

BANK BRADESCO
Form 6-K
August 08, 2014

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

FORM 6-K

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

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

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

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

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

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

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

Yes No

Press Release

Highlights

The main figures obtained by Bradesco in the first half of 2014 are presented below:

1. The Adjusted Net Income⁽¹⁾ for the first half of 2014 stood at R\$ 7.277 billion (an increase of 22.9% compared to the Adjusted Net Income of R\$ 5.921 billion recorded in the same period in 2013), which is equivalent to R\$ 3.23 per share, and returns of 20.7% on the Adjusted Average Equity⁽²⁾.
2. Adjusted Net Income is composed of R\$ 5.165 billion from financial activities, representing 71.0% of the total, and R\$ 2.112 billion from insurance, pension plan and capitalization bond operations, which together accounted for 29.0%.
3. Bradesco's market capitalization on June 30, 2014 was R\$ 134.861 billion⁽³⁾, up 8.1% compared to June 30, 2013.
4. Total Assets stood at R\$ 931.132 billion in June 2014, up 3.8% over June 2013. Return on Average Assets was 1.6%.
5. In June 2014, the Expanded Loan Portfolio⁽⁴⁾ reached R\$ 435.231 billion, up 8.1% over June 2013. Operations with individuals totaled R\$ 135.068 billion (up 9.6% over June 2013), while operations with companies totaled R\$ 300.163 billion (up 7.5% over June 2013).
6. Assets under Management stood at R\$ 1.305 trillion, up 5.8% over June 2013.
7. Shareholders' Equity stood at R\$ 76.800 billion in June 2014, up 16.3% on June 2013. The Capital Adequacy Ratio stood at 15.8% in June 2014, 12.1% of which was classified as Common Equity/Tier I.
8. Interest on Shareholders' Equity relative to the first half of 2014 was paid and recorded in provision to shareholders, in the amount
9. The Interest Earning Portion of the Net Interest Income stood at R\$ 22.805 billion, up 8.2% compared to the first half of 2013.
10. The Delinquency Ratio over 90 days dropped 0.2 p.p. in the last 12 months and stood at 3.5% on June 30, 2014 (3.7% on June 30, 2013).
11. Efficiency Ratio (ER)⁽⁵⁾ in June 2014 was 40.9% (41.8% in June 2013), whereas the adjusted-to-risk ratio stood at 50.0% (52.6% in June 2013). It is worth mentioning that, in the second quarter of 2014, we recorded the best quarterly ER (38.6%) in the past 5 years.
12. Insurance Written Premiums, Pension Plan Contributions and Capitalization Bond Income totaled R\$ 25.442 billion in the first half of 2014, up 5.2% over the same period in 2013. Technical Reserves stood at R\$ 142.731 billion, up 8.3% compared to June 2013.
13. Investments in infrastructure, information technology and telecommunications amounted to R\$ 2.211 billion in the first half of 2014.
14. Taxes and contributions, including social security, paid or recorded in provision, amounted to R\$ 14.116 billion, of which R\$ 5.156 billion referred to taxes withheld and collected from third parties, and R\$ 8.960 billion from Bradesco Organization activities, equivalent to 123.1% of the Adjusted Net Income⁽¹⁾.
15. Bradesco has an extensive customer service network in Brazil, with 4,680 Branches and 3,497 Service Branches – PAs. Customers can also use any of 1,175 PAEs – ATMs (Automatic Teller Machines), 48,186 Bradesco Espresso service points, 31,509 Bradesco Dia & Noite ATMs and 16,103 Banco24Horas ATMs across the country.

of R\$ 2.396 billion, being R\$ 0.497 billion in monthly installments and R\$ 1,899 billion recorded in provision.

(1) According to the non-recurring events described on page 8 of this Report on Economic and Financial Analysis; (2) Excludes mark-to-market effect of Securities Available for Sale recorded under Shareholders' Equity; (3) Number of shares (excluding treasury shares) multiplied by the 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 – June 2014

Highlights

16. Payroll, plus charges and benefits, totaled R\$ 5.651 billion. Social benefits provided to the 99,027 employees of the Bradesco Organization and their dependents amounted to R\$ 1.401 billion, while investments in training and development programs totaled R\$ 53,581 million.

17. In May 2014, Bradesco BBI participated as one of the coordinators and joint bookrunners of a securitization transaction for Ford Motor Credit Company in the U.S., involving a US\$ 1.04 billion transaction; this is the second time Bradesco BBI participates in funding operations for the U.S. automaker.

18. In May 2014, Banco Bradesco and Banco do Brasil, via its subsidiary Companhia Brasileira de Soluções e Serviços ("CBSS"), created the company LIVELO S.A. ("LIVELO"). The coalition loyalty program allows customers to accumulate and redeem points from multiple partners. The effective deployment of operations is conditioned to due compliance with applicable legal and regulatory formalities.

19. In July 2014, Banco Bradesco signed a new "Tecban Shareholders' Agreement", including the main Brazilian retail banks, covering the consolidation of external ATM networks by the Banco24Horas ATM Network within a four-year term, ultimately enhancing the efficiency and quality/reach of customer services rendered. The effectiveness of such Shareholders' Agreement is subject to preceding conditions, including due approval from competent regulatory entities.

20. In July 2014, Bradesco entered into a strategic partnership with IBM Brazil, which will take over the operational structure and all maintenance and support contracts entered between Scopus Serviços, an Organization Bradesco company, and its other customers.

21. Major Awards and Acknowledgments in the period:

- For the third consecutive year, Bradesco was named "Best Brazilian Bank" by Euromoney Awards for Excellence. In addition Bradesco BBI was chosen as best

The Bradesco Organization fully complies with best global sustainability and corporate governance practices, particularly: Global Compact, PRI (Principles for Responsible Investment), Equator Principles, Carbon Disclosure Project and Green Protocol. Our sustainability actions, strategies and guidelines are guided by best corporate governance practices. The Organization's main activities focus on banking inclusion, social and environmental variables for loan approvals and product offerings, based on social and environmental aspects. Regarding responsible management and engagement with stakeholders, we highlight activities geared towards valuing professionals, improving the workplace, client relations, managing suppliers and adopting environmental management practices. We also highlight the Organization's role in Brazilian society as one of its leading social investors, supporting education, environment, culture and athletic programs.

With its 57-year history of extensive social and educational work, Fundação Bradesco has been a stalwart supporter of such programs, and operates 40 schools across Brazil. In 2014, an estimated budget of R\$ 523.434 million will benefit approximately 105,672 students in its schools, in Basic Education (from Kindergarten to High School and Vocational Training at the High School level), Education for Youth and Adults, and Preliminary and Continuing

Qualification focused on the creation of jobs and generation of income.

Brazilian Investment Bank (Euromoney magazine);

- Among financial institutions, Bradesco led the ranking of most valuable brands in Brazil (IstoÉ Dinheiro magazine and BrandAnalytics/Milward Brown Optimor consulting firm); and
- Stood out as the only Brazilian bank ranked among the “Best Companies to Work for in Latin America” for the second consecutive year, under the “Companies with over 500 employees” category (Great Place to Work consulting firm).

Bradesco _____

Press Release**Main Information**

	2Q14	1Q14	4Q13	3Q13	2Q13	1Q13
Income Statement for the Period - R\$ million						
Book Net Income	3,778	3,443	3,079	3,064	2,949	2,949
Adjusted Net Income	3,804	3,473	3,199	3,082	2,978	2,978
Total Net Interest Income	12,066	10,962	11,264	10,729	10,587	10,729
Gross Credit Margin	7,967	7,711	7,850	7,793	7,634	7,444
Net Credit Margin	4,826	4,850	4,889	4,912	4,540	4,333
Provision for Loan Losses (ALL) Expenses	(3,141)	(2,861)	(2,961)	(2,881)	(3,094)	(3,100)
Fee and Commission Income	5,328	5,283	5,227	4,977	4,983	4,544
Administrative and Personnel Expenses	(7,023)	(6,765)	(7,313)	(6,977)	(6,769)	(6,544)
Insurance Written Premiums, Pension Plan Contributions and Capitalization Bond Income	13,992	11,450	14,492	11,069	13,238	10,944
Statement of Financial Position - R\$ million						
Total Assets	931,132	922,229	908,139	907,694	896,697	894,444
Securities	333,200	321,970	313,327	313,679	309,027	300,666
Loan Operations ⁽¹⁾	435,231	432,297	427,273	412,559	402,517	391,666
- Individuals	135,068	132,652	130,750	127,068	123,260	119,000
- Corporate	300,163	299,645	296,523	285,490	279,257	272,666
Allowance for Loan Losses (ALL) ⁽²⁾	(21,791)	(21,407)	(21,687)	(21,476)	(21,455)	(21,333)
Total Deposits	213,270	218,709	218,063	216,778	208,485	205,866
Technical Reserves	142,731	137,751	136,229	133,554	131,819	127,333
Shareholders' Equity	76,800	73,326	70,940	67,033	66,028	69,444
Assets under Management	1,304,690	1,277,670	1,260,056	1,256,220	1,233,546	1,243,111
Performance Indicators (%) on Adjusted Net Income (unless otherwise stated)						
Adjusted Net Income per Share - R\$ ^{(3) (4)}	3.23	3.03	2.91	2.84	2.79	2.79
Book Value per Common and Preferred Share - R\$ ⁽⁴⁾	18.31	17.48	16.90	15.97	15.72	16.33
Annualized Return on Average Equity ^{(5) (6)}	20.7	20.5	18.0	18.4	18.8	19.3
Annualized Return on Average Assets ⁽⁶⁾	1.6	1.5	1.4	1.3	1.3	1.3
Average Rate - Annualized (Adjusted Net Interest Income / Total Average Assets - Purchase and Sale Commitments - Permanent Assets)	7.8	7.2	7.3	7.1	7.2	7.1
Fixed Assets Ratio - Total Consolidated	13.2	15.0	15.2	17.5	17.3	16.3
Combined Ratio - Insurance ⁽⁷⁾	86.3	86.4	86.1	86.9	85.5	86.3
Efficiency Ratio (ER) ⁽³⁾	40.9	41.9	42.1	42.1	41.8	41.8
Coverage Ratio (Fee and Commission Income/Administrative and Personnel Expenses) ⁽³⁾	74.1	73.6	71.8	70.8	69.6	69.6
Market Capitalization - R\$ million ⁽⁸⁾	134,861	135,938	128,085	136,131	124,716	145,555
Loan Portfolio Quality % ⁽⁹⁾						
ALL / Loan Portfolio ⁽²⁾	6.6	6.5	6.7	6.9	7.0	7.0
Non-performing Loans (> 60 days) ⁽¹⁰⁾ / Loan Portfolio	4.4	4.2	4.2	4.4	4.6	4.4
Delinquency Ratio (> 90 days) ⁽¹⁰⁾ / Loan Portfolio	3.5	3.4	3.5	3.6	3.7	3.5

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Coverage Ratio (> 90 days ⁽¹⁰⁾ ⁽²⁾	186.9	193.8	192.3	190.3	188.6	179.8
Coverage Ratio (> 60 days ⁽¹⁰⁾ ⁽²⁾	149.9	153.7	158.9	156.8	153.5	149.8
Operating Limits %						
Capital Adequacy Ratio - Total ⁽¹¹⁾	15.8	15.7	16.6	16.4	15.4	15.4
Capital Nivel I	12.1	11.9	12.3	12.7	11.6	11.6
- Common Equity	12.1	11.9	12.3	-	-	-
Capital Nivel II	3.7	3.8	4.3	3.7	3.8	3.8

Report on Economic and Financial Analysis – June 2014

Main Information

	Jun14	Mar14	Dec13	Sept13	Jun13	Mar13	Dec12	Sept12	Jun13 vs Mar13
Structural Information - Units									
Service Points	73,208	73,320	72,736	71,724	70,829	69,528	68,917	67,225	(0)
- Branches	4,680	4,678	4,674	4,697	4,692	4,687	4,686	4,665	(0)
- PAs ⁽¹²⁾	3,497	3,484	3,586	3,760	3,795	3,786	3,781	3,774	(0)
- PAEs ⁽¹²⁾	1,175	1,186	1,180	1,421	1,454	1,457	1,456	1,456	(0)
- External Bradesco ATMs ⁽¹³⁾ ⁽¹⁴⁾	1,684	2,701	3,003	3,298	3,498	3,712	3,809	3,954	(37)
- Banco24Horas Network ATMs ⁽¹³⁾	12,023	11,873	11,583	11,229	11,154	10,966	10,818	10,464	(0)
- Bradesco Expresso (Correspondent Banks)	48,186	47,430	46,851	45,614	44,819	43,598	43,053	41,713	(0)
- Bradesco Promotora de Vendas	1,949	1,955	1,846	1,692	1,404	1,309	1,301	1,186	(0)
- Branches / Subsidiaries Abroad	14	13	13	13	13	13	13	13	(0)
ATMs	47,612	48,295	48,203	47,969	47,972	48,025	47,834	47,542	(1)
- Bradesco Network	31,509	32,909	33,464	33,933	34,322	34,719	34,859	35,128	(4)
- Banco24Horas Network	16,103	15,386	14,739	14,036	13,650	13,306	12,975	12,414	(0)
Employees	99,027	99,545	100,489	101,410	101,951	102,793	103,385	104,100	(0)
Outsourced Employees and Interns	12,790	12,671	12,614	12,699	12,647	13,070	12,939	13,013	(0)
Customers - in millions									
Active Checking Account Holders ⁽¹⁵⁾ ⁽¹⁶⁾	26.5	26.6	26.4	26.4	26.2	25.8	25.7	25.6	(0)
Savings Accounts ⁽¹⁷⁾	51.8	49.0	50.9	48.3	47.7	46.6	48.6	48.3	(0)
Insurance Group	45.5	45.3	45.7	45.3	44.2	42.9	43.1	42.4	(0)
- Policyholders	39.6	39.4	39.8	39.5	38.4	37.1	37.3	36.7	(0)
- Pension Plan Participants	2.4	2.4	2.4	2.4	2.4	2.3	2.3	2.3	(0)
- Capitalization Bond Customers	3.5	3.5	3.5	3.4	3.4	3.5	3.5	3.4	(0)
Bradesco Financiamentos ⁽¹⁵⁾	3.2	3.2	3.3	3.4	3.5	3.6	3.7	3.7	(0)

- (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 guarantees provided, encompassing sureties, guarantees, letters of credit, and standby letters of credit, which comprises the concept of excess ALL;
- (3) In the last 12 months;
- (4) For comparison purposes, shares were adjusted according to bonuses and stock splits;
- (5) Excluding mark-to-market effect of Securities Available for Sale 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) Delinquent Credits;

- (11) Since October 2013, the Capital Adequacy Ratio calculation follows regulatory guidelines set forth in CMN Resolutions Nº 4192/13 and 4193/13 Capital Adequacy Ratio (Basel III);
- (12) PA (Service Branch): a result of the consolidation of PAB (Banking Service Branch), PAA (Advanced Service Branch) and Exchange Branches, according to CMN Resolution Nº 4072/12; and PAEs – ATMs located on a company's premises;
- (13) Including overlapping ATMs within the Bank's own network and the Banco24Horas Network;
- (14) Such reduction relates to the sharing of external network ATM terminals by the Banco24Horas ATM network;
- (15) Number of individual customers (Corporate Tax IDs (CNPJs) and Individual Taxpayer IDs (CPFs));
- (16) Refers to 1st and 2nd checking account holders; and
- (17) Number of accounts.

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Press Release

Ratings

Main Ratings

		Fitch Ratings						
		International Scale		Foreign Currency				
		Domestic Currency		Long Term		Short Term		
Feasibility	Support	Long Term	Short Term	Long Term	Short Term			
a -	2	A -	F1	BBB +	F2			
Moody's Investors Service								
Financial Strength / Individual Credit Risk Profile		International Scale				Domestic Scale		
		Foreign Currency Senior Debt		Domestic Currency Deposit		Foreign Currency Deposit		Domestic Currency
C - / baa1		Long Term	Short Term	Long Term	Short Term	Long Term	Short Term	
		Baa1	Baa1	P - 2	Baa2	P-2	Aaa.br BR - 1	
Standard & Poor's				Austin Rating				
International Scale - Issuer's Credit Rating				Domestic Scale Issuer's Credit Rating		Corporate Governance		Long Term
Foreign Currency		Domestic Currency		Long Term		Short Term		
Long Term	Short Term	Long Term	Short Term	Long Term	Short Term	brAAA		
BBB -	A - 3	BBB -	A - 3	brAAA	brA - 1	brAA+		

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

	1H14	1H13	2Q14	1Q14
Book Net Income	7,221	5,868	3,778	3,443
Non-Recurring Events	56	53	26	30
- Civil Provisions	93	88	43	50
- Tax Effects	(37)	(35)	(17)	(20)
Adjusted Net Income	7,277	5,921	3,804	3,473
ROAE % ⁽¹⁾	20.5	18.7	21.7	20.3
(ADJUSTED) ROAE % ⁽¹⁾	20.7	18.8	21.9	20.5

(1) Annualized.

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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							
	Adjusted Income Statement				Variation			
	1H14	1H13	1H14 vs. 1H13		2Q14	1Q14	2Q14 vs. 1Q14	
			Amount	%			Amount	%
Net Interest Income	23,028	21,293	1,735	8.1	12,066	10,962	1,104	10.1
- Interest Earning Portion	22,805	21,078	1,727	8.2	11,854	10,951	903	8.2
- Non-interest Earning Portion	223	215	8	3.7	212	11	201	1,827.3
ALL	(6,002)	(6,203)	201	(3.2)	(3,141)	(2,861)	(280)	9.8
Gross Income from Financial Intermediation	17,026	15,090	1,936	12.8	8,925	8,101	824	10.2
Income from Insurance, Pension Plans and Capitalization Bonds ⁽¹⁾	2,514	2,183	331	15.2	1,270	1,244	26	2.1
Fee and Commission Income	10,611	9,582	1,029	10.7	5,328	5,283	45	0.9
Personnel Expenses	(6,727)	(6,250)	(477)	7.6	(3,448)	(3,279)	(169)	5.2
Other Administrative Expenses	(7,061)	(7,033)	(28)	0.4	(3,575)	(3,486)	(89)	2.6
Tax Expenses	(2,234)	(2,140)	(94)	4.4	(1,120)	(1,114)	(6)	0.5
Equity in the Earnings (Losses) of Unconsolidated Companies	87	15	72	480.0	35	52	(17)	(32.7)
Other Operating Income/ (Expenses)	(2,724)	(2,317)	(407)	17.6	(1,333)	(1,391)	58	(4.2)
Operating Result	11,492	9,130	2,362	25.9	6,082	5,410	672	12.4
Non-Operating Result	(70)	(62)	(8)	12.9	(34)	(36)	2	(5.6)
Income Tax / Social Contribution	(4,086)	(3,091)	(995)	32.2	(2,215)	(1,871)	(344)	18.4
Non-controlling Interest	(59)	(56)	(3)	5.4	(29)	(30)	1	(3.3)
Adjusted Net Income	7,277	5,921	1,356	22.9	3,804	3,473	331	9.5

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

Bradesco _____

Press Release

Summarized Analysis of Adjusted Income

Adjusted Net Income and Profits

Return on Adjusted Average Equity (ROAE) reached 20.7% in June 2014 – the best rate over the past 8 quarters. Such performance stems from the growth of adjusted net income, which increased by 9.5% in the quarterly comparison and 22.9% comparing the first half of 2014 with the same period of the previous year. The main events that impacted adjusted net income are detailed below.

Adjusted net income reached R\$ 3,804 million in the second quarter of 2014, up R\$ 331 million compared to the previous quarter, mainly due to (i) higher net interest income, due to increased interest and non-interest earning portions; (ii) increased fee and commission income, due to an increase in business volume; and partially impacted by: (iii) increased allowance for loan losses; and (iv) increased administrative and personnel expenses.

Year-over-year, adjusted net income for the first half of 2014 increased by R\$ 1,356 million, basically reflecting: (i) higher net interest income; (ii) lower allowance for loan losses; (iii) greater fee and commission income; (iv) greater income from Insurance, Pension Plans and Capitalization Bonds; and partially offset by: (v) greater operating expenses.

Shareholders' Equity stood at R\$ 76,800 million in June 2014, up 16.3% over June 2013. The Capital Adequacy Ratio stood at 15.8%, 12.1% of which fell under Common Equity/Tier I.

Total Assets reached R\$ 931,132 million in June 2014, up 3.8% over June 2013, driven by the

increase in operations and greater business volume.
Return on Average Assets (ROAA) reached 1.6%.

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Summarized Analysis of Adjusted Income

Efficiency Ratio (ER)

ER continued to drop in all calculation criteria presented. This downward trend was led by the 12-month Efficiency Ratio⁽¹⁾, which reached 40.9% in the second quarter of 2014 – its lowest level since December 2009 –, 1 p.p. higher than the previous quarter and an increase of 0.9 p.p. compared to the same period in 2013; and by the quarterly ER, which dropped from 40.1% to 38.6%. The events that contributed most to this improvement in ER were: (i) greater net interest income, due to increased average business volume and higher market arbitrage gains; and (ii) the behavior of operating expenses, impacted by rigorous cost controls despite the organic growth in the period.

Risk-adjusted ER, which reflects the impact of the risk associated to credit operations⁽²⁾, reached 50.0%, an improvement of 1.4 p.p. quarter-over-quarter and 2.6 year-over-year. Such improvement was mostly influenced by the lower provision for loan loss expenses in the last 12 months, resulting from the sustained loan portfolio quality, in addition to the aforementioned reasons.

(1) $ER = (\text{Personnel Expenses} - \text{Employee Profit Sharing} + \text{Administrative Expenses}) / (\text{Net Interest Income} + \text{Fee and Commission Income} + \text{Income from Insurance} + \text{Equity in the Earnings (Losses) of Unconsolidated Companies} + \text{Other Operating Income} - \text{Other Operating Expenses})$. Considering the ratio between (i) total administrative costs (Personnel Expenses + Administrative Expenses + Other Operating Expenses + Tax Expenses not related to revenue generation + Insurance Sales Expenses) and (ii) generation of net revenue of related taxes (not considering Claims and Sales Expenses from the Insurance Group), Bradesco's ER in the last 12 months up to the second quarter of 2014 would be 44.5%; and

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

Press Release

Summarized Analysis of Adjusted Income

Net Interest Income

In the quarter-over-quarter comparison, the R\$ 1,104 million growth was mainly due to: (i) increased results achieved by the interest earning portion, totaling R\$ 903 million, particularly Securities/Other, Loan, and Funding; and (ii) the increased non-interest earning portion of the net interest income, totaling R\$ 201 million, reflecting higher gains from market arbitrage.

Year-over-year, the net interest income for the first half of 2014 rose by R\$ 1,735 million, mainly due to: (i) a R\$ 1,727 million increase in interest earning operations, due to an increase in business volume, particularly in the Loan and Funding business lines.

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Summarized Analysis of Adjusted Income**NII - Interest Earning Portion – Annualized Net Interest Margin (NIM)**

	R\$ million					
	1H14			1H13		
	Interest	Average Balance	Average Rate	Interest	Average Balance	Average Rate
Loans	15,678	337,264	9.8%	15,048	303,767	10.2%
Funding	2,984	369,896	1.7%	2,061	328,690	1.3%
Insurance	2,045	138,949	3.1%	1,828	128,330	2.9%
Securities/Other	2,098	335,130	1.3%	2,141	304,853	1.4%
Net Interest Income	22,805	-	7.4%	21,078	-	7.2%
	2Q14			1Q14		
	Interest	Average Balance	Average Rate	Interest	Average Balance	Average Rate
Loans	7,967	339,341	10.1%	7,711	335,187	9.9%
Funding	1,570	365,285	1.8%	1,415	374,507	1.6%
Insurance	1,081	141,206	3.2%	964	136,692	2.9%
Securities/Other	1,236	324,770	1.6%	861	345,490	1.0%
Net Interest Income	11,854	-	7.7%	10,951	-	7.1%

The annualized net interest margin reached 7.7% in the second quarter of 2014, up 0.6 p.p. over the previous quarter, mainly due to an improvement of all business lines that make up the interest earning portion, as illustrated in the table above.

Press Release

Summarized Analysis of Adjusted Income

Expanded Loan Portfolio⁽¹⁾

In June 2014, Bradesco's expanded loan portfolio totaled R\$ 435.2 billion. The 0.7% increase in the quarter reflects mainly the Individuals portfolio, which was up 1.8%. The graph on the right shows that the share of SMEs in the portfolio has decreased, which is mostly due to a higher growth rate of lower-risk products, namely payroll-deductible loan, real estate financing and in the Corporations segment. In the last twelve months, this portfolio increased by 8.1%: (i) 9.9% in Corporations; (ii) 9.6% in Individuals; and (iii) 3.7% in SMEs

In the last twelve months, this portfolio increased by 8.1%: (i) 9.9% in Corporations; (ii) 9.6% in Individuals; and (iii) 3.7% in SMEs.

In the Corporate segment, the products that posted the strongest growth in the last 12 months were: (i) real estate financing; and (ii) foreign transactions.

In the Individual segment, the main highlights were: (i) payroll-deductible loan; and (ii) real estate financing.

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

For more information, see Chapter 2 of this Report.

Allowance for Loan Losses (ALL)⁽¹⁾

Allowance for loan losses (ALL) stood at R\$ 3,141 million in the second quarter of 2014, a 9.8% increase over the previous quarter, partly due to: (i) a decrease in delinquency levels for the previous quarter, due to a delay in the seasonal concentration of expense payments by our customers – this

seasonal effect produced only a mild impact, in the second quarter of 2014; and (ii) by the adjustment of provision levels to the forecast of losses from specific corporate client operations.

Comparing the first half of 2014 to the same period of the previous year, this expense decreased 3.2%, despite the 7.6% increase in loan operations (as defined by Bacen), resulting from reduced delinquency levels in the last 12 months.

It is important to note that these results reflect the consistency of the loan granting policy and processes, quality of guarantees obtained, as well as the loan recovery process improvement.

(1) Includes provision for guarantees provided, encompassing sureties, guarantees, letters of credit, and standby letter of credit, which comprises the concept of excess ALL.

For more information, see Chapter 2 of this Report.

— Report on Economic and Financial Analysis – June 2014

Summarized Analysis of Adjusted Income

Delinquency Ratio⁽¹⁾

Year-over-year, the total delinquency ratio, which is based on transactions due over 90 days, decreased from 3.7% to 3.5%, mainly due to: (i) changes in the portfolio mix; (ii) the continuous improvement of loan granting procedures and systems; and (iii) the improved internal credit risk monitoring models.

Quarter-over-quarter, there was a slight increase, mainly due to the lower growth rate experienced by the credit portfolio, as well as of some specific corporate client operations, which does not characterize a trend, as evidenced in the short-term delinquency chart below (between 15 and 90 days), which indicates that delinquency levels have stabilized.

Even with the lower growth rate presented by the loan portfolio, short-term delinquencies, which include transactions due between 15 and 90 days, have remained stable year-over-year and suffered a slight reduction quarter-over-quarter.

(1) As defined by the Brazilian Central Bank (Bacen).

Press Release

Summarized Analysis of Adjusted Income

Coverage Ratios

Bradesco monitors the development of its loan portfolio, as well as respective risks, by internally applying the expanded portfolio concept. In addition to the allowance for loan losses required by Bacen, Bradesco has excess ALL to support potential stress scenarios, as well as other operations/commitments bearing credit risks.

The following graph presents the changes in coverage ratio of the Allowance for Loan Losses for loans overdue for more than 60 and 90 days. In June 2014, these ratios stood at comfortable levels, reaching 149.9% and 186.9%, respectively.

(1) Includes provision for guarantees provided, encompassing sureties, guarantees, letters of credit, and standby letter of credit, which comprises the concept of excess ALL.

Report on Economic and Financial Analysis – June 2014

Summarized Analysis of Adjusted Income

Income from Insurance, Pension Plans and Capitalization Bonds

Net income for the second quarter of 2014 stood at R\$ 1.072 billion (R\$ 1.040 billion in the first quarter of 2014), up 3.1% compared to the previous quarter, for an annualized Return on Adjusted Shareholders' Equity of 26.3%.

Net income for the first half of 2014 stood at R\$ 2.112 billion, up 13.5% compared to the same period in the previous year (R\$ 1.861 billion), for a return on Adjusted Shareholder's Equity of 25.1%.

(1) Excluding additional provisions.

	2Q14	1Q14	4Q13	3Q13	2Q13	1Q13	4Q13
Net Income	1,072	1,040	1,001	878	931	930	930
Insurance Written Premiums, Pension Plan Contributions and Capitalization Bond Income	13,992	11,450	14,492	11,069	13,238	10,953	13,238
Technical Reserves	142,731	137,751	136,229	133,554	131,819	127,367	124,229
Financial Assets	154,261	147,725	146,064	143,423	141,984	141,535	141,535
Claims Ratio (%)	70.2	70.1	71.1	72.7	71.1	69.6	71.1
Combined Ratio (%)	86.3	86.4	86.1	86.9	85.5	86.0	86.1
Policyholders / Participants and Customers (in thousands)	45,468	45,260	45,675	45,292	44,215	42,941	43,000
Employees (unit)	7,152	7,265	7,383	7,462	7,493	7,510	7,510
Market Share of Insurance Written Premiums, Pension Plan Contributions and Capitalization Bond Income (%) ⁽¹⁾	23.8	23.4	24.2	23.8	24.0	22.4	23.8

(1) The second quarter of 2014 includes the latest data released by Susep (May/14).

Note: For purposes of comparison between the indexes for the aforementioned periods, the effects of non-recurring events have not been considered.

Press Release

Summarized Analysis of Adjusted Income

Income increased by 22.2% in the second quarter of 2014, compared to the previous quarter, driven by the Life and Pension Plans, Auto/RE and Capitalization Bonds products, which grew 46.2%, 10.9% and 7.1%, respectively.

Net income in the second quarter of 2014 was 3.1% higher compared to previous quarter, mainly due to: (i) 22.2% increase in revenue; (ii) improved financial results; (iii) stability of the claims ratio; and (iv) improved administrative efficiency ratio.

Production increased 5.2% in the first half of 2014 when compared to the same period in the previous year. This result was led by Auto RE, Health and Capitalization Bond products, which grew 31.5%, 21.1% and 18.3%, respectively.

Net income in the first half of 2014 was 13.5% higher compared to the same period in the previous year, due to: (i) 5.2% increase in revenue; (ii) improved financial and equity income; (iii) reduced expense and claims ratio; and (iv) maintenance of the administrative efficiency ratio.

Grupo Bradesco Seguros maintains its capital levels in compliance with regulatory requirements and global standards (Solvency II), with leverage of 2.7 times its Shareholders' Equity in the period

Summarized Analysis of Adjusted Income

Fee and Commission Income

In the second quarter of 2014, fee and commission income amounted to R\$ 5,328 million, up R\$ 45 million over the previous quarter, mainly as a result of an increase in business volume. The revenues that contributed most to such increase were: (i) loans; (ii) checking account; (iii) card income; (iv) fund management; and (v) consortium management; these were partially offset by: (vi) reduced revenues from underwriting/financial advisory services, which had recorded an excellent performance in the previous quarter.

