Bank of the acquisition, through Banco Finasa S.A., of the share control of Banco Zogbi S.A. and the companies Promosec Companhia Securitizadora de Créditos Financeiros, Promovel Empreendimentos e Serviços Ltda., Zogbi Leasing S.A. Arrendamento Mercantil and Zogbi Distribuidora de Títulos e Valores Mobiliários Ltda. An important strategic move by the Bradesco Organization in the consumer sales financing sector, complementing the activities carried out by Finasa and Banco Postal.
- Integration of BCN S.A. branches with the Bradesco network on February 25. This initiative optimized resources, combining the expertise and dedication of staff from both institutions, in the pursuit to offer customers maximum quality in products and services.
- Approval by the Bank's Board of Directors, on April 30, of the Internal Rules of the Audit Committee and appointment of its members, who took office on July 1, for a one-year term. The role of the Audit Committee is to advise the Board of Directors on the performance of their duties related to the monitoring of the accounting policies used to prepare the financial statements of the Bank and its subsidiaries and the indication and assessment of the effectiveness of the independent auditors.
- Opening, on June 7, of Latin America's first wireless Bank Branch. Bradesco's cutting-edge wireless technology enables the bank to transmit data with no direct physical link between equipment, at high-speed and with maximum security.
- Transformation process of the Zogbi-Promovel branches into Finasa outlets operating in the registration and forwarding of proposals for Consumer Sales Financing and Personal Loans.
- Adherence by Bradesco to the Equator Principles, assuming the commitment to consider a combination of environmental and social screening policies, developed by the International Finance Corporation (IFC), an arm of the World Bank, for purposes of financing projects of amounts in excess of US\$ 50 million.
- Strategic partnership entered into with Banco UFJ - União Financeira Japonesa, which will adapt its branch network in Japan to attend more than 300 thousand Brazilian residents (dekasseguis), ensuring that they are fully integrated with that country's economic activity through the access to all local bank services.
- Strategic agreement designed to finance, on an exclusive basis, via Banco Finasa, a subsidiary of Bradesco, consumer sales at Casas Bahia, the largest retail market consumer goods store in Brazil, with 400 outlets and more than 26 million customers. A similar agreement has been entered into with Lojas Salfer, one of the largest white goods and furniture retail networks in the states of Santa Catarina and Paraná, with 47 stores and more than 1.1 million customers.

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- Launching of CDC Bradesco Electron, a new personal credit product, which permits access by customers to pre-approved credit for financing purchases made with the Bradesco Visa Electron debit card. This innovation comprises the Bradesco Accessible Credit program and is also available to Banco Postal customers.
- Operating agreements with Banco BMC, Banco Cruzeiro do Sul, Banco Bonsucesso, Banco Paraná and Banco Panamericano, which establish, on an exclusive basis, personal credit assignment rights of the beneficiaries of the National Institute of Social Security - INSS (retirees and pensioners). Financing is repaid through installments which are discounted directly from the benefits paid by the INSS.

1. Results for the Year

In terms of shareholder returns and contributions to the public coffers, the results reported for 2004 are significant:

- R\$ 3.060 billion of net income for the year, or R\$ 6.45 per share, a return of 20.11% on closing stockholders' equity and 21.95% on average stockholders' equity. The annualized return on total assets was 1.65%, as compared to 1.31% for the prior year.
- R\$ 3.155 billion in taxes and contributions, including social security contributions, payable or accrued, on the main activities carried out by the Bradesco Organization during the year.
- R\$ 1.325 billion was distributed to stockholders as monthly, interim and complementary interest attributed to own capital, computed in the calculation of the compulsory dividend. This corresponds to R\$ 8.778861 (R\$ 7.462287 net of withholding tax), including the additional 10%, per preferred share, and to R\$ 7.980783 (R\$ 6.783665 net of withholding tax), per common share. Interest distributed corresponds to 45.58% of adjusted net income for the year, well above the 30% minimum payment established in the by-laws.

2. Operating Efficiency Ratio - IEO

The success of Bradesco's simultaneous efforts to increase net revenues and decrease costs is reflected in its operating efficiency ratio.

Among other results, through the use of activity-based costing methodology (ABC), the Bradesco Organization is enhancing the criteria used to formulate and negotiate bank charges, the supply of costing information to GDAD (Performance Management and Decision-making Support) and for customer profitability determination purposes, as well as establishing a reliable basis for ongoing rationalization analyses.

As regards cost control practices, Bradesco adopts ABM (Activity-Based Management) methodology, a pro-active approach designed to produce effective results and the identification of opportunities on a timely basis. Accordingly, at the same time as its processes are improved, operating performance is seamlessly integrated with strategic objectives.

The strict control over expenses, enhanced by the creation of the Expenditure Assessment Committee in March 2004, allied with the synergy process of the institutions acquired are reflected positively in the IEO movement.

55.47% was the ratio at December 31, 2004, against 56.59% in 2003 and 56.56% in 2002.

3. Capital and Reserves

- R\$ 7.000 billion of capital at the end of the year.
- R\$ 8.215 billion in reserves.
- R\$ 15.215 billion of stockholders' equity, an increase of 12.31% for the year, equivalent to 10.15% of assets, which totaled R\$ 149.951 billion. Managed stockholders' equity is equivalent to 8.23% of consolidated assets, which totaled R\$ 184.926 billion, and net equity per share was equivalent to R\$ 32.07.

The capital adequacy ratios were 18.27% on a consolidated financial basis and 16.08% on a consolidated economic and financial basis, above the 11% required minimum established by National Monetary Council Resolution 2099 of August 17, 1994, in conformity with the Basel Accord. As regards consolidated reference equity, the ratio of permanent assets to stockholders' equity (limited to a maximum of 50% in accordance with Brazilian Central Bank requirements) was 23.31% on a total consolidated basis and 37.98% on a consolidated financial basis.

The subordinated debt of the Bradesco Organization at the end of the year was R\$ 5.973 billion (foreign - R\$ 2.913 billion and local - R\$ 3.060 billion), included in stockholders' equity for purposes of determining the ratios described in the preceding paragraph.

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

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4. Bradesco Shares

Highly liquid Bradesco Shares maintained their strong presence in all trading sessions at the São Paulo Stock Exchange - BOVESPA, with a 4.04% share of the Index for the preference stock. Stock is also traded in the Madrid Stock Exchange in Spain, as part of the Latibex Index, and through ADR-American Depositary Receipts - Level 2, in the New York Stock Exchange.

On December 9, designed to further increase share liquidity and adjust the price quoted in the market to a more attractive level for trading, approval was given at the Extraordinary General Meeting for a 2-for-1 stock split whereby stockholders received two new shares for each share of the same type held at that date.

Approval was also given at the same meeting to increase the Bank's capital by R\$ 700 million, with the issue of 17.5 million new shares at a unit price of R\$ 40,00, through a private subscription during the period from December 27, 2004 thru January 27, 2005, or 3.688612594% of the share position at the date of the meeting, considering the stock split. The amount will be paid up in cash on February 15, 2005, the date of payment of the supplementary interest attributed to own capital for the second half of 2004 and at an amount in excess of the subscription.

R\$ 7.553 billion was traded in Bradesco shares during the year at BOVESPA, corresponding to 8.273 million common shares and 122.832 million preferred shares.

R\$ 3.898 billion was traded as ADR in the US market, representing 79.323 billion of the Bank's preferred shares.

5. Operating Performance

5.1. Funding and Portfolio Administration

At the end of the year, overall funding obtained and managed by the Bradesco Organization totaled R\$ 265.383 billion. As a whole, the Bank manages 15.700 million checking accounts and has 19.46% of the Brazilian Savings and Loan System - SBPE. Funds obtained grew by 10.19%, as compared to the prior year:

R\$ 91.530 billion in demand, time and interbank deposits, other deposits, open market and savings accounts.

R\$ 99.640 billion in managed assets, comprising investment funds, managed portfolios and third-party fund quotas.

R\$ 33.292 billion in foreign exchange portfolio, borrowings and onlendings, own working capital funds, collection and tax and utility collections and similar, as well as funds from the issuance of securities and local subordinated debt.

R\$ 33.632 billion recorded in technical reserves for insurance, private pension plans and premium bonds, a growth rate of 27.35% compared to the prior year.

R\$ 7.289 billion in foreign resources through public and private issues, subordinated debt and securitization of future financial flows, corresponding to a total of US\$ 2.746 billion.

5.2. Credit Operations

Bradesco, as part of a specific effort to provide accessible credit to all customer income brackets, expanded and diversified its offer of financing through direct operations and partnerships with market agents and as result increased its leadership position among Brazil's private institutions. We highlight the microcredit and payroll consigned credit lines available throughout the Branch and Banco Postal Networks, which contributed towards extending the scope of operations.

R\$ 62.788 billion at the end of the year in consolidated credit operations, including advances on foreign exchange contracts and leasing operations, a growth rate of 15.55% for the year.

R\$ 4.145 billion comprised the consolidated balance of the allowance for loan loss, corresponding to 6.60% of the total volume of credit operations.

Housing Loans

With a positive repercussion in the creation of jobs and income, housing loans occupy an important position in the Bank's strategy. The substantial volume of funds and the significant number of end borrowers illustrate the scope of the activities and the support provided by Bradesco to the civil construction industry.

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R\$ 1.157 billion of funds released to this area for the construction and purchase of 9,653 properties.

Onlending Operations

As a result of its dynamic presence in the economic scenario, in 2004, the Bradesco Organization maintained its leadership ranking out of the institutions responsible for onlending funds from the National Bank for Economic and Social Development (BNDES), with a volume of R\$ 3.318 billion, in 17,155 contracts, corresponding to a 15.26% share of all transactions in this system, an increase of 20.88% compared to the prior year. In the micro, small and medium business segment, Bradesco achieved a record: first place in the volume of onlendings released, in the amount of R\$ 2.069 billion, corresponding to 17.18% of the total system.

R\$ 7.219 billion in onlendings at the end of the year, granted as a priority to small and medium businesses, with 70,790 contracts registered.

Agricultural Loans

Traditional partner of activities carried out in the agricultural and livestock raising sector, Bradesco maintained its important incentives given to crop production, processing and distribution cycles. Support is also provided for improving product quality and productivity, directly affecting Brazil's capacity to compete, especially on an international level.

R\$ 6.082 billion of investments in agricultural loans at the year-end, comprising 73,831 transactions.

Consumer Sales Financing

As part of its important actions in this segment over the years, Bradesco provides incentives to productive chain growth, injecting a substantial portion of funds into the economy, with an expressive role in operations designed to assist assembly plants, dealerships and consumers in the production and acquisition of new and used vehicles. Accordingly, the Organization contributes to making credit accessible to all, creating new jobs and income and with a positive impact on the generation and circulation of wealth.

R\$ 17.349 billion was the balance of operations directed to consumer sales financing.

5.3. Capital Market

Bradesco's distinguished position in the capital market is based on its offer of the best alternatives for corporate capitalization and expansion.

During the year, Bradesco coordinated 59.45% of the volume of all issues registered with the Brazilian Securities Commission (CVM), acting as an important intermediary in the public placement of shares, debentures and promissory notes as well as in other special transactions.

R\$ 12.488 billion of primary and secondary transactions with shares, debentures and promissory notes coordinated by Bradesco in 2003.

9 special transactions, including credit assignments, investment funds in mergers and acquisitions, project finance and corporate and financial restructurings, concluded with the support of advisory services provided by Bradesco in 2004.

6. Market Segmentation

The segmentation of activities implemented over the last 2 years proved to be an efficient strategy. Different sized individual and corporate customers receive differential treatment and products and services designed to attend specific demands. This strategy offers the Bank greater flexibility and competitiveness, with increasing productivity gains and business agility.

6.1. Bradesco Corporate Banking

With its own Platform structures distributed throughout Brazil's major cities, this service forms part of a specialized customer relationship model, the management of which incorporates the best customer services offered to economic groups with billings in excess of R\$ 180 million. The principle of this partnership is a solid differential and is reflected in the integration of the corporate, agribusiness, Asian and Euro desk areas.

R\$ 57.352 billion of total funds managed by this area, which comprises 1,304 economic groups.

6.2. Bradesco Empresas (middle market companies)

Operating in the strategic middle market segment and coordinating the Bank's commercial relationship with corporate customers whose annual billings range from R\$ 15 million to R\$ 180 million. In cooperation with the Bank's other sectors, this area is focused mainly on developing product packages which are compatible with each customer's potential.

6.3. Bradesco Private Banking

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This area's mission is to provide a personalized service to high-income individual customers with minimum available funds for investment of R\$ 1 million, providing financial advice as to the best local and foreign capital market investment alternatives.

6.4. Bradesco Prime

At December 31, 2004, there were 177 Bradesco Prime Branches and 69 exclusively reserved customer service areas in conventional branches. This area is designed to provide a personalized customer service to individuals with a monthly incomes in excess of R\$ 4 thousand or in excess of R\$ 50 thousand available for investment.

6.5. Retail Bradesco

Bradesco's retail activities form a meeting point for Bradesco and the Brazilians. In line with this vocation, nurtured from its very beginnings, the Bank offers a quality customer service to all income brackets of the population, regardless of social class or income. This is the segment which forms the Organization's central pillar and its most traditional field of activities and reflects the efforts made to ensure that its banking services and products are accessible to all.

6.6. Banco Postal

Result of the partnership entered into between Bradesco and the Post Office Network (Correios), in addition to its recognized importance for local populations, Banco Postal has also become an essential outlet for Bradesco customers who need to carry out their banking business from different locations within Brazil. It is also highly conducive to market expansion, providing an opportunity for including new financial service consumers from regions that still have no banking network.

7. International Area

The foreign trade and exchange areas offer expert advice and a complete range of banking services. The area comprises 12 specialized units and 7 service outlets in Brazil, branches in New York, Grand Cayman and Nassau, Bahamas, as well as subsidiaries in Buenos Aires, Nassau and Luxembourg and an extensive international correspondent network.

R\$ 4.797 billion in advances on foreign exchange contracts at the year-end, for a portfolio of US\$ 3.078 billion in export financing.

US\$ 525.693 million of import financing in foreign currency.

US\$ 20.031 billion in purchases of forward export contracts, 29.71% more than in 2003.

US\$ 1.456 billion in medium and long-term public and private placements in the international market.

8. Organizational Structure

8.1. Bradesco Customer Service Network

Based on a comprehensive and contemporary structure, which extends nationwide, the Bradesco Organization's Customer Service Network plays a decisive role in extending banking services to all income brackets.

The Bradesco Branches are both practical and efficient, offering modern self-service lobbies which operate over extended business hours and which are equipped with a different terminals designed to save time and facilitate customer transactions. Bradesco Prime Branches on their own premises, or operating in VIP lobbies installed in conventional branches, offer customers a differentiated treatment in an exclusively reserved environment. Similarly, middle market companies are served by Bradesco Empresas, another benchmark in terms of quality and expertise.

The Bradesco Day and Night ATM Network, located at strategic points throughout Brazil, comprised by 21,822 terminals, 19,239 of which also operate at weekends and on bank holidays, offer speedy and practical access to a wide range of products and services.

Bradesco Internet Banking, with its advanced technology and permanent expansion program, has more than 6.394 million registered users who can access the website directly from their offices, homes or anywhere they happen to be in the world. Launched in 1996, this pioneer service currently provides access to 445 (255 for consumer customers and 190 for corporate customers) types of transactions, with a total volume of 333.622 million transactions per year.

Bradesco Net Empresa, an exclusive service for corporate customers, ensures that their banking transactions are carried out in a completely secure environment through the use of digital certification and electronic signatures. Their online connection with the Bank, has given

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companies a new ally for optimizing the financial management of their businesses, facilitating the movement of checking and savings accounts, payments, collections and a number of other transactions. At December 31, there were more than 284,230 companies registered.

Also via Internet, Bradesco ShopInvest permits online stock exchange investments, with real time quotations and, among other functions, investments and redemptions, simulations, acquisition of savings bond certificates, supplementary pension plans and all the information investors need to monitor the financial markets.

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

Fone Fácil Bradesco (Bradesco Easy Phone Service), permanently focused on customer service excellence, offers information and banking services via telephone with ease, speed and security. During the year, 240.671 million calls were received and 1.875 million items sold in the pursuit to transform every contact into a business opportunity.

During the year, Bradesco launched its Government-centric website focused on attending the expectations of the executive, legislative and legal powers at federal, state and municipal level. As well as the institutional content covering the Bank's products and services, offering payment and receipt solutions in the Human Resources and Treasury areas, the website also offers access to Bradesco Net Empresa.

The magnitude of the Bradesco customer service structure is reflected by the average 11.643 million transactions carried out daily by customers and other users, 2.472 million of which through our teller windows and 9.171 million (78.77%) through the Bank's service channels, in particular, the Bradesco Day and Night Self-service Network, Internet and Fone Fácil.

In 2004, investments for expanding the Bradesco Organization's functional capacity and its IT and telecommunications infrastructure, totaled some R\$ 1.532 billion. At the same time, through the program implemented to dispose of non-operating assets, mainly at public auctions, the Bank raised approximately R\$ 349.306 million, generating both administrative gains and maintenance cost savings.

At December 31, the Bradesco Organization Network comprised 12,766 customer service outlets including:

| | |
|---------|--|
| 3,004 | Branches in Brazil (Bradesco - 3,003 and Banco Finasa - 1). |
| 6 | Branches abroad, 1 in New York (Bradesco), 4 in Grand Cayman (Bradesco, BCN, Mercantil and Banco Boavista) and 1 in Nassau, Bahamas (Boavista). |
| 6 | Subsidiaries abroad (Banco Bradesco Argentina S.A. in Buenos Aires, Banco Bradesco Luxembourg S.A. in Luxembourg, Boavista Banking Ltd. in Nassau, Bradesco Securities, Inc. in New York, Bradesco Services Co., Ltd. in Tokyo and Cidade Capital Markets Ltd. in Grand Cayman). |
| 5,383 | Banco Postal branches. |
| 2,301 | Banking service posts and outlets in companies. |
| 1,945 | Outplaced terminals in the BDN - Bradesco Day and Night Network. |
| 166,767 | Branches of Finasa Promotora de Vendas, present in 14,105 vehicle dealerships and in 18,582 stores selling furniture and home decor, tourism, auto parts and IT related equipment and software, DIY, clothing and footwear, among others. |
| 8.2. | Alô Bradesco (Hello Bradesco) |

Forming a direct and open channel with the public, this service facilitates the ongoing improvement of the Bank's customer relationships, based on the suggestions and complaints received in relation to the Organization's products and service. Since its creation, prior even to the introduction of the Brazilian Consumer Defense Code, this service has proved to be an instrument of important strategic value, capable of detecting trends and anticipating solutions compatible with the constantly changing market.

166,767 calls received from customers in 2004.

9. Products and Services

9.1. Bradesco Cards

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Associated with Visa International, Bradesco has increased its share of this segment, developing the most complete line of services of this kind in Brazil. Bradesco also offers cards under the MasterCard banner, renowned for the wide range of benefits and facilities offered to holders. We highlight that the Bank consolidated its position as one of the main commercial card issuers in Brazil and is sole leader in the Visa segment.

The network accredited by the Visa System in Brazil, comprising 737 thousand commercial establishments, is managed by Companhia Brasileira de Meios de Pagamentos - Visanet, in which Bradesco has a 39.71% stake. In 2004, Visanet processed R\$ 72.386 billion in transactions, including both credit and debit card bills, a 30.69% growth compared to the prior year.

In Brazil, Bradesco is abreast of the worldwide trend for issuing chip-embedded smart cards, using latest generation market technology and security. In addition, the Bank has launched a new generation of Credit Cards including the Bradesco Visa MiniCards, which are 43% smaller than the traditional credit card, the Cred Mais card for company employees whose salaries are paid via the Bradesco payroll service, offering more attractive interest rates for revolving credit and the Private Label cards for the exclusive use of customers of specific retail stores, designed to leverage business and build customer loyalty for the corresponding commercial establishments. Bradesco is also launching the Day-to-Day card for customers with incomes in excess of the minimum wage.

In the area of small, medium and large businesses, the Bank launched two more new products in 2004: Bradesco Centralized Account Card, for managing and controlling expenses with air tickets and the Business and Corporate Cards, both under the MasterCard banner, increasing the range of customer options.

Visa Vale, a company engaged in the benefits-voucher sector, and which is % owned by Bradesco, exceeded the important mark of one million cards for payment of food and meals under the Workers Food Program PAT.

Bradesco Credit Cards are also accepted in the International Visa and MasterCard Networks, which comprise more than 20 million commercial establishments and services worldwide in 130 countries.

R\$ 20.910 billion of total annual billings for the Bradesco Organization Cards, of which R\$ 11.477 billion comprised Credit Cards and R\$ 9.433 billion comprised Bradesco Visa Electron Debit Cards.

R\$ 46.380 million Credit and Debit Cards, a growth rate of 12.90% as compared to 2003, of which 7.622 million are Credit and 38.758 million are Debit cards, comprising respectively 14.75% and 46.35% of the market.

R\$ 3.095 billion in assets derived from card business, including installment purchases, financings and pre-paid receivables, an increase of 16.29% as compared to the balance in December 2003.

R\$ 1.069 billion in commissions and fees, including commercial establishment commission, annual fee and card protection services for members.

9.2 Receipt, Collection and Payment Solutions

Determined to offer best quality market products and services, Bradesco, combining state-of-the-art technology and its extensive Customer Service Network, offers its customers safe and simple online solutions for all their transactions involving receipts, payments and cash transfers.

Collection, account and payment products comprise a range of options designed to assist companies in the management of their accounts receivable and payable. Innovative processes for the settlement of taxes, duties and contributions are seamlessly integrated with the different Government Departments in the federal, state and municipal spheres and with public utility concessionaires, ensuring increased efficiency in the collection and paying over of funds. At the same time, the Bank offers retirees and pensioners the ease and convenience of receiving their benefits paid by the National Institute of Social Security through its advanced technology structure.

R\$ 812.566 billion transacted by the Bradesco online collection, check custody, identified deposit and OCT (tele-processed credit order) products, during the year, corresponding to 854.123 million documents processed.

R\$ 401.458 billion in payments made through 111.095 million transactions in 2004 via Pag-For Bradesco - Computer-Registered Supplier Payment and Net Empresa PTRB (online tax payment), facilitating the management of Accounts Payable for more than 288 thousand companies.

R\$ 98.756 billion collected during the year in federal, state and municipal taxes and other contributions, comprising 72.038 million documents processed.

R\$ 5.341 billion in consolidated CPMF collected, corresponding to 20.20% of the total amount of this contribution, evidencing the significant volume of financial resources handled by the Organization.

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R\$ 19.392 billion received in electricity, water, gas and telephone bills, comprising 131.677 million documents processed. Of this amount, 50.683 million were paid via Automatic Debit to Current Accounts and Savings Accounts, through a system which is both convenient and practical for customers.

R\$ 22.691 billion paid to more than 4.443 million Social Security retirees and pensioners, 19.52% of all those registered with the INSS (National Institute of Social Security), in 44.372 million transactions via the Instant Benefits Payment Card and account credits.

9.3. Stock, Custody and Controllership Services

High-quality services, including custody of securities, controllership, funds for receivables, DR-Depository Receipt and BDR-Brazilian Depository Receipt, as well as registrar services for stocks, debentures and investment fund quotas are offered to customers using an appropriate infrastructure and specialized personnel.

Registrar services

164 Companies comprise the Bradesco book-entry computer-registered share system, with 2.481 million shareholders

39 Companies comprise the Bradesco book-entry debentures system with a current total of R\$ 18.179 billion.

17 Investment funds comprise the Bradesco book-entry quota system with a current total of R\$ 1.081 billion.

2 Registered BDR Programs, with a market value of R\$ 247.697 million.

Custody and Controllership Services

R\$ 141.250 billion in assets under custody for ___ customers using the Bradesco Custody services (funds, portfolios, DR and funds for receivables).

R\$ 225.296 billion in total net assets of the 647 investment funds and managed portfolios using the Bradesco Controllership services.

9 Registered DR Programs, with a market value of R\$ 30.376 billion.

10. Bradesco Companies

10.1. Bradesco Insurance Group

Managed by Bradesco Seguros S.A., the Bradesco Insurance Group occupies the leadership position among all groups operating in this segment in Latin America. With an outstanding presence in the insurance, supplementary pension fund and savings bond areas and a vast track record in the launching of new and improved products, the Group's image is intrinsically associated with innovation.

R\$ 88.997 million of net income earned by the Bradesco Insurance Group for 2004, with a return of 29.20% and stockholders' equity of R\$ 3.041 billion.

R\$ 37.369 billion in unrestricted investments, and those used to cover technical reserves in the insurance, private pension plan and savings bond areas.

R\$ 14.031 billion of net revenues from insurance premiums and private pension fund contributions.

R\$ 1.358 billion in savings bond billings, with prizes distributed totaling R\$ 51.247 million for 1,952 winning bonds out of a year-end total of 31.848 million registered bonds.

R\$ 40.558 billion in total assets in the insurance, private pension plan and savings bond areas.

10. 2. BRAM - Bradesco Asset Management S. A. DTVM

Specialized in the management of third-party funds, BRAM attends a number of different market segments, including Bradesco Prime, Bradesco Empresas, Corporate and Private Banking, Retail and Institutional Investors.

2.684 million investors in 507 funds and 105 managed portfolios at December 31, 2004, corresponding to R\$ 98.107 billion.

10.3. Banco Finasa S.A.

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This is the Bradesco Organization's consumer sales financing arm, complementing Bradesco's Direct Consumer Credit and Personal Credit operations. Focusing on the direct relationship with vehicle dealerships and stores which sell other durables and semi-durables and services, the Bank operates through the intermediation of Finasa Promotora de Vendas Ltda., its wholly owned subsidiary.

R\$ 342.253 million of net income for the year

R\$ 10.300 billion in consolidated assets, up by 86.90% compared to December 2003.

R\$ 8.114 billion in credit operations, up by 56.90% compared to December 2003.

10.4. Bradesco Leasing

Specifically focused on vehicles, machinery and equipment, and experienced in the structuring of operating agreements with manufacturers and dealerships.

R\$ 1.660 billion was the balance of leasing transactions at December 31, 2004, with 11,504 transactions contracted during the year.

27,116 lease agreements in force at the year-end, evidencing the wide distribution of the business.

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

Over the years, the Corretora has consolidated its important presence at the BOVESPA stock exchange trading sessions and expanded its online home-broker transactions. In the Mercantile and the Futures Exchange (BM&F), the Corretora was ranked among the best performing institutions.

In conjunction with the Bank's Economic Area, the Corretora offers an investment analysis service, as well as acting as a representative of non-resident investors in Brazil in transactions carried out in the financial and capital markets, in the management of investment clubs and in custody services for individuals and non-institutional legal entities.

Structured to facilitate the participation of small investors in the stock market, its exclusive Automatic Share Trading System (SANA) permits the purchase and sale of stock in small lots via computer terminals available throughout the Bradesco Customer Service Network. This system can also be used for the intermediation of public offerings of shares.

R\$ 16.462 billion traded by Bradesco Corretora at the BOVESPA corresponding to 461,258 buy and sell orders for 120,435 investors during the year.

2.856 million contracts traded at the BM&F, corresponding to a financial volume of R\$ 315.775 billion.

R\$ 1.375 billion traded via Home Broker, corresponding to 232,200 buy and sell orders;

27,781 registered investors at December 31, 2004.

11,426 registered customers in the Custody Portfolio at December 31, 2004.

10.6. Bradesco Consórcios Ltda. (consortium purchase plan system)

Designed to sell consortium quotas for the purchase of light and heavy vehicles and real estate, Bradesco Consórcios commenced its activities in January 2003, securing over this short period of time the confidence of a significant number of customers. The sale of quotas through the extensive Bradesco Customer Service Network, associated with the security and credibility of the Bradesco mark, is an important competitive differential, reflected in the preference of an increasing number of consortium plan members.

150,170 quotas sold up to December 31, securing first place for Bradesco in the real estate segment.

R\$ 4.322 billion in billings for the year.

11. Corporate Governance

The modern corporate governance practices adopted by the Bradesco Organization have contributed to improving its relationship and transparency with investors, as well as its performance in all of its activity segments. Various initiatives have been adopted to date, such as: tag-along rights in the proportion of 100% for common shares and 80% for preferred shares; codes for corporate ethics and business sector ethics in the areas of accounting and financial management; a disclosure policy instrument for significant acts or facts and securities trading; the

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presence of two independent members on the Board of Directors; the progress in the transparency of information reported to the market, published in three languages, Portuguese, English and Spanish; the disclosure, audit, internal controls/compliance and remuneration committees and more recently Bradesco's adherence to the Equator Principles.

As from June 2001, Bradesco shares are included in the BOVESPA's Level 1 Corporate Governance index. Moreover, since Bradesco's shares are traded in foreign stock exchanges, the Bank also prepares its financial statements in accordance with generally accepted US accounting principles (US-GAAP).

We stress that during the year, no non-audit services were contracted by the Bradesco Organization or provided by KPMG Auditores Independentes for an amount which exceeds 5% of the total external audit costs. This policy complies with the principles designed to maintain the independence of external auditors as follows: auditors should not audit their own work, nor exercise management functions for their clients, nor promote the interests of such clients. Each external audit is contracted for a maximum five-year period pursuant to Brazilian Central Bank regulations.

At the Ordinary General Meeting of March 10, 2004, approval was given to maintain the Fiscal Council comprising 3 full members and 3 alternates with terms through 2005, with one full member and his/her alternate elected from among the preferred stockholders.

11.1. Internal Controls and Compliance

The Internal Controls and Compliance system is subordinated to the guidance and supervision of the Board of Directors and is an important instrument in the management of all business activities, designed principally to ensure compliance with legal and regulatory standards, guidelines, plans, procedures and internal rules and to minimize risk of losses and damage to the Organization's institutional image. The Board is also responsible for analyzing and approving the Compliance Reports prepared by the Internal Controls and Compliance Committee.

In addition, measures are being taken to ensure that Bradesco complies with the rules established in Section 404 of the U.S. Sarbanes-Oxley Act, which addresses the certification of the financial statements and related internal controls.

11.2. Information Transparency and Disclosure Policies

During the year, as part of its investor relations strategy and market relationship in general, Bradesco organized 82 internal and external meetings with analysts, 5 conference calls and 9 presentations abroad. In addition, the Organization publishes as quarterly Report on Economic and Financial Analysis, a detailed compilation of the information most commonly requested by area specialists.

All significant related information concerning the Bradesco Organization is available in the Investor Relations Sections of the Bradesco website at www.bradesco.com.br including, for example, profile, background, share structure, management reports, earnings reports, latest acquisitions, market analyst meetings (APIMEC and ABAMEC), and other information on the financial market in Portuguese, English and Spanish.

The Bank distributes a monthly customer news bulletin called *Cliente Sempre em Dia* with a circulation of 1 million copies, as well as a quarterly bulletin called *Acionista Sempre em Dia* for stockholders, magazine called *Revista Bradesco Rural*, for readers in the agribusiness area, with a circulation of 20 thousand copies each, and the *Revista Bradesco* with a circulation of 70 thousand copies, which also focuses on Bradesco's external public.

12. Risk Management

Fully independent and directly subordinated to an Executive Officer and the Bank's President, the management of risks involves an integrated series of controls and processes, covering credit, market and liquidity, as well as operating risks. As a matter of principle, the Organization adopts a conservative policy in terms of exposure to risk, whereby policies and limits are defined by Senior Management, including risks directly affecting its minimum capital requirement.

12.1. Credit Risk

At Bradesco, the management of credit risk is based on best market practice and complies with the rules proposed in the New Basel Accord, which require a high level of discipline and control in the analysis of the transactions carried out, safeguarding process integrity and independence. Risk management involves a permanent and continuously developing process designed to map, check and diagnose the models, instruments, policies and procedures in place, based on studies and analyses compatible with the Organization's reality.

12.2. Market and Liquidity Risk

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The Organization's market risk management policy is conservative and limits (based on Value at Risk Methodology) are defined by Senior Management and monitored independently every day. On a complementary basis, the liquidity risk management policy is designed to ensure that the Organization is able to settle transactions in a timely and secure manner, through a series of controls, the establishment of technical limits and the ongoing assessment of the positions assumed and financial instruments used. Both market and liquidity risks are monitored, checked and managed using models aligned with best local and international market practices and with the recommendations and standards established by the regulatory agencies.

12.3. Operating Risk Management

The Organization operates in conformity with the principles of good management practices established by the Basel Committee for operating risk management, as well as the guidelines contained in the New Capital Accord (Basel II). The Organization's Operating Risk Management process is based on the dissemination of the Bank's culture, disclosure of policies, implementation of methodologies, models and own instruments designed to increase operating efficiency and its competitive edge, arising from the decrease in operating loss levels and the optimization of the economic and regulatory capital to be allocated.

It has its own accounting structure which is segregated to facilitate the exclusive recording of loss events and also a specific management system which supports the detailed, streamlined analyses of operating risk information.

12.4. Information System Security

The Corporate Information Security Policy and Guidelines are designed to protect the Bank's information assets, including its databases, IT environments, documents, files, system backups and system and information access controls, protection in generating and transmitting data, and other security management tools. Restricted data and information which is of exclusive interest to customers, as well as the Organization's strategic information, is treated internally with strict secrecy and fully protected by internal controls and IT systems. To ensure procedure compliance, ongoing staff training, awareness and policy review programs are maintained.

12.5. Credit Policy

In addition to its pursuit of security, quality and liquidity in the investment of assets, the Organization's credit policy is also designed to minimize risks and offer agile and profitable business, as well as guiding the setting of operating limits and granting of credit.

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

Operations are diversified, dispersed and focused on individuals and businesses with sound payment capacity and integrity and are secured by underlying guarantees which are deemed sufficient to cover the risks assumed.

12.6. Money Laundering Prevention

The Bradesco Organization maintains a policy for the prevention and combat of money laundering in compliance with the legislation and regulations in force. The Compliance structure has a specific area responsible for managing and monitoring all transactions and financial activity carried out in its business environment.

The Bank's know-your-customer policy, supported by constantly improved systems for monitoring and identifying unusual transactions, is specifically designed to prevent possible use of the Organization in money laundering practices.

These measures, in conjunction with specific analyses, guarantee full compliance with the policies established by Senior Management and ensure that the Institution, its directors, stockholders, customers and employees are protected.

13. Marketing

Bradesco commenced 2004 as the exclusive sponsor of the Picasso Exhibition, one of the main events in commemoration of the city of São Paulo's 450th anniversary, which brought 125 works of art from the Picasso Museum in Paris and attracted a visiting public of more than 900 thousand. During the period the exhibition was on show, Bradesco aired its commercials and advertisements, as well as organizing an open air exhibition reproducing some of the artist's most famous works displayed on gigantic panels. On an institutional level, the Bank continued its campaign called Debates, showing the facilities offered by Bradesco, with 3 films in addition to the previous trio produced in 2003. This proposal strengthened Bradesco's image as the best choice for customers.

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As one of the sponsors of the transmission of the Olympic Games by the Globo TV Network, Bradesco aired thematic commercials and spots associating the Bradesco mark with different types of sports.

During the year, a number of actions were put into place strengthening the Bank's segmentation strategy. For example, the slogan "Bradesco Prime matches you perfectly in every way" highlights Bradesco Prime's personalized customer service with a campaign using different ads for the female and male public. Another effort addressed Bradesco Empresas with advertising material focused on the concept of productive cycle relationships.

The Bank also launched a number of other product and service campaigns, among which we highlight promotional drives for Bradesco Credit and Debit cards, Internet Banking and Bradesco Vida e Previdência, supplementary pension plans. Another campaign focusing the Investment Account was launched and aired in cinemas nationwide. In the credit area, the Bank used humor in an unprecedented campaign designed to foment the demand for credit via Bradesco Multipurpose Credit.

836 regional, industry and/or professional events, including business fairs, seminars, conventions and cultural and community events throughout Brazil, received support from Bradesco.

14. Recognition

Ratings In 2004, Bradesco's ratings were the highest attributed to Brazilian Banks by the national and international rating agencies: Austin Rating, Fitch Atlantic Ratings, Moody's Investors Service, SR Rating and Standard & Poor's.

Ranking Bradesco's leadership was highlighted by important national and international publications, including the following:

- Leader in payment of dividends out of banks from 9 different countries, ranked 1st and 2nd place in the list 2003 prepared by the consulting firm Economática.
- Best fund manager according to the consulting firm Risk Office and Investidor Institucional magazine.
- Leader for the sixth consecutive year out of a list of Brazil's 100 largest private business groups, according to Exame magazine's biggest and best guide, Guia Melhores e Maiores.
- Only Non-Government Brazilian company listed in Fortune Global 500.
- Best fund manager in Brazil, title awarded to the Bank, for the third year running, by the Guia Exame Best Investment Fund Guide.
- Ranked leader out of Latin America's 100 Biggest Banks according to the Latin Trade magazine.
- Best investment fund manager according to the Invest Tracker Estadão Best Manager ranking.
- Brazil's best investment manager for the second year in a row, according to the personal investment guide Guia Você S/A.

Awards Bradesco received 38 awards in 2004 which confirm, based on independent opinions, Bradesco's market leadership and the quality of the products and services offered, among which we highlight the following:

- Best Bank in Foreign Exchange Transactions, according to Global Finance magazine.
- Brazil's 100 Most-Wired Companies, rated 1st place for Cutting-edge Information Technology.
- Global Finance Award, given by Global Finance magazine for Best Consumer Internet Bank - Brazil.
- e-finance 2003 Award given by Executivos Financeiros magazine, highlighting: Internet Banking - Best Website Group and Banco Postal - Best Correspondent Bank Project.
- Animec Seal Award given by the National Association of Capital Market Investors.
- Quality Bank Award from Banco Hoje magazine.
- Best Listed Company Presentation for 2003, awarded by APIMEC's Northeast, Federal District and Southern chapters.

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ISO 9001/2000 Certification The Bradesco Organization ended the year with 81 products and services certified by this important quality accreditation, evidencing its commitment to providing increasing ease and convenience for customers and users in all of its initiatives.

15. The Bradesco Organization's Social Action Program

The Bradesco Foundation (Fundação Bradesco), present in all of Brazil's states and the Federal District, with an educational network comprising 40 Schools installed as a priority in regions which are both socially and economically deprived, provides formal education for children, young people and adults. The most recently built unit, with capacity to attend 2 thousand students, was opened in 2004, in Osasco, the municipality in which the Bradesco Organization is headquartered.

During the year, more than 107 thousand students received education free of charge, including those enrolled on its youth and adult education and basic professional training courses. Another important aspect of the Foundation's work, on a national level, is the provision of free meals, uniforms, school materials and medical/dental care to its more than 50 thousand pre, junior, middle and high school and technical/vocational training students.

For the last seven years, the pass rate has matched the best international pass rates 96%.

