

BANK BRADESCO  
Form 6-K  
February 07, 2014

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

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**FORM 6-K**

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

**For the month of February, 2014  
Commission File Number 1-15250**

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

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

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

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

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

Yes  No

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Press Release

## Highlights

The main figures obtained by Bradesco in 2013 are presented below:

1. Adjusted Net Income<sup>(1)</sup> for 2013 stood at R\$12.202 billion (a 5.9% increase compared to the R\$11.523 billion recorded in the same period last year), corresponding to earnings per share of R\$2.91 and Return on Average Adjusted Shareholders' Equity<sup>(2)</sup> of 18.0%.
2. Adjusted Net Income is composed of R\$8.462 billion from financial activities, representing 69.3% of the total, and R\$3.740 billion from insurance, pension plan and capitalization bond operations, which accounted for 30.7%.
3. On December 31, 2013, Bradesco's market capitalization stood at R\$128.085 billion<sup>(3)</sup>. As of May 2013, Bradesco common shares compose the Ibovespa index.
4. Total Assets stood at R\$908.139 billion in December 2013, a 3.3% increase over the same period in 2012. Return on Total Average Assets was 1.4%.
5. The Expanded Loan Portfolio<sup>(4)</sup> stood at R\$427.273 billion in December 2013, up 10.8% during the same period in 2012. Operations with individuals totaled R\$130.750 billion (up 11.2% on December 2012), while operations with companies totaled R\$296.523 billion (up 10.6% on December 2012).
6. Assets under Management stood at R\$1.260 trillion, a 2.8% increase from December 2012.
7. Shareholders' Equity stood at R\$70.940 billion in December 2013, up 1.3% on December 2012. Capital Adequacy Ratio (Basel III) stood at 16.6% in December 2013, 12.3% of which fell under Tier I
9. Interest Financial Margin stood at R\$42.686 billion, up 1.6% in comparison with 2012.
10. The Delinquency Ratio over 90 days dropped 0.6 p.p. in the last 12 months and stood at 3.5% on December 31, 2013 (4.1% on December 31, 2012).
11. The Efficiency Ratio<sup>(5)</sup> in December 2013 stood at 42.1% (41.5% in December 2012), whereas the "adjusted to risk" ratio stood at 52.1%, (52.7% in December 2012).
12. Insurance Written Premiums, Pension Plan Contributions and Capitalization Bond Income totaled R\$49.752 billion in 2013, up 12.3% over 2012. Technical Reserves stood at R\$136.229 billion, up 9.7% on December 2012.
13. Investments in infrastructure, information technology and telecommunications amounted to R\$4.842 billion in 2013, up 9.8% over the same period last year.
14. Taxes and contributions, including social security, paid or recorded in provision, amounted to R\$21.758 billion, of which R\$9.902 billion referred to taxes withheld and collected from third parties and R\$11.856 billion from Bradesco Organization activities, equivalent to 97.2% of Adjusted Net Income<sup>(1)</sup>.
15. Bradesco has an extensive customer service network in Brazil, with 4,674 Branches and 3,586 Service Branches - PAs. Customers can also use 1,180 PAEs – ATMs (Automatic Teller Machines) in companies, 46,851 Bradesco *Expresso* service points, 33,464 Bradesco *Dia & Noite* ATMs and 14,739 *Banco24Horas* ATMs.

Capital.

8. Interest on Shareholders' Equity and Dividends were paid and recorded in provision to shareholders totaling R\$4.078 billion on income for 2013, R\$1.803 billion of which was paid as monthly and interim interest and R\$2.275 billion was recorded in provision.

(1) According to non-recurring events described on page 9 of this Report on Economic and Financial Analysis; (2) Excludes mark-to-market effect of available-for-sale securities recorded under Shareholders' Equity; (3) Number of shares (excluding treasury shares) x closing price for common and preferred shares on the last trading day of the period; (4) Includes sureties and guarantees, letters of credit, advances of credit card receivables, co-obligations in loan assignments (receivables-backed investment funds and mortgage-backed receivables), co-obligations in rural loan assignments, and operations bearing credit risk – commercial portfolio, which includes debentures and promissory notes; and (5) In the last 12 months.

— Report on Economic and Financial Analysis – December 2013

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## Highlights

16. Payroll, plus charges and benefits, totaled R\$11.013 billion. Social benefits provided to the 100,489 employees of the Bradesco Organization and their dependents amounted to R\$2.702 billion, while investments in training and development programs totaled R\$126.836 million.

17. For the ninth consecutive year, Bradesco was selected to compose the Corporate Sustainability Index (ISE) of BM&FBovespa – Securities, Commodities and Futures Exchange, which reflects the returns of a share portfolio comprising those companies with the best performance in all aspects of corporate sustainability.

18. Major Awards and Acknowledgments in the period:

- Bradesco was considered the best bank in Latin America, ranking first among the 25 best banks in Latin America (*AmericaEconomia* magazine);
- Bradesco was considered the largest private group in Brazil according to the *Valor Grandes Grupos* ranking, which ranks the country's 200 largest groups (*Valor Econômico* newspaper);
- Bradesco was recognized as the best Bank in Brazil (Best Developed and Emerging Markets Banks 2013 – Global Finance Magazine);
- Bradesco was considered the best bank in the 8<sup>th</sup> Best Companies for Shareholders Award (*Capital Aberto* magazine / Stern Stewart do Brasil Advisory Services);
- Bradesco was leader of the Top MVP ranking as the company that most produces value from interaction with its stakeholders (Dom Strategy Partners Advisory Services);
- Winner of the Value Creation Award, promoted by Abrasca, aiming at stimulating good corporate governance practices;
- Winner of the first edition (2013) of the Top Case Award, in the Top Case Highlight category (*Case Studies – Insight Communication* magazine);
- Bradesco was considered the best bank in people management, according to The Best in People Management survey (*Valor Carreira/Valor Econômico* newspaper, with technical support of Aon Hewitt); and
- Grupo Bradesco Seguros was granted the Most Admired Companies in Brazil Award in the Corporate Healthcare Plan and Social Security categories (*Carta Capital* magazine).

With regards to sustainability, Bradesco divides its actions into three pillars: (i) Sustainable Finances, focused on banking inclusion, social and environmental variables for loan approvals and product offerings; (ii) Responsible Management, focused on valuing professionals, improving the workplace and adopting eco-efficient practices; and (iii) Social and Environmental Investments, focused on education, the environment, culture and sports. In this area, we point out Fundação Bradesco, which has a 57-year history of extensive social and educational work, with 40 schools in Brazil. In 2013, a budget of R\$456.966 million benefited 101,781 students in its schools, in Basic Education (from Kindergarten to High School and Vocational Training - High School Level), Education for Youth and Adults; and Preliminary and Continuing Qualification focused on the creation of jobs and generation of income.



Press Release**Main Information**

	4Q13	3Q13	2Q13	1Q13	4Q12	3Q12	2Q12	1Q12	Variation 4Q13 4Q12 x x 3Q13 4Q12
Income Statement for the Period									
- R\$ million									
Book Net Income	3,079	3,064	2,949	2,919	2,893	2,862	2,833	2,793	0.5
Adjusted Net Income	3,199	3,082	2,978	2,943	2,918	2,893	2,867	2,845	3.8
Total Financial Margin	11,264	10,729	10,587	10,706	11,109	10,955	11,034	10,695	5.0
Gross Loan Financial Margin	7,850	7,793	7,634	7,414	7,527	7,460	7,362	7,181	0.7
Net Loan Financial Margin	4,889	4,912	4,540	4,305	4,317	4,157	3,955	4,087	(0.5)
Allowance for Loan Losses (ALL)	(2,961)	(2,881)	(3,094)	(3,109)	(3,210)	(3,303)	(3,407)	(3,094)	2.8
Expenses									
Fee and Commission Income	5,227	4,977	4,983	4,599	4,675	4,438	4,281	4,118	5.0
Administrative and Personnel Expenses	(7,313)	(6,977)	(6,769)	(6,514)	(6,897)	(6,684)	(6,488)	(6,279)	4.8
Insurance Written Premiums, Pension Plan Contributions and Capitalization Bond Income	14,492	11,069	13,238	10,953	13,216	10,104	11,570	9,418	30.9
Statement of Financial Position - R\$ million									
Total Assets	908,139	907,694	896,697	894,467	879,092	856,288	830,520	789,550	-
Securities	313,327	313,679	309,027	300,600	315,487	319,537	322,507	294,959	(0.1)
Loan Operations <sup>(1)</sup>	427,273	412,559	402,517	391,682	385,529	371,674	364,963	350,831	3.6
- Individuals	130,750	127,068	123,562	119,231	117,540	114,536	112,235	109,651	2.9
- Corporate	296,523	285,491	278,955	272,451	267,989	257,138	252,728	241,181	3.9
Allowance for Loan Losses (ALL) <sup>(2)</sup>	(21,687)	(21,476)	(21,455)	(21,359)	(21,299)	(20,915)	(20,682)	(20,117)	1.0
Total Deposits	218,063	216,778	208,485	205,870	211,858	212,869	217,070	213,877	0.6
Technical Reserves	136,229	133,554	131,819	127,367	124,217	117,807	111,789	106,953	2.0
Shareholders' Equity	70,940	67,033	66,028	69,442	70,047	66,047	63,920	58,060	5.8
Assets under Management	1,260,056	1,256,220	1,233,546	1,243,170	1,225,228	1,172,008	1,130,504	1,087,270	0.3
Performance Indicators (%) on Adjusted Net Income (unless otherwise stated)									
	2.91	2.84	2.79	2.77	2.74	2.71	2.70	2.69	2.5

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Adjusted Net Income per Share - R\$ <sup>(3)</sup> <sup>(4)</sup>										
Book Value per Common and Preferred Share - R\$ <sup>(4)</sup>	16.90	15.97	15.72	16.54	16.68	15.73	15.22	13.83	5.8	
Annualized Return on Average Shareholders' Equity <sup>(5)</sup> <sup>(6)</sup>	18.0	18.4	18.8	19.5	19.2	19.9	20.6	21.4	(0.4)	(1)
Annualized Return on Average Assets <sup>(6)</sup>	1.4	1.3	1.3	1.3	1.4	1.4	1.4	1.5	0.1	-
Average Rate - Annualized (Adjusted Financial Margin / Total Average Assets - Purchase and Sale Commitments - Permanent Assets)	7.3	7.1	7.2	7.3	7.6	7.6	7.9	7.9	0.2	(0)
Fixed Assets Ratio - Total Consolidated	15.2	17.5	17.3	16.5	16.9	19.0	18.2	19.9	(2.3)	(1)
Combined Ratio - Insurance <sup>(7)</sup>	86.1	86.9	85.5	86.0	86.6	86.5	85.0	85.6	(0.8)	(0)
Efficiency Ratio (ER) <sup>(3)</sup>	42.1	42.1	41.8	41.5	41.5	42.1	42.4	42.7	-	(0)
Coverage Ratio (Fee and Commission Income/Administrative and Personnel Expenses) <sup>(3)</sup>	71.8	70.8	69.6	67.7	66.5	64.4	63.2	62.9	1.0	(0)
Market Capitalization - R\$ million <sup>(8)</sup>	128,085	136,131	124,716	145,584	131,908	113,102	104,869	113,021	(5.9)	(2)
Loan Portfolio Quality % <sup>(9)</sup>										
ALL / Loan Portfolio <sup>(2)</sup>	6.7	6.9	7.0	7.2	7.3	7.4	7.4	7.5	(0.2)	(0)
Non-performing Loans (> 60 days <sup>(10)</sup> / Loan Portfolio)	4.2	4.4	4.6	4.9	5.0	5.1	5.1	5.1	(0.2)	(0)
Delinquency Ratio (> 90 days <sup>(10)</sup> / Loan Portfolio)	3.5	3.6	3.7	4.0	4.1	4.1	4.2	4.1	(0.1)	(0)
Coverage Ratio (> 90 days <sup>(10)</sup> ) <sup>(2)</sup>	192.3	190.3	188.6	179.4	178.2	179.0	177.4	181.7	2.0	1
Coverage Ratio (> 60 days <sup>(10)</sup> ) <sup>(2)</sup>	158.9	156.8	153.5	146.0	147.3	144.8	144.0	146.6	2.1	1
Operating Limits %										
Capital Adequacy Ratio - Total <sup>(11)</sup>	16.6	16.4	15.4	15.6	16.1	16.0	17.0	15.0	0.2	(0)
Tier I Capital	12.3	12.7	11.6	11.0	11.0	11.3	11.8	12.0	(0.4)	(0)
- Common Equity	12.3	-	-	-	-	-	-	-	-	-



- Additional Capital	-	-	-	-	-	-	-	-	-	-
Tier II Capital	4.3	3.7	3.8	4.6	5.1	4.7	5.2	3.0	0.6	(0
									p.p.	p

Report on Economic and Financial Analysis – December 2013

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## Main Information

	Dec13	Sept13	Jun13	Mar13	Dec12	Sept12	Jun12	Mar12	Variation %	
									Dec13	Dec13
									x	x
									Sept13	Dec12
Structural Information -										
Units										
Service Points	72,736	71,724	70,829	69,528	68,917	67,225	65,370	62,759	1.4	5.5
- Branches	4,674	4,697	4,692	4,687	4,686	4,665	4,650	4,636	(0.5)	(0.3)
- PAs <sup>(12)</sup>	3,586	3,760	3,795	3,786	3,781	3,774	3,243	2,986	(4.6)	(5.2)
- PAEs <sup>(12)</sup>	1,180	1,421	1,454	1,457	1,456	1,456	1,476	1,497	(17.0)	(19.0)
- External Bradesco ATMs <sup>(13)</sup>	3,003	3,298	3,498	3,712	3,809	3,954	3,992	3,974	(8.9)	(21.2)
- Banco24Horas Network ATMs <sup>(13)</sup>	11,583	11,229	11,154	10,966	10,818	10,464	10,459	10,583	3.2	7.1
- Bradesco Expresso (Correspondent Banks)	46,851	45,614	44,819	43,598	43,053	41,713	40,476	38,065	2.7	8.8
- Bradesco Promotora de Vendas	1,846	1,692	1,404	1,309	1,301	1,186	1,061	1,005	9.1	41.9
- Branches /	13	13	13	13	13	13	13	13	-	-
Subsidiaries Abroad										
ATMs	48,203	47,969	47,972	48,025	47,834	47,542	47,484	47,330	0.5	0.8
- Bradesco Network	33,464	33,933	34,322	34,719	34,859	35,128	35,226	35,007	(1.4)	(4.0)
- Banco24Horas	14,739	14,036	13,650	13,306	12,975	12,414	12,258	12,323	5.0	13.6
Network										
Employees	100,489	101,410	101,951	102,793	103,385	104,100	104,531	105,102	(0.9)	(2.8)
Outsourced Employees and Interns	12,614	12,699	12,647	13,070	12,939	13,013	12,661	12,659	(0.7)	(2.5)
Customers - in millions										
Active Checking Account Holders <sup>(14)</sup> <sup>(15)</sup>	26.4	26.4	26.2	25.8	25.7	25.6	25.6	25.4	-	2.7
Savings Accounts <sup>(16)</sup>	50.9	48.3	47.7	46.6	48.6	48.3	45.2	41.3	5.4	4.7
Insurance Group	45.7	45.3	44.2	42.9	43.1	42.4	41.9	40.8	0.9	6.0
- Policyholders	39.8	39.5	38.4	37.1	37.3	36.7	36.3	35.4	0.8	6.7
- Pension Plan	2.4	2.4	2.4	2.3	2.3	2.3	2.2	2.2	-	4.3
Participants										
- Capitalization Bond Customers	3.5	3.4	3.4	3.5	3.5	3.4	3.4	3.2	2.9	-
Bradesco Financiamentos <sup>(14)</sup>	3.3	3.4	3.5	3.6	3.7	3.7	3.8	3.8	(2.9)	(10.8)

(1) Expanded Loan Portfolio: includes sureties and guarantees, letters of credit, advances of credit card receivables, co-obligations in loan assignments (receivables-backed investment funds and

mortgage-backed receivables), co-obligations in rural loan assignments and operations bearing credit risk – commercial portfolio, covering debentures and promissory notes;

(2) Includes provision for collateral, comprising sureties, guarantees, letters of credit and standby letter of credit, which composes the excess ALL concept;

(3) In the last 12 months;

(4) For comparison purposes, the shares were adjusted according to bonuses and stock splits;

(5) Excluding mark-to-market effect of available-for-sale securities recorded under shareholders' equity;

(6) Year-to-date adjusted net income;

(7) Excludes additional reserves;

(8) Number of shares (excluding treasury shares) multiplied by the closing price for common and preferred shares on the period's last trading day;

(9) As defined by the Brazilian Central Bank (Bacen);

(10) Loans overdue;

(11) As of October 2013, Capital Adequacy Ratio is calculated according to regulatory guidelines established by CMN Resolutions 4192/13 and 4193/13 (Basel III);

(12) PA (Service Branch): a result from the consolidation of PAB (Banking Service Branch), PAA (Advanced Service Branch) and Exchange Branches, according to CMN Resolution 4072/12; and PAE: ATM located in the premises of a company;

(13) Including overlapping ATMs within the Bank's own network and the *Banco24Horas* network: 1,549 in December 2013; 1,701 in September 2013; 1,804 in June 2013; 1,914 in March 2013; 1,964 in December 2012; 2,039 in September 2012; 2,059 in June 2012 and 2,050 in March 2012;

(14) Number of customers (Corporate/ Individual Taxpayer ID (CNPJ/CPF));

(15) Refers to 1<sup>st</sup> and 2<sup>nd</sup> holders of checking accounts; and

(16) Number of accounts.

Bradesco \_\_\_\_\_

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Press Release

**Ratings  
Main Ratings**

		<b>Fitch Ratings</b>						<b>Domestic Scale</b>	
<b>Feasibility</b>	<b>Support</b>	<b>International Scale</b>		<b>Foreign Currency</b>		<b>Domestic Scale</b>		<b>Domestic</b>	
		<b>Domestic Currency</b>	<b>Domestic Currency</b>	<b>Long Term</b>	<b>Short Term</b>	<b>Long Term</b>	<b>Short Term</b>	<b>Long Term</b>	<b>Short Term</b>
a -	2	Long Term	Short Term	Long Term	Short Term	Long Term	Short Term	AAA (bra)	F1 + (bra)
		A -	F1	BBB +		F2			

  

<b>Financial Strength / Individual Credit Risk Profile</b>	<b>Moody's Investors Service</b>						<b>R&amp;I Inc.</b>	
	<b>International Scale</b>			<b>Domestic Scale</b>			<b>International Scale</b>	
	<b>Foreign Currency Senior Debt</b>	<b>Domestic Currency Deposit</b>	<b>Domestic Currency Deposit</b>	<b>Foreign Currency Deposit</b>	<b>Domestic Currency</b>	<b>Domestic Currency</b>	<b>Issuer Rating</b>	
C - / baa1	Long Term	Long Term	Short Term	Long Term	Short Term	Long Term	Short Term	BBB
	Baa1	Baa1	P - 2	Baa2	P-2	Aaa.br	BR - 1	

  

<b>Standard &amp; Poor's</b>				<b>Austin Rating</b>					
<b>International Scale - Issuer's Credit Rating</b>				<b>Domestic Scale</b>		<b>Corporate Governance</b>		<b>Domestic Scale</b>	
<b>Foreign Currency</b>		<b>Domestic Currency</b>		<b>Issuer's Credit Rating</b>		<b>Corporate Governance</b>		<b>Long Term</b>	<b>Short Term</b>
Long Term	Short Term	Long Term	Short Term	Long Term	Short Term	brAA+		brAAA	brA -1
BBB	A - 2	BBB	A - 2	brAAA	brA - 1				

## Main Non-recurring Events

During the quarter, certain non-recurring events were recorded in our financial statements. Thus, to provide for better understanding and analysis of our performance, we adjusted our Book Net Income by excluding these events, composing our so-called Adjusted Net Income.

In October 2013, Law 12865/13 set forth the tax liability installment and cash payment program – Refis. Bradesco made a detailed evaluation of Organization's tax claims and contingencies and, in November 2013, resolved to adhere to the program, basically for those claims challenging the mandatory payment of contribution for the Social Integration Program (PIS) and the Contribution for Social Security Financing (Cofins), referred to in Chapter I of Law 9718/98 levied on financial income generated by Organization's financial institutions which had obtained writ of mandamus that suspended these payments. This adherence resulted in a reversal of provision, net of tax effects, amounting to R\$1,950 million. The proceedings involving other Organization companies that reclaim these payments or have escrow deposits are still under litigation.

Tax credits deriving from the investment acquisition operation were also recorded, amounting to R\$462 million, given that they already comply with regulatory aspects and have effective perspectives of realization, in accordance with studies and analyses prepared by Management.

Also, in compliance with Susep Circular Letter 462/13, the Insurance Group began to adopt the risk-free yield curve (ETTJ) as discount rate of actuarial liability flow, which resulted in a net reversal of part of the technical reserves, totaling R\$2,572 million. In the same period, we traded NTNs, given as collateral for technical reserves, in order to adjust these securities at market prices, in line with the new liability rates (for more information, refer to Note 21b on page 198).