In the comparison between the first half of 2014 and the same period of the previous year, the increase of R\$ 1,030 million, or 10.7%, is mostly due to the increased customer base combined with higher volume of operations, resulting from ongoing investments in customer service channels and technology. It is important to note that the revenues that contributed most to this result come from: (i) a good performance of the credit card segment, due to the increase in (a) income; and (b) number of transactions; (ii) the higher income from checking accounts, resulting from an increase in business volume and in the account holder base, which posted a net growth of 251,000 active accounts in the period; (iii) higher income from loans, due to the greater volume of operations and sureties and guarantees in the period; and revenue gains in: (iv) consortium management; and (v) collection.

Press Release

Summarized Analysis of Adjusted Income

Personnel Expenses

In the second quarter of 2014, the R\$ 169 million increase from the previous quarter is a result of variations in:

- structural expenses – increase of R\$ 81 million, mainly due to the reduced number of vacation leaves in the second quarter of 2014; and
 - non-structural – increase of R\$ 88 million, which resulted mainly from increased expenses with: (i) provision for labor claims; (ii) employee and management profit sharing expenses; and (iii) training sessions.
- non-structural expenses totaling R\$ 157 million, which result particularly from greater expenses with: (i) employee and management profit sharing expenses; and (ii) provision for labor claims.

In the comparison between the first half of 2014 and the same period of the previous year, the R\$ 477 million increase was mainly due to:

- a R\$ 320 million increase in structural expenses, resulting from greater expenses with salaries, social charges and benefits, due to raise in salary levels, as per respective collective bargaining agreements; and

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

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

Summarized Analysis of Adjusted Income

Administrative Expenses

Despite the higher expenses with (i) the opening of 2,379 service points in the period, mainly Bradesco Expresso points, bringing the number of service points on June 30, 2014 to a total of 73,208, and (ii) increased business and service volumes in the period, administrative expenses increased only 0.4% in the comparison between the first half of 2014 and the same period in the previous year, as a result of the continued efforts to reduce costs led by our Efficiency Committee, which included revision of processes and ongoing investments in technology. It is worth noting that IPCA and IGP-M inflation indexes reached 6.52% and 6.25% in the last 12 months, respectively.

In the second quarter of 2014, the 2.6% increase in administrative expenses, compared to the previous quarter, was mainly due to increased business and service volumes in the quarter, which ultimately generated higher expenses with: (i) maintenance and preservation of assets; (ii) data processing; (iii) outsourced services; (iv) depreciation and amortization; and (v) materials.

Other Operating Income and Expenses

Other operating expenses, net of other operating income, totaled R\$ 1,333 million in the second quarter of 2014, down R\$ 58 million over the previous quarter. In the comparison between the first half of 2014 and the same period of the previous year, the R\$ 407 million increase is mainly due to: (i) greater expenses with operating provisions, mainly liability contingencies; and (ii) greater expenses with Credit Card sales.

Press Release

Summarized Analysis of Adjusted Income

Income Tax and Social Contribution

Income tax and social contribution increased 18.4% over the previous quarter and 32.2% year-over-year, mainly due to: (i) the increase in taxable result; and (ii) the non-use of the full tax benefit in this quarter due to interim dividends provisioned in the second quarter of 2014 over interest on shareholders' equity. The income tax and social contribution (IR/CS) rate stood at 36.6% in the second quarter of 2014.

Unrealized Gains

Unrealized gains totaled R\$ 21,673 million in the second quarter of 2014, a R\$ 6,695 million increase from the previous quarter. Such variation was mainly driven by the appreciation of: (i) our investments, especially our Cielo shares, which went up by 25.8% in the quarter; and (ii) fixed income securities.

Report on Economic and Financial Analysis – June 2014

Economic Scenario

In general, the international financial markets managed to maintain low volatility rates throughout the second quarter. Recent positive news regarding various U.S. economic indicators, following the negative impacts of a gloomy scenario in the beginning of the year, indicate that the recovery of the world's leading economy is on a sustainable path. Looking forward, there is a general consensus regarding the gradual and well-announced reduction of monetary incentives by the Federal Reserve, whose initiatives tend to support this recovery process.

In the Eurozone, the European Central Bank increased monetary incentives in attempt to mitigate the risks of deflation in the region. The Chinese economy has shown signs of growth stabilization, albeit at a lower level compared to last year, eliminating all concerns over a potential hard landing scenario.

In the commodities market, geopolitical aspects have raised some concern regarding oil supply, representing one of the key threats to the global economic recovery. On the other hand, bearish pressures prevail in other segments, particularly in the grain and iron ore sectors. The drop in price for most primary goods and the upward trend of long interest-rates in the U.S. represent even greater hurdles to macroeconomic policy management in emerging countries.

Meanwhile, the very same global scenario may also generate some valuable opportunities, especially for countries that adopt effective economic and institutional differentiation measures. In this sense, Brazil should look toward continuously reinforcing its commitment towards healthy economic policies. Such efforts must be perceived by society as a value in itself, one which represents a requirement for the maintenance of macroeconomic visibility and income gains, in addition to boosting the confidence level among economic agents.

Indicators for Domestic economic activities have been modest, further highlighting the relevance of structural initiatives aimed at promoting future growth. The constant search for excellence in education is Brazil's front line in its battle to become more competitive and to expedite its efforts to upgrade infrastructure. It is always important to remind that, in the long term, the main source of economic growth is productivity, which becomes an even more relevant topic within a global context characterized by high levels of efficiency.

Productive investments tend to play an increasingly relevant role in the composition of growth over the next few years, which should be favored by the increased share of the capital market in funding of infrastructure projects. At the same time, despite the shift in consumer market expansion levels in some segments, the potential of domestic demand for goods and services has yet to be depleted, and there is still much room for growth. Income gains, employment formalization, diversification of consumption habits and social mobility are still key influential factors.

Bradesco maintains a positive outlook towards Brazil, with favorable perspectives for its operating segments. Credit volume is growing at sustainable and risk-compatible rates, whereas delinquency rates are stabilized at historically low and controlled levels. The scenario is still very promising for the Brazilian banking and insurance sectors.

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Press Release**Main Economic Indicators**

Main Indicators (%)	2Q14	1Q14	4Q13	3Q13	2Q13	1Q13	4Q12	3Q12
Interbank Deposit Certificate (CDI)	2.51	2.40	2.31	2.12	1.79	1.61	1.70	1.91
Ibovespa	5.46	(2.12)	(1.59)	10.29	(15.78)	(7.55)	3.00	8.87
USD – Commercial Rate	(2.67)	(3.40)	5.05	0.65	10.02	(1.45)	0.64	0.46
General Price Index - Market (IGP-M)	(0.10)	2.55	1.75	1.92	0.90	0.85	0.68	3.79
Institute of Geography and Statistics (IBGE)	1.54	2.18	2.04	0.62	1.18	1.94	1.99	1.42
Federal Government Long-Term Interest Rate (TJLP)	1.24	1.24	1.24	1.24	1.24	1.24	1.36	1.36
Reference Interest Rate (TR)	0.15	0.19	0.16	0.03	-	-	-	0.03
Savings Account (Old Rule) ⁽¹⁾	1.66	1.70	1.67	1.54	1.51	1.51	1.51	1.53
Savings Account (New Rule) ⁽¹⁾	1.66	1.70	1.67	1.47	1.30	1.25	1.26	1.40
Business Days (number)	61	61	64	66	63	60	62	64
Indicators (Closing Rate)	Jun14	Mar14	Dec13	Sept13	Jun13	Mar13	Dec12	Sept12
USD – Commercial Selling Rate - (R\$)	2.2025	2.2630	2.3426	2.2300	2.2156	2.0138	2.0435	2.0306
Euro - (R\$)	3.0150	3.1175	3.2265	3.0181	2.8827	2.5853	2.6954	2.6109
Country Risk (points)	208	228	224	236	237	189	142	166
Basic Selic Rate Copom (% p.a.)	11.00	10.75	10.00	9.00	8.00	7.25	7.25	7.50
BM&F Fixed Rate (% p.a.)	10.91	11.38	10.57	10.07	9.39	7.92	7.14	7.48

(1) Regarding the new savings account yield rule, it was defined that: (i) existing deposits up to May 3, 2012 will continue to yield 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., a yield of TR + 6.17% p.m. interest will be maintained; and (b) if the Selic rate is equal or lower than 8.5% p.a., the yield will be 70% of Selic rate + TR.

Projections for 2016

%	2014	2015	2016
USD - Commercial Rate (year-end) - R\$	2.35	2.45	2.55
Extended Consumer Price Index (IPCA)	6.40	6.00	5.50
General Price Index - Market (IGP-M)	5.00	5.50	5.00
Selic (year-end)	11.00	11.00	10.00
Gross Domestic Product (GDP)	1.00	1.50	3.00

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 as of the date hereof.

Loan Portfolio ⁽¹⁾	10 to 14 %
Individuals	11 to 15 %
Companies	9 to 13 %
NII - Interest Earning Portion	6 a 10 %
Fee and Commission Income	9 to 13 %
Operating Expenses ⁽²⁾	3 to 6 %
Insurance Premiums	9 to 12 %

(1) Expanded Loan Portfolio; and

(2) Administrative and Personnel Expenses.

Press Release**Book Income vs. Managerial Income vs. Adjusted Income Statement****Analytical Breakdown of Book Income vs. Managerial Income vs. Adjusted Income Statement****Second Quarter of 2014**

	Book Income Statement	Reclassifications					2Q P F
		(1)	(2)	(3)	(4)	(5)	(6)
Net Interest Income	14,274	(334)	(143)	(248)	(922)	-	-
ALL	(3,645)	-	-	-	637	(133)	-
Gross Income from Financial Intermediation	10,629	(334)	(143)	(248)	(285)	(133)	-
Income from Insurance, Pension Plans and Capitalization Bonds ⁽⁹⁾	1,270	-	-	-	-	-	-
Fee and Commission Income	5,226	-	-	-	-	-	102
Personnel Expenses	(3,448)	-	-	-	-	-	-
Other Administrative Expenses	(3,607)	-	-	-	-	-	32
Tax Expenses	(1,169)	-	-	-	(12)	-	-
Companies	35	-	-	-	-	-	-
Other Operating Income/Expenses	(2,298)	334	143	248	297	33	(134)
Operating Result	6,639	-	-	-	-(100)	-	-
Non-Operating Result	(134)	-	-	-	-	100	-
Income Tax / Social Contribution and Non-controlling Interest	(2,727)	-	-	-	-	-	-
Net Income	3,778	-	-	-	-	-	-

- (1) Expenses with Commission on the Placement of Loans and Financing were reclassified from the item "Other Operating Expenses" to the item "Net Interest Income;"
- (2) Interest Income/Expenses from the insurance segment were reclassified from the item "Other Operating Income/Expenses" to the item "Net Interest Income;"
- (3) Interest Income/Expenses from the financial segment were reclassified from the item "Other Operating Income/Expenses" to the item "Net Interest Income;"
- (4) Income from Loan Recovery classified under the item "Net Interest Income"; Expenses with Discounts Granted, classified under the item "Other Operating Income/Expenses"; and Expenses with Write-offs of Leasing Operations, classified under the item "Net Interest Income", were reclassified to the item "Provision for Loan Loss (ALL) Expenses"; Tax Expenses, classified as "Other Operating Expenses", were reclassified under the item "Tax Expenses"; and Expenses with Provision for Guarantees Provided, classified as "Other Operating Expenses", were reclassified to the item "Provision 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 "Provision for Loan Loss (ALL) Expenses"/"Other Operating Income/Expenses";
- (6) Income from Card Fees and Commissions, Insurance Premium Commissions and Insurance Policy Fees classified under "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, in terms of Net Income, 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;
 - (8) For more information see page 8 of this chapter; and
 - (9) Income from Insurance, Pension Plans and Capitalization Bonds = Insurance, Pension Plan and Capitalization Bond Retained Premiums – Changes in Technical Reserves for Insurance, Pension Plans and Capitalization Bonds – Retained Claims – Capitalization Bond Draws and Redemption – Insurance, Pension Plan and Capitalization Bond Sales Expenses.
- Report on Economic and Financial Analysis – June 2014
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Press Release

Book Income vs. Managerial Income vs. Adjusted Income Statement**Analytical Breakdown of Book Income vs. Managerial Income vs. Adjusted Income Statement****First Quarter of 2014**

	Book Income Statement	Reclassifications						1Q1 Fi He
		(1)	(2)	(3)	(4)	(5)	(6)	
Net Interest Income	12,770(332)	64(113)(804)	-	-	-	-	-	-
ALL	(3,251)	-	-	-	496	(106)	-	-
Gross Income from Financial Intermediation	9,519(332)	64(113)(308)(106)	-	-	-	-	-	-
Income from Insurance, Pension Plans and Capitalization Bonds ⁽⁹⁾	1,244	-	-	-	-	-	-	-
Fee and Commission Income	5,190	-	-	-	-	-	-	93
Personnel Expenses	(3,279)	-	-	-	-	-	-	-
Other Administrative Expenses	(3,515)	-	-	-	-	-	-	29
Tax Expenses	(1,141)	-	-	-	(12)	-	-	-
Companies	52	-	-	-	-	-	-	-
Other Operating Income/Expenses	(2,052)	332	(64)	113	320	33	(122)	-
Operating Result	6,018	-	-	-	-	(73)	-	-
Non-Operating Result	(109)	-	-	-	-	73	-	-
Income Tax / Social Contribution and Non-controlling Interest	(2,465)	-	-	-	-	-	-	-
Net Income	3,443	-	-	-	-	-	-	-

- (1) Expenses with Commission on the Placement of Loans and Financing were reclassified from the item "Other Operating Expenses" to the item "Net Interest Income;"
- (2) Interest Income/Expenses from the insurance segment were reclassified from the item "Other Operating Income/Expenses" to the item "Net Interest Income;"
- (3) Interest Income/Expenses from the financial segment were reclassified from the item "Other Operating Income/Expenses" to the item "Net Interest Income;"
- (4) Income from Loan Recovery classified under the item "Net Interest Income"; Expenses with Discounts Granted, classified under the item "Other Operating Income/Expenses"; and Expenses with Write-offs of Leasing Operations, classified under the item "Net Interest Income", were reclassified to the item "Provision for Loan Loss (ALL) Expenses"; Tax Expenses, classified as "Other Operating Expenses", were

reclassified under the item "Tax Expenses"; and Expenses with Provision for Guarantees Provided, classified as "Other Operating Expenses", were reclassified to the item "Provision 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 "Provision for Loan Loss (ALL) Expenses"/"Other Operating Income/Expenses";
- (6) Income from Card Fees and Commissions, Insurance Premium Commissions and Insurance Policy Fees classified under "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, in terms of Net Income, 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;
- (8) For more information see page 8 of this chapter; and
- (9) Income from Insurance, Pension Plans and Capitalization Bonds = Insurance, Pension Plan and Capitalization Bond Retained Premiums – Changes in Technical Reserves for Insurance, Pension Plans and Capitalization Bonds – Retained Claims – Capitalization Bond Draws and Redemption – Insurance, Pension Plan and Capitalization Bond Sales Expenses.

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Press Release**Book Income vs. Managerial Income vs. Adjusted Income Statement****Analytical Breakdown of Book Income vs. Managerial Income vs. Adjusted Income Statement****First Half of 2014**

	Book Income Statement	Reclassifications					1H
		(1)	(2)	(3)	(4)	(5)	(6)
Net Interest Income	27,044	(666)	(79)	(361)	(1,726)	-	-
ALL	(6,896)	-	-	-	1,133	(239)	-
Gross Income from Financial Intermediation	20,148	(666)	(79)	(361)	(593)	(239)	-
Income from Insurance, Pension Plans and Capitalization Bonds ⁽⁹⁾	2,514	-	-	-	-	-	-
Fee and Commission Income	10,416	-	-	-	-	-	195
Personnel Expenses	(6,727)	-	-	-	-	-	-
Other Administrative Expenses	(7,122)	-	-	-	-	-	61
Tax Expenses	(2,310)	-	-	-	(24)	-	-
Companies	87	-	-	-	-	-	-
Other Operating Income/Expenses	(4,350)	666	79	361	617	66	(256)
Operating Result	12,656	-	-	-	-(173)	-	-
Non-Operating Result	(243)	-	-	-	-	173	-
Income Tax / Social Contribution and Non-controlling Interest	(5,192)	-	-	-	-	-	-
Net Income	7,221	-	-	-	-	-	-

- (1) Expenses with Commission on the Placement of Loans and Financing were reclassified from the item "Other Operating Expenses" to the item "Net Interest Income;"
- (2) Interest Income/Expenses from the insurance segment were reclassified from the item "Other Operating Income/Expenses" to the item "Net Interest Income;"
- (3) Interest Income/Expenses from the financial segment were reclassified from the item "Other Operating Income/Expenses" to the item "Net Interest Income;"
- (4) Income from Loan Recovery classified under the item "Net Interest Income"; Expenses with Discounts Granted, classified under the item "Other Operating Income/Expenses"; and Expenses with Write-offs of Leasing Operations, classified under the item "Net Interest Income", were reclassified to the item "Provision for Loan Loss (ALL) Expenses"; Tax Expenses, classified as "Other Operating Expenses", were reclassified under the item "Tax Expenses"; and Expenses with Provision for Guarantees Provided, classified as "Other Operating Expenses", were reclassified to the item "Provision 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 “Provision for Loan Loss (ALL) Expenses”/“Other Operating Income/Expenses”;
- (6) Income from Card Fees and Commissions, Insurance Premium Commissions and Insurance Policy Fees classified under “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, in terms of Net Income, 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;
- (8) For more information see page 8 of this chapter; and
- (9) Income from Insurance, Pension Plans and Capitalization Bonds = Insurance, Pension Plan and Capitalization Bond Retained Premiums – Changes in Technical Reserves for Insurance, Pension Plans and Capitalization Bonds – Retained Claims – Capitalization Bond Draws and Redemption – Insurance, Pension Plan and Capitalization Bond Sales Expenses.

Book Income vs. Managerial Income vs. Adjusted Income Statement**Analytical Breakdown of Book Income vs. Managerial Income vs. Adjusted Income Statement****First Half of 2013**

	Book Income Statement	Reclassifications					1H1 F H
		(1)	(2)	(3)	(4)	(5)	(6)
Net Interest Income	21,933(652)	53(83)	(1,520)	168	-	-	-
ALL	(7,083)	-	-	-	1,015	(135)	-
Gross Income from Financial Intermediation	14,850(652)	53(83)	(505)	33	-	-	-
Income from Insurance, Pension Plans and Capitalization Bonds ⁽⁹⁾	2,183	-	-	-	-	-	-
Fee and Commission Income	9,395	-	-	-	-	-	188
Personnel Expenses	(6,250)	-	-	-	-	-	-
Other Administrative Expenses	(6,898)	-	-	-	-	-	(135)
Tax Expenses	(1,968)	-	-	-	(20)	-	-
Companies	15	-	-	-	-	-	-
Other Operating Income/Expenses	(3,606)	652	(53)	83	525	48	(53)
Operating Result	7,720	-	-	-	-	81	-
Non-Operating Result	18	-	-	-	-	(81)	-
Income Tax / Social Contribution and Non-controlling Interest	(1,870)	-	-	-	-	-	(1)
Net Income	5,868	-	-	-	-	-	-

- (1) Expenses with Commission on the Placement of Loans and Financing were reclassified from the item "Other Operating Expenses" to the item "Net Interest Income;"
- (2) Interest Income/Expenses from the insurance segment were reclassified from the item "Other Operating Income/Expenses" to the item "Net Interest Income;"
- (3) Interest Income/Expenses from the financial segment were reclassified from the item "Other Operating Income/Expenses" to the item "Net Interest Income;"
- (4) Income from Loan Recovery classified under the item "Net Interest Income"; Expenses with Discounts Granted, classified under the item "Other Operating Income/Expenses"; and Expenses with Write-offs of Leasing Operations, classified under the item "Net Interest Income", were reclassified to the item "Provision for Loan Loss (ALL) Expenses"; Tax Expenses, classified as "Other Operating Expenses", were reclassified under the item "Tax Expenses"; and Expenses with Provision for Guarantees Provided, classified as "Other Operating Expenses", were reclassified to the item "Provision 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 “Provision for Loan Loss (ALL) Expenses”/“Other Operating Income/Expenses”;
- (6) Income from Card Fees and Commissions, Insurance Premium Commissions and Insurance Policy Fees classified under “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, in terms of Net Income, 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;
- (8) For more information see page 8 of this chapter; and
- (9) Income from Insurance, Pension Plans and Capitalization Bonds = Insurance, Pension Plan and Capitalization Bond Retained Premiums – Changes in Technical Reserves for Insurance, Pension Plans and Capitalization Bonds – Retained Claims – Capitalization Bond Draws and Redemption – Insurance, Pension Plan and Capitalization Bond Sales Expenses.

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

	Jun14	Mar14	Dec13	Sept13	Jun13	Mar13
Assets						
Current and Long-Term Assets	915,986	906,760	892,495	892,363	881,121	879,121
Cash and Cash Equivalents	11,535	12,110	12,196	16,427	16,180	11,300
Interbank Investments	137,654	127,014	135,456	144,967	147,485	171,300
Securities and Derivative Financial Instruments	333,200	321,970	313,327	313,679	309,027	300,600
Interbank and Interdepartmental Accounts	56,115	61,740	56,995	52,121	52,150	52,700
Loan and Leasing Operations	302,276	301,914	296,629	286,899	281,982	276,000
Allowance for Loan Losses (ALL) ⁽¹⁾	(21,458)	(21,051)	(21,349)	(21,476)	(21,455)	(21,300)
Other Receivables and Assets	96,664	103,063	99,241	99,746	95,752	88,400
Permanent Assets	15,146	15,469	15,644	15,331	15,576	15,200
Investments	1,887	1,871	1,830	1,910	1,920	1,800
Premises and Leased Assets	4,579	4,597	4,668	4,392	4,464	4,500
Intangible Assets	8,680	9,001	9,146	9,029	9,192	8,900
Total	931,132	922,229	908,139	907,694	896,697	894,421
Reserve Requirements						
Current and Long-Term Liabilities	853,622	847,794	835,917	839,393	829,426	823,700
Deposits	213,270	218,709	218,063	216,778	208,485	205,800
Federal Funds Purchased and Securities Sold under Agreements to Repurchase	255,611	250,716	256,279	258,580	266,825	281,000
Funds from Issuance of Securities	69,877	64,511	57,654	55,427	53,821	47,800
Interbank and Interdepartmental Accounts	5,673	5,343	6,864	4,806	3,793	3,800
Borrowing and Onlending	54,142	56,724	56,095	51,307	49,121	46,200
Derivative Financial Instruments	4,727	3,894	1,808	3,238	3,141	2,500
Reserves for Insurance, Pension Plans and Capitalization Bonds	142,732	137,751	136,229	133,554	131,819	127,300
Other Reserve Requirements	107,590	110,146	102,925	115,703	112,421	109,000
Deferred Income	224	560	677	676	661	600
Non-controlling Interest in Subsidiaries	486	549	605	592	582	600
Shareholders' Equity	76,800	73,326	70,940	67,033	66,028	69,400
Total	931,132	922,229	908,139	907,694	896,697	894,421

(1) Including the allowance for guarantees provided, in June 2014, the allowance for loan losses totaled R\$ 21,791 million.

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Economic and Financial Analysis

Consolidated Statement of Financial Position and Adjusted Income Statement

Adjusted Income Statement

	2Q14	1Q14	4Q13	3Q13	2Q13	1Q13	4Q12
Net Interest Income	12,066	10,962	11,264	10,729	10,587	10,706	11,109
- Interest Earning Portion	11,854	10,951	10,986	10,622	10,569	10,509	10,678
- Non-interest Earning Portion	212	11	278	107	18	197	431
ALL	(3,141)	(2,861)	(2,961)	(2,881)	(3,094)	(3,109)	(3,210)
Gross Income from Financial Intermediation	8,925	8,101	8,303	7,848	7,493	7,597	7,899
Income from Insurance, Pension Plans and Capitalization Bonds ⁽¹⁾	1,270	1,244	1,188	1,100	1,028	1,155	955
Fee and Commission Income	5,328	5,283	5,227	4,977	4,983	4,599	4,675
Personnel Expenses	(3,448)	(3,279)	(3,465)	(3,346)	(3,191)	(3,059)	(3,142)
Other Administrative Expenses	(3,575)	(3,486)	(3,848)	(3,631)	(3,578)	(3,455)	(3,755)
Tax Expenses	(1,120)	(1,114)	(1,254)	(987)	(1,017)	(1,123)	(1,098)
Equity in the Earnings (Losses) of Unconsolidated Companies	35	52	26	2	12	3	45
Other Operating Income/ (Expenses)	(1,333)	(1,391)	(1,232)	(1,194)	(1,147)	(1,170)	(1,130)
Operating Result	6,082	5,410	4,945	4,769	4,583	4,547	4,449
Non-Operating Result	(34)	(36)	(31)	(27)	(24)	(38)	(29)
Income Tax and Social Contribution	(2,215)	(1,871)	(1,696)	(1,638)	(1,553)	(1,538)	(1,488)
Non-controlling Interest	(29)	(30)	(19)	(22)	(28)	(28)	(14)
Adjusted Net Income	3,804	3,473	3,199	3,082	2,978	2,943	2,918

(1) 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 Sales Expenses.

NII - Interest and Non-Interest Earning Portion

Net Interest Income Breakdown

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Economic and Financial Analysis**NII - Interest and Non-Interest Earning Portion****Net Interest Margin**

					R\$ million	
	Net Interest Income				Variation	
	1H14	1H13	2Q14	1Q14	Half	Quarter
Interest - due to volume					2,235	13
Interest - due to spread					(508)	890
- NII - Interest Earning Portion	22,805	21,078	11,854	10,951	1,727	903
- NII - Non-Interest Earning Portion	223	215	212	11	8	201
Net Interest Income	23,028	21,293	12,066	10,962	1,735	1,104
Average NIM ⁽¹⁾	7.4%	7.2%	7.8%	7.2%		

(1) Average Net Interest Income Rate = (Net Interest Income/Average Assets – Repos – Permanent Assets) Annualized

In the comparison between the second quarter of 2014 and the previous quarter, the R\$ 1,104 million increase was mainly due to the greater: (i) interest earning portion, totaling R\$ 903 million, particularly regarding the Securities/Other, Loan and Funding businesses; and (ii) the non-interest earning portion, totaling R\$ 201 million, basically related to the Insurance business.

In the comparison between the first half of 2014 and the same period of the previous year, net interest income rose by R\$ 1,735 million, mainly due to: (i) higher interest earning portion, totaling R\$ 1,727 million, due to an increased business volume, particularly in the Loan and Funding business lines.

NII - Interest Earning Portion**Interest Earning Portion Breakdown**

					R\$ million	
	Interest Earning Portion Breakdown				Variation	
	1H14	1H13	2Q14	1Q14	Half	Quarter

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Loans	15,678	15,048	7,967	7,711	630	256
Funding	2,984	2,061	1,570	1,415	923	155
Insurance	2,045	1,828	1,081	964	217	117
Securities/Other	2,098	2,141	1,236	861	(43)	375
Interest Earning Portion	22,805	21,078	11,854	10,951	1,727	903

The interest earning portion stood at R\$ 11,854 million in the second quarter of 2014, against R\$ 10,951 million recorded in the previous quarter, accounting for an increase of R\$ 903 million. All business lines contributed to this result, particularly: (i) Securities/Others; (ii) Loan; and (iii) Funding, broken down under Securities/Other Margin - Interest Earning Operations, Credit Margin - Interest Earning Operations, and Funding Margin - Interest Earning Operations.

In the comparison between the first half of 2014 and the same period of the previous year, the interest earning portion of the NII was up R\$ 1,727 million. The business lines that most contributed to this increase were Loan and Funding.

Economic and Financial Analysis

NII - Interest Earning Portion**NII - Interest Earning Portion – Rates**

The annualized interest financial margin stood at 7.7% in the second quarter of 2014, up 0.6 p.p. over the previous quarter, mainly due to an improvement of all business lines that make up the interest earning portion, as illustrated in the table below.

NII - Interest Earning Portion – Annualized Average Rates

	R\$ million					
	1H14			1H13		
	Interest	Average Balance	Average Rate	Interest	Average Balance	Average Rate
Loans	15,678	337,264	9.8%	15,048	303,767	10.2%
Funding	2,984	369,896	1.7%	2,061	328,690	1.3%
Insurance	2,045	138,949	3.1%	1,828	128,330	2.9%
Securities/Other	2,098	335,130	1.3%	2,141	304,853	1.4%
Interest Earning Portion	22,805	-	7.4%	21,078	-	7.2%
	2Q14			1Q14		
	Interest	Average Balance	Average Rate	Interest	Average Balance	Average Rate
Loans	7,967	339,341	10.1%	7,711	335,187	9.9%
Funding	1,570	365,285	1.8%	1,415	374,507	1.6%
Insurance	1,081	141,206	3.2%	964	136,692	2.9%
Securities/Other	1,236	324,770	1.6%	861	345,490	1.0%
Interest Earning Portion	11,854	-	7.7%	10,951	-	7.1%

Economic and Financial Analysis**Credit Margin - Interest Earning Operations****Credit Margin - Interest Earning Operations – Breakdown**

	Credit Margin - Interest Earning Operations				R\$ million	
	1H14	1H13	2Q14	1Q14	Variation Half	Quarter
Interest - due to volume					1,557	98
Interest - due to spread					(927)	158
Interest Earning Portion	15,678	15,048	7,967	7,711	630	256
Income	27,790	26,478	14,127	13,663	1,312	464
Expenses	(12,112)	(11,430)	(6,160)	(5,952)	(682)	(208)

In the second quarter of 2014, financial margin with loan operations reached R\$ 7,967 million, up R\$ 256 million over the first quarter of 2014. The variation is the result of: (i) a R\$ 158 million increase in the average spread; and (ii) a R\$ 98 million increase in average business volume.

In the comparison between the first half of 2014 and the same period of the previous year, the net interest rate was up R\$ 630 million. The variation is the result of: (i) a R\$ 1.557 million increase in the volume of operations; and partially offset by: (ii) a decrease in the average spread, amounting to R\$ 927 million, affected mostly by the change in loan portfolio mix.

Credit Margin - Interest Earning Operations

Net Credit 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 others. The increase in expenses for the second quarter of 2014 was partly due to: (i) a decrease in delinquency levels for the previous quarter, due to a delay in the seasonal concentration of expense payments by our customers – this seasonal effect produced only a mild impact, in the second quarter of 2014; and (ii) by the adjustment of provision levels to specific occurrences in corporate client operations.