Over time, the Foundation's ties with Brazil's regional labor markets have strengthened constantly, through its courses focused on basic level vocational training. The Foundation's main feature, determined by specific community interests, is the qualification of participants to open up their own businesses or pursue better jobs in the employment market. Courses include among others, Printing Technology, Agriculture and Livestock Raising, Business Management, Information Technology, Fashion, Leisure and Development.

This combination of achievements extends even further as a result of the multiple partnerships entered into by the Foundation and which facilitate the implementation of special programs designed to provide access to latest-state knowledge for all income brackets of the Brazilian population. On such example is the alliance formed with Aban Informatics Limited for the use of educational software, based on animations and illustrations, in its junior and high schools, in the areas of physics, chemistry, biology and math. Emphasis should also be given to the Digital Inclusion project carried out in partnership with Microsoft, which trained some 7 thousand students free-of-charge at the Digital Inclusion Centers - CID.

The Virtual Classroom, Bradesco Foundation's e-learning architecture, created in partnership with NIIT and ABAN from India, will provide some 250 IT courses. At the same time, the Cisco Networking Academy Project, developed in partnership with Cisco Systems, is also recording significant figures: during the year, some 1,230 students were qualified to install, design and administrate computer networks.

In partnership with the Media Lab, MIT's research center, the Foundation develops projects which are basically designed to integrate technology with social issues, such as the "The City We Want" project which joins students and teachers in debates surrounding urban issues, in regular classes and special workshops, sharing ideas with schools and communities from different countries via the Internet. The program involves 28 Bradesco Foundation schools, in 24 states and the federal district. In 2004, innovations included the integration of researchers from institutions in developing countries.

Launched as a pioneer project seven years ago, the basic computer skills course for the visually impaired has qualified 5,400 students at 32 Foundation units and 35 partner Institutions. Using Microsoft Windows and the Internet, the project is recognized internationally for its practical content, one of the symbols of Bradesco's vocation for social integration.

The range of partnerships can be seen from various different angles. In the case of technology, the framework is completed by two far-reaching projects. One is the "Intel Education for the Future" program. This program is part of a worldwide initiative organized by Intel Semiconductors, designed to eliminate barriers against the use of technology as a learning tool. The second is the "Education for Social and Professional Inclusion" program which is designed to offer educational and professional qualification, in the IT area, to more than 800 thousand youths in partnership with the São Paulo State education authorities and the State Foundation for Child and Youth Welfare (FEBEM). The courses are given inside the FEBEM's correctional units and once qualified the internees are apt to work as monitors in the public school network.

With the Globo Group's Roberto Marinho Foundation, the Bradesco Foundation maintains a partnership, as co-founder of the TV Channel Futura, the Knowledge Channel, which is Brazil's first educational channel to be financed and managed entirely by private-sector initiative. At present, the channel has some 20 million viewers, evidencing the scope of an educational project which uses TV as its main tool for providing services and fostering social advancement.

Also in partnership with the Roberto Marinho Foundation, the Ministry of Justice and Funap - Fundação Professor Manoel Pedro Pimentel, in 2004, the Bradesco Foundation offered formal education at elementary grade level to more than 1000 prisoners at 20 penitentiaries in the State of São Paulo.

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Along the same lines, we highlight the Youth and Adult Literacy program Alfabetização Solidária, created in 1997 by the Comunidade Solidária Committee, which, in the North and Northeast regions of Brazil, is responsible for extending access to formal Youth and Adult Education. The Foundation's participation in this program ensures that some 9 thousand Brazilians learn how to read and write each year.

Emphasis should also be given to the Finasa Sports Project, created by the Organization, which maintains basketball and volleyball training centers, which in 2004, were used by some 3,800 young girls from 10 to 16 years of age.

A number of awards and distinctions confirm the scope and depth of the Bradesco Foundation's social actions, including environmental conservation. For example, we highlight the 2004 Super Ecology Award, in the Fauna category, given by Superinteressante magazine, for the Quelocan project, developed by high-school teachers and students from the Canuanã school in the State of Tocantins, designed to preserve a particular species of turtle which is in danger of extinction.

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

R\$ 156.656 million of total investments in 2004 and a budget for 2005 of R\$ 157.647 million to attend more than 107 thousand students.

R\$ 27.814 million in other investments in 2004 by the Bradesco Organization, in social projects for the communities focusing education, arts, culture, sports, healthcare, sanitation, hunger combat and food security.

16. Human Resources

Bradesco's ongoing staff training program plays a key role in the Organization's strategy, attending a headcount of 73,644 employees, of whom 62,013 are employed by Bradesco and 11,631 by the subsidiary companies.

The training and qualification programs, aligned with Bradesco's Human Resource policy, are maintained constantly up to date. These programs are essential for enhancing productivity, service quality and achieving the required level of competitiveness. Concentrated mainly in the operational, technical and behavioral areas, all participants received courses with the same standard of excellence.

Market demands, topics relating to the new economic scenarios and the requirements of latest generation technology are addressed in depth by the specialized instructor teams, with support from an appropriate infrastructure. With more than 111 thousand employee participations during the year, Treinet, Bradesco's online internet training program, provides the opportunity for employees to acquire up-to-date professional knowledge via distance learning.

Bradesco's Management Development Programs provide extension courses and permanent learning through partnerships established with Consulting Firms, Universities and Business Schools in the areas of economics, business administration and law and also at post-graduate level.

Internal communication channels at Bradesco also play an important role in the dissemination of information, concepts, different market strategies, moral values and working environment enhancement and include among others, the Interação magazine, which is sent personally to each employee and the Sempre em Dia news bulletin which is published daily. As part of the same philosophy, TV Bradesco contributes at all levels to prepare, integrate and motivate the Organization's staff.

The welfare benefits designed to improve the quality of life, well being and safety of the Organization's employees and their dependents, covered 178,361 persons at the end of the year. Highlights include the following:

- Medical and Hospitalization Plan
- Dental Assistance Plan
- Supplementary retirement and pension plan
- Group life and group personal accident insurance policies
- Group automobile insurance policy

Based on a survey carried out among the Organization's staff, Bradesco was ranked for the 5th time in Guia Exame's Best Companies in which to Work guide and for the second year running among the 50 Best Companies for Women Employees, published in the special September 2004 edition of Exame magazine. Bradesco was also rated 1st place among companies with more than 15 thousand employees, as Best People Management Company, prepared by the newspaper Valor Econômico and the Hay Group, which interviewed more than 2000 employees. These awards confirm the motivation of our employees with their workplace, the efficiency of the leadership model used, the benefits offered and the opportunities for personal and professional development by all at the Organization. The following points were highlighted during the surveys.

R\$ 52.592 million invested in Training Programs with 467,215 employee participations.

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R\$ 475,119 million spent on the Meals Program, with 97,198 thousand light meals served and 74,102 meal vouchers supplied daily.

3.427 million medical and hospital consultations during the year.

725.049 dental consultations.

This year's achievements evidence our highly productive work and consolidate our leadership positions, sowing the seeds that will motivate us to surpass future goals in the pursuit to obtain increasingly consistent results. These results project a vision of the future which is perfectly tuned to addressing new and challenging demands. With these credentials, Bradesco reaffirms its ongoing commitment to contribute to the goals of progress and well-being for the Brazilian Nation.

Cidade de Deus, January 28, 2005

Board of Directors and
Board of Executive Officers

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Balance Sheet at December 31 - In thousands of reais

| Assets | Bradesco | | Consolidated Bradesco | |
|--|--------------------|-------------------|-----------------------|--------------------|
| | 2004 | 2003 | 2004 | 2003 |
| Current assets | 100,625,228 | 99,765,662 | 140,075,440 | 138,679,558 |
| Funds available (Note 8) | 2,582,410 | 2,191,480 | 2,639,260 | 2,448,426 |
| Interbank investments (Notes 3b and 9) | 28,952,636 | 37,345,577 | 21,587,093 | 31,374,994 |
| Open market investments | 16,526,159 | 27,894,620 | 15,667,078 | 26,753,660 |
| Interbank deposits | 12,428,460 | 9,450,957 | 5,921,998 | 4,621,334 |
| Provision for losses | (1,983) | - | (1,983) | - |
| Securities and derivative financial instruments (Notes 3c, 3d, 10, 33b and 33c) | 10,721,599 | 9,971,314 | 48,743,562 | 43,537,442 |
| Own portfolio | 1,632,668 | 3,800,342 | 39,728,754 | 36,052,706 |
| Subject to repurchase agreements | 3,409,541 | 1,823,897 | 3,409,541 | 2,492,111 |
| Derivative financial instruments (Notes 3d and 33c) | 449,901 | 361,489 | 314,834 | 196,013 |
| Restricted deposits - Brazilian Central Bank | 4,279,088 | 2,545,405 | 4,279,088 | 3,017,797 |
| Privatization currencies | 13,880 | 23,946 | 13,881 | 88,058 |
| Subject to collateral provided | 935,681 | 1,416,235 | 997,464 | 1,690,757 |
| Unrestricted notes subject to purchase and sale commitments | 840 | - | - | - |
| Interbank accounts (Note 11) | 15,728,621 | 12,743,720 | 15,792,017 | 13,670,080 |
| Unsettled payments and receipts | 22,145 | 12,182 | 22,075 | 20,237 |
| Restricted deposits: | | | | |
| - Brazilian Central Bank | 15,682,386 | 12,716,803 | 15,696,154 | 13,580,425 |
| - National Treasury - rural funding | 578 | 578 | 578 | 578 |
| - National Housing System - SFH | 18,419 | 13,319 | 40,235 | 49,114 |
| Correspondent banks | 5,093 | 838 | 32,975 | 19,726 |
| Interdepartmental accounts | 145,123 | 495,279 | 147,537 | 514,779 |
| Internal transfer of funds | 145,123 | 495,279 | 147,537 | 514,779 |
| Credit operations (Notes 3e, 12 and 33b) | 30,270,420 | 21,608,969 | 35,406,880 | 27,948,952 |
| Credit operations: | | | | |
| - Public sector | 335,765 | 5,802 | 335,765 | 21,213 |
| - Private sector | 32,465,921 | 23,786,049 | 37,765,766 | 30,579,732 |
| Allowance for loan losses (Notes 3e, 12f and 12g) | (2,531,266) | (2,182,882) | (2,694,651) | (2,651,993) |
| Leasing operations (Notes 2, 3e, 12 and 33b) | - | - | 996,535 | 749,970 |
| Leasing receivables: | | | | |
| - Private sector | - | - | 1,912,150 | 1,650,450 |
| Unearned lease income | - | - | (864,094) | (832,633) |
| Allowance for leasing losses (Notes 3e, 12f and 12g) | - | - | (51,521) | (67,847) |
| Other receivables | 11,973,613 | 15,294,760 | 13,874,197 | 17,711,364 |
| Receivables on guarantees honored (Note 12a-2) | 811 | 589 | 811 | 624 |
| Foreign exchange portfolio (Note 13a) | 7,336,806 | 10,916,404 | 7,336,806 | 11,102,537 |
| Income receivable | 1,150,502 | 895,025 | 190,968 | 329,984 |
| Negotiation and intermediation of securities | 296,715 | 350,463 | 357,324 | 602,020 |
| Insurance premiums receivable | - | - | 988,029 | 889,276 |
| Sundry (Note 13b) | 3,326,327 | 3,224,517 | 5,143,296 | 4,898,310 |
| Allowance for other losses (Notes 3e, 12f and 12g) | (137,548) | (92,238) | (143,037) | (111,387) |
| Other assets (Note 14) | 250,806 | 114,563 | 888,359 | 723,551 |
| Other assets | 211,243 | 188,251 | 460,864 | 555,391 |
| Allowance for losses | (120,296) | (103,711) | (224,144) | (244,146) |

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| | | | | |
|--|-------------------|-------------------|-------------------|-------------------|
| Prepaid expenses (Note 14b) | 159,859 | 30,023 | 651,639 | 412,306 |
| Long-term receivables | 31,787,143 | 21,204,714 | 39,904,516 | 32,461,790 |
| Interbank investments (Notes 3b and 9) | 3,642,474 | 603,457 | 759,628 | 349,009 |
| Interbank deposits | 3,643,456 | 603,457 | 760,610 | 349,009 |
| Provision for losses | (982) | - | (982) | - |
| Securities and derivative financial instruments (Notes 3c, 3d, 10, 33b and 33c) | 9,553,114 | 7,500,329 | 13,678,096 | 10,267,338 |
| Own portfolio | 5,546,888 | 1,933,286 | 11,526,991 | 6,886,337 |
| Subject to repurchase agreements | 3,290,366 | 5,307,714 | 1,398,228 | 3,190,741 |
| Derivative financial instruments (Notes 3d and 33c) | 115,191 | 167,492 | 83,122 | 36,298 |
| Restricted deposits - Brazilian Central Bank | 233,475 | 91,837 | 233,475 | 91,837 |
| Privatization currencies | 10,267 | - | 68,606 | - |
| Subject to collateral provided | 356,927 | - | 367,674 | 62,125 |
| Interbank accounts (Note 11) | 161,618 | 142,534 | 295,085 | 342,757 |
| Restricted deposits: | | | | |
| - National Housing System - SFH | 161,618 | 142,534 | 295,085 | 342,757 |
| Credit operations (Notes 3e, 12 and 33b) | 13,565,376 | 9,812,720 | 16,484,007 | 14,213,766 |
| Credit operations: | | | | |
| - Public sector | 201,210 | 51,263 | 201,210 | 165,051 |
| - Private sector | 14,459,756 | 10,625,483 | 17,476,582 | 15,189,238 |
| Allowance for loan losses (Notes 3e, 12f and 12g) | (1,095,590) | (864,026) | (1,193,785) | (1,140,523) |
| Leasing operations (Notes 2, 3e, 12 and 33b) | - | - | 559,786 | 556,463 |
| Leasing receivables: | | | | |
| - Private sector | - | - | 1,325,076 | 1,209,083 |
| Unearned lease income | - | - | (712,596) | (605,901) |
| Allowance for leasing losses (Notes 3e, 12f and 12g) | - | - | (52,694) | (46,719) |
| Other receivables | 4,647,239 | 2,886,275 | 7,790,395 | 6,387,401 |
| Income receivable | - | - | 6,152 | 1,080 |
| Negotiation and intermediation of securities | - | - | - | 523 |
| Insurance premiums receivable | - | - | - | 82 |
| Sundry (Note 13b) | 4,652,201 | 2,893,737 | 7,794,112 | 6,426,547 |
| Allowance for other losses (Notes 3e, 12f and 12g) | (4,962) | (7,462) | (9,869) | (40,831) |
| Other assets (Note 14) | 217,322 | 259,399 | 337,519 | 345,056 |
| Other assets | - | - | 16,410 | 31,603 |
| Allowance for losses | - | - | (6,190) | (13,039) |
| Prepaid expenses (Notes 14b) | 217,322 | 259,399 | 327,299 | 326,492 |
| Permanent assets | 17,538,316 | 19,917,934 | 4,946,512 | 4,956,342 |
| Investments (Notes 3h, 15 and 33b) | 15,389,848 | 18,266,277 | 1,101,174 | 862,323 |
| Investments in subsidiary and associated companies: | | | | |
| - Local | 14,701,056 | 17,659,304 | 496,054 | 369,935 |
| - Foreign | 723,470 | 656,768 | - | - |
| Other investments | 82,802 | 57,994 | 971,311 | 857,985 |
| Allowance for losses | (117,480) | (107,789) | (366,191) | (365,597) |
| Property and equipment in use (Notes 3i and 16) | 1,348,180 | 1,222,393 | 2,270,497 | 2,291,994 |
| Buildings in use | 513,669 | 426,490 | 1,357,063 | 1,398,735 |
| Other fixed assets | 2,770,072 | 2,546,769 | 3,604,741 | 3,480,636 |
| Accumulated depreciation | (1,935,561) | (1,750,866) | (2,691,307) | (2,587,377) |
| Leased assets (Note 16) | - | - | 18,951 | 34,362 |
| Leased assets | - | - | 58,463 | 63,812 |
| Accumulated depreciation | - | - | (39,512) | (29,450) |
| Deferred charges (Notes 2, 3j and 17) | 800,288 | 429,264 | 1,555,890 | 1,767,663 |
| Organization and expansion costs | 1,968,908 | 924,572 | 1,268,436 | 1,124,058 |
| Accumulated amortization | (1,168,620) | (495,308) | (738,738) | (572,620) |
| Goodwill on acquisition of subsidiaries, net of amortization (Notes 2, 3j and 17a) | - | - | 1,026,192 | 1,216,225 |

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| | | | | |
|--------------|--------------------|--------------------|--------------------|--------------------|
| Total | 149,950,687 | 140,888,310 | 184,926,468 | 176,097,690 |
|--------------|--------------------|--------------------|--------------------|--------------------|

| Liabilities and Stockholders' Equity | Bradesco | | Consolidated Bradesco | |
|--|-------------------|-------------------|-----------------------|--------------------|
| | 2004 | 2003 | 2004 | 2003 |
| Current liabilities | 98,227,692 | 99,557,495 | 121,457,684 | 120,393,234 |
| Deposits (Notes 3k and 18a) | 55,259,593 | 43,699,653 | 53,120,608 | 45,129,749 |
| Demand deposits | 15,161,742 | 11,974,072 | 15,297,825 | 12,909,168 |
| Savings deposits | 24,782,646 | 21,370,959 | 24,782,646 | 22,140,171 |
| Interbank deposits | 2,489,211 | 2,070,056 | 19,499 | 31,400 |
| Time deposits (Note 33b) | 12,741,759 | 8,284,566 | 12,936,403 | 10,049,010 |
| Other deposits | 84,235 | - | 84,235 | - |
| Deposits received under security repurchase agreements (notes 3k and 18a) | 20,983,678 | 32,557,847 | 20,876,980 | 31,096,780 |
| Own portfolio | 6,291,538 | 4,807,391 | 6,238,699 | 4,965,528 |
| Third-party portfolio | 14,483,896 | 18,355,121 | 14,430,876 | 17,558,740 |
| Unrestricted portfolio | 208,244 | 9,395,335 | 207,405 | 8,572,512 |
| Funds from issuance of securities (Notes 18b and 33b) | 2,366,538 | 3,932,903 | 2,012,706 | 4,191,807 |
| Mortgage notes | 663,600 | 858,180 | 670,290 | 971,682 |
| Debentures | - | - | - | 7,291 |
| Securities issued abroad | 1,702,938 | 3,074,723 | 1,342,416 | 3,212,834 |
| Interbank accounts | 174,068 | 543,826 | 174,066 | 529,332 |
| Unsettled receipts and payments | 2 | - | - | - |
| Interbank onlendings | - | 174,296 | - | 159,098 |
| Correspondent banks | 174,066 | 369,530 | 174,066 | 370,234 |
| Interdepartmental accounts | 1,743,464 | 1,709,525 | 1,745,721 | 1,782,068 |
| Third-party funds in transit | 1,743,464 | 1,709,525 | 1,745,721 | 1,782,068 |
| Borrowings (Notes 19a and 33b) | 6,875,197 | 6,392,589 | 6,873,310 | 6,446,261 |
| Local borrowings - official institutions | - | - | 1,376 | 2,070 |
| Local borrowings - other institutions | - | - | 11,756 | 4,010 |
| Foreign currency borrowings | 6,875,197 | 6,392,589 | 6,860,178 | 6,440,181 |
| Local onlendings - official institutions (Notes 19b and 33b) | 2,562,400 | 1,584,239 | 2,650,732 | 2,287,261 |
| National Treasury | 72,165 | 51,398 | 72,165 | 51,398 |
| National Bank for Economic and Social Development (BNDES) | 987,294 | 781,621 | 987,294 | 855,524 |
| Federal Savings Bank (CEF) | 32,426 | 1,443 | 35,164 | 55,240 |
| Government Agency for Machinery and Equipment Financing (FINAME) | 1,469,554 | 748,890 | 1,555,148 | 1,324,212 |
| Other institutions | 961 | 887 | 961 | 887 |
| Foreign onlendings (Notes 19b and 33b) | 8,189 | 14,053 | 42,579 | 14,406 |
| Foreign onlendings | 8,189 | 14,053 | 42,579 | 14,406 |
| Derivative financial instruments (Notes 3d and 33) | 167,494 | 20,335 | 165,430 | 30,715 |
| Derivative financial instruments | 167,494 | 20,335 | 165,430 | 30,715 |
| Technical reserves for insurance, private pension plans and savings bonds (Notes 3g and 23) | - | - | 22,815,849 | 16,863,995 |
| Other liabilities | 8,087,071 | 9,102,525 | 10,979,703 | 12,020,860 |
| Collection of taxes and other contributions | 152,999 | 85,526 | 204,403 | 130,893 |
| Foreign exchange portfolio (Note 13a) | 3,011,421 | 5,107,731 | 3,011,421 | 5,118,801 |
| Social and statutory payables | 879,550 | 832,311 | 900,266 | 844,424 |
| Taxes and social security contributions | 293,209 | 502,799 | 1,078,038 | 1,596,338 |
| Negotiation and intermediation of securities | 272,810 | 353,885 | 312,267 | 595,958 |
| Subordinated debt (Notes 21 and 33b) | 44,543 | 33,527 | 69,387 | 60,935 |
| Sundry (note 22) | 3,432,539 | 2,186,746 | 5,403,921 | 3,673,511 |
| Long-term liabilities | 36,503,508 | 27,776,315 | 48,138,948 | 42,013,073 |
| Deposits (Notes 3k and 18a) | 18,013,943 | 13,090,389 | 15,522,719 | 12,894,136 |

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| | | | | |
|--|--------------------|--------------------|--------------------|--------------------|
| Interbank deposits | 2,488,195 | 2,142,315 | - | - |
| Time deposits (Note 33b) | 15,525,748 | 10,948,074 | 15,522,719 | 12,894,136 |
| Deposits received under security repurchase agreements (Notes 3k and 18a) | 2,008,978 | 1,693,406 | 2,009,423 | 1,695,945 |
| Own portfolio | 2,008,978 | 1,693,406 | 2,009,423 | 1,695,945 |
| Funds from issuance of securities (Notes 18b and 33b) | 3,231,488 | 2,527,162 | 3,044,786 | 2,655,089 |
| Mortgage notes | 10,832 | 57,420 | 10,832 | 59,174 |
| Securities issued abroad | 3,220,656 | 2,469,742 | 3,033,954 | 2,595,915 |
| Borrowings (Notes 19a and 33b) | 688,149 | 771,923 | 688,085 | 777,095 |
| Foreign currency borrowings | 688,149 | 771,923 | 688,085 | 777,095 |
| Local onlendings - official institutions (Notes 19b and 33b) | 5,588,602 | 3,985,604 | 5,704,666 | 5,267,005 |
| BNDES | 2,684,713 | 2,445,941 | 2,684,713 | 2,547,938 |
| CEF | 351,316 | - | 360,656 | 404,313 |
| FINAME | 2,549,890 | 1,539,663 | 2,656,614 | 2,314,754 |
| Other institutions | 2,683 | - | 2,683 | - |
| Foreign onlendings (Notes 19b and 33b) | - | 2,755 | - | 2,755 |
| Foreign onlendings | - | 2,755 | - | 2,755 |
| Derivative financial instruments (Notes 3d and 33) | 8,873 | 20,474 | 8,217 | 21,654 |
| Derivative financial instruments | 8,873 | 20,474 | 8,217 | 21,654 |
| Technical reserves for insurance, private pension plans and savings bonds (Notes 3g and 23) | - | - | 10,852,805 | 9,544,957 |
| Other liabilities | 6,963,475 | 5,684,602 | 10,308,247 | 9,154,437 |
| Social and statutory payables | - | - | - | 7,461 |
| Taxes and social security contributions | 1,055,434 | 850,006 | 3,417,349 | 3,185,120 |
| Subordinated debt (Notes 21 and 33b) | 5,303,358 | 4,333,875 | 5,903,358 | 4,933,875 |
| Sundry (Note 22) | 604,683 | 500,721 | 987,540 | 1,027,981 |
| Deferred income | 4,841 | 7,620 | 44,600 | 31,774 |
| Deferred income | 4,841 | 7,620 | 44,600 | 31,774 |
| Minority interest in subsidiary companies (Note 24) | - | - | 70,590 | 112,729 |
| Stockholders' equity (Note 25) | 15,214,646 | 13,546,880 | 15,214,646 | 13,546,880 |
| Capital: | | | | |
| - Local residents | 6,959,015 | 6,343,955 | 6,959,015 | 6,343,955 |
| - Foreign residents | 740,985 | 656,045 | 740,985 | 656,045 |
| Unpaid capital | (700,000) | - | (700,000) | - |
| Capital reserves | 10,853 | 8,665 | 10,853 | 8,665 |
| Revenue reserves | 7,745,713 | 6,066,640 | 7,745,713 | 6,066,640 |
| Mark-to-market adjustment - securities and derivatives | 458,080 | 478,917 | 458,080 | 478,917 |
| Treasury stock | - | (7,342) | - | (7,342) |
| Stockholders' equity managed by the parent company | - | - | 15,285,236 | 13,659,609 |
| Total | 149,950,687 | 140,888,310 | 184,926,468 | 176,097,690 |

The accompanying notes are an integral part of these financial statements.

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Statement of Income - December 31 - In thousands of reais, except share data

| | Bradesco | | Consolidated Bradesco | | |
|--|---------------------------------|--------------------|-----------------------|--------------------|--------------------|
| | Years Ended December 31 | | | | |
| | 2 nd Half of 2004 | 2004 | 2003 | 2004 | 2003 |
| Income from lending and trading activities | 10,191,571 | 19,684,272 | 18,337,397 | 26,203,227 | 28,033,866 |
| Credit operations (Notes 12i) | 5,245,759 | 10,487,637 | 8,826,955 | 12,731,435 | 12,294,528 |
| Leasing operations (Note 12i) | - | - | - | 300,850 | 307,775 |
| Securities transactions (Note 10e) | 3,176,252 | 6,107,239 | 7,416,257 | 4,921,179 | 7,832,965 |
| Financial income on insurance, private pension plans and savings bonds (Note 10e) | - | - | - | 5,142,434 | 5,359,939 |
| Derivative financial instruments (Note 33c v) | 1,132,858 | 1,272,030 | 46,016 | 1,238,890 | 55,192 |
| Foreign exchange transactions (Note 13a) | 27,798 | 686,495 | 811,747 | 691,302 | 797,702 |
| Compulsory deposits (Note 11b) | 608,904 | 1,130,871 | 1,236,422 | 1,177,137 | 1,385,765 |
| Expenses | 6,000,928 | 12,985,817 | 13,977,123 | 15,013,996 | 17,201,888 |
| Interest and charges on: | | | | | |
| Deposits (Note 18c) | 4,878,064 | 9,839,145 | 10,673,277 | 8,486,003 | 10,535,497 |
| Price-level restatement and interest on technical reserves for insurance, private pension plans and savings bonds (Note 18c) | - | - | - | 3,215,677 | 3,120,342 |
| Borrowings and onlendings (Note 19c) | 270,695 | 1,349,198 | 1,041,228 | 1,253,175 | 1,083,379 |
| Leasing operations (Note 12i) | - | - | - | 17,492 | 12,981 |
| Provision for loan losses (Notes 3e, 12f and 12g) | 852,169 | 1,797,474 | 2,262,618 | 2,041,649 | 2,449,689 |
| Income from financial intermediation | 4,190,643 | 6,698,455 | 4,360,274 | 11,189,231 | 10,831,978 |
| Other operating income (expenses) | (2,135,076) | (3,672,532) | (2,703,518) | (7,071,120) | (7,278,870) |
| Commissions and fees (Notes 26) | 2,227,340 | 4,170,936 | 3,177,995 | 5,824,368 | 4,556,861 |
| Income on insurance premiums, private pension plans and savings bonds (Notes 3g, 4a and 23c) | - | - | - | 13,283,677 | 11,726,088 |
| Variation in technical reserves for insurance, private pension plans and savings bonds (Notes 3g and 4a) | - | - | - | (3,964,106) | (3,670,163) |
| Claims - insurance operations (Notes 3g and 4a) | - | - | - | (5,159,188) | (3,980,419) |
| Savings bond draws and redemptions (Notes 3g and 4a) | - | - | - | (1,223,287) | (1,099,554) |
| Insurance and pension plan selling expenses (Note 3g) | - | - | - | (867,094) | (762,010) |
| Expenses with pension plan benefits and redemptions (Notes 3g and 4a) | - | - | - | (2,130,647) | (2,362,771) |
| Personnel expenses (Note 27) | (2,253,958) | (4,203,207) | (3,622,225) | (4,969,007) | (4,779,491) |
| Other administrative expenses (Notes 4a and 28) | (2,005,950) | (3,929,830) | (3,343,773) | (4,937,143) | (4,814,204) |
| Tax expenses | (460,306) | (844,994) | (552,905) | (1,464,446) | (1,054,397) |
| Equity in the earnings of subsidiary and associated companies (Note 15c) | 757,983 | 2,090,090 | 1,984,408 | 163,357 | 5,227 |
| Other operating income (Notes 4a and 29) | 289,796 | 460,370 | 754,218 | 1,198,532 | 1,697,242 |
| Other operating expenses (Notes 4a and 30) | (689,981) | (1,415,897) | (1,101,236) | (2,826,136) | (2,741,279) |

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| | | | | | |
|---|------------------|------------------|------------------|------------------|------------------|
| Operating income | 2,055,567 | 3,025,923 | 1,656,756 | 4,118,111 | 3,553,108 |
| Non-operating income (expenses), net (Note 31) | (37,236) | (58,580) | 174,187 | (491,146) | (841,076) |
| Income before taxes and profit sharing | 2,018,331 | 2,967,343 | 1,830,943 | 3,626,965 | 2,712,032 |
| Provision for income tax and social contribution (Notes 35a and 35b) | (208,229) | 92,808 | 475,396 | (554,345) | (396,648) |
| Minority interest in subsidiaries | - | - | - | (12,469) | (9,045) |
| Net income | 1,810,102 | 3,060,151 | 2,306,339 | 3,060,151 | 2,306,339 |
| <hr/> | | | | | |
| Interest attributed to own capital (Note 25c) | (673,582) | (1,324,983) | (1,347,018) | | |
| <hr/> | | | | | |
| Number of shares outstanding (Notes 25a and 25b) | 474,433,125 | 474,433,125 | 158,530,462 | | |
| Net income per share - In reais | 3.82 | 6.45 | 14.55 | | |
| <hr/> | | | | | |

The accompanying notes are an integral part of these financial statements.

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

| Events | Paid-up capital | | Capital reserves | | Revenue reserves | | Mark-to-market adjustment - Securities and Derivatives | | Treasury stock | Retained earnings | Total |
|--|------------------|------------------|-----------------------|--------------|------------------|------------------|--|-------------------------------------|-----------------|-------------------|-------------------|
| | Capital | Unpaid capital | Income tax incentives | Other | Legal | Statutory | Own | Associated and subsidiary companies | | | |
| At June 30, 2004 | 7,000,000 | - | 2,103 | 8,167 | 977,132 | 5,688,156 | (49,893) | 77,596 | (52,889) | - | 13,650,372 |
| Capital to be paid | 700,000 | (700,000) | - | - | - | - | - | - | - | - | - |
| Adjustment of Exchange Membership Certificates | - | - | - | 583 | - | - | - | - | - | - | 583 |
| Treasury stock | - | - | - | - | - | - | - | - | (3,206) | - | (3,206) |
| Cancellation of treasury stock | - | - | - | - | - | (56,095) | - | - | 56,095 | - | - |
| Mark-to-market adjustment - Securities and derivatives | - | - | - | - | - | - | 1,880 | 428,497 | - | - | 430,377 |
| Net income | - | - | - | - | - | - | - | - | - | 1,810,102 | 1,810,102 |
| Appropriation of net income: | | | | | | | | | | | |
| - Reserves | - | - | - | - | 90,505 | 1,046,015 | - | - | - | (1,136,520) | - |
| - Interest attributed to own capital | - | - | - | - | - | - | - | - | - | (673,582) | (673,582) |
| At December 31, 2004 | 7,700,000 | (700,000) | 2,103 | 8,750 | 1,067,637 | 6,678,076 | (48,013) | 506,093 | - | - | 15,214,646 |
| At December 31, 2002 | 5,200,000 | - | - | 7,435 | 799,312 | 4,916,005 | 100,871 | (91,719) | (86,175) | - | 10,845,729 |
| Capital increase through subscription | 501,000 | - | - | - | - | - | - | - | - | - | 501,000 |
| Capital increase through incorporation of shares | 788,735 | - | - | - | - | - | - | - | - | - | 788,735 |
| Capital increase with reserves | 510,265 | - | - | (7,435) | - | (502,830) | - | - | - | - | - |
| Share premium | - | - | - | 7,046 | - | - | - | - | - | - | 7,046 |
| Cancellation of treasury stock | - | - | - | - | - | (86,175) | - | - | 86,175 | - | - |
| Treasury stock | - | - | - | - | - | - | - | - | (7,342) | - | (7,342) |
| Fiscal incentives | - | - | 844 | - | - | - | - | - | - | - | 844 |
| Adjustment of Exchange Membership Certificates | - | - | - | 775 | - | - | - | - | - | - | 775 |
| Mark-to-market adjustment - Securities and derivatives | - | - | - | - | - | - | (143,890) | 613,655 | - | (18,993) | 450,772 |
| Net income | - | - | - | - | - | - | - | - | - | 2,306,339 | 2,306,339 |
| Appropriation of net income: | | | | | | | | | | | |
| - Reserves | - | - | - | - | 115,317 | 825,011 | - | - | - | (940,328) | - |
| - Interest attributed to own capital | - | - | - | - | - | - | - | - | - | (1,347,018) | (1,347,018) |
| At December 31, 2003 | 7,000,000 | - | 844 | 7,821 | 914,629 | 5,152,011 | (43,019) | 521,936 | (7,342) | - | 13,546,880 |
| Capital to be paid | 700,000 | (700,000) | - | - | - | - | - | - | - | - | - |
| Adjustment of Exchange Membership Certificates | - | - | - | 929 | - | - | - | - | - | - | 929 |
| Treasury stock | - | - | - | - | - | - | - | - | (48,753) | - | (48,753) |
| Cancellation of treasury stock | - | - | - | - | - | (56,095) | - | - | 56,095 | - | - |
| Fiscal incentives | - | - | 1,259 | - | - | - | - | - | - | - | 1,259 |

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| | | | | | | | | | | |
|--------------------------------------|------------------|------------------|--------------|--------------|------------------|------------------|-----------------|----------------|----------|---------------------|
| Mark-to-market adjustment - | | | | | | | | | | |
| Securities and derivatives | - | - | - | - | - | - | (4,994) | (15,843) | - | (20,837) |
| Net income | - | - | - | - | - | - | - | - | - | 3,060,151 |
| Appropriation of net income: | | | | | | | | | | |
| - Reserves | - | - | - | - | 153,008 | 1,582,160 | - | - | - | (1,735,168) |
| - Interest attributed to own capital | - | - | - | - | - | - | - | - | - | (1,324,983) |
| At December 31, 2004 | 7,700,000 | (700,000) | 2,103 | 8,750 | 1,067,637 | 6,678,076 | (48,013) | 506,093 | - | - 15,214,646 |

The accompanying notes are an integral part of these financial statements.

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Statement of Changes in Financial Position - In thousands of reais

| | Bradesco | | Consolidated Bradesco | | |
|--|---------------------------------|--------------------|-----------------------|-------------------|-------------------|
| | Years Ended December 31 | | | | |
| | 2 nd Half of 2004 | 2004 | 2003 | 2004 | 2003 |
| FINANCIAL RESOURCES WERE PROVIDED BY : | 24,460,990 | 36,732,177 | 42,776,844 | 36,066,941 | 39,595,630 |
| Net income | 1,810,102 | 3,060,151 | 2,306,339 | 3,060,151 | 2,306,339 |
| Adjustments to net income | (918,983) | (1,769,700) | (1,739,453) | 1,058,715 | 1,678,886 |
| Depreciation and amortization | 191,880 | 383,585 | 359,223 | 548,000 | 623,113 |
| Amortization of goodwill | 117,020 | 238,010 | 194,946 | 713,372 | 1,035,080 |
| Change in provision for investments | 268 | (287) | 22,200 | (10,263) | 28,714 |
| Equity in the earnings of subsidiary and associated companies | (757,983) | (2,090,090) | (1,984,408) | (163,357) | (5,227) |
| Other | (470,168) | (300,918) | (331,414) | (29,037) | (2,794) |
| Change in deferred income | (567) | (2,779) | 895 | 12,826 | 15,931 |
| Change in minority interest | - | - | - | (42,139) | (158,335) |
| Mark-to-market adjustment - securities available for sale | 430,377 | (20,837) | 450,772 | (20,837) | 450,772 |
| Stockholders | - | - | 1,296,781 | - | 1,296,781 |
| Capital increase through subscription | - | - | 501,000 | - | 501,000 |
| Capital increase through incorporation of shares | - | - | 788,735 | - | 788,735 |
| Share premium | - | - | 7,046 | - | 7,046 |
| Fiscal incentive investments | - | 1,259 | 844 | 1,259 | 844 |
| Third parties: | | | | | |
| - Increase in liabilities | 12,434,313 | 19,885,400 | 34,658,545 | 19,257,389 | 32,966,215 |
| Deposits | 5,991,593 | 16,483,494 | 7,843,739 | 10,619,442 | 1,660,722 |
| Deposits received under security repurchase agreements | 5,659,592 | - | 19,485,500 | - | 16,779,760 |
| Funds from issuance of securities | - | - | 3,814,726 | - | 3,710,054 |
| Interdepartmental accounts | 783,128 | 33,939 | 524,319 | - | 444,339 |
| Borrowings and onlendings | - | 2,971,375 | - | 1,164,589 | - |
| Derivative financial instruments | - | 135,558 | - | 121,278 | - |
| Technical reserves for insurance, private pension plans and savings bonds committed | - | - | - | 7,259,702 | 7,253,473 |
| Other liabilities | - | 261,034 | 2,990,261 | 92,378 | 3,117,867 |
| - Decrease in assets | 6,850,684 | 7,264,263 | 35,863 | 12,277,368 | 139,512 |
| Interbank investments | - | 5,353,924 | - | 9,377,282 | - |
| Interdepartmental accounts | 10,457 | 350,156 | - | 367,242 | - |
| Leasing operations | - | - | - | - | 124,733 |
| Other receivables | 6,840,227 | 1,560,183 | - | 2,532,844 | - |
| Other assets | - | - | 35,863 | - | 14,779 |
| - Sale (write-off) of assets and investments | 3,071,323 | 7,370,163 | 5,058,117 | 437,394 | 842,254 |
| Non-operating assets | 63,459 | 109,472 | 138,375 | 238,008 | 191,321 |
| Property and equipment in use and leased assets | 20,903 | 43,071 | 100,608 | 97,422 | 534,297 |
| Investments | 2,986,707 | 7,216,836 | 4,813,238 | 57,190 | 63,262 |
| Sale (write-off) of deferred charges | 254 | 784 | 5,896 | 44,774 | 53,374 |
| - Interest attributed to own capital and dividends received from subsidiary and associated companies | 783,741 | 944,257 | 708,141 | 24,815 | 56,431 |
| FINANCIAL RESOURCES WERE USED FOR: | 23,975,418 | 36,341,247 | 42,365,485 | 35,876,107 | 39,932,911 |

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| | | | | | |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|
| Interest attributed to own capital and dividends received from subsidiary and associated companies | 673,582 | 1,324,983 | 1,347,018 | 1,324,983 | 1,347,018 |
| Acquisition of own shares | 3,206 | 48,753 | 7,342 | 48,753 | 7,342 |
| Investments in: | 978,494 | 3,564,026 | 9,081,740 | 736,676 | 1,063,528 |
| Non-operating assets | 50,427 | 93,806 | 82,570 | 122,776 | 130,055 |
| Property and equipment in use and leased assets | 124,180 | 468,060 | 510,840 | 493,394 | 840,130 |
| Investments | 803,887 | 3,002,160 | 8,488,330 | 120,506 | 93,343 |
| Deferred charges | 57,359 | 605,414 | 245,744 | 672,162 | 593,139 |
| Increase in assets | 11,686,372 | 18,307,676 | 31,264,271 | 21,006,194 | 34,676,622 |
| Interbank investments | 3,931,713 | - | 10,048,742 | - | 10,251,247 |
| Securities and derivative financial instruments | 2,943,600 | 2,803,070 | 10,524,099 | 8,616,878 | 17,166,779 |
| Interbank accounts | 405,098 | 3,003,985 | 1,496,166 | 2,074,265 | 1,069,405 |
| Interdepartmental accounts | - | - | 318,240 | - | 323,040 |
| Credit operations | 4,334,179 | 12,414,107 | 5,027,485 | 9,728,169 | 2,457,439 |
| Leasing operations | - | - | - | 249,888 | - |
| Other receivables | - | - | 3,849,539 | - | 3,238,263 |
| Insurance premiums receivable | - | - | - | 98,671 | 170,449 |
| Other assets | 71,782 | 86,514 | - | 238,323 | - |
| Decrease in liabilities | 10,576,405 | 12,490,395 | 419,370 | 12,087,339 | 2,245,262 |
| Deposits received under security repurchase agreements | - | 11,258,597 | - | 9,906,322 | - |
| Funds from acceptance of securities | 2,406,180 | 862,039 | - | 1,789,404 | - |
| Interbank accounts | 1,134,842 | 369,759 | 39,182 | 355,266 | 77,364 |
| Interdepartmental accounts | - | - | - | 36,347 | - |
| Borrowings and onlendings | 839,487 | - | 227,058 | - | 1,643,570 |
| Derivative financial instruments | 610,680 | - | 153,130 | - | 524,328 |
| Other liabilities | 5,585,216 | - | - | - | - |
| Increase (decrease) in funds available | 485,572 | 390,930 | 411,359 | 190,834 | (337,281) |
| Changes in Financial Position | | | | | |
| At the beginning of the period | 2,096,838 | 2,191,480 | 1,780,121 | 2,448,426 | 2,785,707 |
| At the end of the period | 2,582,410 | 2,582,410 | 2,191,480 | 2,639,260 | 2,448,426 |
| Increase (decrease) in funds available | 485,572 | 390,930 | 411,359 | 190,834 | (337,281) |

The accompanying notes are an integral part of these financial statements.