**Main Non-recurring Events**

Lastly, we adjusted Bank's available-for-sale NTNs at market value, through their trading in the market.

All in all, although these and other non-recurring events have not caused significant net effect on

income for the quarter and the year, they caused an important increase in Shareholders' Equity. This makes us more prepared to implement Basel III and also will improve our future returns on said NTNs, which now reflect market's current rates.

**Book Net Income vs. Adjusted Net Income**

The main non-recurring events that impacted book net income in the periods below are presented in the following comparative chart:

	R\$ million			
	12M13	12M12	4Q13	3Q13
<b>Book Net Income</b>	<b>12,011</b>	<b>11,381</b>	<b>3,079</b>	<b>3,064</b>
<b>Non-Recurring Events</b>	<b>191</b>	<b>142</b>	<b>120</b>	<b>18</b>
- Law 12865/13 - Tax Recovery Program (REFIS)	(1,950)	-	(1,950)	-
- Recording of Tax Credits	(462)	(1,389)	(462)	-
- Technical Reserve - (Increase)/Decrease in Real Interest Rate	(2,572)	2,116	(2,572)	-
- Adjustments to Rates at Market Value - NTNs	6,117	-	6,117	-
- Impairment of Assets <sup>(1)</sup>	739	1,470	739	-
- Earnings (Loss) from Extended Securities Terms	-	(2,282)	-	-
- Full Goodwill Amortization - BERJ	-	1,156	-	-
- Other <sup>(2)</sup>	77	(561)	(41)	30
- Tax Effects	(1,758)	(368)	(1,711)	(12)
<b>Adjusted Net Income</b>	<b>12,202</b>	<b>11,523</b>	<b>3,199</b>	<b>3,082</b>
<b>ROAE % <sup>(3)</sup></b>	<b>17.7</b>	<b>19.0</b>	<b>18.6</b>	<b>19.1</b>
<b>(ADJUSTED) ROAE % <sup>(3)</sup></b>	<b>18.0</b>	<b>19.2</b>	<b>19.3</b>	<b>19.2</b>

(1) 2013 and 4Q13 basically refers to the impairment of: (i) Securities – Available-for-Sale Shares, in the amount of R\$682 million, arising from the adjustment of historical value of shares at fair value; and (ii) Other Assets, in the amount of R\$57 million, arising from the revised expectations of return on these assets; and 2012 to the impairment of: (i) Securities – Available-for-Sale Shares, in the amount of R\$890

million, arising from the adjustment of historical value of shares at fair value; and (ii) Other Assets, in the amount of R\$527 million, arising from the revised expectations of return on these assets;

(2) 2013 and 4Q13 basically includes: (i) expenses with provision for civil claims, in the amount of R\$159 million and R\$41 million, respectively; and (ii) reversal of operating provisions, net of recordings, in the amount of R\$82 million; and 2012 basically includes: (i) gain in the sale of Serasa shares, in the amount of R\$793 million; and (ii) other operating provisions, net of reversals, basically by provisions for civil claims, in the amount of R\$232 million; and

(3) Annualized.

Bradesco \_\_\_\_\_

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Press Release**Summarized Analysis of Adjusted Income**

To provide for better understanding, comparison and analysis of Bradesco's results, we use the Adjusted Income Statement for analysis and comments contained in this Report on Economic and Financial Analysis, obtained from adjustments made to the Book Income Statement, detailed at the end of this Press Release, which includes

adjustments to non-recurring events shown on the previous page. Note that the Adjusted Income Statement serves as the basis for the analysis and comments made in Chapters 1 and 2 of this report.

R\$ million

	<b>Adjusted Income Statement</b>								
	<b>Variation</b>				<b>Variation</b>				
	<b>12M13</b>	<b>12M12</b>	<b>12M13 x 12M12</b>		<b>4Q13</b>	<b>3Q13</b>	<b>4Q13 x 3Q13</b>		
		<b>Amount</b>	<b>%</b>			<b>Amount</b>	<b>%</b>		
<b>Financial Margin</b>	<b>43,286</b>	<b>43,793</b>	<b>(507)</b>	<b>(1.2)</b>	<b>11,264</b>	<b>10,729</b>	<b>535</b>	<b>5.0</b>	
- Interest	42,686	42,021	665	1.6	10,986	10,622	364	3.4	
- Non-interest	600	1,772	(1,172)	(66.1)	278	107	171	159.8	
ALL	(12,045)	(13,014)	969	(7.4)	(2,961)	(2,881)	(80)	2.8	
<b>Gross Income from Financial Intermediation</b>	<b>31,241</b>	<b>30,779</b>	<b>462</b>	<b>1.5</b>	<b>8,303</b>	<b>7,848</b>	<b>455</b>	<b>5.8</b>	
Income from Insurance, Pension Plans and Capitalization Bonds <sup>(1)</sup>	4,471	3,814	657	17.2	1,188	1,100	88	8.0	
Fee and Commission Income	19,786	17,512	2,274	13.0	5,227	4,977	250	5.0	
Personnel Expenses	(13,061)	(12,186)	(875)	7.2	(3,465)	(3,346)	(119)	3.6	
Other Administrative Expenses	(14,512)	(14,162)	(350)	2.5	(3,848)	(3,631)	(217)	6.0	
Tax Expenses	(4,381)	(4,139)	(242)	5.8	(1,254)	(987)	(267)	27.1	
Equity in the Earnings (Losses) of Unconsolidated Companies	43	148	(105)	(70.9)	26	2	24	-	
Other Operating Income/ (Expenses)	(4,743)	(4,214)	(529)	12.6	(1,232)	(1,194)	(38)	3.2	
<b>Operating Result</b>	<b>18,844</b>	<b>17,552</b>	<b>1,292</b>	<b>7.4</b>	<b>4,945</b>	<b>4,769</b>	<b>176</b>	<b>3.7</b>	
Non-Operating Result	(120)	(89)	(31)	34.8	(31)	(27)	(4)	14.8	
Income Tax / Social Contribution	(6,425)	(5,872)	(553)	9.4	(1,696)	(1,638)	(58)	3.5	
Non-controlling Interest	(97)	(68)	(29)	42.6	(19)	(22)	3	(13.6)	
<b>Adjusted Net Income</b>	<b>12,202</b>	<b>11,523</b>	<b>679</b>	<b>5.9</b>	<b>3,199</b>	<b>3,082</b>	<b>117</b>	<b>3.8</b>	



(1) Income from Insurance, Pension Plans and Capitalization Bonds = Insurance, Pension Plan and Capitalization Bond Retained Premiums - Variation in Technical Reserves of Insurance, Pension Plans and Capitalization Bonds - Retained Claims - Capitalization Bond Draws and Redemptions - Insurance, Pension Plan and Capitalization Bond Selling Expenses.

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Press Release

**Summarized Analysis of Adjusted Income  
Adjusted Net Income and Profitability**

In the fourth quarter of 2013, Bradesco posted adjusted net income of R\$3,199 million, up 3.8%, or R\$117 million over the previous quarter, mainly due to: (i) greater financial margin revenue, resulting from the increase in interest and non-interest revenues; (ii) improvement in fee and commission income, due to greater business volume; (iii) higher insurance, pension plan and capitalization bond operating income; and partially impacted by: (iv) higher tax expenses; and (v) higher personnel and administrative expenses.

In the year-over-year comparison, adjusted net income increased by 5.9% or R\$679 million in 2013, for Return on Adjusted Average Shareholders' Equity (ROAE) of 18.0%.

Shareholders' Equity stood at R\$70,940 million in December 2013, up 1.3% over 2012. The Capital Adequacy Ratio (Basel III) stood at 16.6%, 12.3% of which fell under Tier I Capital.

Total Assets came to R\$908,139 million in December 2013, up 3.3% over December 2012, driven by the increase in operations and greater business volume. Return on Average Assets (ROAA) came to 1.4%.

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### **Summarized Analysis of Adjusted Income Efficiency Ratio (ER)**

The “adjusted to risk” ER, which reflects the impact of risk associated with loan operations<sup>(1)</sup>, totaled 52.1% in the fourth quarter of 2013, improving by 0.4 p.p. and 0.6 p.p. over the third quarter of 2013 and the same period in 2012, respectively, mainly due to the decrease of allowance for loan loss expenses in the last 12 months, due to the decrease in delinquency ratio level in the same period.

The decrease of the quarterly ER from the third quarter of 2013 was mainly due to better fee and commission income and financial margin, both increasing by 5.0%. In the year-over-year comparison, this indicator remained stable, proving the rigorous control of our operating expenses, despite the organic growth in the period.

ER in the last 12 months<sup>(2)</sup> remained stable at 42.1% in relation to the previous quarter and increased by 0.6 p.p. over the same period in the previous year, mainly due to: (i) the reduction in non-interest financial margin; and (ii) the impact of the 2012 and 2013 collective bargaining agreements.

(1) Including ALL expenses, adjusted for granted discounts, loan recovery and sale of foreclosed assets, among others; and

(2)  $ER = (\text{Personnel Expenses} - \text{Employee Profit Sharing} + \text{Administrative Expenses}) / (\text{Financial Margin} + \text{Fee and Commission Income} + \text{Income from Insurance} + \text{Equity in the Earnings (Losses) of Unconsolidated Companies} + \text{Other Operating Income} - \text{Other Operating Expenses})$ . Considering the ratio between: (i) total administrative costs (Personnel Expenses + Administrative Expenses + Other Operating Expenses + Tax Expenses not related to revenue generation + Insurance Selling Expenses) and (ii) revenue net of related taxes (not considering Claims and Selling Expenses from the Insurance Group), Bradesco's ER in the last 12 months up to December 31, 2013 is 45.0%.



Press Release

**Summarized Analysis of Adjusted Income  
Financial Margin**

The R\$535 million increase quarter over quarter was mainly due to: (i) higher interest margin, totaling R\$364 million, due to better Insurance and Funding margins; and (ii) higher non-interest margin, totaling R\$171 million, basically as a result of higher gains from Insurance margin.

In the year-over-year comparison, financial margin came to R\$43,286 million, a R\$507 million decrease from 2012, due to: (i) lower result from the non-interest margin, in the amount of R\$1,172 million, due to lower gains from the market arbitrage, and offset by: (ii) the R\$665 million increase in income from interest-earning operations due to an increase in business volume, led by Loan and Funding.

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**Summarized Analysis of Adjusted Income**  
**Interest Financial Margin – Annualized Average Rates**

	R\$ million					
	12M13			12M12		
	Interest	Average Balance	Average Rate	Interest	Average Balance	Average Rate
Loans	30,691	312,737	9.8%	29,530	284,173	10.4%
Funding	4,733	338,209	1.4%	4,225	333,483	1.3%
Insurance	3,616	131,290	2.8%	3,183	113,304	2.8%
Securities/Other	3,646	309,746	1.2%	5,083	293,294	1.7%
<b>Financial Margin</b>	<b>42,686</b>	<b>-</b>	<b>6.9%</b>	<b>42,021</b>	<b>-</b>	<b>7.2%</b>
	4Q13			3Q13		
	Interest	Average Balance	Average Rate	Interest	Average Balance	Average Rate
	Interest	Average Balance	Average Rate	Interest	Average Balance	Average Rate
Loans	7,850	326,997	10.0%	7,793	316,413	10.2%
Funding	1,401	352,160	1.6%	1,271	343,296	1.5%
Insurance	965	136,000	2.9%	823	132,502	2.5%
Securities/Other	770	316,691	1.0%	735	312,586	0.9%
<b>Financial Margin</b>	<b>10,986</b>	<b>-</b>	<b>7.1%</b>	<b>10,622</b>	<b>-</b>	<b>7.0%</b>

The annualized interest financial margin rate stood at 7.1% in the fourth quarter of 2013, a 0.1 p.p. increase over the previous quarter, mainly due to Insurance interest margin.

Press Release

**Summarized Analysis of Adjusted Income  
Expanded Loan Portfolio<sup>(1)</sup>**

In December 2013, Bradesco's expanded loan portfolio totaled R\$427.3 billion, a 3.6% increase over the previous quarter due to: (i) the 4.3% growth in Corporations; (ii) the 3.3% growth in SMEs; and (iii) the 2.9% growth in Individuals.

In the last 12 months, this expanded loan portfolio increased 10.8%, driven by: (i) the 11.5% growth in SMEs; (ii) the 11.2% growth in Individuals; and (iii) the 10.0% growth in Corporations.

To the Corporate segment, the products that posted the strongest growth in the last 12 months were: (i) export financing; and (ii) real estate financing – corporate plan. To the Individuals segment, the main highlights were: (i) real estate financing; and (ii) payroll-deductible loans.

(1) It includes sureties, guarantees, letters of credit, advances of credit card receivables, debentures, promissory notes, assignment of receivables-backed investment funds and mortgage-backed receivables and rural loan.

For more information, see Chapter 2 of this Report.

**Allowance for Loan Losses (ALL) <sup>(1)</sup>**

In the fourth quarter of 2013, ALL expenses totaled R\$2,961 million, a 2.8% variation from the previous quarter, but lower than the 3.7% growth in the loan portfolio – as defined by Bacen in the quarter. This result was due to the reduction in delinquency level, thanks to the adaptation and consistency of loan granting policy and processes, quality of guarantees obtained, as well as the loan recovery process improvement.

In the year-over-year comparison, this expense reduced by 7.4%, even considering the 11.0% increase in loan operations – as defined by Bacen, resulting from the reduced delinquency level in the last 12 months.

(1) Includes provision for collateral, comprising sureties, guarantees, letters of credit and standby letter of credit, which composes the excess ALL concept.

For more information, refer to Chapter 2 of this Report.

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**Summarized Analysis of Adjusted Income  
Delinquency Ratio > 90 days<sup>(1)</sup>**

Total delinquency ratio, comprising the transactions overdue over 90 days, had a decrease in the quarter and in the last twelve months, thanks basically to: (i) the investment in the ongoing improvement in loan assignment models; (ii) the growth of payroll-deductible loan and real estate financing products, which

impacted the portfolio mix; and (iii) the improvement in internal models of loan risk monitoring. The drop among individual customers and SMEs was also a reason for the reduction. The higher delinquency ratio among Corporations was due to specific cases and does not represent a trend.

(1) As defined by Bacen.

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Press Release

**Summarized Analysis of Adjusted Income Coverage Ratios**

Bradesco monitors its loan portfolio and its risk using, internally, the expanded portfolio concept.

In addition to the allowance for loan losses (ALL), required by Bacen, Bradesco has an excess ALL to provide for possible stress situations, as well as other transactions/commitments bearing loan risks.

The following graph shows the changes in coverage ratio of ALL compared to loans overdue over between 60 and 90 days. In December 2013, these ratios stood at 158.9% and 192.3%, respectively.

(1) Includes provision for collateral, comprising sureties, guarantees, letters of credit and standby letter of credit, which composes the excess ALL concept.

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### Summarized Analysis of Adjusted Income Income from Insurance, Pension Plans and Capitalization Bonds

Net income for the fourth quarter of 2013 stood at R\$1.001 billion (R\$878 million in the third quarter of 2013), up 14.0% over the previous quarter, for annualized Return on Adjusted Shareholders' Equity of 27.3%.

In 2013, Net Income came to R\$3.740 billion, up 4.3% from Net Income posted in 2012 (R\$3.587 billion), for a return on Adjusted Shareholders' Equity of 23.2%.

(1) Excluding additional provisions.

	4Q13	3Q13	2Q13	1Q13	4Q12	3Q12	2Q12	1Q12	Variation %	
									4Q13 x 3Q13	4Q13 x 4Q12
Net Income	1,001	878	931	930	964	837	881	905	14.0	3.8
Insurance Written Premiums, Pension Plan Contributions and Capitalization Bond Income	14,492	11,069	13,238	10,953	13,216	10,104	11,570	9,418	30.9	9.7
Technical Reserves	136,229	133,554	131,819	127,367	124,217	117,807	111,789	106,953	2.0	9.7
Financial Assets	146,064	143,423	141,984	141,535	141,540	133,738	128,526	122,147	1.8	3.2
Claims Ratio	71.1	72.7	71.1	69.6	70.5	70.4	71.3	71.9	(1.6)	0.6
Combined Ratio	86.1	86.9	85.5	86.0	86.6	86.5	85.0	85.6	p.p. (0.8)	p.p. (0.5)
Policyholders / Participants and Customers (in thousands)	45,675	45,292	44,215	42,941	43,065	42,363	41,898	40,785	0.8	6.1
Employees	7,383	7,462	7,493	7,510	7,554	7,545	7,478	7,574	(1.1)	(2.3)
Market Share of Insurance Written Premiums, Pension Plan Contributions and Capitalization Bond Income <sup>(1)</sup>	24.2	23.8	24.0	22.4	24.8	24.3	24.8	23.4	0.4	(0.6)
									p.p.	p.p.

(1) The fourth quarter of 2013 includes the latest data released by Susep (November/13).

Note: For comparison among the indexes in the periods above, the calculation of the fourth quarter of 2013 excludes the non-recurring effects arising from the reversal of additional technical reserve, as a result of the increase in real interest rate.

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## Summarized Analysis of Adjusted Income

Non-recurring events in the fourth quarter of 2013:

(i) Financial Assets – financial available-for-sale assets amounting to R\$6.9 billion were traded this quarter, and a loss of approximately R\$1.4 billion (net of taxes) on these assets was recorded in income statement upon trading. However, fixed-income securities were acquired, with interest rates that reflect Brazil's current economic scenario.

In addition, Management resolved to reclassify available-for-sale securities totaling R\$19.1 billion to held-to-maturity securities, whose average maturity is scheduled to 2037.

(ii) Technical Reserves – in compliance with Susep Circular Letter 462/13, the Insurance Group adopted the risk-free yield curve (ETTJ) as discount rate of actuarial liability flow. The use of this rate, established by the Regulatory Agency, resulted in the reduction in technical reserves and, consequently, the recognition of approximately R\$1.4 billion (net of taxes) in income statement.

The net effect of the matters above did not have significant impact on the fourth quarter 2013 results and are part of a more efficient ALM (Asset Liability Management) operation.

In the fourth quarter of 2013, total revenue increased by 30.9% over the previous quarter, led by the Life and Pension Plan segment, which was boosted by the greater concentration of pension plan contributions in the period.

Net income for the fourth quarter of 2013 was 14.0% higher than the previous quarter, mainly due to: (i) the 30.9% increase in revenue; (ii) the 1.6 p.p. decrease in claims ratio; (iii) the improved financial and equity income; and (iv) the increase in the administrative efficiency ratio.

In 2013, production was up 12.3% from the same period in 2012, led by Health, Capitalization Bond and Life and Pension Plan products, which increased 21.8%, 21.0% and 7.7%, respectively.

Net income for 2013 exceeded by 4.3% that of the previous year, due to: (i) a 12.3% increase in revenue; (ii) the improved financial and equity income; and (iii) the stability of administrative efficiency and claims ratios.

Grupo Bradesco Seguros' capital levels are in compliance with the regulatory requirements and the global standards (Solvency II), with a leverage of 2.9 times its Shareholders' Equity in the period.

Press Release

**Summarized Analysis of Adjusted Income  
Fee and Commission Income**

In the fourth quarter of 2013, fee and commission income came to R\$5,227 million, up R\$250 million over the previous quarter, mainly due to the increase in business volume, led by the excellent performance of cards and underwriting / financial advisory revenues in this quarter. Other revenues that also contributed to this result were mainly due to: (i) loan operations; (ii) checking accounts; and (iii) consortia management.

In the year-over-year comparison, the increase of R\$2,274 million, or 13.0%, in 2013 was due to ongoing investments in customer service channels and technology, which mainly resulted in: (i) the excellent performance of the credit card segment, driven by the growth in revenue and transactions; (ii) higher income from checking accounts, which was a result of a better business volume and an increase in the checking account holder base, which posted net growth of 707 thousand active accounts in the period; (iii) higher income from loan operations, due to greater volume of contracted operations and sureties and guarantees in the period; (iv) greater income from collections; (v) greater income from fund management, whose average volume of assets and portfolios under management increased by 8.3% in the period; and (vi) greater income from consortia management.

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**Summarized Analysis of Adjusted Income  
Personnel Expenses**

In the fourth quarter of 2013, the R\$119 million increase from the previous quarter is a result of variations in:

- structural expenses – increase of R\$42 million, due to greater expenses with salaries, social charges and benefits, as a result of the raise in salary levels, as per the 2013 collective bargaining agreement; and
- non-structural expenses – increase of R\$77 million, mainly due to greater expenses with (i) training and (ii) employee and management profit sharing.

In the year-over-year comparison, the R\$875 million increase in 2013 was due to:

- the R\$570 million, or 5.8%, of structural expenses, mainly resulting from greater expenses with salaries, social charges and benefits, due to raise in salary levels, as per the 2012 and 2013 collective bargaining agreements (adjustments of 7.5% and 8.0%, respectively); and

- the R\$305 million increase in non-structural expenses, mainly due to greater expenses with (i) provision for labor claims; and (ii) employee and management profit sharing.