The net margin curve, which refers to loan interest income net of ALL, remained virtually stable in the second quarter of 2014, compared to the previous quarter. In the comparison between the first half of 2014 and the same period of the previous year, the net margin was up 9.4%, mainly due to: (i) increase in business volume; and (ii) reduction in delinquency costs.

Economic and Financial Analysis**Credit Margin - Interest Earning Operations****Expanded Loan Portfolio⁽¹⁾**

In June 2014, the expanded loan portfolio stood at R\$ 435.2 billion, up 0.7% in the quarter and 8.1% over the last 12 months.

In the quarter, we highlight the growth of 1.8% in Individuals. The graph on the right shows that the share of SMEs in the portfolio has decreased, which is mostly due to a higher growth rate of lower-risk products, namely payroll-deductible loan, real estate financing and in the Corporations segment.

The figures for the last 12 months were led by a 9.9% growth for Corporations and 9.6% for Individuals.

(1) In addition to the loan portfolio, it 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 expanded loan portfolio products for Individuals is presented below:

Individuals	R\$ million			Variation %	
	Jun14	Mar14	Jun13	Quarter	12M
Payroll-deductible Loan	28,727	28,100	24,262	2.2	18.4

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CDC / Vehicle Leasing	25,248	26,030	29,303	(3.0)	(13.8)
Credit Card	23,793	23,290	21,156	2.2	12.5
Personal Loans	16,694	16,602	16,049	0.6	4.0
Real Estate Financing	15,564	14,521	11,543	7.2	34.8
Rural Loans	9,350	8,813	6,752	6.1	38.5
BNDES/Finame Onlending	6,955	7,014	6,421	(0.8)	8.3
Overdraft Facilities	3,982	3,792	3,455	5.0	15.3
Sureties and Guarantees	372	282	361	31.6	3.1
Other	4,382	4,208	3,959	4.1	10.7
Total	135,068	132,652	123,260	1.8	9.6

Individual segment operations grew by 1.8% in the quarter and 9.6% over the last 12 months. The lines that contributed most to such increase were: (i) real estate financing; and (ii) payroll-deductible loan.

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Economic and Financial Analysis**Credit Margin - Interest Earning Operations**

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

Corporate	R\$ million			Variation %	
	Jun14	Mar14	Jun13	Quarter	12M
Working Capital	42,869	43,304	44,207	(1.0)	(3.0)
BNDES/Finame Onlending	33,198	33,771	31,345	(1.7)	5.9
Operations Abroad	29,249	31,778	26,638	(8.0)	9.8
Real Estate Financing	21,739	20,900	14,168	4.0	53.4
Export Financing	16,118	15,814	16,024	1.9	0.6
CDC / Leasing	12,787	12,840	13,163	(0.4)	(2.9)
Credit Card	12,649	13,053	13,590	(3.1)	(6.9)
Overdraft Account	11,054	11,060	10,540	-	4.9
Rural Loans	7,376	6,054	4,953	21.8	48.9
Sureties and Guarantees	69,504	67,235	63,022	3.4	10.3
Operations bearing Loan Risk - Commercial Portfolio ⁽¹⁾	33,356	33,342	30,942	-	7.8
Other	10,264	10,495	10,664	(2.2)	(3.8)
Total	300,163	299,645	279,257	0.2	7.5

(1) Including debenture and promissory note operations.

Corporate segment operations grew by 0.2% in the quarter and 7.5% in the last 12 months. The highlights of the quarter were the following lines: (i) rural loans; and (ii) real estate financing. In the last 12 months, the lines that showed significant growth were: (i) real estate financing; and (ii) foreign transactions.

Expanded Loan Portfolio – Consumer Financing⁽¹⁾

The graph below shows the types of credit related to Consumer Financing of Individual customers, which stood at R\$ 94.5 billion in June 2014, up 0.5% for the quarter and up 4.1% over the last 12 months.

The following types of credit posted the strongest numbers for June 2014: (i) personal loans, including payroll-deductible loans, totaling R\$ 45.4 billion; and (ii) Vehicle CDC/leasing, totaling R\$ 25.2 billion.

Together, these operations totaled R\$ 70.7 billion, accounting for 74.8% of the Consumer Financing balance.

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

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Economic and Financial Analysis**Credit Margin - Interest Earning Operations****Breakdown of Vehicle Portfolio**

	R\$ million			Variation %	
	Jun14	Mar14	Jun13	Quarter	12M
CDC Portfolio	33,063	33,596	35,805	(1.6)	(7.7)
Individuals	24,805	25,487	28,192	(2.7)	(12.0)
Corporate	8,258	8,109	7,613	1.8	8.5
Leasing Portfolio	2,071	2,358	3,517	(12.2)	(41.1)
Individuals	443	543	1,111	(18.4)	(60.1)
Corporate	1,628	1,815	2,406	(10.3)	(32.3)
Finame Portfolio	11,136	11,404	11,029	(2.4)	1.0
Individuals	701	757	857	(7.4)	(18.2)
Corporate	10,435	10,647	10,172	(2.0)	2.6
Total	46,270	47,358	50,351	(2.3)	(8.1)
Individuals	25,949	26,787	30,160	(3.1)	(14.0)
Corporate	20,321	20,571	20,191	(1.2)	0.6

Vehicle financing operations (individual and corporate customers) totaled R\$ 46.3 billion in June 2014, presenting a decrease in quarter-over-quarter and year-over-year comparisons. Of the total vehicle portfolio, 71.5% corresponds to CDC, 24.1% to Finame and 4.4% to Leasing. Individuals represented 56.1% of the portfolio, while corporate customers accounted for the remaining 43.9%.

Expanded Loan Portfolio Concentration – By Sector

The Individual share of the expanded loan portfolio by sector increased both in the quarter and the last 12 months.

Activity Sector

	Jun14		Mar14		Jun13		R\$ million
		%		%		%	
Public Sector	7,359	1.7	7,052	1.6	716	0.2	
Private Sector	427,872	98.3	425,245	98.4	401,801	99.8	
Corporate	292,804	67.3	292,593	67.7	278,239	69.1	
Industry	89,141	20.5	90,744	21.0	84,664	21.0	

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Commerce	54,304	12.5	55,117	12.7	53,852	13.4
Financial Intermediaries	9,042	2.1	9,510	2.2	7,642	1.9
Services	136,461	31.4	133,696	30.9	129,067	32.1
Agriculture, Cattle Raising, Fishing, Forestry and Forest Exploration	3,856	0.9	3,526	0.8	3,014	0.7
Individuals	135,068	31.0	132,652	30.7	123,562	30.7
Total	435,231	100.0	432,297	100.0	402,517	100.0

Note: On June 2014, we refined the classification process of the economic activity sector of credit operations and, for the purposes of comparability, we reclassified previous periods.

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Economic and Financial Analysis

Credit Margin - Interest Earning Operations

Changes in the Expanded Loan Portfolio

Of the R\$ 32.7 billion growth in the expanded loan portfolio over the last 12 months, new borrowers accounted for R\$ 31.7 billion, or 97.0%, representing 7.3% of the portfolio in June 2014.

(1) Including new loans, contracted over the last 12 months, by customers with operations as of June 2013.

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

The chart below shows that the vast majority of new borrowers and remaining debtors as of June 2013 (customers that remained in the loan portfolio for at least 12 months) received ratings between AA and C, demonstrating the adequacy and consistency of the loan assignment and monitoring policy and processes, as well as the quality of guarantees.

Changes in the Extended Loan Portfolio by Rating between June 2013 and 2014
New Customers from

Rating	Total Loan as at		July 2013 and		Remaining Debtors as at	
	June 2014		June 2014		June 2013	
	R\$ million	%	R\$ million	%	R\$ million	%
AA - C	409,249	94.0	29,922	94.3	379,326	94.0
D	6,407	1.5	295	0.9	6,112	1.5
E - H	19,575	4.5	1,516	4.8	18,060	4.5
Total	435,231	100.0	31,733	100.0	403,498	100.0

Expanded Loan Portfolio – By Customer Profile

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

Customer Profile	R\$ million			Variation %	
	Jun14	Mar14	Jun13	Quarter	12M
Corporations	187,983	186,865	171,105	0.6	9.9
SMEs	112,180	112,780	108,153	(0.5)	3.7
Individuals	135,068	132,652	123,260	1.8	9.6
Total Loan Operations	435,231	432,297	402,517	0.7	8.1

Expanded Loan Portfolio – By Customer Profile and Rating (%)

Loans rated between AA and C improved in the quarter and over the last 12 months.

Customer Profile**By Rating**

	Jun14			Mar14			Jun13		
	AA-C	D	E-H	AA-C	D	E-H	AA-C	D	E-H
Corporations	98.4	0.4	1.2	98.0	0.9	1.1	97.2	2.3	0.5
SMEs	90.3	2.9	6.8	90.6	2.9	6.4	90.5	3.4	6.2
Individuals	91.0	1.7	7.3	91.1	1.7	7.2	89.7	2.1	8.2
Total	94.0	1.5	4.5	93.9	1.7	4.4	93.1	2.5	4.4

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Economic and Financial Analysis

Credit Margin - Interest Earning Operations

Expanded Loan Portfolio – By Business Segment

The quarterly growth of the expanded loan portfolio by business segment was led by the Prime, and Retail segments. Prime, Retail and Corporate loans also recorded the highest increase over the last 12 months.

Business Segments	R\$ million				Variation %			
	Jun14	%	Mar14	%	Jun13	%	Quarter	12M
Retail	121,878	28.0	120,032	27.8	111,426	27.7	1.5	9.4
Corporate	189,727	43.6	189,040	43.7	175,019	43.5	0.4	8.4
Middle Market	48,199	11.1	48,333	11.2	44,981	11.2	(0.3)	7.2
Prime	20,222	4.6	19,641	4.5	17,082	4.2	3.0	18.4
Other / Non-account Holders ⁽¹⁾	55,206	12.7	55,251	12.8	54,010	13.5	(0.1)	2.2
Total	435,231	100.0	432,297	100.0	402,517	100.0	0.7	8.1

(1) Comprised mostly of 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\$ 15.5 billion in June 2014 (US\$ 16.2 billion in March 2014 and US\$ 14.4 billion in June 2013), down 4.3% in the quarter and up 7.6% over the last 12 months, in U.S. Dollars. In Brazilian Reais, these operations amounted to R\$ 34.0 billion in June 2014 (R\$ 36.7 billion in March 2014 and R\$ 31.9 billion in June 2013), down 7.4% in the quarter and up 6.6% over the last 12 months.

In June 2014, total loan operations in Reais stood at R\$ 401.2 billion (R\$ 395.6 billion in March 2014 and R\$ 370.6 billion in June 2013), up 1.4% in the quarter and 8.3% in the last 12 months.

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Economic and Financial Analysis**Credit Margin - Interest Earning Operations****Expanded Loan Portfolio – by Debtor**

Except for the largest debtor range, the concentration level among the largest debtors was lower when compared to the previous quarter. The portfolio quality of the 100 largest borrowers saw a moderate drop in the quarter, based on AA to A rating evaluation.

Loan Portfolio⁽¹⁾ – By Type

The total sum of operations bearing credit risk reached R\$ 461.6 billion, up 0.9% in the quarter and 8.5% in the last 12 months.

	R\$ million			Variation %	
	Jun14	Mar14	Jun13	Quarter	12M
Loans and Discounted Securities Financing	156,010	157,271	149,406	(0.8)	4.4
Rural and Agribusiness Financing	23,341	21,474	17,580	8.7	32.8
Leasing Operations	4,969	5,271	6,656	(5.7)	(25.3)
Advances on Exchange Contracts	6,414	6,459	6,646	(0.7)	(3.5)
Other Loans	19,978	19,884	16,945	0.5	17.9
Subtotal Loan Operations ⁽²⁾	328,668	328,257	305,574	0.1	7.6
Sureties and Guarantees Granted (Memorandum Accounts)	69,875	67,518	63,383	3.5	10.2
Operations bearing Credit Risk - Commercial Portfolio ⁽³⁾	33,356	33,342	30,942	-	7.8
Letters of Credit (Memorandum Accounts)	402	445	966	(9.6)	(58.4)
Advances from Credit Card Receivables	1,386	1,100	1,084	26.0	27.9
Co-obligation in Loan Assignment FIDC/CRI (Memorandum Accounts)	1,432	1,525	449	(6.1)	218.9
Co-obligation in Rural Loan Assignment (Memorandum Accounts)	111	111	120	-	(7.5)
Subtotal of Operations bearing Credit Risk - Expanded Portfolio	435,231	432,297	402,517	0.7	8.1
Other Operations Bearing Credit Risk ⁽⁴⁾	26,344	25,230	23,086	4.4	14.1
Total Operations bearing Credit Risk	461,575	457,527	425,603	0.9	8.5

- (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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Credit Margin - Interest Earning Operations

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

Loan Portfolio⁽¹⁾ – By Flow of Maturities⁽²⁾

The loan portfolio by flow of maturities recorded longer maturities for June 2014, compared to the same period of the previous year, mainly due to the contribution of BNDES onlending, real estate financing and payroll-deductible loans. It should be noted that, due to their guarantees and characteristics, these operations are not only exposed to lower risk, but they also provide favorable conditions to gain customer loyalty.

(1) As defined by Bacen; and

(2) Only performing loans.

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Economic and Financial Analysis

Credit Margin - Interest Earning Operations

Loan Portfolio⁽¹⁾ – Delinquency

Year-over-year, the total delinquency ratio, which is based on transactions due over 90 days, decreased from 3.7% to 3.5%, mainly due to: (i) changes in the portfolio mix; (ii) the continuous improvement of loan granting procedures and systems; and (iii) the improved internal credit risk monitoring models.

Quarter-over-quarter, there was a slight increase, mainly due to the lower growth rate experienced by the credit portfolio, as well as of some specific occurrences in corporate client operations.

Even with the lower growth rate presented by the loan portfolio, short-term delinquencies, which include transactions due between 15 and 90 days, have remained stable year-over-year and suffered a slight reduction quarter-over-quarter.

(1) As defined by Bacen.

Credit Margin - Interest Earning Operations

Allowance for Loan Losses (ALL) vs. Delinquency vs. Losses⁽¹⁾

The development of the loan portfolio, as well as respective risks, are monitored internally by applying the expanded portfolio concept.

In addition to the allowance for loan losses, required by Bacen Resolution N^o 2.682/99, there is excess ALL to support eventual stress scenarios, as well as other operations/commitments bearing credit risks.

Allowance for Loan Losses totaled R\$ 21.8 billion in June 2014, representing 6.6% of the total loan portfolio, and is comprised of: (i) general provision (customer and/or operation rating); (ii) specific provision (non-performing loans); and (iii) excess provision (internal criteria, including provision for guarantees provided).

Provisioning levels are deemed appropriate and 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 provision for guarantees provided, encompassing sureties, guarantees, letters of credit and standby letters of credit, which comprises the concept of excess ALL.

Economic and Financial Analysis

Credit Margin - Interest Earning Operations

It is worth mentioning the assertiveness of the provisioning criteria adopted, which is proven by: (i) analyzing historical data on recorded allowances for loan losses; and (ii) effective losses in the subsequent twelve-month period. When analyzed in terms of loss, net of recovery, the coverage margin shows a significant increase – that is, for a provision of 7.0% of the portfolio⁽¹⁾ in June 2013, net loss in the subsequent twelve-month period was 3.1%, meaning that the existing provision exceeded over 125% the loss in the subsequent 12 months.

In June 2013, for a provision of 7.0% of the portfolio⁽¹⁾, gross loss in the subsequent twelve-month period was 4.3%, meaning that the existing provision exceeded the real loss for the subsequent 12 months by over 61%, as illustrated in the graph below.

(1) As defined by Bacen; and

(2) Includes provision for guarantees provided, encompassing sureties, guarantees, letters of credit and standby letters of credit, which comprises the concept of excess ALL.

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Credit Margin - Interest Earning Operations

Allowance for Loan Losses⁽¹⁾

The Non-performing Loans ratio (operations overdue for over 60 days) saw slight decrease in June 2014 when compared to the same period of the previous year, and a slight increase in the quarter. Coverage ratios were stabilized at comfortable levels.

(1) As defined by Bacen;

(2) Includes provision for guarantees provided, encompassing sureties, guarantees, letters of credit and standby letters of credit, which comprises the concept of excess ALL; and

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

Bradesco

Economic and Financial Analysis**Credit Margin - Interest Earning Operations****Loan Portfolio – Portfolio Indicators**

With a view to facilitating 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 %)		
	Jun14	Mar14	Jun13
Total Loan Operations ⁽¹⁾	328,668	328,257	305,574
- Individuals	133,959	131,553	122,571
- Corporate	194,709	196,704	183,002
Total Provision ⁽²⁾	21,791	21,407	21,455
- Specific	11,097	10,778	10,879
- Generic	6,685	6,621	6,568
- Excess ⁽²⁾	4,009	4,008	4,008
Specific Provision / Total Provision ⁽²⁾ (%)	50.9	50.3	50.7
Total Provision ⁽²⁾ / Loan Operations (%)	6.6	6.5	7.0
AA - C Rated Loan Operations / Loan Operations (%)	92.2	92.2	91.3
D Rated Operations under Risk Management / Loan Operations (%)	1.9	2.1	3.0
E - H Rated Loan Operations / Loan Operations (%)	5.9	5.7	5.8
D Rated Loan Operations	6,224	7,013	9,070
Provision for D-rated Operations	1,717	1,910	2,356
D Rated Provision / Loan Operations (%)	27.6	27.2	26.0
D - H Rated Non-Performing Loans	16,551	16,293	16,015
Total Provision ⁽²⁾ / D-to-H-rated Non-performing Loans (%)	131.7	131.4	134.0
E - H Rated Loan Operations	19,388	18,714	17,577
Provision for E-to-H-rated Loan Operations	16,190	15,560	15,380
E - H Rated Provision / Loan Operations (%)	83.5	83.1	87.5
E - H Rated Non-Performing Loans	13,560	12,987	13,029
Total Provision ⁽²⁾ / E-to-H-rated Non-performing Loans (%)	160.7	164.8	164.7
Non-performing Loans ⁽³⁾	14,538	13,928	13,980
Non-performing Loans ⁽³⁾ / Loan Operations (%)	4.4	4.2	4.6
Coverage Ratio - Total Provision ⁽²⁾ / Non Performing Loans ⁽³⁾ (%)	149.9	153.7	153.5
Loan Operations Overdue for over 90 days	11,658	11,048	11,374
Loan Operations Overdue for over 90 days / Loan Operations (%)	3.5	3.4	3.7
Coverage Ratio - Total Provision ⁽²⁾ / Operations Overdue for over 90 days (%)	186.9	193.8	188.6

- (1) As defined by Bacen;
- (2) Includes provision for guarantees provided, encompassing sureties, guarantees, letters of credit and standby letters of credit, which comprises the concept of excess ALL; and
- (3) Loan operations overdue for over 60 days and that do not generate revenue appropriation on accrual accounting.

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Economic and Financial Analysis**Funding Margin - Interest Earning Operations****Funding Margin Breakdown – Interest Earning Operations**

	Funding Margin - Interest Earning Operations				R\$ million	
	1H14	1H13	2Q14	1Q14	Variation Half	Quarter
Interest - due to volume					332	(40)
Interest - due to spread					591	195
Interest Earning Portion	2,984	2,061	1,570	1,415	923	155

Quarter-over-quarter, the Funding margin increased 11.0%, or R\$ 155 million, in the second quarter of 2014. The variation occurred mainly due to a R\$ 195 million increase in the average spread, due to the increase Selic rate; and offset by: (ii) a R\$ 40 million decrease in the volume of operations.

In the comparison between the first half of 2014 and the same period of the previous year, the Funding margin was up 44.8% or R\$ 923 million. The variation occurred mainly due to: (i) the R\$ 591 million increase in average spread as a result of an improved cost structure, with greater focus on funding obtained from Retail customers, associated with the increased Selic rate; and (ii) the greater volume of operations, amounting to R\$ 332 million.

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

To analyze Loan Operations in relation to Funding, the following should be deducted from total customer funding: (i) the amount committed to reserve requirements at Bacen, (ii) the amount of available funds held at customer service network, as well as (iii) funds from domestic and foreign lines of credit that finance the demand for loans.

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

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 location of its Service Points; (ii) the broad diversity of products offered; and (iii) the market's confidence in the Bradesco brand.

Funding vs. Investments	R\$ million			Variation %	
	Jun14	Mar14	Jun13	Quarter	12 M
Demand Deposits + Sundry Floating	39,913	42,411	39,965	(5.9)	(0.1)
Savings Deposits	84,319	82,098	72,627	2.7	16.1
Time Deposits + Debentures ⁽¹⁾	158,532	161,210	158,650	(1.7)	(0.1)
Funds from Financial Bills ⁽²⁾	61,809	54,115	41,700	14.2	48.2
Customer Funds	344,573	339,834	312,942	1.4	10.1
(-) Reserve Requirements	(53,502)	(58,919)	(50,246)	(9.2)	6.5
(-) Available Funds	(7,651)	(7,250)	(11,618)	5.5	(34.1)
Customer Funds Net of Reserve Requirements	283,420	273,665	251,078	3.6	12.9
Onlending	40,414	41,057	38,033	(1.6)	6.3
Securities Abroad	8,068	10,395	12,121	(22.4)	(33.4)
Borrowing	13,727	15,667	11,088	(12.4)	23.8
Other (Subordinated Debt + Other Borrowers - Cards)	49,674	51,046	50,403	(2.7)	(1.4)

Total Funding (A)	395,303	391,830	362,723	0.9	9.0
Expanded Loan Portfolio (Excluding Sureties and Guarantees) (B)	365,356	364,779	339,134	0.2	7.7
B/A (%)	92.4	93.1	93.5	(0.7) p.p.	(1.1) p.p.

(1) Debentures mainly used to back repos; and

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

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Economic and Financial Analysis

Funding Margin - Interest Earning Operations

Main Funding Sources

The following table presents changes in main funding sources:

	R\$ million			Variation %	
	Jun14	Mar14	Jun13	Quarter	12M
Demand Deposits	36,176	38,569	36,586	(6.2)	(1.1)
Savings Deposits	84,319	82,098	72,627	2.7	16.1
Time Deposits	92,254	97,387	98,573	(5.3)	(6.4)
Debentures ⁽¹⁾	66,278	63,823	60,077	3.8	10.3
Borrowing and Onlending	54,142	56,724	49,121	(4.6)	10.2
Funds from Issuance of Securities ⁽²⁾	69,877	64,511	53,821	8.3	29.8
Subordinated Debts	35,384	35,840	36,222	(1.3)	(2.3)
Total	438,430	438,952	407,027	(0.1)	7.7

(1) Considering mostly debentures used to back repos; and

(2) Including: Financial Bills, on June 30, 2014, amounting to R\$ 48,111 million (R\$ 41,688 million on March 31, 2014; and R\$ 31,878 million on June 30, 2013).

Demand Deposits

The R\$ 2,393 million reduction in the second quarter of 2014 compared to the previous quarter, and the R\$ 410 million reduction compared to the same period in the previous year were due mostly to new business opportunities offered to customers made possible by the interest rate fluctuations in the period.

(1) Additional installment not included.

Savings Deposits

Savings deposits increased 2.7% in the quarter-over-quarter comparison and 16.1% compared to the same period in the previous year,

(1) Additional installment not included.

mainly as a result of: (i) greater funding volume; (ii) the yield of savings account reserve; and (iii) increase in voluntary deposits by clients.

Bradesco has been increasing its savings accounts base at a constant level, posting a net growth of 4.1 million new savings accounts over the last 12 months.

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Economic and Financial Analysis

Funding Margin - Interest Earning Operations

Time Deposits

In the second quarter of 2014, time deposits totaled R\$ 92,254 million, presenting a reduction of 5.3% quarter-over-quarter, and 6.4% on the same period of the previous year.

(1) As defined by Bacen.

This performance was due mostly to new investment alternatives available to customers.

Debentures

On June 30, 2014, Bradesco's debentures balance reached R\$ 66,278 million, a 3.8% increase in the quarter-over-quarter comparison, and a 10.3% increase over the last 12 months.

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

Borrowing and Onlending

The R\$ 2.582 million decrease in the quarter-over-quarter comparison was mainly driven

R\$ 13,921 million in June 2014, mainly driven by:
(i) the increase in the volume of funds raised; and

by: (i) a R\$ 1.905 million decrease borrowing and onlending denominated and/or indexed in foreign currency, basically reflecting (a) settlement of operations; and (b) negative exchange variation of 2.7% in the period; and (ii) a R\$ 677 million decrease in the volume of funds raised through borrowing and onlending in Brazil, led by Finame and BNDES operations.

(ii) the R\$ 2,314 million increase in volume of funds raised through borrowing and onlending in Brazil, led by Finame operations.

In the comparison between the first half of 2014 and the same period of the previous year, the borrowing and onlending balance rose by R\$ 5,021 million, which was mostly due to: (i) the R\$ 2,707 million increase in foreign-currency-denominated and/or indexed borrowing and onlending, from R\$ 11,214 million in June 2013 to

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Funding Margin - Interest Earning Operations

Funds from the Issuance of Securities

Funds from Issuance of Securities totaled R\$ 69,877 million, up 8.3% or R\$ 5,366 million in the quarter, mainly due to: (i) increased inventory of Financial Bills, whose balance increased R\$ 6,423 million; and (ii) higher volume of Mortgage Bonds, totaling R\$ 2,042 million; and partially offset by: (iii) the R\$ 2,328 million reduction in the volume of securities issued abroad, basically reflecting: (a) the maturity of such securities; and (b) the negative exchange rate variation of 2.7% in the period.

In the comparison between the first half of 2014 and the same period of the previous year, the R\$ 16,056 million increase was mainly driven by: (i) increased inventory of Financial Bills, from R\$ 31,878 million in June 2013 to R\$ 48,111 million in June 2014, mainly due to new issuances in the period; (ii) higher volume of Mortgage Bonds, in the amount of R\$ 4,277 million; and

partially offset by: (iii) R\$ 4,053 million reduction in the volume of securities issued abroad.

(1) Considering: Mortgage Notes, Mortgage Bonds, Letters of Credit for Agribusiness, Debentures, MTN Program Issues, Cost of issuances over funding and Structured Operations Certificates.

Subordinated Debt

Subordinated Debt totaled R\$ 35,384 million in June 2014 (R\$ 7,726 million abroad and R\$ 27,658 million in Brazil), down 1.3% quarter-over-quarter and 2.3% year-over-year, essentially due to the maturity of debts.

Economic and Financial Analysis**Securities/Other Margin – Interest Earning Operations****Securities/Other Margin Breakdown – Interest Earning Operations**

	R\$ million					
	Securities/Other Margin - Interest Earning Operations				Variation	
	1H14	1H13	2Q14	1Q14	Half	Quarter
Interest - due to volume					190	(79)
Interest - due to spread					(233)	454
Interest Earning Portion	2,098	2,141	1,236	861	(43)	375
Income	16,488	14,444	8,820	7,668	2,044	1,152
Expenses	(14,390)	(12,303)	(7,584)	(6,807)	(2,087)	(777)

Securities/Other Margin – Interest Earning Operations rose R\$ 375 million between the second quarter of 2014 and the previous quarter. The variation was mainly due to: (i) a R\$ 454 million increase in the average spread, reflecting the behavior of the pricing of fixed income securities portfolio in the quarter; and partially offset by: (ii) a R\$ 79 million decrease in the volume of operations.

In the comparison between the first half of 2014 and the same period of the previous year, the Securities/Other Margin - Interest Earning Operations was down R\$ 43 million. This result was primarily due to: (i) a reduced average spread, totaling R\$ 233 million, as well as the pricing of fixed income securities portfolio; and partially offset by: (ii) a greater volume of operations, which impacted the result in R\$ 190 million.

Insurance Margin - Interest Earning Operations**Insurance Margin Breakdown – Interest Earning Operations**

	R\$ million					
	Insurance Margin - Interest Earning Operations				Variation	
	1H14	1H13	2Q14	1Q14	Half	Quarter
Interest - due to volume					156	35
Interest - due to spread					61	82
						84

Interest Earning Portion	2,045	1,828	1,081	964	217	117
Income	7,055	3,827	3,607	3,448	3,228	159
Expenses	(5,010)	(1,999)	(2,526)	(2,484)	(3,011)	(42)

In the quarter-over-quarter comparison, interest financial margin from insurance operations increased R\$ 117 million, or 12.1%, impacted by: (i) the R\$ 82 million increase in average spread, basically reflecting the IPCA and IGP-M indexes' behavior in the quarter; and (ii) the greater volume of operations, which amounted to R\$ 35 million.

In the year-over-year comparison, Insurance Margin - Interest Earning Operations increased 11.9%, or R\$ 217 million, mostly due to: (i) a greater volume of operations, which amounted to R\$ 156 million; and (ii) a R\$ 61 million increase in the average spread.

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Economic and Financial Analysis**NII - Non-Interest Earning Portion****NII - Non-Interest Earning Portion – Breakdown**

	NII - Non-Interest Earning Portion				R\$ million	
	1H14	1H13	2Q14	1Q14	Variation Half	Quarter
Funding	(154)	(146)	(77)	(77)	(8)	-
Insurance	(32)	62	49	(80)	(94)	129
Securities/Other	409	299	240	168	110	72
Total	223	215	212	11	8	201

The non-interest earning portion of the net interest income in the second quarter of 2014 was R\$ 212 million, versus R\$ 11 million in the previous quarter, which amounted to a R\$ 201 million increase primarily due to an increase in the Insurance and Securities/Other margin. In the comparison between the first half of 2014 and the same period of the previous year, the non-interest earning portion of the net interest income was up R\$ 8 million. The variations in non-interest earning portion of the net interest income were mostly a result of the following:

- Insurance – represented by gains/losses from variable-income securities; the variations in the periods are associated with market conditions, which enable greater/lower gain opportunity; and
- "Securities/Other" - the increase of R\$ 72 million and R\$ 110 million quarter-over-quarter and year-over-year, respectively, were due to increased market volatility in the period.