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BANCO BRADESCO S.A.

Notes to the Financial Statements

INDEX

We present below the notes to the Financial Statements of Banco Bradesco S.A. subdivided as follows:

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- 4) INFORMATION FOR COMPARISON PURPOSES
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1) OPERATIONS

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

Accordingly, Banco Bradesco S.A. carried out the following transactions in 2004:

- On February 10, acquisition of the share control of Banco do Estado do Maranhão S.A. BEM.
- Ratification by the Brazilian Central Bank (BACEN) of the acquisition through Banco Finasa S.A. of the share control of S. A. and subsidiaries.
- 2-for-1 stock split approved at the Extraordinary General Meeting held on December 9, 2004, and ratified by BACEN on December 10, 2004, benefiting all Bradesco stockholders registered on December 13, 2004.

2) PRESENTATION OF THE FINANCIAL STATEMENTS

The financial statements of Banco Bradesco S.A. include the financial statements of Banco Bradesco S.A., its foreign branches and its direct and indirect subsidiaries and jointly controlled investments, in Brazil and abroad, and special purpose entities (SPEs) and were prepared based on accounting policies determined by Brazilian Corporation Law for the recording of operations, as well as the rules and instructions of the National Monetary Council (CMN), Brazilian Central Bank (BACEN), Brazilian Securities Commission (CVM) and Superintendency of Private Insurance (SUSEP) and the National Agency for Supplementary Healthcare (ANS), and comprise the financial statements of the leasing companies based on the capital leasing method of accounting, whereby leased assets are reclassified to the leasing operations account.

Accordingly, for preparation purposes, intercompany investments, asset and liability account balances, revenue, expenses and unrealized income were eliminated from these financial statements and, in the case of investments which are jointly controlled with other stockholders, asset, liability and income components were included in the consolidated financial statements in proportion to the parent company's percentage capital ownership of each investee. Goodwill on the acquisition of investments in subsidiaries and in the jointly controlled investments is presented in deferred assets and minority interests in net income and stockholders' equity are separately disclosed. Exchange variation arising from transactions of subsidiaries and foreign branches was allocated to the statement of income accounts according to the corresponding assets and liabilities from which it originated.

The financial statements include estimates and assumptions, such as the calculation of the allowance for loan losses, the estimation of the fair value of certain financial instruments, provision for contingencies, other provisions, the quantification of technical reserves for insurance, pension plans and savings bonds and the determination of the useful economic life of specific assets. Actual results could differ from these estimates and assumptions.

The following main companies are included in the consolidation:

| | Activity Area | % Ownership | |
|--|-----------------|-------------|---------|
| | | 2004 | 2003 |
| Financial area - Local | | | |
| Banco Alvorada S.A. (1) | Banking | 99.83% | 100.00% |
| Banco Baneb S.A. (2) | Banking | - | 99.94% |
| Banco BEM S.A. (3) | Banking | 100.00% | - |
| Banco BCN S.A. (4) | Banking | - | 100.00% |
| Banco Boavista Interatlântico S.A. | Banking | 100.00% | 100.00% |
| Banco de Crédito Real de Minas Gerais S.A. (5) | Banking | - | 99.99% |
| Banco Finasa de Investimento S.A. (6) | Investment Bank | - | 97.40% |
| Banco Finasa S.A. (7) | Banking | 100.00% | 100.00% |
| Banco Mercantil de São Paulo S.A. | Banking | 100.00% | 100.00% |
| Bradesco BCN Leasing S.A. Arrendamento Mercantil (5) | Leasing | - | 99.97% |
| Bradesco Consórcios Ltda. | | 99.99% | 99.99% |

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| | | | |
|---|-----------------------|---------|---------|
| | Consortium Management | | |
| Bradesco Leasing S.A. Arrendamento Mercantil (8) | Leasing | 100.00% | 100.00% |
| Bradesco S.A. Corretora de Títulos e Valores Mobiliários | Brokerage | 99.99% | 99.99% |
| BRAM Bradesco Asset Management Ltda.(9) | Asset Management | - | 99.99% |
| BRAM Bradesco Asset Management S.A. DTVM (10) | Asset Management | 100.00% | 100.00% |
| Companhia Brasileira de Meios de Pagamento VISANET (11) (12) (13) | Services | 39.71% | 39.71% |

Financial area - Foreign

| | | | |
|------------------------------------|-----------|---------|---------|
| Alvorada Nassau (14) | Banking | - | 100.00% |
| Banco Bradesco Argentina S.A. (12) | Banking | 99.99% | 99.99% |
| Banco Bradesco Luxembourg S.A | Banking | 100.00% | 100.00% |
| BCN Grand Cayman (7) | Banking | 100.00% | 100.00% |
| Boavista Grand Cayman | Banking | 100.00% | 100.00% |
| Boavista Nassau | Banking | 100.00% | 100.00% |
| Bradesco Grand Cayman (15) | Banking | 100.00% | 100.00% |
| Bradesco New York | Banking | 100.00% | 100.00% |
| Bradesco Securities, Inc. | Brokerage | 100.00% | 100.00% |
| Mercantil Grand Cayman (16) | Banking | 100.00% | 100.00% |

Insurance, pension plan and savings bond area

| | | | |
|---|-------------------------|--------|--------|
| Atlântica Capitalização S.A.(17) | Savings Bonds | 99.44% | 99.70% |
| Áurea Seguros S.A. (11) (12) (17) | Insurance | 27.34% | 27.42% |
| Bradesco Argentina de Seguros S.A.(12) (17) | Insurance | 99.21% | 99.47% |
| Bradesco Capitalização S.A. (18) | Savings Bonds | 99.44% | 99.33% |
| Bradesco Saúde S.A. (17) | Insurance | 99.44% | 99.70% |
| Bradesco Seguros S.A (17) | Insurance | 99.44% | 99.70% |
| Bradesco Vida e Previdência S.A (17) | Pension Plans/Insurance | 99.44% | 99.69% |
| Finasa Seguradora S.A. (17) | Insurance | 99.44% | 99.46% |
| Indiana Seguros S.A (17) (19) | Insurance | 39.77% | 39.88% |
| Seguradora Brasileira de Crédito à Exportação S.A. (11) (12) (17) | Insurance | 12.02% | 12.05% |
| Bradesco Auto/RE Companhia de Seguros (20) (21) | Insurance | 99.44% | 91.41% |

Other activities

| | | | |
|--|------------------------|---------|--------|
| Átria Participações S.A. (17) | Holding Company | 99.44% | 99.70% |
| Bradescor Corretora de Seguros Ltda. (1) | Insurance Brokerage | 99.82% | 99.99% |
| Cia. Securitizadora de Créditos Financeiros Rubi (22) (23) (24) | Credit acquisition | 100.00% | - |
| Cibrasec - Companhia Brasileira de Securitização (1)(11)(12)(25) | Credit acquisition | 9.98% | 12.50% |
| CPM Holdings Limited (11) (12) | Holding Company | 49.00% | 49.00% |
| Nova Paiol Participações S.A. (17) | Holding Company | 99.44% | 99.70% |
| Scopus Tecnologia Ltda. (1) | Information Technology | 99.82% | 99.99% |
| Serasa S.A. (11) (12) (26) | Services | 26.37% | 26.31% |
| Smart Club do Brasil Ltda. (27) | Services | - | 36.36% |
| União de Comércio e Participações Ltda. (28) | Holding Company | - | 99.99% |
| União Participações Ltda. (29) | Holding Company | 99.99% | 99.99% |

- (1) Percentage ownership decreased through issue of new shares to minority stockholders of Banco Baneb S.A. merged in December 2004.
- (2) Partially spun off on December 30, 2004, with spun-off portion merged into Bradesco Vida e Previdência S.A. and the remaining portion merged into Banco Alvorada S.A.
- (3) New name of Banco do Estado do Maranhão S.A. acquired on February 10, 2004.
- (4) Partially spun off on March 10, 2004 with spun-off portion merged into Banco Bradesco S.A. On March 12, 2004, the remaining portion of the assets and liabilities of Banco BCN were merged into Banco Alvorada S.A.
- (5) Merged into Bradesco Leasing S.A. Arrendamento Mercantil in September 2004.
- (6)

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- Merged into Banco Baneb S.A. in August 2004.
- (7) Became a direct subsidiary of Banco Bradesco S.A. as a result of the partial spin-off of Banco BCN S.A. on March 10, 2004, with the spun-off portion merged into Banco Bradesco S.A. (item 4).
- (8) Formerly Bradesco Potenza Leasing S.A. Arrendamento Mercantil.
- (9) Merged into BES Boavista Espírito Santo DTVM S.A. in July 2004.
- (10) Formerly BES - Boavista Espírito Santo DTVM S.A.
- (11) Proportionally consolidated in accordance with CMN Resolution 2723 and CVM Instruction 247.
- (12) Companies audited by other independent auditors in 2003 and 2004.
- (13) The special purpose entity called Brazilian Merchant Voucher Receivables Limited, operating in the securitization of the future flow of credit card bill receivables from foreign cardholders abroad is being consolidated (Note 18b2).
- (14) This branch ceased activities in July 2004 and its operations were transferred to the Bradesco Branch in Grand Cayman.
- (15) The special purpose entity called International Diversified Payment Rights Company, operating in the securitization of the future flow of money orders received from abroad is being consolidated (Note 18b2).
- (16) Became a direct subsidiary of Banco Bradesco S.A. as a result of the partial spin-off of Banco Mercantil de São Paulo S.A. in March 2004, with the spun-off portion merged into Banco Bradesco S.A.
- (17) Percentage ownership reduced through incorporation of the minority stockholders shares of União Novo Hamburgo de Seguros S.A.
- (18) Percentage ownership increased through acquisition of the minority stockholders shares of Bradesco Vida e Previdência S.A. its parent company since May 2004.
- (19) A subsidiary since percentage ownership totals 51% of voting capital.
- (20) Percentage ownership increased through acquisition and incorporation of the minority stockholders shares of União Novo Hamburgo de Seguros S.A.
- (21) Formerly União Novo Hamburgo de Seguros S.A.
- (22) Acquired on June 25, 2004.
- (23) Became a direct subsidiary of Banco Bradesco S.A. in December 2004.
- (24) Formerly Cia. Securitizadora de Crédito Financeiro Interatlântico.
- (25) Percentage ownership decreased through sale of shares.
- (26) Percentage ownership increased through acquisition of Banco BEM S.A.
- (27) Merged into Cia. Brasileira de Meios de Pagamento Visanet in December 2004.
- (28) On August 31, 2004, União de Comércio e Participações Ltda. was partially spun off, with the spun-off portion merged into Caulim Participações Ltda. The remaining portion was merged into Banco Alvorada S.A. in September 2004.
- (29) Formerly Caulim Participações Ltda.

3) SIGNIFICANT ACCOUNTING POLICIES

a) Determination of net income

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Income and expenses are determined on the accrual basis of accounting. Transactions with prefixed rates are recorded at their redemption amounts and income and expenses for the future period are recorded as a discount to the corresponding asset and liability accounts. Income and expenses of a financial nature are prorated daily and calculated based on the exponential method, except when relating to discounted notes or to cross-border transactions which are calculated on the straight-line method. Post-fixed or foreign-currency-indexed transactions are adjusted to the balance sheet date.

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

The revenue from savings bond plans is recognized at the time it is effectively received. The expenses for placement of bonds, classified as Selling Expenses, are recorded as they are incurred. Brokerage expenses are recorded at the time the savings bond certificate revenues are effectively received.

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

The corresponding expenses for technical reserves for private pension plans and savings bonds are recorded at the same time as revenue therefrom is recognized

b) Interbank investments

Purchase and sale commitments subject to unrestricted movement agreements are adjusted to market value. Other assets are recorded at purchase cost, including accrued income up to the balance sheet date, net of loss accrual, where applicable.

c) Securities

Trading securities - securities which are acquired for the purpose of being actively and frequently traded are adjusted to market value as a counter-entry to results for the period.

Securities available for sale - securities which are not specifically intended for trading purposes or as held to maturity, are adjusted to market value as a counter-entry to a specific account in stockholders' equity, at amounts net of tax effects.

Securities held to maturity - securities for which there exists intention and financial capacity for maintenance through to maturity are recorded at cost, plus accrued earnings, as a counter-entry to results for the period.

d) Derivative financial instruments (assets and liabilities)

These are classified based on management's intended use thereof on the date of the operation and whether it was carried out for hedging purposes or not.

The derivative financial instruments which do not comply with the hedging criteria established by BACEN, particularly derivatives used to manage general exposure to risk, are recorded at market values, with the corresponding mark-to-market adjustments taken directly to income for the period.

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

- Market risk hedge - the hedged financial assets and liabilities and the corresponding derivative financial instruments are recorded at market value, with corresponding mark-to-market adjustments recorded directly in income for the period.

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

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e) Credit and leasing operations, advances on foreign exchange contracts, other receivables and allowance for loan and leasing losses

Credit and leasing operations, advances on foreign exchange contracts and other receivables are classified at their corresponding risk levels in compliance with: (i) the parameters established by CMN Resolution 2682, at nine levels from AA (minimum risk) to H (maximum risk); and (ii) management's risk level assessment. This assessment, which is carried out on a periodic basis, considers current economic conditions, and past loan loss experience, as well as specific and general risks relating to operations, borrowers and guarantors. Moreover, the length of the delay in payment defined in CMN Resolution 2682 is also taken into account for customer risk classification purposes as follows:

| Length of delay | Customer classification |
|----------------------|-------------------------|
| From 15 to 30 days | B |
| From 31 to 60 days | C |
| From 61 to 90 days | D |
| From 91 to 120 days | E |
| From 121 to 150 days | F |
| From 151 to 180 days | G |
| More than 180 days | H |

The accrual of credit operations past due up to 60 days is recorded in income on credit operations and subsequent to the 61st day, in unearned income.

Past-due operations classified at H level remain at this level for six months, subsequent to which time they are written off against the existing allowance and controlled over a five-year period in memorandum accounts and no longer presented in the balance sheet.

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

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

The allowance for loan losses is recorded at an amount considered sufficient to cover estimated losses and considers BACEN requirements and instructions, as well as Management's appraisal of the related credit risks.

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

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

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

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

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

Provision for unearned premiums

These are recorded based on the retained insurance premiums deferred over the terms of the insurance contracts, in accordance with criteria established by SUSEP and ANS standards.

Reserves for benefits to be granted and benefits granted

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

Savings Bonds mathematical reserves for redemptions and draws

These were recorded in conformity with the actuarial technical notes approved by SUSEP, based on a variable percentage applicable to the amounts of the savings bond certificates effectively received and are adjusted for price-level restatement.

Unsettled claims and IBNR

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

h) Investments

Significant investments in subsidiary and associated companies and jointly controlled investments are recorded on the equity method. The financial statements of the foreign branches and subsidiaries are adjusted to comply with the accounting practices adopted in Brazil, translated into reais and their related effects recognized in income for the period.

The exchange membership certificates of Stock Exchanges, the Center for the Financial Clearance and Custody of Private Securities (CETIP) and the Mercantile and Futures Exchange (BM&F) were recorded at their unaudited net book values, informed by the corresponding exchanges and fiscal incentives and other investments were recorded at cost, less the provision for loss, where applicable.

i) Property and equipment in use

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

j) Deferred charges

Deferred charges are recorded at cost of acquisition or formation, net of the corresponding accumulated amortization at 20% to 50% per annum, calculated on the straight-line method.

Goodwill on the acquisition of investments in subsidiary companies, based on expected future results, is amortized at rates of 10% to 20% per annum and is presented on a consolidated basis in deferred charges and, on an unconsolidated basis, as investments.

k) Deposits and deposits received under security repurchase agreements

These are stated at the amount of the liabilities and include related charges up to the balance sheet date, on a daily pro rata basis.

l) Other assets and liabilities

The assets were stated at their realizable amounts, including, where applicable, related income and monetary and exchange variations (on a daily pro rata basis), less a provision for loss, when deemed appropriate. The liabilities include known or estimated amounts, plus related charges and monetary and exchange variations (on a daily pro rata basis).

4) INFORMATION FOR COMPARISON PURPOSES

a) Reclassifications

In order to facilitate comparison of the financial statements, certain December 31, 2003 account balances were reclassified.

In thousands of reais

| STATEMENT OF INCOME | Consolidated Bradesco | | |
|--|-----------------------|-------------------|----------------------|
| | Prior disclosure | Reclassifications | Reclassified balance |
| Income from lending and trading activities | 27,529,706 | 504,160 | 28,033,866 |
| Securities transactions (1) | 7,328,805 | 504,160 | 7,832,965 |
| Income from financial intermediation | 10,327,818 | 504,160 | 10,831,978 |
| Other operating income (expenses) | (6,774,710) | (504,160) | (7,278,870) |
| Income on insurance premiums, private pension plans and savings bonds (2) | 12,494,843 | (768,755) | 11,726,088 |
| Variation in technical reserves for insurance, private pension plans and savings bonds (3) | (3,810,999) | 140,836 | (3,670,163) |
| Claims - insurance operations (2) | (4,320,516) | 340,097 | (3,980,419) |
| Savings bond draws and redemptions (3) | (958,718) | (140,836) | (1,099,554) |
| Expenses with pension plan benefits and redemptions (2) | (2,791,429) | 428,658 | (2,362,771) |
| Other administrative expenses (4) | (4,814,264) | 60 | (4,814,204) |
| Other operating income (1) (4) | 2,119,368 | (422,126) | 1,697,242 |
| Other operating expenses (4) | (2,659,185) | (82,094) | (2,741,279) |
| Net income | 2,306,339 | - | 2,306,339 |

- (1) Reclassification of reversal of provision for exchange variation from other operating income.
- (2) Pursuant to SUSEP requirements, VGBL plan redemptions were reclassified from claims to premium refunds.
- (3) Reclassification of variation in technical reserves for insurance, private pension plans and savings bonds to savings bond draws and redemptions.
- (4) Reclassification of services provided by Scopus Tecnologia.

b) In the first half of 2004, Bradesco acquired the share control of Banco Zogbi S.A. (merged into Banco Finasa S.A. on October 29, 2004) and other companies and of Banco BEM S.A. and subsidiaries. On October 22, 2004, Banco Bradesco and Banco BEM entered into an agreement for the transfer of assets and rights and for the assumption of debt, whereby Banco Bradesco received assets in the amount of R\$ 139,786 thousand and assumed liabilities in the amount of R\$ 338,227 thousand, as well as possible rights derived from memorandum accounts in the amount of R\$ 92,693 thousand. We present below the balance sheet accounts of these companies at September 30, 2004, prior to the aforementioned events:

| BALANCE SHEET | In thousands of reais | |
|---|-------------------------------------|--------------------------------|
| | Banco Zogbi and other companies (1) | Banco BEM and subsidiaries (2) |
| ASSETS | | |
| Current assets and long-term receivables | 427,749 | 1,150,680 |
| Funds available | 1,676 | 40,117 |
| Interbank investments | 27,950 | 231,398 |
| Securities and derivative financial instruments | 58,490 | 542,895 |
| Interbank and interdepartmental accounts | 1,956 | 27,767 |
| Credit and leasing operations | 301,527 | 110,443 |
| Other receivables and other assets | 36,150 | 198,060 |

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| | | |
|--|----------------|------------------|
| Permanent assets | 29,389 | 9,220 |
| Investments | 1,392 | 83 |
| Property and equipment | 26,085 | 9,137 |
| Deferred charges | 1,912 | - |
| Total | 457,138 | 1,159,900 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Current and long-term liabilities | 100,141 | 962,700 |
| Demand, time and interbank deposits | 292 | 258,101 |
| Savings deposits | - | 44,638 |
| Deposits received under security repurchase agreements and funds from issuance of securities | - | 468,950 |
| Interbank and interdepartmental accounts | 407 | 1,714 |
| Borrowings and onlendings | 38,058 | 2,968 |
| Other liabilities | 61,384 | 186,329 |
| Minority interest in subsidiaries | 5,991 | - |
| STOCKHOLDERS' EQUITY | 351,006 | 197,200 |
| Total | 457,138 | 1,159,900 |

(1) Includes Zogbi Leasing S.A. Arrendamento Mercantil, Zogbi Distribuidora de Títulos e Valores Mobiliários Ltda., Promosec Cia. Securitizadora de Créditos Financeiros and Promovel Empreendimentos e Serviços Ltda.

(2) At the auction for shares held on July 27, 2004, addressed in the Public Offering of Shares (OPA) filed at the CVM on March 12, 2004, 35,499,857 common shares were acquired, comprising 99.92% of minority interest, meeting the requirements for cancellation of its listing as a publicly held company. On August 31, 2004, capital was increased in Banco BEM S.A., in the amount of R\$ 150,000 thousand, with the issue of 150,000 nominative registered common shares, with no par value. This operation was ratified by BACEN on September 13, 2004.

5) ADJUSTED BALANCE SHEET AND STATEMENT OF INCOME BY BUSINESS SEGMENT

The following information is presented in conformity with the definitions set forth in the Chart of Accounts for National Financial System Institutions (COSIF).

a) Balance sheet

| | At December 31 In thousands of reais | | | | | | |
|---|--------------------------------------|-------------------|----------------------------|---------------|----------------------------|-----------------------------|--------------------------|
| | Financial (1) (2) | | Insurance group (2) (3) | | Other activities (2) | Amount eliminated (4) | Consolidated Bradesco |
| | Local | Foreign | Local | Foreign | | | |
| ASSETS | | | | | | | |
| Current assets and long-term receivables | 126,157,790 | 18,853,010 | 39,564,285 | 37,167 | 370,997 | (5,003,293) | 179,979,956 |
| Funds available | 2,555,014 | 53,856 | 47,188 | 6,293 | 15,048 | (38,139) | 2,639,260 |
| Interbank investments | 19,148,358 | 4,360,281 | - | - | - | (1,161,918) | 22,346,721 |
| Securities and derivative financial instruments | 18,114,960 | 8,468,152 | 36,695,710 | 28,663 | 92,863 | (978,690) | 62,421,658 |
| Interbank and interdepartmental accounts | 16,228,170 | 6,469 | - | - | - | - | 16,234,639 |
| Credit and leasing operations | 49,869,753 | 5,615,135 | - | - | - | (2,037,680) | 53,447,208 |
| Other receivables and other assets | 20,241,535 | 349,117 | 2,821,387 | 2,211 | 263,086 | (786,866) | 22,890,470 |
| Permanent assets | 11,224,685 | 366,211 | 930,125 | 195 | 222,615 | (7,797,319) | 4,946,512 |
| Investments | 7,910,333 | 363,825 | 592,057 | - | 32,278 | (7,797,319) | 1,101,174 |
| Property and equipment in use and leased assets | 1,899,424 | 2,369 | 285,508 | 195 | 101,952 | - | 2,289,448 |
| Deferred charges | 1,414,928 | 17 | 52,560 | - | 88,385 | - | 1,555,890 |
| Total in 2004 | 137,382,475 | 19,219,221 | 40,494,410 | 37,362 | 593,612 | (12,800,612) | 184,926,468 |

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| | | | | | | | |
|---|--------------------|-------------------|-------------------|---------------|----------------|---------------------|--------------------|
| Total in 2003 | 136,192,529 | 20,572,797 | 32,629,673 | 43,708 | 758,674 | (14,099,691) | 176,097,690 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | | | | | | |
| Current and long-term liabilities | 122,107,499 | 14,683,352 | 37,459,988 | 25,731 | 323,355 | (5,003,293) | 169,596,632 |
| Deposits | 66,226,656 | 3,622,827 | - | - | - | (1,206,156) | 68,643,327 |
| Deposits received under security repurchase agreements | 21,961,231 | 925,172 | - | - | - | - | 22,886,403 |
| Funds from issuance of securities | 2,856,440 | 3,473,666 | - | - | - | (1,272,614) | 5,057,492 |
| Interbank and interdepartmental accounts | 1,917,580 | 2,207 | - | - | - | - | 1,919,787 |
| Borrowings and onlendings | 14,148,718 | 3,537,924 | - | - | - | (1,727,270) | 15,959,372 |
| Derivative financial instruments | 173,564 | 83 | - | - | - | - | 173,647 |
| Technical reserves for insurance, private pension plans and savings bonds | - | - | 33,646,007 | 22,647 | - | - | 33,668,654 |
| Other liabilities | | | | | | | |
| - Subordinated debt | 3,060,306 | 2,912,439 | - | - | - | - | 5,972,745 |
| - Other | 11,763,004 | 209,034 | 3,813,981 | 3,084 | 323,355 | (797,253) | 15,315,205 |
| Deferred income | 44,594 | - | - | - | 6 | - | 44,600 |
| Minority interest and stockholders' equity in subsidiaries | 15,736 | 4,535,869 | 3,034,422 | 11,631 | 270,251 | (7,797,319) | 70,590 |
| Stockholders' equity | 15,214,646 | - | - | - | - | - | 15,214,646 |
| Total in 2004 | 137,382,475 | 19,219,221 | 40,494,410 | 37,362 | 593,612 | (12,800,612) | 184,926,468 |
| Total in 2003 | 136,192,529 | 20,572,797 | 32,629,673 | 43,708 | 758,674 | (14,099,691) | 176,097,690 |

b) Statement of income

Years ended December 31 In thousands of reais

| | Financial | | Insurance group | | Other activities | Amount eliminated | Consolidated Bradesco |
|--|------------------|----------------|------------------|----------------|------------------|-------------------|-----------------------|
| | (1) (2) | | (2) (3) | | | | |
| | Local | Foreign | Local | Foreign | | | |
| Income from lending and trading activities | 20,082,071 | 1,132,592 | 5,150,160 | 1,066 | 10,707 | (173,369) | 26,203,227 |
| Expenses for lending and trading activities | 11,314,291 | 664,508 | 3,215,004 | - | (850) | (178,957) | 15,013,996 |
| Income from financial intermediation | 8,767,780 | 468,084 | 1,935,156 | 1,066 | 11,557 | 5,588 | 11,189,231 |
| Other operating income (expenses) | (6,241,157) | (109,287) | (757,197) | (1,595) | 43,704 | (5,588) | (7,071,120) |
| Operating income | 2,526,623 | 358,797 | 1,177,959 | (529) | 55,261 | - | 4,118,111 |
| Non-operating income (expense), net | (307,176) | 4,790 | (190,034) | (718) | 1,992 | - | (491,146) |
| Income before taxes and profit sharing | 2,219,447 | 363,587 | 987,925 | (1,247) | 57,253 | - | 3,626,965 |
| Provision for income tax and social contribution | (432,646) | (3,771) | (94,894) | 33 | (23,067) | - | (554,345) |
| Minority interest in subsidiaries | (8,034) | - | (3,669) | - | (766) | - | (12,469) |
| Net income in 2004 | 1,778,767 | 359,816 | 889,362 | (1,214) | 33,420 | - | 3,060,151 |
| Net income in 2003 | 1,249,316 | 323,490 | 677,760 | 791 | 54,982 | - | 2,306,339 |

- (1) The financial segment comprises financial institutions and holding companies which are mainly responsible for managing financial resources, as well as credit card administration and asset management companies.
- (2) Asset and liability and income and expense account balances are eliminated between companies from the same segment.
- (3) The Insurance Group segment comprises insurance, private pension plan and savings bond companies.
- (4) Amounts eliminated between companies from different segments.
- 6) BALANCE SHEET BY CURRENCY AND EXCHANGE EXPOSURE

At December 31, 2004 In thousands of reais

Currency

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| | Balance Sheet | Local | Foreign (1) (2) |
|---|--------------------|--------------------|--------------------|
| ASSETS | | | |
| Current assets and long-term receivables | 179,979,956 | 154,231,879 | 25,748,077 |
| Funds available | 2,639,260 | 2,223,601 | 415,659 |
| Interbank investments | 22,346,721 | 17,690,507 | 4,656,214 |
| Securities and derivative financial instruments | 62,421,658 | 54,666,927 | 7,754,731 |
| Interbank and interdepartmental accounts | 16,234,639 | 16,228,170 | 6,469 |
| Credit and leasing operations | 53,447,208 | 46,855,964 | 6,591,244 |
| Other receivables and other assets | 22,890,470 | 16,566,710 | 6,323,760 |
| Permanent assets | 4,946,512 | 4,580,106 | 366,406 |
| Investments | 1,101,174 | 737,349 | 363,825 |
| Property and equipment in use and leased assets | 2,289,448 | 2,286,884 | 2,564 |
| Deferred charges | 1,555,890 | 1,555,873 | 17 |
| Total | 184,926,468 | 158,811,985 | 26,114,483 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | | |
| Current and long-term liabilities | 169,596,632 | 148,025,978 | 21,570,654 |
| Deposits | 68,643,327 | 66,189,653 | 2,453,674 |
| Deposits received under security repurchase agreements | 22,886,403 | 21,961,231 | 925,172 |
| Funds from issuance of securities | 5,057,492 | 679,843 | 4,377,649 |
| Interbank and interdepartmental accounts | 1,919,787 | 934,448 | 985,339 |
| Borrowings and onlendings | 15,959,372 | 7,942,213 | 8,017,159 |
| Derivative financial instruments | 173,647 | 173,564 | 83 |
| Technical reserves for insurance, private pension plans and savings bonds | 33,668,654 | 33,668,654 | - |
| Other liabilities | | | |
| - Subordinated debt | 5,972,745 | 3,060,306 | 2,912,439 |
| - Other | 15,315,205 | 13,416,066 | 1,899,139 |
| Deferred income | 44,600 | 44,600 | - |
| Minority interest in subsidiaries | 70,590 | 70,590 | - |
| Stockholders equity | 15,214,646 | 15,214,646 | - |
| Total | 184,926,468 | 163,355,814 | 21,570,654 |
| Net position of assets and liabilities | | | 4,543,829 |
| Net position of derivatives (2) | | | (5,692,305) |
| Other memorandum accounts, net (3) | | | (324,834) |
| Net exchange position (liability) | | | (1,473,310) |

- (1) Amounts expressed and/or indexed mainly in USD.
- (2) Excluding derivative operations maturing in D +1, to be settled in currency at December 31, 2004 price levels.
- (3) Leasing commitments and others controlled in memorandum accounts.

7) BALANCE SHEET BY MATURITY

At December 31 In thousands of reais

| | Up to 30 days | From 31 to 180 days | From 181 to 360 days | More than 360 days | Indeterminate | Total |
|---|--------------------|---------------------------|----------------------------|-----------------------|---------------|--------------------|
| ASSETS | | | | | | |
| Current assets and long-term receivables | 100,262,666 | 20,941,336 | 18,871,438 | 39,904,516 | - | 179,979,956 |
| Funds available | 2,639,260 | - | - | - | - | 2,639,260 |
| Interbank investments | 20,548,403 | 483,055 | 555,635 | 759,628 | - | 22,346,721 |
| Securities and derivative financial instruments (1) | 39,674,922 | 603,977 | 8,464,663 | 13,678,096 | - | 62,421,658 |
| Interbank and interdepartmental accounts | 15,924,144 | 6,949 | 8,461 | 295,085 | - | 16,234,639 |
| Credit and leasing operations | 8,982,282 | 18,931,189 | 8,489,944 | 17,043,793 | - | 53,447,208 |
| Other receivables and other assets | 12,493,655 | 916,166 | 1,352,735 | 8,127,914 | - | 22,890,470 |

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| | | | | | | |
|---|--------------------|-------------------|-------------------|-------------------|-------------------|--------------------|
| Permanent assets | 56,382 | 281,912 | 338,294 | 2,596,902 | 1,673,022 | 4,946,512 |
| Investments | - | - | - | - | 1,101,174 | 1,101,174 |
| Property and equipment in use and leased assets | 20,772 | 103,861 | 124,633 | 1,468,334 | 571,848 | 2,289,448 |
| Deferred charges | 35,610 | 178,051 | 213,661 | 1,128,568 | - | 1,555,890 |
| Total in 2004 | 100,319,048 | 21,223,248 | 19,209,732 | 42,501,418 | 1,673,022 | 184,926,468 |
| Total in 2003 | 98,802,369 | 29,553,007 | 10,868,513 | 35,458,049 | 1,415,752 | 176,097,690 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | | | | | |
| Current and long-term liabilities | 97,146,349 | 16,058,464 | 8,252,871 | 48,138,948 | - | 169,596,632 |
| Deposits (2) | 42,920,956 | 6,448,134 | 3,751,518 | 15,522,719 | - | 68,643,327 |
| Deposits received under security repurchase agreements | 20,457,806 | 368,952 | 50,222 | 2,009,423 | - | 22,886,403 |
| Funds from issuance of securities | 475,063 | 1,302,467 | 235,176 | 3,044,786 | - | 5,057,492 |
| Interbank and interdepartmental accounts | 1,919,787 | - | - | - | - | 1,919,787 |
| Borrowings and onlendings | 1,818,156 | 5,157,735 | 2,590,730 | 6,392,751 | - | 15,959,372 |
| Derivative financial instruments | 137,729 | 24,367 | 3,334 | 8,217 | - | 173,647 |
| Technical reserves for insurance, private pension plans and savings bonds (2) | 21,489,954 | 1,018,864 | 307,031 | 10,852,805 | - | 33,668,654 |
| Other liabilities: | | | | | | |
| - Subordinated debt | 44,542 | 24,845 | - | 5,903,358 | - | 5,972,745 |
| - Other | 7,882,356 | 1,713,100 | 1,314,860 | 4,404,889 | - | 15,315,205 |
| Deferred income | 44,600 | - | - | - | - | 44,600 |
| Minority interest in subsidiaries | - | - | - | - | 70,590 | 70,590 |
| Stockholders equity | - | - | - | - | 15,214,646 | 15,214,646 |
| Total in 2004 | 97,190,949 | 16,058,464 | 8,252,871 | 48,138,948 | 15,285,236 | 184,926,468 |
| Total in 2003 | 90,788,313 | 21,970,821 | 7,665,874 | 42,013,073 | 13,659,609 | 176,097,690 |
| Accumulated net assets in 2004 | 3,128,099 | 8,292,883 | 19,249,744 | 13,612,214 | - | - |
| Accumulated net assets in 2003 | 8,014,056 | 15,596,242 | 18,798,881 | 12,243,857 | - | - |

(1)

Investment fund applications are classified as up to 30 days.

(2)

Demand and savings account deposits and technical reserves for private pension plans and insurance, comprising VGBL and PGBL products are classified as up to 30 days, without considering average historical turnover.

8) FUNDS AVAILABLE

a) Funds available

At December 31 In thousands of reais

| | Consolidated Bradesco | | Bradesco | |
|---------------------|-----------------------|------------------|------------------|------------------|
| | 2004 | 2003 | 2004 | 2003 |
| Local currency | 2,223,561 | 1,875,955 | 2,198,456 | 1,675,184 |
| Foreign currency | 415,659 | 571,836 | 383,939 | 516,254 |
| Investments in gold | 40 | 635 | 15 | 42 |
| Total | 2,639,260 | 2,448,426 | 2,582,410 | 2,191,480 |

b) Statement of cash flows

As additional information for readers, we present below the statement of cash flows prepared based on the indirect method. The information is presented in conformity with the definitions set forth in the Chart of Accounts for National Financial System Institutions (COSIF).