Note: Structural Expenses = Salaries + Social Charges + Benefits + Pension Plans.

Non-Structural Expenses = Employee and Management Profit Sharing + Training + Provision for Labor Claims + Costs with Termination of Employment Contracts.

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Press Release

**Summarized Analysis of Adjusted Income  
Administrative Expenses**

In 2013, administrative expenses increased 2.5% over 2012, mainly due to the strong cost control conducted by our Efficiency Committee. Note that this slight increase was a result of: (i) the opening of 3,819 service points in the period, for a total of 72,736 service points on December 31, 2013; (ii) the increase in business and service volume in the period; (iii) contractual adjustments; in addition to (iv) the IPCA and IGP-M inflation rates of the last 12 months, which came to 5.9% and 5.5% respectively.

In the fourth quarter of 2013, the 6.0% increase in administrative expenses over the previous quarter was mainly due to (i) the greater business and service volume recorded in the last quarter which, consequently, increased expenses; and (ii) the seasonal effect of greater advertising and publicity expenses, due to extra investments in initiatives regarding institutional maintenance and positioning and support of loan product offer this period of the year.

**Other Operating Income and Expenses**

Other operating expenses, net of other operating income, totaled R\$1,232 million in the fourth quarter of 2013, a R\$38 million increase over the previous quarter, mainly due to greater expenses with civil contingencies in the period.

Year over year, other operating expenses, net of other operating income, increased by R\$529 million in 2013, mainly as a result of greater expenses with: (i) operating provisions, particularly those for civil contingencies; and (ii) amortization of intangible assets.



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**Summarized Analysis of Adjusted Income  
Income Tax and Social Contribution**

Income tax and social contribution increased 3.5% in comparison with the previous quarter and 9.4% year over year, mainly due to the increase in taxable income.

The income tax and social contribution rate in the fourth quarter of 2013 was 34.5%, remaining stable when compared to the previous quarter.

**Unrealized Gains**

Unrealized gains totaled R\$13,868 million in the fourth quarter of 2013, a R\$3,833 million increase from the previous quarter. This was mainly due to: (i) the effect of the adjustment of fixed-income security rates to market value; and (ii) the appreciation of investments, mainly Cielo shares, which valued by 9.5% in the quarter.

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**Economic Scenario**

The persistent signs of economic recovery in recent months and the fact that the U.S. has begun reducing its monetary stimuli, have reinforced the upward tendency of long-term interest rates and the appreciation of the dollar in the coming quarters. Even though the financial markets are not expected to react as they did in May and June of last year, when these tendencies were created, the scenario does impose important short-term challenges, especially for emerging economies with weaker fundamentals.

In the fourth quarter of 2013, concerns related to growth in Europe and China were reduced, but fiscal adjustments and structural reforms, respectively, limited the space for a more substantial recovery in both regions.

Despite the expected acceleration of global economic activity, the risk of deflation is still present, which should ensure that the normalization of monetary policy in the developed countries takes place more gradually. In fact, commodity prices are likely to fall, reflecting macroeconomic factors, such as the strengthening of the U.S. dollar, as well as specific indicators, especially the strong expansion of supply in certain segments. However, the performances of the various commodity markets are likely to vary greatly among themselves.

Brazil's economy should benefit from the acceleration of global growth in 2014; it is also better prepared than before to face the U.S. monetary policy's current transition phase and the resulting challenges to domestic economic policy management. This view, supported by improved macroeconomic fundamentals and the institutional advances recorded in the last few years, is given added strength by the level of foreign reserves, which provide insurance to be resorted to if necessary.

The recovery of economic activity in the last few months has been chiefly fueled by investments in production, which will tend to increase further as a result of the recent public concessions program. This program, together with the major sporting events scheduled in 2014 and 2016, represents a unique opportunity for Brazil to improve its infrastructure, which is absolutely essential in order to enhance perception of the economy's growth potential.

Despite the risks to the scenario and the challenges faced by the Brazilian economy in the pursuit of higher sustainable growth in the near future, Bradesco is maintaining a positive outlook, with favorable prospects in its operational segments.

The volume of credit is growing at rates that are both sustainable and risk-compatible, while delinquency has been showing signs of a decline. Thanks to the intense and ongoing upward social mobility of recent years, the scenario for the banking and insurance sectors remains highly favorable.

**Main Economic Indicators**

<b>Main Indicators (%)</b>	<b>4Q13</b>	<b>3Q13</b>	<b>2Q13</b>	<b>1Q13</b>	<b>4Q12</b>	<b>3Q12</b>	<b>2Q12</b>	<b>1Q12</b>	<b>12M13</b>	<b>12M12</b>
Interbank Deposit Certificate (CDI)	2.31	2.12	1.79	1.61	1.70	1.91	2.09	2.45	8.06	8.40
Ibovespa	(1.59)	10.29	(15.78)	(7.55)	3.00	8.87	(15.74)	13.67	(15.50)	7.40
USD – Commercial Rate	5.05	0.65	10.02	(1.45)	0.64	0.46	10.93	(2.86)	14.64	8.94
General Price Index - Market (IGP-M)	1.75	1.92	0.90	0.85	0.68	3.79	2.56	0.62	5.51	7.83
Extended Consumer Price Index (IPCA) –										
Brazilian Institute of Geography and Statistics (IBGE)										
Federal Government Long-Term Interest Rate (TJLP)	2.04	0.62	1.18	1.94	1.99	1.42	1.08	1.22	5.91	5.84
Reference Interest Rate (TR)	1.24	1.24	1.24	1.24	1.36	1.36	1.48	1.48	5.03	5.79
Savings Account (Old Rule) <sup>(1)</sup>	0.16	0.03	-	-	-	0.03	0.07	0.19	0.24	0.29
Savings Account (New Rule) <sup>(1)</sup>	1.67	1.54	1.51	1.51	1.51	1.53	1.58	1.70	6.37	6.48
Business Days (number)	1.67	1.47	1.30	1.25	1.26	1.40	-	-	5.81	3.17
Indicators (Closing Rate)	64	66	63	60	62	64	62	63	253	251
USD – Commercial Selling Rate - (R\$)	<b>Dec13</b>	<b>Sept13</b>	<b>Jun13</b>	<b>Mar13</b>	<b>Dec12</b>	<b>Sept12</b>	<b>Jun12</b>	<b>Mar12</b>	<b>Dec13</b>	<b>Dec12</b>
Euro - (R\$)	2.3426	2.2300	2.2156	2.0138	2.0435	2.0306	2.0213	1.8221	2.3426	2.0435
Country Risk (points)	3.2265	3.0181	2.8827	2.5853	2.6954	2.6109	2.5606	2.4300	3.2265	2.6954
Basic Selic Rate Copom (% p.a.)	224	236	237	189	142	166	208	177	224	142
BM&F Fixed Rate (% p.a.)	10.00	9.00	8.00	7.25	7.25	7.50	8.50	9.75	10.00	7.25
	10.57	10.07	9.39	7.92	7.14	7.48	7.57	8.96	10.57	7.14

(1) Regarding the new savings account remuneration rule, it was defined that: (i) the existing deposits up to May 3, 2012 will continue to remunerate at TR + interest of 6.17% p.a.; and (ii) for deposits made as of May 4, 2012, the new rules are: (a) if the Selic rate is higher than 8.5% p.a., the TR + interest of 6.17% p.a. remuneration will be maintained; and (b) when the Selic rate is equal to or lower than 8.5% p.a., the remuneration will be 70% of Selic rate + TR.

**Projections through 2016**

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%	<b>2014</b>	<b>2015</b>	<b>2016</b>
USD - Commercial Rate (year-end) - R\$	2.40	2.45	2.55
Extended Consumer Price Index (IPCA)	5.87	5.60	5.50
General Price Index - Market (IGP-M)	5.90	5.00	5.00
Selic (year-end)	10.75	10.75	9.25
Gross Domestic Product (GDP)	2.10	3.00	3.50

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Press Release

## Guidance

### Bradesco's Outlook for 2014

This guidance contains forward-looking statements that are subject to risks and uncertainties, as they are based on Management's expectations and assumptions and information available to the market to date.

<b>Loan Portfolio</b> <sup>(1)</sup>	<b>10 to 14%</b>
Individuals	11 to 15%
Companies	9 to 13%
<b>Interest Financial Margin</b>	<b>6 to 10%</b>
<b>Fee and Commission Income</b>	<b>9 to 13%</b>
<b>Operating Expenses</b> <sup>(2)</sup>	<b>3 to 6%</b>
<b>Insurance Premiums</b>	<b>9 to 12%</b>

(1) Expanded Loan Portfolio; and

(2) Administrative and Personnel Expenses.

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**Book Income vs. Managerial Income vs. Adjusted Income Statement****Analytical Breakdown of Book Income vs. Managerial Income vs. Adjusted Income Statement****Fourth Quarter of 2013**

	R\$ million										
	4Q13										
	Book	Reclassifications					Fiscal	Managerial	Non-recurring	Adjusted	
	Income	(1)	(2)	(3)	(4)	(5)	Hedge	Income	Events <sup>(8)</sup>	Income	
	Statement						(7)	Statement		Statement	Statement
<b>Financial Margin</b>	<b>4,791</b>	<b>(348)</b>	<b>(50)</b>	<b>69</b>	<b>(871)</b>	<b>35</b>	<b>-</b>	<b>932</b>	<b>4,558</b>	<b>6,706</b>	<b>11,264</b>
ALL	(3,137)	-	-	-	309	(133)	-	-	(2,961)	-	(2,961)
<b>Gross Income from Financial Intermediation</b>	<b>1,654</b>	<b>(348)</b>	<b>(50)</b>	<b>69</b>	<b>(562)</b>	<b>(98)</b>	<b>-</b>	<b>932</b>	<b>1,597</b>	<b>6,706</b>	<b>8,303</b>
Income from Insurance, Pension Plans and Capitalization Bonds <sup>(9)</sup>	4,173	-	-	-	-	-	-	-	4,173	(2,985)	1,188
Fee and Commission Income	5,157	-	-	-	-	-	70	-	5,227	-	5,227
Personnel Expenses	(3,465)	-	-	-	-	-	-	-	(3,465)	-	(3,465)
Other Administrative Expenses	(3,931)	-	-	-	-	-	83	-	(3,848)	-	(3,848)
Tax Expenses	(1,096)	-	-	-	(16)	-	-	(101)	(1,213)	(40)	(1,254)
Equity in the Earnings (Losses) of Unconsolidated Companies	26	-	-	-	-	-	-	-	26	-	26
Other Operating Income/Expenses	(534)	348	50	(69)	578	18	(153)	-	238	(1,468)	(1,232)
<b>Operating Result</b>	<b>1,982</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(80)</b>	<b>-</b>	<b>831</b>	<b>2,733</b>	<b>2,213</b>	<b>4,945</b>
Non-Operating Result	(156)	-	-	-	-	80	-	-	(76)	45	(31)
Income Tax / Social Contribution and Non-controlling Interest	1,253	-	-	-	-	-	-	(831)	422	(2,138)	(1,715)
<b>Net Income</b>	<b>3,079</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,079</b>	<b>120</b>	<b>3,199</b>

- (1) Expenses with Commission on the Placement of Loans and Financing were reclassified from the item "Other Operating Expenses" to the item "Financial Margin;"
- (2) Interest Income/Expenses from the insurance segment were reclassified from the item "Other Operating Income/Expenses" to the item "Financial Margin;"
- (3) Interest Income/Expenses from the financial segment were reclassified from the item "Other Operating Income/Expenses" to the item "Financial Margin;"
- (4) Income from Loan Recovery classified under the item "Financial Margin," Expenses with Discounts Granted classified under the item "Other Operating Income/Expenses," and Expenses with Write-offs of Leasing Operations classified under the item "Financial Margin" were reclassified to the item "Allowance for Loan Loss (ALL) Expenses;" Tax Expenses, classified as "Other Operating Expenses," were reclassified under the item "Tax Expenses;" and Expenses with the Provision for Collateral were reclassified from the item "Other Operating Expenses" to the item "Allowance for Loan Loss (ALL) Expenses;"
- (5) Losses/Gains from the Sale of Foreclosed Assets/Investments classified under the item "Non-Operating Result" were reclassified to items "Allowance for Loan Loss (ALL) Expenses" / "Other Operating Income/Expenses"/"Financial Margin;"
- (6) Income from Card Fees and Commissions, Insurance Premium Commissions and Insurance Policy Fees classified under the item "Other Operating Income/Expenses" were reclassified to the item "Fee and Commission Income;" and Credit Card Operation Interchange Expenses classified under the item "Other Operating Income/Expenses" were reclassified to the item "Other Administrative Expenses;"
- (7) Partial result of Derivatives used to hedge investments abroad, which simply annuls the tax effects (Income Tax/Social Contribution (IR/CS) and Social Integration Program/Contribution for Social Security Financing (PIS/Cofins)) of this hedge strategy in terms of Net Income;
- (8) For more information see page 9 of this chapter; and
- (9) Income from Insurance, Pension Plans and Capitalization Bonds = Insurance, Pension Plan and Capitalization Bond Retained Premiums - Variation in Technical Reserves for Insurance, Pension Plans and Capitalization Bonds – Retained Claims – Capitalization Bond Draws and Redemption - Insurance, Pension Plan and Capitalization Bond Selling Expenses.

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**Book Income vs. Managerial Income vs. Adjusted Income Statement**

Third Quarter of 2013

	R\$ million										
	3Q13										
	Book Income Statement	(1)	(2)	(3)	(4)	(5)	(6)	Fiscal Hedge (7)	Managerial Income Statement	Non-recurring Events <sup>(8)</sup>	Adjusted Income Statement
<b>Financial Margin</b>	<b>11,733</b>	<b>(355)</b>	<b>16</b>	<b>(97)</b>	<b>(740)</b>	<b>30</b>	<b>-</b>	<b>141</b>	<b>10,729</b>	<b>-</b>	<b>10,729</b>
ALL	(3,260)	-	-	-	511	(132)	-	-	(2,881)	-	(2,881)
<b>Gross Income from Financial Intermediation</b>	<b>8,473</b>	<b>(355)</b>	<b>16</b>	<b>(97)</b>	<b>(229)</b>	<b>(102)</b>	<b>-</b>	<b>141</b>	<b>7,848</b>	<b>-</b>	<b>7,848</b>
Income from Insurance, Pension Plans and Capitalization Bonds <sup>(9)</sup>	1,100	-	-	-	-	-	-	-	1,100	-	1,100
Fee and Commission Income	4,908	-	-	-	-	-	68	-	4,977	-	4,977
Personnel Expenses	(3,346)	-	-	-	-	-	-	-	(3,346)	-	(3,346)
Other Administrative Expenses	(3,601)	-	-	-	-	-	(30)	-	(3,631)	-	(3,631)
Tax Expenses	(964)	-	-	-	(8)	-	-	(15)	(987)	-	(987)
Equity in the Earnings (Losses) of Unconsolidated Companies	2	-	-	-	-	-	-	-	2	-	2
Other Operating Income/Expenses	(1,882)	355	(16)	97	237	25	(38)	-	(1,224)	30	(1,194)
<b>Operating Result</b>	<b>4,691</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(77)</b>	<b>-</b>	<b>126</b>	<b>4,739</b>	<b>30</b>	<b>4,769</b>
Non-Operating Result	(104)	-	-	-	-	77	-	-	(27)	-	(27)
Income Tax / Social Contribution and Non-controlling Interest	(1,523)	-	-	-	-	-	-	(126)	(1,649)	(12)	(1,660)
<b>Net Income</b>	<b>3,064</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,064</b>	<b>18</b>	<b>3,082</b>

- (1) Expenses with Commission on the Placement of Loans and Financing were reclassified from the item "Other Operating Expenses" to the item "Financial Margin;"
- (2) Interest Income/Expenses from the insurance segment were reclassified from the item "Other Operating Income/Expenses" to the item "Financial Margin;"
- (3) Interest Income/Expenses from the financial segment were reclassified from the item "Other Operating Income/Expenses" to the item "Financial Margin;"
- (4) Income from Loan Recovery classified under the item "Financial Margin," Expenses with Discounts Granted classified under the item "Other Operating Income/Expenses," and Expenses with Write-offs of Leasing Operations classified under the item "Financial Margin" were reclassified to the item "Allowance for Loan Loss (ALL) Expenses," and Tax Expenses, classified as "Other Operating Expenses," were reclassified under the item "Tax Expenses;"
- (5) Losses/Gains from the Sale of Foreclosed Assets/Investments classified under the item "Non-Operating Result" were reclassified to items "Allowance for Loan Loss (ALL) Expenses" / "Other Operating Income/Expenses" / "Financial Margin;"
- (6) Income from Card Fees and Commissions, Insurance Premium Commissions and Insurance Policy Fees classified under the item "Other Operating Income/Expenses" were reclassified to the item "Fee and Commission Income;" and Credit Card Operation Interchange Expenses classified under the item "Other Operating Income/Expenses" were reclassified to the item "Other Administrative Expenses;"
- (7) Partial result of Derivatives used to hedge investments abroad, which simply annuls the tax effects (Income Tax/Social Contribution (IR/CS) and Social Integration Program/Contribution for Social Security Financing (PIS/Cofins)) of this hedge strategy in terms of Net Income;
- (8) For more information see page 9 of this chapter; and
- (9) Income from Insurance, Pension Plans and Capitalization Bonds = Insurance, Pension Plan and Capitalization Bond Retained Premiums - Variation in Technical Reserves for Insurance, Pension Plans and Capitalization Bonds – Retained Claims – Capitalization Bond Draws and Redemption - Insurance, Pension Plan and Capitalization Bond Selling Expenses.

## Book Income vs. Managerial Income vs. Adjusted Income Statement

2013

	R\$ million										
	12M13										
	Book Income Statement	(1)	Reclassifications				(6)	Fiscal Hedge (7)	Managerial Income Statement	Non-recurring Events (8)	Adjusted Income Statement
<b>Financial Margin</b>	<b>38,457</b>	<b>(1,355)</b>	<b>19</b>	<b>(111)</b>	<b>(3,131)</b>	<b>233</b>	<b>-</b>	<b>2,467</b>	<b>36,579</b>	<b>6,706</b>	<b>43,286</b>
ALL	(13,481)	-	-	-	1,835	(400)	-	-	(12,046)	-	(12,045)
<b>Gross Income from Financial Intermediation</b>	<b>24,976</b>	<b>(1,355)</b>	<b>19</b>	<b>(111)</b>	<b>(1,296)</b>	<b>(167)</b>	<b>-</b>	<b>2,467</b>	<b>24,533</b>	<b>6,706</b>	<b>31,241</b>
Income from Insurance, Pension Plans and Capitalization Bonds (9)	7,457	-	-	-	-	-	-	-	7,457	(2,985)	4,471
Fee and Commission Income	19,460	-	-	-	-	-	326	-	19,786	-	19,786
Personnel Expenses	(13,061)	-	-	-	-	-	-	-	(13,061)	-	(13,061)
Other Administrative Expenses	(14,430)	-	-	-	-	-	(82)	-	(14,512)	-	(14,512)
Tax Expenses	(4,029)	-	-	-	(44)	-	-	(267)	(4,340)	(40)	(4,381)
Equity in the Earnings (Losses) of Unconsolidated Companies	43	-	-	-	-	-	-	-	43	-	43
Other Operating Income/Expenses	(6,024)	1,355	(19)	111	1,340	91	(244)	-	(3,390)	(1,350)	(4,743)
<b>Operating Result</b>	<b>14,393</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(76)</b>	<b>-</b>	<b>2,200</b>	<b>16,517</b>	<b>2,331</b>	<b>18,844</b>
Non-Operating Result	(242)	-	-	-	-	76	-	-	(166)	45	(120)
Income Tax / Social Contribution and Non-controlling Interest	(2,139)	-	-	-	-	-	-	(2,200)	(4,339)	(2,185)	(6,522)
<b>Net Income</b>	<b>12,011</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12,011</b>	<b>191</b>	<b>12,202</b>

- (1) Expenses with Commission on the Placement of Loans and Financing were reclassified from the item "Other Operating Expenses" to the item "Financial Margin;"
- (2) Interest Income/Expenses from the insurance segment were reclassified from the item "Other Operating Income/Expenses" to the item "Financial Margin;"
- (3) Interest Income/Expenses from the financial segment were reclassified from the item "Other Operating Income/Expenses" to the item "Financial Margin;"
- (4) Income from Loan Recovery classified under the item "Financial Margin," Expenses with Discounts Granted classified under the item "Other Operating Income/Expenses," and Expenses with Write-offs of Leasing Operations classified under the item "Financial Margin" were reclassified to the item "Allowance for Loan Loss (ALL) Expenses;" Tax Expenses, classified as "Other Operating Expenses," were reclassified under the item "Tax Expenses;" and Expenses with the Provision for Collateral were reclassified from the item "Other Operating Expenses" to the item "Allowance for Loan Loss (ALL) Expenses;"
- (5) Losses/Gains from the Sale of Foreclosed Assets/Investments classified under the item "Non-Operating Result" were reclassified to items "Allowance for Loan Loss (ALL) Expenses" / "Other Operating Income/Expenses" / "Financial Margin;"
- (6) Income from Card Fees and Commissions, Insurance Premium Commissions and Insurance Policy Fees classified under the item "Other Operating Income/Expenses" were reclassified to the item "Fee and Commission Income;" and Credit Card Operation Interchange Expenses classified under the item "Other Operating Income/Expenses" were reclassified to the item "Other Administrative Expenses;"
- (7) Partial result of Derivatives used to hedge investments abroad, which simply annuls the tax effects (Income Tax/Social Contribution (IR/CS) and Social Integration Program/Contribution for Social Security Financing (PIS/Cofins)) of this hedge strategy in terms of Net Income;
- (8) For more information see page 9 of this chapter; and
- (9) Income from Insurance, Pension Plans and Capitalization Bonds = Insurance, Pension Plan and Capitalization Bond Retained Premiums - Variation in Technical Reserves for Insurance, Pension Plans and Capitalization Bonds – Retained Claims – Capitalization Bond Draws and Redemption - Insurance, Pension Plan and Capitalization Bond Selling Expenses.