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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		
	Jun14	Mar14	Jun13
Assets			
Current and Long-Term Assets	165,203	158,370	152,459
Securities	154,261	147,725	141,984
Insurance Premiums Receivable	2,969	2,779	2,546
Other Loans	7,973	7,866	7,929
Permanent Assets	4,434	4,342	3,936
Total	169,637	162,712	156,395
Reserve Requirements			
Current and Long-Term Liabilities	150,230	144,495	139,412
Tax, Civil and Labor Contingencies	2,354	2,317	2,792
Payables on Insurance, Pension Plan and Capitalization Bond Operations	446	412	355
Other Reserve Requirements	4,699	4,015	4,446
Insurance Technical Reserves	12,272	11,728	11,698
Life and Pension Plan Technical Reserves	124,192	119,942	114,383
Capitalization Bond Technical Reserves	6,267	6,081	5,738
Non-controlling Interest	594	615	641
Shareholders' Equity	18,813	17,602	16,342
Total	169,637	162,712	156,395

Consolidated Income Statement

	R\$ million			
	1H14	1H13	2Q14	1Q14
Insurance Written Premiums, Pension Plan Contributions and Capitalization Bond Income	25,442	24,191	13,992	11,450
Premiums Earned from Insurance, Pension Plan Contribution and Capitalization Bond	14,469	12,605	7,378	7,091
Financial Result from the Operation	2,108	1,828	1,098	1,010
Sundry Operating Income	383	410	188	195

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Retained Claims	(8,275)	(7,271)	(4,193)	(4,082)
Capitalization Bond Draws and Redemptions	(2,260)	(1,883)	(1,173)	(1,087)
Selling Expenses	(1,417)	(1,266)	(737)	(680)
General and Administrative Expenses	(1,091)	(1,023)	(553)	(538)
Tax Expenses	(318)	(280)	(158)	(160)
Other Operating Income/Expenses	(409)	(223)	(236)	(173)
Operating Result	3,190	2,897	1,614	1,576
Equity Result	324	218	160	164
Non-Operating Result	(21)	(20)	(9)	(12)
Income before Taxes and Profit Sharing	3,493	3,095	1,765	1,728
Income Tax and Contributions	(1,273)	(1,141)	(641)	(632)
Profit Sharing	(45)	(33)	(21)	(24)
Non-controlling Interest	(63)	(60)	(31)	(32)
Net Income	2,112	1,861	1,072	1,040

Note: For comparison purposes, the effects non-recurring events have not been considered.

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

	R\$ million							
	2Q14	1Q14	4Q13	3Q13	2Q13	1Q13	4Q12	3Q12
Life and Pension Plans	698	639	582	552	564	542	570	493
Health	184	192	175	139	155	167	167	133
Capitalization Bonds	119	110	101	105	97	131	103	86
Basic Lines and Other	71	99	143	82	115	90	124	125
Total	1,072	1,040	1,001	878	931	930	964	837

Performance Ratios

	%							
	2Q14	1Q14	4Q13	3Q13	2Q13	1Q13	4Q12	3Q12
Claims Ratio ⁽¹⁾	70.2	70.1	71.1	72.7	71.1	69.6	70.5	70.4
Expense Ratio ⁽²⁾	11.2	10.4	10.9	10.4	10.9	11.0	11.6	11.3
Administrative Expenses Ratio ⁽³⁾	4.0	4.7	4.3	4.9	4.1	4.3	4.2	5.0
Combined Ratio ^{(4) (5)}	86.3	86.4	86.1	86.9	85.5	86.0	86.6	86.5

(1) Retained Claims/Earned Premiums;

(2) Sales Expenses/Earned Premiums;

(3) Administrative Expenses/Net Written Premiums;

(4) (Retained Claims + Sales Expenses + Other Operating Income and Expenses)/Earned Premiums +

(5) (Administrative Expenses + Taxes)/Net Written Premiums; and

(5) Excluding additional reserves.

Note: For comparison purposes, the effects non-recurring events have not been considered.

Written Premiums, Pension Plan Contributions and Capitalization Bond Income

Income increased by 22.2% in the second quarter of 2014, compared to the previous quarter, driven by the Life and Pension Plans, Auto/RE and Capitalization Bonds products, which grew 46.2%, 10.9% and 7.1%, respectively.

Production increased 5.2% in the first half of 2014 when compared to the same period in the previous year. This result was led by Auto RE, Health and Capitalization Bond products, which grew 31.5%, 21.1% and 18.3%, respectively.

Bradesco _____

Economic and Financial Analysis

Insurance, Pension Plans and Capitalization Bonds

Written Premiums, Pension Plan Contributions and Capitalization Bond Income

Report on Economic and Financial Analysis – June 2014

Insurance, Pension Plans and Capitalization Bonds

Retained Claims by Insurance Line

Bradesco

Economic and Financial Analysis

Insurance, Pension Plans and Capitalization Bonds

Insurance Sales Ratio by Segment

Report on Economic and Financial Analysis – June 2014

Insurance, Pension Plans and Capitalization Bonds

Efficiency Ratio

General and Administrative Expenses/Revenue

The 0.7 p.p. improvement in efficiency ratio for the second quarter of 2014, when compared to the first quarter of 2014, was mostly due to: (i) the benefits generated by cost-cutting measures; and (ii) a 22.2% growth in revenue for the period.

Bradesco

Economic and Financial Analysis

Insurance, Pension Plans and Capitalization Bonds

Technical Reserves

Report on Economic and Financial Analysis – June 2014

Economic and Financial Analysis**Bradesco Vida e Previdência**

	R\$ million (unless otherwise specified)						
	2Q14	1Q14	4Q13	3Q13	2Q13	1Q13	4Q12
Net Income	698	639	582	552	564	542	542
Premium and Contribution Income ⁽¹⁾	7,301	4,994	8,505	4,971	7,535	5,698	8,505
- Income from Pension Plans and VGBL	6,117	3,898	7,317	3,838	6,475	4,677	6,117
- Income from Life/Personal Accidents Insurance Premiums	1,184	1,096	1,188	1,133	1,060	1,021	1,188
Technical Reserves	124,192	119,942	119,228	115,814	114,383	110,527	108,000
Investment Portfolio	129,193	126,001	124,655	121,211	119,842	118,380	117,000
Claims Ratio	31.5	29.9	37.3	43.3	37.3	35.1	37.3
Expense Ratio	20.7	21.8	21.2	21.8	18.8	23.4	21.2
Combined Ratio	57.8	58.6	67.3	72.6	61.0	70.0	67.3
Participants / Policyholders (in thousands)	27,789	27,451	28,256	28,044	27,030	25,722	25,722
Premium and Contribution Income Market Share (%) ⁽²⁾	27.5	26.1	30.2	29.1	28.8	24.6	30.2
Life/AP Market Share - Insurance Premiums (%) ⁽²⁾	17.0	17.6	17.0	16.9	16.3	16.4	17.0

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

(2) The second quarter of 2014 includes the latest data released by Susep (May/14).

Note: For comparison purposes, the effects non-recurring events have not been considered.

Based on the solid structure, innovative product policy and market trust earned, Bradesco Vida e Previdência accounted for 27.5% of the pension plan and VGBL income.

Net income for the second quarter of 2014 was up 9.2% compared to the previous quarter, mainly due to: (i) a 46.2% increase in revenue; (ii) improved administrative efficiency ratio; (iii) improved financial result; and partially offset by: (iv) the 1.6 p.p. increase in Life claims ratio.

Net income for the first half of 2014 was up 20.9% compared to the same period of the previous year, mainly due to: (i) the 5.6 p.p. decrease in the claims ratio; (ii) improved financial and equity result; and (iii) reduced general and administrative expenses.

Bradesco

Economic and Financial Analysis

Bradesco Vida e Previdência

Technical reserves for Bradesco Vida e Previdência stood at R\$ 124.2 billion in June 2014. These reserves were comprised of R\$ 117.9 billion from Pension Plans and VGBL and R\$ 6.3 billion from Life, Personal Accidents and Other Lines. The total amounts to an increase of 8.6% over the same period of the previous year.

The Pension Plan and VGBL Investment Portfolio accounted for 31.7% of market funds in April 2014 (source: Fenaprevi).

Growth of Participants and Life and Personal Accident Policyholders

In June 2014, the number of Bradesco Vida e Previdência customers rose 2.8% when compared to June 2013, surpassing a total of 2.4 million pension plan and VGBL plan participants and 25.3 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)							
	2Q14	1Q14	4Q13	3Q13	2Q13	1Q13	4Q12	3Q12
Net Income	184	192	175	139	155	167	167	133
Net Written Premiums	3,509	3,372	3,274	3,154	2,926	2,787	2,727	2,498
Technical Reserves	6,149	5,794	5,726	6,585	6,503	6,308	5,582	5,466
Claims Ratio	86.1	86.9	88.5	89.8	87.3	84.7	85.3	86.9
Expense Ratio	4.6	4.1	5.4	5.4	5.4	5.2	5.1	5.0
Combined Ratio	97.7	96.9	99.5	99.6	98.9	96.2	98.5	99.9
Policyholders (in thousands)	4,360	4,273	4,173	4,117	4,082	3,985	3,964	3,873
Written Premiums Market Share (%) ⁽¹⁾	45.7	45.4	46.0	45.6	48.8	48.2	45.3	46.8

(1) The second quarter of 2014 includes the latest data released by ANS (May/14).

Note: For comparison purposes, the effects non-recurring events have not been considered.

Net income for the second quarter of 2014 was down 4.2% compared to the previous quarter, mainly due to: (i) the increase in the combined ratio, partly impacted by: (a) sales figures; and (b) higher operating expenses; and partially offset by: (ii) a 4.1% increase in revenue; and (iii) a 0.8 p.p. drop in the claims ratio.

Net income for the first half of 2014 was up 16.8% compared to the same period in the previous year, mainly due to: (i) a 20.4% increase in revenue; (ii) a 0.9 p.p. drop in sales; (iii) improved financial and equity result; (iv) improvement in the administrative efficiency ratio; partially offset by (v) a 0.3 p.p. increase in the claims ratio.

In June 2014, Bradesco Saúde and Mediservice maintained a strong market position in the corporate segment (source: ANS).

Over 92,000 companies in Brazil have Bradesco Saúde insurance and Mediservice plans.

Of the 100 top-grossing companies in Brazil, 63 are Bradesco Saúde and Mediservice customers (source: Exame magazine's *Melhores e Maiores* ranking, June 2014).

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

Both companies have a combined total of over 4.3 million customers. The high share of corporate policies in the overall portfolio (95.8% in June 2014) shows the companies' high level of specialization and customization in the corporate segment.

We highlight the Small and Mid-Sized Group Insurance (SPG) portfolio, which covered approximately over 829,000 lives in June 2014, up 22.2% when compared to the same period in 2013.

Bradesco Capitalização

	R\$ million (unless otherwise stated)							
	2Q14	1Q14	4Q13	3Q13	2Q13	1Q13	4Q12	3Q12
Net Income	119	110	101	105	97	131	103	86
Capitalization Bond Income	1,290	1,205	1,296	1,234	1,126	983	1,089	1,013
Technical Reserves	6,267	6,081	5,900	5,762	5,738	5,623	5,449	5,165
Customers (in thousands)	3,456	3,485	3,475	3,428	3,439	3,462	3,459	3,426
Premium Income Market Share (%) ⁽¹⁾	23.6	24.3	22.1	21.8	20.9	22.1	23.1	22.8

(1) The second quarter of 2014 includes the latest data released by Susep (May/14).

Net income for the second quarter of 2014 rose 8.2% when compared to the previous quarter, mainly due to: (i) 7.1% increase in income; (ii) improved financial result; and (iii) reduction in the administrative efficiency ratio.

Net income for the first half of 2014 was up 0.4% when compared to the same period in the previous year, due to: (i) a 18.3% increase in income; (ii) improved administrative efficiency ratio; and (iii) improved financial result.

Bradesco Capitalização

Bradesco Capitalização ended the first half of 2014 in the top portion of the ranking of capitalization bond companies, 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 and amount of premium payments. This phase was highlighted by a closer relationship with the public through the consolidation of 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)

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); (iii) the Brazilian Cancer Control Institute (contributes to the development of projects for the prevention, early diagnosis and treatment of breast cancer in Brazil); and (iv) Tamar Project (created to save sea turtles).

The portfolio is composed of 22.7 million active bonds, of which: 35.9% are Traditional Bonds sold in the branch network and at Bradesco Dia&Noite service channels, and 64.1% are incentive bonds (assignment of drawing rights), such as partnerships with Bradesco Vida e Previdência and Bradesco Auto/RE, which were up 1.4% over June 2013. Given that the purpose of this type of capitalization bond is to add value to the product of an associated company or even to encourage timely payment by its customers, bonds have reduced maturity and grace terms and lower sale price.

Economic and Financial Analysis**Bradesco Auto/RE and Atlântica Companhia de Seguros**

	R\$ million (unless otherwise stated)							
	2Q14	1Q14	4Q13	3Q13	2Q13	1Q13	4Q12	3Q12
Net Income	38	86	71	25	43	28	10	42
Net Written Premiums	1,551	1,399	1,108	1,276	1,204	1,039	1,014	1,239
Technical Reserves	5,689	5,314	4,998	5,003	4,817	4,643	4,577	4,508
Claims Ratio	62.5	58.0	59.1	59.5	58.6	58.5	63.7	63.9
Expense Ratio	21.8	20.9	19.6	18.9	18.0	17.7	17.8	18.7
Combined Ratio	107.6	103.6	104.5	101.6	100.8	105.6	109.6	105.8
Policyholders (in thousands)	3,690	3,882	3,613	3,631	3,652	3,798	3,871	3,968
Premium Income Market Share (%) ⁽¹⁾	10.4	10.3	8.8	9.1	9.1	8.8	10.0	10.5

(1) The second quarter of 2014 includes the latest data released by Susep (May/14).

Note: We are considering Atlântica Companhia de Seguros as of the first quarter of 2014.

Income increased 10.9% in the second quarter of 2014, compared to the previous quarter. Net income for the quarter was down 55.8% compared to the previous quarter, due to: (i) 4.5 p.p. increase in claims ratios; and (ii) improved financial and equity result.

Income was up 31.5% in the first half of 2014, compared to the same period in the previous year. Net income was up 74.6%, mainly due to: (i) improved financial and equity result; (ii) improved administrative efficiency ratio; and partially offset by: (iii) 1.9 p.p. increase in claims ratios; and (iv) 3.5 p.p. increase in the expense ratio.

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 as the leading company or through participation in co-insurance. In Aviation and Maritime Hull insurance, the increased exchange with Corporate and Middle Market segments has been drawn on extensively, taking full advantage of the stronger sales of new aircraft and those of the maritime segment.

Despite strong competition in the Auto/RCF line, the insurer increased its fleet to approximately 1.6 million vehicles—which proves its power of competitiveness, mainly due to the establishment of a refined and segmented quoting process. Another important fact relates to improvements to current products and the creation of products for a specific target market. Among them, it is worth noting the launch of the First Vehicular Protection of Bradesco Seguro (Bradesco Seguro Primeira Proteção Veicular), exclusive to Bradesco's account holders, which provides assistance to new and used vehicles with as many as 15 years of use, through the Day and Night Support Services. The launch of the Harley-Davidson Insurance, with exclusive coverage and services provided to owners of the world's most famous motorcycles.

In order to provide its customers with a better service, Bradesco Auto/RE currently has 27 Bradesco Auto Centers (BAC), which offer policyholders the greatest variety of services in a single place, including: auto claims services, rental car reservations, installation of anti-theft

The transportation segment is still the primary focus, with essential investments made to leverage new business.

equipment, preventative maintenance checks, glass repairs or replacement and environmental vehicle inspections.

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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 3.7 million customers in the last 12 months.

It is worth pointing out that we continued with a strong strategy for the Residential Insurance segment, totaling more than 1.7 million insured homes. We recently launched Monthly Home Insurance, a product that can be debited directly from customers' checking accounts.

Bradesco

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

A breakdown of the variation in Fee and Commission Income for the respective periods is presented below:

Fee and Commission Income	1H14	1H13	2Q14	1Q14	R\$ million	
					Variation	
					Half	Quarter
Card Income	3,818	3,421	1,919	1,899	397	20
Checking Account	1,916	1,722	972	944	194	28
Loan Operations	1,198	1,090	625	573	108	52
Fund Management	1,139	1,131	578	562	8	16
Collection	768	710	388	380	58	8
Consortium Management	413	344	214	199	69	15
Underwriting / Financial Advisory Services	381	346	160	221	35	(61)
Custody and Brokerage Services	246	260	121	125	(14)	(4)
Payments	196	166	100	96	30	4
Other	536	391	251	284	145	(33)
Total	10,611	9,582	5,328	5,283	1,030	45

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

Fee and Commission Income

Card Income

In the second quarter of 2014, card income increased to R\$ 1,919 million, up R\$ 20 million over the previous quarter, mainly due to: (i) increased volume of transactions in the period; and (ii) increased income for the period.

In the comparison between the first half of 2014 and the same period of the previous year, card income was up 11.6%, or R\$ 397 million, mainly due to: (i) the increase in revenue from purchases and services, resulting from the 11.3% increase in card revenue, which amounted to R \$ 62.8 billion in the first half of 2014; (ii) the increase in the credit and debit card base; and (iii) the increase in transactions in the period.

Bradesco

Economic and Financial Analysis

Fee and Commission Income

Checking Account

Checking account service revenues were up 3.0% in the second quarter of 2014, compared to the previous quarter, mainly due to: (i) the expansion of the customer service portfolio; and (ii) an increase in business volume.

In the comparison between the first half of 2014 and the same period of the previous year, this revenue was up R\$ 194 million, or 11.3%, mainly due to: (i) the expansion of the checking account customer base, which posted a net increase of 251,000 active checking account holders (226,000 individual customers and 25,000 corporate customers); (ii) the expansion of the customer service portfolio; and (iii) an increase in business volume

Loan Operations

Loan operation revenue totaled R\$ 625 million in the second quarter of 2014, up 9.1% compared to the previous quarter mainly due to the increased volume of operations contracted in the quarter.

Year-over-year, the 9.9% increase in the first half of 2014 was mainly driven by: (i) increased volume of operations contracted in the period; and (ii) greater income from collaterals, up 10.8%, derived mostly from a 10.2% growth in the volume of Sureties and Guarantees.

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Fee and Commission Income**Fund Management**

In the second quarter of 2014, income from fund management totaled R\$ 578 million, up R\$ 16 million, compared to the previous quarter, mainly due to the 5.3% increase in the volume of funds and portfolios raised and managed.

In the comparison between the first half of 2014 and the same period of the previous year, the R\$ 8 million increase was mainly driven by: (i) the growth in the average volume of funds and portfolios raised and managed in the period; and (ii) a 12.0% increase in the Ibovespa index in the period, impacting income from managed funds and portfolios pegged to equities.

Shareholders' Equity	R\$ million			Variation %	
	Jun14	Mar14	Jun13	Quarter	12M
Investment Funds	423,668	402,449	387,172	5.3	9.4
Managed Portfolios	30,964	28,649	31,350	8.1	(1.2)
Third-Party Fund Quotas	7,614	8,078	8,715	(5.7)	(12.6)
Total	462,246	439,176	427,237	5.3	8.2
Distribution	R\$ million			Variation %	
	Jun14	Mar14	Jun13	Quarter	12M
Investment Funds – Fixed Income	395,546	375,054	359,835	5.5	9.9
Investment Funds – Equities	28,122	27,395	27,337	2.7	2.9
Investment Funds – Third-Party Funds	5,496	5,828	6,851	(5.7)	(19.8)
Total - Investment Funds	429,164	408,277	394,023	5.1	8.9
Managed Portfolios - Fixed Income	21,870	20,297	23,053	7.7	(5.1)
Managed Portfolios – Equities	9,094	8,352	8,297	8.9	9.6
Managed Portfolios - Third-Party Funds	2,118	2,250	1,864	(5.9)	13.6
Total - Managed Funds	33,082	30,899	33,214	7.1	(0.4)
x					
Total Fixed Income	417,416	395,351	382,888	5.6	9.0
Total Equities	37,216	35,747	35,634	4.1	4.4

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Total Third-Party Funds	7,614	8,078	8,715	(5.7)	(12.6)
Overall Total	462,246	439,176	427,237	5.3	8.2

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Economic and Financial Analysis

Fee and Commission Income

Cash Management Solutions (Payments and Collection)

In the second quarter of 2014, income from payments and collections increased by R\$ 12 million compared to the previous quarter, mainly due to an increase in business volume.

Year over year, the 10.0% – or R\$ 88 million – increase in the first half of 2014 was mainly due to the greater volume of processed documents, up from 1,037 million in the first half of 2013 to 1,078 million in the first half of 2014, up 4.0% in the period.

Consortium Management

In the second quarter of 2014, income from consortium management was up 7.5% over the previous quarter, driven by sales in the period. On June 30, 2014, Bradesco had 1.010 thousand active quotas (957,000 active quotas on March 31, 2014), ensuring a leading position in all the segments it operates (real estate, auto and trucks/tractors/machinery and equipment).

In the comparison between the first half of 2014 and the same period of the previous year, the 20.1% increase in income from consortium management was mainly driven by: (i) a higher volume of bids received; (ii) the increase in the average ticket; and (iii) the increase in sales of new quotas, from 821 thousand active quotas on June 30, 2013 to 1.010 thousand active quotas on June 30, 2014, an increase of 189 thousand net quotas.

Fee and Commission Income

Custody and Brokerage Services

Custody service income reached R\$ 121 million in the second quarter of 2014 and R\$ 246 million in the first half of 2014, down 3.2% quarter-over-quarter and 5.4% year-over-year. This behavior is mainly attributed to lower volumes traded on BM&FBovespa, which affected the brokerage income.

Underwriting/Financial Advisory Services

The quarter-over-quarter R\$ 61 million reduction resulted primarily from the excellent performance in the capital market during the first quarter of 2014. It is important to note that variations recorded in this income derive from the volatile behavior of the capital market.

In the comparison between the first half of 2014 and the same period of the previous year, the R\$ 35 million increase is mainly related to the higher business volume in the period.

Bradesco

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

Personnel and Administrative Expenses	1H14	1H13	2Q14	1Q14	R\$ million	
					Variation	Variation
					Half	Quarter
Personnel Expenses						
Structural	5,373	5,054	2,727	2,646	320	81
Payroll/Social Charges	3,980	3,755	2,026	1,954	225	72
Benefits	1,393	1,299	701	692	94	9
Non-Structural	1,353	1,197	721	633	157	88
Management and Employee Profit Sharing	749	672	390	360	76	31
Provision for Labor Claims	403	374	220	182	29	38
Training	54	39	36	17	15	19
Termination Costs	148	112	74	74	36	-
Total	6,727	6,250	3,448	3,279	477	169
Administrative Expenses						
Outsourced Services	1,827	1,912	924	903	(85)	21
Depreciation and Amortization	918	809	466	452	109	14
Communication	754	795	378	376	(41)	2
Data Processing	632	615	326	306	17	20
Rental	430	407	216	214	23	2
Transportation	402	404	200	203	(2)	(3)
Financial System Services	385	368	188	197	17	(9)
Advertising and Marketing	349	330	170	178	19	(8)
Asset Maintenance	331	316	180	152	15	28
Security and Surveillance	277	239	139	138	38	1
Materials	168	146	91	77	22	14
Water, Electricity and Gas	118	119	57	61	(1)	(4)
Trips	65	61	34	30	4	4
Other	405	512	207	198	(107)	9
Total	7,061	7,033	3,575	3,486	28	89
x						
Total Personnel and Administrative Expenses	13,788	13,283	7,023	6,765	505	258
Employees	99,027	101,951	99,027	99,545	(2,924)	(518)
Service Points	73,208	70,829	73,208	73,320	2,379	(112)

In the second quarter of 2014, total personnel and administrative expenses amounted to R\$ 7,023 million, up 3.8% in comparison with the previous quarter. In the first half of 2014, total personnel and administrative expenses amounted to R\$ 13,788 million, up 3.8% compared to the same period in the previous year.

Personnel Expenses

In the second quarter of 2014, personnel expenses amounted to R\$ 3,448 million, varying 5.2%, or R\$ 169 million, when compared to the previous quarter.

The R\$ 81 million, mainly due to the reduced number of vacation leaves in the second quarter of 2014, for a total amount of R\$ 74 million.

The R\$ 88 million increase in non-structural expenses derives mainly from greater expenses with: (i) provision for labor claims, totaling R\$ 38 million; (ii) employee and management profit sharing expenses, totaling R\$ 31 million; and (iii) training activities, totaling R\$ 19 million.

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Economic and Financial Analysis

Personnel and Administrative Expenses

Personnel Expenses

In the comparison between the first half of 2014 and the same period of the previous year, the R\$ 477 million increase was mainly due to: (i) structural expenses, totaling R\$ 320 million, related to the increase in expenses with payroll, social charges and benefits, impacted by higher salaries (2013 collective bargaining agreement); and (ii) increase of R\$ 157 million in non-structural expenses, which results mainly from greater expenses with: (i) employee and management profit sharing expenses (PLR), totaling R\$ 76 million; and (ii) provision for labor claims, totaling R\$ 29 million.

Bradesco

Economic and Financial Analysis

Personnel and Administrative Expenses

Administrative Expenses

In the second quarter of 2014, administrative expenses stood at R\$ 3,575 million, up R\$ 89 million or 2.6% compared to the previous quarter, mainly due to higher expenses with: (i) maintenance and preservation of assets, totaling R\$ 28 million; (ii) data processing, totaling R\$ 20 million; (iii) outsourced services, totaling R\$ 21 million; (iv) depreciation and amortization, totaling R\$ 14 million; and (v) materials, totaling R\$ 14 million.

Despite the higher expenses with (i) the opening of 2,379 service points in the period, mainly Bradesco Expresso points, for a total of 73,208 service points on June 30, 2014, and (ii) higher business and service volume in the period, the administrative expenses increased only 0.4% compared to the same period in the previous year, as a result of the continued efforts to reduce costs, led by our Efficiency Committee. It is worth noting that IPCA and IGP-M inflation indexes reached 6.52% and 6.25% in the last 12 months, respectively.

Operating Coverage Ratio ⁽¹⁾

In the quarter, the coverage ratio over the last 12 months maintained its improvement with a 0.5 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 and measures applied to increase the offer of products and services to the entire client base.

(1) Fee and Commission Income/Administrative and Personnel Expenses (in the last 12 months).

It should be pointed out that 74.1% is the best rate over the last six years.

Tax Expenses

Tax expenses totaled R\$ 1,120 million in the second quarter of 2014, up R\$ 6 million, or 0.5% compared to the previous quarter, remaining virtually stable.

In the year-over-year comparison, such expenses increased by R\$ 94 million, or 4.4%, basically due to increased PIS/ISS expenses due to the increase in taxable income.

Equity in the earnings (losses) of unconsolidated companies

In the second quarter of 2014, the equity in the earnings (losses) of unconsolidated companies was R\$ 35 million, down R\$ 17 million, or 32.7% compared to the previous quarter, mainly due to lower results from the unconsolidated company IRB – Brasil Resseguros.

In the comparison between the first half of 2014 and the same period of the previous year, the R\$

72 million increase was mainly attributed to improved results from the unconsolidated company IRB – Brasil Resseguros.

Bradesco _____

Economic and Financial Analysis

Operating income

Operating income stood at R\$ 6,082 million in the second quarter of 2014, up R\$ 672 million, or 12.4%, from the previous quarter. Such behavior is mainly due to: (i) increased net interest income results, totaling R\$ 1,104 million; (ii) reduction in other operating expenses (net of other income), totaling R\$ 58 million; (iii) increase in service income, totaling R\$ 45 million; partially offset by: (iv) increased expenses with allowance for loan losses, totaling R\$ 280 million; and (v) increase in personnel and administrative expenses, totaling R\$ 258 million.

In the comparison between the first half of 2014 and the same period of the previous year, the R\$ 2,362 million or 25.9% increase was mainly due to: (i) higher net interest income, totaling R\$ 1.735 million; (ii) increase in service income, totaling R\$ 1,029 million; (iii) increase in the operating income of Insurance, Pension Plans and Capitalization Bonds, totaling R\$ 331 million; (iv) lower expenses with allowance for loan losses, totaling R\$ 201 million; partially offset by: (v) higher personnel and administrative expenses, totaling R\$ 505 million; and (vi) increase in other operating expenses (net of other income), totaling R\$ 407 million.

Non-Operating Income

In the second quarter of 2014, non-operating income posted a loss of R\$ 34 million, down R\$ 2 million over the previous quarter and up R\$ 8 million over the same period in the previous year. The variation recorded in the half-over-half comparison reflects greater non-operating expenses (such as losses on sale of foreclosed assets/other) in the period.

Return to Shareholders

Sustainability

Bradesco maintains ISO 14064 certification

Under the goal of consolidating the guidelines adopted to measure and report greenhouse gas emissions and savings, the Bradesco Organization received the ISO 14064-1:2007 Certification for the 7th consecutive year.

During the months of March and April, Fundação Vanzolini audited greenhouse gas emission inventories of Bradesco, Grupo Segurador, Bradesco Financiamentos, Bradesco Promotora and Scopus Tecnologia.

In addition to supporting the Organization's transparency regarding greenhouse gas emissions, the ISO 14064 Certification generates new opportunities and consolidates Bradesco's commitment towards issues regarding the management of impacts based on climate changes.

Investor Relations – IR

In the Investor Relations area, the second quarter of 2014 was marked by participation in 93 events: 51 in Brazil and 42 abroad. A total of 1,012 analysts and investors were covered during the period.

We participated in conferences held in Canada, Chile, U.S., France and England.

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 nine members who are eligible for reelection, and includes eight external members, including the Chairman (Mr. Lázaro de Mello Brandão) and one internal member (The Chief Executive Officer, Mr. Luiz Carlos Trabuco Cappi). Board members are elected by the Annual Shareholders' Meeting, which elect the members of the Board of Executive Officers.

Bradesco's Corporate Governance structure includes six (6) Committees subordinated to the Board of Directors, two (2) of which are Statutory Committees (Audit and Compensation) and four (4) which are Non-Statutory Committees (Ethical Conduct, Internal

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 was rated brAA+ (Excellent Corporate Governance Practices) by Austin Rating. Bradesco voluntarily adhered to Level 1 Corporate Governance of BM&FBovespa in 2001, as well as 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.

Controls and Compliance, Integrated Risk Management and Capital Allocation and Sustainability), in addition to multiple Executive Committees subordinated to the Board of Executive Officers, assisting it in performing its duties.

All subjects proposed for the General Meetings were duly approved on March 10, 2014.

On March 12, 2014, the CEO, Mr. Luiz Carlos Trabuco Cappi, was elected Vice-Chairman of Bradesco's Board of Directors.

Additional information is available at Bradesco's Investor Relations website (www.bradesco.com.br – Corporate Governance Section).

Report on Economic and Financial Analysis – June 2014

Bradesco Shares**Number of Shares – Common and Preferred Shares⁽¹⁾**

	Jun14	Mar14	In thousands Jun13
Common Shares	2,100,738	2,100,738	2,100,738
Preferred Shares	2,094,652	2,094,652	2,098,372
Subtotal – Outstanding Shares	4,195,391	4,195,391	4,199,110
Treasury Shares	11,883	11,883	8,164
Total	4,207,274	4,207,274	4,207,274

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

On June 30, 2014, 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 shareholders are the majority of Bradesco's Board of Directors, Statutory Board of Executive Officers and management-level employees.