At December 31 In thousands of reais

| | Consolidated Bradesco | Bradesco |
|--|-----------------------|----------|
|--|-----------------------|----------|

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| | 2004 | 2003 | 2004 | 2003 |
|---|--------------------|---------------------|--------------------|---------------------|
| OPERATING ACTIVITIES | | | | |
| NET INCOME | 3,060,151 | 2,306,339 | 3,060,151 | 2,306,339 |
| ADJUSTMENTS TO RECONCILE NET INCOME TO NET FUNDS FROM (USED IN) OPERATING ACTIVITIES: | | | | |
| Provision for loan losses (Note 12g) | 2,041,649 | 2,449,689 | 1,797,474 | 2,262,618 |
| (Reversal of) provision for losses on interbank investments, securities and investments | (7,291) | 19,473 | 2,674 | 13,593 |
| Variation, price-level restatement and interest on technical reserves of insurance, private pension plans and savings bonds | 7,179,783 | 6,790,505 | - | - |
| Depreciation and amortization (Notes 28 and 31-1) | 548,000 | 623,113 | 383,585 | 359,223 |
| Amortization of goodwill (Notes 30 and 31) | 713,372 | 1,035,080 | 238,010 | 194,946 |
| Equity in the earnings of subsidiary and associated companies (Note 15c) | (163,357) | (5,227) | (2,090,090) | (1,984,408) |
| Other | (29,037) | (2,794) | (300,915) | (331,413) |
| CHANGE IN ASSETS AND LIABILITIES: | | | | |
| Decrease (increase) in interbank investments | 9,374,318 | (10,242,006) | 5,350,959 | (10,040,135) |
| Decrease (increase) in securities and derivative financial instruments | (8,495,601) | (17,691,110) | (2,667,512) | (10,655,971) |
| Decrease (increase) in interbank accounts | (313,803) | (85,979) | (408,161) | (40,259) |
| Decrease (increase) in interdepartmental accounts | 330,894 | 121,299 | 384,095 | 206,079 |
| Decrease (increase) in credit operations | (9,750,488) | (2,730,857) | (12,447,298) | (5,520,314) |
| Decrease (increase) in leasing operations | (238,883) | 164,150 | - | - |
| Decrease (increase) in insurance premiums receivable | (98,671) | (170,449) | - | - |
| Decrease (increase) in other receivables | 2,534,857 | (3,227,734) | 1,530,975 | (3,865,886) |
| Decrease (increase) in other assets | (238,323) | 14,779 | (86,514) | 35,863 |
| Amounts written off against the allowance for loan losses | (2,032,348) | (2,226,217) | (1,735,074) | (1,753,442) |
| Increase (decrease) in technical reserves for insurance, private pension plans and savings bonds | 79,919 | 462,969 | - | - |
| Increase (decrease) in other liabilities | 92,377 | 3,117,867 | 261,034 | 2,990,261 |
| Increase (decrease) in deferred income | 12,826 | 15,931 | (2,779) | 895 |
| NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES - INVESTMENT ACTIVITIES | 4,600,341 | (19,261,179) | (6,729,386) | (25,822,011) |
| Decrease (increase) in compulsory deposits - Brazilian Central Bank | (2,115,729) | (1,060,790) | (2,965,583) | (1,495,089) |
| Sale of non-operating assets | 238,008 | 191,321 | 109,472 | 138,375 |
| Sale of investments | 57,190 | 63,262 | 7,216,836 | 4,813,238 |
| Sale of property and equipment in use and leased asset | 97,421 | 534,297 | 43,071 | 100,608 |
| Decrease in deferred charge | 44,774 | 53,374 | 784 | 5,896 |
| Acquisition of non-operating assets | (122,776) | (130,055) | (93,806) | (82,570) |
| Acquisition of investments | (120,506) | (93,341) | (3,002,160) | (8,509,589) |
| Acquisition of property and equipment in use and leased assets | (493,394) | (840,130) | (468,060) | (510,840) |
| Deferred charges | (672,162) | (593,139) | (605,414) | (245,744) |
| Interest attributed to own capital / dividends received | 24,815 | 56,431 | 944,257 | 708,141 |
| NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES | (3,062,359) | (1,818,770) | 1,179,397 | (5,077,574) |
| FINANCING ACTIVITIES | | | | |
| Increase (decrease) in deposits | 10,619,443 | 1,660,722 | 16,483,494 | 7,843,739 |
| Increase (decrease) in deposits received under security repurchase agreements | (9,906,322) | 16,779,760 | (11,258,597) | 19,485,500 |
| Increase (decrease) in funds from acceptance and issuance of securities | (1,789,404) | 3,710,054 | (862,039) | 3,814,726 |
| Increase (decrease) in borrowings and onlendings | 1,164,589 | (1,643,570) | 2,971,375 | (227,058) |
| Capital increase through subscription | - | 501,000 | - | 501,000 |
| Capital increase through incorporation of shares | - | 788,735 | - | 788,735 |
| Share premium | - | 7,046 | - | 7,046 |

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| | | | | |
|--|--------------------|-------------------|------------------|-------------------|
| Gifts and fiscal incentive investments | 1,259 | 844 | 1,259 | 844 |
| Interest attributed to own capital/dividends paid and/or accrued | (1,324,983) | (1,347,018) | (1,324,983) | (1,347,018) |
| Acquisition of own shares | (48,753) | (7,342) | (48,753) | (7,342) |
| Mark-to-market adjustment of securities available for sale | (20,837) | 450,772 | (20,837) | 450,772 |
| Variation in minority interest | (42,140) | (158,335) | - | - |
| NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES | (1,347,148) | 20,742,668 | 5,940,919 | 31,310,944 |
| (DECREASE) INCREASE IN FUNDS AVAILABLE, NET | 190,834 | (337,281) | 390,930 | 411,359 |

| | | | | | |
|---------------------------------------|--|-----------|-----------|-----------|-----------|
| | At the beginning of the year | 2,448,426 | 2,785,707 | 2,191,480 | 1,780,121 |
| | At the end of the year | 2,639,260 | 2,448,426 | 2,582,410 | 2,191,480 |
| CHANGE IN FUNDS AVAILABLE, NET | Increase (decrease) in funds available, net | 190,834 | (337,281) | 390,930 | 411,359 |

9) INTERBANK INVESTMENTS

a) Maturities:

At December 31 In thousands of reais

| | Up to 30 days | From 31 to 180 days | From 181 to 360 days | More than 360 days | Total | |
|---|-------------------|---------------------|----------------------|--------------------|-----------------------|-------------------|
| | | | | | Consolidated Bradesco | Bradesco |
| Securities purchased under resale agreements | | | | | | |
| Own portfolio position | 1,039,357 | - | - | - | 1,039,357 | 1,845,417 |
| Financial Treasury Notes | 813,227 | - | - | - | 813,227 | 1,619,287 |
| Federal Treasury Notes | 165,054 | - | - | - | 165,054 | 165,054 |
| National Treasury Bonds | 61,076 | - | - | - | 61,076 | 61,076 |
| Third-party portfolio position | 14,627,721 | - | - | - | 14,627,721 | 14,680,742 |
| Financial Treasury Notes | 11,087,834 | - | - | - | 11,087,834 | 11,140,855 |
| National Treasury Bonds | 3,539,887 | - | - | - | 3,539,887 | 3,539,887 |
| Subtotal | 15,667,078 | - | - | - | 15,667,078 | 16,526,159 |
| Interbank deposits | | | | | | |
| Interbank deposits | 4,881,332 | 483,670 | 556,996 | 760,610 | 6,682,608 | 16,071,916 |
| Provision for loss | (7) | (615) | (1,361) | (982) | (2,965) | (2,965) |
| Subtotal | 4,881,325 | 483,055 | 555,635 | 759,628 | 6,679,643 | 16,068,951 |
| Total in 2004 | 20,548,403 | 483,055 | 555,635 | 759,628 | 22,346,721 | 32,595,110 |
| % | 92.0 | 2.1 | 2.5 | 3.4 | 100.0 | |
| Total in 2003 | 22,219,222 | 8,936,762 | 219,010 | 349,009 | 31,724,003 | 37,949,034 |
| % | 70.0 | 28.2 | 0.7 | 1.1 | 100.0 | |

b) Income from interbank investments

Classified in the statement of income as income on securities transactions:

Years ended December 31 In thousands of reais

| Consolidated Bradesco | | Bradesco | |
|-----------------------|------|----------|------|
| 2004 | 2003 | 2004 | 2003 |

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Income on investments in purchase and sale commitments:

| | | | | |
|--------------------------------|------------------|------------------|------------------|------------------|
| Own portfolio position | 256,086 | 431,260 | 331,541 | 598,639 |
| Third-party portfolio position | 2,327,856 | 3,693,759 | 2,407,212 | 3,881,571 |
| Subtotal | 2,583,942 | 4,125,019 | 2,738,753 | 4,480,210 |
| Interbank deposits | 292,854 | 353,058 | 1,334,084 | 1,597,925 |
| Total (Note 10e) | 2,876,796 | 4,478,077 | 4,072,837 | 6,078,135 |

10) SECURITIES AND DERIVATIVE FINANCIAL INSTRUMENTS

a) Summary of the consolidated classification of securities by business segment and issuer:

| | Financial | Insurance/Savings bonds | Private pension plans | Others activities | 2004 | % | 2003 | % |
|---|-------------------|----------------------------|--------------------------|----------------------|-------------------|--------------|-------------------|--------------|
| Trading Securities | 11,026,084 | 4,999,259 | 26,057,519 | 75,006 | 42,157,868 | 67.6 | 40,611,140 | 75.5 |
| - Government securities | 6,767,538 | 2,660,788 | 14,899,304 | 47,904 | 24,375,534 | 39.1 | 26,187,936 | 48.7 |
| - Corporate bonds | 3,125,514 | 402,182 | 3,993,986 | 27,102 | 7,548,784 | 12.1 | 2,911,005 | 5.4 |
| - Purchase and sale commitments (3) | 1,133,032 | 1,936,289 | 7,164,229 | - | 10,233,550 | 16.4 | 11,512,199 | 21.4 |
| Securities available for sale | 12,869,371 | 1,478,171 | 1,066,664 | 11,758 | 15,425,964 | 24.7 | 7,752,966 | 14.4 |
| - Government securities | 10,677,536 | 963,595 | 13,249 | - | 11,654,380 | 18.7 | 5,080,127 | 9.4 |
| - Corporate bonds | 2,191,835 | 514,576 | 1,053,415 | 11,758 | 3,771,584 | 6.0 | 2,672,839 | 5.0 |
| Securities held to maturity | 1,327,500 | - | 3,112,370 | - | 4,439,870 | 7.1 | 5,208,363 | 9.7 |
| - Government securities | 1,274,964 | - | 3,112,370 | - | 4,387,334 | 7.0 | 5,208,363 | 9.7 |
| - Corporate bonds | 52,536 | - | - | - | 52,536 | 0.1 | - | - |
| Derivative financial instruments | 397,956 | - | - | - | 397,956 | 0.6 | 232,311 | 0.4 |
| - Corporate bonds | 397,956 | - | - | - | 397,956 | 0.6 | 232,311 | 0.4 |
| Total | 25,620,911 | 6,477,430 | 30,236,553 | 86,764 | 62,421,658 | 100.0 | 53,804,780 | 100.0 |
| - Government securities | 18,720,038 | 3,624,383 | 18,024,923 | 47,904 | 40,417,248 | 64.7 | 36,476,426 | 67.8 |
| - Corporate bonds | 5,767,841 | 916,758 | 5,047,401 | 38,860 | 11,770,860 | 18.9 | 5,816,155 | 10.8 |
| - Purchase and sale commitments (3) | 1,133,032 | 1,936,289 | 7,164,229 | - | 10,233,550 | 16.4 | 11,512,199 | 21.4 |

b) Consolidated portfolio composition by issuer:

At December 31 In thousands of reais

| SECURITIES (1) | Up to 30 days | From 31 to 180 days | From 181 to 360 days | More than 360 days | Market/ book value (4) (5) (6) | Restated cost value | Mark- to-market |
|--|------------------|---------------------------|----------------------------|-----------------------|--------------------------------------|------------------------|--------------------|
| GOVERNMENT SECURITIES | 1,299,512 | 2,927,677 | 12,651,057 | 23,539,002 | 40,417,248 | 40,208,959 | 208,289 |
| Financial Treasury Notes | 110,257 | 2,139,211 | 2,853,345 | 9,300,570 | 14,403,383 | 14,417,014 | (13,631) |
| National Treasury Bond | 813,944 | 733,982 | 8,452,594 | 544,984 | 10,545,504 | 10,561,177 | (15,673) |
| Federal Treasury Notes | 218,991 | - | 1,216,696 | 7,776,139 | 9,211,826 | 9,210,514 | 1,312 |
| Brazilian foreign debt notes | 156,048 | - | 30,581 | 5,590,764 | 5,777,393 | 5,518,036 | 259,357 |
| Privatization currencies | 1 | - | - | 266,908 | 266,909 | 285,829 | (18,920) |
| Foreign government securities | 243 | 54,385 | 47,588 | 59,637 | 161,853 | 162,144 | (291) |
| Central Bank Notes | - | - | 50,243 | - | 50,243 | 54,107 | (3,864) |
| Other | 28 | 99 | 10 | - | 137 | 138 | (1) |
| CORPORATE BONDS | 4,248,563 | 1,690,379 | 1,112,217 | 4,719,701 | 11,770,860 | 11,248,803 | 522,057 |
| Certificates of Bank Deposit | 2,197,063 | 1,268,710 | 909,040 | 1,410,888 | 5,785,701 | 5,790,229 | (4,528) |
| Shares | 1,788,517 | - | - | - | 1,788,517 | 1,299,577 | 488,940 |
| Debentures | 5,065 | - | 64,543 | 1,690,156 | 1,759,764 | 1,791,908 | (32,144) |
| Foreign securities | 29,358 | 69,138 | 42,098 | 1,357,581 | 1,498,175 | 1,432,124 | 66,051 |
| Derivative financial instruments | 111,338 | 163,236 | 40,260 | 83,122 | 397,956 | 385,438 | 12,518 |
| Other | 117,222 | 189,295 | 56,276 | 177,954 | 540,747 | 549,527 | (8,780) |
| Purchase and sale commitments (3) | - | - | 1,047,078 | 9,186,472 | 10,233,550 | 10,233,550 | - |
| Total in 2004 | 5,548,075 | 4,618,056 | 14,810,352 | 37,445,175 | 62,421,658 | 61,691,312 | 730,346 |
| Total in 2003 | 2,598,481 | 14,006,917 | 8,248,066 | 28,951,316 | 53,804,780 | 52,936,644 | 868,136 |

c) Consolidated classification by category, days to maturity and business segment:

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At December 31 In thousands of reais

| SECURITIES (1) | Up to 30 days | From 31 to 180 days | From 181 to 360 days | More than 360 days | Market/ book value (4) (5) (6) | Restated cost value | Mark-to to-market |
|--|------------------|---------------------------|----------------------------|-----------------------|--------------------------------------|------------------------|----------------------|
| I. TRADING SECURITIES | 3,733,595 | 4,269,248 | 9,059,584 | 25,095,441 | 42,157,868 | 42,158,530 | (662) |
| - FINANCIAL (2) | 939,114 | 681,284 | 2,706,999 | 6,698,687 | 11,026,084 | 11,024,339 | 1,745 |
| Purchase and sale commitments (3) | - | - | 2,099 | 1,130,933 | 1,133,032 | 1,133,032 | - |
| National Treasury Bonds | 9,074 | 235,410 | 2,431,937 | - | 2,676,421 | 2,681,687 | (5,266) |
| Financial Treasury Notes | 72,603 | 79,709 | 129,495 | 2,361,324 | 2,643,131 | 2,651,249 | (8,118) |
| Certificates of Bank Deposit | 736,035 | 131,492 | 23,875 | 729,038 | 1,620,440 | 1,620,440 | - |
| Debentures | 3,059 | - | 289 | 1,114,857 | 1,118,205 | 1,118,205 | - |
| Brazilian foreign debt notes | 21,923 | - | 30,581 | 768,354 | 820,858 | 800,730 | 20,128 |
| Federal Treasury Notes | 20,066 | - | - | 443,269 | 463,335 | 464,028 | (693) |
| Foreign securities | 2,190 | 69,138 | 39,321 | 91,275 | 201,924 | 205,939 | (4,015) |
| Foreign government securities | 243 | 54,385 | 47,588 | 59,637 | 161,853 | 162,144 | (291) |
| Shares | 35,646 | - | - | - | 35,646 | 35,646 | - |
| Central Bank Notes | - | - | 1,814 | - | 1,814 | 1,814 | - |
| Other | 38,275 | 111,150 | - | - | 149,425 | 149,425 | - |
| - INSURANCE AND SAVINGS BOND | 480,815 | 494,404 | 1,144,640 | 2,879,400 | 4,999,259 | 4,999,249 | 10 |
| Purchase and sale commitments (3) | - | - | 540,375 | 1,395,914 | 1,936,289 | 1,936,289 | - |
| Financial Treasury Notes | 41 | 339,326 | 563,768 | 1,275,091 | 2,178,226 | 2,178,216 | 10 |
| National Treasury Bonds | 261,306 | 105,919 | 34,467 | 71,539 | 473,231 | 473,231 | - |
| Certificates of Bank Deposit | 37,618 | 43,303 | 5,777 | 83,829 | 170,527 | 170,527 | - |
| Shares | 149,827 | - | - | - | 149,827 | 149,827 | - |
| Debentures | 2 | - | 191 | 38,454 | 38,647 | 38,647 | - |
| Federal Treasury Notes | - | - | - | 9,269 | 9,269 | 9,269 | - |
| Foreign securities | 4 | - | - | 5,304 | 5,308 | 5,308 | - |
| Central Bank Notes | - | - | 62 | - | 62 | 62 | - |
| Other | 32,017 | 5,856 | - | - | 37,873 | 37,873 | - |
| - PRIVATE PENSION PLAN | 2,290,594 | 3,075,747 | 5,194,158 | 15,497,020 | 26,057,519 | 26,059,077 | (1,558) |
| Purchase and sale commitments (3) | - | - | 504,604 | 6,659,625 | 7,164,229 | 7,164,229 | - |
| Financial Treasury Notes | 19,645 | 1,619,325 | 2,082,891 | 4,609,816 | 8,331,677 | 8,329,859 | 1,818 |
| Federal Treasury Notes | - | - | 1,062,800 | 3,650,731 | 4,713,531 | 4,713,531 | - |
| Certificates of Bank Deposit | 1,395,158 | 1,073,436 | 877,165 | 288,107 | 3,633,866 | 3,637,242 | (3,376) |
| National Treasury Bonds | 542,720 | 378,555 | 666,451 | 86,171 | 1,673,897 | 1,673,897 | - |
| Shares | 333,071 | - | - | - | 333,071 | 333,071 | - |
| Privatization currencies | - | - | - | 180,124 | 180,124 | 180,124 | - |
| Debentures | - | - | 172 | 22,446 | 22,618 | 22,618 | - |
| Central Bank Notes | - | - | 75 | - | 75 | 75 | - |
| Other | - | 4,431 | - | - | 4,431 | 4,431 | - |
| - OTHER ACTIVITIES | 23,072 | 17,813 | 13,787 | 20,334 | 75,006 | 75,865 | (859) |
| Financial Treasury Notes | 3,820 | 590 | 12,565 | 18,960 | 35,935 | 35,935 | - |
| Certificates of Bank Deposit | 5,791 | 5,315 | 1,051 | 732 | 12,889 | 12,889 | - |
| National Treasury Bonds | 3 | 11,796 | 169 | - | 11,968 | 11,968 | - |
| Debentures | - | - | 2 | 642 | 644 | 644 | - |
| Other | 13,458 | 112 | - | - | 13,570 | 14,429 | (859) |
| II. SECURITIES AVAILABLE FOR SALE | 1,578,863 | 185,572 | 5,652,174 | 8,009,355 | 15,425,964 | 14,707,474 | 718,490 |
| - FINANCIAL (2) | 427,048 | 78,190 | 5,487,585 | 6,876,548 | 12,869,371 | 12,638,326 | 231,045 |
| National Treasury Bonds | 841 | 2,302 | 5,319,570 | 387,274 | 5,709,987 | 5,720,394 | (10,407) |
| Brazilian foreign debt notes | 92,659 | - | - | 3,671,427 | 3,764,086 | 3,524,857 | 239,229 |
| Foreign securities | 26,866 | - | - | 1,182,891 | 1,209,757 | 1,139,691 | 70,066 |
| Federal Treasury Notes | 116,410 | - | - | 591,946 | 708,356 | 708,886 | (530) |
| Financial Treasury Notes | - | - | - | 360,020 | 360,020 | 370,188 | (10,168) |
| Certificates of Bank Deposit | 15,930 | 8,043 | - | 307,082 | 331,055 | 331,304 | (249) |
| Debentures | 1,970 | - | 63,437 | 111,170 | 176,577 | 208,572 | (31,995) |
| Shares | 150,799 | - | - | - | 150,799 | 144,994 | 5,805 |

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| | | | | | | | |
|---|------------------|-------------------|-------------------|-------------------|-------------------|-------------------|----------------|
| Privatization currencies | 1 | - | - | 86,784 | 86,785 | 105,705 | (18,920) |
| Central Bank Notes | - | - | 48,292 | - | 48,292 | 52,156 | (3,864) |
| Other | 21,572 | 67,845 | 56,286 | 177,954 | 323,657 | 331,579 | (7,922) |
| - INSURANCE AND SAVINGS BOND | 404,092 | 104,990 | 163,040 | 806,049 | 1,478,171 | 1,328,368 | 149,803 |
| Financial Treasury Notes | 14,148 | 100,261 | 64,626 | 662,110 | 841,145 | 837,944 | 3,201 |
| Shares | 389,463 | - | - | - | 389,463 | 244,493 | 144,970 |
| Debentures | 26 | - | 75 | 91,178 | 91,279 | 91,279 | - |
| Certificates of Bank Deposit | 455 | 4,729 | - | - | 5,184 | 6,087 | (903) |
| Foreign securities | - | - | - | 28,650 | 28,650 | 28,650 | - |
| Federal Treasury Notes | - | - | 98,339 | 24,111 | 122,450 | 119,915 | 2,535 |
| - PRIVATE PENSION PLAN | 741,629 | - | 377 | 324,658 | 1,066,664 | 729,022 | 337,642 |
| Shares | 729,693 | - | - | - | 729,693 | 391,528 | 338,165 |
| Debentures | 8 | - | 377 | 311,409 | 311,794 | 311,943 | (149) |
| Financial Treasury Notes | - | - | - | 13,249 | 13,249 | 13,623 | (374) |
| Other | 11,928 | - | - | - | 11,928 | 11,928 | - |
| - OTHER ACTIVITIES | 6,094 | 2,392 | 1,172 | 2,100 | 11,758 | 11,758 | - |
| Certificates of Bank Deposit | 6,076 | 2,392 | 1,172 | 2,100 | 11,740 | 11,740 | - |
| Shares | 18 | - | - | - | 18 | 18 | - |
| III . SECURITIES HELD TO MATURITY | | | | | | | |
| (7) | 124,279 | - | 58,334 | 4,257,257 | 4,439,870 | 4,439,870 | - |
| - FINANCIAL | 124,279 | - | 2,777 | 1,200,444 | 1,327,500 | 1,327,500 | - |
| Brazilian foreign debt notes | 41,466 | - | - | 1,150,983 | 1,192,449 | 1,192,449 | - |
| Foreign securities | 298 | - | 2,777 | 49,461 | 52,536 | 52,536 | - |
| Federal Treasury Notes | 82,515 | - | - | - | 82,515 | 82,515 | - |
| PRIVATE PENSION PLANS | - | - | 55,557 | 3,056,813 | 3,112,370 | 3,112,370 | - |
| Federal Treasury Notes | - | - | 55,557 | 3,056,813 | 3,112,370 | 3,112,370 | - |
| IV. DERIVATIVE FINANCIAL INSTRUMENTS (ASSETS) | 111,338 | 163,236 | 40,260 | 83,122 | 397,956 | 385,438 | 12,518 |
| - FINANCIAL | 111,338 | 163,236 | 40,260 | 83,122 | 397,956 | 385,438 | 12,518 |
| Derivative financial instruments | 111,338 | 163,236 | 40,260 | 83,122 | 397,956 | 385,438 | 12,518 |
| Total in 2004 | 5,548,075 | 4,618,056 | 14,810,352 | 37,445,175 | 62,421,658 | 61,691,312 | 730,346 |
| Total in 2003 | 2,598,481 | 14,006,917 | 8,248,066 | 28,951,316 | 53,804,780 | 52,936,644 | 868,136 |
| DERIVATIVE FINANCIAL INSTRUMENTS (LIABILITIES) | | | | | | | |
| Total in 2004 | (137,729) | (24,367) | (3,334) | (8,217) | (173,647) | (176,388) | 2,741 |
| Total in 2003 | (4,869) | (14,850) | (10,996) | (21,654) | (52,369) | (42,581) | (9,788) |

(1)

Investments in fund quotas were distributed based on the securities comprising their portfolios, maintaining the fund category classification.

(2)

Reclassifications at December 31, 2004, in compliance with BACEN Circular 3068:

In BEM Distribuidora de Títulos e Valores Mobiliários Ltda., securities comprising mainly investment funds in the amount of R\$ 3,008 thousand which were classified as securities held to maturity, were reclassified. An amount of R\$ 3,006 thousand as trading securities and R\$ 2 thousand as securities available for sale with no effects on income and stockholders' equity.

In Banco Mercantil de São Paulo, trading securities in the amount of R\$ 50,737 thousand, mainly comprising privatization currencies were reclassified to securities available for sale, with no effect on income or stockholders' equity.

(3)

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

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

(5) This column reflects book value subsequent to mark-to-market, except for securities held to maturity, whose market value is higher than book value by an amount of R\$ 912,313 thousand (2003 R\$ 771,988 thousand).

(6) 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.

(7) In compliance with the provisions of Article 8 of BACEN Circular 3068/2001, 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. This financial capacity is evidenced in Note 7, which presents the maturities of asset and liability operations at the base date of December 31, 2004.

d) Composition of the portfolios by account:

| | At December 31 In thousands of reais | | | | | |
|--|--------------------------------------|---------------------|----------------------|--------------------|-----------------------|-------------------|
| | Up to 30 days | From 31 to 180 days | From 181 to 360 days | More than 360 days | Consolidated Bradesco | Bradesco |
| Own portfolio | 5,161,771 | 4,346,284 | 7,044,664 | 34,703,026 | 51,255,745 | 7,179,556 |
| Fixed income securities | 3,373,254 | 4,346,284 | 7,044,664 | 34,703,026 | 49,467,228 | 7,071,338 |
| Financial Treasury Notes | 54,686 | 2,112,606 | 2,848,231 | 8,911,660 | 13,927,183 | 82,763 |
| Purchase and sale commitments (1) | - | - | 1,047,078 | 9,186,472 | 10,233,550 | - |
| Federal Treasury Notes | 14,096 | - | 1,216,696 | 7,171,861 | 8,402,653 | 9,636 |
| Brazilian foreign debt notes | 141,549 | - | 30,581 | 4,593,326 | 4,765,456 | 4,664,762 |
| Certificates of Bank Deposit | 2,197,063 | 1,268,710 | 909,040 | 1,119,584 | 5,494,397 | 104,694 |
| National Treasury Bonds | 813,944 | 652,051 | 772,076 | 251,055 | 2,489,126 | 198,770 |
| Foreign securities | 29,358 | 69,138 | 42,098 | 1,357,581 | 1,498,175 | 1,323,214 |
| Debentures | 5,065 | - | 64,543 | 1,690,156 | 1,759,764 | 188,367 |
| Central Bank Notes | - | - | 10,447 | - | 10,447 | 10,447 |
| Foreign government securities | 243 | 54,385 | 47,588 | 58,955 | 161,171 | 166,479 |
| Privatization currencies | - | - | - | 184,422 | 184,422 | 4,298 |
| Other | 117,250 | 189,394 | 56,286 | 177,954 | 540,884 | 317,908 |
| Equity securities | 1,788,517 | - | - | - | 1,788,517 | 108,218 |
| Shares of listed companies (technical reserve) | 1,036,476 | - | - | - | 1,036,476 | - |
| Shares and quotas (other) | 752,041 | - | - | - | 752,041 | 108,218 |
| Subject to commitments | 386,304 | 271,772 | 7,765,688 | 2,742,149 | 11,165,913 | 13,095,157 |
| Repurchase agreements | 14,499 | 890 | 3,175,578 | 1,616,802 | 4,807,769 | 6,699,907 |
| National Treasury Bonds | - | - | 3,175,578 | 293,929 | 3,469,507 | 3,469,507 |
| Brazilian foreign debt notes | 14,499 | - | - | 997,438 | 1,011,937 | 1,011,937 |
| Certificates of Bank Deposit | - | - | - | 291,304 | 291,304 | 291,304 |
| Debentures | - | - | - | - | 1,892,138 | - |
| Financial Treasury Notes | - | 890 | - | 34,131 | 35,021 | 35,021 |
| Central Bank Notes | 172,565 | 19,682 | 4,057,688 | 262,628 | 4,512,563 | 4,512,563 |
| National Treasury Bonds | - | 17,608 | 4,016,339 | - | 4,033,947 | 4,033,947 |
| Federal Treasury Notes | 172,216 | - | - | 247,351 | 419,567 | 419,567 |
| Financial Treasury Notes | 349 | 2,074 | 2,170 | 15,277 | 19,870 | 19,870 |
| Central Bank Notes | - | - | 39,179 | - | 39,179 | 39,179 |
| Privatization currencies | 1 | - | - | 82,486 | 82,487 | 24,147 |
| Collateral provided | 87,901 | 87,964 | 492,162 | 697,111 | 1,365,138 | 1,292,608 |
| National Treasury Bonds | - | 64,323 | 488,601 | - | 552,924 | 552,924 |
| Financial Treasury Notes | 55,222 | 23,641 | 2,944 | 339,502 | 421,309 | 349,461 |

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| | | | | | | |
|--|------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Federal Treasury Notes | 32,679 | - | - | 356,927 | 389,606 | 389,606 |
| Central Bank Notes | - | - | 617 | - | 617 | 617 |
| Foreign government securities | - | - | - | 682 | 682 | - |
| Derivative financial instruments | 111,338 | 163,236 | 40,260 | 83,112 | 397,956 | 565,092 |
| Unrestricted notes subject to purchase and sale commitments | - | - | - | - | - | 840 |
| National Treasury Bonds | - | - | - | - | - | 840 |
| Total in 2004 | 5,548,075 | 4,618,056 | 14,810,352 | 37,445,175 | 62,421,658 | 20,274,713 |
| % | 8.9 | 7.4 | 23.7 | 60.0 | 100.0 | |
| Total in 2003 | 2,598,481 | 14,006,917 | 8,248,066 | 28,951,316 | 53,804,780 | 17,471,643 |
| % | 4.8 | 26.1 | 15.3 | 53.8 | 100.0 | |

(1)

Investment fund and managed portfolio resources invested in purchase and sale commitments with Banco Bradesco, the investors in which are subsidiary companies, included in the consolidated financial statements. Other investments in fund quotas were distributed based on the securities comprising their portfolios.

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

e) Income on securities transactions, financial income on insurance, private pension plans and savings bonds and derivative financial instruments.

| | Years ended at December 31 In thousands of reais | | | |
|---|--|-------------------|------------------|------------------|
| | Consolidated Bradesco | | Bradesco | |
| | 2004 | 2003 | 2004 | 2003 |
| Fixed income securities (1) | 3,095,359 | 3,254,716 | 2,034,256 | 1,323,281 |
| Interbank investments (Note 9b) | 2,876,796 | 4,478,077 | 4,072,837 | 6,078,135 |
| Allocation of exchange variation of foreign branches and subsidiaries | (1,054,295) | (610,281) | - | - |
| Equity securities | 3,337 | 10,897 | 147 | 14,830 |
| Reversal of provision for exchange variation | - | 504,160 | - | - |
| Other(2) | (18) | 195,396 | (1) | 11 |
| Subtotal | 4,921,179 | 7,832,965 | 6,107,239 | 7,416,257 |
| Financial income on insurance, private pension plans and savings bonds: | 5,142,434 | 5,359,939 | - | - |
| Transactions with derivatives (Note 33c - V) | 1,238,890 | 55,192 | 1,272,030 | 46,016 |
| Total | 11,302,503 | 13,248,096 | 7,379,269 | 7,462,273 |

(1)

Includes foreign securities.

(2)

Includes on a consolidated basis in 2003, income on the sale of shares of Latasa S.A. in the amount of R\$ 195,386 thousand.

11) INTERBANK ACCOUNTS - RESTRICTED DEPOSITS

a) Restricted deposits

| | At December 31 In thousands of reais | |
|--|--------------------------------------|----------|
| | Consolidated Bradesco | Bradesco |

Remuneration

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| | | 2004 | 2003 | 2004 | 2003 |
|---|---|-------------------|-------------------|-------------------|-------------------|
| Compulsory deposits - demand deposits | 1 | 5,051,726 | 4,592,305 | 5,037,958 | 4,189,370 |
| Compulsory deposits - savings account deposits | 2 | 4,896,398 | 4,396,860 | 4,896,398 | 4,236,974 |
| Additional compulsory deposits | 3 | 5,748,030 | 4,591,260 | 5,748,030 | 4,290,459 |
| Restricted deposits - National Housing System (SFH) | 4 | 335,320 | 391,871 | 180,037 | 155,853 |
| Funds from agricultural loans | 4 | 578 | 578 | 578 | 578 |
| Total | | 16,032,052 | 13,972,874 | 15,863,001 | 12,873,234 |

- (1) Without remuneration.
(2) Remunerated at the same rate as savings account deposits.
(3) SELIC rate
(4) -Reference rate (TR)
b) Compulsory deposits income on restricted deposits

Years ended December 31 In thousands of reais

| | Consolidated Bradesco | | Bradesco | |
|---|-----------------------|------------------|------------------|------------------|
| | 2004 | 2003 | 2004 | 2003 |
| Restricted deposits - BACEN (compulsory deposits) | 1,138,917 | 1,341,419 | 1,112,026 | 1,220,787 |
| Restricted deposits - National Housing System (SFH) | 38,220 | 44,346 | 18,845 | 15,635 |
| Total | 1,177,137 | 1,385,765 | 1,130,871 | 1,236,422 |

12) CREDIT OPERATIONS

The information relating to credit operations including advances on foreign exchange contracts, leasing operations and other receivables is presented as follows:

- a) By type and maturity.
b) Arising from new acquisitions.
c) By type and risk level.
d) Concentration of credit operations.
e) By economic activity sector.
f) Composition of credit operations and allowance for loan losses.
g) Movement of the allowance for loan losses.
h) Recovery and renegotiation.
i) Income on credit operations.
a) By type and maturity

At December 31 In thousands of reais

| Consolidated Bradesco | | | | | | | | | |
|-----------------------|--------------------|--------------------|---------------------|-----------------|--------------------|-------------------|---|-------------------|---|
| Normal course | | | | | | | | | |
| Up to 30 days | From 31 to 60 days | From 61 to 90 days | From 91 to 180 days | From 181 to 360 | More than 360 days | Total in 2004 (A) | % | Total in 2003 (A) | % |
| | | | | | | | | | |

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days

| | | | | | | | | | | |
|---|-------------------|------------------|------------------|------------------|------------------|-------------------|-------------------|--------------|-------------------|--------------|
| Discount of trade receivables and other loans | 6,252,710 | 4,298,248 | 3,278,476 | 3,943,064 | 3,057,141 | 4,971,313 | 25,800,952 | 38.4 | 22,483,422 | 39.5 |
| Financings | 1,763,003 | 1,781,880 | 1,386,232 | 2,822,800 | 3,993,158 | 8,691,681 | 20,438,754 | 30.4 | 15,375,343 | 27.1 |
| Rural and agribusiness loans | 198,602 | 244,205 | 140,449 | 979,466 | 1,130,305 | 3,314,658 | 6,007,685 | 8.9 | 4,386,883 | 7.7 |
| Subtotal | 8,214,315 | 6,324,333 | 4,805,157 | 7,745,330 | 8,180,604 | 16,977,652 | 52,247,391 | 77.7 | 42,245,648 | 74.3 |
| Leasing operations | 177,293 | 100,330 | 71,536 | 223,226 | 430,281 | 592,783 | 1,595,449 | 2.4 | 1,314,376 | 2.3 |
| Advances on foreign exchange contracts (1) | 1,446,195 | 981,273 | 674,104 | 1,211,138 | 405,081 | - | 4,717,791 | 7.0 | 6,167,167 | 10.8 |
| Subtotal | 9,837,803 | 7,405,936 | 5,550,797 | 9,179,694 | 9,015,966 | 17,570,435 | 58,560,631 | 87.1 | 49,727,191 | 87.4 |
| Other receivables (2) | 125,181 | 19,167 | 12,598 | 76,431 | 39,920 | 251,166 | 524,463 | 0.8 | 722,626 | 1.3 |
| Total credit operations (3) | 9,962,984 | 7,425,103 | 5,563,395 | 9,256,125 | 9,055,886 | 17,821,601 | 59,085,094 | 87.9 | 50,449,817 | 88.7 |
| Sureties and guarantees (4) | 213,745 | 289,766 | 168,741 | 504,806 | 613,545 | 6,309,261 | 8,099,864 | 12.1 | 6,435,487 | 11.3 |
| Total in 2004 | 10,176,729 | 7,714,869 | 5,732,136 | 9,760,931 | 9,669,431 | 24,130,862 | 67,184,958 | 100.0 | | |
| Total in 2003 | 10,088,379 | 6,263,092 | 5,369,329 | 7,797,675 | 7,410,919 | 19,955,910 | | | 56,885,304 | 100.0 |

At December 31 In thousands of reais

Consolidated Bradesco

Abnormal course

Past due installments

| | Up to 30 days | From 31 to 60 days | From 61 to 90 days | From 91 to 180 days | From 181 to 720 days | Total in 2004 (B) | % | Total in 2003 (B) | % |
|---|----------------|--------------------|--------------------|---------------------|----------------------|-------------------|--------------|-------------------|--------------|
| Discount of trade receivables and other loans | 200,614 | 179,703 | 181,224 | 291,064 | 371,711 | 1,224,316 | 71.6 | 1,340,364 | 78.4 |
| Financings | 84,296 | 56,078 | 26,638 | 82,060 | 63,146 | 312,218 | 18.3 | 252,888 | 14.8 |
| Rural and agribusiness loans | 2,454 | 12,409 | 4,802 | 3,780 | 31,310 | 54,755 | 3.2 | 44,969 | 2.6 |
| Subtotal | 287,364 | 248,190 | 212,664 | 376,904 | 466,167 | 1,591,289 | 93.1 | 1,638,221 | 95.8 |
| Leasing operations | 3,471 | 2,391 | 1,511 | 4,229 | 8,026 | 19,628 | 1.1 | 28,132 | 1.6 |
| Advances on foreign exchange contracts (1) | 14,629 | 2,772 | 26 | 37,455 | 23,503 | 78,385 | 4.6 | 15,356 | 0.9 |
| Subtotal | 305,464 | 253,353 | 214,201 | 418,588 | 497,696 | 1,689,302 | 98.8 | 1,681,709 | 98.3 |
| Other receivables (2) | 5,487 | 1,038 | 260 | 3,428 | 10,428 | 20,641 | 1.2 | 28,545 | 1.7 |
| Total credit operations (3) | 310,951 | 254,391 | 214,461 | 422,016 | 508,124 | 1,709,943 | 100.0 | 1,710,254 | 100.0 |
| Sureties and guarantees (4) | - | - | - | - | - | - | - | - | - |
| Total in 2004 | 310,951 | 254,391 | 214,461 | 422,016 | 508,124 | 1,709,943 | 100.0 | | |
| Total in 2003 | 312,603 | 240,596 | 206,529 | 378,740 | 571,786 | | | 1,710,254 | 100.0 |

At December 31 In thousands of reais

Consolidated Bra desco

Abnormal course

Installments falling due

Total

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| | From 31 Up to 30 days | From 61 to 60 days | From 91 to 90 days | From 180 to 180 days | From 181 to 360 days | More than 360 days | Total in 2004 (C) | % | Total in 2003 (C) | % | 2004 (A+B+C) | % | 2003 (A+B+C) | % |
|---|-----------------------------|--------------------------|--------------------------|----------------------------|----------------------------|-----------------------------|-------------------------|--------------|-------------------------|--------------|-------------------|--------------|-------------------|--------------|
| Discount of trade receivables and other loans | 84,664 | 87,539 | 66,632 | 145,279 | 165,513 | 215,823 | 765,450 | 38.4 | 911,725 | 41.9 | 27,790,718 | 39.2 | 24,735,511 | 40.7 |
| Financings | 83,595 | 79,501 | 68,174 | 181,851 | 270,336 | 471,821 | 1,155,278 | 58.0 | 1,148,084 | 52.8 | 21,906,250 | 30.9 | 16,776,315 | 27.6 |
| Rural and agribusiness loans | 864 | 52 | 93 | 3,454 | 2,956 | 12,496 | 19,915 | 1.0 | 11,556 | 0.5 | 6,082,355 | 8.6 | 4,443,408 | 7.3 |
| Subtotal | 169,123 | 167,092 | 134,899 | 330,584 | 438,805 | 700,140 | 1,940,643 | 97.4 | 2,071,365 | 95.2 | 55,779,323 | 78.7 | 45,955,234 | 75.6 |
| Leasing operations | 2,902 | 3,173 | 2,109 | 6,608 | 10,970 | 19,697 | 45,459 | 2.3 | 78,491 | 3.6 | 1,660,536 | 2.3 | 1,420,999 | 2.3 |
| Advances on foreign exchange contracts (1) | - | - | - | - | - | - | - | - | - | - | 4,796,176 | 6.8 | 6,182,523 | 10.2 |
| Subtotal | 172,025 | 170,265 | 137,008 | 337,192 | 449,775 | 719,837 | 1,986,102 | 99.7 | 2,149,856 | 98.8 | 62,236,035 | 87.8 | 53,558,756 | 88.1 |
| Other receivables (2) | 3,971 | 83 | 69 | 199 | 397 | 2,079 | 6,798 | 0.3 | 26,057 | 1.2 | 551,902 | 0.8 | 777,228 | 1.3 |
| Total credit operations (3) | 175,996 | 170,348 | 137,077 | 337,391 | 450,172 | 721,916 | 1,992,900 | 100.0 | 2,175,913 | 100.0 | 62,787,937 | 88.6 | 54,335,984 | 89.4 |
| Sureties and guarantees (4) | - | - | - | - | - | - | - | - | - | - | 8,099,864 | 11.4 | 6,435,487 | 10.6 |
| Total in 2004 | 175,996 | 170,348 | 137,077 | 337,391 | 450,172 | 721,916 | 1,992,900 | 100.0 | | | 70,887,801 | 100.0 | | |
| Total in 2003 | 259,053 | 128,390 | 132,540 | 340,498 | 477,327 | 838,105 | | | 2,175,913 | 100.0 | | | 60,771,471 | 100.0 |

On an unconsolidated basis, normal course operations determined on the same bases as in the above exhibit total R\$ 58,033,535 thousand (2003 - R\$ 44,016,538 thousand), past-due installments total R\$ 1,485,735 thousand (2003 - R\$ 1,383,998 thousand) and installments falling due total R\$ 1,233,367 thousand (2003 - R\$ 1,255,349 thousand).