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## Book Income vs. Managerial Income vs. Adjusted Income Statement

2012

	R\$ million											
	12M12											
	Book Income Statement	(1)	Reclassifications					(6)	Fiscal Hedge (7)	Managerial Income Statement	Non-recurring Events (8)	Adjusted Income Statement
			(2)	(3)	(4)	(5)						
<b>Financial Margin</b>	<b>47,690</b>	<b>(1,029)</b>	<b>166</b>	<b>(93)</b>	<b>(2,565)</b>	<b>29</b>	<b>-</b>	<b>1,360</b>	<b>45,558</b>	<b>(1,764)</b>	<b>43,793</b>	
ALL	(13,933)	-	-	-	1,268	(350)	-	-	(13,014)	-	(13,014)	
<b>Gross Income from Financial Intermediation</b>	<b>33,757</b>	<b>(1,029)</b>	<b>166</b>	<b>(93)</b>	<b>(1,297)</b>	<b>(321)</b>	<b>-</b>	<b>1,360</b>	<b>32,543</b>	<b>(1,764)</b>	<b>30,779</b>	
Income from Insurance, Pension Plans and Capitalization Bonds (9)	1,798	-	-	-	-	-	-	-	1,798	2,015	3,814	
Fee and Commission Income	17,070	-	-	-	-	-	443	-	17,512	-	17,512	
Personnel Expenses	(12,186)	-	-	-	-	-	-	-	(12,186)	-	(12,186)	
Other Administrative Expenses	(13,717)	-	-	-	-	-(478)	-	-	(14,195)	34	(14,162)	
Tax Expenses	(4,050)	-	-	-	39	-	-	(149)	(4,160)	21	(4,139)	
Equity in the Earnings (Losses) of Unconsolidated Companies	148	-	-	-	-	-	-	-	148	-	148	
Other Operating Income/Expenses	(8,985)	1,029	(166)	93	1,258	117	35	-	(6,619)	2,406	(4,214)	
<b>Operating Result</b>	<b>13,835</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-(204)</b>	<b>-</b>	<b>1,211</b>	<b>14,842</b>	<b>2,712</b>	<b>17,552</b>		
Non-Operating Result	499	-	-	-	-	204	-	-	703	(793)	(89)	
Income Tax / Social Contribution and Non-controlling Interest	(2,953)	-	-	-	-	-	-	-(1,211)	(4,164)	(1,777)	(5,940)	
<b>Net Income</b>	<b>11,381</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11,381</b>	<b>142</b>	<b>11,523</b>	

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- (2) Interest Income/Expenses from the insurance segment were reclassified from the item "Other Operating Income/Expenses" to the item "Financial Margin;"
- (3) Interest Income/Expenses from the financial segment were reclassified from the item "Other Operating Income/Expenses" to the item "Financial Margin;"
- (4) Income from Loan Recovery classified under the item "Financial Margin," Expenses with Discounts Granted classified under the item "Other Operating Income/Expenses," and Expenses with Write-offs of Leasing Operations classified under the item "Financial Margin" were reclassified to the item "Allowance for Loan Loss (ALL) Expenses;" and Tax Expenses, classified as "Other Operating Expenses," were reclassified under the item "Tax Expenses;"
- (5) Losses/Gains from the Sale of Foreclosed Assets/Investments classified under the item "Non-Operating Result" were reclassified to items "Allowance for Loan Loss (ALL) Expenses" / "Other Operating Income/Expenses" / "Financial Margin;"
- (6) Income from Card Fees and Commissions, Insurance Premium Commissions and Insurance Policy Fees classified under the item "Other Operating Income/Expenses" were reclassified to the item "Fee and Commission Income;" and Credit Card Operation Interchange Expenses classified under the item "Other Operating Income/Expenses" were reclassified to the item "Other Administrative Expenses;"
- (7) Partial result of Derivatives used to hedge investments abroad, which simply annuls the tax effects (Income Tax/Social Contribution (IR/CS) and Social Integration Program/Contribution for Social Security Financing (PIS/Cofins)) of this hedge strategy in terms of Net Income;
- (8) For more information see page 9 of this chapter; and
- (9) Income from Insurance, Pension Plans and Capitalization Bonds = Insurance, Pension Plan and Capitalization Bond Retained Premiums - Variation in Technical Reserves for Insurance, Pension Plans and Capitalization Bonds – Retained Claims – Capitalization Bond Draws and Redemption - Insurance, Pension Plan and Capitalization Bond Selling Expenses.



**Consolidated Statement of Financial Position and Adjusted Income Statement****Statement of Financial Position**

	R\$ million							
	Dec13	Sept13	Jun13	Mar13	Dec12	Sept12	Jun12	Mar12
<b>Assets</b>								
<b>Current and Long-Term Assets</b>	<b>892,495</b>	<b>892,363</b>	<b>881,121</b>	<b>879,192</b>	<b>864,279</b>	<b>840,295</b>	<b>815,063</b>	<b>773,896</b>
Cash and Cash Equivalents	12,196	16,427	16,180	11,347	12,077	12,944	13,997	25,069
Interbank Investments	135,456	144,967	147,485	171,333	151,813	126,772	92,858	84,690
Securities and Derivative Financial Instruments	313,327	313,679	309,027	300,600	315,487	319,537	322,507	294,959
Interbank and Interdepartmental Accounts	56,995	52,121	52,150	52,769	49,762	56,276	62,510	61,576
Loan and Leasing Operations	296,629	286,899	281,982	276,022	267,940	262,748	258,242	250,201
Allowance for Loan Losses (ALL) (1)	(21,349)	(21,476)	(21,455)	(21,359)	(21,299)	(20,915)	(20,682)	(20,117)
Other Receivables and Assets	99,241	99,746	95,752	88,480	88,499	82,933	85,631	77,518
<b>Permanent Assets</b>	<b>15,644</b>	<b>15,331</b>	<b>15,576</b>	<b>15,275</b>	<b>14,813</b>	<b>15,993</b>	<b>15,457</b>	<b>15,654</b>
Investments	1,830	1,910	1,920	1,867	1,865	1,907	1,889	2,076
Premises and Leased Assets	4,974	4,392	4,464	4,550	4,678	4,500	4,523	4,551
Intangible Assets	8,840	9,029	9,192	8,858	8,270	9,586	9,045	9,027
<b>Total</b>	<b>908,139</b>	<b>907,694</b>	<b>896,697</b>	<b>894,467</b>	<b>879,092</b>	<b>856,288</b>	<b>830,520</b>	<b>789,550</b>
<b>Liabilities</b>								
<b>Current and Long-Term Liabilities</b>	<b>835,917</b>	<b>839,393</b>	<b>829,426</b>	<b>823,788</b>	<b>807,799</b>	<b>789,036</b>	<b>765,398</b>	<b>730,214</b>
Deposits	218,063	216,778	208,485	205,870	211,858	212,869	217,070	213,877
Federal Funds Purchased and Securities Sold under Agreements to Repurchase	256,279	258,580	266,825	281,045	255,591	245,538	225,974	213,930
Funds from Issuance of Securities	57,654	55,427	53,821	47,832	51,359	53,810	51,158	48,482
Interbank and Interdepartmental Accounts	6,864	4,806	3,793	3,815	5,667	3,649	3,618	3,231
Borrowing and Onlending	56,095	51,307	49,121	46,209	44,187	45,399	47,895	47,112
Derivative Financial Instruments	1,808	3,238	3,141	2,590	4,001	4,148	3,568	2,703
Reserves for Insurance, Pension Plans and Capitalization Bonds	136,229	133,554	131,819	127,367	124,217	117,807	111,789	106,953
Other Liabilities	102,925	115,703	112,421	109,060	110,919	105,816	104,326	93,926
<b>Deferred Income</b>	<b>677</b>	<b>676</b>	<b>661</b>	<b>632</b>	<b>658</b>	<b>619</b>	<b>615</b>	<b>646</b>
<b>Non-controlling Interest in Subsidiaries</b>	<b>605</b>	<b>592</b>	<b>582</b>	<b>605</b>	<b>588</b>	<b>586</b>	<b>587</b>	<b>630</b>
<b>Shareholders' Equity</b>	<b>70,940</b>	<b>67,033</b>	<b>66,028</b>	<b>69,442</b>	<b>70,047</b>	<b>66,047</b>	<b>63,920</b>	<b>58,060</b>
<b>Total</b>	<b>908,139</b>	<b>907,694</b>	<b>896,697</b>	<b>894,467</b>	<b>879,092</b>	<b>856,288</b>	<b>830,520</b>	<b>789,550</b>



(1) Including the Provision for Collateral, the Allowance for Loan Losses amounts to R\$21,687 million.

— Report on Economic and Financial Analysis – December 2013

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**Consolidated Statement of Financial Position and Adjusted Income Statement****Adjusted Income Statement**

	4Q13	3Q13	2Q13	1Q13	4Q12	3Q12	2Q12	1Q12	R\$ million
<b>Financial Margin</b>	<b>11,264</b>	<b>10,729</b>	<b>10,587</b>	<b>10,706</b>	<b>11,109</b>	<b>10,955</b>	<b>11,034</b>	<b>10,695</b>	
- Interest	10,986	10,622	10,569	10,509	10,678	10,603	10,518	10,222	
- Non-interest	278	107	18	197	431	352	516	473	
ALL	(2,961)	(2,881)	(3,094)	(3,109)	(3,210)	(3,303)	(3,407)	(3,094)	
<b>Gross Income from Financial Intermediation</b>	<b>8,303</b>	<b>7,848</b>	<b>7,493</b>	<b>7,597</b>	<b>7,899</b>	<b>7,652</b>	<b>7,627</b>	<b>7,601</b>	
Income from Insurance, Pension Plans and Capitalization Bonds <sup>(1)</sup>	1,188	1,100	1,028	1,155	955	1,029	953	877	
Fee and Commission Income	5,227	4,977	4,983	4,599	4,675	4,438	4,281	4,118	
Personnel Expenses	(3,465)	(3,346)	(3,191)	(3,059)	(3,142)	(3,119)	(3,047)	(2,878)	
Other Administrative Expenses	(3,848)	(3,631)	(3,578)	(3,455)	(3,755)	(3,565)	(3,441)	(3,401)	
Tax Expenses	(1,254)	(987)	(1,017)	(1,123)	(1,098)	(1,038)	(991)	(1,012)	
Equity in the Earnings (Losses) of Unconsolidated Companies	26	2	12	3	45	45	19	40	
Other Operating Income/ (Expenses)	(1,232)	(1,194)	(1,147)	(1,170)	(1,130)	(1,054)	(1,035)	(996)	
<b>Operating Result</b>	<b>4,945</b>	<b>4,769</b>	<b>4,583</b>	<b>4,547</b>	<b>4,449</b>	<b>4,388</b>	<b>4,366</b>	<b>4,349</b>	
Non-Operating Result	(31)	(27)	(24)	(38)	(29)	(20)	(22)	(18)	
Income Tax and Social Contribution	(1,696)	(1,638)	(1,553)	(1,538)	(1,488)	(1,455)	(1,461)	(1,468)	
Non-controlling Interest	(19)	(22)	(28)	(28)	(14)	(20)	(16)	(18)	
<b>Adjusted Net Income</b>	<b>3,199</b>	<b>3,082</b>	<b>2,978</b>	<b>2,943</b>	<b>2,918</b>	<b>2,893</b>	<b>2,867</b>	<b>2,845</b>	

(1) Income from Insurance, Pension Plan and Capitalization Bond Operations = Insurance, Pension Plan and Capitalization Bond Retained Premiums – Variation in Technical Reserves for Insurance, Pension Plans and Capitalization Bonds – Retained Claims – Capitalization Bond Draws and Redemption – Insurance, Pension Plan and Capitalization Bond Selling Expenses.

**Financial Margin – Interest and Non-Interest****Financial Margin Breakdown**



Economic and Financial Analysis**Financial Margin - Interest and Non-Interest****Average Financial Margin Rate**

					R\$ million	
	Financial Margin				Variation	
	12M13	12M12	4Q13	3Q13	YTD	Quarter
Interest - due to volume					3,558	324
Interest - due to spread					(2,893)	40
- Financial Margin - Interest	42,686	42,021	10,986	10,622	665	364
- Financial Margin - Non-Interest	600	1,772	278	107	(1,172)	171
<b>Financial Margin</b>	<b>43,286</b>	<b>43,793</b>	<b>11,264</b>	<b>10,729</b>	<b>(507)</b>	<b>535</b>
<b>Average Margin Rate <sup>(1)</sup></b>	<b>7.0%</b>	<b>7.5%</b>	<b>7.3%</b>	<b>7.1%</b>		

(1) Average Margin Rate = (Financial Margin / Average Assets – Purchase and Sale Commitments – Permanent Assets) Annualized

Quarter over quarter, the increase of R\$535 million in the fourth quarter of 2013 was a result of: (i) the R\$364 million in interest margin, thanks to greater Insurance and Funding margins; and (ii) the non-interest margin growth in the amount of R\$171 million.

Financial margin stood at R\$43,286 million, a R\$507 million decrease year over year, due to: (i) lower results from non-interest margin, totaling R\$1,172 million, due to lower gains from market arbitrage; and partially offset: (ii) by higher results from interest-earning operations, amounting to R\$665 million, arising from greater business volume, with highlight to Loan and Funding.

**Financial Margin - Interest****Interest Financial Margin - Breakdown**

					R\$ million	
	Interest Financial Margin Breakdown				Variation	
	12M13	12M12	4Q13	3Q13	YTD	Quarter
Loans	30,691	29,530	7,850	7,793	1,161	57
Funding	4,733	4,225	1,401	1,271	508	130
Insurance	3,616	3,183	965	823	433	142

Securities/Other	3,646	5,083	770	735	(1,437)	35
<b>Interest Financial Margin</b>	<b>42,686</b>	<b>42,021</b>	<b>10,986</b>	<b>10,622</b>	<b>665</b>	<b>364</b>

In the fourth quarter of 2013, interest financial margin stood at R\$10,986 million, versus R\$10,622 million in the third quarter of 2013, for an increase of R\$364 million. The business lines that most contributed to this result were Insurance and Funding, broken down under items Insurance Financial Margin – Interest and Funding Financial Margin – Interest.

In the year-over-year comparison, interest financial margin increased R\$665 million. The business lines that most contributed to this increase were Loan and Funding.

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Economic and Financial Analysis**Financial Margin - Interest****Interest Financial Margin – Rates**

The annualized interest financial margin rate stood at 7.1% in the fourth quarter of 2013, up 0.1 p.p. on the previous quarter, mainly due to the results obtained from Insurance interest margin.

**Interest Financial Margin – Annualized Average Rates**

	12M13			12M12			R\$ million
	Interest	Average	Average	Interest	Average	Average	
		Balance	Rate		Balance	Rate	
Loans	30,691	312,737	9.8%	29,530	284,173	10.4%	
Funding	4,733	338,209	1.4%	4,225	333,483	1.3%	
Insurance	3,616	131,290	2.8%	3,183	113,304	2.8%	
Securities/Other	3,646	309,746	1.2%	5,083	293,294	1.7%	
<b>Interest Financial Margin</b>	<b>42,686</b>	<b>-</b>	<b>6.9%</b>	<b>42,021</b>	<b>-</b>	<b>7.2%</b>	

	4Q13			3Q13			
	Interest	Average	Average	Interest	Average	Average	
		Balance	Rate		Balance	Rate	
Loans	7,850	326,997	10.0%	7,793	316,413	10.2%	
Funding	1,401	352,160	1.6%	1,271	343,296	1.5%	
Insurance	965	136,000	2.9%	823	132,502	2.5%	
Securities/Other	770	316,691	1.0%	735	312,586	0.9%	
<b>Interest Financial Margin</b>	<b>10,986</b>	<b>-</b>	<b>7.1%</b>	<b>10,622</b>	<b>-</b>	<b>7.0%</b>	



Economic and Financial Analysis**Loan Financial Margin - Interest****Loan Financial Margin - Breakdown**

	Financial Margin - Loan				R\$ million	
	12M13	12M12	4Q13	3Q13	Variation YTD	Quarter
Interest - due to volume					2,803	254
Interest - due to spread					(1,642)	(197)
<b>Interest Financial Margin</b>	<b>30,691</b>	<b>29,530</b>	<b>7,850</b>	<b>7,793</b>	<b>1,161</b>	<b>57</b>
Income	54,667	51,236	14,243	13,946	3,431	297
Expenses	(23,976)	(21,706)	(6,393)	(6,153)	(2,270)	(240)

In the fourth quarter of 2013, financial margin with loan operations reached R\$7,850 million, up 0.7% or R\$57 million over the third quarter of 2013. The variation is the result of: (i) the increase in average business volume, in the amount of R\$254 million; and offset by: (ii) the decrease in average spread, in the amount of R\$197 million.

Year over year, the financial margin grew 3.9%, or R\$1,161 million, resulting from: (i) a R\$2,803 million increase in the volume of operations; and partially offset by: (ii) the decrease in average spread, amounting to R\$1,642 million, mainly affected by the drop in interest rates used and the change in loan portfolio mix.



**Loan Financial Margin - Interest**

**Loan Financial Margin - Net Margin**

The graph above presents a summary of loan activity. The Gross Margin line refers to interest income from loans, net of opportunity cost (a specific rate by type of operation and term).

The ALL curve shows delinquency costs, which are represented by Allowance for Loan Losses (ALL) expenses, plus discounts granted in transactions net of loan recoveries, arising from the sale of foreclosed assets, among other.

In the fourth quarter of 2013, the net margin curve, which refers to loan interest income net of ALL, remained virtually stable over the previous quarter, and was up 12.9% in the year-over-year comparison, mainly driven by: (i) the increase in business volume; and (ii) the reduction in delinquency costs.

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Economic and Financial Analysis**Loan Financial Margin - Interest****Expanded Loan Portfolio<sup>(1)</sup>**

The expanded loan portfolio amounted to R\$427.3 billion in December 2013, up 3.6% in the quarter and 10.8% over the last 12 months.

In the quarter, the result was led by Corporations, which grew by 4.3%; in the last 12-month period, SMEs and Individuals stood out, increasing 11.5% and 11.2%, respectively.

(1) In addition to the loan portfolio, includes sureties, guarantees, letters of credit, advances of credit card receivables, debentures, promissory notes, co-obligation in receivables-backed investment funds - FIDC, mortgage-backed receivables – CRI and rural loans.

For further information, refer to page 44 herein.

**Expanded Loan Portfolio Breakdown by Product and Type of Customer (Individual and Corporate)**

A breakdown of the expanded loan portfolio products for individuals is presented below:

Individuals	R\$ million			Variation %	
	Dec13	Sept13	Dec12	Quarter	12M
CDC / Vehicle Leasing	27,251	28,232	31,099	(3.5)	(12.4)
Payroll-deductible Loan	26,786	25,919	20,757	3.3	29.0
Credit Card	23,915	21,866	20,921	9.4	14.3
Personal Loans	16,476	16,556	15,041	(0.5)	9.5
Real Estate Financing	13,602	12,576	10,060	8.2	35.2
Rural Loans	8,393	7,832	6,927	7.2	21.2
BNDES/Finame Onlending	6,803	6,534	5,775	4.1	17.8
Overdraft Facilities	3,313	3,604	2,989	(8.1)	10.8
Sureties and Guarantees	187	191	683	(2.0)	(72.6)
Other	4,025	3,757	3,289	7.1	22.4
<b>Total</b>	<b>130,750</b>	<b>127,068</b>	<b>117,540</b>	<b>2.9</b>	<b>11.2</b>

The Individual segment operations grew by 2.9% in the quarter, led by the following lines: (i) credit card; and (ii) real estate financing. In the last 12 months, the operations grew by 11.2% and the lines that most

contributed to this increase were: (i) real estate financing; and (ii) payroll-deductible loan.