Number of Shareholders – Domiciled in Brazil and Abroad

	Jun14	%	Ownership of Capital (%)	Jun13	%	Ownership of Capital (%)
Individuals	323,284	89.7	22.4	327,527	89.8	22.0
Companies	35,961	10.0	45.7	36,336	10.0	45.4
Subtotal Domiciled in Brazil	359,245	99.7	68.0	363,863	99.7	67.4
Domiciled Abroad	1,104	0.3	32.0	1,019	0.3	32.7
Total	360,349	100.0	100.0	364,882	100.0	100.0

Regarding Bradesco's shareholders, either residing in Brazil or abroad, 359,245 of shareholders were domiciled in Brazil as of June 30, 2014, accounting for 99.7% of the total number of shareholders and representing 68.0% of shares. The number of shareholders residing abroad was 1,104, accounting for 0.3% of the total number of shareholders and representing 32.0% of shares.

Return to Shareholders

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.

The average daily trading volume reached R\$ 541 million during the first half of 2014. Compared to the previous year, average daily trading volume was up 1.9%, due to the higher trading volume of our ADRs backed by preferred shares on NYSE.

Report on Economic and Financial Analysis – June 2014

Bradesco Shares**Appreciation of Preferred Shares - BBDC4**

The graph shows the change in Bradesco's preferred shares, taking into account the reinvestment of dividends, compared to the Ibovespa and the Interbank Deposit Rate (CDI).

An investment of R\$ 100 in Bradesco shares by late December 2001 would be worth approximately R\$ 1,037 by June 2014, which is a substantially larger appreciation compared to Ibovespa and CDI for the same period.

Share and ADR Performance⁽¹⁾

	In R\$ (unless otherwise stated)					
	2Q14	1Q14	Variation %	1H14	1H13	Variation %
Adjusted Net Income per Share	0.91	0.83	9.6	1.74	1.41	23.4
Dividends/Interest on Shareholders' Equity – Common Share (after Income Tax)	0.26	0.23	13.0	0.49	0.40	22.8
Dividends/Interest on Shareholders' Equity – Preferred Share (after Income Tax)	0.28	0.26	7.7	0.54	0.44	23.3

	In R\$ (unless otherwise stated)					
	Jun14	Mar14	Variation %	Jun14	Jun13	Variation %
Book Value per Common and Preferred Share	18.31	17.48	4.7	18.31	15.72	16.5
Last Trading Day Price – Common Shares	32.24	33.61	(4.1)	32.24	30.60	5.4
Last Trading Day Price – Preferred Shares	32.05	31.19	2.8	32.05	28.80	11.3
Last Trading Day Price – ADR ON (US\$)	14.67	14.87	(1.3)	14.67	13.86	5.8
Last Trading Day Price – ADR PN (US\$)	14.52	13.67	6.2	14.52	13.01	11.6
Market Capitalization (R\$ million) ⁽²⁾	134,861	135,938	(0.8)	134,861	124,716	8.1

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

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

Return to Shareholders

Bradesco Shares

Recommendation of Market Analysts – Target Price

Market analysts issue periodical recommendations on Bradesco preferred shares (BBDC4). In July 2014, we had access to 11 reports prepared by these analysts.

Their recommendations and a general consensus on the target price for December 2014 can be found below:

Recommendations Target Price in R\$ for

	%	Dec14		
Buy	45.5	Average	36.1	
Keep	54.5	Standard Deviation	3.6	
Sell	-	Higher	45.0	
Under Analysis	-	Lower	32.4	

For more information on target price and recommendation by each market analyst that monitors the performance of Bradesco shares, go to our Shareholder Relationship website at:

www.bradesco.com.br > Information to Shareholders > Analysts' Consensus.

Market Capitalization

On June 30, 2014, Bradesco's market capitalization, including closing quotes of Common and Preferred shares, was

R\$ 134.9 billion, up 8.1% when compared to the same period in 2013.

Report on Economic and Financial Analysis – June 2014

Main Indicators

Price/Earnings Ratio ⁽¹⁾: 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) Twelve-month adjusted net income.**

Price/Book Ratio: indicates the multiple by which Bradesco's market capitalization exceeds its book value.

Dividend Yield ^{(1) (2)}: 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) Calculated by the share with highest liquidity.**

Return to Shareholders

Dividends/Interest on Shareholders' Equity

In the first half of 2014, R\$ 2,396 million were paid to shareholders as interest on shareholders' equity (JCP) and dividends. Over the past 12 months, the total JCP and Dividends assigned to shareholders account for 34.7% of the net income for the fiscal year and, considering the income tax deduction and JCP assignments, 31.5% of the net income.

(1) In the last 12 months.

Weight on Main Stock Indexes

Bradesco shares comprise Brazil's main stock indexes, including the IBrX-50 and IBrX-100 (indexes that measure the total return of a theoretical portfolio comprising 50 and 100 of the most traded shares on BM&FBovespa, respectively), IFNC (Financial Index which comprises banks, insurance and financial companies), ISE (Corporate Sustainability Index), IGC (Special Corporate Governance Stock Index), the ITAG (Special Tag-Along Stock Index), the ICO2 (index comprising shares of companies that participate in 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), which measures the return of a portfolio composed of the

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

highest cap companies listed.

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Return to Shareholders

	Jun14	ln % (1)
Ibovespa		8.7
IBrX-50		9.3
IBrX-100		8.1
IFNC		18.7
ISE		4.9
IGC		6.1
ITAG		11.3
ICO2		14.0
MLCX		8.6

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

Bradesco

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.

	Jun14
Banks – Source : Brazilian Central Bank (Bacen)	
Demand Deposits	N/A
Savings Deposits	N/A
Time Deposits	N/A
Loan Operations	10.5 (1)
Loan Operations - Private Institutions	22.3 (1)
Loan Operations - Vehicles Individuals (CDC + Leasing)	13.2 (1)
Payroll-Deductible Loans	12.1 (1)
Number of Branches	20.6
Banks – Source: Social Security National Institute (INSS)/Dataprev	
Benefit Payment to Retirees and Pensioners	N/A
Banks – Source: Anbima	
Managed Investment Funds and Portfolios	18.5
Insurance, Pension Plans and Capitalization Bonds – Source: Insurance Superintendence (Susep) and National Supplementary Healthcare (ANS)	
Insurance, Pension Plan and Capitalization Bond Premiums	23.8 (3)
Insurance Premiums (including Long-Term Life Insurance - VGBL)	23.3 (3)
Life Insurance and Personal Accident Premiums	17.0 (3)
Auto/Basic Lines Insurance Premiums	10.4 (3)
Auto/Optional Third-Party Liability (RCF) Insurance Premiums	13.1 (3)
Health Insurance Premiums	45.7 (3)
Income from Pension Plan Contributions (excluding VGBL)	32.4 (3)
Capitalization Bond Income	23.6 (3)
Technical Reserves for Insurance, Pension Plans and Capitalization Bonds	27.9 (3)
Insurance and Pension Plans – Source: National Federation of Life and Pension Plans (Fenaprevi)	
Income from VGBL Premiums	25.3 (2)
Income from Unrestricted Benefits Generating Plans (PGBL) Contributions	26.2 (2)
Pension Plan Investment Portfolios (including VGBL)	31.7 (2)
Leasing – Source: Brazilian Association of Leasing Companies (ABEL)	
Lending Operations	20.0 (2)
Consortia – Source: Bacen	
Real Estate	30.0 (2)
Auto	29.4 (2)
Trucks, Tractors and Agricultural Implements	18.5 (2)
International Area – Source: Bacen	
Export Market	18.4
Import Market	14.3

- (1) SFN data is preliminary;
 - (2) Base Date: Apr/14; and
 - (3) Base Date: May/14.
- N/A – Not Available.

Bradesco _____

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

Region	Jun14		Market Share	Jun13		Market Share
	Bradesco	Market		Bradesco	Market	
North	278	1,106	25.1%	279	1,081	25.8%
Northeast	847	3,616	23.4%	850	3,527	24.1%
Midwest	346	1,806	19.2%	346	1,716	20.2%
Southeast	2,429	11,848	20.5%	2,430	11,623	20.9%
South	780	4,317	18.1%	787	4,256	18.5%
Total	4,680	22,693	20.6%	4,692	22,203	21.1%

Reserve Requirements

%	Jun14	Mar14	Dec13	Sept13	Jun13	Mar13	Dec12	Sept12
Demand Deposits								
Rate ⁽²⁾	45	44	44	44	44	44	44	44
Additional ⁽³⁾	-	-	-	-	-	-	-	-
Reserve Requirements ⁽¹⁾	34	34	34	34	34	34	34	34
Reserve Requirements (Microfinance)	2	2	2	2	2	2	2	2
Free	19	20	20	20	20	20	20	20
Savings Deposits								
Rate ⁽⁴⁾	20	20	20	20	20	20	20	20
Additional ⁽³⁾	10	10	10	10	10	10	10	10
Reserve Requirements	65	65	65	65	65	65	65	65
Free	5	5	5	5	5	5	5	5
Time Deposits								
Rate ^{(3) (5)}	20	20	20	20	20	20	20	20
Additional ⁽³⁾	11	11	11	11	11	11	11	12
Free	69	69	69	69	69	69	69	68

(1) At Bradesco, reserve requirements are applied to Rural Loans;

(2) Collected in cash and not remunerated;

(3) Collected in cash with the Special Clearance and Custody System (Selic) rate;

(4) Collected in cash with the Reference Interest Rate (TR) + interest of 6.17% p.a. for deposits made until

05.03.12, and TR + 70% of the Selic rate for deposits made as of 05.04.2012, when the Selic rate is equal to or lower than 8.5% p.a.; and

(5) As of the calculation period from 03.29.2010 to 04.01.2010, with compliance on 04.09.2010, reserve requirements are now exclusively in cash, and may be paid with credits acquired as provided for by legislation in force.

Note: On 07.24.2014, the Central Bank published Circular Letter Nº 3712/14, which allows certain credit operations to be used to shorten the term of reserve requirements for Long-Term Funding.

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Investments in Infrastructure, Information Technology and Telecommunications

During the first five months of the year, we reached a record figure of 580 million transactions performed in Bradesco Mobile, up 100% compared to the same period in 2013. A total of 15% of Bradesco's transactions are currently performed through this channel, which offers over 180 different services. Another major breakthrough was the use of the Mobile Token (M-Token), which reached the milestone of 1 million active clients.

A new ATM terminal was launched in June allowing customers to make cash deposits without having to use deposit envelopes, instantly crediting deposited amounts in the customers' accounts. The terminal identifies different bills and detects counterfeit bills. Customers may now access this pioneering initiative among major Brazilian banks at the Bradesco Next store, located at Shopping JK Iguatemi in São Paulo. For those who still haven't visited the space, the space where Bradesco showcases all of its innovative technology solutions, the Bradesco Next mobile app allows users to learn more about all of the different and high-end solutions available at the store, through a virtual and interactive tour which is activated by tilting their mobiles or tablets in the right direction. The app allows users to experience part of the innovations displayed at the physical site. Users can also view the schedule of events and set up reminders for their favorite attractions. Customers can also watch all "Momento Next" events online and live.

Another innovation for American Express Membership Card holders is the app for Android and iOS mobiles, which gives users access to benefits and services such as promotions, discounts, entertainment, lifestyle and reward programs, among several others.

The Click Conta and Bradesco Universitários Internet Banking websites were also fully

Bradesco Financiamentos also had its website redesigned and received an even more innovative and modern look. With streamlined browsing features, customers can now easily solve doubts and find information on specific products and services.

We participated in the 13th International Fair of Rehabilitation, Inclusion, Accessibility and Adapted Sports (Reatech 2014) in April. With a long history of engagement in the promotion the social inclusion of disabled individuals, Bradesco took this opportunity to present initiatives aimed at facilitating the day-to-day activities and contribute towards the autonomy of these individuals, such as Virtual Vision, a new withdrawal service based on verbal ATM commands, as well as Visual Mouse. This solution received the "beyondBanking" award also in April, granted by the Inter-American Development Bank, under the equalBanking category. The software is aimed at individuals with motor disabilities in upper limbs which prevent them from using a conventional computer mouse. Based on a face image captured by a webcam, the device allows users to control the mouse with head and mouth movements.

Still in April, voice-activated telephone banking was also added to Fone Fácil Bradesco throughout the states of Rio Grande do Sul, Santa Catarina and Paraná. All customers need to do is to simply say the name of the service they would like to access, and they can perform transactions through the telephone without having to talk to service representatives. Available services include balance and statement checking, pre-approved credit, requesting and unblocking checkbooks, changing and registering four-digit passwords, transfers between Bradesco accounts, payment of bank slips, water, phone and gas bills, as well as mobile recharging. Voice-activated telephone banking

overhauled. Featuring an entirely new visual identity, services will be gradually expanded to other customers now access a customized environment Brazilian states. based on their profiles, with themed backgrounds.

Bradesco _____

Additional Information**Investments in Infrastructure, Information Technology and Telecommunications**

The period was also marked by new challenges. In May, Bradesco joined a partnership with Cielo and Banco do Brasil to launch Stelo, an electronic payment company that will facilitate and provide even more security for both consumers and retailers in e-commerce transactions. An exclusive area for Bradesco Private customers was also launched in May. Through the bradescoprivatebank.com.br website, customers can view account transactions and key financial indexes, as well as view monthly and daily reports, and access news in the financial market.

In June, Bradesco received the 5th “Excellence in Technology” Award, promoted by HP to recognize most outstanding projects. We won top prize in the “Innovation” category, with our Private Cloud project, and in the “Customer Relations” category, for the Private Banking Emailing project. In the same month, Bradesco won the “2014 Technology Award” by The Banker magazine, under the “Social Media” category, with the “F.Banking Bradesco – Investments and Credit on Facebook” case. In addition, Bradesco was one of the top winners of the XVIII efinance Award, granted by the Executivos Financeiros magazine, with 19 award-winning cases.

As a prerequisite for its continuous expansion, Bradesco invested R\$ 2,211 million in Infrastructure, Information Technology and Telecommunications in the first half of 2014. The total amount invested over recent years, including infrastructure (facilities, restorations, improvements, furniture and fixtures), can be found below:

	1H14	2013	2012	2011	R\$ million 2010
Infrastructure	305	501	718	1,087	716
Information Technology and Telecommunication	1,906	4,341	3,690	3,241	3,204
Total	2,211	4,842	4,408	4,328	3,920

Risk Management

Risk management is highly strategic due to the increasing complexity of services and products and the globalization of the Organization's business. The dynamic aspect of markets forces Bradesco to engage in continuous improvement of this activity in pursuit of best practices. That has allowed Bradesco to use its internal market risk models, which were already in force, to calculate regulatory capital, since January 2013.

The Organization controls risk management in an integrated and independent manner, preserving and valuing the Board's decisions, developing and implementing methodologies, models, and measurement and control tools. It also provides training to employees from all Organization levels, from business areas to the Board of Directors.

The management process allows the risks to be identified, measured, mitigated, monitored and reported in a proactive manner, which is necessary in view of the Organization's complex financial products and activity profile.

Detailed information on the risk management process, capital and capital requirement, as well as the Organization's risk exposure, can be found in the Risk Management Report on the Investor Relations website, at www.bradescori.com.br.

Capital Management

The Capital Management structure aims to meet the Organization's strategic objectives through an appropriate capital sufficiency planning. This structure is comprised of Executive Committees and one Non-Statutory Committee, which assist the Board of Directors and Board of Executive Officers in the decision-making process.

In addition to the Committee structure, the Organization has a department responsible for the capital management centralization, named Capital Management and Internal Capital Adequacy Assessment Process (ICAAP), subordinated to the Department of Planning, Budget and Control, which acts jointly with the Integrated Risk Control Department, associated companies, business areas

The capital plan is devised on an annual basis and approved by the Board of Executive Officers and Board of Directors. It is also aligned with the strategic plan and encompasses a prospective outlook of at least three years. The process of developing this plan considers threats and opportunities, market share and development goals, capital requirement projections based on risks, as well as capital held by the Organization. These projections are constantly monitored and controlled by the capital management area.

With the implementation of the capital management structure, an internal process was established to assess capital adequacy (ICAAP), which provides conditions to assess capital sufficiency in

and the Organization's supporting areas.

accordance with the base and stress scenarios. Capital adequacy and sufficiency information represent essential tools to manage and support the decision-making process.

Additional information on the capital management structure is available in the Risk Management Report – Pillar 3 and the 2013 Annual Report, on the Investor Relations website: www.bradesco.com.br.

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Additional Information**Capital Adequacy Ratio**

The implementation of the new capital structure in Brazil began in October 2013. Through the CMN Resolution N^o 4192/13, Bacen provided a new methodology to assess Capital, replacing CMN Resolution N^o 3444/07.

Considering that such methodology entails the introduction of new adjustments, we have adapted the historical series, stated in periods, for the transition from Basel II to Basel III.

It is important to note that indexes published by September 2013 were kept, but cannot be compared due to the current resolution's criteria.

In June 2014, the Capital amounted to R\$ 94,090 million, against risk-weighted assets totaling R\$ 596,457 million. The Capital Adequacy Ratio was virtually stable compared to the previous quarter, going from 15.7% in March 2014 to 15.8% in June 2014, mainly due to: (i) the increase in Shareholders' Equity due to greater results in the quarter; and partially offset by: (ii) reduced subordinated debts eligible to Tier II Capital, as per the criteria set out in the CMN Resolution N^o 4192/13.

Calculation Basis	Basel III (1) Financial Consolidated			Economic-Financial		
	Jun14	Mar14	Dec13	Sept13	Jun13	Mar13
Capital	94,090	92,235	95,804	93,064	92,629	96,000
Tier I	71,892	69,934	70,808	71,830	69,868	67,000
Common Equity	71,892	69,934	70,808	71,830	69,868	67,000
Shareholders' Equity	76,800	73,326	70,940	67,033	66,028	69,000
Prudential Adjustments provided for in CMN Resolution 4192/13 ⁽²⁾	(4,908)	(3,392)	(132)	-	-	-
Adjustments Provided for in CMN Resolution 3444/07	-	-	-	4,797	3,840	(1,000)
Tier II	22,198	22,301	24,996	21,234	22,761	28,000
Mark-to-Market Adjustments	-	-	-	(4,508)	(3,593)	1,000
Subordinated Debt ⁽³⁾	22,198	22,301	24,996	25,741	26,354	27,000
Risk-Weighted Assets (RWA)	596,457	585,991	576,777	566,797	603,541	621,000
Credit Risk	548,600	534,885	526,108	482,336	479,217	494,000
Operating Risk	29,853	29,853	23,335	33,100	30,494	30,000
Market Risk	18,004	21,253	27,334	51,361	93,831	96,000
Total Ratio ⁽⁴⁾	15.8%	15.7%	16.6%	16.4%	15.4%	15.5%
Tier I Capital	12.1%	11.9%	12.3%	12.7%	11.6%	11.6%
Common Equity	12.1%	11.9%	12.3%	-	-	-
Tier II Capital	3.7%	3.8%	4.3%	3.7%	3.8%	4.0%

(1) Since October 2013, capital is calculated as per CMN Resolution N^o 4192/13, which establishes that

calculation is based on the “Financial Consolidated” by December 2014 and “Prudential Consolidated” as of January 2015;

(2) The prudential adjustments are progressive deductions that are already being applied on the main capital and will follow the implementation schedule, as provided by CMN Resolution N^o 4192/13. The impact of these adjustments in the Main Capital deduction was 0% in 2013, and will be 20% in 2014, 40% in 2015, 60% in 2016, 80% in 2017 and 100% in 2018;

(3) In addition, it should be noted that, from the total amount of subordinated debt, R\$ 22,198 million will be used to compose the Tier II of the Capital Adequacy Ratio, calculated as per CMN Resolution N^o 4192/13 (including amendments thereof), effective as of October 2013; and

(4) Since October 2013, the Capital Adequacy Ratio calculation follows regulatory guidelines set forth in CMN Resolutions N^o 4192/13 and 4193/13.

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Market Disclosure

20-F Form

Since we hold common and preferred ADRs on the New York Stock Exchange (NYSE), we develop and publish the 20-F Form on an annual basis. On April 30, 2014, we filed this document at the Securities and Exchange Commission (SEC) regarding the financial year ended on December 31, 2013, along with due accounting statements developed in accordance with the International Financial Reporting Standards (IFRS).

The document is available on our Investor Relations website: www.bradesco.com.br > Reports and Worksheets > SEC Reports > 20-F Reports.

Reference Form

In compliance with the CVM Instruction Nº 480/09, we submitted the Reference Form to the CVM [Brazilian Securities and Exchange Commission] on May 30, 2014. This document is developed on an annual basis and reviewed in case of amendments, as set out in Art. 24 of the aforementioned Instruction. In addition to financial statements, the document presents other risk factors of the Organization, providing information operations and controllers, directors' comments on results and financial position, among other relevant issues.

The document is available on our Investor Relations website: www.bradesco.com.br > Reports and Worksheets > CVM Reports.

Independent Auditors' Report

Independent Reasonable Assurance Report on the supplementary accounting information included within the Economic and Financial Analysis Report

To

The Directors of

Banco Bradesco S.A.

Osasco - SP

Introduction

We were engaged by Banco Bradesco S.A. ("Bradesco") to report on the supplementary accounting information of Banco Bradesco S.A. for the semester ended as at June 30, 2014, in the form of reasonable assurance conclusion that based on our work, described within this report, the supplementary accounting information included within the Economic and Financial Analysis Report is presented, in all material respects, based on the information referred to in the "Criteria for preparing the supplementary accounting information" paragraph.

Responsibilities of the Management of Bradesco

Management is responsible for preparing and adequately presenting the supplementary accounting information included within the Economic and Financial Analysis Report based on the criteria for the preparation of the supplementary accounting information described below, and for other information contained within this report, as well as the design, implementation and maintenance of internal controls that management determines are necessary to allow for such information that is free from material misstatement, whether due to fraud or error.

Independent Auditor's Responsibility

Our responsibility is to examine the supplementary accounting information included within the Economic and Financial Analysis Report prepared by Bradesco and to report thereon in the form of a reasonable assurance conclusion based on the evidence obtained. We conducted our engagement in accordance with the NBC TO 3000 - Assurance Engagement Other than Audit and Review (ISAE 3000). That standard requires that we comply with ethical requirements, including independence requirements, and plan and perform our procedures to obtain reasonable assurance about whether the supplementary accounting information included within the Economic and Financial Analysis Report is presented, in all material respects, to the information referred to in the "Criteria for preparing the supplementary accounting information" paragraph.

The procedures selected were based on our judgment, including the assessment of risks of material misstatement in the supplementary accounting information of Banco Bradesco S.A. whether due to fraud or error; however, this does not include the search and identification of fraud or error.

In making those risk assessments, we have considered internal controls relevant to the preparation and presentation of supplementary accounting information in order to design assurance procedures that are appropriate in the circumstances, but not for the purposes of expressing a conclusion as to the effectiveness of Bradesco's internal control over the preparation and presentation of the supplementary accounting information. Our engagement also includes the assessment of the appropriateness of the reasonableness of the supplementary accounting information, the suitability of the criteria used by Bradesco in preparing the supplementary accounting information within the Economic and Financial Analysis Report in the circumstances of the engagement, evaluating the appropriateness of the procedures used in the preparation of the supplementary accounting information and the reasonableness of estimates made by Bradesco and evaluating the overall presentation of the supplementary accounting information. Reasonable assurance is less than absolute assurance.

Our conclusion does not contemplate aspects related to any prospective information contained within the Economic and Financial Analysis Report, nor offers any guarantee if the assumptions used by Management provide a reasonable basis for the projections presented. Therefore, our report does not offer any type of assurance on the scope of future information (such as goals, expectations and ambitions) and descriptive information that is subject to subjective assessment.

Independent Reasonable Assurance Report on the supplementary accounting information included within the Economic and Financial Analysis Report

Criteria for preparing the supplementary accounting information

The supplementary accounting information disclosed within the Economic and Financial Analysis Report, for the semester ended June 30, 2014 has been prepared by the Management of Bradesco, based on the information contained in the consolidated financial statements on June 30, 2014 and the criteria described within the Economic and Financial Analysis Report, in order to facilitate additional analysis, without, however, being part of the consolidated financial statements disclosed on that date.

Conclusion

Our conclusion has been formed on the basis of, and is limited to, the matters outlined in this report. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion. In our opinion, the supplementary accounting information included within the Economic and Financial Analysis Report is presented, in all material respects, in accordance with the information referred to in the "*Criteria for preparing the supplementary accounting information*" paragraph.

Osasco, July 30, 2014

Original report in Portuguese signed by

KPMG Auditores Independentes

CRC 2SP028567/0-1F SP

Cláudio Rogélio Sertório

Contador CRC 1SP212059/O-0

Bradesco

Independent Auditors' Report

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Report on Economic and Financial Analysis – June 2014

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Dear Shareholders,

We hereby present the consolidated financial statements of Banco Bradesco S.A. for the first half of 2014, prepared in accordance with the accounting practices adopted in Brazil and applicable to institutions authorized to operate by the Brazilian Central Bank.

The signs of the upturn of the U.S. economy, the stabilization of the rate of Chinese expansion, and the adoption of new monetary stimulus in Europe are positive vectors for the recovery of the world economy in the coming quarters. These external stimuli should work in Brazil's favor and leverage domestic actions that will help to raise the level of confidence of economic agents. Among these actions, highlight goes to the continuous commitment to consistent macroeconomic policies and institutional advances that accelerate the country's growth.

Events that marked the period at the Bradesco Organization include:

- **on April 17 Bradesco and Banco do Brasil launched Stelo S.A.**, a payment solutions company that will manage, operate and explore the payment facilitator segment for e-commerce and digital portfolio business; **on May 14 they formed LIVELO S.A.**, whose purpose will be to explore businesses

In the same period, taxes and contributions, including social security contributions, paid or provisioned, amounted to R\$ 14.116 billion, of which R\$ 5.156 billion related to taxes withheld and collected from third parties, and R\$ 8.960 billion related to activities developed by the Bradesco Organization, corresponding to 124.1% of Net Income.

In the first half of the year, R\$ 2.396 billion were destined to shareholders as Interest on Equity and Dividends, of which R\$ 497.377 million were paid in monthly and interim installments and R\$ 1.899 billion were provisioned. Interim Dividends, paid on 7.18.2014, represent approximately 11.8 times the amount of the Interest paid monthly (net of withholding income tax).

2. Capital and Reserves

At the end of the first half of 2014, the Paid-in Capital came to R\$ 38.100 billion. Together with Equity Reserves of R\$ 38.700 billion, Shareholders' Equity came to R\$ 76.800 billion, 16.3% up on the same period in the previous year, and equivalent to a book value of R\$ 18.31 per share.

Based on its stock price, Bradesco's Market Capitalization came to R\$ 134.861 billion on June 30, 2014, equivalent to 1.8 times the Shareholders' Equity.

The Administered Shareholders' Equity is equivalent to 8.3% of the Consolidated Assets, which totaled R\$ 931.132 billion, a 3.8% growth compared to June 2013. Thus, the Capital Adequacy Ratio reached 15.8%, substantially higher than the 11% minimum established by National Monetary Council

related to coalition loyalty program, allowing the client to accumulate and redeem points in various partners;

- **on May 27 the second Fluvial Service Station was inaugurated aboard the ship Voyager V, in the Solimões River in the Amazon.** The new ship will serve approximately 50 communities and 11 cities, covering a stretch of around 1,600 kilometers between Manaus and Tabatinga and bringing banking services that make life easier at these riverside communities;

- **on July 17, Bradesco, along with the leading retail banks in Brazil, signed a new Shareholders' Agreement from TecBan – Tecnologia Bancária S.A.**, which expects, in approximately 4 years, the consolidation of its external Automated Service Terminal networks by Banco24Horas; and

- **on July 28 Bradesco formalized a strategic partnership with IBM Brasil - Indústria Máquinas e Serviços Ltda.**, which will provide hardware and software support and maintenance activities, **currently** provided by Scopus Tecnologia Ltda. IBM will take over the operational structure from Scopus, and all support and maintenance contracts signed between Scopus and its other clients.

1. Results for the Period

In the first half of 2014, Bradesco's Net Income was R\$ 7.221 billion, corresponding to R\$ 1.72 per share and profitability of 20.5% over the average Shareholders' Equity^{*}). The annual return on Average Assets was 1.6%.

Resolution nº 4193/13, in conformity with the Basel Committee. At the end of the first half of 2014, the fixed asset ratio in relation to the Consolidated Reference Assets was 46.7% in the consolidated financial result, and 13.2% in the consolidated economic and financial result, well within the 50% limit.

In compliance with Article 8 of Brazilian Central Bank Circular Letter nº 3068/01, Bradesco declares that it has the financial capacity and the intention of holding to maturity those securities classified under "held-to-maturity securities".

3. Funding

On June 30, 2014, total funding raised and managed by the Bradesco Organization totaled R\$ 1.305 trillion, 5.8% more than in the same period in the previous year, broken down as follows:

R\$ 468.881 billion in demand deposits, time deposits, interbank deposits, savings accounts and federal funds purchased and securities sold under agreements to repurchase;

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R\$ 462.246 billion in assets under management, comprising investment funds, managed portfolios and third-party fund quotas, an 8.2% increase;

R\$ 201.117 billion in the exchange portfolio, borrowings and onlendings in Brazil, working capital, tax payments and collection and related charges, funds from issuance of securities in Brazil, and subordinated debt in Brazil, a 20.9% expansion;

R\$ 142.732 billion in technical reserves for insurance, pension plans and capitalization bonds, up by 8.3%; and

R\$ 29.714 billion in foreign funding, through public and private issues, subordinated debt abroad, securitization of future financial flows and borrowings and onlendings abroad, equivalent to US\$ 13.491 billion.

4. Loan Operations

At the end of the first half of 2014, the balance of the consolidated credit operations at the concept expanded, totaled R\$ 435.231 billion, an increase of 8.1% over the same period in 2013, including:

R\$ 6.415 billion in advances on exchange contracts, giving a total export financing portfolio of US\$ 12.786 billion;

US\$ 3.437 billion in import financing denominated in foreign currency;

R\$ 4.969 billion in leasing operations;

5. Bradesco Service Network

Present in all regions of the country and in various locations abroad, the Bradesco Organization Service Network had 59,236 points at the end of the first half of 2014, available to clients and users. It also had 31,509 ATMs from the Bradesco *Dia & Noite* Automated Service Network, of which 31,031 were also operative during weekends and holidays, in addition to 16,103 ATMs from the *Banco24Horas* Network, available to customers for cash withdrawals, balance verification, bank statements, loan request, payments and transfers between accounts. In the payroll-deductible loan segment, the network had 1,949 Bradesco Promotora correspondent bank branches, and in the vehicle segment, it had 12,790 Bradesco Financiamentos points of sale:

8,177 Branches and PAs (Service Branches) in Brazil (Branches: Bradesco 4,655, Banco Bradesco Financiamentos 19, Banco Bradesco BBI 1, Banco Bradesco BERJ 1, Banco Bradesco Cartões 3, and Banco Alvorada 1; and PAs: 3,497);

3 Overseas Branches, 1 in New York and 2 in Grand Cayman;

11 Overseas Subsidiaries (Banco Bradesco Argentina S.A. in Buenos Aires; Banco Bradesco Europa S.A. in Luxembourg; Bradesco North America LLC, Bradesco Securities, Inc., and BRAM US LLC in New York; Bradesco Securities UK Limited in London, Bradesco Securities Hong Kong Limited and Bradesco Trade Services Limited in Hong Kong; Bradesco Services Co. Ltd., in Tokyo; Cidade Capital Markets Ltd. in Grand Cayman; and Bradescard Mexico, Sociedad de Responsabilidad Limitada in Mexico);

R\$ 23.341 billion in rural lending;	48,186 Bradesco Expresso service points;
	1,175 PAEs – in-company electronic service branches; and
R\$ 94.463 billion in consumer financing, including R\$ 15.220 billion in credit card receivables;	1,684 External terminals in the Bradesco Dia&Noite network and 12,023 ATMs in the Banco24Horas network, with 868 terminals shared by both networks.
R\$ 69.875 billion in sureties and guarantees; and	

R\$ 34.576 billion in operations involving the onlending of foreign and domestic funds, originating mainly from the Brazilian Development Bank (BNDES), as one of its main onlending agents.