- (1) Advances on foreign exchange contracts are recorded as a reduction of Other liabilities .
- (2) Other receivables comprise receivables on guarantees honored, receivables on purchase of assets, credit instruments receivable; income receivable on foreign exchange contracts and receivables arising from export contracts.
- (3) Includes financing of credit card operations and operations for prepaid credit card receivables in the amount of R\$ 1,347,839 thousand (2003 - R\$ 1,195,619 thousand). Other receivables relating to credit cards in the amount of R\$ 1,747,472 thousand (2003 - R\$ 1,005,410 thousand) are presented in Note 13b.
- (4) Amount recorded in memorandum account.
- b) Arising from new acquisitions

Banco BEM S.A. and Banco Zogbi S.A.

| | At September | In thousands of reais |
|---------------------------|--------------|--------------------------|
| Credit operations | | 486,408 |
| Other receivables | | 5,456 |
| Total | | 491,864 |
| Normal course | | 384,359 |
| Abnormal course | | 107,505 |
| c) By type and risk level | | |

At December 31 In thousands of reais

Consolidated Bradesco

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RISK LEVELS

| CREDIT OPERATIONS | AA | A | B | C | D | E | F | G | H | Total in 2004 | % | Total in 2003 | % |
|---|-------------------|-------------------|------------------|-------------------|------------------|----------------|----------------|----------------|------------------|-------------------|--------------|-------------------|--------------|
| Discount of trade receivables and other loans | 7,133,472 | 12,460,907 | 1,577,954 | 3,719,575 | 899,046 | 221,614 | 277,034 | 151,647 | 1,349,469 | 27,790,718 | 44.3 | 24,735,511 | 45.5 |
| Financings | 4,196,852 | 10,916,313 | 1,758,033 | 4,153,545 | 258,122 | 76,371 | 109,708 | 53,129 | 384,177 | 21,906,250 | 34.9 | 16,776,315 | 30.9 |
| Rural and agribusiness loans | 626,354 | 2,439,389 | 601,507 | 1,572,876 | 482,764 | 64,691 | 131,617 | 107,396 | 55,761 | 6,082,355 | 9.7 | 4,443,408 | 8.2 |
| Subtotal | 11,956,678 | 25,816,609 | 3,937,494 | 9,445,996 | 1,639,932 | 362,676 | 518,359 | 312,172 | 1,789,407 | 55,779,323 | 88.9 | 45,955,234 | 84.6 |
| Leasing operations | 86,191 | 262,312 | 282,063 | 910,209 | 33,061 | 5,595 | 21,825 | 8,001 | 51,279 | 1,660,536 | 2.6 | 1,420,999 | 2.6 |
| Advances on foreign exchange contracts | 2,834,213 | 869,067 | 635,434 | 373,173 | 14,102 | 682 | 547 | 289 | 68,669 | 4,796,176 | 7.6 | 6,182,523 | 11.4 |
| Subtotal | 14,877,082 | 26,947,988 | 4,854,991 | 10,729,378 | 1,687,095 | 368,953 | 540,731 | 320,462 | 1,909,355 | 62,236,035 | 99.1 | 53,558,756 | 98.6 |
| Other receivables | 133,521 | 220,668 | 66,960 | 97,571 | 5,748 | 341 | 382 | 2,915 | 23,796 | 551,902 | 0.9 | 777,228 | 1.4 |
| Total credit operations in 2004 | 15,010,603 | 27,168,656 | 4,921,951 | 10,826,949 | 1,692,843 | 369,294 | 541,113 | 323,377 | 1,933,151 | 62,787,937 | 100.0 | | |
| % | 23.9 | 43.3 | 7.8 | 17.3 | 2.7 | 0.6 | 0.9 | 0.5 | 3.0 | 100.0 | | | |
| Total credit operations in 2003 | 15,580,721 | 20,175,663 | 4,521,482 | 9,284,831 | 1,487,834 | 382,750 | 524,103 | 428,690 | 1,949,910 | | | 54,335,984 | 100.0 |
| % | 28.7 | 37.1 | 8.3 | 17.1 | 2.7 | 0.7 | 1.0 | 0.8 | 3.6 | | | 100.0 | |

At December 31 In thousands of reais

Bradesco

RISK LEVELS

| CREDIT OPERATIONS | AA | A | B | C | D | E | F | G | H | Total in 2004 | % | Total in 2003 | % |
|---|-------------------|-------------------|------------------|------------------|------------------|----------------|----------------|----------------|------------------|-------------------|--------------|-------------------|--------------|
| Discount of trade receivables and other loans | 6,868,934 | 12,306,595 | 1,566,503 | 3,713,811 | 894,588 | 218,386 | 274,386 | 149,459 | 1,323,623 | 27,316,285 | 51.9 | 20,525,466 | 50.1 |
| Financings | 4,196,537 | 4,055,245 | 1,329,809 | 3,872,220 | 207,142 | 44,754 | 83,529 | 30,199 | 244,577 | 14,064,012 | 26.7 | 9,743,466 | 23.8 |
| Rural and agribusiness loans | 626,354 | 2,439,389 | 601,507 | 1,572,876 | 482,764 | 64,691 | 131,617 | 107,396 | 55,761 | 6,082,355 | 11.5 | 4,199,665 | 10.2 |
| Subtotal | 11,691,825 | 18,801,229 | 3,497,819 | 9,158,907 | 1,584,494 | 327,831 | 489,532 | 287,054 | 1,623,961 | 47,462,652 | 90.1 | 34,468,597 | 84.1 |
| Advances on foreign exchange contracts | 2,834,213 | 869,067 | 635,434 | 373,173 | 14,102 | 682 | 547 | 289 | 68,669 | 4,796,176 | 9.1 | 6,003,824 | 14.6 |
| Subtotal | 14,526,038 | 19,670,296 | 4,133,253 | 9,532,080 | 1,598,596 | 328,513 | 490,079 | 287,343 | 1,692,630 | 52,258,828 | 99.2 | 40,472,421 | 98.7 |
| Other receivables | 132,643 | 119,018 | 60,311 | 87,040 | 5,492 | 338 | 374 | 38 | 16,673 | 421,927 | 0.8 | 536,787 | 1.3 |
| Total credit operations in 2004 | 14,658,681 | 19,789,314 | 4,193,564 | 9,619,120 | 1,604,088 | 328,851 | 490,453 | 287,381 | 1,709,303 | 52,680,755 | 100.0 | | |
| % | 27.8 | 37.6 | 8.0 | 18.3 | 3.0 | 0.6 | 0.9 | 0.6 | 3.2 | 100.0 | | | |
| Total credit operations in 2003 | 13,695,529 | 12,965,467 | 3,488,672 | 7,152,102 | 1,147,942 | 320,023 | 378,440 | 377,951 | 1,483,082 | | | 41,009,208 | 100.0 |
| % | 33.4 | 31.6 | 8.5 | 17.5 | 2.8 | 0.8 | 0.9 | 0.9 | 3.6 | | | 100.0 | |

d) Concentration of credit operations

At December 31 In thousands of reais

Consolidated Bradesco

Bradesco

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| | 2004 | % | 2003 | % | 2004 | % | 2003 | % |
|-----------------------|------------|------|------------|------|------------|------|------------|------|
| Largest borrower | 897,464 | 1.4 | 828,281 | 1.5 | 892,893 | 1.7 | 824,930 | 2.0 |
| 10 largest borrowers | 5,592,753 | 8.9 | 5,514,987 | 10.1 | 5,457,087 | 10.4 | 5,015,121 | 12.2 |
| 20 largest borrowers | 8,239,280 | 13.1 | 8,408,306 | 15.5 | 8,103,267 | 15.4 | 7,638,662 | 18.6 |
| 50 largest borrowers | 13,055,322 | 20.8 | 13,363,361 | 24.6 | 12,701,586 | 24.1 | 11,846,039 | 28.9 |
| 100 largest borrowers | 16,683,057 | 26.6 | 17,318,825 | 31.9 | 16,268,747 | 30.9 | 15,202,687 | 37.1 |

e) By economic activity sector

At December 31 In thousands of reais

| | Consolidated Bradesco | | | | Bradesco | | | |
|---|-----------------------|-------------|-------------------|-------------|-------------------|-------------|-------------------|-------------|
| | 2004 | % | 2003 | % | 2004 | % | 2003 | % |
| Public Sector | 536,975 | 0.9 | 186,405 | 0.3 | 536,975 | 1.0 | 57,206 | 0.1 |
| Federal Government | 317,919 | 0.5 | 186,264 | 0.3 | 317,919 | 0.6 | 57,065 | 0.1 |
| Production and distribution of electric power | 166,891 | 0.3 | - | - | 166,891 | 0.3 | - | - |
| Petrochemical | 151,028 | 0.2 | 186,264 | 0.3 | 151,028 | 0.3 | 57,065 | 0.1 |
| State Government | 218,256 | 0.4 | - | - | 218,256 | 0.4 | - | - |
| Production and distribution of electric power | 218,256 | 0.4 | - | - | 218,256 | 0.4 | - | - |
| Municipal Government | 800 | - | 141 | - | 800 | - | 141 | - |
| Direct administration | 800 | - | 141 | - | 800 | - | 141 | - |
| Private sector | 62,250,962 | 99.1 | 54,149,579 | 99.7 | 52,143,780 | 99.0 | 40,952,002 | 99.9 |
| Manufacturing | 18,549,438 | 29.5 | 18,328,262 | 33.7 | 17,801,761 | 33.9 | 16,427,467 | 40.1 |
| Food and beverage | 4,475,473 | 7.1 | 4,206,414 | 7.7 | 4,366,128 | 8.3 | 3,924,482 | 9.6 |
| Steel, metallurgical and mechanical | 2,988,418 | 4.8 | 3,887,069 | 7.1 | 2,838,881 | 5.4 | 3,456,584 | 8.4 |
| Light and heavy vehicles | 2,111,803 | 3.4 | 1,741,707 | 3.2 | 2,105,472 | 4.0 | 1,704,708 | 4.2 |
| Chemical | 1,726,968 | 2.8 | 1,432,174 | 2.6 | 1,569,791 | 3.0 | 1,100,549 | 2.7 |
| Electro-electronics | 1,052,928 | 1.7 | 615,982 | 1.1 | 1,036,814 | 2.0 | 593,256 | 1.4 |
| Paper and pulp | 801,871 | 1.3 | 1,173,795 | 2.2 | 764,218 | 1.5 | 1,075,251 | 2.6 |
| Textiles and clothing | 788,839 | 1.3 | 845,699 | 1.6 | 766,977 | 1.5 | 771,012 | 1.9 |
| Rubber and plastic articles | 741,712 | 1.2 | 629,899 | 1.2 | 700,432 | 1.3 | 615,080 | 1.5 |
| Furniture and wood products | 596,220 | 0.9 | 503,754 | 0.9 | 565,645 | 1.1 | 448,283 | 1.1 |
| Oil refining and production of alcohol | 567,356 | 0.9 | 230,582 | 0.4 | 515,807 | 1.0 | 230,582 | 0.6 |
| Publishing, printing and reproduction | 556,739 | 0.9 | 532,333 | 1.0 | 519,097 | 1.0 | 485,086 | 1.2 |
| Extraction of metallic and non-metallic ores | 406,770 | 0.6 | 426,346 | 0.8 | 390,261 | 0.7 | 412,794 | 1.0 |
| Automotive parts and accessories | 367,630 | 0.6 | 421,013 | 0.8 | 356,355 | 0.7 | 421,013 | 1.0 |
| Leather articles | 335,970 | 0.5 | 310,458 | 0.6 | 325,663 | 0.6 | 282,036 | 0.7 |
| Non-metallic materials | 310,724 | 0.5 | 221,586 | 0.4 | 286,018 | 0.5 | 221,586 | 0.5 |
| Other industries | 720,017 | 1.0 | 1,149,451 | 2.1 | 694,202 | 1.3 | 685,165 | 1.7 |
| Commerce | 9,825,515 | 15.6 | 7,418,479 | 13.6 | 9,226,632 | 17.5 | 5,829,660 | 14.2 |
| Speciality store products | 2,767,229 | 4.4 | 1,517,803 | 2.8 | 2,595,558 | 4.9 | 1,317,164 | 3.2 |
| Food, beverage and tobacco products | 1,134,350 | 1.8 | 995,042 | 1.8 | 1,047,435 | 2.0 | 756,598 | 1.8 |
| Non-specialized retailers | 842,339 | 1.3 | 549,067 | 1.0 | 789,718 | 1.5 | 518,620 | 1.3 |
| General merchandise wholesalers | 816,558 | 1.3 | 643,190 | 1.2 | 770,057 | 1.5 | 420,892 | 1.0 |
| Articles for personal use and for use in the home | 742,318 | 1.2 | 419,458 | 0.7 | 705,874 | 1.3 | 419,458 | 1.0 |
| Vehicles | 676,300 | 1.1 | 501,301 | 0.9 | 640,025 | 1.2 | 334,670 | 0.8 |
| Waste material and scrap | 550,521 | 0.9 | 511,867 | 0.9 | 516,639 | 1.0 | 511,867 | 1.2 |
| Repairs, parts and accessories for vehicles | 480,976 | 0.8 | 276,873 | 0.5 | 442,536 | 0.8 | 276,873 | 0.7 |

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| | | | | | | | | |
|---|-------------------|--------------|-------------------|--------------|-------------------|--------------|-------------------|--------------|
| Clothing and footwear | 463,055 | 0.7 | 424,324 | 0.8 | 447,440 | 0.8 | 358,563 | 0.9 |
| Fuel | 436,748 | 0.7 | 273,558 | 0.5 | 398,167 | 0.8 | 254,281 | 0.6 |
| Agricultural products | 396,583 | 0.6 | 275,586 | 0.5 | 375,001 | 0.7 | 268,540 | 0.7 |
| Commercial intermediary | 367,064 | 0.6 | 313,456 | 0.6 | 348,695 | 0.7 | 313,456 | 0.8 |
| Other commerce | 151,474 | 0.2 | 716,954 | 1.4 | 149,487 | 0.3 | 78,678 | 0.2 |
| Financial intermediaries | 344,072 | 0.5 | 455,642 | 0.9 | 282,896 | 0.5 | 463,321 | 1.1 |
| Services | 11,232,339 | 17.9 | 11,568,524 | 21.3 | 9,953,226 | 18.9 | 7,992,256 | 19.5 |
| Transport and storage | 2,845,931 | 4.5 | 2,059,891 | 3.8 | 2,366,542 | 4.5 | 1,086,596 | 2.7 |
| Real estate activities, rents and corporate services | 1,789,709 | 2.9 | 1,579,948 | 2.9 | 1,566,311 | 3.0 | 997,462 | 2.4 |
| Telecommunications | 1,486,957 | 2.4 | 1,943,427 | 3.6 | 1,470,289 | 2.8 | 1,717,584 | 4.2 |
| Civil construction | 1,356,533 | 2.2 | 1,447,366 | 2.7 | 1,221,084 | 2.3 | 1,087,522 | 2.7 |
| Production and distribution of electric power, gas and water | 935,995 | 1.5 | 1,344,833 | 2.5 | 931,403 | 1.7 | 1,344,833 | 3.3 |
| Social services, education, health, defense and social security | 717,870 | 1.1 | 632,268 | 1.2 | 635,198 | 1.2 | 425,073 | 1.0 |
| Clubs, leisure, cultural and sports activities | 412,571 | 0.7 | 406,037 | 0.7 | 406,481 | 0.8 | 259,135 | 0.6 |
| Holding companies, legal, accounting and business advisory services | 331,831 | 0.5 | 808,612 | 1.5 | 283,812 | 0.5 | 499,297 | 1.2 |
| Hotel and catering | 241,793 | 0.4 | 207,703 | 0.4 | 218,853 | 0.4 | 177,537 | 0.4 |
| Other services | 1,113,149 | 1.7 | 1,138,439 | 2.0 | 853,253 | 1.7 | 397,217 | 1.0 |
| Agriculture, livestock raising, fishing, forest development and management | 1,109,025 | 1.8 | 745,452 | 1.4 | 1,077,185 | 2.0 | 698,907 | 1.7 |
| Individuals | 21,190,573 | 33.8 | 15,633,220 | 28.8 | 13,802,080 | 26.2 | 9,540,391 | 23.3 |
| Total | 62,787,937 | 100.0 | 54,335,984 | 100.0 | 52,680,755 | 100.0 | 41,009,208 | 100.0 |

f) Composition of credit operations and allowance for loan losses

At December 31 In thousands of reais

Consolidated Bradesco

Portfolio balance

| Risk Level | Abnormal Course | | | Normal course | TOTAL | % | % Acumulated in 2004 | % Acumulated in 2003 |
|----------------------|------------------|------------------|-----------------------------|-------------------|-------------------|--------------|----------------------------|----------------------------|
| | Past Due | Falling Due | Total abnormal course | | | | | |
| | AA | - | - | | | | | |
| A | - | - | - | 27,168,656 | 27,168,656 | 43.3 | 67.2 | 65.8 |
| B | 94,661 | 450,446 | 545,107 | 4,376,844 | 4,921,951 | 7.8 | 75.0 | 74.1 |
| C | 181,064 | 535,568 | 716,632 | 10,110,317 | 10,826,949 | 17.3 | 92.3 | 91.2 |
| Subtotal | 275,725 | 986,014 | 1,261,739 | 56,666,420 | 57,928,159 | 92.3 | | |
| D | 132,570 | 246,072 | 378,642 | 1,314,201 | 1,692,843 | 2.7 | 95.0 | 93.9 |
| E | 119,067 | 124,770 | 243,837 | 125,457 | 369,294 | 0.6 | 95.6 | 94.6 |
| F | 113,875 | 119,549 | 233,424 | 307,689 | 541,113 | 0.9 | 96.5 | 95.6 |
| G | 99,073 | 82,278 | 181,351 | 142,026 | 323,377 | 0.5 | 97.0 | 96.4 |
| H | 969,633 | 434,217 | 1,403,850 | 529,301 | 1,933,151 | 3.0 | 100.0 | 100.0 |
| Subtotal | 1,434,218 | 1,006,886 | 2,441,104 | 2,418,674 | 4,859,778 | 7.7 | | |
| Total in 2004 | 1,709,943 | 1,992,900 | 3,702,843 | 59,085,094 | 62,787,937 | 100.0 | | |
| % | 2.7 | 3.2 | 5.9 | 94.1 | 100.0 | | | |

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| | | | | | |
|---------------|-----------|-----------|-----------|------------|------------|
| Total in 2003 | 1,710,254 | 2,175,913 | 3,886,167 | 50,449,817 | 54,335,984 |
| % | 3.2 | 4.0 | 7.2 | 92.8 | 100.0 |

At December 31 In thousands of reais

Consolidated Bradesco

Provision for

Minimum Requirement

| Risk Level | % Minimum Required Provision | Specific | | | Generic | Total | Additional | Existing | % 2004 | % 2003 |
|----------------------|------------------------------|------------------|----------------|------------------|------------------|------------------|----------------|------------------|-------------|-------------|
| | | Past Due | Falling Due | Total Specific | | | | | | |
| AA | 0.0 | - | - | - | - | - | - | - | - | - |
| A | 0.5 | - | - | - | 135,850 | 135,850 | 469 | 136,319 | 0.5 | 0.8 |
| B | 1.0 | 947 | 4,504 | 5,451 | 43,831 | 49,282 | 17,117 | 66,399 | 1.3 | 1.5 |
| C | 3.0 | 5,432 | 16,067 | 21,499 | 303,309 | 324,808 | 423,134 | 747,942 | 6.9 | 6.2 |
| Subtotal | | 6,379 | 20,571 | 26,950 | 482,990 | 509,940 | 440,720 | 950,660 | 1.6 | 1.6 |
| D | 10.0 | 13,257 | 24,607 | 37,864 | 131,420 | 169,284 | 284,843 | 454,127 | 26.8 | 28.4 |
| E | 30.0 | 35,720 | 37,431 | 73,151 | 37,637 | 110,788 | 56,140 | 166,928 | 45.2 | 45.5 |
| F | 50.0 | 56,938 | 59,775 | 116,713 | 153,844 | 270,557 | 77,611 | 348,168 | 64.3 | 66.4 |
| G | 70.0 | 69,351 | 57,595 | 126,946 | 99,418 | 226,364 | 66,159 | 292,523 | 90.5 | 86.4 |
| H | 100.0 | 969,633 | 434,217 | 1,403,850 | 529,301 | 1,933,151 | - | 1,933,151 | 100.0 | 100.0 |
| Subtotal | | 1,144,899 | 613,625 | 1,758,524 | 951,620 | 2,710,144 | 484,753 | 3,194,897 | 65.7 | 68.4 |
| Total in 2004 | | 1,151,278 | 634,196 | 1,785,474 | 1,434,610 | 3,220,084 | 925,473 | 4,145,557 | 6.6 | |
| % | | 27.8 | 15.3 | 43.1 | 34.6 | 77.7 | 22.3 | 100.0 | | |
| Total in 2003 | | 1,126,980 | 689,543 | 1,816,523 | 1,383,691 | 3,200,214 | 859,086 | 4,059,300 | | 7.5 |
| % | | 27.7 | 17.0 | 44.7 | 34.1 | 78.8 | 21.2 | 100.0 | | |

At December 31 In thousands of reais

Bradesco

Portfolio balance

Abnormal Course

| Risk Level | Abnormal Course | | | Normal course | TOTAL | % | % Acumulated in 2004 | % Acumulated in 2003 |
|-----------------|-----------------|----------------|-----------------------|-------------------|-------------------|-------------|----------------------|----------------------|
| | Past Due | Falling Due | Total abnormal course | | | | | |
| AA | - | - | - | 14,658,681 | 14,658,681 | 27.8 | 27.8 | 33.4 |
| A | - | - | - | 19,789,314 | 19,789,314 | 37.6 | 65.4 | 65.0 |
| B | 68,820 | 137,844 | 206,664 | 3,986,900 | 4,193,564 | 8.0 | 73.4 | 73.5 |
| C | 139,110 | 277,220 | 416,330 | 9,202,790 | 9,619,120 | 18.3 | 91.7 | 91.0 |
| Subtotal | 207,930 | 415,064 | 622,994 | 47,637,685 | 48,260,679 | 91.7 | | |
| D | 118,832 | 201,147 | 319,979 | 1,284,109 | 1,604,088 | 3.0 | 94.7 | 93.8 |
| E | 106,774 | 100,374 | 207,148 | 121,703 | 328,851 | 0.6 | 95.3 | 94.6 |
| F | 101,535 | 99,875 | 201,410 | 289,043 | 490,453 | 0.9 | 96.2 | 95.5 |
| G | 86,293 | 63,882 | 150,175 | 137,206 | 287,381 | 0.6 | 96.8 | 96.4 |

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| | | | | | | | | |
|----------------------|------------------|------------------|------------------|-------------------|-------------------|--------------|-------|-------|
| H | 864,371 | 353,025 | 1,217,396 | 491,907 | 1,709,303 | 3.2 | 100.0 | 100.0 |
| Subtotal | 1,277,805 | 818,303 | 2,096,108 | 2,323,968 | 4,420,076 | 8.3 | | |
| Total in 2004 | 1,485,735 | 1,233,367 | 2,719,102 | 49,961,653 | 52,680,755 | 100.0 | | |
| % | 2.9 | 2.3 | 5.2 | 94.8 | 100.0 | | | |
| Total in 2003 | 1,383,998 | 1,255,349 | 2,639,347 | 38,369,861 | 41,009,208 | | | |
| % | 3.4 | 3.1 | 6.5 | 93.5 | 100.0 | | | |

At December 31 In thousands of reais

Bradesco

Allowance

Minimum Requirement

| Risk Level | % Minimum Required Provision | Specific | | | Generic | Total | Additional | Existing | % 2004 | % 2003 |
|----------------------|------------------------------|------------------|----------------|------------------|------------------|------------------|----------------|------------------|-------------|-------------|
| | | Past Due | Falling Due | Total Specific | | | | | | |
| AA | 0.0 | - | - | - | - | - | - | - | - | - |
| A | 0.5 | - | - | - | 98,947 | 98,947 | 431 | 99,378 | 0.5 | 0.9 |
| B | 1.0 | 688 | 1,378 | 2,066 | 39,869 | 41,935 | 17,117 | 59,052 | 1.4 | 1.4 |
| C | 3.0 | 4,173 | 8,317 | 12,490 | 276,084 | 288,574 | 422,932 | 711,506 | 7.4 | 5.9 |
| Subtotal | | 4,861 | 9,695 | 14,556 | 414,900 | 429,456 | 440,480 | 869,936 | 1.8 | 1.6 |
| D | 10.0 | 11,883 | 20,115 | 31,998 | 128,411 | 160,409 | 284,843 | 445,252 | 27.8 | 29.6 |
| E | 30.0 | 32,032 | 30,112 | 62,144 | 36,511 | 98,655 | 56,140 | 154,795 | 47.1 | 46.5 |
| F | 50.0 | 50,767 | 49,938 | 100,705 | 144,522 | 245,227 | 77,611 | 322,838 | 65.8 | 69.2 |
| G | 70.0 | 60,405 | 44,717 | 105,122 | 96,044 | 201,166 | 66,076 | 267,242 | 93.0 | 85.3 |
| H | 100.0 | 864,371 | 353,025 | 1,217,396 | 491,907 | 1,709,303 | - | 1,709,303 | 100.0 | 100.0 |
| Subtotal | | 1,019,458 | 497,907 | 1,517,365 | 897,395 | 2,414,760 | 484,670 | 2,899,430 | 65.6 | 68.9 |
| Total in 2004 | | 1,024,319 | 507,602 | 1,531,921 | 1,312,295 | 2,844,216 | 925,150 | 3,769,366 | 7.2 | |
| % | | 27.2 | 13.5 | 40.7 | 34.8 | 75.5 | 24.5 | 100.0 | | |
| Total in 2003 | | 912,915 | 503,825 | 1,416,740 | 1,045,140 | 2,461,880 | 684,728 | 3,146,608 | | 7.7 |
| % | | 29.0 | 16.0 | 45.0 | 33.2 | 78.2 | 21.8 | 100.0 | | |

g) Movement of allowance for loan losses

In thousands of reais

| | Consolidated Bradesco | Bradesco |
|---|------------------------------|--------------------|
| Balance at December 31, 2002 | 3,665,091 | 2,637,432 |
| - Specific provision (1) | 1,943,451 | 1,415,899 |
| - Generic provision (2) | 1,217,036 | 793,035 |
| - Additional provision (3) | 504,604 | 428,498 |
| Amount recorded | 2,449,689 | 2,262,618 |
| Amount written off | (2,226,217) | (1,753,442) |
| Balance derived from acquired institutions (4) | 170,737 | - |
| Balance at December 31, 2003 | 4,059,300 | 3,146,608 |
| - Specific provision (1) | 1,816,523 | 1,416,740 |
| - Generic provision (2) | 1,383,691 | 1,045,140 |
| - Additional provision (3) | 859,086 | 684,728 |
| Amount recorded | 2,041,649 | 1,797,474 |

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| | | |
|---|--------------------|--------------------|
| Amount written off | (2,032,348) | (1,735,075) |
| Balance derived from acquired institutions (5) | 76,956 | - |
| Balance derived from merger of Banco BCN (6) | - | 560,359 |
| Balance at December 31, 2004 | 4,145,557 | 3,769,366 |
| - Specific provision (1) | 1,785,474 | 1,531,921 |
| - Generic provision (2) | 1,434,610 | 1,312,295 |
| - Additional provision (3) | 925,473 | 925,150 |

- (1) For operations with installments overdue by more than 14 days.
(2) Recorded based on the customer/transaction classification and accordingly not included in the preceding item.
(3) The additional provision is recorded based on management's experience and expected collection of the credit portfolio, to determine the total allowance deemed sufficient to cover specific and general portfolio risks, as well as the provision calculated based on risk level ratings and the corresponding minimum provision requirements established by CMN Resolution 2682. The additional provision per customer was classified according to the corresponding risk levels (Note 12f).
(4) Banco Alvorada S.A. (formerly BBV Banco).
(5) Banco BEM S.A. and Banco Zogbi S.A.
(6) Balance derived from merger of Banco BCN in the first quarter of 2004.
h) Recovery and renegotiation

Expense for provision for loan losses, net of recoveries of written-off credits.

Years ended at December 31

| | Consolidated Bradesco | | Bradesco | |
|----------------------------------|-----------------------|------------------|------------------|------------------|
| | 2004 | 2003 | 2004 | 2003 |
| Amount recorded | 2,041,649 | 2,449,689 | 1,797,474 | 2,262,618 |
| Amount recovered (1) | (611,792) | (510,819) | (503,883) | (350,416) |
| Expense net of recoveries | 1,429,857 | 1,938,870 | 1,293,591 | 1,912,202 |

(1) Classified in income on credit operations (Note 12i).

We present below the movement of renegotiated credits:

In thousands of reais

| | Consolidated Bradesco | | Bradesco | |
|---|-----------------------|--------------------|--------------------|--------------------|
| | 2004 | 2003 | 2004 | 2003 |
| Balance at December 31, 2003 | 2,316,522 | 1,895,490 | 1,895,490 | 1,895,490 |
| - Amount renegotiated | 1,842,816 | 1,367,968 | 1,367,968 | 1,367,968 |
| - Amount received and written off | (2,039,634) | (1,546,277) | (1,546,277) | (1,546,277) |
| Balance at December 31, 2003 | 2,119,704 | 1,717,181 | 1,717,181 | 1,717,181 |
| Provision for loan losses | 1,219,840 | 989,349 | 1,219,840 | 989,349 |
| % of portfolio | 57.5% | 57.6% | 57.5% | 57.6% |
| - Balance of the merged banks portfolio | - | 299,994 | - | 299,994 |
| - Amount renegotiated | 1,449,658 | 1,437,149 | 1,437,149 | 1,437,149 |
| - Amount received and written off | (1,854,773) | (1,764,633) | (1,764,633) | (1,764,633) |
| Balance at December 31, 2004 | 1,714,589 | 1,689,691 | 1,689,691 | 1,689,691 |
| Provision for loan losses | 1,063,930 | 1,051,691 | 1,063,930 | 1,051,691 |
| % of portfolio | 62.1% | 62.2% | 62.1% | 62.2% |

i) Income on credit operations

Years ended December 31- In thousands of reais

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| | Consolidated Bradesco | | Bradesco | |
|---|-----------------------|-------------------|-------------------|------------------|
| | 2004 | 2003 | 2004 | 2003 |
| Discount of trade receivables and other loans | 7,453,451 | 7,944,505 | 7,210,666 | 6,301,230 |
| Financings | 4,286,039 | 3,762,195 | 2,126,429 | 1,738,835 |
| Rural and agribusiness loans | 649,659 | 474,332 | 646,659 | 436,474 |
| Subtotal | 12,389,149 | 12,181,032 | 9,983,754 | 8,476,539 |
| Recovery of credits written off as loss | 611,792 | 510,819 | 503,883 | 350,416 |
| Allocation of exchange variation of foreign branches and subsidiaries | (269,506) | (397,323) | - | - |
| Subtotal | 12,731,435 | 12,294,528 | 10,487,637 | 8,826,955 |
| Leasing, net of expenses | 283,358 | 294,794 | - | - |
| Total | 13,014,793 | 12,589,322 | 10,487,637 | 8,826,955 |

13) OTHER RECEIVABLES

a) Foreign exchange portfolio

Balance sheet accounts:

At December 31 In thousands of reais

| | Consolidated Bradesco | | Bradesco | |
|---|-----------------------|-------------------|------------------|-------------------|
| | 2004 | 2003 | 2004 | 2003 |
| Assets - other receivables | | | | |
| Exchange purchases pending settlement | 5,726,545 | 8,740,540 | 5,726,545 | 8,555,387 |
| Foreign exchange acceptances and term documents in foreign currencies | 10,416 | 33,824 | 10,416 | 30,470 |
| Exchange sale receivables | 1,733,321 | 2,411,524 | 1,733,321 | 2,414,099 |
| Less - advances in local currency received | (177,796) | (172,525) | (177,796) | (169,792) |
| Income receivable on advances granted | 44,320 | 89,174 | 44,320 | 86,240 |
| Total | 7,336,806 | 11,102,537 | 7,336,806 | 10,916,404 |
| Liabilities - Other liabilities | | | | |
| Exchange sales pending settlement | 1,724,231 | 2,429,142 | 1,724,231 | 2,431,753 |
| Exchange purchase payables | 6,059,289 | 8,857,693 | 6,059,289 | 8,671,815 |
| Less - Advances on foreign exchange contracts | (4,796,176) | (6,182,523) | (4,796,176) | (6,003,824) |
| Other | 24,077 | 14,489 | 24,077 | 7,987 |
| Total | 3,011,421 | 5,118,801 | 3,011,421 | 5,107,731 |
| Net foreign exchange portfolio | 4,325,385 | 5,983,736 | 4,325,385 | 5,808,673 |
| Memorandum accounts. | | | | |
| Open import credits | 130,135 | 174,283 | 130,135 | 173,883 |
| Foreign exchange transactions: | | | | |

We present below the composition of foreign exchange transactions adjusted to improve the presentation of results:

Years ended December 31 In thousands of reais

Consolidated Bradesco Bradesco

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| | 2004 | 2003 | 2004 | 2003 |
|--|------------------|------------------|------------------|------------------|
| Income on exchange transactions | 3,313,934 | 11,959,103 | 3,305,511 | 11,433,422 |
| Expenses for exchange transactions | (2,622,632) | (11,161,401) | (2,619,016) | (10,621,675) |
| Foreign exchange transactions | 691,302 | 797,702 | 686,495 | 811,747 |
| Adjustments: | | | | |
| - Income on foreign currency financing (1) | 74,308 | 215,246 | 73,747 | 203,218 |
| - Income on export financing (1) | 13,710 | 21,131 | 13,693 | 5,177 |
| - Income on foreign investments (2) | 49,213 | 19,978 | 48,910 | 15,428 |
| - Expenses for foreign securities (3) | (9,594) | (23,148) | (9,594) | (4,750) |
| - Expenses for payables to foreign bankers (4) | (541,410) | (487,381) | (538,663) | (530,021) |
| - Other | (55,680) | (218,718) | (54,656) | (231,275) |
| Total adjustments | (469,453) | (472,892) | (466,563) | (542,223) |
| Adjusted foreign exchange transactions | 221,849 | 324,810 | 219,932 | 269,524 |

- (1) Classified in income on credit operations.
(2) Classified in income on securities transactions.
(3) Classified in expenses for interest and charges on deposits.
(4) Funds for financing advances on foreign exchange contracts and import financing, classified in expenses for borrowings and onlendings.
b) Sundry

At December 31 In thousands of reais

| | Consolidated Bradesco | | Bradesco | |
|-----------------------------------|-----------------------|-------------------|------------------|------------------|
| | 2004 | 2003 | 2004 | 2003 |
| Deferred tax assets (Note 35c) | 6,092,356 | 5,840,569 | 3,686,339 | 3,171,861 |
| Deposits in guarantee | 2,179,856 | 1,728,431 | 1,087,536 | 785,651 |
| Credit card operations | 1,747,472 | 1,005,410 | 1,747,472 | 1,005,410 |
| Prepaid taxes | 959,580 | 1,076,282 | 406,368 | 495,461 |
| Sundry receivables | 630,762 | 442,806 | 336,601 | 49,591 |
| Payments to be reimbursed | 565,790 | 385,075 | 304,759 | 136,379 |
| Credit instruments receivable | 363,395 | 307,796 | 123,135 | 99,861 |
| Receivables on purchase of assets | 300,565 | 478,223 | 262,550 | 350,097 |
| Other | 97,632 | 60,265 | 23,768 | 23,943 |
| Total | 12,937,408 | 11,324,857 | 7,978,528 | 6,118,254 |

14) OTHER ASSETS

- a) Non-operating assets/other

At December 31 In thousands of reais

| | Consolidated Bradesco | | | Bradesco | | |
|--|-----------------------|--------------------|----------------|----------|--------------------|----------------|
| | Cost | Provision for loss | Residual value | Cost | Provision for loss | Residual value |

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| | | | | | | |
|-------------------------------------|----------------|------------------|----------------|----------------|------------------|---------------|
| Property | 267,494 | (122,145) | 145,349 | 112,370 | (39,684) | 72,686 |
| Vehicles and similar | 106,393 | (30,635) | 75,758 | 26,210 | (17,093) | 9,117 |
| Machinery and equipment | 9,194 | (6,197) | 2,997 | 843 | (345) | 498 |
| Goods subject to special conditions | 69,553 | (69,553) | - | 63,171 | (63,171) | - |
| Inventories/stores | 17,719 | - | 17,719 | 8,628 | - | 8,628 |
| Other | 6,921 | (1,804) | 5,117 | 21 | (3) | 18 |
| Total in 2004 | 477,274 | (230,334) | 246,940 | 211,243 | (120,296) | 90,947 |
| Total in 2003 | 586,994 | (257,185) | 329,809 | 188,251 | (103,711) | 84,540 |

b) Prepaid expenses

These comprise mainly expenses for insurance, prepaid financial expenses, expenses for commission on placement of auto sales financing, deferred selling expenses and expenses for the contract to provide banking services at Correios network post-office bank branches, which are amortized on a straight-line basis according to the contract terms.