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Economic and Financial Analysis**Loan Financial Margin - Interest**

A breakdown of the expanded loan portfolio products in the corporate segment is presented below:

Corporate	R\$ million			Variation %	
	Dec13	Sept13	Dec12	Quarter	12M
Working Capital	45,599	44,255	44,811	3.0	1.8
BNDES/Finame Onlending	33,740	32,483	29,929	3.9	12.7
Operations Abroad	32,003	27,530	25,243	16.2	26.8
Real Estate Financing - Corporate Plan	15,870	15,069	12,674	5.3	25.2
Export Financing	15,366	15,620	12,023	(1.6)	27.8
Credit Card	13,325	13,516	13,942	(1.4)	(4.4)
Overdraft Account	10,410	10,651	9,793	(2.3)	6.3
Vehicles - CDC	7,984	7,814	7,088	2.2	12.6
Rural Loans	5,258	4,964	4,653	5.9	13.0
Leasing	5,024	5,228	6,190	(3.9)	(18.8)
Sureties and Guarantees	67,399	65,157	59,228	3.4	13.8
Operations bearing Loan Risk - Commercial Portfolio (1)	33,104	32,917	30,874	0.6	7.2
Other	11,440	10,287	11,542	11.2	(0.9)
<b>Total</b>	<b>296,523</b>	<b>285,490</b>	<b>267,989</b>	<b>3.9</b>	<b>10.6</b>

(1) Including operations with debentures and promissory notes.

Corporate segment operations grew by 3.9% in the quarter and 10.6% in the last 12 months, mainly led by: (i) operations abroad; and (ii) real estate financing – corporate plan. In the last 12 months, the lines that most contributed to the growth were: (i) export financing; and (ii) real estate financing – corporate plan.

**Expanded Loan Portfolio - Consumer Financing<sup>(1)</sup>**

The graph below shows the types of credit related to consumer financing of individual customers, which stood at R\$94.7 billion in December 2013, up 2.0% over the quarter and 7.3% over the last 12 months.

Growth was led by: (i) personal loans (payroll-deductible loans are included); and (ii) credit card, which together totaled R\$67.2 billion, accounting for 70.9% of the consumer financing balance:

(1) Including vehicle CDC/leasing, personal loans, financing of goods, revolving credit card and cash and installment purchases at merchants operations.

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Economic and Financial Analysis**Loan Financial Margin - Interest****Vehicle Portfolio Breakdown**

	R\$ million			Variation %	
	Dec13	Sept13	Dec12	Quarter	12M
<b>CDC Portfolio</b>	<b>34,541</b>	<b>35,192</b>	<b>36,336</b>	<b>(1.9)</b>	<b>(4.9)</b>
Individuals	26,557	27,378	29,248	(3.0)	(9.2)
Corporate	7,984	7,814	7,088	2.2	12.6
<b>Leasing Portfolio</b>	<b>2,708</b>	<b>3,051</b>	<b>4,774</b>	<b>(11.2)</b>	<b>(43.3)</b>
Individuals	693	854	1,851	(18.9)	(62.6)
Corporate	2,015	2,197	2,923	(8.3)	(31.1)
<b>Finame Portfolio</b>	<b>11,243</b>	<b>11,396</b>	<b>10,417</b>	<b>(1.3)</b>	<b>7.9</b>
Individuals	794	832	938	(4.6)	(15.4)
Corporate	10,449	10,564	9,479	(1.1)	10.2
<b>Total</b>	<b>48,492</b>	<b>49,639</b>	<b>51,527</b>	<b>(2.3)</b>	<b>(5.9)</b>
Individuals	28,044	29,064	32,037	(3.5)	(12.5)
Corporate	20,448	20,575	19,490	(0.6)	4.9

Vehicle financing operations (individual and corporate customers) totaled R\$48.5 billion in December 2013, presenting a decrease in quarter-over-quarter and year-over-year comparisons. Of the total vehicle portfolio, 71.2% corresponds to CDC, 23.2% to Finame and 5.6% to Leasing. Individuals represented 57.8% of the portfolio, while corporate customers accounted for the remaining 42.2%.

**Expanded Loan Portfolio Concentration - by Sector**

The share of each economic sector composing the expanded loan portfolio had a slight variation. Services had the greatest growth, both in the quarter and in the last twelve-month period.

Activity Sector	Dec13		Sept13		Dec12		R\$ million
		%		%		%	
<b>Public Sector</b>	<b>3,266</b>	<b>0.8</b>	<b>1,204</b>	<b>0.3</b>	<b>1,179</b>	<b>0.3</b>	
<b>Private Sector</b>	<b>424,007</b>	<b>99.2</b>	<b>411,355</b>	<b>99.7</b>	<b>384,350</b>	<b>99.7</b>	
<b>Corporate</b>	<b>293,257</b>	<b>68.6</b>	<b>284,287</b>	<b>68.9</b>	<b>266,810</b>	<b>69.2</b>	
Industry	89,857	21.0	88,217	21.4	83,880	21.8	
Commerce	59,032	13.8	57,797	14.0	57,531	14.9	
Financial Intermediaries	8,890	2.1	8,727	2.1	7,138	1.9	
Services	130,829	30.6	125,444	30.4	114,383	29.7	
	4,649	1.1	4,102	1.0	3,879	1.0	

Agriculture, Cattle Raising, Fishing,  
Forestry and Forest Exploration

<b>Individuals</b>	<b>130,750</b>	<b>30.6</b>	<b>127,068</b>	<b>30.8</b>	<b>117,540</b>	<b>30.5</b>
<b>Total</b>	<b>427,273</b>	<b>100.0</b>	<b>412,559</b>	<b>100.0</b>	<b>385,529</b>	<b>100.0</b>

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**Loan Financial Margin - Interest**

**Changes in the Expanded Loan Portfolio**

Of the R\$41.7 billion growth in the expanded loan portfolio over the last 12 months, new borrowers accounted for R\$31.8 billion, or 76.1%, representing 7.4% of the portfolio in December 2013.

(1) Including new loans contracted in the last 12 months by customers since December 2012.

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Economic and Financial Analysis**Loan Financial Margin - Interest****Changes in the Expanded Loan Portfolio - By Rating**

The chart below shows that new borrowers and remaining debtors as at December 2012 (customers that remained in the loan portfolio for at least 12 months) presented a good level of credit quality (AA-C ratings), demonstrating the adequacy and consistency of the loan assignment policy and loan processes (assignment and monitoring), as well as the quality of guarantees.

**Changes in the Extended Loan Portfolio by Rating between December 2012 and 2013**

Rating	Total Loan as at		New Customers from		Remaining Debtors as at	
	December 2013		January 2013 and		December 2012	
	R\$ million	%	R\$ million	%	R\$ million	%
AA - C	401,034	93.9	30,023	94.5	371,011	93.8
D	7,114	1.7	274	0.9	6,840	1.7
E - H	19,125	4.4	1,467	4.6	17,658	4.5
<b>Total</b>	<b>427,273</b>	<b>100.0</b>	<b>31,764</b>	<b>100.0</b>	<b>395,509</b>	<b>100.0</b>

**Expanded Loan Portfolio - By Customer Profile**

The table below presents the changes in the expanded loan portfolio by customer profile:

Customer Profile	R\$ million		Dec12	Variation %	
	Dec13	Sept13		Quarter	12M
Corporations	168,024	161,043	152,728	4.3	10.0
SMEs	128,499	124,448	115,261	3.3	11.5
Individuals	130,750	127,068	117,540	2.9	11.2
<b>Total Loan Operations</b>	<b>427,273</b>	<b>412,559</b>	<b>385,529</b>	<b>3.6</b>	<b>10.8</b>

**Expanded Loan Portfolio - By Customer Profile and Rating (%)**

AA-C rated loans had a percentage rise both in the last 12 months and in the quarter.

**By Rating**

Customer Profile	Dec13			Sept13			Dec12		
	AA-C	D	E-H	AA-C	D	E-H	AA-C	D	E-H
Corporations	97.8	0.9	1.3	96.7	2.8	0.5	98.7	0.9	0.4
SMEs	91.7	2.7	5.6	91.7	3.0	5.3	91.3	3.1	5.6

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Individuals	90.9	1.6	7.5	90.3	1.9	7.8	88.9	2.3	8.8
<b>Total</b>	<b>93.9</b>	<b>1.7</b>	<b>4.4</b>	<b>93.2</b>	<b>2.6</b>	<b>4.2</b>	<b>93.5</b>	<b>2.0</b>	<b>4.5</b>

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**Loan Financial Margin - Interest****Expanded Loan Portfolio - By Business Segment**

The quarterly growth in the expanded loan portfolio by business segment was led by the Prime, Corporate and Retail segments, while the result in the last 12 months was due to the Prime, Retail and Middle Market segments.

Business Segments	R\$ million				Variation %			
	Dec13	%	Sept13	%	Dec12	%	Quarter	12M
Retail	126,163	29.5	121,836	29.5	108,631	28.2	3.6	16.1
Corporate	170,574	39.9	164,157	39.8	158,474	41.1	3.9	7.6
Middle Market	56,184	13.2	54,291	13.2	49,271	12.8	3.5	14.0
Prime	18,996	4.4	18,091	4.4	15,603	4.0	5.0	21.7
Other / Non-account Holders <sup>(1)</sup>	55,357	13.0	54,184	13.1	53,551	13.9	2.2	3.4
<b>Total</b>	<b>427,273</b>	<b>100.0</b>	<b>412,559</b>	<b>100.0</b>	<b>385,529</b>	<b>100.0</b>	<b>3.6</b>	<b>10.8</b>

(1) Mostly, non-account holders using vehicle financing, credit cards and payroll-deductible loans.

**Expanded Loan Portfolio - By Currency**

The balance of foreign currency-indexed and/or denominated loan and onlending operations (excluding ACCs - Advances on Foreign Exchange Contracts) totaled US\$16.0 billion in December 2013 (US\$14.9 billion in September 2013 and US\$15.1 billion in December 2012), 7.4% and 6.0% increases in the quarter and in the last 12 months, respectively. In reais, these same foreign currency operations totaled R\$37.4 billion in December 2013 (R\$33.2 billion in September 2013 and R\$30.9 billion in December 2012), growths of 12.7% and 21.0% in the quarter and in the last 12 months, respectively.

In December 2013, total loan operations, in reais, stood at R\$389.8 billion (R\$379.4 billion in September 2013 and R\$354.6 billion in December 2012), up 2.7% on the previous quarter and 9.9% over the last 12 months.



Economic and Financial Analysis**Loan Financial Margin - Interest****Expanded Loan Portfolio - by Debtor**

Credit concentration level among the largest debtors was higher when compared to the previous quarter, except for the largest debtor range, which remained stable in the period. The quality of the AA-A rated 100 largest debtors portfolio improved this quarter.

**Loan Portfolio<sup>(1)</sup> - By Type**

All operations bearing credit risk stood at R\$450.2 billion, up 3.6% in the quarter and 10.0% in the last 12 months.

	R\$ million			Variation %	
	Dec13	Sept13	Dec12	Quarter	12M
Loans and Discounted Securities Financing	156,884	151,823	141,861	3.3	10.6
Rural and Agribusiness Financing	114,032	110,176	101,361	3.5	12.5
Leasing Operations	20,000	18,823	16,683	6.3	19.9
Advances on Exchange Contracts	5,713	6,077	8,035	(6.0)	(28.9)
Other Loans	5,765	6,239	6,348	(7.6)	(9.2)
<b>Subtotal Loan Operations <sup>(2)</sup></b>	<b>20,667</b>	<b>18,517</b>	<b>16,672</b>	<b>11.6</b>	<b>24.0</b>
<b>Subtotal Loan Operations <sup>(2)</sup></b>	<b>323,061</b>	<b>311,655</b>	<b>290,960</b>	<b>3.7</b>	<b>11.0</b>
Sureties and Guarantees Granted (Memorandum Accounts)	67,586	65,348	59,911	3.4	12.8
Operations bearing Credit Risk - Commercial Portfolio <sup>(3)</sup>	33,104	32,917	30,874	0.6	7.2
Letters of Credit (Memorandum Accounts)	795	751	1,629	5.9	(51.2)
Advances from Credit Card Receivables	1,011	871	1,454	16.1	(30.4)
Co-obligation in Loan Assignment FIDC/CRI (Memorandum Accounts)	1,607	897	582	79.1	176.1
Co-obligation in Rural Loan Assignment (Memorandum Accounts)	108	120	119	(9.9)	(9.1)
<b>Subtotal of Operations bearing Credit Risk - Expanded Portfolio</b>	<b>427,273</b>	<b>412,559</b>	<b>385,529</b>	<b>3.6</b>	<b>10.8</b>
Other Operations Bearing Credit Risk <sup>(4)</sup>	22,915	21,962	23,851	4.3	(3.9)
<b>Total Operations bearing Credit Risk</b>	<b>450,189</b>	<b>434,521</b>	<b>409,380</b>	<b>3.6</b>	<b>10.0</b>

(1) In addition to the Expanded Portfolio, it includes other operations bearing credit risk;

(2) As defined by Bacen;

(3) Including debenture and promissory note operations; and

(4) Including CDI operations, international treasury, swaps, forward currency contracts and investments in FIDC and CRI.

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**Loan Financial Margin - Interest**

The charts below refer to the Loan Portfolio, as defined by Bacen.

**Loan Portfolio<sup>(1)</sup> - By Flow of Maturities**

The maturities of performing loans were longer when compared to December 2012, mainly due to BNDES onlending, real estate financing and payroll-deductible loan. Note that, due to their guarantees and characteristics, these operations, in addition to being exposed to lower risk, provide favorable conditions to gain customer loyalty.

Economic and Financial Analysis

**Loan Financial Margin - Interest**

**Loan Portfolio<sup>(1)</sup> - Delinquency over 90 days**

Total delinquency ratio, comprising the transactions overdue over 90 days, had a decrease in the quarter and in the last twelve months, thanks basically to: (i) the investment in the ongoing improvement in loan assignment models; (ii) the growth of payroll-deductible loan and real estate financing products, which impacted the portfolio mix; and (iii) the improvement in internal models of loan risk monitoring. The drop among individual customers and SMEs was also a reason for the reduction. The higher delinquency ratio among Corporations was due to specific cases and does not represent a trend.

As shown in the graph below, the total delinquency ratio for operations overdue from 61 to 90 days had a slight decrease in the quarter and in the last 12 months.

(1) As defined by Bacen.



## **Loan Financial Margin - Interest**

### **Allowance for Loan Losses (ALL) x Delinquency x Losses<sup>(1)</sup>**

Bradesco monitors its loan portfolio and related risks internally using the expanded portfolio concept.

In addition to the allowance for loan losses (ALL), required by Bacen Resolution 2682/99, Bradesco has an excess ALL to provide for possible stress situations, as well as other transactions/commitments bearing loan risks. Part of this allowance was allocated, for management purposes, to collateral transactions, but without being recorded in a specific provision account.

The ALL totaled R\$21.7 billion in December 2013, which account for 6.7% of loan portfolio, comprise: (i) the generic provision (customer and/or operation rating); (ii) the specific provision (non-performing loans); and (iii) the excess provision (internal criteria, which include the provision for collateral.

Bradesco has appropriate provisioning levels sufficient to support possible changes in scenarios, such as higher delinquency levels and/or changes in the loan portfolio profile.

(1) As defined by Bacen; and

(2) Includes the provision for collateral, comprising sureties, guarantees, letters of credit and standby letter of credit, which composes the excess ALL concept.

Economic and Financial Analysis

**Loan Financial Margin - Interest**

It is worth mentioning the assertiveness of adopted provisioning criteria, which is proven by: (i) analyzing historical data on recorded allowances for loan losses; and (ii) effective losses in the subsequent twelve-month period. Analysis in terms of loss, net of recovery, shows a significant increase in the coverage margin, i.e., for an existing provision of 7.3% of the portfolio<sup>(1)</sup> in December 2012, the net loss in the subsequent twelve-month period was 3.4%, meaning that the existing provision exceeded 118% the loss in the subsequent 12 months.

In December 2012, for an existing provision of 7.3% of the portfolio<sup>(1)</sup>, the effective gross loss in the subsequent twelve-month period was 4.6%, meaning that the existing provision exceeded the loss over the subsequent twelve-month period by more than 58%, as shown in the graph below.

(1) As defined by Bacen; and

(2) Includes the provision for collateral, comprising sureties, guarantees, letters of credit and standby letter of credit, which composes the excess ALL concept.

**Loan Financial Margin - Interest**

**Allowance for Loan Losses<sup>(1)</sup>**

The Non-performing Loan ratio (operations overdue for over 60 days) has had a continuous improvement, as well as the coverage ratio, which remained at high levels and, therefore, quite comfortable.

(1) As defined by Bacen;

(2) Includes the provision for collateral, comprising sureties, guarantees, letters of credit and standby letter of credit, which composes the excess ALL concept; and

(3) Loan operations overdue for over 60 days and that do not generate revenue appropriation on an accrual basis.

Bradesco \_\_\_\_\_

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Economic and Financial Analysis**Loan Financial Margin - Interest****Loan Portfolio - Portfolio Indicators**

To facilitate the monitoring of the quantitative and qualitative performance of Bradesco's loan portfolio, a comparative summary of the main figures and indicators is presented below:

	R\$ million (except %)		
	Dec13	Sept13	Dec12
<b>Total Loan Operations <sup>(1)</sup></b>	<b>323,061</b>	<b>311,655</b>	<b>290,960</b>
- Individuals	129,680	126,116	116,404
- Corporate	193,381	185,539	174,556
<b>Total Provision <sup>(2)</sup></b>	<b>21,687</b>	<b>21,476</b>	<b>21,299</b>
- Specific	10,851	10,790	11,182
- Generic	6,800	6,678	6,106
- Excess <sup>(2)</sup>	4,036	4,009	4,010
Specific Provision / Total Provision <sup>(2)</sup> (%)	50.0	50.2	52.5
Total Provision <sup>(2)</sup> / Loan Operations (%)	6.7	6.9	7.3
AA - C Rated Loan Operations / Loan Operations (%)	92.1	91.3	91.5
D Rated Operations under Risk Management / Loan Operations (%)	2.1	3.1	2.5
E - H Rated Loan Operations / Loan Operations (%)	5.8	5.6	6.0
D Rated Loan Operations	6,668	9,590	7,427
Provision for D-rated Operations	1,821	2,467	2,039
D Rated Provision / Loan Operations (%)	27.3	25.7	27.5
D - H Rated Non-Performing Loans	15,617	15,664	16,414
Total Provision <sup>(2)</sup> / D-to-H-rated Non-performing Loans (%)	138.9	137.1	129.8
E - H Rated Loan Operations	18,691	17,369	17,382
Provision for E-to-H-rated Loan Operations	15,796	15,215	15,296
E - H Rated Provision / Loan Operations (%)	84.5	87.6	88.0
E - H Rated Non-Performing Loans	12,884	12,856	13,404
Total Provision <sup>(2)</sup> / E-to-H-rated Non-performing Loans (%)	168.3	167.0	158.9
Non-performing Loans <sup>(3)</sup>	13,651	13,693	14,455
Non-performing Loans <sup>(3)</sup> / Loan Operations (%)	4.2	4.4	5.0
Total Provision <sup>(2)</sup> / Non-performing Loans <sup>(3)</sup> (%)	158.9	156.8	147.3
Loan Operations Overdue for over 90 days	11,275	11,283	11,955
Loan Operations Overdue for over 90 days / Loan Operations (%)	3.5	3.6	4.1
Total Provision <sup>(2)</sup> / Operations Overdue for over 90 Days (%)	192.3	190.3	178.2

(1) As defined by Bacen;

(2) Includes the provision for collateral, comprising sureties, guarantees, letters of credit and standby letter of credit, which composes the excess ALL concept; and

(3) Loan operations overdue for over 60 days and that do not generate revenue appropriation on an accrual basis.

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Economic and Financial Analysis \_\_\_\_\_**Funding Financial Margin- Interest****Funding Financial Margin - Breakdown**

	<b>Financial Margin - Funding</b>				<b>R\$ million</b>	
	<b>12M13</b>	<b>12M12</b>	<b>4Q13</b>	<b>3Q13</b>	<b>Variation YTD</b>	<b>Quarter</b>
Interest - due to volume					66	35
Interest - due to spread					442	95
<b>Interest Financial Margin</b>	<b>4,733</b>	<b>4,225</b>	<b>1,401</b>	<b>1,271</b>	<b>508</b>	<b>130</b>

Quarter over quarter, interest funding financial margin increased 10.2%, or R\$130 million, in the fourth quarter of 2013 as a result of: (i) the greater volume of operations, which amounted to R\$35 million; and (ii) the R\$95 million increase in average spread, due to the interest rate increase in the period (Selic).

In the year-over-year comparison, interest funding financial margin improved by 12.0% or R\$508 million in 2013, mainly driven by: (i) the increase in average spread, in the amount of R\$442 million; and (ii) greater volume of operations, which amounted to R\$66 million.