In the first half of 2014, the Bradesco Organization allocated a total of R\$ 7.234 billion in Real Estate Loan resources for the construction and acquisition of 31,177 homes.

The consolidated balance of allowance for loan losses reached R\$ 21.791 billion, equivalent to 6.6% of the total volume of loan operations, with a R\$ 4.009 billion surplus provision in relation to the minimum required by the Central Bank.

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6. Banco Bradesco BBI

Bradesco BBI, the Bradesco Organization's investment bank, advises customers on share issues, merger and acquisition transactions and the structuring and distribution of debt instruments, including debentures, promissory notes, CRIs, mortgage-backed investment funds, receivables-backed investment funds (FIDCs) and bonds in Brazil and abroad, in addition to structured financing operations for companies and project finance. Its transaction volume in the first half of 2014 was over R\$ 93.028 billion.

7. Grupo Bradesco Seguros

On June 30, 2014, Grupo Bradesco Seguros, one of the leaders in the Insurance, Capitalization Bond and Pension Plan segments, posted Net Income of R\$ 2.112 billion and Shareholders' Equity of R\$ 18.813 billion. Net written insurance premiums, pension contributions and capitalization bond income came to R\$ 25.442 billion, 5.2% up on the same period in 2013.

8. Corporate Governance

With its shares traded on stock exchanges in Brazil since 1946, Bradesco operates in the American capital market since 1997, initially trading Level I ADRs backed by preferred shares, and starting in 2001 and 2012, trading Level II ADRs backed by preferred and common shares, respectively. Bradesco also trades GDRs in the European market

In search of continuous improvement of its governance practices, since 2001 Bradesco has voluntarily observed BM&FBOVESPA's Level 1 Corporate Governance, and since 2011 it has observed the Code of Self-Regulation and Best Practices for Publicly Held Companies, issued by the Brazilian Association of Publicly Held Companies (ABRASCA), adopting the "apply or explain" practice. Bradesco was rated AA+ (Excellent Corporate Governance Practices) by Austin Rating.

According to the Securities and Exchange Commission Instruction nº 381/03, in the first half of 2014 the Bradesco Organization did not hire or have services provided by KPMG Auditores Independentes not related to external audit, at no more than 5% of the total fees related to external audit services. Other services provided by the external auditors included diagnosing the system and compiling IT information and training. The Bank's policy is in line with the principles of preserving the auditors' independence, which are based on generally accepted international criteria, i.e. the auditors should not audit their own work, perform managerial duties for their clients or promote their customers' interests.

8.1. Internal Controls

The effectiveness of the Organization's internal controls is supported by trained professionals, well-defined and implemented processes, and technology compatible with the business needs. The Compliance and Internal Controls Policy and the Internal Control System Standards are aligned with

(Latibex) since 2001.

Bradesco's management is formed by the Board of Directors and Board of Executive Officers. Board members are elected by the Annual Shareholders' Meeting, who elect the members of the Board of Executive Officers. The duties of the Chairman of the Board of Directors and the Chief Executive Officer are different.

Installed annually since 2002, the Fiscal Council is composed of 5 sitting members and 5 deputy members. Two sitting members and their respective deputy members are chosen by preferred and common minority shareholders. These members were elected at the Meeting held on March 10, 2014, which established their mandate until the next ASM in 2015.

the main control frameworks, such as COSO – Committee of Sponsoring Organizations of the Treadway Commission and COBIT - Control Objectives for Information and Related Technology, which cover aspects related to Business and Information Technology, respectively.

The existence, effectiveness and implementation of controls that ensure acceptable risk levels in the Organization's processes are certified by the Department of Integrated Risk Control - *Internal Control department*, and the results are reported to the Audit Committee and to the Compliance and Internal Controls Committee, as well as to the Board of Directors, aiming to provide reasonable assurance regarding the proper conduct of business and the achievement of the established goals, in accordance with applicable external laws and regulations, policies, internal rules and procedures, codes of conduct and self-regulation.

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Preventing and Combating Corruption and Money Laundering and the Financing of Terrorism

Bradesco maintains specific policies, standards, procedures and systems to prevent and/or detect the use of its structure, products and services for the purposes of money laundering and the financing of terrorism.

Additionally, the Bank also invests in training employees through programs in various formats, such as booklets, videos, face-to-face and distance learning courses, and face-to-face lectures designed specifically to cover the areas in which they are required.

The Program for Preventing and Combating Corruption and Money Laundering and the Financing of Terrorism is supported by the Executive Committee for Preventing and Combating Corruption and Money Laundering and the Financing of Terrorism, which evaluates the work and the need to align procedures to the rules established by Regulatory Agencies, and to national and international best practices.

Additionally, Bradesco adopts a formal and effective process for preventing and combating corruption and bribery, supported by the Code of Ethical Conduct and by the Corporate Anti-Corruption Policy. Cultural adaptation is accomplished through institutional communication and training programs, providing an effective monitoring of risks and controls. Bradesco also has a complaint channel, whose actions configured as violations are subject to applicable disciplinary measures, regardless of hierarchical level, and without prejudice to

Information Security

Information Security at the Bradesco Organization consists of a set of controls represented by procedures, processes, organizational structures, policies and regulations, and information technology solutions, aiming to protect the information in regards to confidentiality, integrity and availability. Bradesco's Corporate Policies and Regulations on Information Security describe the basis for the Organization's Information Security Management System, which aim to protect the information assets.

Developed based on best practices and international standards regarding Information Security, the Corporate Awareness and Education Program and the Policy and Regulations focus on the absolute protection of customer data and strategic information owned by the Organization.

The Safety Committees and the Executive Committee for Corporate Security meet periodically to assess and approve guidelines, measures and instructions to support processes and procedures related to Information Security at the Organization.

8.2. Transparency and Information Disclosure Policies

In the first half of 2014, Bradesco promoted 110 events involving analysts, 47 of which were held in Brazil and 63 abroad, as well as 109 conference calls. One of these events was the first Bradesco Insurance Day, which was attended by Bradesco's Board of Executive Officers, serving 67 Capital Market analysts. The events also included 2 videochats targeted to individual investors, held with Bradesco's Investor Relations Director, and 4

appropriate legal penalties.

result-related teleconferences targeted to institutional investors.

Independent Validation of Management Models and Risk and Capital Measurement

Bradesco uses internal models to manage and measure risks and capital, developed based on statistical data or expert knowledge, that support and facilitate the structuring of critical issues, and provide quick and standardized decisions.

In order to identify, mitigate and manage the risks, the models are validated independently through rigorous tests, whose results - which address aspects related to processes adaptation, governance and construction of models and their premises - are reported to managers, Internal Audit, to the Compliance and Internal Control Committee, and to the Integrated Risk Management and Capital Allocation Committee (COGIRAC).

The Investor Relations website – www.bradesco.com.br/ri – provides information related to the Bradesco Organization, such as its profile, history, ownership structure, management reports, financial results, recent acquisitions, APIMEC meetings, Economic and Financial Analysis Report, Annual Report, in addition to other information related to the financial market.

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9. Integrated Risk Control

9.1. Risk Management

The risk management activity is highly strategic and integrated, allowing risks to proactively identified, measured, mitigated, monitored and reported, due to the growing complexity of services and products, and the globalization of the Organization's business. This activity must be constantly enhanced to keep pace with the dynamism of the markets and the pursuit of best practices, exemplified by the fact that Bradesco became the first and only Brazilian bank authorized by the Central Bank to use its own internally-developed market risk management models to calculate regulatory capital since January 2013.

The Organization conducts an integrated and independent corporate control of the risks, preserves and recognizes the environment where joint decisions are taken, develops and implements methodologies, models and tools for measurement and control, supported in a structure of Committees that respond to the Board of Directors, including the Audit Committee and Committees under the Board of Executive Officers. It also provides ongoing training on risks to employees from all Organization levels, from the business areas to the Board of Directors.

9.2. Credit Risk

Credit risk management is a continuous and evolving process of mapping, development, assessment and diagnosis through the use of models, instruments and procedures that require a high degree of discipline and control during the analysis of operations to preserve the integrity and autonomy of the processes. It includes all aspects related to the lending process, concentration,

9.4. Liquidity Risk

The Market and Liquidity Risk Management Policy and the resulting rules and procedures define the minimum levels to be observed, taking into account stress scenarios, and also determine which kind of financial instruments must resources be applied, and the operational strategy to be used, if needed.

The liquidity risk process consists of daily monitoring of the composition of available resources, compliance with the minimum level of liquidity and contingency plans for stress situations. The control and monitoring of the positions are held in a centralized manner.

9.5. Operational Risk

Operational Risk is controlled in a centralized manner through identification, measurement, mitigation plans and monitoring, on a consolidated basis and for each of the Organization's companies.

Among plans to mitigate operational risk, the most important is managing the Organization's business continuity, which consists of formal plans to be adopted during moments of crisis to guarantee the recovery and continuation of business as well as preventing loss.

10. Human Resources

Constantly striving to improve the quality of care and the level of services provided, Bradesco's Corporate University (UniBrad) upholds its purpose of promoting continuing education and enhancing the development and training of its staff. With that, employees have access to an integrated array of learning solutions that promote skill development aligned to the Organization's business. A total of

guarantee requirement, terms, among others.

The Organization continuously maps all activities that can generate exposure to credit risk, with their respective ratings related to probability and magnitude, as well as the identification of their managers, measurement and mitigation plans. Control is held in a corporate, centralized and standardized manner.

9.3. Market Risk

Market risk is carefully identified, measured, mitigated, controlled and reported. The Organization's exposure to market risk profile is in line with the guidelines established by the governance process, with limits monitored independently on a timely basis.

All activities exposed to market risks are controlled for all of the Organization's companies in a corporate and centralized manner.

1,921 courses were held in the first half of 2014, with 523,807 participations.

In the same period, the benefits aimed at improving their safety, well-being and overall quality of life, as well as that of their dependents, covered 203,942 individuals.

11. Sustainability at the Bradesco Organization

Since its origins, Bradesco Organization has been fully committed to Brazil's social and economic development. It constantly seeks to attain sustainability in management, businesses and daily activities. Under such purpose, the Organization strives to ensure continuous and sustainable growth, committed to the public with whom it engages, as well as the communities and environments in which it operates. It fully complies with best global sustainability and corporate governance practices, particularly: Global Compact, PRI (Principles for Responsible Investment), Equator Principles, Carbon Disclosure Project and Green Protocol.

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At the Bradesco Organization, sustainability actions, strategies and guidelines are guided by best corporate governance practices. Its main activities focus on banking inclusion, social and environmental variables for loan approvals and product offerings, based on social and environmental aspects. Regarding responsible management and engagement with stakeholders, we highlight activities geared towards valuing professionals, improving the workplace, client relations, managing suppliers and adopting environmental management practices. We also highlight the Organization's role in Brazilian society as one of its leading social investors, supporting education, environment, culture and athletic programs.

For more information about Bradesco's initiatives visit www.bancodoplaneta.com.br or www.bradesco.com.br/ri

Fundação Bradesco

Fundação Bradesco, the main focus of the Organization's social initiatives, holds social and educational programs with 40 schools located in all Brazilian states, including the Federal District, mostly in socially and economically underprivileged regions.

The budget for this year is forecast at R\$ 523.434 million, R\$ 71.095 million of which is intended to restructuring high school education through classroom expansion works, and R\$ 452.339 million will enable offering free quality education to: a) 105,672 students enrolled in its schools in the following levels: basic education (kindergarten to high school) and vocational training - high school, youth and adult education; and preliminary and continuing vocational training, which focuses on

The "National Day of Voluntary Action", celebrated on 5.17.2014 for the 12th year running, gathered 19,739 volunteers in 66 different locations throughout Brazil, including Fundação Bradesco schools and service points near the school units. It provided a total of 275,789 services related to education, health, leisure, sports and the environment, displaying once more an example of citizenship and solidarity.

Bradesco Sports and Education Program

The Bradesco Sports and Education Program in the city of Osasco, SP offers Training Centers and Experts to teach women's volleyball and basketball. The activities take place at its Sports Development Center, at Fundação Bradesco schools, municipal Sports Centers, and private schools. Currently, about 2 thousand children and young people from 8 to 20 years old are benefited, reaffirming the social commitment and the recognition of talent and full exercise of citizenship, with education, sport and health actions.

12. Awards

Rankings – the following acknowledgments were made to Bradesco during the period:

- **Most valuable banking sector brand in Latin America** and 20th in the global ranking, according to a survey conducted by the consulting firm *Brand Finance* and *The Banker* magazine;
- **Brazil's Most Valuable Bank Brand**, according to rankings compiled by the magazine *IstoÉ Dinheiro* and the consulting firm

creating jobs and income; b) 370 thousand students who will complete at least one of the distance-learning courses (EaD) available on the e-learning portal; and c) 21,527 beneficiaries in partnership projects and initiatives, including the Digital Inclusion Centers (CIDs), the Educa+Ação program and technology courses (Educar and Aprender). The approximately 45 thousand students enrolled in the basic education system also receive uniforms, school supplies, meals, and medical and dental assistance free of charge.

BrandAnalytics/Milward Brown Optimor;

- **“Best Brazilian Bank” for the third consecutive year**, acknowledged by Euromoney Awards for Excellence. In addition, **Bradesco BBI was chosen as the Best Brazilian Investment Bank** at the same awards, granted by the British magazine Euromoney;

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- **Featured for the 4th consecutive time in The 35 Best Companies to Start your Career, from Guia Você S/A**, in a survey conducted by the magazine *Você S/A* in partnership with *Fundação Instituto de Administração (FIA)* and *Cia. de Talentos*. The list also includes *Tempo Serviços*, Bradesco Organization's credit card administrator;

- **One of the 100 Best Companies in IDHO - Organizational Human Development Indicator**, in a study developed by the magazine *Gestão RH*. This year, Bradesco **was featured in the Governance dimension**, being the only Bank to appear in the ranking of the 10 Best Companies in IDHO;

- **The only Brazilian Bank ranked among the "Best Companies to Work for in Latin America"**, under the "Companies with over 500 employees" category, according to the survey conducted by the consulting firm Great Place to Work;

- **Bradesco Private Bank was recognized as the best of Brazil under the "Specialized Services" category**, at the special edition Private Banking Global Survey 2014 of Euromoney Magazine;

- **Bradesco Cartões, company of the year at the XV Modern Consumer Award for Excellence in Customer Service**, recognized by the quality of services offered to consumers;

- **BRAM-Bradesco Asset Management** received the highest management quality rating - **1-AMP (very strong)** - from Standard & Poor's. It was also voted **Top Management 2014 Variable Income**, in the ranking published by the magazine *ValorInveste*, according to an evaluation from

- credit rating agencies Moody's Investors Service and Austin Rating affirmed all ratings of the Organization; and

- credit rating agency Standard & Poor's downgraded the ratings on a global scale for issuer credit in local and foreign currency from 'BBB/A2' to 'BBB-/A3', due to relegation of the sovereign rating.

13. Acknowledgments

The results achieved in the first half of 2014 reflect the precision and the consistency of Bradesco Organization's expansion strategy, grounded on quality and efficiency, always in line with the new demands of the markets and the economy as a whole. Through these advancements, we wish to thank our shareholders and customers for their trust and support, and to thank our employees and other associates for their dedication and commitment.

Cidade de Deus, July 30, 2014

Standard & Poor's; and

Board of Directors

Board of Executive Officers

- **eFinance 2014 Award**, from the magazine *Executivos Financeiros*, winning with cases in various categories.

Ratings – In the first half of 2014, among the evaluation indexes assigned to Brazilian Banks by national and international Agencies and Entities, we have recorded for Bradesco that:

(*) Excluding mark-to-market effect of Securities Available for sale recorded under Shareholders' Equity.

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Consolidated Statement of Financial Position – In thousands of Reais

Assets	2014		2013
	June	March	June
Current assets	600,639,035	597,002,155	601,883,754
Cash and due from banks (Note 6)	11,534,602	12,110,067	16,179,775
Interbank investments (Notes 3d and 7)	136,983,854	126,320,146	146,391,618
Investments in federal funds sold and securities borrowed under agreements to resell	125,321,856	115,741,455	139,789,912
Interbank investments	11,675,372	10,618,597	6,602,636
Allowance for losses	(13,374)	(39,906)	(930)
Securities and derivative financial instruments (Notes 3e, 3f, 8 and 32b)	199,469,993	193,114,514	197,622,811
Own portfolio	176,316,096	160,506,063	165,330,778
Subject to repurchase agreements	16,222,348	26,121,894	27,292,429
Derivative financial instruments (Notes 3f, 8e II and 32b)	4,733,427	3,778,562	2,374,661
Underlying guarantees provided	1,944,322	2,458,066	1,784,978
Securities subject to unrestricted repurchase agreements	253,800	249,929	839,965
Interbank accounts	55,195,430	60,599,096	50,930,612
Unsettled payments and receipts	1,557,986	1,575,879	608,839
Reserve requirement (Note 9):			
- Reserve requirement - Brazilian Central Bank	53,501,826	58,919,160	50,247,046
- National treasury - rural loans	-	-	578
- SFH	4,249	5,961	3,025
Correspondent banks	131,369	98,096	71,124
Interdepartmental accounts	320,342	548,957	649,691
Internal transfer of funds	320,342	548,957	649,691
Loans (Notes 3g, 10 and 32b)	132,038,064	133,771,326	125,590,039
Loans:			
- Public sector	31,779	42,639	106,606
- Private sector	145,639,263	146,955,377	138,529,404
Allowance for loan losses (Notes 3g, 10f, 10g and 10h)	(13,632,978)	(13,226,690)	(13,045,971)
Leasing (Notes 2, 3g, 10 and 32b)	2,281,099	2,477,965	3,247,669
Leasing receivables:			
- Private sector	4,615,232	4,989,529	6,418,871
Unearned income from leasing	(2,103,807)	(2,255,345)	(2,825,360)
Allowance for leasing losses (Notes 3g, 10f, 10g and 10h)	(230,326)	(256,219)	(345,842)
Other receivables	59,524,158	64,770,782	58,441,498
Receivables on sureties and guarantees honored (Note 10a-3)	30,304	31,862	22,539
Foreign exchange portfolio (Note 11a)	11,476,110	18,133,644	12,603,475
Receivables	603,653	731,351	747,051
Securities trading	830,940	997,323	4,180,999
Specific receivables	3,292	3,046	2,761

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Insurance and reinsurance receivables and reinsurance assets –			
technical reserves	4,070,116	3,777,433	3,462,377
Sundry (Note 11b)	43,292,639	41,899,947	38,288,768
Allowance for loan losses (Notes 3g, 10f, 10g and 10h)	(782,896)	(803,824)	(866,472)
Other assets (Note 12)	3,291,493	3,289,302	2,830,041
Other assets	1,660,960	1,565,634	1,293,444
Provision for losses	(647,622)	(603,368)	(519,587)
Prepaid expenses (Notes 3i and 12b)	2,278,155	2,327,036	2,056,184
Long-term receivables	315,346,984	309,758,601	279,237,449
Interbank investments (Notes 3d and 7)	669,821	693,875	1,093,041
Interbank investments	669,821	693,875	1,093,041
		<u>Bradesco</u>	<u> </u>

Financial Statements, Independent Auditors' Report, Audit Committee Report Summary and Fiscal Council's Report

Consolidated Statement of Financial Position – In thousands of Reais

Assets	2014		2013
	June	March	June
The accompanying Notes are an integral part of these Financial Statements.			
Securities and derivative financial instruments (Notes 3e, 3f, 8 and 32b)	133,730,405	128,855,866	111,404,163
Own portfolio	75,546,787	75,535,850	52,647,547
Subject to repurchase agreements	50,286,078	48,280,299	49,069,201
Derivative financial instruments (Notes 3f, 8e II and 32b)	1,000,075	594,395	862,972
Subject to the Brazilian Central Bank	19,008	2,694	47,224
Privatization currencies	62,237	63,052	69,604
Underlying guarantees provided	5,990,548	4,322,077	8,100,563
Securities subject to unrestricted repurchase agreements	825,672	57,499	607,052
Interbank accounts	599,801	591,868	569,016
Reserve requirement (Note 9):			
- SFH	599,801	591,868	569,016
Loans (Notes 3g, 10 and 32b)	145,031,278	143,060,489	129,753,104
Loans:			
- Public sector	1,919,401	2,069,028	75,531
- Private sector	145,510,575	143,554,018	136,614,551
Loans Related to Assignment	4,205,713	4,023,119	-
Allowance for loan losses (Notes 3g, 10f, 10g and 10h)	(6,604,411)	(6,585,676)	(6,936,978)
Leasing (Notes 2, 3g, 10 and 32b)	2,301,181	2,368,402	2,810,710
Leasing receivables:			
- Private sector	4,985,585	5,169,314	6,261,672
Unearned income from leasing	(2,528,065)	(2,632,691)	(3,198,846)
Allowance for leasing losses (Notes 3g, 10f, 10g and 10h)	(156,339)	(168,221)	(252,116)
Other receivables	31,400,852	32,537,264	31,949,379
Receivables	7,459	16,393	27,011
Securities trading	126,860	177,378	269,650
Sundry (Note 11b)	31,317,233	32,354,294	31,660,540
Allowance for loan losses (Notes 3g, 10f, 10g and 10h)	(50,700)	(10,801)	(7,822)
Other assets (Note 12)	1,613,646	1,650,837	1,658,036
Prepaid expenses (Notes 3i and 12b)	1,613,646	1,650,837	1,658,036
Permanent assets	15,145,755	15,467,997	15,576,165
Investments (Notes 3j, 13 and 32b)	1,886,747	1,870,597	1,920,417
Equity in the earnings (losses) of unconsolidated companies - In Brazil	1,471,009	1,456,636	1,440,183
Other investments	689,466	687,804	754,227
Allowance for losses	(273,728)	(273,843)	(273,993)
Premises and equipment (Notes 3k and 14)	4,578,907	4,596,795	4,464,008

Premises	1,463,321	1,449,649	1,342,235
Other assets	10,352,291	10,378,734	9,881,431
Accumulated depreciation	(7,236,705)	(7,231,588)	(6,759,658)
Intangible assets (Notes 3I and 15)	8,680,101	9,000,605	9,191,740
Intangible assets	16,416,704	16,260,103	17,581,168
Accumulated amortization	(7,736,603)	(7,259,498)	(8,389,428)
Total	931,131,774	922,228,753	896,697,368

The accompanying Notes are an integral part of these Financial Statements.

Report on Economic and Financial Analysis – June 2014

Financial Statements, Independent Auditors' Report, Audit Committee Report Summary and Fiscal Council's Report

Consolidated Statement of Financial Position – In thousands of Reais

Liabilities	2014		2013
	June	March	June
Current Liabilities	645,826,729	633,058,763	610,203,074
Deposits (Notes 3n and 16a)	164,831,687	168,041,497	149,275,466
Demand Deposits	36,176,242	38,569,323	36,586,408
Savings Deposits	84,318,918	82,098,295	72,627,265
Interbank deposits	329,746	455,468	485,693
Time deposits (Notes 16a and 32b)	44,006,781	46,918,411	39,576,100
Federal funds purchased and securities sold under agreements to repurchase (Notes 3n and 16b)	232,207,444	228,518,684	248,966,584
Own portfolio	108,296,248	114,875,410	117,565,530
Third-party portfolio	122,146,097	112,795,792	110,974,509
Unrestricted portfolio	1,765,099	847,482	20,426,545
Funds from issuance of securities (Notes 16c and 32b)	36,898,189	26,558,538	24,842,697
Mortgage and real estate notes, letters of credit and others	33,703,331	21,293,057	20,388,900
Securities issued abroad	3,043,455	5,138,381	4,453,797
Structured Operations Certificates	151,403	127,100	-
Interbank accounts	1,910,430	1,690,041	1,014,942
Correspondent banks	1,910,430	1,690,041	1,014,942
Interdepartmental accounts	3,762,883	3,653,373	2,777,590
Third-party funds in transit	3,762,883	3,653,373	2,777,590
Borrowing (Notes 17a and 32b)	12,870,253	14,695,954	10,050,917
Borrowing in Brazil - other institutions	5,686	5,738	3,776
Borrowing abroad	12,864,567	14,690,216	10,047,141
Onlending in Brazil - official institutions (Notes 17b and 32b)	11,860,115	11,794,019	11,570,961
National treasury	1,109	2,289	17,444
BNDES	3,261,698	3,129,109	3,744,213
CEF	16,388	18,863	20,900
FINAME	8,579,662	8,642,502	7,788,404
Other institutions	1,258	1,256	-
Onlending abroad (Notes 17b and 32b)	212,745	173,694	136,862
Onlending abroad	212,745	173,694	136,862
Derivative financial instruments (Notes 3f, 8e II and 32b)	3,985,513	3,197,880	2,368,516
Derivative financial instruments	3,985,513	3,197,880	2,368,516
Technical reserves for insurance, pension plans and capitalization bonds (Notes 3o and 21)	119,068,718	114,366,561	106,516,946
Other liabilities	58,218,752	60,368,522	52,681,593
Payment of taxes and other contributions	3,736,961	3,842,269	3,379,189
Foreign exchange portfolio (Note 11a)	5,551,655	11,995,335	5,601,398
Social and statutory	2,187,638	1,157,261	1,770,785
Tax and social security (Note 20a)	5,635,570	3,942,229	5,360,436

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Securities trading	1,918,240	1,605,227	5,804,401
Financial and development funds	1,236	2,956	1,230
Subordinated debts (Notes 19 and 32b)	2,649,372	2,514,553	2,311,545
Sundry (Note 20b)	36,538,080	35,308,692	28,452,609
Long-term liabilities	207,795,160	214,734,626	219,223,705
Deposits (Notes 3n and 16a)	48,438,846	50,667,998	59,210,059
Interbank deposits	191,281	199,353	213,191
		<u>Bradesco</u>	<u> </u>

Financial Statements, Independent Auditors' Report, Audit Committee Report Summary and Fiscal Council's Report

Consolidated Statement of Financial Position – In thousands of Reais

Liabilities	2014		2013
	June	March	June
The accompanying Notes are an integral part of these Financial Statements.			
Time deposits (Notes 16a and 32b)	48,247,565	50,468,645	58,996,868
Federal funds purchased and securities sold under agreements to repurchase (Notes 3n and 16b)	23,403,544	22,197,346	17,858,536
Own portfolio	23,403,544	22,197,346	17,858,536
Funds from issuance of securities (Notes 16c and 32b)	32,978,552	37,952,071	28,977,913
Mortgage and real estate notes, letters of credit and others	27,895,149	32,652,954	21,311,125
Securities issued abroad	5,024,645	5,256,747	7,666,788
Structured Operations Certificates	58,758	42,370	-
Borrowing (Notes 17a and 32b)	857,437	971,137	1,036,810
Borrowing in Brazil - other institutions	14,179	8,761	6,879
Borrowing abroad	843,258	962,376	1,029,931
Onlending in Brazil - official institutions (Notes 17b and 32b)	28,340,766	29,089,213	26,325,469
BNDES	8,124,315	8,590,501	8,116,776
CEF	13,515	16,058	28,165
FINAME	20,202,564	20,482,285	18,178,885
Other institutions	372	369	1,643
Derivative financial instruments (Notes 3f, 8e II and 32b)	741,052	695,983	772,057
Derivative financial instruments	741,052	695,983	772,057
Technical reserves for insurance, pension plans and capitalization bonds (Notes 3o and 21)	23,663,671	23,384,244	25,301,917
Other liabilities	49,371,292	49,776,634	59,740,944
Tax and social security (Note 20a)	10,808,229	10,675,088	19,695,567
Subordinated debts (Notes 19 and 32b)	32,734,624	33,325,359	33,910,561
Sundry (Note 20b)	5,828,439	5,776,187	6,134,816
Deferred income	223,400	560,099	661,074
Deferred income	223,400	560,099	661,074
Non-controlling interests in subsidiaries (Note 22)	486,207	549,269	582,002
Shareholders' equity (Note 23)	76,800,278	73,325,996	66,027,513
Capital:			
- Domiciled in Brazil	37,622,310	37,622,312	37,622,549
- Domiciled abroad	477,690	477,688	477,451
Capital reserves	11,441	11,441	11,441
Profit reserves	38,976,929	36,382,872	30,020,791
Asset valuation adjustments	9,923	(870,302)	(1,907,418)
Treasury shares (Notes 23d and 32b)	(298,015)	(298,015)	(197,301)

Attributable to equity holders of the Parent Company	77,286,485	73,875,265	66,609,515
Total	931,131,774	922,228,753	896,697,368

The accompanying Notes are an integral part of these Financial Statements.