15) INVESTMENTS

a) We present below the movement of investments in foreign branches and direct and indirect subsidiaries, which were fully eliminated upon consolidation of the financial statements:

In thousands of reais

| Investments in foreign branches and subsidiaries | Balance at 31.12.2003 | Movement the Year (1) | Balance at 31.12.2004 |
|---|----------------------------------|----------------------------------|----------------------------------|
| Bradesco Grand Cayman (2) | 1,305,442 | 861,076 | 2,166,518 |
| Alvorada Nassau (2) | 772,693 | (772,693) | - |
| Banco Bradesco Luxembourg S.A | 407,024 | (59,219) | 347,805 |
| BCN Grand Cayman | 399,593 | (21,532) | 378,061 |
| Bradesco New York | 402,752 | (23,102) | 379,650 |
| Mercantil Grand Cayman | 413,887 | 51,015 | 464,902 |
| Bradport SGPS, Sociedade Unipessoal, Lda | 365,453 | 8,657 | 374,110 |
| Boavista (Nassau, Grand Cayman e Banking) | 196,615 | 39,289 | 235,904 |
| Cidade Capital Markets Limited | 86,287 | (3,824) | 82,463 |
| Bradesco Securities, Inc. | 64,499 | (5,150) | 59,349 |
| Banco Bradesco Argentina S.A. | 54,985 | (10,635) | 44,350 |
| Bradesco Argentina de Seguros S.A | 13,369 | (2,034) | 11,335 |
| Bradesco International Health Service, Inc. | 717 | (447) | 270 |
| Total | 4,483,316 | 61,401 | 4,544,717 |

(1) Includes exchange variation in the amount of R\$ (326,808) thousand, equity accounting in the amount of R\$ 357,425 thousand, mark-to-market adjustment of securities available for sale and extraordinary amortization of goodwill in the amount of R\$ 30,784 thousand.

(2) The Alvorada Nassau branch ceased activities in July 2004 and its operations were transferred to the Bradesco Branch in Grand Cayman.

b) Composition of investments in the consolidated financial statements:

At December 31 In thousands of reais

| Associated Companies (total percentage ownership) | 2004 | 2003 |
|--|-------------|-------------|
| IRB Brasil Resseguros S.A. - (21.24%) | 337,591 | 235,554 |
| CP Cimento e Participações S.A. - (12.55%) | 62,065 | 48,578 |
| Marlim Participações S.A. - (11.84%) | 21,676 | 19,836 |
| NovaMarlim Participações S.A. - (17.17%) | 24,806 | 22,100 |
| American BankNote Ltda. - (22.50%) | 31,062 | 16,449 |
| BES Investimentos do Brasil S.A. - BI (19.99%) | 16,618 | 17,428 |

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| | | |
|---------------------------------------|------------------|----------------|
| Other associated companies | 2,236 | 9,990 |
| Total in associated companies | 496,054 | 369,935 |
| Other investments | 605,276 | 528,595 |
| Fiscal incentives | 366,035 | 329,390 |
| Provision for: | | |
| - Fiscal incentives | (300,234) | (274,324) |
| - Other investments | (65,957) | (91,273) |
| Total consolidated investments | 1,101,174 | 862,323 |

c) Equity accounting was recorded in income under equity in the earnings of subsidiary and associated companies and totals R\$ 163,357 thousand (2003 - R\$ 5,227 thousand) and R\$ 2,090,090 thousand (2003 - R\$ 1,984,408 thousand) on an unconsolidated basis:

In thousands of reais

| Companies | Capital | Adjusted net equity | Number of shares/quotas held (thousand) | | Percentage ownership Capital | Adjusted net income equity | Book value | Equity accounting adjustments (32) | |
|--|-----------|---------------------|---|--------|------------------------------|----------------------------|------------------|------------------------------------|------------|
| | | | Common | Quotas | | | -Bradesco | 31.12.2004 | 31.12.2004 |
| CONSOLIDATED SUBSIDIARIES | | | | | | | | | |
| A) Financial area | | | | | | | 1,226,855 | 812,737 | |
| Alvorada Leasing Brasil S.A. Arrendamento Mercantil (1) | | | | | | | | 252 | 2,345 |
| Banco Alvorada S.A. (1) | 3,537,457 | 3,773,309 | 81 | - | 99.833% | 359,679 | 2,616,479 | 280,259 | 361,468 |
| Banco Baneb S.A. (28) | | | | | | | | 115,969 | 224,695 |
| Banco BCN S.A. (2) | | | | | | | | (6,483) | (264,816) |
| Banco BEA S.A. (3) | | | | | | | | - | 4,910 |
| Banco BEM S.A. (1) (4) | 764,262 | 801,678 | 1,070,639 | - | 100.000% | 188,620 | 801,678 | 188,678 | - |
| Banco Boavista Interatlântico S.A. and subsidiary (1) | 115,100 | 140,720 | 321,571 | - | 100.000% | 49,686 | 180,111 | 68,466 | 589,172 |
| Banco Bradesco Argentina S.A. (1) | 59,058 | 44,351 | 30,000 | - | 99.999% | (5,656) | 44,350 | (5,655) | 648 |
| Banco Bradesco Luxembourg S.A. (1) | 181,428 | 347,805 | 1,900 | - | 100.000% | 15,867 | 110,018 | 15,867 | 15,833 |
| Banco de Crédito Real de Minas Gerais S.A. (18) | | | | | | | | 13,160 | 233,970 |
| Banco Finasa de Investimento S.A. (6) | | | | | | | | 19,501 | 32,262 |
| Banco Finasa S.A. (1) (5) | 112,576 | 464,183 | 1,279,505 | - | 100.000% | 344,416 | 465,026 | 257,115 | (15,738) |
| Banco Mercantil de São Paulo S.A. (1) | 3,863,941 | 4,291,467 | 6,033,874 | - | 100.000% | 263,026 | 4,386,808 | 235,715 | 144,247 |
| Banco Zogbi S.A. (19) | | | | | | | | 27,020 | - |
| Bancocidade - Corretora de Valores Mobiliários e de Câmbio Ltda. (7) | | | | | | | | - | 3,713 |
| Bancocidade Leasing Arrendamento Mercantil S.A. (8) | | | | | | | | 30,945 | 28,791 |
| BCN Cons., Adm. de Bens, Serv. e Publ. Ltda. (1) (5) | 20,007 | 37,509 | - | 20,006 | 99.999% | 1,149 | 37,509 | (169) | 1,866 |
| Boavista S.A. Arrendamento Mercantil (9) | | | | | | | | - | 13,709 |
| Boavista S.A. D.T.V.M. (10) (11) | | | | | | | | - | (471,845) |
| Bradesco BCN Leasing S.A. Arrendamento Mercantil (18) | | | | | | | | 65,655 | 116,786 |
| Bradesco Consórcios Ltda. (1) | 14,795 | 53,911 | - | 14,795 | 99.999% | 45,515 | 53,911 | 45,514 | 4,913 |
| Bradesco S.A. Corretora de Títulos e Valores Mobiliários | 38,000 | 60,994 | 376,000 | - | 99.999% | 16,551 | 60,993 | 16,551 | 17,050 |

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| | | | | | | | | | |
|--|-----------|-----------|---------|---------|----------|---------|-----------|------------------|------------------|
| (1) | | | | | | | | | |
| Bradesco Securities, Inc. (1) | 58,397 | 59,349 | 11 | - | 100.000% | 2 | 59,349 | 2 | 3,909 |
| Bradport SGPS, Sociedade Unipessoal Lda. (1) (12) | 363,296 | 374,110 | - | - | 100.000% | 10,814 | 374,110 | 10,814 | - |
| BRAM Bradesco Asset Management Ltda. and subsidiary (23) | | | | | | | | 3,649 | 4,405 |
| BRAM Bradesco Asset Management Ltda. DTVM and subsidiary (1)(24) | 97,150 | 87,693 | 1,962 | - | 100.000% | 9,715 | 87,693 | 9,715 | 571 |
| Cia. Brasileira de Meios de Pagamento VISANET (1) Cidade Capital Markets Limited (1) (5) | 85,472 | 82,463 | 32,200 | - | 100.000% | 3,188 | 82,463 | 3,188 | 1,110 |
| Finasa Leasing Arrendamento Mercantil S.A. (14) | | | | | | | | - | 3,733 |
| Finasa Promotora de Vendas Ltda. (1) | | | | | | | | 9,303 | 1,598 |
| Bradesco Leasing S.A. Arrendamento Mercantil (1) (5) (15) | 1,943,997 | 1,995,982 | 9 | - | 100.000% | 120,688 | 1,995,982 | 99,787 | 201,832 |
| Foreign branches - Exchange gains(loss) (1) | | | | | | | | (325,562) | (487,740) |
| Other financial companies | | | | | | | | 8,343 | 27,838 |
| B) Insurance and Pension Plan area | | | | | | | | 501,396 | 642,224 |
| Bradesco Seguros S.A (1) | 883,714 | 3,010,917 | 625 | | 99.437% | 892,801 | 2,993,966 | (158,807) | (20,544) |
| ABS Empreendimentos Imobiliários, Participações e Serviços S.A. (16) | | | | | | | | - | 56,540 |
| Atlântica Capitalização S.A. (1) | | | | | | | | 1,030 | 1,358 |
| Bradesco Argentina de Seguros S.A. (1) | | | | | | | | (822) | 1,203 |
| Bradesco Capitalização S.A. (1) | | | | | | | | 212,519 | 177,397 |
| Bradesco Saúde S.A. (1) | | | | | | | | (14,606) | 2,309 |
| Bradesco Vida e Previdência S.A. (1) | | | | | | | | 539,117 | 432,766 |
| Finasa Seguradora S.A. (1) | | | | | | | | 440 | 10,550 |
| Bradesco Auto/RE Companhia de Seguros (1)(22) | | | | | | | | (80,049) | (19,988) |
| Foreign subsidiaries - Exchange gains (loss) (1) | | | | | | | | (1,246) | (1,005) |
| Other subsidiaries | | | | | | | | 3,820 | 1,638 |
| C) Other activities | | | | | | | | 198,482 | 20,060 |
| União de Comércio e Participações Ltda. (25) | | | | | | | | 7,776 | (66,317) |
| União de Participações Ltda. (1)(26) | 272,176 | 300,179 | - | 272.176 | 100.000% | 3,480 | 286,056 | 12,926 | - |
| Átria Participações S.A. (1) | | | | | | | | 631 | 1,647 |
| Latasa S.A. (17) | | | | | | | | - | 43,895 |
| Nova Paiol Participações Ltda. (1) | | | | | | | | 359 | (1,568) |
| Cia. Securitizadora de Crédito Financeiro Boavista (20)(31) | | | | | | | | 96,461 | - |
| Cia Securitizadora de Crédito Financeiro Rubi (1)(20)(29)(30) | 563,998 | 672,768 | 269,500 | - | 100.000% | 119,356 | 672,678 | 118,779 | - |
| Other subsidiaries | | | | | | | | (36,450) | 42,403 |
| TOTAL CONSOLIDATED SUBSIDIARIES | | | | | | | | 1,926,733 | 1,475,021 |

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II - UNCONSOLIDATED

| | | | |
|---|-------------------|------------------|------------------|
| BES Investimentos do Brasil S.A. Banco de Investimento (13) | | 378 | 4,509 |
| IRB Brasil Resseguros S.A. (13) | | 101,637 | 32,123 |
| UGB Participações S.A. (13) | | (18,099) | (34,657) |
| American BankNote Ltda. (13)(21) | | 17,438 | - |
| CP Cimento e Participações S.A. (21)(27) | | 1,820 | - |
| Marlim Participações S.A. (13)(21) | | 24,949 | - |
| NovaMarlim Participações S.A. (13)(21) | | 7,491 | - |
| Other companies | 115,346 | 27,743 | 3,252 |
| TOTAL UNCONSOLIDATED | | 163,357 | 5,227 |
| <hr/> | | | |
| SUBTOTAL | 15,424,526 | 2,090,090 | 1,480,248 |
| <hr/> | | | |
| Reversal of (provision) for exchange variation | - | - | 504,160 |
| <hr/> | | | |
| TOTAL | 15,424,526 | 2,090,090 | 1,984,408 |
| <hr/> | | | |

- (1) Information at December 31, 2004.
- (2) Partially spun off on March 10, 2004 with spun-off portion merged into Banco Bradesco S.A. On March 12, 2004, the remaining portion of the assets and liabilities was merged into Banco Alvorada. S.A.
- (3) Merged into Banco Baneb S.A. in April 2003.
- (4) New name of Banco do Estado do Maranhão S.A. acquired on February 10, 2004.
- (5) Became a direct subsidiary of Banco Bradesco S.A. as a result of the partial spin-off of Banco BCN S.A. on March 10, 2004, with the spun-off portion merged into Banco Bradesco S.A. (item 2).
- (6) Merged into Banco Baneb S.A. in August 2004.
- (7) Merged into BCN Corretora de Títulos e Valores Mobiliários S.A. in September 2003.
- (8) Merged by Banco BCN S.A. into Banco Mercantil de São Paulo S.A. in January 2004 and subsequently incorporated into Banco Alvorada S.A. in July 2004.
- (9) Merged into Banco Boavista Interatlântico S.A. in December 2003.
- (10) Merged into Banco Mercantil de São Paulo S.A. in February 2003.
- (11) In 2003, income includes extraordinary amortization of goodwill, net of taxes (Note 31).
- (12) Formed in December 2003.
- (13) Information at November 30, 2004.
- (14) Merged into Bradesco BCN Leasing S.A. Arrendamento Mercantil, in April 2003.
- (15) Formerly Potenza Leasing S.A. Arrendamento Mercantil.
- (16) Merged into Bradesco Capitalização S.A. in December 2003.
- (17) Sold in October 2003.
- (18) Merged into Bradesco Leasing S.A. Arrendamento Mercantil in September 2004.
- (19) Acquired on February 16, 2004 and merged into Banco Finasa S.A. in October 2004.
- (20) Acquired on June 25, 2004.
- (21) Accounted for on the equity method of accounting from April 2004.
- (22) Formerly União Novo Hamburgo de Seguros S.A.
- (23) Merged into BES - Boavista Espírito Santo DTVM S.A. in July 2004.
- (24) Formerly BES Boavista Espírito Santo DTVM S.A.
- (25) On August 31, 2004, União de Comércio e Participações Ltda. was partially spun off and the spun-off portion merged into Caulim Participações Ltda. The remaining assets and liabilities were merged into Banco Alvorada S.A. in September 2004.
- (26) Formerly Caulim Participações Ltda.
- (27) Information at October 31, 2004.
- (28) On December 30, 2004, Banco Baneb S.A. was partially spun off and the spun-off portion merged into Bradesco Vida e Previdência S.A. and the remaining assets and liabilities were merged into Banco Alvorada. S.A.

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- (29) Became a direct subsidiary of Banco Bradesco S.A. in December 2004.
 (30) Formerly Cia. Securitizadora de Crédito Financeiro Interatlântico.
 (31) Merged into Cia. Securitizadora de Crédito Financeiro Rubi in December 2004.
 (32) Equity accounting considers results determined by the companies subsequent to acquisition and includes equity variations in the investees not derived from results, as well as adjustments arising from the equalization of accounting principles, where applicable.
- 16) PROPERTY AND EQUIPMENT IN USE AND LEASED ASSETS

Stated at purchase cost, plus restatements. Depreciation is calculated on the straight-line method at annual rates which take into consideration the economic useful lives of the assets.

At December 31 In thousands of reais

| | Consolidated Bradesco | | | Bradesco | | | |
|--|-----------------------|------------------|--------------------|------------------|------------------|--------------------|------------------|
| | Annual rate | Cost | Depreciation | Residual Value | Cost | Depreciation | Residual Value |
| Land and buildings in use: | | | | | | | |
| - Buildings | 4% | 854,801 | (473,249) | 381,552 | 388,937 | (229,705) | 159,232 |
| - Land | - | 502,262 | - | 502,262 | 124,732 | - | 124,732 |
| Facilities, furniture and equipment in use | 10% | 1,828,487 | (944,328) | 884,159 | 1,426,747 | (726,874) | 699,873 |
| Security and communications systems | 10% | 121,244 | (69,896) | 51,348 | 113,116 | (67,003) | 46,113 |
| Data processing systems | 20 to 50% | 1,595,256 | (1,193,634) | 401,622 | 1,213,433 | (903,193) | 310,240 |
| Transport systems | 20% | 19,615 | (10,200) | 9,415 | 16,632 | (8,786) | 7,846 |
| Construction in progress | - | 40,139 | - | 40,139 | 144 | - | 144 |
| Subtotal | - | 4,961,804 | (2,691,307) | 2,270,497 | 3,283,741 | (1,935,561) | 1,348,180 |
| Leased assets | - | 58,463 | (39,512) | 18,951 | - | - | - |
| Total in 2004 | | 5,020,267 | (2,730,819) | 2,289,448 | 3,283,741 | (1,935,561) | 1,348,180 |
| Total in 2003 | | 4,943,183 | (2,616,827) | 2,326,356 | 2,973,259 | (1,750,866) | 1,222,393 |

Land and buildings in use of the Bradesco Organization present an unrecorded increment of R\$ 740,054 thousand, based on appraisal reports prepared by independent experts in 2004, 2003 and 2002.

The permanent assets to stockholders equity ratio in relation to consolidated reference equity is 22.52% on a consolidated basis and 37.98 on a consolidated financial basis, within the maximum 50% limit.

17) DEFERRED CHARGES

a) Goodwill

I) Goodwill on the acquisition of investments, based on future profitability, mainly results from goodwill on the acquisition of Banco BCN - R\$ 264,495 thousand (1) (2003 - R\$ 133,128 thousand); Banco Boavista Interatlântico - R\$ 39,391 thousand (1) (2003 - R\$ 308,386 thousand); Banco Mercantil de São Paulo - R\$ 95,341 thousand (2003 - R\$ 83,131 thousand); Banco Cidade - R\$ 94,165 thousand (2003 - R\$ 133,130 thousand); Banco Alvorada (formerly BBV Banco) - R\$ 167,941 thousand (2003 - R\$ 187,894 thousand); in Bradesco Leasing - R\$ 39,314 thousand (2003 - R\$ 46,515 thousand); Banco Zogbi - R\$ 230,536 thousand and in Promovel Empreendimentos e Serviços - R\$ 54,584 thousand. Amortization of goodwill for the year totaled R\$ 713,372 thousand, of which R\$ 369,574 thousand comprises extraordinary amortization of goodwill on acquisition of investments in Banco BEM, Cia. Finasa Securitizadora, Bradesco Templeton, Banco Bradesco Luxembourg, Banco Mercantil International, Zogbi DTVM, Zogbi Leasing, Promosec Cia. Securitizadora, Scopus Tecnologia, Cia. Brasileira de Meios de Pagamento - Visanet, União Novo Hamburgo, Finasa Seguradora, Argentina Seguros, BCN Seguradora, Tranqüilidade, Atlântica Bradesco, Securitizadora Boavista, Smart Club do Brasil and Securitizadora Interatlântico (2003 - R\$ 1,035,080 thousand, and Securitizadora Interatlântico (2003 - R\$ 1,035,080 thousand, of which R\$ 798,540 thousand comprises extraordinary amortization of goodwill, mainly in Banco Mercantil de São Paulo, in the amount of R\$ 680,759 thousand) (Note 31).

(1) The variation in this balance comprises the transfer of goodwill from Banco Boavista Interatlântico to Banco BCN, in the amount of R\$ 227,365 thousand, following the partial spin off of Banco Boavista Interatlântico in January 2004, with the spun-off portion merged into Banco BCN.

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II) Unamortized goodwill in the amount of R\$ 1,026,192 thousand has the following amortization flow:

At December 31, 2004 In thousands of reais

| | | | |
|-------------|---------|-------------|--------|
| 2005 | 321,385 | 2010 | 26,321 |
| 2006 | 315,919 | 2011 | 23,012 |
| 2007 | 173,435 | 2012 | 21,735 |
| 2008 | 101,151 | 2013 | 8,317 |
| 2009 | 34,917 | | |

B) Other deferred charges

At December 31 In thousands of reais

| | Consolidated Bradesco | | | Bradesco | | |
|------------------------|-----------------------|------------------|----------------|------------------|--------------------|----------------|
| | Cost | Amortization | Residual value | Cost | Amortization | Residual value |
| Systems development | 1,107,995 | (643,774) | 464,221 | 948,351 | (570,906) | 377,445 |
| Other deferred charges | 160,441 | (94,964) | 65,477 | 1,020,557 | (597,714) | 422,843 |
| Total in 2004 | 1,268,436 | (738,738) | 529,698 | 1,968,908 | (1,168,620) | 800,288 |
| Total in 2003 | 1,124,058 | (572,620) | 551,438 | 924,572 | (495,308) | 429,264 |

18) DEPOSITS, DEPOSITS RECEIVED UNDER SECURITY REPURCHASE AGREEMENTS AND FUNDS FROM ISSUANCE OF SECURITIES

a) Deposits and deposits received under security repurchase agreements

At December 31 In thousands of reais

| | Up to 30 days | From 31 to 60 days | From 61 to 90 days | From 91 to 180 days | From 181 to 360 days | From 1 to 3 years | More than 3 years | Consolidated Bradesco | Bradesco |
|---|-------------------|--------------------|--------------------|---------------------|----------------------|-------------------|-------------------|-----------------------|-------------------|
| Demand deposits (1) | 15,297,825 | - | - | - | - | - | - | 15,297,825 | 15,161,742 |
| Savings deposits (1) | 24,782,646 | - | - | - | - | - | - | 24,782,646 | 24,782,646 |
| Interbank deposits | 19,477 | - | - | 22 | - | - | - | 19,499 | 4,977,406 |
| Time deposits (Note 33b) | 2,736,773 | 2,736,527 | 879,104 | 2,832,481 | 3,751,518 | 15,049,202 | 473,517 | 28,459,122 | 28,267,507 |
| Other deposits (2) | 84,235 | - | - | - | - | - | - | 84,235 | 84,235 |
| Deposits received under security repurchase agreements(3) | 20,457,806 | 259,853 | 67,960 | 41,139 | 50,222 | 1,592,235 | 417,188 | 22,886,403 | 22,992,656 |
| Total in 2004 | 63,378,762 | 2,996,380 | 947,064 | 2,873,642 | 3,801,740 | 16,641,437 | 890,705 | 91,529,730 | 96,266,192 |
| Total in 2003 | 60,260,036 | 4,296,117 | 6,554,916 | 2,183,402 | 2,932,058 | 14,223,528 | 366,553 | 90,816,610 | 91,041,295 |

(1) Classified as up to 30 days without considering average historical turnover.

(2) Deposits for investment.

(3) Includes R\$ 10,233,550 thousand in investment fund resources invested in purchase and sale commitments with Banco Bradesco, the investors in which are subsidiary companies, included in the consolidated financial statements (Note 10a).

b) Funds from issuance of securities

At December 31 In thousands of reais

| | Up to 30 days | From 31 to 60 days | From 61 to 90 days | From 91 to 180 days | From 181 to 360 days | From 1 to 3 years | More than 3 years | Consolidated Bradesco | Bradesco |
|--|---------------|--------------------|--------------------|---------------------|----------------------|-------------------|-------------------|-----------------------|----------|
|--|---------------|--------------------|--------------------|---------------------|----------------------|-------------------|-------------------|-----------------------|----------|

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| | | | | | | | | | |
|---|----------------|----------------|----------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Securities - Local | | | | | | | | | |
| Mortgage notes | 170,911 | 81,135 | 101,787 | 294,027 | 22,430 | 10,832 | - | 681,122 | 674,432 |
| Subtotal | 170,911 | 81,135 | 101,787 | 294,027 | 22,430 | 10,832 | - | 681,122 | 674,432 |
| Securities - Foreign (1) | | | | | | | | | |
| Commercial paper | - | - | - | 798,974 | - | - | - | 798,974 | 798,974 |
| Eurobonds | 256,371 | - | - | - | - | 475,932 | - | 732,303 | 773,057 |
| Euronotes | 33,405 | - | - | - | 124,734 | - | - | 158,139 | 664,609 |
| MTN Program Issues | 3,019 | - | - | - | - | 530,880 | - | 533,899 | 533,899 |
| Promissory notes | 1,445 | - | - | - | 13,272 | 66,360 | - | 81,077 | 81,077 |
| Euro CD issued | - | 26,544 | - | - | - | - | - | 26,544 | 26,544 |
| Securitization of future flow of money orders received from abroad (2) | 8,055 | - | - | - | 22,539 | 247,632 | 1,040,868 | 1,319,094 | 1,319,094 |
| Securitization of future flow of credit card bill receivables from foreign cardholders abroad (2) | 1,857 | - | - | - | 52,201 | 672,282 | - | 726,340 | 726,340 |
| Subtotal | 304,152 | 26,544 | - | 798,974 | 212,746 | 1,993,086 | 1,040,868 | 4,376,370 | 4,923,594 |
| Total in 2004 (Note 33b) | 475,063 | 107,679 | 101,787 | 1,093,001 | 235,176 | 2,003,918 | 1,040,868 | 5,057,492 | 5,598,026 |
| % ----- | 9.4 | 2.1 | 2.0 | 21.6 | 4.7 | 39.6 | 20.6 | 100.0 | |
| Total in 2003 | 220,357 | 32,686 | 801,439 | 1,196,131 | 1,941,194 | 1,131,769 | 1,523,320 | 6,846,896 | 6,460,065 |
| % ----- | 3.2 | 0.5 | 11.7 | 17.5 | 28.4 | 16.5 | 22.2 | 100.0 | |

(1) These consist of funds obtained from banks abroad, from the issuance of notes in the international market and under National Monetary Council (CMN) Resolution 2770 for: (i) onlending to local customers, repayable through 2008, under terms which do not exceed those of the funds obtained, with interest payable at LIBOR, plus a spread or pre-fixed interest; (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) Securitization of money orders and credit card bill receivables from cardholders abroad

In 2003, the Organization entered into certain agreements designed to optimize its funding and liquidity management activities through the use of Special Purposes Entities (SPEs). These SPEs, Brazilian Merchant Voucher Receivables Limited and International Diversified Payment Rights Company, are financed through long-term obligations and settled through the future cash flows of the corresponding assets.

These assets consist mainly of the following:

- (i) Current and future flows of money orders remitted by individuals and corporate entities located abroad to beneficiaries in Brazil for which the Bank acts as paying agent.
- (ii) Current and future flows of credit card receivables arising from expenses effected in Brazilian territory by holders of cards issued outside of Brazil.

The long-term notes issued by the SPEs and sold to investors will be settled through funds derived from the money order flows and credit card bills. Bradesco is obliged to redeem these notes in specific cases of default or if the SPEs' operations are terminated.

The funds derived from the sale of current and future money orders and credit card receivables, received by the SPE, must be maintained in a specific bank account until such time as a specific minimum limit is attained.

We present below the main features of the notes issued by the SPEs:

At December 31 In thousands of reais

| Bradesco | | | | | | |
|--|-----------|--------------------|-----------|----------------|------------|---------|
| | Issuance | Transaction amount | Maturity | Remuneration % | Book value | |
| | | | | | 2004 | 2003 |
| Securitization of future flow of money | 20.8.2003 | 595,262 | 20.8.2010 | 6.750 | 534,961 | 582,282 |
| | 20.8.2003 | 599,000 | 20.8.2010 | 0.68 + LIBOR | 517,277 | 568,283 |

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| | | | | | | |
|---|-----------|------------------|-----------|-------|------------------|------------------|
| orders received from abroad | 28.7.2004 | 305,400 | 20.8.2012 | 4.685 | 266,856 | - |
| Total | | 1,499,662 | | | 1,319,094 | 1,150,565 |
| Securitization of future flow of credit card bill receivables from foreign cardholders abroad | 10.7.2003 | 800,818 | 15.6.2011 | 5.684 | 726,340 | 790,613 |
| Total | | 800,818 | | | 726,340 | 790,613 |

c) Expenses with funding and price-level restatement and interest on technical reserves for insurance, private pension plans and savings bonds.

Years ended December 31 In thousands of reais

| | Consolidated Bradesco | | Bradesco | |
|---|-----------------------|-------------------|------------------|-------------------|
| | 2004 | 2003 | 2004 | 2003 |
| Savings deposits | 1,653,614 | 2,037,770 | 1,646,914 | 1,936,533 |
| Time deposits | 3,676,482 | 4,626,211 | 3,638,046 | 3,613,576 |
| Deposits received under security repurchase agreements | 3,152,000 | 3,959,086 | 3,204,711 | 4,277,016 |
| Funds from issuance of securities | 626,191 | 113,871 | 563,905 | (123,212) |
| Allocation of exchange variation of foreign branches and subsidiaries | (855,524) | (504,463) | - | - |
| Other funding expenses | 233,240 | 303,022 | 785,569 | 969,364 |
| Subtotal | 8,486,003 | 10,535,497 | 9,839,145 | 10,673,277 |
| Expenses for price-level restatement of technical reserves for insurance, private pension plans and savings bonds | 3,215,677 | 3,120,342 | - | - |
| Total | 11,701,680 | 13,655,839 | 9,839,145 | 10,673,277 |

19) BORROWINGS AND ONLENDINGS

a) Borrowings

At December 31 In thousands of reais

| | Up to 30 days | From 31 to 60 days | From 61 to 90 days | From 91 to 180 days | From 181 to 360 days | From 1 to 3 years | More than 3 years | Consolidated Bradesco | Bradesco |
|----------------------------------|------------------|--------------------|--------------------|---------------------|----------------------|-------------------|-------------------|-----------------------|------------------|
| Local: | | | | | | | | | |
| Official institutions | 1,376 | - | - | - | - | - | - | 1,376 | - |
| Other institutions | 11,756 | - | - | - | - | - | - | 11,756 | - |
| Foreign: | 1,467,578 | 854,546 | 915,141 | 2,278,677 | 1,344,236 | 660,002 | 28,083 | 7,548,263 | 7,563,346 |
| Total in 2004 (Note 33 b) | 1,480,710 | 854,546 | 915,141 | 2,278,677 | 1,344,236 | 660,002 | 28,083 | 7,561,395 | 7,563,346 |
| % | 19.6 | 11.3 | 12.1 | 30.1 | 17.8 | 8.7 | 0.4 | 100.0 | - |
| Total in 2003 | 1,377,472 | 948,608 | 683,934 | 2,749,793 | 686,454 | 777,095 | - | 7,223,356 | 7,164,512 |
| % | 19.1 | 13.1 | 9.4 | 38.1 | 9.5 | 10.8 | - | 100.0 | - |

b) Onlendings:

At December 31 In thousands of reais

| | Up to 30 days | From 31 to 60 days | From 61 to 90 days | From 91 to 180 days | From 181 to 360 days | From 1 to 3 years | More than 3 years | Consolidated Bradesco | Bradesco |
|---|---------------|--------------------|--------------------|---------------------|----------------------|-------------------|-------------------|-----------------------|-----------|
| Local: | | | | | | | | | |
| National Treasury | - | - | - | - | 72,165 | - | - | 72,165 | 72,165 |
| National Bank for Economic and Social Development BNDES | 143,655 | 48,362 | 60,068 | 308,562 | 426,647 | 1,941,056 | 743,657 | 3,672,007 | 3,672,007 |

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| | | | | | | | | | |
|--|----------------|----------------|----------------|----------------|------------------|------------------|------------------|------------------|------------------|
| Federal Savings Bank - CEF | 1,606 | 667 | 399 | 5,133 | 27,359 | 112,315 | 248,341 | 395,820 | 383,742 |
| Government Agency for Machinery and Equipment Financing - FINAME | 151,810 | 106,412 | 120,282 | 457,904 | 718,740 | 1,947,825 | 708,789 | 4,211,762 | 4,019,444 |
| Other institutions | - | 242 | 106 | 132 | 481 | 1,647 | 1,036 | 3,644 | 3,644 |
| Foreign: | | | | | | | | | |
| Subject to onlendings to housing loan borrowers | 40,375 | - | - | 1,102 | 1,102 | - | - | 42,579 | 8,189 |
| Total in 2004 (Note 33 b) | 337,446 | 155,683 | 180,855 | 772,833 | 1,246,494 | 4,002,843 | 1,701,823 | 8,397,977 | 8,159,191 |
| % | 4.0 | 1.9 | 2.1 | 9.2 | 14.8 | 47.7 | 20.3 | 100.0 | |
| Total in 2003 | 250,584 | 154,995 | 217,031 | 620,433 | 1,058,624 | 3,501,140 | 1,768,620 | 7,571,427 | 5,586,651 |
| % | 3.3 | 2.0 | 2.9 | 8.2 | 14.0 | 46.2 | 23.4 | 100.0 | |

c) Expenses for borrowings and onlendings

Years ended December 31 In thousands of reais

| | Consolidated Bradesco | | Bradesco | |
|---|-----------------------|------------------|------------------|------------------|
| | 2004 | 2003 | 2004 | 2003 |
| | | | | |
| Loans: | | | | |
| Local | 2,931 | 2,678 | - | - |
| Foreign | 70,523 | 91,717 | 69,470 | 82,630 |
| Subtotal | 73,454 | 94,395 | 69,470 | 82,630 |
| Local onlendings | | | | |
| National Treasury | 2,867 | 3,955 | 2,867 | 3,955 |
| BNDES | 390,028 | 247,118 | 387,683 | 215,792 |
| CEF | 2,015 | 36,871 | - | - |
| FINAME | 388,828 | 328,234 | 350,060 | 187,780 |
| Other institutions | 449 | 79 | 710 | 845 |
| Foreign onlendings: | | | | |
| Payables to foreign bankers | 541,410 | 487,381 | 538,663 | 530,021 |
| Other expenses for foreign onlendings | 6,338 | (79,839) | (255) | 20,205 |
| Subtotal | 1,331,935 | 1,023,799 | 1,279,728 | 958,598 |
| Allocation of exchange variation of foreign branches and subsidiaries | (152,214) | (34,815) | - | - |
| Total | 1,253,175 | 1,083,379 | 1,349,198 | 1,041,228 |

20) CONTINGENT LIABILITIES

The Bradesco Organization is currently a defendant in a number of legal suits in the labor, civil and tax spheres, arising from the normal course of its business activities.

The provisions were recorded based on the opinion of the Organization's legal advisors, the types of lawsuit, similarity with previous suits, complexity and jurisprudence and prior court sentences, whenever loss is deemed probable.

The Organization's Management considers that the provision recorded is sufficient to cover possible losses generated by the corresponding legal proceedings.

Labor claims

These are claims brought by former employees seeking indemnity, especially, the payment of unpaid overtime. Following the effective control over working hours implemented in 1992, via electronic time cards, overtime is paid regularly during the employment contract and accordingly, claims on an individual basis subsequent to 1977 are no longer significant.

The provision for labor contingencies is recorded based on the average amount of the indemnities paid.

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Civil suits

These arise during the normal course of certain work routines and comprise claims for pain and suffering and pecuniary damages, mainly protests, bounced checks and the inclusion of names in the restricted credit registry.

In general, the amounts under dispute are unlikely to affect financial results since more than 60% of new suits were brought at the small claims court, i.e., for amounts of less than the maximum limit of 40 minimum wages. Moreover, some 50% of these suits are judged unfounded and the average cost of each indemnity is some 5% of the total amount claimed.

At present, there are no significant administrative suits in course, moved as a result of the lack of compliance with National Financial System regulations or payment of fines which could jeopardize the Bank's financial results.

Tax proceedings

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

The provisions recorded segregated by legal sphere are as follows:

| | At December 31 In thousands of reais | | | |
|---------------------|--------------------------------------|------------------|------------------|------------------|
| | Consolidated Bradesco | | Bradesco | |
| | 2004 | 2003 | 2004 | 2003 |
| Labor claims | 833,190 | 819,044 | 669,259 | 523,737 |
| Civil suits | 570,346 | 375,629 | 386,773 | 172,882 |
| Subtotal (1) | 1,403,536 | 1,194,673 | 1,056,032 | 696,619 |
| Tax proceedings (2) | 3,029,251 | 2,815,716 | 989,149 | 893,666 |
| Total | 4,432,787 | 4,010,389 | 2,045,181 | 1,590,285 |

(1) See Note 22.