Bradesco \_\_\_\_\_

Economic and Financial Analysis**Funding Financial Margin - Interest****Loans vs. Funding**

To analyze Loan Operations in relation to Funding, it is necessary to deduct from total customer funding (i) the amount committed to reserve requirements at Bacen, (ii) the amount of available funds for the customer service network, as well as (iii) add funds from domestic and foreign lines of credit that finance loan needs.

Bradesco depends little on interbank deposits and foreign lines of credit, given its capacity to effectively obtain funding from customers.

This is a result of: (i) the outstanding position of its service points; (ii) the extensive diversity of products offered; and (iii) the market's confidence in the Bradesco brand.

Note that the use of funds provides a comfortable margin, which proves that Bradesco is capable of meeting demand for funds for loans using its own funding.

<b>Funding vs. Investments</b>	<b>R\$ million</b>			<b>Variation %</b>	
	<b>Dec13</b>	<b>Sept13</b>	<b>Dec12</b>	<b>Quarter</b>	<b>12M</b>
Demand Deposits + Sundry Floating	41,433	43,008	38,851	(3.7)	6.6
Savings Deposits	80,718	76,488	69,042	5.5	16.9
Time Deposits + Debentures <sup>(1)</sup>	160,153	157,356	163,832	1.8	(2.2)
Funds from Financial Bills <sup>(2)</sup>	46,179	43,952	37,171	5.1	24.2
<b>Customer Funds</b>	<b>328,483</b>	<b>320,803</b>	<b>308,896</b>	<b>2.4</b>	<b>6.3</b>
(-) Reserve Requirements	(55,381)	(49,473)	(47,952)	11.9	15.5
(-) Available Funds	(9,232)	(12,708)	(8,930)	(27.4)	3.4
<b>Customer Funds Net of Reserve Requirements</b>	<b>263,870</b>	<b>258,622</b>	<b>252,014</b>	<b>2.0</b>	<b>4.7</b>
Onlending	40,864	39,317	36,075	3.9	13.3
Securities Abroad	11,475	11,475	14,188	-	(19.1)
Borrowing	15,231	11,990	8,111	27.0	87.8
Other (Subordinated Debt + Other Borrowers - Cards)	52,667	50,723	49,701	3.8	6.0
<b>Total Funding (A)</b>	<b>384,106</b>	<b>372,127</b>	<b>360,089</b>	<b>3.2</b>	<b>6.7</b>
<b>Expanded Loan Portfolio (Excluding Sureties and Guarantees) (B)</b>	<b>359,686</b>	<b>347,210</b>	<b>325,618</b>	<b>3.6</b>	<b>10.5</b>
<b>B/A (%)</b>	<b>93.6</b>	<b>93.3</b>	<b>90.4</b>	<b>0.3 p.p.</b>	<b>3.2 p.p.</b>

(1) Debentures mainly used to back purchase and sale commitments; and

(2) Including Collateral Mortgage Notes, Mortgage Bonds, Letters of Credit for Agribusiness and Financial Bills.





## Funding Financial Margin - Interest

### Main Funding Sources

The following table presents changes in main funding sources:

	R\$ million			Variation %	
	Dec13	Sept13	Dec12	Quarter	12M
Demand Deposits	40,618	39,456	38,412	2.9	5.7
Savings Deposits	80,718	76,488	69,042	5.5	16.9
Time Deposits	95,763	99,993	104,022	(4.2)	(7.9)
Debentures <sup>(1)</sup>	64,390	57,363	59,810	12.3	7.7
Borrowing and Onlending	56,095	51,307	44,186	9.3	27.0
Funds from Issuance of Securities <sup>(2)</sup>	57,654	55,427	51,359	4.0	12.3
Subordinated Debts	35,885	36,135	34,852	(0.7)	3.0
<b>Total</b>	<b>431,123</b>	<b>416,169</b>	<b>401,683</b>	<b>3.6</b>	<b>7.3</b>

(1) Considering basically debentures used to back purchase and sale commitments; and

(2) Including: Financial Bills, on December 31, 2013, amounting to R\$35,208 million (R\$34,242 million on September 30, 2013 and R\$28,221 million on December 31, 2012).

### Demand Deposits

Demand deposits totaled R\$40,618 million in the fourth quarter of 2013, up 2.9% on previous quarter and 5.7% when compared to the same period in the previous year, basically driven by the improved funding, which was due to the seasonal effect in the quarter and the increased account holder base in the period.

### Savings Deposits

Savings deposits increased 5.5% in the quarter-over-quarter comparison and 16.9% in the last 12 months, mainly as a result of: (i) greater funding volume; and (ii) the remuneration of savings account reserve.

Bradesco is always increasing its savings accounts base, posting net growth of 2.6 million new savings accounts over the last quarter.

The new savings remuneration rule determines that:

- (i) the existing account savings up to May 3, 2012 will continue to remunerate at TR + 0.5% p.m.; and
- (ii) for deposits made as of May 4, 2012, the new rules are: (a) if the Selic rate is higher than 8.5% p.a., the TR + 0.5% p.m. remuneration will be maintained; and (b) when the Selic rate is equal to or lower than 8.5% p.a., the remuneration will be 70% of Selic rate + TR.

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Economic and Financial Analysis

**Funding Financial Margin - Interest**

**Time Deposits**

In the fourth quarter of 2013, time deposits totaled R\$95,763 million, decreasing by 4.2% over the previous quarter and 7.9% on the same period of the previous year.

Such performance is basically due to the new investment alternatives offered to customers.

**Debentures**

On December 31, 2013, Bradesco's debentures amounted to R\$64,390 million, up 12.3% in the quarter-over-quarter comparison and a 7.7% over the last 12 months.

These variations are mainly due to the placement and maturity of the securities, which are also used to back purchase and sale commitments that are, in turn, impacted by the levels of economic activity.

**Borrowing and Onlending**

The quarter-over-quarter increase of R\$4,788 million, or 9.3%, was mainly due to: (i) the R\$3,258 million increase in foreign-currency-denominated and/or indexed borrowing and onlending, basically due to: (a) the 5.0% exchange gain in the period; and (b) the increase of the volume of funds raised; and (ii) the R\$1,530 million increase in volume of funds raised through borrowing and onlending in Brazil, led by Finame operations.

Year over year, borrowing and onlending were up R\$11,909 million, mainly due to: (i) the R\$7,231 million increase in foreign-currency-denominated and/or indexed borrowing and onlending, from R\$8,169 million in December 2012 to R\$15,400 million in December 2013, mainly due to: (a) the exchange gain of 14.6% in the period; and (b) the increase in volume of funds raised; and (ii) the R\$4,678 million increase in volume of funds raised through borrowing and onlending in Brazil, especially through Finame operations.

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**Funding Financial Margin - Interest****Funds from Issuance of Securities**

Funds from issuance of securities totaled R\$57,654 million, a 4.0% or R\$2,227 million increase in the quarter, mainly due to: (i) the R\$1,126 million increase in Mortgage Bonds; and (ii) the R\$966 million increase in inventory of Financial Bills.

Year over year, the R\$6,295 growth was mainly a result of: (i) the increased inventory of Financial Bills, from R\$28,221 million in December 2012 to R\$35,208 million in December 2013, mainly due to the new issuances in the period; (ii) the higher volume of Mortgage Bonds, in the amount of R\$1,766 million; and partially offset: (iii) by the R\$2,713 million reduction in volume of securities issued abroad.

**Subordinated Debt**

Subordinated Debt totaled R\$35,885 million in December 2013 (R\$8,952 million abroad and R\$26,933 million in Brazil), remaining practically stable when compared with the previous quarter and increasing 3.0% over the previous year.

Economic and Financial Analysis**Securities/Other Financial Margin - Interest****Securities/Other Financial Margin - Breakdown**

	Financial Margin - Securities/Other				R\$ million	
	12M13	12M12	4Q13	3Q13	Variation	Quarter
					YTD	
Interest - due to volume					194	10
Interest - due to spread					(1,631)	25
<b>Interest Financial Margin</b>	<b>3,646</b>	<b>5,083</b>	<b>770</b>	<b>735</b>	<b>(1,437)</b>	<b>35</b>
Income	27,242	31,647	4,748	8,050	(4,405)	(3,302)
Expenses	(23,596)	(26,564)	(3,978)	(7,315)	2,968	3,337

Quarter over quarter, interest financial margin from Securities/Other was up by R\$35 million, mainly due to: (i) the increase in average spread, in the amount of R\$25 million; and (ii) the higher volume of operations, in the amount of R\$10 million.

Year over year, interest financial margin from Securities/Other decreased 28.3% or R\$1,437 million in 2013. This result was due to: (i) the decrease in the average spread of R\$1,631 million, driven by the lower gain from fixed-rate commercial portfolio management; and partially offset: (ii) by the greater volume of operations, which affected the result in R\$194 million.

**Insurance Financial Margin - Interest****Insurance Financial Margin - Breakdown**

	Financial Margin - Insurance				R\$ million	
	12M13	12M12	4Q13	3Q13	Variation	Quarter
					YTD	
Interest - due to volume					495	25
Interest - due to spread					(62)	117
<b>Interest Financial Margin</b>	<b>3,616</b>	<b>3,183</b>	<b>965</b>	<b>823</b>	<b>433</b>	<b>142</b>
Income	6,390	10,875	305	2,258	(4,485)	(1,953)
Expenses	(2,774)	(7,692)	660	(1,435)	4,918	2,095

In the quarter-over-quarter comparison, interest financial margin from insurance operations increased R\$142 million, or 17.3%, impacted by: (i) the R\$117 million increase in average spread, mainly due to IPCA and IGP-M rates in the quarter; and (ii) the greater volume of operations, amounting to R\$25 million.

In the year-over-year comparison, interest financial margin from insurance operations was up 13.6% or R\$433 million in 2013 due to: (i) the greater volume of operations, in the amount of R\$495 million; and partially offset: (ii) by the R\$62 million decrease in average spread.

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**Financial Margin – Non-Interest****Non-Interest Financial Margin – Breakdown**

	<b>Non-Interest Financial Margin</b>					<b>R\$ million</b>	
	<b>12M13</b>	<b>12M12</b>	<b>4Q13</b>	<b>3Q13</b>	<b>Variation YTD</b>	<b>Quarter</b>	
Funding	(297)	(291)	(76)	(75)	(6)	(1)	
Insurance	253	368	221	(30)	(115)	251	
Securities/Other	644	1,695	133	212	(1,051)	(79)	
<b>Total</b>	<b>600</b>	<b>1,772</b>	<b>278</b>	<b>107</b>	<b>(1,172)</b>	<b>171</b>	

The non-interest financial margin in the fourth quarter of 2013 stood at R\$278 million versus the R\$107 million of the previous quarter, an improvement of R\$171 million mainly due to the best results from Insurance. Year over year, non-interest financial margin decreased R\$1,172 million in 2013. The variations in non-interest financial margin were basically a result of:

- Insurance - which is represented by equity gains/loss, and the variations in the periods are associated with market conditions, which enabled greater/lower gain opportunity; and
- Securities/Other - which had a decrease of R\$1,051 million in the year-over-year comparison, mostly due to lower gains from market arbitrage. In the fourth quarter of 2013, a reduction of R\$79 million resulted from the higher market volatility in the period. Also in the quarter, note that the R\$33 million gained from the partial sale of shares on BM&FBovespa contributed to the result, versus the R\$30 million obtained in the previous quarter.



Economic and Financial Analysis**Insurance, Pension Plans and Capitalization Bonds**

Below is the analysis of the Statement of Financial Position and Income Statement of Grupo Bradesco Seguros e Previdência:

**Consolidated Statement of Financial Position**

	R\$ million		
	Dec13	Sept13	Dec12
<b>Assets</b>			
<b>Current and Long-Term Assets</b>	<b>156,880</b>	<b>154,464</b>	<b>150,710</b>
Securities	146,064	143,423	141,540
Insurance Premiums Receivable <sup>(1)</sup>	2,570	2,623	1,979
Other Loans	8,246	8,418	7,191
<b>Permanent Assets</b>	<b>4,136</b>	<b>4,040</b>	<b>3,661</b>
<b>Total</b>	<b>161,016</b>	<b>158,504</b>	<b>154,371</b>
<b>Liabilities</b>			
<b>Current and Long-Term Liabilities</b>	<b>143,090</b>	<b>141,531</b>	<b>133,935</b>
Tax, Civil and Labor Contingencies	2,272	2,920	2,523
Payables on Insurance, Pension Plan and Capitalization Bond Operations	409	374	367
Other Liabilities	4,180	4,683	6,828
Insurance Technical Reserves <sup>(1)</sup>	11,101	11,978	10,397
Life and Pension Plan Technical Reserves	119,228	115,814	108,371
Capitalization Bond Technical Reserves	5,900	5,762	5,449
<b>Non-controlling Interest</b>	<b>673</b>	<b>647</b>	<b>637</b>
<b>Shareholders' Equity</b>	<b>17,253</b>	<b>16,326</b>	<b>19,799</b>
<b>Total</b>	<b>161,016</b>	<b>158,504</b>	<b>154,371</b>

(1) In the fourth quarter of 2013, in compliance with ANS Normative Resolution 314/12, the amount of R\$774.2 million (R\$753.7 million in the third quarter of 2013), corresponding to the early recording of premiums, which was deducted from "Insurance Premiums Receivable", to "Insurance Technical Reserves," under liabilities.

**Consolidated Income Statement**

	R\$ million			
	12M13	12M12	4Q13	3Q13
Insurance Written Premiums, Pension Plan Contributions and Capitalization Bond Income	49,752	44,308	14,492	11,069
Premiums Earned from Insurance, Pension Plan Contribution and Capitalization Bond	26,532	22,514	6,920	7,007
Financial Result from the Operation	3,600	3,443	1,090	682
Sundry Operating Income	887	1,047	188	289

Retained Claims	(15,378)	(12,942)	(4,003)	(4,104)
Capitalization Bond Draws and Redemptions	(4,165)	(3,382)	(1,173)	(1,109)
Selling Expenses	(2,514)	(2,374)	(635)	(613)
General and Administrative Expenses	(2,230)	(2,025)	(659)	(547)
Tax Expenses	(556)	(482)	(132)	(144)
Other Operating Income/Expenses	(490)	(353)	(170)	(98)
<b>Operating Result</b>	<b>5,686</b>	<b>5,446</b>	<b>1,426</b>	<b>1,363</b>
Equity Result	483	475	154	111
Non-Operating Result	(55)	(41)	(21)	(14)
<b>Income before Taxes and Profit Sharing</b>	<b>6,114</b>	<b>5,880</b>	<b>1,559</b>	<b>1,460</b>
Income Tax and Contributions	(2,197)	(2,139)	(516)	(540)
Profit Sharing	(67)	(75)	(16)	(18)
Non-controlling Interest	(111)	(79)	(27)	(24)
<b>Net Income</b>	<b>3,740</b>	<b>3,587</b>	<b>1,001</b>	<b>878</b>

Note: For comparison purposes, the non-recurring events' effects in the fourth quarter of 2013 are not considered, because they did not materially impact the Group's result.

Economic and Financial Analysis**Insurance, Pension Plans and Capitalization Bonds****Income Distribution of Grupo Bradesco Seguros e Previdência**

	R\$ million							
	4Q13	3Q13	2Q13	1Q13	4Q12	3Q12	2Q12	1Q12
Life and Pension Plans	582	552	564	542	570	493	494	493
Health	175	139	155	167	167	133	148	151
Capitalization Bonds	101	105	97	131	103	86	91	104
Basic Lines and Other	143	82	115	90	124	125	148	157
<b>Total</b>	<b>1,001</b>	<b>878</b>	<b>931</b>	<b>930</b>	<b>964</b>	<b>837</b>	<b>881</b>	<b>905</b>

**Performance Ratios**

	%							
	4Q13	3Q13	2Q13	1Q13	4Q12	3Q12	2Q12	1Q12
Claims Ratio <sup>(1)</sup>	71.1	72.7	71.1	69.6	70.5	70.4	71.3	71.9
Expense Ratio <sup>(2)</sup>	10.9	10.4	10.9	11.0	11.6	11.3	11.1	11.1
Administrative Expenses Ratio <sup>(3)</sup>	4.3	4.9	4.1	4.3	4.2	5.0	4.3	5.0
Combined Ratio <sup>(4) (5)</sup>	86.1	86.9	85.5	86.0	86.6	86.5	85.0	85.6

(1) Retained Claims/Earned Premiums;

(2) Selling Expenses/Earned Premiums;

(3) Administrative Expenses/Net Written Premiums;

(4) (Retained Claims + Selling Expenses + Other Operating Income and Expenses) / Earned Premiums + (Administrative Expenses + Taxes) / Net Written Premiums; and

(5) Excluding additional reserves.

Note: For comparison purposes, the non-recurring events' effects are not considered.

**Written Premiums, Pension Plan Contributions and Capitalization Bond Income**

In the fourth quarter of 2013, total revenue grew 30.9% over the previous quarter, led by Life and Pension Plan segment, which was boosted by greater concentration of pension plan contributions in the period.

In 2013, production increased by 12.3% in comparison with the previous year thanks to all segments' results, mainly the two-digit growths in Health and Capitalization Bonds.

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Economic and Financial Analysis

**Insurance, Pension Plans and Capitalization Bonds**

**Written Premiums, Pension Plan Contributions and Capitalization Bond Income**

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**Insurance, Pension Plan and Capitalization Bonds**

**Retained Claims by Insurance Line**

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Economic and Financial Analysis

**Insurance, Pension Plan and Capitalization Bonds**

**Insurance Expense Ratio by Insurance Line**

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Economic and Financial Analysis

**Insurance, Pension Plans and Capitalization Bonds**

**Efficiency Ratio**

General and Administrative Expenses/Revenue

The improved administrative efficiency ratio when compared to the fourth quarter of 2012 was due to: (i) the benefits from cost rationalization; and (ii) the 30.9% increase in revenue in the period.

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Economic and Financial Analysis

**Insurance, Pension Plans and Capitalization Bonds**

**Technical Reserves**

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**Bradesco Vida e Previdência**

	R\$ million (unless otherwise stated)							
	4Q13	3Q13	2Q13	1Q13	4Q12	3Q12	2Q12	1Q12
Net Income	582	552	564	542	570	493	494	493
Premium and Contribution Income <sup>(1)</sup>	8,505	4,971	7,535	5,698	8,053	5,002	6,737	5,009
- Income from Pension Plans and VGBL	7,317	3,838	6,475	4,677	6,976	3,988	5,816	4,090
- Income from Life/Personal Accidents Insurance Premiums	1,188	1,133	1,060	1,021	1,077	1,014	921	919
Technical Reserves	119,228	115,814	114,383	110,527	108,371	102,425	98,199	93,861
Investment Portfolio	124,655	121,211	119,842	118,380	117,418	110,182	106,102	100,366
Claims Ratio	37.3	43.3	37.3	35.1	37.4	34.6	43.5	41.3
Expense Ratio	21.2	21.8	18.8	23.4	23.3	21.2	19.2	21.3
Combined Ratio	67.3	72.6	61.0	70.0	68.1	60.8	68.4	70.8
Participants / Policyholders (in thousands)	28,256	28,044	27,030	25,722	25,837	25,295	25,257	24,534
Premium and Contribution Income Market Share (%) <sup>(2)</sup>	29.7	29.1	28.8	24.6	29.6	28.8	29.9	27.5
Life/AP Market Share - Insurance Premiums (%) <sup>(2)</sup>	17.1	16.9	16.3	16.4	18.0	17.8	17.4	17.3

(1) Life/VGBL/PGBL/Traditional; and

(2) 4Q13 includes the latest data released by Susep (November 2013).

Note: For comparison purposes, the non-recurring events' effects are not considered.

Due to its solid structure, a policy of product innovation and customer trust, Bradesco Vida e Previdência held a 29.7% share on pension plan and VGBL income in the period (source: Susep – November/13).

Net income for the fourth quarter of 2013 was 5.4% higher than the previous quarter, basically as a result of: (i) the 71.1% increase in revenue; (ii) the 6.0 p.p. decrease in Life product claims ratio; and (iii) the improved administrative efficiency ratio.

Net income for the year was 9.3% higher than the result posted in the previous year, mainly due to: (i) the 7.7% increase in revenue; (ii) the 0.6 p.p. decrease in Life product claims ratio; (iii) the increase in the financial result; and (iv) the stable administrative efficiency ratio.



Economic and Financial Analysis

**Bradesco Vida e Previdência**

Bradesco Vida e Previdência's technical reserves stood at R\$119.2 billion in December 2013, made up of R\$113.1 billion from Pension Plans and VGBL and R\$6.1 billion from Life, Personal Accidents and Other Lines, up 10.0% over December 2012.

The Pension Plan and VGBL Investment Portfolio totaled R\$118.2 billion in November 2013, equal to 32.1% of all market funds (source: Fenaprevi).

**Growth of Participants and Life and Personal Accident Policyholders**

In December 2013, the number of Bradesco Vida e Previdência customers grew by 9.4% compared to December 2012, surpassing a total of 2.4 million pension plan and VGBL plan participants and 25.8 million life and personal accident participants.