Report on Economic and Financial Analysis – June 2014

Financial Statements, Independent Auditors' Report, Audit Committee Report Summary and Fiscal Council's Report

Consolidated Income Statement – In thousands of Reais

	2014		2013	
	2 nd quarter	1 st quarter	1 st semester	1 st semester
Revenue from financial intermediation	27,806,362	25,599,441	53,405,803	44,364,450
Loans (Note 10j)	14,316,694	13,666,972	27,983,666	25,369,039
Leasing (Note 10j)	165,636	176,592	342,228	407,922
Operations with securities (Note 8h)	8,018,709	7,231,372	15,250,081	13,822,165
Financial income from insurance, pension plans and capitalization bonds (Note 8h)	3,564,421	3,263,448	6,827,869	3,746,383
Derivative financial instruments (Note 8h)	540,076	133,550	673,626	(1,603,839)
Foreign exchange operations (Note 11a)	73,647	(7,526)	66,121	1,172,934
Reserve requirement (Note 9b)	1,139,673	1,082,075	2,221,748	1,362,550
Sale or transfer of financial assets	(12,494)	52,958	40,464	87,296
Financial intermediation expenses	17,176,987	16,080,203	33,257,190	29,514,464
Federal funds purchased and securities sold under agreements to repurchase (Note 16e)	11,179,473	10,465,246	21,644,719	17,497,382
Adjustment for inflation and interest on technical reserves for insurance, pension plans and capitalization bonds (Note 16e)	2,492,083	2,580,982	5,073,065	1,909,077
Borrowing and onlending (Note 17c)	(139,128)	(217,324)	(356,452)	3,025,017
Allowance for loan losses (Notes 3g, 10g and 10h)	3,644,559	3,251,299	6,895,858	7,082,988
Gross income from financial intermediation	10,629,375	9,519,238	20,148,613	14,849,986
Other operating income (expenses)	(3,991,364)	(3,501,428)	(7,492,792)	(7,130,668)
Fee and commission income (Note 24)	5,225,624	5,190,428	10,416,052	9,394,618
Other fee and commission income	3,934,689	4,142,058	8,076,747	7,453,748
Income from banking fees	1,290,935	1,048,370	2,339,305	1,940,870
Insurance, pension plan and capitalization bond retained premiums (Notes 3o and 21d)	13,883,351	11,382,058	25,265,409	24,089,514
Net premiums written	13,992,488	11,449,495	25,441,983	24,191,161
Reinsurance premiums	(109,137)	(67,437)	(176,574)	(101,647)
Variation in technical reserves for insurance, pension plans and capitalization bonds (Note 3o)	(6,504,866)	(4,147,182)	(10,652,048)	(11,486,646)
Retained claims (Note 3o)	(4,206,128)	(4,216,031)	(8,422,159)	(7,274,092)
Capitalization bond draws and redemptions (Note 3o)	(1,172,860)	(1,086,733)	(2,259,593)	(1,883,384)
Insurance, pension plan and capitalization bond selling expenses (Note 3o)	(728,741)	(687,865)	(1,416,606)	(1,262,358)
Payroll and related benefits (Note 25)	(3,447,840)	(3,279,147)	(6,726,987)	(6,250,514)

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Other administrative expenses (Note 26)	(3,606,827)	(3,515,337)	(7,122,164)	(6,898,043)
Tax expenses (Note 27)	(1,168,898)	(1,141,275)	(2,310,173)	(1,968,486)
Equity in the earnings (losses) of unconsolidated companies (Note 13b)	34,864	51,763	86,627	15,220
Other operating income (Note 28)	707,261	811,285	1,518,546	1,725,886
Other operating expenses (Note 29)	(3,006,304)	(2,863,392)	(5,869,696)	(5,332,383)
Operating income	6,638,011	6,017,810	12,655,821	7,719,318
Non-operating income (loss) (Note 30)	(134,594)	(109,445)	(244,039)	18,133
Income before income tax and social contribution and non-controlling interests	6,503,417	5,908,365	12,411,782	7,737,451
Income tax and social contribution (Notes 34a and 34b)	(2,696,382)	(2,435,388)	(5,131,770)	(1,813,090)
Non-controlling interests in subsidiaries	(29,281)	(29,801)	(59,082)	(56,523)
Net income	3,777,754	3,443,176	7,220,930	5,867,838

The accompanying Notes are an integral part of these Financial Statements.

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Financial Statements, Independent Auditors' Report, Audit Committee Report Summary and Fiscal Council's Report

Statement of Changes in Shareholders' Equity – In Thousands of Reais

Events	Paid-in	Capital reserves Share premium	Profit reserves		Asset valuation adjustments		Treasury shares	Retainin earnin (accumul losses
			Legal	Statutory	Bradesco	Subsidiaries		
Balance on December 31, 2012	30,100,000	11,441	3,838,474	30,380,303	886,689	5,027,853	(197,301)	
Capital increase through reserves	8,000,000	-	-	(8,000,000)	-	-	-	
Asset valuation adjustments	-	-	-	-	(2,887,377)	(4,934,583)	-	
Net income	-	-	-	-	-	-	-	5,86
Allocations:- Reserves	-	-	293,392	3,508,622	-	-	-	(3,802
- Interest on shareholders' equity paid and/or provisioned	-	-	-	-	-	-	-	(2,065
Balance on June 30, 2013	38,100,000	11,441	4,131,866	25,888,925	(2,000,688)	93,270	(197,301)	
Balance on December 31, 2013	38,100,000	11,441	4,439,025	29,712,872	(865,373)	(189,070)	(269,093)	
Acquisition of treasury shares	-	-	-	-	-	-	(28,922)	
Asset valuation adjustments	-	-	-	-	(5,420)	189,561	-	
Net income	-	-	-	-	-	-	-	3,44
Allocations:- Reserves	-	-	172,159	2,058,816	-	-	-	(2,230
- Interest on shareholders' equity paid and/or provisioned	-	-	-	-	-	-	-	(1,212
Balance on March 31, 2014	38,100,000	11,441	4,611,184	31,771,688	(870,793)	491	(298,015)	
Asset valuation adjustments	-	-	-	-	592,839	287,386	-	
Net income	-	-	-	-	-	-	-	3,77
Allocations:- Reserves	-	-	188,888	2,405,169	-	-	-	(2,594
- Interest on shareholders' equity paid and/or provisioned	-	-	-	-	-	-	-	(354

equity paid and/or provisioned - Interim Dividends Provisioned	-	-	-	-	-	-	-	(829)
Balance on June 30, 2014	38,100,000	11,441,480,072	34,176,857	(277,954)	287,877	(298,015)		
Balance on December 31, 2013	38,100,000	11,441,439,025	29,712,872	(865,373)	(189,070)	(269,093)		
Acquisition of treasury shares	-	-	-	-	-	(28,922)		
Asset valuation adjustments	-	-	-	587,419	476,947	-		
Net income	-	-	-	-	-	-	7,220	
Allocations: - Reserves	-	361,047	4,463,985	-	-	-	(4,825)	
- Interest on shareholders' equity paid and/or provisioned	-	-	-	-	-	-	(1,566)	
- Interim Dividends Provisioned	-	-	-	-	-	-	(829)	
Balance on June 30, 2014	38,100,000	11,441,480,072	34,176,857	(277,954)	287,877	(298,015)		

The accompanying Notes are an integral part of these Financial Statements.

Report on Economic and Financial Analysis – June 2014

Financial Statements, Independent Auditors' Report, Audit Committee Report Summary and Fiscal Council's Report

Statement of Value Added – In thousands of Reais

Description	2014				
	2 nd quarter	%	1 st quarter	%	1 st semester
1 - Revenue	28,461,401	251.0	26,854,472	254.6	55,315,873
1.1) Financial intermediation	27,806,362	245.2	25,599,441	242.7	53,405,783
1.2) Fees and commissions	5,225,624	46.1	5,190,428	49.2	10,416,052
1.3) Allowance for loan losses	(3,644,559)	(32.1)	(3,251,299)	(30.8)	(6,895,858)
1.4) Other	(926,026)	(8.2)	(684,098)	(6.5)	(1,610,124)
2 - Financial intermediation expenses	(13,532,428)	(119.3)	(12,828,904)	(121.6)	(26,361,332)
3 - Inputs acquired from third-parties	(2,924,347)	(25.8)	(2,849,666)	(27.1)	(5,774,013)
Material, water, electricity and gas	(147,345)	(1.3)	(138,637)	(1.3)	(285,982)
Outsourced services	(923,863)	(8.1)	(903,415)	(8.6)	(1,827,278)
Communication	(378,197)	(3.3)	(375,505)	(3.6)	(753,702)
Financial system services	(187,589)	(1.7)	(197,048)	(1.9)	(384,637)
Advertising and marketing	(170,499)	(1.5)	(178,249)	(1.7)	(348,748)
Transport	(199,590)	(1.8)	(202,885)	(1.9)	(402,475)
Data processing	(326,301)	(2.9)	(335,694)	(3.2)	(661,995)
Asset maintenance	(179,873)	(1.6)	(151,507)	(1.4)	(331,380)
Security and surveillance	(138,787)	(1.2)	(138,307)	(1.3)	(277,094)
Travel	(34,368)	(0.3)	(30,252)	(0.3)	(64,620)
Other	(237,935)	(2.1)	(198,167)	(1.9)	(436,102)
4 – Gross value added (1-2-3)	12,004,626	105.9	11,175,902	105.9	23,180,528
5 - Depreciation and amortization	(699,889)	(6.2)	(679,403)	(6.4)	(1,379,292)
6 - Net value added produced by the entity (4-5)	11,304,737	99.7	10,496,499	99.5	21,801,236
7 - Value added received through transfer	34,864	0.3	51,763	0.5	86,627
Equity in the earnings (losses) of unconsolidated companies	34,864	0.3	51,763	0.5	86,627
8 - Value added to distribute (6+7)	11,339,601	100.0	10,548,262	100.0	21,887,863
9 – Value added distributed	11,339,601	100.0	10,548,262	100.0	21,887,863
9.1) Personnel	2,997,589	26.4	2,850,300	27.1	5,847,889
Salaries	1,563,127	13.8	1,516,258	14.4	3,079,385
Benefits	704,205	6.2	697,236	6.6	1,401,441
Government Severance Indemnity Fund for Employees (FGTS)	147,462	1.3	143,606	1.4	291,068
Other	582,795	5.1	493,200	4.7	1,075,995
9.2) Tax, fees and contributions	4,315,531	38.1	4,005,510	37.9	8,321,041
Federal	4,146,415	36.6	3,818,750	36.2	7,965,165
State	8,783	0.1	3,216	-	11,999
Municipal	160,333	1.4	183,544	1.7	343,877
9.3) Value distributed to providers of capital	219,446	1.9	219,475	2.0	438,921
Rental	215,859	1.9	213,903	2.0	429,762
Asset leasing	3,587	-	5,572	-	9,159
9.4) Value distributed to shareholders	3,807,035	33.6	3,472,977	33.0	7,280,012

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Interest on shareholders' equity/dividends	1,183,697	10.4	1,212,201	11.5	2,395
Retained earnings	2,594,057	22.9	2,230,975	21.2	4,825
Non-controlling interests in retained earnings	29,281	0.3	29,801	0.3	59

The accompanying Notes are an integral part of these Financial Statements.

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Financial Statements, Independent Auditors' Report, Audit Committee Report Summary and Fiscal Council's Report

Consolidated Cash Flow Statement - In Thousands of Reais

	2014		2013
	2 nd quarter	1 st quarter	1 st semester
Cash flow from operating activities:			
Net Income before income tax and social contribution	6,503,417	5,908,365	12,411,782
Adjustments to net income before income tax and social contribution	7,907,424	7,606,227	15,513,651
Allowance for loan losses	3,644,559	3,251,299	6,895,858
Depreciation and amortization	699,889	679,403	1,379,292
Expenses with civil, labor and tax provisions	727,276	799,809	1,527,085
Expenses with adjustment for inflation and interest on technical reserves for insurance, pension plans and capitalization bonds	2,492,083	2,580,982	5,073,065
Equity in the earnings (losses) of unconsolidated companies	(34,864)	(51,763)	(86,627)
(Gain)/loss on sale of investments	1,858	(4)	1,854
(Gain)/loss on sale of fixed assets	(10,765)	3,127	(7,638)
(Gain)/loss on sale of foreclosed assets	83,247	62,899	146,146
Other	304,141	280,475	584,616
Adjusted net income before taxes	14,410,841	13,514,592	27,925,433
(Increase)/decrease in interbank investments	(1,059,515)	15,613,632	14,554,117
(Increase)/decrease in trading securities and derivative financial instruments	(8,295,443)	(68,310)	(8,363,753)
(Increase)/decrease in interbank and interdepartmental accounts	536,913	(2,726,528)	(2,189,615)
(Increase) in loan and leasing	(3,589,399)	(8,794,161)	(12,383,560)
(Increase) in insurance and reinsurance receivables and reinsurance assets – technical reserves	(292,683)	(279,231)	(571,914)
Increase/(decrease) in technical reserves for insurance, pension plans and capitalization bonds	2,489,501	(1,059,288)	1,430,213
Increase/(decrease) in deferred income	(336,699)	(116,634)	(453,333)
(Increase)/decrease in other receivables and other assets	7,562,437	(3,618,405)	3,944,032
(Increase)/decrease in reserve requirement - Brazilian Central Bank	5,417,334	(3,538,171)	1,879,163
Increase/(decrease) in deposits	(5,438,962)	646,450	(4,792,512)
Increase/(decrease) in federal funds purchased and securities sold under agreements to repurchase	4,894,958	(5,562,766)	(667,808)
Increase in funds from issuance of securities	5,366,132	6,856,616	12,222,748
Increase/(decrease) in borrowings and onlending	(2,582,701)	629,165	(1,953,536)

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Increase/(decrease) in other liabilities	(6,584,618)	7,747,175	1,162,557	(2,839,820)
Income tax and social contribution paid	(1,258,209)	(2,839,584)	(4,097,793)	(4,436,488)
Net cash provided by/(used in) operating activities	11,239,887	16,404,552	27,644,439	96,710,386
Cash flow from investing activities:				
(Increase)/decrease in held-to-maturity securities	(324,087)	(561,866)	(885,953)	189,963
Sale of/maturity of and interests on available-for-sale securities	12,404,826	10,632,545	23,037,371	27,958,933
Proceeds from sale of foreclosed assets	141,620	131,827	273,447	204,611
Sale of investments	1,583	2,277	3,860	198,435
Sale of premises and equipment	139,076	176,261	315,337	264,298
Purchases of available-for-sale securities	(12,954,809)	(16,569,919)	(29,524,728)	(60,877,870)
Foreclosed asset acquisitions	(352,534)	(309,650)	(662,184)	(528,565)
Investment acquisitions	(5,044)	(1,440)	(6,484)	(76,442)
Purchase of premises and equipment	(306,030)	(263,981)	(570,011)	(577,445)
Intangible asset acquisitions	(211,723)	(168,778)	(380,501)	(1,723,220)
Dividends and interest on shareholders' equity received	28,833	119,882	148,715	179,991
Net cash provided by/(used in) investing activities	(1,438,289)	(6,812,842)	(8,251,131)	(34,787,311)
Cash flow from financing activities:				
Increase/(decrease) in subordinated debts	(455,916)	(45,091)	(501,007)	1,370,392
Dividends and interest on shareholders' equity paid	(248,665)	(2,346,657)	(2,595,322)	(2,788,503)
Non-controlling interest	(92,343)	(85,967)	(178,310)	(62,715)
Acquisition of own shares	-	(28,922)	(28,922)	-
Net cash provided by/(used in) financing activities	(796,924)	(2,506,637)	(3,303,561)	(1,480,826)
Net increase in cash and cash equivalents	9,004,674	7,085,073	16,089,747	60,442,249
Cash and cash equivalents - at the beginning of the period	124,909,995	117,824,922	117,824,922	47,555,069
Cash and cash equivalents - at the end of the period	133,914,669	124,909,995	133,914,669	107,997,318
Net increase in cash and cash equivalents	9,004,674	7,085,073	16,089,747	60,442,249

The accompanying Notes are an integral part of these Financial Statements.

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Notes to the Consolidated Financial Statements

1) OPERATIONS

Banco Bradesco S.A. (Bradesco) is a private-sector publicly traded company and universal bank that carries out all types of banking activities that it is authorized to do so through its commercial, foreign exchange, consumer financing and housing loan portfolios. The Bank has a number of other activities, either directly or indirectly, through its subsidiaries, particularly in leasing, investment banking, brokerage, consortium management, credit cards, real estate projects, insurance, pension plans and capitalization bonds. Operations are conducted within the context of the companies within the Bradesco Organization, working together in the market.

2) PRESENTATION OF THE FINANCIAL STATEMENTS

Bradesco's consolidated financial statements include the financial statements for Banco Bradesco, its foreign branches, subsidiaries and jointly-controlled entities, in Brazil and abroad, including SPEs (Special Purpose Entities). They were prepared based on accounting practices issued by Laws nº 4595/64 (Brazilian Financial System Law) and nº 6404/76 (Brazilian Corporate Law), along with amendments introduced by Laws nº 11638/07 and nº 11941/09 relating to the accounting of operations, associated with rules and instructions of the National Monetary Council (CMN) and the Brazilian Central Bank (Bacen), Brazilian Securities and Exchange Commission (CVM), where applicable, National Private Insurance Council (CNSP), Insurance Superintendence (Susep) and National Supplementary Healthcare Agency (ANS). The financial statements of leasing companies included in the consolidated information were prepared using finance leases, whereby leased fixed assets are classified as operating leases less the residual value paid in advance.

In the preparation of these consolidated financial statements, intercompany transactions, including investments, assets and liabilities, revenue, expenses and unrealized profit were eliminated and net income and shareholders' equity attributable to the non-controlling interests were accounted for on a separate line. For jointly-controlled investments with other shareholders, assets, liabilities and income and loss were proportionally consolidated in the consolidated financial statements according to the interest on shareholders' equity of each investee. Goodwill on the acquisition of investments in subsidiary/unconsolidated companies or jointly-controlled entities is included in investments and intangible assets (Note 15a). The foreign exchange variation from foreign branches or investments is presented in the income statement accounts together with changes in the value of the derivative financial instrument, borrowing or onlending operation to eliminate the effect of these investment hedge instruments.

The financial statements include estimates and assumptions, such as: the calculation of estimated loan losses; fair value estimates of certain financial instruments; civil, tax and labor provisions; impairment

losses of securities classified as available-for-sale and held-to-maturity and non-financial assets; the calculation of technical reserves for insurance, pension plans and capitalization bonds; and the determination of the useful life of specific assets. Actual results may differ from those based on estimates and assumptions.

Bradesco's consolidated financial statements were approved by the Board of Directors on July 30, 2014.

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Below are the primary direct and indirectly owned companies included in the consolidation:

	Activity	Equity interest		
		2014 June 30	2014 March 31	2014 June 30
Financial Area - Brazil				
Alvorada Cartões, Crédito, Financiamento e Investimento S.A. (1)	Banking	- 100.00%	100.00%	100.00%
Banco Alvorada S.A.	Banking	99.99%	99.99%	99.99%
Banco Bradesco Financiamentos S.A.	Banking	100.00%	100.00%	100.00%
Banco Bankpar S.A. (2)	Banking	- 100.00%	100.00%	100.00%
Banco Bradesco BBI S.A.	Investment bank	98.35%	98.35%	98.35%
Banco Boavista Interatlântico S.A.	Banking	100.00%	100.00%	100.00%
Banco CBSS S.A. (3)	Banking	100.00%	100.00%	100.00%
Banco Bradesco Cartões S.A.	Cards	100.00%	100.00%	100.00%
Bradesco Administradora de Consórcios Ltda.	Consortium management	100.00%	100.00%	100.00%
Banco Bradesco BERJ S.A. (4)	Banking	100.00%	100.00%	100.00%
Bradesco Leasing S.A. Arrendamento Mercantil	Leasing	100.00%	100.00%	100.00%
Bradesco S.A. Corretora de Títulos e Valores Mobiliários	Brokerage	100.00%	100.00%	100.00%
BRAM - Bradesco Asset Management S.A. DTVM	Asset management	100.00%	100.00%	100.00%
Ágora Corretora de Títulos e Valores Mobiliários S.A.	Brokerage	100.00%	100.00%	100.00%
Banco Bradescard S.A.	Cards	100.00%	100.00%	100.00%
Cielo S.A. (5)	Services	28.65%	28.65%	28.65%
Cia. Brasileira de Soluções e Serviços - Alelo (5)	Services	50.01%	50.01%	50.01%
Tempo Serviços Ltda.	Services	100.00%	100.00%	100.00%
Financial Area - Abroad				
Banco Bradesco Argentina S.A.	Banking	99.99%	99.99%	99.99%
Banco Bradesco Europa S.A.	Banking	100.00%	100.00%	100.00%
Banco Bradesco S.A. Grand Cayman Branch (6)	Banking	100.00%	100.00%	100.00%
Banco Bradesco New York Branch	Banking	100.00%	100.00%	100.00%
Bradesco Securities, Inc.	Brokerage	100.00%	100.00%	100.00%
Bradesco Securities, UK.	Brokerage	100.00%	100.00%	100.00%
Insurance, Pension Plan and Capitalization Bond Area				
Bradesco Argentina de Seguros S.A.	Insurance	99.92%	99.92%	99.92%
Bradesco Auto/RE Companhia de Seguros	Insurance	100.00%	100.00%	100.00%
Bradesco Capitalização S.A.	Capitalization bonds	100.00%	100.00%	100.00%
Bradesco Saúde S.A.	Insurance/health	100.00%	100.00%	100.00%
Odontoprev S.A. (7)	Dental care	50.01%	50.01%	43.00%
Bradesco Seguros S.A.	Insurance	100.00%	100.00%	100.00%
Bradesco Vida e Previdência S.A.	Pension plan/insurance	100.00%	100.00%	100.00%
Atlântica Companhia de Seguros	Insurance	100.00%	100.00%	100.00%

Other Activities

Andorra Holdings S.A.	<i>Holding</i>	100.00%	100.00%	100
Bradseg Participações S.A.	<i>Holding</i>	100.00%	100.00%	100
Bradesco Corretora de Seguros Ltda.	Insurance brokerage	100.00%	100.00%	100
Bradesplan Participações Ltda.	<i>Holding</i>	100.00%	100.00%	100
BSP Empreendimentos Imobiliários S.A.	Real estate	100.00%	100.00%	100
Cia. Securitizadora de Créditos Financeiros Rubi	Credit acquisition	100.00%	100.00%	100
Columbus Holdings S.A.	<i>Holding</i>	100.00%	100.00%	100
Nova Paiol Participações Ltda.	<i>Holding</i>	100.00%	100.00%	100
Scopus Tecnologia Ltda.	Information technology	100.00%	100.00%	100
União Participações Ltda.	<i>Holding</i>	100.00%	100.00%	100

- (1) Company merged into Banco Bradesco BERJ S.A. in April 2014;
- (2) Company merged into Banco Bradesco Cartões S.A. in June 2014;
- (3) New corporate name of Bankpar Arrendamento Mercantil S.A.;
- (4) Currently Banco BERJ S.A.;
- (5) Company proportionally consolidated, pursuant to CMN Resolution nº 2723/00 and CVM Rule nº 247/96;
- (6) The special purpose entity International Diversified Payment Rights Company is being consolidated. The company takes part in the securitization operation of future flow of payment orders received from overseas (Note 16d); and
- (7) Increase in equity interest through share acquisition in January 2014;

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Notes to the Consolidated Financial Statements

3) SIGNIFICANT ACCOUNTING PRACTICES

a) Functional and Presentation Currencies

Consolidated financial statements are presented in Brazilian reais, which is also Bradesco's functional currency. Foreign branches and subsidiaries are mainly a continuation of activities in Brazil, and, therefore, assets, liabilities and profit or loss are translated into Brazilian reais using the appropriate currency exchange rate to comply with accounting practices adopted in Brazil. Foreign currency translation gains and losses arising are recognized in the period's income statement under items "Derivative Financial Instruments" and "Borrowing and Onlending".

b) Income and Expense Recognition

Income and expenses are recognized on an accrual basis together to determine the net income for the period to which they relate, regardless of receipt or payment of funds.

Fixed rate transactions are recorded at their redemption value with the income or expense relating to future periods being recorded as a deduction from the corresponding asset or liability. Finance income and costs are prorated daily and calculated based on the exponential method, except when they relate to discounted notes or to foreign transactions which are calculated using the straight-line method.

Floating rate or foreign-currency-indexed transactions are adjusted for inflation at the end of the reporting period.

Insurance and coinsurance premiums, net of premiums assigned to coinsurance and corresponding commissions, are recorded upon the issue of the related policies/certificates/endorsements and invoices, or upon the beginning of the effectiveness of risk in cases in which the risk begins before the issue, and recognized on a straight-line basis during the policies' effective period through accrual and reversal of the unearned premium reserve of deferred acquisition costs. Revenues from premiums and the corresponding

deferred acquisition costs, relating to existing risk but with no policy issued, are recorded in the income statement at the beginning of the risk coverage, based on estimated figures.

Recognition of health insurance premiums commences concurrent with the effectiveness of the corresponding insurance policy and is recognized in proportion to the portion of the term elapse.

Income and expenses arising from DPVAT insurance operations are recorded based on information provided by Seguradora Líder dos Consórcios do Seguro DPVAT S.A.

Accepted coinsurance and retrocession operations are recorded based on the information received from other companies and IRB - Brasil Resseguros S.A. (IRB), respectively. Deferral of reinsurance premiums granted is consistent to the corresponding reinsurance premium and/or reinsurance contract.

Brokerage and acquisition of new health insurance operations are deferred and recorded in the income statement on a straight-line basis according to the average time beneficiaries stay in a plan, as measured by a technical study, as provided for in ANS Normative Resolution nº 314/12.

Pension plan contributions and life insurance premiums covering survival are recognized in the income statement as they are received. Income from management fees paid by special-purpose investment funds are recognized on the accrual basis at contractual rates.

Income from capitalization bonds is recognized when it is effectively received. Income from prescribed capitalization bonds are recognized after the prescription period, which according to Brazilian law, is up to 20 years for capitalization bonds and drawings not redeemed by November 11, 2003 and 5 years after this date. The expenses for placement of capitalization bonds, classified as "Acquisition Costs", are recognized when they are incurred. Technical reserves are recorded when the respective revenues are registered in books.

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c) Cash and cash equivalents

Cash and cash equivalents include: funds available in currency, investments in gold, investments in federal funds purchases and securities sold under agreements to repurchase and interest-earning deposits in other banks, maturing in 90 days or less, and are exposed to insignificant risk of change in fair value. These funds are used by Bradesco to manage its short-term commitments.

Cash and cash equivalents detailed balances are reflected in Note 6.

d) Interbank investments

Unrestricted purchase and sale commitments are stated at their fair value. Other investments are stated at cost, plus income earned up to the end of the reporting period, net of any devaluation allowance, if applicable.

The breakdown, terms and proceeds relating to interbank investments are presented in Note 7.

e) Securities - Classification

- Trading securities - securities acquired for the purpose of being actively and frequently traded. They are recorded at cost, plus income earned and adjusted to Fair value recognized in profit or loss for the period;

- Available-for-sale securities - securities that are not specifically intended for trading purposes or to be held to maturity. They are recorded at cost, plus income earned, which is recorded in profit or loss in the period and adjusted to Fair value within shareholders' equity, net of tax, which will be recognized in profit or loss only when effectively disposed; and
- Held-to-maturity securities - securities for which there is positive intent and financial capacity to be held in the portfolio up to maturity. They are recorded at cost, plus earnings recognized in profit or loss for the period.

Securities classified as trading and available-for-sale, as well as derivative financial instruments, are recognized in the consolidated statement of financial position at their estimated fair value. Fair value is generally based on quoted market prices or quotations for assets or liabilities with similar characteristics. If market prices are not available, fair values are based on traders' quotations, pricing models, discounted cash flows or similar techniques to determine the fair value and may require judgment or significant estimates by Management.

Classification, breakdown and segmentation of securities are presented in Note 8 (a to d).

f) Derivative financial instruments (assets and liabilities)

Classified according to intended use by Management, on the date that the operation was contracted and considering if it was intended for hedging purposes or not.

Operations involving derivative financial instruments are designed to meet the Bank's own needs in order to manage overall exposure, as well as to meet customer requests to manage their positions. Gains and losses are recorded in income or expenses accounts of the respective financial instruments.

Derivative financial instruments used to mitigate risk deriving from exposure to variations in the Fair value of financial assets and liabilities are designated as hedges and are classified according to their nature:

- Market risk hedge: financial instruments classified in this category as well as the hedge-related financial assets and liabilities, gains and losses, realized or not, are recorded in the income statement; and

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- Cash flow hedge: effective portion of valuation or devaluation of financial instruments classified in this category is recorded, net of taxes, in a specific account under shareholders' equity. The ineffective portion of the respective hedge is directly recognized in profit or loss.

A breakdown of amounts included in derivative financial instruments, in the balance sheet and off-balance-sheet accounts, is disclosed in Note 8 (e to h).

g) Loans and leasing, advances on foreign exchange contracts, other receivables with credit characteristics and allowance for loan losses

Loans and leasing, advances on foreign exchange contracts and other receivables with credit characteristics are classified by risk level based on: (i) the parameters established by Resolution CMN n° 2682/99, which requires risk ratings to have nine levels, where "AA" is (minimum risk) and "H" (maximum risk); and (ii) the Administration's assessment of the risk level. This assessment, which is carried out regularly, considers current economic conditions and past experience with loan losses, as well as specific and general risks relating to operations, debtors and guarantors. Moreover, the period of late payment defined in CMN Resolution n° 2682/99 is also considered to rate customer risk as follows:

Past-due period (1)	Customer rating
• from 15 to 30 days	B
• from 31 to 60 days	C
• from 61 to 90 days	D
• from 91 to 120 days	E
• from 121 to 150 days	F
• from 151 to 180 days	G
• more than 180 days	H

(1) For transactions with terms of more than 36 months, past-due periods are doubled, as allowed under CMN Resolution n° 2682/99.

Interest and inflation adjustments on past-due transactions are only recognized up to the 59th day that they are past due. As from the 60th day, they are recognized in deferred income.

H-rated past-due transactions remain at this level for six months, after which they are written-off against the existing allowance and controlled in off-balance-sheet accounts for at least five years.

Renegotiated transactions are maintained at least at the same level as previously classified. Renegotiations already written-off against the allowance and that were recorded in off-balance-sheet accounts, are rated as level “H” and any possible gains derived from their renegotiation are recognized only when they are effectively received. When there is a significant repayment on the operation or when new material facts justify a change in the level of risk, the operation may be reclassified to a lower risk category.

The estimated allowance for loan losses is calculated to sufficiently cover probable losses, considering CMN and Bacen standards and instructions, together with Management assessment to determine credit risk.

Type, values, terms, levels of risk, concentration, economic sector of the activity, renegotiation and income from loans, as well as the breakdown of expenses and statement of financial position accounts for the allowance for loan losses are presented in Note 10.

h) Income tax and social contribution (assets and liabilities)

Income tax and social contribution credits, calculated on income tax losses, social contribution losses and temporary additions are recorded in “Other Receivables - Sundry” and the provisions for deferred tax liabilities on tax differences in leasing depreciation and mark-to-market adjustments on securities are recorded in “Other Liabilities - Tax and Social Security”. The income tax rate only applies to tax differences in leasing depreciation.

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Tax credits on temporary additions are used and/or reversed against the corresponding provision. Tax credits on income tax and social contribution losses are used when taxable income is generated, under the 30% limit of the taxable profit for the period. Such tax credits are recorded based on current expectations on when the deduction can be used, considering technical studies and analyses carried out by Management.

The provision for income tax is calculated at 15% of taxable income plus a 10% surcharge. Social contribution on net income is calculated at 15% for financial institutions and insurance companies and at 9% for other companies.

Provisions were recorded for other income tax and social contribution in accordance with specific applicable legislation.

Pursuant to Law n^o 11941/09, changes in the criteria to recognize for revenue, costs and expenses included in the net income for the period, enacted by Law n^o 11638/07 and by Articles n^o 37 and n^o 38 of Law n^o 11941/09, shall not affect taxable income, and, for tax purposes, accounting methods and criteria in force on December 31, 2007 are considered. For accounting purposes, the tax effects of adopting the aforementioned laws are recorded in the corresponding deferred tax assets and liabilities.