(2) Recorded under Other liabilities - taxes and social security contributions .

21) SUBORDINATED DEBT

| At December 31 In thousands of reais | | | | | | | |
|--------------------------------------|----------------|--------------------|----------|---------------------------------|---------|------------|--|
| Consolidated Bradesco | | | | | | Book value | |
| Note | Issuance | Transaction amount | Maturity | Remuneration | 2004 | 2003 | |
| Subordinated CDB | March/2002 | 549,000 | 2012 | 100.0% of DI - CETIP | 866,781 | 746,144 | |
| Subordinated CDB | July/2002 | 41,201 | 2012 | 100.0% of CDI rate + 0.75% p.a. | 66,610 | 56,906 | |
| Subordinated CDB | October/2002 | 200,000 | 2012 | 102.5% of CDI rate | 300,116 | 257,380 | |
| Subordinated CDB | October/2002 | 500,000 | 2012 | 100.0% of CDI rate + 0.87% p.a. | 756,757 | 645,720 | |
| Subordinated CDB | October/2002 | 33,500 | 2012 | 101.5% of CDI rate | 49,995 | 42,940 | |
| Subordinated CDB | October/2002 | 65,150 | 2012 | 101.0% of CDI rate | 96,798 | 83,201 | |
| Subordinated CDB | November/2002 | 66,550 | 2012 | 101.0% of CDI rate | 98,644 | 84,788 | |
| Subordinated CDB | November/2002 | 134,800 | 2012 | 101.5% of CDI rate | 199,760 | 171,572 | |
| Subordinated debentures | September/2001 | 300,000 | 2008 | 100.0% of CDI rate + 0.75% p.a. | 316,420 | 319,050 | |
| Subordinated debentures | November/2001 | 300,000 | 2008 | 100.0% of CDI rate + 0.75% p.a. | 308,425 | 308,358 | |

LOCAL:

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| | | | | | | |
|---------------------------|---------------|------------------|------|------------------|------------------|------------------|
| Subtotal in Brazil | | 2,190,201 | | | 3,060,306 | 2,716,059 |
| FOREIGN: | | | | | | |
| Subordinated debt | December/2001 | 353,700 | 2011 | 10.25% rate p.a. | 395,184 | 417,811 |
| Subordinated debt (1) | April/2002 | 315,186 | 2012 | 4.05% rate p.a. | 360,892 | 392,815 |
| Subordinated debt | October/2003 | 1,434,750 | 2013 | 8.75% rate p.a. | 1,339,261 | 1,468,125 |
| Subordinated debt | April/2004 | 801,927 | 2014 | 8.00% rate p.a. | 817,102 | - |
| Subtotal abroad | | 2,905,563 | | | 2,912,439 | 2,278,751 |
| Total | | 5,095,764 | | | 5,972,745 | 4,994,810 |

(1) This rate increases to 10.15% p.a. when swap to U.S. dollar cost is included.

22) OTHER LIABILITIES - SUNDRY

At December 31 In thousands of reais

| | Consolidated Bradesco | | Bradesco | |
|---|-----------------------|------------------|------------------|------------------|
| | 2004 | 2003 | 2004 | 2003 |
| Provision for accrued liabilities | 1,914,452 | 1,101,388 | 610,595 | 519,648 |
| Credit card operations | 1,690,770 | 815,085 | 1,690,770 | 815,085 |
| Provision for contingent liabilities (civil and labor) (Note 20) | 1,403,536 | 1,194,673 | 1,056,032 | 696,619 |
| Sundry creditors | 1,031,425 | 1,088,288 | 350,953 | 311,208 |
| Acquisition of assets and rights | 149,822 | 153,686 | 157,151 | 60,400 |
| Official operating agreements | 11,464 | 133,964 | 11,464 | 125,131 |
| Other | 189,992 | 214,408 | 160,257 | 159,376 |
| Total | 6,391,461 | 4,701,492 | 4,037,222 | 2,687,467 |

23) INSURANCE OPERATIONS, PRIVATE PENSION PLANS AND SAVINGS BONDS

a) Technical reserves

At December 31 In thousands of reais

| | Insurance | | Private Pension Plans | | Savings Bonds | | Total | |
|---|------------------|------------------|-----------------------|-------------------|----------------|----------------|-------------------|-------------------|
| | 2004 | 2003 | 2004 | 2003 | 2004 | 2003 | 2004 | 2003 |
| Current liabilities | | | | | | | | |
| Reserve for unearned premiums | 1,211,561 | 1,046,236 | 43,083 | 31,422 | - | - | 1,254,644 | 1,077,658 |
| Loss reserve - IBNR | 938,776 | 618,396 | 195,381 | 150,524 | - | - | 1,134,157 | 768,920 |
| Reserve for unsettled claims | 460,009 | 345,723 | 265,742 | 150,365 | - | - | 725,751 | 496,088 |
| Mathematical reserve for benefits granted | - | - | 254,868 | 217,365 | - | - | 254,868 | 217,365 |
| Mathematical reserve of benefits to be granted | - | - | 17,944,632 | 13,215,237 | - | - | 17,944,632 | 13,215,237 |
| Mathematical reserve for redemptions | - | - | - | - | 465,977 | 160,080 | 465,977 | 160,080 |
| Reserve for draws and redemptions | - | - | - | - | 238,569 | 183,794 | 238,569 | 183,794 |
| Reserve for financial fluctuation | - | - | 505,352 | 511,200 | - | - | 505,352 | 511,200 |
| Reserve for insufficient contributions | - | - | 50,434 | 31,971 | - | - | 50,434 | 31,971 |
| Other reserves | 76,431 | 20,285 | 150,413 | 93,440 | 14,621 | 87,957 | 241,465 | 201,682 |
| Subtotal | 2,686,777 | 2,030,640 | 19,409,905 | 14,401,524 | 719,167 | 431,831 | 22,815,849 | 16,863,995 |

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Long-term liabilities

| | | | | | | | | |
|---|-----------|----------|------------------|------------------|------------------|------------------|-------------------|------------------|
| Mathematical reserve for benefits to be granted | 14 | - | 5,037,852 | 4,247,302 | - | - | 5,037,866 | 4,247,302 |
| Mathematical reserve for benefits granted | - | - | 2,127,089 | 1,826,797 | - | - | 2,127,089 | 1,826,797 |
| Reserve for insufficient contributions | - | - | 1,875,525 | 1,601,518 | - | - | 1,875,525 | 1,601,518 |
| Mathematical reserve for redemptions | - | - | - | - | 1,178,094 | 1,422,376 | 1,178,094 | 1,422,376 |
| Reserve for financial fluctuation | - | - | 255,499 | 224,689 | - | - | 255,499 | 224,689 |
| Reserve for financial excess | - | - | 244,396 | 203,419 | - | - | 244,396 | 203,419 |
| Other reserves | - | - | 9,269 | 18,856 | 125,067 | - | 134,336 | 18,856 |
| Subtotal | 14 | - | 9,549,630 | 8,122,581 | 1,303,161 | 1,422,376 | 10,852,805 | 9,544,957 |

Total 2,686,791 2,030,640 28,959,535 22,524,105 2,022,328 1,854,207 33,668,654 26,408,952

b) Guarantee of technical reserves for insurance, private pension plans and savings bonds

We present below the amounts of the assets and rights offered as coverage of technical reserves for insurance, private pension plans and savings bonds:

| | At December 31 In thousands of reais | | | | | | | |
|---|--------------------------------------|------------------|-----------------------|-------------------|------------------|------------------|-------------------|-------------------|
| | Insurance | | Private Pension Plans | | Savings Bonds | | Total | |
| | 2004 | 2003 | 2004 | 2003 | 2004 | 2003 | 2004 | 2003 |
| Shares | 1,189 | 77,942 | 720,094 | 826,079 | 315,193 | 280,850 | 1,036,476 | 1,184,871 |
| Government securities and corporate bonds | 2,388,138 | 1,758,170 | 28,533,975 | 23,240,318 | 1,767,792 | 1,752,985 | 32,689,905 | 26,751,473 |
| Credit assignments | 505,234 | 346,502 | - | - | - | 505,234 | 346,502 | - |
| Properties | 17,889 | 45,902 | 1,438 | 1,537 | 12,164 | 5,793 | 31,491 | 53,232 |
| Total | 2,912,450 | 2,228,516 | 29,255,507 | 24,067,934 | 2,095,149 | 2,039,628 | 34,263,106 | 28,336,078 |

c) Income on premiums retained for insurance, private pension plans and savings bonds

| | Years ended December 31 In thousands of reais | |
|---|---|-------------------|
| | 2004 | 2003 |
| Premiums issued | 7,569,644 | 6,767,635 |
| Supplementary private pension plan contributions (*) | 6,935,859 | 5,665,357 |
| Income on savings bond certificates | 1,358,175 | 1,155,936 |
| Coinsurance premiums assigned | (310,669) | (311,318) |
| Premiums reimbursed | (163,839) | (165,714) |
| Overall net revenue | 15,389,170 | 13,111,896 |
| Premiums redeemed | (1,557,635) | (768,755) |
| Reinsurance premiums assigned | (547,858) | (617,053) |
| Premiums retained for insurance, private pension plans and savings bonds | 13,283,677 | 11,726,088 |

(1) Includes long-term life VGBL insurance (Vida Gerador de Benefícios Livres).

24) MINORITY INTEREST IN SUBSIDIARIES

At December 31 In thousands of reais

| Consolidated Bradesco | |
|-----------------------|------|
| 2004 | 2003 |

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Financial area:

| | | |
|--|---------------|---------------|
| Bradesco Templeton Asset Management Ltda | 9,433 | 4,733 |
| Banco Alvorada S.A. (1) | 6,301 | - |
| Banco Finasa de Investimento S.A. (2) | - | 9,263 |
| Banco Baneb S.A. (1) (2) | - | 1,019 |
| Other minority interest | 2 | 350 |
| Subtotal | 15,736 | 15,365 |

Insurance and Pension Plan area:

| | | |
|---|---------------|---------------|
| Indiana Seguros S.A | 35,088 | 32,796 |
| Bradesco Seguros S.A (3) | 16,958 | 10,607 |
| Bradesco Auto/RE Companhia de Seguros (3) (4) | - | 9,895 |
| Other minority interest | 48 | 1,492 |
| Subtotal | 52,094 | 54,790 |

Other activities:

| | | |
|--|---------------|----------------|
| Baneb Corretora de Seguros S.A. | 2,760 | 2,376 |
| Sete Quedas Empreendimentos Imobiliários e Participações Ltda. (5) | - | 40,168 |
| Other minority interest | - | 30 |
| Subtotal | 2,760 | 42,574 |
| Total | 70,590 | 112,729 |

- (1) Minority interest arising from the merger in December 2004 of Banco Baneb S.A. into Banco Alvorada. S.A.
(2) Banco Finasa de Investimento S.A. merged by Banco Baneb S.A. in August 2004.
(3) Percentage ownership increased through acquisition and incorporation of the minority stockholders' shares of União Novo Hamburgo de Seguros S.A.
(4) Formerly União Novo Hamburgo de Seguros S.A.
(5) Sold in January 2004.
25) STOCKHOLDERS' EQUITY (PARENT COMPANY)

a) Composition of capital stock

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

| | |
|--|----------------------|
| | At December 31, 2004 |
| | <hr/> |
| Common stock | 238,351,329 |
| Preferred stock | 236,081,796 |
| Total shares and shares outstanding | 474,433,125 |

At December 31, 2003

| | Total | Treasury stock | Outstanding shares |
|-----------------|--------------------------|----------------------|--------------------------|
| Common stock | 798,940,057,872 | (574,800,000) | 798,365,257,872 |
| Preferred stock | 786,939,365,428 | - | 786,939,365,428 |
| Total | 1,585,879,423,300 | (574,800,000) | 1,585,304,623,300 |

b) We present below the movement of capital stock

| | Number | | |
|--|-------------------|-------------------|---------------------|
| | Common | Preferred | Total |
| Shares held at December 31, 2003 | 798,940,057,872 | 786,939,365,428 | 1,585,879,423,300 |
| Decrease as a result of reverse stock split | (798,860,163,867) | (786,860,671,492) | (1,585,720,835,359) |
| Shares held subsequent to reverse stock split | 79,894,005 | 78,693,936 | 158,587,941 |

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| | | | |
|---|--------------------|--------------------|--------------------|
| Shares acquired and canceled | (443,562) | (4) | (443,566) |
| Increase as a result of stock split | 158,900,886 | 157,387,864 | 316,288,750 |
| Total shares held and outstanding at December 31, 2004 | 238,351,329 | 236,081,796 | 474,433,125 |

At the Extraordinary General Meeting of December 17, 2003, approval was given for a 1-for-10.000 reverse split of Bradesco's stock. This process was ratified by BACEN on January 6, 2004.

At the Extraordinary General Meeting held on November 22, 2004, approval was given to suspend the authorization given to the Board of Directors, at June 9, 2004, for the acquisition of up to 4,000,000 nominative-registered shares, with no par value, of which 1,500,000 are common and 2,500,000 are preferred shares, to be held in treasury and subsequently cancelled, with no capital decrease.

At the Extraordinary General Meeting held on December 9, 2004, approval was given for the following:

- Cancellation of 443,566 shares, held in treasury, of which 443,562 are common and 4 are preferred shares, with no capital decrease.
- 2-for-1 split of the shares comprising capital subsequent to the cancellation described above, with no change in value increasing the number of shares by 200%, whereby 2 new shares were received free of charge in exchange for each share of the same class held at December 13, 2004. In the same proportion as the split carried out in the Brazilian market, a split of Depositary Receipts (DRs) was carried out in the U.S. (NYSE) and European (LATIBEX) markets, whereby investors received 2 new DRs, free of charge in exchange for each DR held, ensuring that DRs continued to be traded in the proportion of 1 share for 1 DR, in the corresponding markets.
- Capital increase in the amount of R\$ 700,000 thousand, from R\$ 7,000,000 thousand to R\$ 7,700,000 thousand, through the issue of 17,500,000 new common nominative-registered shares with no par value, of which 8,791,857 are common and 8,708,143 are preferred shares, for private subscription at the price of R\$ 40.00 per share, to be subscribed during the period from December 27, 2004 thru January 27, 2005, in the proportion of 3.688612594% of the share position held at December 13, 2004, considering the stock split. The remaining shares will be sold by auction to be held at the São Paulo Stock Exchange – BOVESPA on February 15, 2005. The total amount of the transaction which exceeds the subscription amount will be fully recorded as a credit in the Capital reserve – share premium account.

This process was ratified by BACEN on December 10, 2004.

c) Interest attributed to own capital

Non-voting preferred shares are entitled to all rights and benefits attributed to common shares and in conformity with the Bank's statutes have priority to repayment of capital and 10% additional interest attributed to own capital and/or dividends, in accordance with the provisions of paragraph 1, item II of Article 17 of Law 6404, as amended by Law 10303.

In conformity with the Bank's statutes, stockholders are entitled to interest attributed to own capital and/or dividends which total at least 30% of net income for the year, adjusted in accordance with Brazilian corporate legislation.

Interest attributed to own capital is calculated based on the stockholders' equity accounts and limited to the variation in the long-term interest rate (TJLP), subject to the existence of profits, computed prior to the deduction thereof, or of retained earnings and revenue reserves in amounts that are equivalent to, or exceed twice the amount of such interest.

It is the Bank's policy to distribute, during the year, all the interest attributed to own capital, determined in conformity with the above criteria and to compute this interest for purposes of the minimum compulsory dividend, net of withholding tax (IRRF).

At the Board of Directors meeting held on December 6, 2004, approval was given to for the payment of supplementary interest attributed to own capital, for 2004, in the amount of R\$ 5.439542815 and R\$ 5.983497096 per common and preferred share, respectively, to be paid on February 15, 2005, at the net amount of R\$ 4.623611393 and R\$ 5.085972532, net of withholding tax, per common and preferred share, respectively, benefiting stockholders registered at the Bank on December 6, 2004.

We present below interest attributed to own capital for 2004:

| In thousands of reais | % (1) |
|--------------------------|-------|
|--------------------------|-------|

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| | | |
|---|------------------|---------------|
| Net income for the year | 3,060,151 | |
| Legal reserve | (153,008) | |
| Calculation base | 2,907,143 | |
| Interest attributed to own capital (gross) | 1,324,983 | 45.58% |
| Withholding tax on interest attributed to own capital - 15% | (198,747) | |
| Interest attributed to own capital (net) in 2004 | 1,126,236 | 38.74% |
| Interest attributed to own capital (net) in 2003 | 1,144,965 | 52.26% |

(1) Percent interest attributed to own capital of calculation basis.
In 2004, interest attributed to own capital was paid and proposed as follows:

In thousands of reais

| Details | Per share (gross) (1) | | Amount paid/accrued gross | Withholding tax IRRF (15%) | Amount paid/accrued net |
|-------------------------------------|-----------------------|-----------------|---------------------------|----------------------------|-------------------------|
| | Common | Preferred | | | |
| Monthly | 1.694160 | 1.863576 | 281,307 | 42,196 | 239,111 |
| Interim 1H04 (2) | 0.847080 | 0.931788 | 140,644 | 21,096 | 119,548 |
| Supplementary interest for 2004 (3) | 5.439543 | 5.983497 | 903,032 | 135,455 | 767,577 |
| Total | 7.980783 | 8.778861 | 1,324,983 | 198,747 | 1,126,236 |

(1) Adjusted to share base, subsequent to the reverse stock split and stock split.

(2) Declared on June 30, 2004 and paid on July 30, 2004.

(3) Declared on December 6, 2004, to be paid on February 15, 2005.

26) COMMISSIONS AND FEES

Years ended December 31 In thousands of reais

| | Consolidated Bradesco | | Bradesco | |
|---|-----------------------|------------------|------------------|------------------|
| | 2004 | 2003 | 2004 | 2003 |
| Checking accounts | 1,326,778 | 1,106,995 | 1,289,237 | 1,007,576 |
| Collection | 628,827 | 595,296 | 624,647 | 524,408 |
| Fund management services | 888,104 | 590,132 | 513,252 | 353,973 |
| Income on cards | 1,068,641 | 817,771 | 466,134 | 363,446 |
| Credit operations | 830,799 | 579,248 | 671,230 | 454,300 |
| Interbank charges | 261,373 | 256,540 | 259,404 | 223,591 |
| Receipt of taxes | 204,456 | 185,691 | 201,573 | 164,084 |
| Revenue from custody and brokerage services | 97,925 | 77,475 | 59,969 | 51,504 |
| Consortium management | 86,970 | 26,133 | - | - |
| Other | 430,495 | 321,580 | 85,490 | 35,113 |
| Total | 5,824,368 | 4,556,861 | 4,170,936 | 3,177,995 |

27) PERSONNEL EXPENSES

Years ended December 31 In thousands of reais

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| | Consolidated Bradesco | | Bradesco | |
|-----------------------------|-----------------------|------------------|------------------|------------------|
| | 2004 | 2003 | 2004 | 2003 |
| Remuneration | 2,509,454 | 2,379,571 | 2,078,645 | 1,705,929 |
| Single payment bonus | 42,981 | 99,045 | 42,981 | 90,516 |
| Benefits | 1,006,681 | 964,334 | 848,759 | 739,576 |
| Social charges | 924,264 | 831,487 | 767,203 | 595,846 |
| Training | 52,681 | 61,168 | 43,990 | 45,332 |
| Employee profit sharing (1) | 182,386 | 170,579 | 153,007 | 123,998 |
| Other (labor) | 250,560 | 273,307 | 268,622 | 321,028 |
| Total | 4,969,007 | 4,779,491 | 4,203,207 | 3,622,225 |

(1) This amount corresponds to 6.0% of net income for the year (2003 7.4%) and to 5% on an unconsolidated basis (2003 5.4%), in conformity with the Bank Clerk Trade Union's Collective Bargaining Agreement.

28) ADMINISTRATIVE EXPENSES

Years ended December 31 In thousands of reais

| | Consolidated Bradesco | | Bradesco | |
|-------------------------------|-----------------------|------------------|------------------|------------------|
| | 2004 | 2003 | 2004 | 2003 |
| Third-party services | 846,697 | 814,570 | 614,133 | 503,768 |
| Communications | 647,401 | 633,618 | 533,600 | 440,506 |
| Depreciation and amortization | 479,737 | 529,896 | 383,585 | 359,223 |
| Publicity and advertising | 426,245 | 372,188 | 192,247 | 173,267 |
| Financial system services | 402,436 | 356,972 | 386,127 | 317,453 |
| Transport | 389,852 | 357,401 | 357,836 | 280,957 |
| Leasing | 307,408 | 278,972 | 297,538 | 260,741 |
| Rents | 299,045 | 287,397 | 321,548 | 253,449 |
| Data processing | 254,382 | 274,119 | 201,918 | 171,062 |
| Maintenance and repairs | 272,195 | 242,463 | 295,054 | 252,672 |
| Materials | 152,379 | 172,529 | 113,922 | 117,948 |
| Water, electricity and gas | 128,654 | 114,844 | 113,206 | 89,484 |
| Travel | 57,676 | 63,588 | 24,791 | 20,394 |
| Other | 273,036 | 315,647 | 94,325 | 102,849 |
| Total | 4,937,143 | 4,814,204 | 3,929,830 | 3,343,773 |

29) OTHER OPERATING INCOME

Years ended December 31 In thousands of reais

| | Consolidated Bradesco | | Bradesco | |
|--|-----------------------|------------------|----------------|----------------|
| | 2004 | 2003 | 2004 | 2003 |
| Other financial revenue | 351,802 | 412,201 | 151,346 | 174,687 |
| Reversal of other operating provisions | 344,085 | 614,873 | 163,657 | 463,465 |
| Recovery of charges and expenses | 95,203 | 125,011 | 55,468 | 50,618 |
| Income on sale of goods | 74,277 | 204,249 | - | - |
| Other | 333,165 | 340,908 | 89,899 | 65,448 |
| Total | 1,198,532 | 1,697,242 | 460,370 | 754,218 |

30) OTHER OPERATING EXPENSES

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Years ended December 31 In thousands of reais

| | Consolidated Bradesco | | Bradesco | |
|---|-----------------------|------------------|------------------|------------------|
| | 2004 | 2003 | 2004 | 2003 |
| Other financial expenses | 778,477 | 1,030,446 | 147,426 | 102,849 |
| Sundry losses | 508,408 | 463,098 | 488,812 | 403,478 |
| Amortization of goodwill | 343,798 | 236,540 | 236,393 | 194,946 |
| Cost of sales and services (1) | 558,961 | 488,583 | - | - |
| Expenses for other operating provisions | 228,045 | 194,673 | 221,034 | 150,036 |
| Other | 408,447 | 327,939 | 322,232 | 249,927 |
| Total | 2,826,136 | 2,741,279 | 1,415,897 | 1,101,236 |

(1) Includes depreciation (amortization) of R\$ 68,263 thousand (2003 R\$ 93,217 thousand).

31) NON-OPERATING INCOME (EXPENSE), NET

Years ended December 31 In thousands of reais

| | Consolidated Bradesco | | Bradesco | |
|---|-----------------------|------------------|-----------------|----------------|
| | 2004 | 2003 | 2004 | 2003 |
| Extraordinary amortization of goodwill (1) (2) | (369,574) | (798,540) | (1,617) | - |
| (Loss) profit on sale and write off of assets and investments (3) | (98,311) | (161,438) | (94,351) | (26,539) |
| Income on sale of branches at auctions | - | 210,825 | - | 115,351 |
| Non-operating provisions recorded (reversed) | (17,671) | (67,049) | 1,620 | 47,624 |
| Other | (5,590) | (24,874) | 35,768 | 37,751 |
| Total | (491,146) | (841,076) | (58,580) | 174,187 |

(1) Although its essence was maintained, goodwill held by Boavista DTVM in Banco Mercantil S.A., following the merger approved on March 31, 2003, was amortized on an extraordinary basis during the year, pursuant to BACEN Circular 3017.

(2) 2004 - As a result of the change in projected realization (Note 17a).

(3) Includes in 2003, on an unconsolidated basis, income on the sale of shares of Latasa S.A. in the amount of R\$ 117,655 thousand. On a consolidated basis, income in the amount of R\$ 195,386 thousand was classified in income on securities transactions.

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

The transactions with subsidiary and associated companies, carried out at average market terms and prices on the dates thereof, were eliminated from the consolidated financial statements and summarized below:

At December 31 In thousands of reais

| | 2004 | | 2003 | |
|--|----------------------|------------------|----------------------|------------------|
| | Assets (liabilities) | Income (expense) | Assets (liabilities) | Income (expense) |
| Interest attributed to own capital and dividends: | | | | |
| Bradesco Seguros S.A | 622,474 | - | 146,591 | - |
| Bradesco Vida e Previdência S.A | 80,305 | - | - | - |
| Banco Baneb S.A | - | - | 63,530 | - |
| Banco Boavista Interatlântico S.A | 6,461 | - | 421,480 | - |
| Bradesco Leasing S.A. Arrendamento Mercantil | 18,995 | - | - | - |

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| | | | | |
|--|-------------|-----------|-------------|-----------|
| Banco BCN S.A. | - | - | 79,785 | - |
| Banco Mercantil de São Paulo S.A. | 67,588 | - | - | - |
| Banco Alvorada S.A. | 57,271 | - | - | - |
| Banco Finasa S.A. | 162,286 | - | - | - |
| Other subsidiary and associated companies | 31,378 | - | 26,019 | - |
| Exchange purchases pending settlement (a): | | | | |
| Banco BCN S.A. | - | - | 11,185 | 2,081 |
| Other subsidiary and associated companies | - | - | - | 2,167 |
| Pre-export operations (b): | | | | |
| Banco BCN S.A. Foreign: | - | - | 97,075 | 3,197 |
| Other subsidiary and associated companies | - | 1,952 | - | 301 |
| Exchange purchase payables (c): | | | | |
| Banco BCN S.A. | - | - | (11,138) | (1,266) |
| Demand deposits | | | | |
| Bradesco Vida e Previdência S.A | (3,203) | - | (25,716) | - |
| Banco BCN S.A. Foreign: | - | - | (24,913) | - |
| Bradesco Seguros S.A | (328) | - | (4,609) | - |
| Bradesco Saúde S.A. | (3,673) | - | (28) | - |
| Finasa Promotora de Vendas | (8,269) | - | - | - |
| BRAM Bradesco Asset Management S.A | (4,042) | - | (3,267) | - |
| Other subsidiary and associated companies | (6,635) | - | (11,655) | - |
| Time deposits | | | | |
| ABS-Empreend. Imob., Partic. e Serviços S.A | - | - | - | (7,147) |
| Cia. Finasa Securitizadora de Créditos Financeiros | - | - | (10,095) | (879) |
| Baneb Corretora S.A | (4,744) | (690) | (4,677) | (924) |
| Bradesco Capitalização S.A | - | (10,211) | (63,389) | (1,668) |
| União Novo Hamburgo Seguros S.A. | (10,723) | - | - | - |
| Bradesco Securities Inc. | (5,771) | (57) | (970) | - |
| Other subsidiary and associated companies | (7,712) | (6,740) | (12,057) | (7,761) |
| Foreign currency deposits abroad: | | | | |
| Banco Bradesco Luxembourg S.A. | 493 | - | 502 | - |
| Banco Bradesco Argentina S.A. | 20 | - | 22 | - |
| Foreign currency investments: | | | | |
| Banco Bradesco Luxembourg S.A. | 44,429 | 587 | 21,860 | - |
| Deposits/Interbank deposits (d): | | | | |
| Deposits received under security repurchase agreements: | | | | |
| Banco BEM S.A. | (621,897) | (17,923) | - | - |
| Banco Boavista Interatlântico S.A | - | (1,249) | (26,293) | (46,871) |
| Boavista Banking Limited | (32,127) | (1,613) | (144,506) | (1,295) |
| Bradesco Leasing S.A. Arrendamento Mercantil | (2,466,878) | (153,513) | (40,400) | (78,567) |
| Bradesco BCN Leasing S.A. Arrendamento Mercantil | - | (189,365) | (2,026,893) | (416,968) |
| Banco BCN S.A. | - | - | (793,691) | (30,035) |
| Banco Alvorada S.A. | (275,178) | (80,540) | (770,622) | (75,091) |
| Banco Mercantil de São Paulo S.A. | (1,522,091) | (77,741) | (209,426) | (22,526) |

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| | | | | |
|---|----------|----------|-----------|----------|
| Banco Finasa de Investimento S.A. | - | (7,268) | (82,361) | (15,841) |
| Boavista S.A. Arrendamento Mercantil | - | - | - | (25,583) |
| Other subsidiary and associated companies | (39,903) | (27,329) | (106,496) | (61,850) |

Open market investments:

| | | | | |
|---|-----------|---------|-----------|---------|
| Banco Finasa S.A. | 9,240,527 | 999,778 | 4,745,509 | 730,519 |
| Banco Boavista Interatlântico S.A | 539,733 | 52,244 | 662,062 | 40,496 |
| Banco BCN S.A. | - | - | 74,324 | 406,553 |
| Banco Mercantil de São Paulo S.A. | - | - | - | 88,915 |
| Other subsidiary and associated companies | - | 31 | - | 540 |

Securities purchased under resale agreements/(e):

Deposits received under security repurchase agreements:

| | | | | |
|---|----------|----------|-----------|-----------|
| Bradesco S.A. CTVM | (19,971) | (5,155) | (23,054) | (7,426) |
| Banco Baneb S.A. | - | (1,130) | (426,438) | (54,831) |
| Banco BCN S.A. | - | - | (984,615) | (88,778) |
| Banco Boavista Interatlântico S.A | (3,320) | (1,634) | (151,765) | (170,971) |
| Banco de Crédito Real de Minas Gerais S.A. | - | (210) | (3,501) | (92,606) |
| Banco Finasa S.A. | (3,948) | (3,950) | (33,107) | (6,278) |
| Banco Mercantil de São Paulo S.A. | (10,839) | (5,318) | (381,709) | (43,380) |
| Cia. Brasileira de Meios de Pagamento VISANET | (44,279) | (3,006) | (14,123) | (1,472) |
| Other subsidiary and associated companies | (25,831) | (10,491) | (9,404) | (23,772) |

Open market investments:

| | | | | |
|---|---------|--------|---------|---------|
| Banco Alvorada S.A. | 372,024 | 5,432 | - | 12,105 |
| Banco BCN S.A. | - | - | 480,087 | 4,536 |
| Banco Baneb S.A. | - | 51,109 | 415,362 | 62,980 |
| Banco Boavista Interatlântico S.A | - | 2,732 | 125,202 | 214,490 |
| Banco BEM S.A. | 487,056 | 59,725 | - | - |
| Banco Mercantil de São Paulo S.A. | - | 6,975 | 120,469 | 28,805 |
| Other subsidiary and associated companies | - | 18,689 | - | 11,453 |

Derivative financial instruments (swap) (f):

| | | | | |
|---|---------|--------|---------|----------|
| Banco Finasa S.A. | 156,111 | 16,466 | 324,849 | 234,779 |
| Banco BCN S.A. | - | - | (40) | 91,441 |
| Banco Mercantil de São Paulo S.A. | - | 1,999 | - | (46,476) |
| Other subsidiary and associated companies | 8,352 | 1,533 | 19 | 317 |

Foreign borrowings and onlendings (g):

| | | | | |
|---|----------|---------|----------|---------|
| Banco Bradesco Luxembourg S.A. | (64,683) | (1,254) | (68,704) | (1,961) |
| Banco BCN S.A. | - | - | (34,542) | (2,714) |
| Banco Boavista Interatlântico S.A | (21,294) | (385) | (22,858) | (579) |
| Other subsidiary and associated companies | (4,243) | (90) | (4,341) | (279) |

Services rendered (h):

| | | | | |
|---|---------|-----------|---------|----------|
| Scopus Tecnologia S.A. | (7,336) | (128,667) | (1,974) | (96,134) |
| CPM S.A | (3,504) | (37,646) | (173) | (35,082) |
| Other subsidiary and associated companies | 94 | 4,255 | (16) | 1,256 |

Branch rents:

| | | | | |
|---|---|----------|---|----------|
| ABS-Empreend. Imob., Partic. e Serviços S.A | - | - | - | (32,240) |
| Banco Mercantil de São Paulo S.A. | - | (15,691) | - | (9,377) |

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| | | | | |
|---|---|----------|---|---------|
| Bradesco Capitalização S.A. | - | (1,270) | - | (6,755) |
| Bradesco Vida e Previdência S.A | - | (6,589) | - | (5,965) |
| Bradesco Seguros S.A | - | (29,351) | - | (2,772) |
| Other subsidiary and associated companies | - | (12,800) | - | (8,751) |

Securities Foreign (i):

| | | | | |
|---|-----------|----------|----------|-------|
| Banco BCN S.A. | - | - | 39,301 | 1,835 |
| Bradesco Securities, Inc. | - | (580) | (20,805) | (456) |
| Banco Boavista Interatlântico S.A | (505,991) | (74,993) | - | - |
| Cidade Capital Markets Limited | (41,212) | (140) | - | - |
| Other subsidiary and associated companies | - | - | - | (658) |

Securities

| | | | | |
|--|-----------|---------|-----------|---------|
| Bradesco Leasing S.A. Arrendamento Mercantil | 1,905,213 | 99,749 | - | - |
| Bradesco BCN Leasing S.A. Arrendamento Mercantil | - | 146,688 | 1,636,242 | 266,305 |
| Cibrasec - Companhia Brasileira de Securitização | 29,622 | - | 391 | - |

Interbank onlendings (j):

| | | | | |
|---|---|-------|----------|-------|
| Banco BCN S.A. | - | - | (15,197) | (194) |
| Other subsidiary and associated companies | - | (427) | - | (573) |

Securitization transactions (k):

| | | | | |
|--|-------------|----------|-------------|----------|
| International Diversified Payment Rights Company | (1,319,094) | (79,920) | (1,150,565) | (29,083) |
| Braslian Merchant Voucher Receivables Limited | (726,340) | (45,865) | (790,613) | (23,170) |

- a) Foreign exchange portfolio transactions in the interbank market for ready settlement.
- b) Foreign credit lines for export financing in Brazil, subject to exchange variations and interest at rates practiced in the international market.
- c) Local currency commitments for exchange purchases, recorded as a counter-entry to exchange purchases pending settlement.
- d) Short-term interbank investments - interbank deposits of related companies at CDI rate (Certificate of Interbank Deposit).
- e) Repurchase and/or resale commitments pending settlement, guaranteed by government securities at normal market rates.
- f) Differences between amounts receivable and payable on swaps.
- g) Foreign currency loans for financing of exports subject to exchange variation and bearing interest at international market rates.
- h) Contract with Scopus Tecnologia S.A. for IT equipment maintenance services and the contract with CPM S.A. for data processing systems maintenance services.
- i) Investments in foreign securities, fixed rate notes and eurobonds subject to exchange variations and carrying interest at rates used for securities placed in the international market.
- j) Payables on interbank onlendings -funds from rural loans bearing interest and charges corresponding to normal rates practiced for this type of transaction.
- k) Transactions for securitization of the future flow of money orders received from abroad and securitization of the future flow of credit card bill receivables from foreign cardholders.

33) FINANCIAL INSTRUMENTS

a) Risk and risk management

The main risks related to financial instruments, arising from the business carried out by the Bank and its subsidiaries are as follows: credit risk; market risk; liquidity risk; and capital risk. Risk management involves an integrated series of controls and processes, embracing a range of different policies and strategies. These risk management policies are designed to limit possible loss for the Organization.

Credit risk

As part of its credit risk management enhancement process, Bradesco is working uninterruptedly to improve the procedures for gathering and controlling portfolio information, develop new loss estimation models, enhance and prepare rating inventories used in the various sectors in which the Bank operates, to supervise the processes used in credit analysis, granting and settlement, monitor credit concentration, identify the causes of default and to prepare risk mitigation plans.

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Efforts are focused on the utilization of advanced and robust risk assessment models fully integrated with all the credit process components, in line with best practices and the recommendations established by the New Basel Capital Accord's most advanced models.

We highlight, among others, the following:

- Mapping, measurement and identification of credit risk management capacity gaps, as regards Basel II requirements, as well as best practices, embracing roles and responsibilities, professional qualification, review of the organizational structure and IT demands.
- Creation of an Executive Credit Risk Committee responsible for assuring the strategic management of the credit operation portfolio.
- Structuring of the expected and unexpected loss calculation system, as well as corresponding capital allocation.
- Backtesting of models used to assess the credit portfolio risks.
- Improvement of the management information systems designed to meet the requirements of the present customer segmentation approach, with the emphasis on decision making and credit portfolio management.
- Review and restructuring of internal processes, embracing roles and responsibilities, capacity building, review of organizational structures and information technology demands.

Market risk

Market risk is related to the possibility of the loss of income from fluctuating rates caused by the unhedged terms, currencies and indices of the Institution's asset and liability portfolios. This risk is closely monitored by the financial market to avoid loss for the institutions.

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

The Organization adopts a conservative policy regarding market risk exposure and V@R (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 V@R has a reliability level of 97.5%. The fluctuations and correlations used by the models are calculated on statistical bases based on forward-looking processes in accordance with economic studies.

The methodology applied and current statistical models are validated daily using backtesting techniques.

We present below the V@R of the Own Portfolio positions (Treasury):

| Risk Factors | At December 31 | In thousands of reais |
|----------------------------|----------------|-----------------------|
| | 2004 | 2003 |
| Prefixed | 2,040 | 5,888 |
| Exchange coupon | 20,140 | 17,999 |
| Foreign currency | 40 | 2,907 |
| Floating rate | 339 | 11 |
| Correlated effect | (1,759) | (5,858) |
| V@R (Value at Risk) | 20,800 | 20,947 |

We present below the V@R of positions derived from the financial Group's commercial transactions:

| Risk Factors | At December 31 | In thousands of reais |
|---------------------|----------------|-----------------------|
| | 2004 | 2003 |
| Prefixed | 9,788 | 379 |

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| | | |
|-------------------|---------|---------|
| Exchange coupon | 1,000 | 3,456 |
| Foreign currency | 210 | 2,183 |
| IGP-M | 4,010 | 14,696 |
| TR | 4,168 | 3,771 |
| Other | 31 | 62 |
| Correlated effect | (4,967) | (8,879) |

V@R (Value at Risk) **14,240** **15,668**

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

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

Liquidity risk

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

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

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

Capital risk

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

| | In thousands of reais | |
|--|--------------------------|-----------------------------------|
| Calculation Basis - Capital Adequacy Ratio (Basel): | Financial (1) | Economic-financial (2) |
| Stockholders' equity | 15,214,646 | 15,214,646 |
| Decreased in deferred tax assets - BACEN Res. 3059 | (41,183) | (41,183) |
| Minority interest/other | 6,643 | 70,590 |
| Reference equity - level I | 15,180,106 | 15,244,053 |
| Reference equity - level II (subordinated debt) | 5,663,358 | 5,663,358 |
| Total reference equity (level I + level II) | 20,843,464 | 20,907,411 |
| Risk weighted assets | 111,182,110 | 130,055,907 |
| Capital adequacy ratio at December 31, 2004 (3) | 18.75% | 16.08% |
| Variation in the capital adequacy ratio (Basel) - % | | |
| Ratio at December 31, 2003 | 19.85% | 17.22% |
| Movement in stockholders' equity: | | |
| Net income for the year | 3.02% | 2.61% |
| Interest attributed to own capital | (1.32%) | (1.15%) |
| Mark-to-market adjustment - securities and derivatives | (0.06%) | (0.07%) |
| Subordinated debt | 0.89% | 0.79% |
| Other | (0.11%) | (0.12%) |

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Variation in weighted assets:

| | | |
|--|---------------|---------------|
| Securities | 0.68% | (0.13%) |
| Credit operations | (1.93%) | (1.40%) |
| Deferred tax assets | 0.10% | (0.01%) |
| Risk (swap, market, interest and exchange rates) | (1.75%) | (1.30%) |
| Memorandum accounts | (0.19%) | (0.16%) |
| Other assets | (0.43%) | (0.20%) |
| Ratio at December 31, 2004 | 18.75% | 16.08% |

(1) Financial companies only

(2) Financial and non-financial companies.