This impressive growth was fueled by the strength of the Bradesco brand and the improvement of selling and management policies.

**Bradesco Saúde and Mediservice**

	R\$ million (unless otherwise stated)							
	4Q13	3Q13	2Q13	1Q13	4Q12	3Q12	2Q12	1Q12
Net Income	175	139	155	167	167	133	148	151
Net Written Premiums	3,274	3,154	2,926	2,787	2,727	2,498	2,338	2,251
Technical Reserves	5,726	6,585	6,503	6,308	5,582	5,466	4,128	4,072
Claims Ratio	88.5	89.8	87.3	84.7	85.3	86.9	86.1	86.4
Expense Ratio	5.4	5.4	5.4	5.2	5.1	5.0	4.9	4.8
Combined Ratio	99.5	99.6	98.9	96.2	98.5	99.9	96.9	97.9
Policyholders (in thousands)	4,173	4,117	4,082	3,985	3,964	3,873	3,707	3,627
Written Premiums Market Share (%) <sup>(1)</sup>	46.0	45.6	48.8	48.2	45.3	46.8	46.9	46.7

(1) 4Q13 considers the latest data released by ANS (November 2013).

Note: For comparison purposes, the non-recurring events' effects are not considered.

Net income for the fourth quarter of 2013 had an increase of 25.9% over the third quarter of 2013, mainly due to: (i) the 3.8% increase in revenue; (ii) 1.3 p.p. decrease in claims ratio, due to seasonality in the third quarter, which normally shows greater volume of claims; and (iii) the improved financial result.

Net income for 2013 was up 6.2% over the previous year, due to: (i) the 23.7% increase in revenue; (ii) the improved financial and equity result; and partially offset: (iii) by the 1.5 p.p. increase in claims ratios, a result of run-off of expenses from deficit corporate line contracts not renewed during 2013.

Net Issued Premium stood at R\$12.1 billion in 2013, up 23.7% when compared to 2012, led by insurance portfolio for Small and Medium Groups (SMG) whose premiums amounted to R\$2.5 billion, 41.0% higher than the previous year.

(ii) the orthoses, prosthesis and special drugs (OPME) project, with the purpose of obtaining more agreements with accredited hospitals to use previously negotiated high-cost materials, thus contributing to assistance cost control; (iii) the expansion of *Segunda Opinião Médica* (Second Opinion from a Physician) for knee joint and hip, oral and maxillofacial and hemodynamic surgeries, in addition to spine surgeries, in reference medical centers, in order to improve health quality; and (iv) the consolidation of Concierge services, which were also made available on Bradesco Saúde website, approved by 97% of its customers, according to survey conducted by independent firm.

In December 2013, Bradesco Saúde and Mediservice maintained strong market position in the corporate segment (source: ANS).

Over 82 thousand companies in Brazil have Bradesco Saúde insurance and Mediservice plans.

During 2013, Bradesco Saúde continued and promoted several initiatives that benefited its global performance, such as: (i) the implementation of *Meu Doutor Bradesco Saúde* (My Bradesco Saúde Doctor) project, which offers the policyholders a selected list of accredited general practitioners with whom the customer can schedule an appointment via the internet, in order to reinforce the doctor-patient relationship and improve attention to health standard;

Of the 100 largest companies in Brazil in terms of revenue, 52 are Bradesco Saúde and Mediservice customers (source: *Exame* magazine's Best and Major Companies (*Melhores e Maiores*) ranking, July 2013).

Bradesco \_\_\_\_\_

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Economic and Financial Analysis**Bradesco Saúde and Mediservice****Number of Policyholders at Bradesco Saúde and Mediservice**

Together, the two companies have over 4.1 million customers. The high share of corporate policies in the overall portfolio (95.5% in December 2013) shows the companies' high level of specialization and customization in the corporate segment.

The highlight was the growth in the Small and Medium Groups (SMG) insurance portfolio, with over 750 thousand policyholders in December 2013, up 26.4% over the same period in 2012. Corporate portfolio was also positively impacted by the strong increase in Northeast and North regions, up 30.6% and 25.7%, respectively.

**Bradesco Capitalização**

	<b>R\$ million (unless otherwise stated)</b>							
	<b>4Q13</b>	<b>3Q13</b>	<b>2Q13</b>	<b>1Q13</b>	<b>4Q12</b>	<b>3Q12</b>	<b>2Q12</b>	<b>1Q12</b>
Net Income	101	105	97	131	103	86	91	104
Capitalization Bond Income	1,296	1,234	1,126	983	1,089	1,013	937	795
Technical Reserves	5,900	5,762	5,738	5,623	5,449	5,165	4,886	4,663
Customers (in thousands)	3,475	3,428	3,439	3,462	3,459	3,426	3,358	3,228
Premium Income Market Share (%) <sup>(1)</sup>	22.5	21.8	20.9	22.1	23.1	22.8	22.2	21.2

(1) 4Q13 considers the latest data released by Susep (November 2013).

In the fourth quarter of 2013, revenue stood at R\$1.3 billion and technical reserve totaled R\$5.9 billion. Net income remained in line with the previous quarter, a result of stability of the main performance indicators.

Net income for the year was up 13.0% when compared to the previous year, as a result of: (i) the 21.0% increase in capitalization bond income; (ii) the improved financial result; and (iii) the steady administrative efficiency ratio.

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## Bradesco Capitalização

Bradesco Capitalização ended the fourth quarter of 2013 leading the capitalization bond companies ranking, due to its policy of transparency and of adjusting its products based on potential consumer demand.

In order to offer the capitalization bond that best fits the profile and budget of each customer, Bradesco Capitalização has developed several products that vary in accordance with payment method (lump-sum or monthly), contribution term, frequency of draws and premium amounts. This phase was mainly marked by a closer relationship with the public by consolidating *Pé Quente Bradesco* products.

Among these products, it is worth pointing out the performance of the social and environmental products, from which a part of the profit is allocated to socially responsible projects, while also allowing the customer to create a financial reserve. Bradesco Capitalização currently has partnerships with the following social and environmental institutions: (i) SOS Mata Atlântica Foundation (contributes to the conservation of biological and cultural diversity of the Atlantic Forest, stimulating social and environmental citizenship); (ii) Ayrton Senna Institute (contributes to education and human development, reducing illiteracy rates, school failure and drop-out rates); (iii) Amazonas Sustentável Foundation (contributes to the sustainable development, environmental preservation and improvement to the quality of life of communities that benefit from the preservation centers in the state of Amazonas); (iv) the Brazilian Cancer Control Institute (contributes to the development of projects for the prevention, early diagnosis and treatment of breast cancer in Brazil); and (v) Tamar Project (created to save sea turtles).

Bradesco Capitalização was the first capitalization bond company in Brazil to receive the ISO 9001 of Quality Management, certification which is held to date. Since 2009, it was certified by Vanzolini Foundation with the ISO 9001 Version 2008 for Management of Bradesco Capitalization Bonds. This attests to the quality of internal processes and confirms the principle targeting good products, services and continuous growth.

The portfolio is composed of 23.4 million active bonds, of which: 34.9% are Traditional Bonds sold in the branch network and at *Bradesco Dia & Noite* service channels, and 65.1% are incentive bonds (assignment of drawing rights), such as partnerships with Bradesco Vida e Previdência and Bradesco Auto/RE, which were up 11.0% over December 2012. Given that the purpose of this type of capitalization bond is to add value to the associated company product or even encourage the performance of its customers, bonds have reduced maturity and grace terms and lower sale price.

Bradesco \_\_\_\_\_

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Economic and Financial Analysis**Bradesco Auto/RE**

	<b>R\$ million (unless otherwise stated)</b>							
	<b>4Q13</b>	<b>3Q13</b>	<b>2Q13</b>	<b>1Q13</b>	<b>4Q12</b>	<b>3Q12</b>	<b>2Q12</b>	<b>1Q12</b>
Net Income	71	25	43	28	10	42	26	49
Net Written Premiums	1,108	1,276	1,204	1,039	1,014	1,239	1,208	967
Technical Reserves	4,998	5,003	4,817	4,643	4,577	4,508	4,345	4,148
Claims Ratio	59.1	59.5	58.6	58.5	63.7	63.9	64.2	64.7
Expense Ratio	19.6	18.9	18.0	17.7	17.8	18.7	18.8	18.4
Combined Ratio	104.5	101.6	100.8	105.6	109.6	105.8	104.1	107.4
Policyholders (in thousands)	3,613	3,631	3,652	3,798	3,871	3,968	3,826	3,801
Premium Income Market Share (%) <sup>(1)</sup>	8.9	9.1	9.1	8.8	10.0	10.5	10.5	9.8

(1) 4Q13 considers the latest data released by Susep (November 2013).

Net income for the fourth quarter of 2013 was up by 184.0% from the previous quarter, due to: (i) the 0.4 p.p. decrease in claims ratio; and (ii) the improved financial and equity result.

Net income for 2013 was 31.5% higher than that posted in 2012, due to: (i) the 5.2 p.p. decrease in claims ratio; (ii) higher financial result; (iii) steady administrative efficiency ratio when compared to the previous year; partially offset: (iv) by lower equity result.

In the Property Insurance segment, the focus on large brokers and Corporate and Middle Market customers was maintained. This results in renewal of the main accounts, whether in leadership or participation in co-insurance. Also note the excellent performance of the Engineering Risks segment: the partnership with the Real Estate Loan area has enabled new insurance contracts from its customer base.

In Aviation and Maritime Hull insurance, the increased exchange with Corporate and Middle Market segments has been drawn on extensively,

Despite strong competition in the Auto/RCF line, we maintain a fleet of approximately 1.4 million vehicles—which proves its power of competitiveness, mainly due to improvements to current products and the creation of products for a specific target-public. Among them, it is worth noting the launch of the *Bradesco Seguro Primeira Proteção Veicular* (First Vehicular Protection of Bradesco Seguro), exclusive to Bradesco's account holders, which helps, through the Day and Night Support services, new vehicles and vehicles of up to 15 years of use.

For better service, we currently have 25 Bradesco Auto Centers (BAC), which offer policyholders the greatest variety of services in a single place, including: auto claims services, reserve rental cars, installation of anti-theft equipment, preventative maintenance checks, glass repairs or replacement and environmental vehicle inspections.

taking full advantage of the stronger sales of new aircraft and those of the maritime segment.

The transportation segment is still the primary focus, with essential investments made to leverage new business, especially in the renewal of reinsurance agreements, which gives insurers the power to assess and cover risk, and consequently increase competitiveness in more profitable businesses such as international transportation insurance for shipping companies involved in international trade.

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**Bradesco Auto/RE**

**Number of Policyholders at Auto/RE**

Mass insurance targets individuals, self-employed professionals and SMEs. The launch of new products combined with the continuous improvement to methods and systems has contributed to maintenance of customer base, which comprises around 3.6 million customers in the last 12 months.

It is worth pointing out that we continued with a strong strategy for the Residential Insurance segment, covering more than 1.8 million insured homes.

Economic and Financial Analysis**Fee and Commission Income**

Below is the breakdown and variations in Fee and Commission Income for the respective periods:

<b>Fee and Commission Income</b>	<b>12M13</b>	<b>12M12</b>	<b>4Q13</b>	<b>3Q13</b>	<b>R\$ million</b>	
					<b>Variation</b>	<b>YTD</b>
						<b>Quarter</b>
Card Income	7,107	6,025	1,900	1,808	1,082	92
Checking Account	3,608	3,245	953	933	363	20
Fund Management	2,324	2,172	589	604	152	(15)
Loan Operations	2,242	2,080	598	553	162	45
Collection	1,471	1,314	380	381	157	(1)
Consortium Management	722	613	196	182	109	14
Underwriting / Financial Advisory Services	568	517	153	69	51	84
Custody and Brokerage Services	511	483	124	127	28	(3)
Payments	340	319	87	87	21	-
Other	893	745	247	232	148	15
<b>Total</b>	<b>19,786</b>	<b>17,512</b>	<b>5,227</b>	<b>4,977</b>	<b>2,274</b>	<b>250</b>

Explanations of the main items that influenced the variation in Fee and Commission Income between periods can be found below.

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## **Fee and Commission Income**

### **Card Income**

For the seventh consecutive quarter, card income grew R\$92 million when compared to the previous quarter, for a total of R\$1,900 million in the fourth quarter of 2013, mainly due to: (i) the greater volume of transactions in the period; and (ii) the increased revenue.

Year over year, card income was up 18.0%, or R\$1,082 million, mainly due to: (i) the increase in revenue from purchases and services, resulting from the 15.4% increase in revenue, which reached R\$119.4 billion in 2013 (R\$103.5 billion in 2012); and (ii) the increase in the number of transactions in the period.

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Economic and Financial Analysis

**Fee and Commission Income**

**Checking Account**

In the fourth quarter of 2013, fee and commission income from checking accounts increased R\$20 million in comparison with the previous quarter, mainly due to: (i) the net increase of 17 thousand new checking accounts; and (ii) the expansion of the customer service portfolio.

Year over year, income grew by R\$363 million, or 11.2% in 2013, mainly due to: (i) the expansion of the checking account customer base, which posted a net increase of 707 thousand active current account holders (663 thousand individual customers and 44 thousand corporate customers); (ii) the expansion of the customer service portfolio; and (iii) the adjustment of fees.

**Loan Operations**

In the fourth quarter of 2013, income from loan operations totaled R\$598 million, up 8.1% in comparison with the previous quarter, mainly driven by the higher volume of operations in the quarter.

Year over year, the 7.8% increase in 2013 was mainly the result of the greater income from collaterals, up 16.5%, mainly deriving from the 12.8% growth in the volume of Sureties and Guarantees.

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**Fee and Commission Income****Fund Management**

In the fourth quarter of 2013, income from fund management totaled R\$589 million, down R\$15 million in comparison with the previous quarter, mainly due to: (i) the lower number of business days in the quarter; and (ii) the drop in the average volume of funds and portfolios raised and managed.

Year over year, the R\$152 million or 7.0% increase in 2013 was mainly due to: (i) the increase in average volume of funds and portfolios raised and managed; and offset (ii) by the 15.5% decrease in the Ibovespa index in the period, impacting income from managed funds and portfolios pegged to equities.

Shareholders' Equity	R\$ million			Variation %	
	Dec13	Sept13	Dec12	Quarter	12M
Investment Funds	401,519	397,156	397,933	1.1	0.9
Managed Portfolios	25,246	31,639	33,875	(20.2)	(25.5)
Third-Party Fund Quotas	8,599	9,475	10,024	(9.2)	(14.2)
<b>Total</b>	<b>435,364</b>	<b>438,270</b>	<b>441,832</b>	<b>(0.7)</b>	<b>(1.5)</b>

Distribution	R\$ million			Variation %	
	Dec13	Sept13	Dec12	Quarter	12M
Investment Funds – Fixed Income	373,552	368,766	369,287	1.3	1.2
Investment Funds – Equities	27,967	28,390	28,646	(1.5)	(2.4)
Investment Funds – Third-Party Funds	6,355	7,199	8,782	(11.7)	(27.6)
<b>Total - Investment Funds</b>	<b>407,874</b>	<b>404,355</b>	<b>406,715</b>	<b>0.9</b>	<b>0.3</b>
Managed Portfolios - Fixed Income	16,856	22,970	24,573	(26.6)	(31.4)
Managed Portfolios – Equities	8,390	8,669	9,302	(3.2)	(9.8)
Managed Portfolios - Third-Party Funds	2,244	2,276	1,242	(1.4)	80.7
<b>Total - Managed Funds</b>	<b>27,490</b>	<b>33,915</b>	<b>35,117</b>	<b>(18.9)</b>	<b>(21.7)</b>

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Total Fixed Income	390,408	391,736	393,860	(0.3)	(0.9)
Total Equities	36,357	37,059	37,948	(1.9)	(4.2)
Total Third-Party Funds	8,599	9,475	10,024	(9.2)	(14.2)
<b>Overall Total</b>	<b>435,364</b>	<b>438,270</b>	<b>441,832</b>	<b>(0.7)</b>	<b>(1.5)</b>

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Economic and Financial Analysis

**Fee and Commission Income**

**Cash Management Solutions (Payments and Collection)**

In the fourth quarter of 2013, income from payments and collection remained practically stable in comparison with the previous quarter, mainly due to the steady number of processed documents in the period.

Year over year, the 10.9% or R\$178 million increase in 2013 was mainly due to the greater volume of processed documents, up from 1,931 million in 2012 to 2,125 million in 2013, a 10.0% increase in the period.

**Consortium Management**

In the fourth quarter of 2013, income from consortium management increased by 7.7% over the previous quarter, driven by the sales in the period. On December 31, 2013, Bradesco had 924 thousand active quotas (876 thousand active quotas on September 30, 2013), ensuring a leading position in all the segments it operates (real estate, auto and trucks/tractors/machinery and equipment).

Year over year, there was a 17.8% increase in consortium management income, resulting from: (i) the growth in the volume of bids; (ii) the increase in average ticket; and (iii) the increase in sales of new quotas, from 736 thousand active quotas on December 31, 2012 to 924 thousand active quotas on December 31, 2013, an increase of 188 thousand net quotas.

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## **Fee and Commission Income**

### **Custody and Brokerage Services**

In the fourth quarter of 2013, total custody and brokerage service income had a slight decrease of R\$3 million in relation to the previous quarter, basically due to lower volume of trading on BM&FBovespa, which affected brokerage income.

Year over year, the 5.8% increase in 2013 reflected the increase in custody service income, with a gain in average volume of assets under custody in the period.

### **Underwriting / Financial Advisory Services**

The R\$84 million increase in the quarter-over-quarter comparison mainly refers to the performance of the capital market operations in the fourth quarter of 2013. Furthermore, changes in this income are often the result of capital markets' volatile performance.

Year over year, there was an increase of R\$51 million, mainly as a result of a greater business volume in 2013.

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Economic and Financial Analysis**Personnel and Administrative Expenses**

<b>Personnel and Administrative Expenses</b>	<b>12M13</b>	<b>12M12</b>	<b>4Q13</b>	<b>3Q13</b>	<b>R\$ million</b>	
					<b>Variation</b>	<b>Quarter</b>
<b>Personnel Expenses</b>						
<b>Structural</b>	<b>10,476</b>	<b>9,906</b>	<b>2,732</b>	<b>2,690</b>	<b>570</b>	<b>42</b>
Payroll/Social Charges	7,798	7,427	2,025	2,017	371	8
Benefits	2,678	2,479	707	673	199	34
<b>Non-Structural</b>	<b>2,585</b>	<b>2,280</b>	<b>733</b>	<b>656</b>	<b>305</b>	<b>77</b>
Management and Employee Profit Sharing	1,407	1,335	386	351	72	35
Provision for Labor Claims	806	650	222	210	156	12
Training	127	132	54	33	(5)	21
Termination Costs	245	163	71	62	82	9
<b>Total</b>	<b>13,061</b>	<b>12,186</b>	<b>3,465</b>	<b>3,346</b>	<b>875</b>	<b>119</b>
<b>Administrative Expenses</b>						
Outsourced Services	3,666	3,537	1,063	1,030	129	33
Depreciation and Amortization	1,665	1,593	435	421	72	14
Communication	1,608	1,662	413	399	(54)	14
Data Processing	1,297	1,115	352	330	182	22
Transportation	832	867	213	215	(35)	(2)
Rental	830	781	213	209	49	4
Advertising and Marketing	793	799	300	163	(6)	137
Financial System Services	732	656	178	187	76	(9)
Asset Maintenance	661	608	177	168	53	9
Security and Surveillance	495	428	131	124	67	7
Materials	310	323	83	81	(13)	2
Water, Electricity and Gas	225	254	55	51	(29)	4
Trips	138	139	39	38	(1)	1
Other	1,261	1,401	196	214	(140)	(18)
<b>Total</b>	<b>14,512</b>	<b>14,162</b>	<b>3,848</b>	<b>3,631</b>	<b>350</b>	<b>217</b>
x						
<b>Total Personnel and Administrative Expenses</b>	<b>27,573</b>	<b>26,348</b>	<b>7,313</b>	<b>6,977</b>	<b>1,225</b>	<b>336</b>
<b>Employees</b>	<b>100,489</b>	<b>103,385</b>	<b>100,489</b>	<b>101,410</b>	<b>(2,896)</b>	<b>(921)</b>
<b>Service Points</b>	<b>72,736</b>	<b>68,917</b>	<b>72,736</b>	<b>71,724</b>	<b>3,819</b>	<b>1,012</b>

In the fourth quarter of 2013, total personnel and administrative expenses came to R\$7,313 million, up 4.8% in comparison with the previous quarter. In the last 12 months, personnel and administrative expenses totaled R\$27,573 million, up 4.6% when compared to the previous year.

## Personnel Expenses

In the fourth quarter of 2013, personnel expenses came to R\$3,465 million, a 3.6% or R\$119 million variation from the previous quarter.

The increase in structural expenses of R\$42 million was mainly due to greater expenses with payroll, social charges and benefits, a result of raise in salary levels, as per 2013 collective bargaining agreement.