(3) Considering a future interest of capital in the amount of R\$ 700,000 thousand, the ratios would be as follows: 19.38% and 16.61%.

B) Market value

The book values, net of allowances for mark-to-market, of the main financial instruments are summarized as follows:

| | At December 31 In thousands of reais | | | |
|---|--------------------------------------|---------------------|------------------------------|------------------------------|
| | Consolidated Bradesco | | | |
| | 2004 | | 2003 | |
| | Book value | Market value | Potential gain (loss) | Potential gain (loss) |
| Assets: | | | | |
| Securities and derivative financial instruments | 62,421,658 | 63,308,076 | 886,418 | 726,654 |
| Credit operations (1) | 62,787,937 | 63,062,409 | 274,472 | 466,207 |
| Investments (2) | 1,101,174 | 1,544,343 | 443,169 | 65,847 |
| Liabilities: | | | | |
| Time deposits (Note 18a) | 28,459,122 | 28,459,749 | (627) | (17,633) |
| Funds from issuance of securities (Note 18b) | 5,057,492 | 5,043,287 | 14,205 | (48,356) |
| Borrowings and onlendings (Notes 19a and 19b) | 15,959,372 | 15,970,693 | (11,321) | (178,536) |
| Subordinated debt | 5,972,745 | 6,316,486 | (343,741) | (291,578) |
| Treasury stock | - | - | - | 389 |
| Total | | | 1,262,575 | 722,994 |

(1) Includes advances on foreign exchange contracts, leasing operations and other receivables.

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

Determination of market value of financial instruments:

- 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.
- Prefixed credit operations were determined by discounting estimated cash flows, using interest rates which are equivalent to interest rates applied by the Organization for new contracts with similar features. These rates are compatible with prices practiced in the market on the balance sheet date.
- Time deposits, funds for issuance of securities and borrowings and onlendings were calculated by discounting the difference between the cash flows under the contract terms and the rates practiced in the market on the balance sheet date.

c) Derivatives

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Bradesco carries out transactions involving derivative financial instruments, which are recorded in balance sheet or memorandum accounts, for its own needs and for customers. The derivative financial instruments are used by the Bank to hedge its asset and liability positions against the effect of exchange variations. The derivatives generally represent future commitments for exchanging currencies or indices, or purchasing and selling other financial instruments according to the terms and dates set forth in the contracts. Under the option contracts, the purchaser is entitled, but not obliged, to purchase or sell a financial instrument at a specific strike price in the future.

I) The amounts of the instruments recorded in balance sheet and memorandum accounts are summarized below:

At December 31, 2004 In thousands of reais

| | Consolidated Bradesco | | Bradesco | |
|---|-----------------------|------------|-------------------|------------|
| | Overall amount | Net amount | Overall amount | Net amount |
| Futures contracts | | | | |
| Purchase commitments: | 5,242,407 | | 5,242,407 | |
| - Interbank market | 53,064 | - | 53,064 | - |
| - Foreign currency | 5,189,343 | - | 5,189,343 | - |
| Sale commitments: | 23,553,033 | | 23,553,033 | |
| - Interbank market | 9,345,181 | 9,292,117 | 9,345,181 | 9,292,117 |
| - Foreign currency | 14,195,045 | 9,005,702 | 14,195,045 | 9,005,702 |
| - Other | 12,807 | 12,807 | 12,807 | 12,807 |
| Option contracts | | | | |
| Purchase commitments: | 7,742 | | 7,742 | |
| - Foreign currency | 7,742 | - | 7,742 | - |
| Sale commitments: | 1,450,311 | | 1,450,311 | |
| - Foreign currency | 1,450,311 | 1,442,569 | 1,450,311 | 1,442,569 |
| Forward contracts | | | | |
| Purchase commitments: | 392,330 | | 392,330 | |
| - Foreign currency | 383,134 | 52,508 | 383,134 | 52,508 |
| - Other | 9,196 | - | 9,196 | - |
| Sale commitments: | 339,822 | | 339,822 | |
| - Foreign currency | 330,626 | - | 330,626 | - |
| - Other | 9,196 | - | 9,196 | - |
| Swap contracts | | | | |
| Asset position: | 7,495,121 | | 9,159,754 | |
| - Interbank market | 3,111,153 | 1,284,654 | 3,111,153 | - |
| - Prefixed | 343,487 | - | 2,046,959 | 1,414,207 |
| - Foreign currency | 2,324,325 | - | 2,287,063 | - |
| -Reference rate (TR) | 639,304 | 638,790 | 639,304 | 638,790 |
| - SELIC (Brazilian Central Bank reference rate) | 935,899 | 898,358 | 935,899 | 898,358 |
| - IGP-M (General Price Index Market) | 99,376 | - | 99,376 | - |
| - Other | 41,577 | 29,876 | 40,000 | 29,771 |
| Liability position: | 7,157,862 | | 8,658,080 | |
| - Interbank market | 1,826,499 | - | 3,328,246 | 217,093 |
| - Prefixed | 632,809 | 289,322 | 632,752 | - |
| - Foreign currency | 4,476,757 | 2,152,432 | 4,476,757 | 2,189,694 |
| -Reference rate (TR) | 514 | - | 514 | - |
| - SELIC | 37,541 | - | 37,541 | - |
| - IGP-M | 172,041 | 72,665 | 172,041 | 72,665 |

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| | | | | |
|---------|--------|---|--------|---|
| - Other | 11,701 | - | 10,229 | - |
|---------|--------|---|--------|---|

Derivatives include operations maturing in D +1, to be settled in currency at December 31, 2004 price levels.

Amounts receivable on swap contracts recorded in securities and derivative financial instruments, totaled R\$ 379,576 thousand, on a consolidated basis, and R\$ 546,712 thousand on an unconsolidated basis and the amounts payable, classified in liabilities - derivative financial instruments, total R\$ 42.317 thousand on a consolidated basis and R\$ 45,038 thousand on an unconsolidated basis.

II) We present below the composition of derivative financial instruments (assets and liabilities) stated at restated cost and market value:

| | At December 31, 2004 In thousands of reais | | |
|-------------------------------------|--|----------------------------|----------------|
| | Consolidated Bradesco | | |
| | Restated cost | Adjustment to market value | Market Value |
| Derivatives - adjustment receivable | 385,438 | 12,518 | 397,956 |
| Derivatives - adjustment payable | (176,388) | 2,741 | (173,647) |
| Total | 209,050 | 15,259 | 224,309 |

| | At December 31, 2004 In thousands of reais | | |
|-------------------------------------|--|----------------------------|----------------|
| | Consolidated Bradesco | | |
| | Restated cost | Adjustment to market value | Market Value |
| Derivatives - adjustment receivable | 504,821 | 60,271 | 565,092 |
| Derivatives - adjustment payable | (169,398) | (6,969) | (176,367) |
| Total | 335,423 | 53,302 | 388,725 |

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

| | At December 31 In thousands of reais | | | | | |
|----------------------|--------------------------------------|---------------------|----------------------|--------------------|-------------------|-------------------|
| | Consolidated Bradesco | | | | | |
| | Up to 90 days | From 91 to 180 days | From 181 to 360 days | More than 360 days | 2004 | 2003 |
| Futures contracts | 17,879,830 | 894,047 | 6,361,346 | 3,660,217 | 28,795,440 | 29,941,772 |
| Option contracts | 863,403 | 69,688 | - | 524,962 | 1,458,053 | 151,722 |
| Forward contracts | 280,551 | 249,071 | 143,157 | 59,373 | 732,152 | 1,022,923 |
| Swap contracts | 2,865,771 | 1,116,532 | 792,561 | 2,340,681 | 7,115,545 | 10,105,849 |
| Total in 2004 | 21,889,555 | 2,329,338 | 7,297,064 | 6,585,233 | 38,101,190 | |
| Total in 2003 | 20,023,957 | 4,138,931 | 8,518,786 | 8,540,592 | | 41,222,266 |

| | At December 31 In thousands of reais | | | | | |
|--|--------------------------------------|--|--|--|--|--|
| | Consolidated Bradesco | | | | | |

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| | Up to 90 days | From 91 to 180 days | From 181 to 360 days | More than 360 days | 2004 | 2003 |
|----------------------|-------------------|---------------------|----------------------|--------------------|-------------------|-------------------|
| Futures contracts | 17,879,830 | 894,047 | 6,361,346 | 3,660,217 | 28,795,440 | 28,680,510 |
| Option contracts | 863,403 | 69,688 | - | 524,962 | 1,458,053 | 151,722 |
| Forward contracts | 280,551 | 249,071 | 143,157 | 59,373 | 732,152 | 1,017,923 |
| Swap contracts | 3,110,226 | 1,472,945 | 1,259,681 | 2,770,190 | 8,613,042 | 12,314,586 |
| Total in 2004 | 22,134,010 | 2,685,751 | 7,764,184 | 7,014,742 | 39,598,687 | |
| Total in 2003 | 20,247,453 | 4,191,857 | 8,641,423 | 9,084,008 | | 42,164,741 |

IV) We present below the type of margin given as collateral for derivative financial instruments, comprising mainly futures contracts:

| | At December 31 | In thousands of reais |
|------------------------------|---|-----------------------|
| | Bradesco and Consolidated Bradesco | |
| Government securities | | |
| Central Bank Notes | | 616 |
| Federal Treasury Notes | | 356,927 |
| National Treasury Bonds | | 492,756 |
| Financial Treasury Notes | | 242 |
| Total | | 850,541 |

V) We present below net revenue and expense amounts:

| | Years ended December 31 | | | | In thousands of reais |
|-------------------|-------------------------|---------------|------------------|---------------|-----------------------|
| | Consolidated Bradesco | | Bradesco | | |
| | 2004 | 2003 | 2004 | 2003 | |
| Swap contracts | 367,285 | 499,047 | 398,074 | 257,225 | |
| Forward contracts | 60,129 | 38,264 | 60,125 | 34,350 | |
| Option contracts | 12,472 | 34,413 | 12,472 | 8,537 | |
| Futures contracts | 799,004 | (516,532) | 801,359 | (254,096) | |
| Total | 1,238,890 | 55,192 | 1,272,030 | 46,016 | |

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

| | Years ended December 31 | | | | In thousands of reais |
|-----------------|-------------------------|-------------------|-------------------|-------------------|-----------------------|
| | Consolidated Bradesco | | Bradesco | | |
| | 2004 | 2003 | 2004 | 2003 | |
| CETIP (counter) | 6,553,667 | 8,656,704 | 8,051,164 | 10,865,441 | |
| BM&F (floor) | 31,547,523 | 32,565,562 | 31,547,523 | 31,299,300 | |
| Total | 38,101,190 | 41,222,266 | 39,598,687 | 42,164,741 | |

34) EMPLOYEE BENEFITS

Banco Bradesco and its subsidiaries sponsor a supplementary retirement pension plan for employees and directors. The unrestricted benefits generating plan (PGBL) is of the defined contribution type, which permits the accumulation of savings by participants over their professional careers through contributions paid by themselves and the sponsoring company. The related resources are invested in an Exclusive Financial Investment Fund - FIFE.

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The plan is managed by Bradesco Vida e Previdência S.A. and BRAM Bradesco Asset Management Ltda. is responsible for the financial administration of the FIFE funds.

The contributions paid by employees and by Bradesco and its subsidiaries total 4% of salary, except for participants who in 2001 opted to migrate to the PGBL plan from the defined benefits plan and whose contributions to the PGBL plan were maintained at the levels in force for the defined benefits plan at the time of migration, respecting nevertheless the 4% minimum.

The actuarial liabilities of the defined contribution plan (PGBL) are fully covered by the net equity of the corresponding FIFE fund.

As well as the aforementioned defined contribution plan (PGBL), former participants of the defined benefits plan are guaranteed a proportional deferred benefit, corresponding to their accumulated rights in the latter plan. For participants of the defined benefits plan, transferred or not to the PGBL plan, retired participants and pensioners, the present value of the plan's actuarial liabilities is fully covered by guaranteeing assets.

Banco Alvorada S.A. (into which Banco Baneb S.A., which had previously merged BEA S.A., was merged) maintains a supplementary pension plan managed by Caixa de Previdência dos Funcionários do BEA - CABEA, which is currently undergoing a sponsorship withdrawal process, with base date established at November 30, 2002 and whose sponsor's contributions ceased from December 1, 2002. The plan's actuarial liabilities are fully covered by the plan's net assets.

Banco Alvorada S.A. (into which Banco Baneb S.A. was merged) sponsors supplementary pension plans of the defined contribution (PGBL) and defined benefits type, through Fundação Baneb de Seguridade Social - BASES (for former Baneb employees). The actuarial liabilities of the defined contribution and defined benefit plans are fully covered by the net assets of the plans.

Banco BEM S.A. sponsors supplementary pension plans of the defined benefit and defined contribution type, through Caixa de Assistência e Aposentadoria dos Funcionários do Banco do Estado do Maranhão - CAPOF. The actuarial liabilities of the defined benefit and defined contribution plans are fully covered by the net assets of the plans.

Based on the report of the independent actuary, the present value of the actuarial liabilities of the defined benefits plan and its assets for coverage of the obligations assumed by Banco Alvorada and by Banco BEM is presented below:

| | At December 31, 2004 | In thousands of reais |
|--|-----------------------|-----------------------|
| | Banco Alvorada | Banco BEM |
| Net plan assets | 334,279 | 114,278 |
| Actuarial liabilities | 308,636 | 133,513 |
| Excess (insufficient) | 25,643 | (19,235) |
| Main assumptions used in the actuarial appraisal of the plans of Banco Alvorada and Banco BEM: | | |

| | | |
|--|--|-----------------------------|
| Nominal discount rate | | 11.30% p.a. |
| Nominal minimum expected return on assets | | 11.30% p.a. |
| Nominal future salary growth rate | | 8.15% p.a. |
| Nominal social security and plan benefit growth rate | | 5.00% p.a. |
| Inflation rate | | 5.00% p.a. |
| General mortality biometric table | | UP94 with 1 year adjustment |
| Disability entry biometric table | | Mercer Table |
| Expected turnover rate | | 0.30/(years of service + 1) |
| Actuarial method | | Projected unit credit |
| The funds guaranteeing the private pension plans are invested in compliance with applicable legislation (government securities and corporate bonds, listed company stock and real estate). | | |

Expenses with contributions made during the year totaled R\$ 211,259 thousand (2003 -R\$ 293,696 thousand) on a consolidated basis and R\$ 182,506 thousand (2003 -R\$ 219,360 thousand) on an unconsolidated basis.

In addition, Bradesco and its subsidiaries offer their employees and directors a number of other benefits including: healthcare insurance, dental care, group life and personal accident insurance, as well as professional training, the expenses for which, including the aforementioned contributions, totaled R\$ 1,059,362 thousand (2003 -R\$ 1.025.502 thousand) on a consolidated basis and R\$ 892,749 thousand (2003 -R\$

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784,908 thousand) on an unconsolidated basis, for the year.

35) PROVISION FOR INCOME TAX AND SOCIAL CONTRIBUTION

a) Calculation of income tax and social contribution charges:

| | Years ended December 31 In thousands of reais | | | |
|---|---|------------------|---------------|----------------|
| | Consolidated Bradesco | | Bradesco | |
| | 2004 | 2003 | 2004 | 2003 |
| Income before income tax and social contribution | 3,626,965 | 2,712,032 | 2,967,343 | 1,830,943 |
| Composite income tax and social contribution at the statutory rates of 25% and 9%, respectively | (1,233,168) | (922,091) | (1,008,897) | (622,521) |
| Effect of additions and exclusions on tax calculation: | | | | |
| Equity in the earnings of subsidiary and associated companies | 55,541 | 1,777 | 826,277 | 646,230 |
| Exchange loss | (111,115) | (165,736) | (115,646) | (66,134) |
| Non-deductible expenses, net of non-taxable income | (79,107) | 16,387 | (60,905) | (12,656) |
| Deferred tax assets recorded in prior-years | 303,787 | 215,811 | - | 77,833 |
| Interest attributed to own capital (paid and accrued) | 450,494 | 457,986 | 450,494 | 457,986 |
| Other amounts | 59,223 | (782) | 1,485 | (5,342) |
| Provision for income tax and social contribution for the year | (554,345) | (396,648) | 92,808 | 475,396 |

b) Statement of income tax and social contribution benefit (expense)

| | Years ended December 31 In thousands of reais | | | |
|--|---|--------------------|---------------|-----------------|
| | Consolidated Bradesco | | Bradesco | |
| | 2004 | 2003 | 2004 | 2003 |
| Deferred taxes | | | | |
| Amount recorded/realized for the year on temporary additions | 76,256 | 543,863 | 27,634 | 451,189 |
| Use of opening balances: | | | | |
| Negative basis of social contribution | (25,183) | (8,344) | - | - |
| Tax loss | (90,398) | (156,891) | - | - |
| Prior-year deferred tax assets were recorded on: | | | | |
| Negative basis of social contribution | 26,403 | 12,793 | - | - |
| Tax loss | 116,223 | 119,696 | - | - |
| Social contribution - Provisional Measure 2158-35 of August 24, 2001 | 16,093 | - | - | - |
| Temporary additions | 145,068 | 83,322 | - | 77,833 |
| Recorded for the year on: | | | | |
| Negative basis of social contribution | 16,454 | 8,007 | - | - |
| Tax loss | 41,496 | 14,089 | - | - |
| Subtotal | 322,412 | 616,535 | 27,634 | 529,022 |
| Current taxes | | | | |
| Income tax and social contribution payable | (876,757) | (1,013,183) | 65,174 | (53,626) |
| | (554,345) | (396,648) | 92,808 | 475,396 |

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**Income tax and social contribution benefit (expense)
for the year**

c) Statement of deferred income tax and social contribution assets

In thousands of reais

| Consolidated Bradesco | | | | | |
|--|----------------------------------|--|----------------------------|----------------------------|----------------------------------|
| | Balance at 31.12.2003 | Balances acquired/ assigned | Amount recorded | Amount realized | Balance at 31.12.2004 |
| Provision for loan losses | 2,548,151 | 11,268 | 867,782 | 725,644 | 2,701,557 |
| Provision for civil contingencies | 119,717 | - | 96,732 | 37,595 | 178,854 |
| Provision for tax contingencies | 526,525 | - | 79,805 | 21,721 | 584,609 |
| Provision for labor claims | 277,635 | - | 141,503 | 134,630 | 284,508 |
| Allowance for mark-to-market of securities and investments | 148,560 | 61 | 51,502 | 39,666 | 160,457 |
| Provision for loss on non-operating assets | 81,458 | 633 | 25,438 | 30,056 | 77,473 |
| Mark-to-market adjustment of trading securities | 71,222 | 1,086 | 103,719 | 78,747 | 97,280 |
| Amortization of goodwill | 381,543 | - | 131,118 | 133,464 | 379,197 |
| Other | 216,982 | - | 74,639 | 149,391 | 142,230 |
| Total deferred tax assets on temporary differences | 4,371,793 | 13,048 | 1,572,238 | 1,350,914 | 4,606,165 |
| Tax losses and negative basis of social contribution | 514,890 | 6,635 | 200,576 | 115,581 | 606,520 |
| Subtotal | 4,886,683 | 19,683 | 1,772,814 | 1,466,495 | 5,212,685 |
| Mark-to-market adjustment of securities available for sale | 40,463 | - | - | 40,463 | - |
| Social contribution - Provisional Measure 2158-35 of August 24, 2001 | 913,423 | - | 16,093 | 49,845 | 879,671 |
| Total deferred tax assets (Note 13b) | 5,840,569 | 19,683 | 1,788,907 | 1,556,803 | 6,092,356 |
| Deferred tax liabilities | 621,968 | 12 | - | 202,439 | 419,541 |
| Deferred tax assets net of deferred tax liabilities | 5,218,601 | 19,671 | 1,788,907 | 1,354,364 | 5,672,815 |
| -Percentage of net deferred tax assets on total reference equity (Note 33a) | 28.2% | | | | 27.1% |
| -Percentage of net deferred tax assets on total assets | 3.0% | | | | 3.1% |

In thousands of reais

| Bradesco | | | | | |
|-----------------------------------|----------------------------------|--|----------------------------|----------------------------|----------------------------------|
| | Balance at 31.12.2003 | Balances acquired/ assigned | Amount recorded | Amount realized | Balance at 31.12.2004 |
| Provision for loan losses | 1,926,145 | 293,883 | 641,107 | 608,029 | 2,253,106 |
| Provision for civil contingencies | 55,959 | 23,801 | 60,017 | 12,264 | 127,513 |
| Provision for tax contingencies | 256,404 | - | 37,980 | - | 294,384 |
| Provision for labor claims | 178,071 | 54,079 | 113,057 | 117,659 | 227,548 |

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| | | | | | |
|---|------------------|----------------|----------------|----------------|------------------|
| Allowance for mark-to-market of securities and investments | 17,026 | 1,565 | 2,323 | 955 | 19,959 |
| Provision for loss on non-operating assets | 35,262 | 7,528 | 16,596 | 18,676 | 40,710 |
| Mark-to-market adjustment of trading securities | - | 1,175 | 77,692 | - | 78,867 |
| Amortization of goodwill | 132,495 | 25,448 | 7,409 | 73,204 | 92,148 |
| Other | 52,091 | 92,701 | 30,849 | 128,609 | 47,032 |
| Total deferred tax assets on temporary differences | 2,653,453 | 500,180 | 987,030 | 959,396 | 3,181,267 |
| Mark-to-market adjustment of securities available for sale | 13,336 | 24,079 | - | 37,415 | - |
| Social contribution - Provisional Measure 2158-35 of August 24, 2001 | 505,072 | - | - | - | 505,072 |
| Total deferred tax assets (Note 13b) | 3,171,861 | 524,259 | 987,030 | 996,811 | 3,686,339 |
| Deferred tax liabilities | 150,959 | 17,196 | - | 30,502 | 137,653 |
| Deferred tax assets net of deferred tax liabilities | 3,020,902 | 507,063 | 987,030 | 966,309 | 3,548,686 |
| -Percentage of net deferred tax assets on total reference equity | 16.9% | | | | 17.0% |
| -Percentage of net deferred tax assets on total assets | 2.1% | | | | 2.4% |

d) Expected realization of deferred tax assets on temporary differences, tax losses and negative base of social contribution and deferred social contribution assets MP 2158-35.

At December 31,2004 In thousands of reais

| Consolidated Bradesco | | | | | |
|------------------------------|------------------------------|----------------------------|------------------------------------|----------------------------|------------------|
| | Temporary differences | | Tax loss and negative basis | | Total |
| | Income tax | Social contribution | Income tax | Social contribution | |
| 2005 | 1,007,881 | 350,502 | 94,470 | 30,865 | 1,483,718 |
| 2006 | 1,259,844 | 418,517 | 75,809 | 26,758 | 1,780,928 |
| 2007 | 1,086,671 | 338,290 | 104,332 | 31,685 | 1,560,978 |
| 2008 | 60,686 | 25,960 | 108,427 | 16,538 | 211,611 |
| 2009 | 45,926 | 11,888 | 106,085 | 11,551 | 175,450 |
| Total | 3,461,008 | 1,145,157 | 489,123 | 117,397 | 5,212,685 |

At December 31,2004 In thousands of reais

| Bradesco | | | |
|-----------------|------------------------------|----------------------------|------------------|
| | Temporary differences | | |
| | Income tax | Social contribution | Total |
| 2005 | 720,350 | 252,409 | 972,759 |
| 2006 | 952,905 | 314,238 | 1,267,143 |
| 2007 | 695,518 | 245,847 | 941,365 |
| Total | 2,368,773 | 812,494 | 3,181,267 |

At December 31, 2004 In thousands of reais

Consolidated Bradesco**Deferred tax assets on social contribution M.P. 2158-35**

| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 to 2014 | Total |
|---------------|--------|--------|---------|---------|---------|--------------|----------------|
| Amount | 94,414 | 86,834 | 119,720 | 174,159 | 198,628 | 205,916 | 879,671 |

At December 31, 2004 In thousands of reais

Consolidated Bradesco**Deferred tax assets on social contribution M.P. 2158-35**

| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | Total |
|---------------|--------|--------|--------|---------|---------|--------|----------------|
| Amount | 29,773 | 29,542 | 68,057 | 130,082 | 169,400 | 78,218 | 505,072 |

Projected realization of deferred tax assets is estimated and not directly related to expected book income.

The present value of deferred tax assets, calculated based on the average funding rate, net of tax effects totals R\$ 5,390,832 thousand (R\$ 3,294,354 thousand on an unconsolidated basis), of which R\$ 4,158,043 thousand (R\$ 2,886,677 thousand on an unconsolidated basis), comprises temporary differences, R\$ 521,992 thousand comprises tax losses and negative basis of social contribution and R\$ 710,797 thousand (R\$ 407,677 thousand on an unconsolidated basis), comprises deferred social contribution assets M.P. 2158-35.

e) Unrecorded deferred tax assets

Deferred tax assets were not recorded in the amount of R\$ 139,355 thousand.

f) Deferred tax liabilities

The Bradesco Organization has deferred tax liabilities in the amount of R\$ 419,541 thousand (R\$ 137,653 thousand on an unconsolidated basis) relating to: income tax and social contribution, PIS and COFINS on mark-to-market adjustments of securities and derivative financial instruments -R\$ 256,829 thousand (R\$ 99,133 thousand on an unconsolidated basis); excess depreciation -R\$ 91,820 thousand; and others - R\$ 70,892 thousand (R\$ 38,520 thousand on an unconsolidated basis).

36) OTHER INFORMATION

a) The net assets of the investment funds and portfolios managed by the Bradesco Organization at December 31, 2004 totaled R\$ 99,640,172 thousand (2003 - R\$ 83,016,714 thousand).

b) Banco Bradesco and its subsidiaries are the principal maintainers of the Fundação Bradesco (Bradesco Foundation), the chief mission of which is to provide formal quality education to children, young people and adults, ensuring that they receive the qualifications required to achieve personal fulfillment through their work and to exercise their rights and duties as citizens. Accordingly, the Foundation has expanded its activities yearly, increasing the number of students matriculated in its schools from 13,080 to more than 107,000, over the last twenty-four years. Through its 40 schools, installed as a priority in regions which are both socially and economically deprived, across all of Brazil's states and in the Federal District, the Bradesco Foundation offers education free-of-charge at pre, junior and high school levels, as well as basic professional and technical training in IT, electronics, industry, management and agriculture and livestock raising. Distance learning is also offered as part of its Youth and Adult Education programs. Contributions during the year from Bradesco's consolidated companies to the Bradesco Foundation totaled R\$ 71,300 thousand (2003 - R\$ 62,400 thousand).

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Board of Directors, Board of Executive Officers and Disclosure Committee

Cidade de Deus, Osasco, SP, 28 de janeiro de 2005

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Lázaro de Mello Brandão

Vice Chairman

Antônio Bornia

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Márcio Artur Laurelli Cypriano

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Executive Vice-Presidents

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Cristiano Queiroz Belfort

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Department Directors

Adineu Santesso

Airton Celso Exel Andreolli

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Josué Augusto Pancini

Karl Heinz Kern

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Luiz Carlos Angelotti

Luiz Fernando Peres

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Robert John van Dijk

Roberto Elias Abud Squeff

Roberto Sobral Hollander

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Sergio Sztajn

Toshifumi Murata

Valter Crescente

Regional Directors

Ademar Monteiro de Moraes

Alexandre da Silva Glüher

Altair Antônio de Souza

Aurélio Guido Pagani

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Idevalter Borba

Luiz Carlos de Carvalho

Marcos Daré

Paulo de Tarso Monzani

Roberto José Barbarini

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Disclosure Committee

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Julio de Siqueira Carvalho de Araujo

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Carlos Alberto Rodrigues Guilherme

José Guilherme Lembi de Faria

Domingos Figueiredo de Abreu

Luiz Carlos Angelotti

Denise Pauli Pavarina de Moura

Romulo Nagib Lasmar

Jean Philippe Leroy

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Independent Auditors Report

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

We have examined the balance sheets of Banco Bradesco S.A. and the consolidated balance sheets of Banco Bradesco S.A. and its subsidiaries as of December 31, 2004 and 2003 and the related statements of income, changes in stockholders' equity and changes in financial position for the years then ended, which are the responsibility of its management. Our responsibility is to express an opinion on these financial statements.

Our examinations were conducted in accordance with auditing standards generally accepted in Brazil and included: (a) planning of the audit work, considering the materiality of the balances, the volume of transactions and the accounting systems and internal accounting controls of the Bank and its subsidiaries; (b) verification, on a test basis, of the evidence and records which support the amounts and accounting information disclosed; and (c) evaluation of the most significant accounting policies and estimates adopted by management of the Bank and its subsidiaries, as well as the presentation of the financial statements taken as a whole.

In our opinion, the aforementioned financial statements present fairly, in all material respects, the financial position of Banco Bradesco S.A. and the consolidated financial position of Banco Bradesco S.A. and its subsidiaries as of December 31, 2004 and 2003 and the results of its operations, changes in its stockholders' equity and changes in its financial position for the years then ended, in conformity with accounting practices adopted in Brazil.

January 28, 2005

KPMG Auditores Independentes
CRC 2SP014428/O-6

Walter Iorio
Accountant
CRC 1SP084113/O-5

Cláudio Rogélio Sertório
Accountant
CRC 1SP212059/O-0

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Summary of the Audit Committee Report

The Audit Committee, instituted by decision of the Extraordinary General Meeting held on December 17, 2003, is comprised by three members, elected at the special meeting of the Board of Directors held on April 30, 2004, to hold office up to the date of the first Board of Directors meeting to be held subsequent to the Ordinary General Meeting of 2005. The committee's internal rules are available on Bradesco's website at www.bradesco.com.br, via a link on the Investor Relations page.

Acting independently, the committee's coordinator is a member of Bradesco's Board of Directors and the other members, including the audit specialist, do not comprise any of the Organization's other bodies.

Among other duties, the audit committee is responsible for:

1. Evaluating the quality of the financial statements, especially as regards the accounting policies used.
2. Evaluating the effectiveness of the Organization's internal controls and the independent and internal audits, in particular, compliance with established rules and regulations and internal codes of conduct.

The Board of Directors of the Bradesco companies is responsible for:

1. Preparing the financial statements in conformity with generally accepted accounting principles and the requirements of the corresponding regulatory organs. The independent auditors are responsible for the subsequent review of these documents.
2. Adopting best practices in the control systems of the different business areas, as well as compliance with the Organization's internal and external rules and regulations.

The audit committee's work is focused on the Organization's main business risks, the processes to which this business is exposed, the quality of the mitigating controls and, as a result, the remaining risk acceptance procedures.

The risk-centric process adopted by the Organization's different areas is disseminated and standardized with participation by the internal and external auditors and control areas. Accordingly, the audit committee strengthens these initiatives, which contribute to the efficiency and efficacy of its role, since they improve the flow of information received by the committee and its focus on the Organization's key issues.

In the second half of 2004, the audit committee held a number of meetings with the Organization's different areas and the independent auditors. During these meetings, the committee noted senior management's efforts to maintain a proper control environment and its strict compliance with the rules and regulations. No accusations of non-compliance were received during that period.

The Bradesco Organization's internal controls are compatible with the size and complex nature of its business and no significant weaknesses were noted that might affect its efficacy. The committee monitored the initiatives adopted by the Organization in the technology, risk management and compliance areas and deem that they will effectively improve the internal controls system as they become effective.

At the meetings held with the internal and external audit teams, the audit committee evaluated the structures, scope of the work, tools, approach used, quality of the professionals in charge, planning of the audit work and their perspective regarding the Organization's risks and processes. The committee deems that the work performed by those teams was compatible with the Organization's business and no significant weaknesses were noted that might jeopardize its effectiveness.

In addition to the work performed by the independent auditors, the committee also evaluated their independence policy and no evidence was found that might jeopardize such work or their independence in relation thereto.

Finally, having considered the internal control systems, in particular, the processes relating to the preparation of the financial reports and the scope of the work performed by the external auditors, we declare that said controls are satisfactory and reliable in terms of the quality and transparency of the consolidated financial statements at December 31, 2004.

Cidade de Deus, Osasco, January 27, 2005.

Mário da Silveira Teixeira Júnior
Paulo Roberto Simões de Cunha
Yves Louis Jacques Lejeune

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Report of the Fiscal Council (Conselho Fiscal)

Banco Bradesco S.A.

The undersigned members of the Audit Committee (Conselho Fiscal) of Banco Bradesco S.A., in the performance of their legal and statutory duties, having reviewed the Directors' Report and the Financial Statements for the year ended December 31, 2004, as well as the technical study addressing the feasibility of the generation of taxable income, brought to present value, for the purpose of realizing deferred tax assets, in compliance with Instruction 371 of June 27, 2002, of the Brazilian Securities Commission (CVM), Resolution 3059 of December 20, 2002, of the National Monetary Council and Circular 3171 of December 30, 2002, of the Brazilian Central Bank and based on the unqualified opinion of KPMG Auditores Independentes, declare that said documents, based on the corporate legislation in force, present fairly the financial position of the Institution, recommending the approval thereof by the Stockholders' Ordinary General Meeting.

Cidade de Deus, Osasco, SP, January 28, 2005

Ricardo Abecassis E. Santo Silva

Oswaldo de Moura Silveira

Sócrates Fonseca Guimarães

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Glossary of Technical Terms

| | |
|---------|---|
| ABEL | Brazilian Association of Leasing Companies |
| ABM | Activity-Based Management |
| ACC | Advance on foreign exchange contracts |
| ACE | Advance on Export Contracts - Delivered Bills |
| ADR | American Depositary Receipt |
| ADR | American Depositary Share |
| ANBID | National Association of Investment Banks and Distributors |
| ANS | National Agency for Supplementary Healthcare |
| AP | Personal Accident |
| APIMEC | Association of Capital Market Investment Analysts and Professionals |
| B2B | Business to Business |
| B2C | Business to Consumer (e-commerce between companies and end consumers) |
| BACEN | Brazilian Central Bank |
| BDR | Brazilian Depositary Receipt |
| BID | Interamerican Development Bank |
| BM&F | Mercantile and Futures Exchange |
| BNDES | National Bank for Economic and Social Development |
| BOVESPA | São Paulo Stock Exchange |
| CBLC | Brazilian Settlement and Custody Company |
| CDB | Certificate of Bank Deposit |
| CDC | Consumer Sales Financing |
| CDI | Certificate of Interbank Deposit |
| CEF | Caixa Econômica Federal |
| CETIP | Center for the Financial Clearance and Custody of Private Securities |
| CMN | National Monetary Council |
| CNSP | National Private Insurance Council |
| COFINS | Social Contribution on Billings |
| COPOM | Monetary Policy Committee |
| COSIF | Chart of Accounts for National Financial System Institutions |
| COSO | Committee of Sponsoring Organizations |

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CRI Certificate of Real Estate Receivables

CS Social Contribution

CVM Brazilian Securities Commission

DPVAT Compulsory Vehicle Insurance

DR Depository Receipt

DTVM Securities Dealer

ERP Enterprise Resource Planning

EXIM Export and Import BNDES financing line

FCVS Compensation and Salary Variation Fund

FED Federal Reserve System

FGC Receivables Guarantee Fund

FGV Fundação Getulio Vargas

FIA Fundação Instituto de Administração

FIDC Credit Assignment Funds

FINAME Fund for Financing the Acquisition of Industrial Machinery and Equipment

FIPE Economic Research Institute Foundation

FIPECAFI Accounting, Actuarial and Financial Research Institute Foundation

FxRN Fixed Rate Note

IBA Brazilian Actuarial Institute

IBMEC Brazilian Capital Market Institute

IBNR Claims Incurred But Not Reported

BOVESPA São Paulo Stock Exchange

IFC International Financial Corporation

IGP-M General Price Index - Market

IPCA Extended Consumer Price Index

IR Income tax

JCP Interest attributed to own capital

LFT Financial Treasury Notes

LTN National Treasury Bonds

MBA Master in Business Administration

NBC Central Bank Notes

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NTN Federal Treasury Notes

ON Common Stock

PDD Allowance for Loan Losses

PGBL Unrestricted Benefits Generating Plan

GDP Gross Domestic Product

PIS Social Integration Program

PL Stockholders Equity

PN Preferred Stock

PROEX Export Financing Program

PTRB Online Tax Payment

RCF Optional Third-Party Liability

ROA Return on Assets

ROAA Return on Average Assets

ROAE Return on Average Equity

ROE Return on Equity

SAP Systems Applications and Products

SBCE Seguradora Brasileira de Crédito à Exportação

SEC Securities and Exchange Commission

SELIC Special Clearance and Custody System

SESI National Industry Social Service

SFH National Housing System

SFN National Financial System

SPB Brazilian Payment System

SBPE Brazilian Savings and Loan System

SPE Specific Purpose Entity

SUSEP Superintendency of Private Insurance

TED Instant Online Transfer

TJLP Long-term Interest Rate

TR Reference Rate

TVM Securities

EVR Electronic Voice Response Unit

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USCP United States Commercial Paper

V@R Value at Risk

VGBL Long-term life insurance

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For further information, please contact:

Board of Executive Officers

José Luiz Acar Pedro - Executive Vice-President
and Investor Relations Director

Phone: (# 55 11) 3681 - 4011

e-mail: 4000.acar@bradesco.com.br

General Secretariat - Investor Relations

Jean Philippe Leroy
Investor Relations Executive General Manager

Phone: (#55 11) 3684-9229 and 3684-9231

Fax: (#55 11) 3684-4570 and 3684-4630

e-mail: 4260.jean@bradesco.com.br

Cidade de Deus - Prédio Novo
Osasco - SP - 06029-900
BRAZIL

www.bradesco.com.br/ir