The increase in non-structural expenses of R\$77 million was mainly due to greater expenses with: (i) employee and management profit sharing, totaling R\$35 million; and (ii) training, amounting to R\$21 million.

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**Personnel and Administrative Expenses**

**Personnel Expenses**

Year over year, the R\$875 million increase in 2013 was due to: (i) the structural expenses totaling R\$570 million, related to the increase in expenses with payroll, social charges and benefits, impacted by the raise in salary levels, as per 2012 and 2013 collective bargaining agreements; and (ii) the increase in non-structural

expenses of R\$305 million, which was mainly a result of greater expenses with: (a) provision for labor claims, totaling R\$156 million; and (b) management and employee profit sharing, totaling R\$72 million.

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Economic and Financial Analysis

**Personnel and Administrative Expenses**

**Administrative Expenses**

In 2013, total administrative expenses came to R\$14,512 million, a 2.5% variation from 2012, mainly due to strong cost control conducted by our Efficiency Committee. Note that this variation was a result of: (i) the opening of 3,819 service points in the period, for a total of 72,736 service points on December 31, 2013; (ii) greater business and service volume in the period; (iii) contractual adjustments; in addition to (iv) the IPCA and IGP-M inflation rates of the last 12 months, which totaled 5.9% and 5.5%, respectively.

Quarter over quarter, the 6.0% increase in administrative expenses in the fourth quarter of 2013 was basically due to: (i) the greater business and service volume in the last quarter, which led to more expenses; and (ii) the seasonal effect of greater advertising and publicity expenses, totaling R\$137 million, due to extra investments in initiatives regarding institutional maintenance and positioning and support of loan product offer at this period of the year.

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### **Operating Coverage Ratio <sup>(1)</sup>**

In the quarter, the coverage ratio over the last 12 months maintained its improvement with a 1.0 p.p. growth, mainly due to an increase in fee and commission income, combined with ongoing cost control efforts, including the initiatives of our Efficiency Committee.

It is worth noting that 71.8% is the best rate over the last five years.

### **Tax Expenses**

The R\$267 million increase in tax expenses in the fourth quarter of 2013, in comparison with the previous quarter, was mainly driven by the increase in PIS/Cofins/ISS taxable income, impacted by greater revenues from interest on shareholders' equity from unconsolidated companies.

Year over year, these expenses increased R\$242 million in 2013, mainly due to greater PIS/Cofins/ISS expenses, reflecting the higher taxable income, especially fee and commission income.

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**Equity in the Earnings (Losses) of Unconsolidated Companies**

In the fourth quarter of 2013, the equity in the earnings (losses) of unconsolidated companies was R\$26 million. The R\$24 million increase over the previous quarter was basically due to higher results from the unconsolidated company IRB Brasil Resseguros.

In the year-over-year comparison, the reduction in 2013 was mainly due to lower results from the unconsolidated company IRB – Brasil Resseguros.

**Operating Income**

Operating income in the fourth quarter of 2013 was R\$4,945 million, up R\$176 million from the previous quarter. This result was mainly due to: (i) greater financial margin, amounting to R\$535 million; (ii) the R\$250 million increase in fee and commission income; partially offset: (iii) by the R\$336 million increase in personnel and administrative expenses; and (iv) the R\$267 million increase in tax expenses.

administrative expenses; (v) the R\$529 million increase in other operating expenses (net of other income); (vi) lower financial margin, amounting to R\$507 million; and (vii) the R\$242 million increase in tax expenses.

Year over year, the R\$1,292 million or 7.4% increase in 2013 is mostly a result of: (i) the R\$2,274 million increase in fee and commission income; (ii) lower allowance for loan loss expenses, totaling R\$969 million; (iii) the R\$657 million increase in operating income from Insurance, Pension Plans and Capitalization Bonds; partially offset by: (iv) a R\$1,225 million increase in personnel and

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**Non-Operating Income**

In the fourth quarter of 2013, non-operating income posted a loss of R\$31 million, R\$4 million more than the previous quarter and R\$31 million more than 2012, due to greater non-operating expenses (such as losses on sale of foreclosed assets/other) in the period.

Bradesco \_\_\_\_\_

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Return to Shareholders

## **Sustainability**

### **Bradesco remains in the Corporate Sustainability Index (ISE) portfolio**

For the ninth consecutive year, Bradesco was selected to remain in the Corporate Sustainability Index (ISE) portfolio of the São Paulo Stock Exchange (BM&FBovespa), whose purpose is to create an investment environment compatible with the sustainable development demands of the contemporary society and stimulate corporations'

ethical responsibility. The selection to compose the portfolio, which will be effective from January 6, 2014 to January 2, 2015, is based on a questionnaire answered by companies with the 200 most trading shares listed on the Stock Exchange. The new portfolio will be composed of 51 shares from 40 companies.

### **Participation in events promoted by the Equator Principles Association and the International Finance Corporation – IFC**

In November 2013, Bradesco attended the Equator Principles Association Annual Meeting and participated in the Performance Standards Community of Learning event, the latter promoted by the IFC (World Bank Group's financial arm), and both held in Tokyo, Japan. Over 90 representatives of financial institutions headquartered in all continents attended the

events, which aim at discussing and enabling the exchange of experiences on social and environmental risk management practices adopted in corporate banking operations. The events contribute to the promotion of coordinated and consistent approaches by the financial market, as well as to the adoption of best practices.

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**Investor Relations (IR)**

In line with democratization of information, Bradesco concluded its event schedule with the Apimec Meetings in Belo Horizonte, Rio de Janeiro and Porto Alegre in the fourth quarter of 2013. During the year, the Bank held 14 Apimec Meetings, with the participation of more than two thousand people and two thousand internet users via live broadcast. The events' presentations are available on the Investor Relations website, where it is possible to watch the full presentation of some of the events.

During 2013, the Investor Relations Area was present in nine editions of *Expo Money*, Latin America's major financial education event. Participants had the opportunity to expand their knowledge by attending lectures at Bradesco's stand. Additionally, the Investor Relations team frequently keeps contact with shareholders, investors and analysts via telephone, email and at Bradesco's headquarters, in addition to attending conferences and road shows in Brazil and abroad.

**Corporate Governance**

Bradesco's management is made up of the Board of Directors and the Statutory Board of Executive Officers. The former is composed of eight members who are eligible for reelection, and includes seven external members, including the Chairman (Mr. Lázaro de Mello Brandão) and one management member (the Chief Executive Officer, Mr. Luiz Carlos Trabuco Cappi). The Board members are elected by the Annual Shareholders' Meeting, which elect the members of the Board of Executive Officers.

To assist its duties, six (6) Committees are subordinated to the Board of Directors, two (2) of which Statutory Committees (Audit and Compensation) and four (4) Non-Statutory Committees (Ethical Conduct, Internal Controls and Compliance, Integrated Risk Management and Capital Allocation and Sustainability), and forty-three (43) Executive Committees are subordinated to the Board of Executive Officers.

Bradesco guarantees its shareholders, as a minimum dividend, 30% of adjusted net income, as well as 100% tag-along rights for common shares and 80% for preferred shares. Preferred shares are also entitled to dividends 10% greater than those paid to common shares.

Bradesco voluntarily adhered to Level 1 Corporate Governance of BM&FBovespa in 2001, and to the Code of Self-Regulation and Best Practices for Publicly-held Companies, issued by the Brazilian Association of Publicly-held Companies (Abrasca), in 2011.

Bradesco was rated AA+ (Excellent Corporate Governance Practices) by Austin Rating.

Further information is available at the Bradesco's Investor Relations website [www.bradescori.com.br](http://www.bradescori.com.br) – Corporate Governance.



Return to Shareholders**Bradesco Shares****Number of Shares - Common and Preferred Shares <sup>(1)</sup>**

	In thousands		
	Dec13	Sept13	Dec12
Common Shares	2,100,738	2,100,738	1,909,762
Preferred Shares	2,095,771	2,096,007	1,907,611
<b>Subtotal – Outstanding Shares</b>	<b>4,196,509</b>	<b>4,196,745</b>	<b>3,817,373</b>
Treasury Shares	10,765	10,529	7,422
<b>Total</b>	<b>4,207,274</b>	<b>4,207,274</b>	<b>3,824,795</b>

(1) Excluding bonuses and stock splits during the periods.

On December 31, 2013, Bradesco's capital stock stood at R\$38.1 billion, composed of 4,207,274 thousand no-par, book-entry shares, of which 2,103,637 thousand were common shares and 2,103,637 thousand were preferred shares. The largest shareholder is the holding company Cidade de Deus Cia. Comercial de Participações, which directly holds 48.7% of voting capital and 24.4% of total capital.

Cidade de Deus Cia. Comercial de Participações is controlled by the Aguiar Family, Fundação Bradesco and another holding company, Nova Cidade de Deus Participações S.A., which is in turn controlled by Fundação Bradesco and BBD Participações S.A., whose majority of shareholders are members of Bradesco's Board of Directors, Statutory Board of Executive Officers and management-level employees.

**Number of Shareholders – Domiciled in Brazil and Abroad**

	Dec13	%	Ownership of Capital (%)	Dec12	%	Ownership of Capital (%)
Individuals	327,289	89.80	20.00	327,865	89.77	21.26
Companies	36,144	9.92	48.51	36,403	9.97	47.25
<b>Subtotal Domiciled in Brazil</b>	<b>363,433</b>	<b>99.72</b>	<b>68.51</b>	<b>364,268</b>	<b>99.74</b>	<b>68.51</b>
Domiciled Abroad	1,023	0.28	31.49	957	0.26	31.49
<b>Total</b>	<b>364,456</b>	<b>100.00</b>	<b>100.00</b>	<b>365,225</b>	<b>100.00</b>	<b>100.00</b>

On December 31, 2013, there were 363,433 shareholders domiciled in Brazil, accounting for 99.72% of total shareholders and holding 68.51%

of all shares, while a total of 1,023 shareholders are domiciled abroad, accounting for 0.28% of shareholders and holding 31.49% of shares.



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## **Bradesco Shares**

### **Average Daily Trading Volume of Shares**

Bradesco shares are traded on BM&FBovespa (São Paulo) and the New York Stock Exchange (NYSE). Since November 21, 2001, Bradesco trades its ADRs backed by preferred shares on NYSE. As of March 13, 2012, it has also traded ADRs backed by common shares.

In 2013, the average trading volume of our shares stood at R\$531 million, the highest value in the series below. Year over year, the average daily trading volume increased by 3.9%, boosted by the increased liquidity of our shares traded on BM&FBovespa.

Return to Shareholders**Bradesco Shares****Appreciation of Preferred Shares - BBDC4**

The graph shows the change in preferred shares due to Bradesco's dividend reinvestment, compared to the Ibovespa and the Interbank Deposit Certificate Rate (CDI). If R\$100 were

invested in December 2001, Bradesco shares would be worth R\$924 in December 2013, an appreciation that substantially exceeds the Ibovespa and the CDI in the same period.

**Share and ADR Performance <sup>(1)</sup>**

	<b>In R\$ (unless otherwise stated)</b>					
	<b>4Q13</b>	<b>3Q13</b>	<b>Variation %</b>	<b>12M13</b>	<b>12M12</b>	<b>Variation %</b>
Adjusted Net Income per Share	0.76	0.73	4.1	2.91	2.74	6.2
Dividends/Interest on Shareholders' Equity – Common Share (after Income Tax)	0.21	0.21	-	0.82	0.77	6.5
Dividends/Interest on Shareholders' Equity – Preferred Share (after Income Tax)	0.23	0.23	-	0.90	0.85	5.9

	<b>In R\$ (unless otherwise stated)</b>					
	<b>Dec13</b>	<b>Sept13</b>	<b>Variation %</b>	<b>Dec13</b>	<b>Dec12</b>	<b>Variation %</b>
Book Value per Common and Preferred Share	16.90	15.97	5.8	16.90	16.68	1.3
Last Trading Day Price – Common Shares	31.95	34.49	(7.4)	31.95	30.86	3.5
Last Trading Day Price – Preferred Shares	29.09	30.38	(4.2)	29.09	31.97	(9.0)
Last Trading Day Price – ADR ON (US\$)	14.05	15.75	(10.8)	14.05	14.11	(0.4)
Last Trading Day Price – ADR PN (US\$)	12.53	13.88	(9.7)	12.53	15.79	(20.6)
Market Capitalization (R\$ million) <sup>(2)</sup>	128,085	136,131	(5.9)	128,085	131,908	(2.9)

(1) Adjusted for corporate events in the periods; and

(2) Number of shares (excluding treasury shares) x closing price for common and preferred shares on the last trading day of the period.

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Return to Shareholders

## Bradesco Shares

### Recommendation of Market Analysts – Target Price

Market analysts issue periodical recommendations on Bradesco preferred shares (BBDC4). We had access to 17 reports prepared by these analysts in January 2014. Below are recommendations and a consensus on the target price for December 2014:

<b>Recommendations %</b>		<b>Target Price in R\$ for Dec14</b>	
Buy	41.2	Average	36.0
Keep	58.8	Standard Deviation	3.3
Sell	-	Higher	45.0
Under Analysis	-	Lower	30.0

For more information on target price and recommendation of each market analyst that monitors the performance of Bradesco shares,

visit our IR website at [www.bradescori.com.br](http://www.bradescori.com.br) > Information to Shareholders > Analysts' Consensus.

### Market Capitalization

At year-end, Bradesco's market capitalization, considering the closing prices of common and preferred shares, was R\$128.1 billion, down 2.9%

at the close of 2012. In the year-over-year comparison, the Ibovespa decreased by 15.5%.

Bradesco

Return to Shareholders

**Main Indicators**

**Market Capitalization (Common and Preferred Shares) / Net Income** <sup>(1)</sup>: indicates a possible number of years that the investor would recover the capital invested, based on the closing prices of common and preferred shares.

(1) Adjusted net income in the last 12 months.

**Market Capitalization (Common and Preferred Shares) / Shareholders' Equity**: indicates the multiple by which Bradesco's market capitalization exceeds its book shareholders' equity.

**Dividend Yield** <sup>(1)</sup> <sup>(2)</sup>: the ratio between share price and dividends and/or interest on shareholders' equity paid to shareholders in the last 12 months, which indicates the return on investment represented by the allocation of net income.

(1) Source: Economatica; and  
(2) Based on the most traded share.

**Dividends/Interest on Shareholders' Equity**

In 2013, a total of R\$4,078 million was allocated to shareholders as interest on shareholders' equity and dividends. In 2013, total Interest on shareholders' Equity and Dividends allocated to shareholders correspond to 35.7% of net income, or 31.5% considering withholding income tax levied on Interest on Shareholders' Equity.

**Weight on Main Stock Indexes**

Bradesco shares comprise Brazil's main stock indexes, including IBrX-50 (index that measures the total return of a theoretical portfolio comprising 50 shares selected among the most traded shares on BM&FBovespa), ISE (Corporate Sustainability Index), the ITAG (Special Tag-Along Stock Index), IGC (Special Corporate Governance Stock Index), IFNC (Financial Index which comprises banks, insurance and financial companies), the ICO2 (index comprising shares of the companies that are part of the IBrX-50 index and that accepted to take part in this initiative by adopting transparent greenhouse gas emission practices) and the Mid-Large Cap Index – MLCX (that measures the return of a portfolio composed of the highest cap companies listed).

Abroad, Bradesco shares are listed on NYSE's Dow Jones Sustainability World Index and the FTSE Latibex Brazil Index of Madrid Stock Exchange.

	<b>Dec13</b>	<b>In % <sup>(1)</sup></b>
Ibovespa		4.7 <sup>(2)</sup>
IBrX-50		9.2
IBrX		7.8
IFNC		19.9
ISE		5.3
IGC		5.8
ITAG		11.0
ICO2		12.9
MLCX		8.3

(1) Represents Bradesco's weight on the portfolio of main Brazilian stock market indexes; and

(2) According to Ibovespa's new calculation methodology, which became effective on January 6, 2014, the weight of Bradesco common and preferred shares on this index's theoretical portfolio increased to 6.8%.

Bradesco

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Additional Information**Market Share of Products and Services**

Market shares held by the Organization in the Banking and Insurance industries and in the Customer Service Network are presented below.

	<b>Dec13</b>	<b>Sept13</b>	<b>Dec12</b>	<b>Sept12</b>
<b>Banks – Source : Brazilian Central Bank (Bacen)</b>				
Demand Deposits	N/A	17.1	16.9	17.1
Savings Deposits	N/A	13.4	13.9	13.8
Time Deposits	N/A	11.2	11.6	12.1
Loan Operations	10.7 <sup>(1)</sup>	10.9	11.2	11.5
Loan Operations - Private Institutions	21.9 <sup>(1)</sup>	22.1	21.5	21.5
Loan Operations - Vehicles Individuals (CDC + Leasing)	13.6 <sup>(1)</sup>	13.9	14.7	15.1
Payroll-Deductible Loans	12.1 <sup>(1)</sup>	12.0	11.0	10.9
Number of Branches	20.7	21.0	21.4	21.7
<b>Banks - Source: Federal Revenue Service/ Brazilian Data Processing Service (Serpro)</b>				
Federal Revenue Collection Document (DARF)	N/A	N/A	20.7	20.6
Brazilian Unified Tax Collection System Document (DAS)	N/A	N/A	16.5	16.5
<b>Banks – Source : Social Security National Institute (INSS)/Dataprev</b>				
Social Pension Plan Voucher (GPS)	N/A	N/A	14.6	14.5
Benefit Payment to Retirees and Pensioners	25.7	25.4	24.7	24.4
<b>Banks – Source : Anbima</b>				
Managed Investment Funds and Portfolios	18.1	18.3	19.4	18.3
<b>Insurance, Pension Plans and Capitalization Bonds – Source: Insurance Superintendence (Susep) and National Agency for Supplementary Healthcare (ANS)</b>				
Insurance, Pension Plan and Capitalization Bond Premiums	24.2 <sup>(2)</sup>	23.8	24.8	24.3
Insurance Premiums (including Long-Term Life Insurance - VGBL)	23.9 <sup>(2)</sup>	23.6	24.6	24.1
Life Insurance and Personal Accident Premiums	16.9 <sup>(2)</sup>	17.1	18.0	17.8
Auto/Basic Lines Insurance Premiums	8.9 <sup>(2)</sup>	9.1	10.0	10.5
Auto/Optional Third-Party Liability (RCF) Insurance Premiums	10.9 <sup>(2)</sup>	10.6	12.4	13.4
Health Insurance Premiums	46.0 <sup>(2)</sup>	45.6	45.3	46.8
Income from Pension Plan Contributions (excluding VGBL)	31.2 <sup>(2)</sup>	31.2	29.7	30.1
Capitalization Bond Income	22.5 <sup>(2)</sup>	21.8	23.1	22.8
Technical Reserves for Insurance, Pension Plans and Capitalization Bonds	29.1 <sup>(2)</sup>	29.1	29.5	29.6
<b>Insurance and Pension Plans – Source: National Federation of Life and Pension Plans (Fenaprevi)</b>				
Income from VGBL Premiums	29.5 <sup>(2)</sup>	28.8	29.5	28.5
Income from Unrestricted Benefits Generating Plans (PGBL) Contributions	25.4 <sup>(2)</sup>	25.7	26.0	26.5
Pension Plan Investment Portfolios (including VGBL)	31.5 <sup>(2)</sup>	32.3	33.4	33.6
<b>Leasing – Source: Brazilian Association of Leasing Companies (ABEL)</b>				
Lending Operations	19.8 <sup>(3)</sup>	19.7	19.5	19.2
<b>Consortia – Source: Bacen</b>				

Real Estate	30.9 <sup>(2)</sup>	30.5	30.3	30.0
Auto	28.4 <sup>(2)</sup>	27.8	25.6	25.9
Trucks, Tractors and Agricultural Implements	18.8 <sup>(2)</sup>	18.8	19.2	18.5
<b>International Area – Source: Bacen</b>				
Export Market	18.1	18.1	19.2	19.7
Import Market	15.6	15.8	16.4	17.2
<b>Digital Channels - Source: Bacen</b>				
Internet, Home and Office Banking	N/A	N/A	26.1	N/A
ATM	N/A	N/A	21.6	N/A
Customer Service Centers	N/A	N/A	34.2	N/A
Mobile Phones and Personal Digital Assistants (PDAs)	N/A	N/A	44.7	N/A

(1) Bacen data are preliminary;

(2) Reference date: November 2013; and

(3) Reference date: October 2013.

N/A – Not available.

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Additional Information

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**Market Share of Products and Services****Branch Network**

Region	Dec13		Market Share	Dec12		Market Share
	Bradesco	Market		Bradesco	Market	
North	278	1,099	25.3%	279	1,060	26.3%
Northeast	847	3,570	23.7%	850	3,432	24.8%
Midwest	346	1,793	19.3%	346	1,671	20.7%
Southeast	2,423	11,815	20.5%	2,428	11,500	21.1%
South	780	4,307	18.1%	783	4,198	18.7%
<b>Total</b>	<b>4,674</b>	<b>22,584</b>	<b>20.7%</b>	<b>4,686</b>	<b>21,861</b>	