The breakdown of income tax and social contribution, showing the calculations, the origin and expected use of tax credits, as well as unrecorded tax credits, are presented in Note 34.

i) Prepaid expenses

Prepaid expenses are represented by use of funds for future benefits or services, which are recognized in the profit or loss on an accrual basis.

Incurring costs relating to corresponding assets that will generate revenue in subsequent periods are recorded in profit or loss according to the terms and the amount of expected benefits and directly written-off in profit or loss when the corresponding assets or rights are no longer part of the institution's assets or when future benefits are no longer expected.

Prepaid expenses are shown in details in Note 12b.

j) Investments

Investments in unconsolidated companies, with significant influence over the investee or with at least 20% of the voting rights, are accounted for by the equity method.

Tax incentives and other investments are stated at cost, less allowance for losses/impairment, where applicable.

Subsidiaries and jointly-controlled entities were consolidated, and the composition of the main companies can be found in Note 2. The composition of unconsolidated companies, as well as other investments, can be found in Note 13.

k) Premises and equipment

Relates to the tangible assets used by the Bank in its activities or used for that purpose, including those transactions which transfer risks, benefits and controls of the assets to the entity.

Premises and equipment are stated at acquisition cost, net of the respective accumulated depreciation, calculated by the straight-line method according to the assets' estimated economic useful life, where: use real estate - 4% per annum; furniture and utensils and machinery and equipment - 10% per annum; transport systems - 20% per annum; and data-processing systems - 20% to 50% per annum, and adjusted through impairment, when applicable.

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The breakdown of asset costs and their corresponding depreciation, as well as the unrecorded surplus value for real estate and fixed asset ratios, is presented in Note 14.

l) Intangible assets

Relates to the right over intangible assets used by the Bank in its activities or used for that purpose.

Intangible assets comprise:

- Future profitability/acquired client portfolio and acquisition of right to provide banking services: they are recorded and amortized, as applicable, over the period in which the asset will directly and indirectly contribute to future cash flows and adjusted through impairment, where applicable; and
- Software: stated at cost less amortization calculated on a straight-line basis over the estimated useful life (20% to 50% p.a.), from the date it is available for use and adjusted through impairment, where applicable. Internal software development costs are recognized as an intangible asset when it is possible to show the intention and ability to complete such development, as well as to reliably measure costs directly attributable to the intangible asset. These costs are amortized during its estimated useful life, considering the expected future economic benefits.

Goodwill and other intangible assets, including their changes by class, are broken down in Note 15.

m) Impairment

Financial and non-financial assets are tested for impairment.

Impairment evidence may comprise the non-payment or payment delay by the debtor, possible bankruptcy process or even significant or extended decline in asset value.

An impairment loss of a financial or non-financial asset is recognized in the profit or loss for the period if the book value of an asset or cash-generating unit exceeds its recoverable value.

Impairment losses are presented in Note 8d(10).

n) Deposits and federal funds purchased and securities sold under agreements to repurchase

These are recognized at the value of the liabilities and include, when applicable, related charges up to the end of the reporting period, on a daily prorated basis.

A breakdown of securities recorded in deposits and federal funds purchased and securities sold under agreements to repurchase, as well as terms and amounts recognized in the statement of financial position and income statement, is presented in Note 16.

o) Technical reserves relating to insurance, pension plans and capitalization bonds

- Damage, health and group insurance lines, except life insurance covering survival:
 - The unearned premium reserve (PPNG) is calculated on a daily prorated basis, using premiums net of coinsurance assignment, but including reinsurance transfer operations, is comprised of the portion corresponding to the periods of risk not arising from insurance policies less initial contracting costs, except for health and personal insurance, and includes estimates for risks in effect but not issued (RVNE);
 - The unearned premium or contribution reserve (PPCNG) is calculated on a daily prorated basis considering health insurance premiums and recorded by the portion corresponding to the insurance contract risk periods to be elapsed, whose effectiveness has already started;

- The mathematical reserve for unvested benefits (PMBaC) is calculated by the difference between the current value of future benefits and the current value of future contributions, corresponding to assumed obligations;

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- The reserve for unvested benefits relating to the individual health care plan portfolio covers the holder's dependents for five years upon death, and it is calculated based on the time dependents are expected to remain in the plan up to the end of this five-year period, in addition to the discount rate based on the Bank's own study; after this, it is calculated based on costs on the five-year-period plan, excluding payment of premiums;

- The reserve for vested benefits relating to the individual health care plan portfolio comprises obligations under the terms of the contract relating to coverage of the health care plan, and premiums for the payment of insurers participating in the Bradesco Saúde— "GBS Plan" insurance, based on the present value of estimated future expenses with health care provided to dependents whose holders are already deceased, as provided for in ANS Normative Resolution nº 75/04, and the discount rate based on the Bank's own study;

- For Health Insurance, the reserve for incurred but not reported (IBNR) claims is calculated based on incurred but not paid (IBNP) claims less the balance of the reserve for unsettled claims (PSL) on the calculation date. A final estimate of IBNP claims based on monthly run-off triangles, which consider the claims ratio in the last 12 months, is prepared to calculate IBNP claims;

- For non-life insurance, the reserve for incurred but not reported (IBNR) claims is calculated based on incurred but not paid (IBNP) claims less the balance of the reserve for unsettled claims (PSL) on the calculation date. A final estimate of IBNP claims based on biannual run-off triangles is prepared to calculate IBNP claims. The run-off triangles consider the historical development of claims paid in the last 14 semesters to determine a future projection per occurrence period, and considers the estimated claims incurred and not enough reported (IBNER), reflecting the expectation of changing the amount provisioned throughout the regulatory process. In 2013, the premise regarding the expectation of receiving saved and indemnified items was segregated between IBNR and PSL;

- For other life insurance, the reserve for incurred but not reported (IBNR) claims is calculated based on incurred but not paid (IBNP) claims less the balance of the reserve for unsettled claims (PSL) on the calculation date. A final estimate of IBNP claims based on biannual run-off triangles is prepared to calculate IBNP claims. The run-off triangles consider the historical development of claims paid in the last 14

semesters to determine a future projection per occurrence period;

- The reserve for unsettled claims (PSL) considers all loss notices received up to the end of the reporting period. The reserve is adjusted for inflation and includes all claims under litigation and loss of suits costs;

- For non-life insurance, the reserve for unsettled claims (PSL) is determined based on the indemnity payment estimates, considering all administrative and judicial claims existing at the reporting date, net of the corresponding portion of the expectation of receiving saved and indemnified items, including loss of suits costs;

- The reserve for related expenses (PDR) is recorded to cover estimated benefit and claims expenses;

- The reserve for redemptions and other amounts to be settled (PVR) comprises figures related to redemptions to settle and premium refund not yet paid;

- The complementary reserve for coverage (PCC) refers to the amount necessary to complement technical reserves, as calculated through the Liability Adequacy Test (LAT), which is prepared biannually using statistical and actuarial methods based on realistic considerations, taking into account the biometric table BR-EMS of both genders, improvement of G Scale and forward interest rate structures (ETTJ) free from risk and defined by Susep. The improvement rate is calculated from automatic updates of the biometric table, considering the expected increase in future life expectancy; and

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- Other technical reserves are mainly recorded to cover differences between the premiums future adjustments and the ones necessary to the technical balance of healthcare plan individual portfolio, adopting the formula included in the actuarial technical note approved by ANS, and the discount rate based on Bank's own study.

- Pension plans and life insurance covering survival:
 - The unrealized risk premiums (PPNG) is calculated on a daily prorated basis, using premiums net of coinsurance assignment, but including reinsurance transfer operations, is comprised of the portion corresponding to periods of risks not arising from insurance policies and includes an estimate for risks in effect but not issued (RVNE);-

 - The mathematical reserve for unvested benefits (PMBaC) is recorded for participants who have not yet received any benefit. In defined benefit pension plans, the reserve represents the difference between the current value of future benefits and the current value of future contributions, corresponding to obligations in the form of retirement, disability, pension and annuity plans. The reserve is calculated using methodologies and assumptions set forth in the actuarial technical notes;

 - The mathematical reserve for unvested benefits related to life insurance and unrestricted benefit pension plans (VGBL and PGBL), apart from the defined contribution plans, shows the value of participant contributions, net of costs and other contractual charges, plus income from investment;

 - The reserve for redemptions and other amounts to be settled (PVR) comprises figures related to redemptions to settle, premium refund and portability requested not yet transferred to the recipient;

 - The mathematical reserve for vested benefits (PMBC) is recognized for participants already benefiting and corresponds to the present value of future obligations related to the payment of ongoing benefits;

- The complementary reserve for coverage (PCC) refers to the amount necessary to complement technical reserves, as calculated through the Liability Adequacy Test (LAT), which is prepared biannually using statistical and actuarial methods based on realistic considerations, taking into account the biometric table BR-EMS of both genders, improvement of G Scale and forward interest rate structures (ETTJ) free from risk and defined by Susep. The improvement rate is calculated from automatic updates of the biometric table, considering the expected increase in future life expectancy;

- The reserve for related expenses (PDR) is recorded to cover estimated benefit and claims expenses;

- The reserve for financial surplus (PEF) corresponds to the portion of income from investment of reserves that exceeds minimum returns from pension plans that have a financial surplus in the participation clause;

- The reserve for technical surplus (PET) corresponds to the difference between the expected and the actual amounts for events in the period for pension plans that have a technical surplus in the participation clause;

- The reserve for incurred and not reported (IBNR) events is calculated based on run-off triangles, which consider the history of losses reported in the last 84 months to set forth a future projection by incurrence period;

- The reserve for unsettled claims (PSL) considers all loss notices received up to the end of the reporting period. The reserve is adjusted for inflation and includes all claims under litigation and loss of suit costs; and

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- Other technical reserves (OTP) comprise the amounts required by Susep Circular Letter nº 462/13.

- Capitalization bonds:
 - The mathematical reserve for capitalization bond (PMC) is recorded for each active or suspended capitalization bond during the estimated term set forth in the general conditions of the plan, and is calculated according to the methodology set forth in the actuarial technical notes;

 - The reserve for redemption (PR) is recorded from capitalization bonds overdue or not yet due where early redemption has been requested by the customer. Reserves are adjusted for inflation based on the indexes provided in each plan;

 - The reserve for draws not yet taken place (PSR) and the reserve for draws payable (PSP) are recorded to cover premiums for future draws (not yet taken place) and also for prize money from draws where customers have already been chosen (payable); and

 - The reserve for administrative expense (PDA) is recorded to cover the plan's expenses with placement and disclosure, brokerage and others, and complies with the methodology established in actuarial technical note.

Technical reserves are shown by account, product and segment, as well as amounts and details of plan assets covering these technical reserves, and are shown in Note 21.

p) Provisions, contingent assets and liabilities and legal obligations - tax and social security

Provisions, contingent assets and liabilities, and legal obligations, as defined below, are recognized, measured and disclosed in accordance with the criteria set out in CPC 25, approved by CMN Resolution nº 3823/09 and CVM Resolution nº 594/09:

- **Contingent assets:** these are not recognized in the financial statements, except when Management has control over the situation or when there are real guarantees or favorable judicial decisions, to which no further appeals are applicable, classifying the gain as practically certain by confirming the expectation of receipt or compensation against another liability. Contingent assets with a chance of probable success are disclosed in the notes to the financial statements;
- **Provisions:** these are recorded taking into consideration the opinion of legal counsel, the nature of the lawsuits, similarity with previous lawsuits, complexity and positioning of the courts, whenever the loss is deemed probable which would cause a probable outflow of funds to settle the obligation and when amounts can be reliably measured;
- **Contingent liabilities:** according to CPC 25, the term “contingent” is used for liabilities that are not recognized because their existence will only be confirmed by the occurrence of one or more uncertain future events beyond Management’s control. Contingent liabilities considered as possible losses should only be disclosed in the notes when relevant. Obligations deemed remote are not recorded as a provision nor disclosed; and
- **Legal obligations - provision for tax risks:** results from judicial proceedings, being contested on the grounds of legality or constitutionality, which, regardless of the assessment of the probability of success, are fully recognized in the financial statements.

Details on lawsuits, as well as segregation and changes in amounts recorded, by type, are presented in Note 18.

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q) Funding expenses

Expenses related to funding transactions involving the issuance of securities are recognized in the profit or loss over the term of the transaction and reduces the corresponding liability. They are presented in Notes 16c and 19.

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r) Other assets and liabilities

Assets are stated at their realizable amounts, including, when applicable, related income and monetary and exchange variations (on a daily prorated basis), less provision for losses, when deemed appropriate. Liabilities include known or measurable amounts, including related charges and monetary and exchange variations (on a daily prorated basis).

s) Subsequent events

These refer to events occurring between the reporting and the date the financial statement they are authorized to be issued.

They comprise the following:

- Events resulting in adjustments: events relating to conditions already existing at the end of the reporting period; and
- Events not resulting in adjustments: events relating to conditions not existing at the end of the reporting period.

Subsequent events, if any, are described in Note 35.

4) INFORMATION FOR COMPARISON PURPOSES

Reclassifications

There were no reclassifications or other relevant information for previous periods that affect the comparability of the consolidated financial statements for the period ended June 30, 2014.

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Notes to the Consolidated Financial Statements

5) STATEMENT OF FINANCIAL POSITION AND INCOME STATEMENT ADJUSTED BY OPERATING SEGMENT

a) Statement of financial position

	Financial (1) (2)		Insurance (2)
	Brazil	Abroad	Brazil
Assets			
Current and long-term assets	707,050,430	92,799,851	165,522,600
Funds available	11,479,996	3,093,163	233,300
Interbank investments	135,479,561	2,174,114	
Securities and derivative financial instruments	166,112,420	13,084,470	154,025,600
Interbank and interdepartmental accounts	56,115,573	-	
Loan and leasing	252,450,142	74,041,720	
Other receivables and assets	85,412,738	406,384	11,263,500
Permanent assets	63,825,928	35,413	3,674,700
Investments	53,611,194	-	1,287,500
Premises and equipment	3,513,780	11,938	992,300
Intangible assets	6,700,954	23,475	1,394,800
Total on June 30, 2014	770,876,358	92,835,264	169,197,300
Total on March 31, 2014	762,482,404	97,476,143	162,282,700
Total on June 30, 2013	744,706,198	90,148,233	155,703,100
Liabilities			
Current and long-term liabilities	692,995,481	61,028,608	150,260,700
Deposits	186,949,638	29,769,852	
Federal funds purchased and securities sold under agreements to repurchase	253,511,394	2,673,159	
Funds from issuance of securities	63,011,712	8,068,100	
Interbank and interdepartmental accounts	5,673,313	-	
Borrowing and onlending	88,344,041	10,396,587	
Derivative financial instruments	2,795,539	1,931,026	
Technical reserves from insurance, pension plans and capitalization bonds	-	-	142,731,600
Other liabilities:			
- Subordinated debts	27,658,295	7,725,701	
- Other	65,051,549	464,183	7,529,100

Deferred income	223,400	-
Non-controlling interests in subsidiaries	857,199	31,806,656 18,936,500
Shareholders' equity	76,800,278	-
Total on June 30, 2014	770,876,358	92,835,264 169,197,300
Total on March 31, 2014	762,482,404	97,476,143 162,282,700
Total on June 30, 2013	744,706,198	90,148,233 155,703,100

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Notes to the Consolidated Financial Statements**b) Income statement**

	Financial (1) (2)		Insurance Group		Other Activities (2)	Elimina (4)
	Brazil	Abroad	(2) (3)			
			Brazil	Abroad		
Revenues from financial intermediation	45,708,812	1,166,733	6,826,040	-	74,377	(370)
Expenses from financial intermediation	27,882,927	671,375	5,073,065	-	-	(370)
Gross income from financial intermediation	17,825,885	495,358	1,752,975	-	74,377	
Other operating income/expenses	(9,270,808)	(22,093)	1,720,521	(20)	79,626	
Operating income	8,555,077	473,265	3,473,496	(20)	154,003	
Non-operating income	(223,803)	2,915	(21,055)	-	(2,096)	
Income before taxes and non-controlling interest	8,331,274	476,180	3,452,441	(20)	151,907	
Income tax and social contribution	(3,780,661)	(12,919)	(1,287,272)	(12)	(50,906)	
Non-controlling interests in subsidiaries	(5,672)	-	(53,327)	-	(83)	
Net income for the 1st semester of 2014	4,544,941	463,261	2,111,842	(32)	100,918	
Net income for the 1st semester of 2013	3,097,591	858,095	1,862,079	(1,367)	51,440	
Net income for the 2nd quarter of 2014	2,395,381	270,375	1,071,491	57	40,450	
Net income for the 1st quarter of 2014	2,149,560	192,886	1,040,351	(89)	60,468	

(1) The financial segment is comprised of financial institutions, holding companies—which are mainly responsible for managing financial resources, and credit card, consortium and asset management companies;

(2) The asset, liability, income and expense balances among companies from the same segment are eliminated;

(3) The Insurance Group segment comprises insurance, pension plan and capitalization bond companies; and

(4) Refer to amounts eliminated among companies from different segments, as well as among operations carried out in Brazil and abroad.

6) CASH AND CASH EQUIVALENTS

	R\$ thousand		
	2014		2013
	June 30	March 31	June 30
Cash and due from banks in domestic currency	7,650,892	7,249,718	11,618,039
Cash and due from banks in foreign currency	3,883,611	4,860,251	4,561,643
Investments in gold	99	98	93
Total cash and due from banks	11,534,602	12,110,067	16,179,775
Interbank investments (1)	122,380,067	112,799,928	91,817,543
Total cash and cash equivalents	133,914,669	124,909,995	107,997,318

(1) Refer to operations which mature 90 days or less from the date they were effectively invested and with insignificant risk of change in fair value.

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7) INTERBANK INVESTMENTS

a) Breakdown and maturity

	1 to 30 days
Investments in federal funds purchased and securities sold under agreements to repurchase:	
Own portfolio position	3,166,999
National treasury notes	186,930
National treasury bills	2,967,850
Other	12,215
Funded position	118,408,807
Financial treasury bills	76,294
National treasury notes	75,398,612
National treasury bills	42,933,901
Short position	218,000
National treasury bills	218,000
Subtotal	121,793,807
Interest-earning deposits in other banks:	
Interest-earning deposits in other banks	3,210,343
Provision for losses	(2,057)
Subtotal	3,208,286
Total on June 30, 2014	125,002,093
%	90.8
Total on March 31, 2014	118,351,059
%	93.2
Total on June 30, 2013	126,416,867
%	85.8

b) Income from interbank investments

Classified in the income statement as income on securities transactions.

	R\$ thousand			
	2 nd	2014		2013
	quarter	1 st	1 st	1 st
	quarter	quarter	semester	semester
Income from investments in purchase and sale commitments:				
•Own portfolio position	70,204	79,367	149,571	346,986
•Funded position	2,917,311	2,715,544	5,632,855	4,025,891
•Short position	27,508	120,712	148,220	3,488,534
Subtotal	3,015,023	2,915,623	5,930,646	7,861,411
Income from interest-earning deposits in other banks	198,976	128,668	327,644	256,967
Total (Note 8h)	3,213,999	3,044,291	6,258,290	8,118,378

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Notes to the Consolidated Financial Statements**8) SECURITIES AND DERIVATIVE FINANCIAL INSTRUMENTS**

Information on securities and derivative financial instruments is as follows:

a) Summary of the consolidated classification of securities by operating segment and issuer

	2014							
	Financial	Insurance/ Capitalization bonds	Pension plans	Other Activities	June 30	%	March 31	%
Trading securities (5)	52,144,622	3,573,524	50,469,114	715,008	106,902,268	41.4	110,774,207	43.4
- Government securities	29,208,120	706,776	8,011	517,163	30,440,070	11.8	35,301,647	13.9
- Corporate securities	17,203,000	2,866,748	137,773	197,845	20,405,366	7.9	26,051,935	10.2
- Derivative financial instruments (1)	5,733,502	-	-	-	5,733,502	2.2	4,372,957	1.7
- PGBL/VGBL restricted bonds	-	-	50,323,330	-	50,323,330	19.5	45,047,668	17.6
Available-for-sale securities (4) (5)	107,908,861	9,816,621	9,984,073	53,820	127,763,375	49.4	121,094,631	47.4
- Government securities	58,666,845	8,070,744	8,237,657	2,771	74,978,017	29.0	75,121,878	29.4
- Corporate securities	49,242,016	1,745,877	1,746,416	51,049	52,785,358	20.4	45,972,753	18.0
Held-to-maturity securities (4)	36,757	4,166,630	19,590,162	-	23,793,549	9.2	23,528,116	9.2
- Government securities	36,757	4,166,630	19,590,162	-	23,793,549	9.2	23,528,116	9.2
Subtotal	160,090,240	17,556,775	80,043,349	768,828	258,459,192	100.0	255,396,954	100.0
Purchase and sale commitments (2)	18,239,202	7,326,105	49,086,468	89,431	74,741,206		66,573,426	6
Overall total	178,329,442	24,882,880	129,129,817	858,259	333,200,398		321,970,380	30
- Government securities	87,911,722	12,944,150	27,835,830	519,934	129,211,636	50.0	133,951,641	52.5
- Corporate securities	72,178,518	4,612,625	1,884,189	248,894	78,924,226	30.5	76,397,645	29.9

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- PGBL/VGBL restricted bonds	-	-	50,323,330	-	50,323,330	19.5	45,047,668	17.6	4
Subtotal	160,090,240	17,556,775	80,043,349	768,828	258,459,192	100.0	255,396,954	100.0	24
Purchase and sale commitments (2)	18,239,202	7,326,105	49,086,468	89,431	74,741,206		66,573,426		6
Overall total	178,329,442	24,882,880	129,129,817	858,259	333,200,398		321,970,380		30

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Notes to the Consolidated Financial Statements**b) Breakdown of the consolidated portfolio by issuer**

Securities (3)	June 30				2014
	1 to 30 days	31 to 180 days	181 to 360 days	More than 360 days	Fair/book value
					(6) (7) (8)
Government securities	269,671	5,189,127	10,261,478	113,491,360	129,211,633
Financial treasury bills	81,973	1,174,066	1,440,483	6,952,607	9,649,122
National treasury bills	94,403	10,002	6,592,322	18,486,857	25,183,581
National treasury notes	67,720	3,984,699	2,228,673	87,687,033	93,968,122
Brazilian foreign debt notes	11,120	-	-	302,626	313,741
Privatization currencies	-	-	-	62,237	62,237
Other	14,455	20,360	-	-	34,811
Private securities	17,343,277	5,560,836	4,047,137	51,972,976	78,924,222
Bank deposit certificates	146,649	629,835	19,709	74,914	871,107
Shares (9)	5,942,454	-	-	-	5,942,454
Debentures	143,807	3,017,413	1,533,088	28,742,479	33,436,787
Promissory notes	200,059	783,914	-	-	983,973
Foreign corporate securities	125,462	14,424	442,009	8,000,975	8,582,870
Derivative financial instruments (1)	4,140,238	365,114	228,075	1,000,075	5,733,502
Other	6,644,608	750,136	1,824,256	14,154,533	23,373,533
PGBL/VGBL restricted bonds	3,265,713	14,972,603	5,474,241	26,610,773	50,323,330
Subtotal	20,878,661	25,722,566	19,782,856	192,075,109	258,459,199
Purchase and sale commitments (2)	74,741,206	-	-	-	74,741,206
Hedge - cash flow (Note 8g)	-	-	-	-	-
Securities reclassified to "Held-to-maturity securities" (4)	-	-	-	-	-
Overall total	95,619,867	25,722,566	19,782,856	192,075,109	333,200,399

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Notes to the Consolidated Financial Statements**c) Consolidated classification by category, maturity and operating segment****l) Trading securities**

Securities (3)	June 30				2014	
	1 to 30 days	31 to 180 days	181 to 360 days	More than 360 days	Fair/book value	Original amount
					(6)	(7) (8)
- Financial (5)	10,082,104	7,214,804	8,218,259	26,629,455	52,144,622	51,381,381
National treasury bills	31,331	7,659	4,140,739	556,197	4,735,926	4,735,926
Financial treasury bills	81,973	826,251	999,708	6,202,218	8,110,150	8,110,150
Bank deposit certificates	59,526	521,083	19,580	18,638	618,827	618,827
Derivative financial instruments (1)	4,140,238	365,114	228,075	1,000,075	5,733,502	5,099,000
Debentures	18,939	2,260,502	331,281	3,861,241	6,471,963	6,531,241
Promissory notes	78,768	75,044	-	-	153,812	153,812
National treasury notes	2,386	2,804,551	1,219,548	12,314,946	16,341,431	16,133,000
Other	5,668,943	354,600	1,279,328	2,676,140	9,979,011	10,000,000
- Insurance companies and capitalization bonds	1,167,055	631,136	274,665	1,500,668	3,573,524	3,561,136
Financial treasury bills	-	144,089	187,657	358,435	690,181	690,181
National treasury bills	-	-	12,154	4,017	16,171	16,171
Bank deposit certificates	1,213	108,295	-	17,767	127,275	127,275
National treasury notes	-	424	-	-	424	424
Debentures	-	5,133	-	126,804	131,937	131,937
Other	1,165,842	373,195	74,854	993,645	2,607,536	2,607,536
- Pension plans	3,327,155	14,980,323	5,474,241	26,687,395	50,469,114	50,469,114
PGBL/VGBL restricted bonds	3,265,713	14,972,603	5,474,241	26,610,773	50,323,330	50,323,330
Other	61,442	7,720	-	76,622	145,784	145,784
- Other activities	135,352	125,625	134,665	319,366	715,008	715,008
Financial treasury bills	-	87,516	87,430	243,518	418,464	418,464
Bank deposit certificates	5,116	457	129	8	5,710	5,710

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Securities (3)	June 30				2014		Origin amortiz cost
	1 to 30 days	31 to 180 days	181 to 360 days	More than 360 days	Fair/book value	(6) (7) (8)	
National treasury bills	10,095	2,344	20,926	-	33,365	33	
Debentures	3,904	1,314	324	35,289	40,831	40	
Other	116,237	33,994	25,856	40,551	216,638	216	
Subtotal	14,711,666	22,951,888	14,101,830	55,136,884	106,902,268	106,136	
Purchase and sale commitments (2)	74,506,700	-	-	-	74,506,700	74,506	
Financial/other	18,328,633	-	-	-	18,328,633	18,328	
Insurance companies and capitalization bonds	7,219,747	-	-	-	7,219,747	7,219	
Pension plans	48,958,320	-	-	-	48,958,320	48,958	
- PGBL/VGBL	47,786,715	-	-	-	47,786,715	47,786	
- Funds	1,171,605	-	-	-	1,171,605	1,171	
Overall total	89,218,366	22,951,888	14,101,830	55,136,884	181,408,968	180,642	
Derivative financial instruments (liabilities)	(3,545,526)	(249,043)	(190,944)	(741,052)	(4,726,565)	(4,442)	

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Securities (3) (10)	June 30				2014	
	1 to 30 days	31 to 180 days	181 to 360 days	More than 360 days	Fair/book value	a
	(6)	(7)	(8)	(8)	(8)	
- Financial (5)	2,832,076	2,063,151	5,129,411	97,884,223	107,908,861	10
National treasury bills	52,978	-	-2,418,503	17,926,642	20,398,123	2
Brazilian foreign debt notes	11,120	-	-	265,869	276,989	
Foreign corporate securities	124,470	14,424	430,313	7,946,145	8,515,352	
National treasury notes	-	530,639	457,510	36,575,762	37,563,911	3
Financial treasury bills	-	81,680	165,690	104,029	351,399	
Bank deposit certificates	55,696	-	-	38,502	94,198	
Debentures	120,964	718,846	1,201,483	24,547,705	26,588,998	2
Shares (9)	2,330,851	-	-	-	2,330,851	
Other	135,997	717,562	455,912	10,479,569	11,789,040	1
- Insurance companies and capitalization bonds (4)	1,668,801	683,894	306,948	7,156,978	9,816,621	1
National treasury notes	-	649,085	306,948	7,100,708	8,056,741	
Shares	1,660,645	-	-	-	1,660,645	
Debentures	-	20,806	-	50,906	71,712	
Other	8,156	14,003	-	5,364	27,523	
- Pension plans (4)	1,636,503	23,633	-	8,323,937	9,984,073	
Shares	1,622,865	-	-	-	1,622,865	
National treasury notes	-	-	-	8,183,492	8,183,492	
Debentures	-	10,813	-	99,100	109,913	
Other	13,638	12,820	-	41,345	67,803	
- Other activities	29,615	-	-	24,205	53,820	
Bank deposit certificates	25,098	-	-	-	25,098	
Other	4,517	-	-	24,205	28,722	
Subtotal	6,166,995	2,770,678	5,436,359	113,389,343	127,763,375	12
				<u>Bradesco</u>	<u>_____</u>	

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Securities (3) (10)	June 30				2014
	1 to 30 days	31 to 180 days	181 to 360 days	More than 360 days	Fair/book value (6) (7) (8)
Purchase and sale commitments (2)	66,145	-	-	-	66,145
Insurance companies and capitalization bonds	28,516	-	-	-	28,516
Pension plans	37,629	-	-	-	37,629
Subtotal	6,233,140	2,770,678	5,436,359	113,389,343	127,829,520
Hedge - cash flow (Note 8g)	-	-	-	-	-
Securities reclassified to "Held-to-maturity securities" (4)	-	-	-	-	-
Overall total	6,233,140	2,770,678	5,436,359	113,389,343	127,829,520

III) Held-to-maturity securities

Securities (3)	June 30				March 31		June
	1 to 30 days	31 to 180 days	181 to 360 days	More than 360 days	Original amortized cost (6) (7)	Original amortized cost (6) (7)	Original amortized cost (6) (7)
Financial	-	-	-	36,757	36,757	36,657	46,657
Brazilian foreign debt notes	-	-	-	36,757	36,757	36,657	46,657
Insurance companies and capitalization bonds	-	-	-	4,166,630	4,166,630	4,017,513	-
National treasury notes	-	-	-	4,166,630	4,166,630	4,017,513	-
Pension plans	-	-244,667	19,345,495	19,590,162	19,590,162	19,473,946	3,747,946
National treasury notes	-	-244,667	19,345,495	19,590,162	19,590,162	19,473,946	3,747,946
Subtotal	-	-244,667	23,548,882	23,793,549	23,528,116	23,528,116	3,793,946
Purchase and sale commitments (2)	168,361	-	-	-	168,361	109,102	-
Insurance companies and capitalization bonds	77,842	-	-	-	77,842	68,676	-
Pension plans	90,519	-	-	-	90,519	40,426	-
Overall total (4)	168,361	-244,667	23,548,882	23,961,910	23,697,218	23,637,218	3,793,946

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Notes to the Consolidated Financial Statements**d) Breakdown of the portfolios by financial statement classification**

Securities	2014				Total on			Total
	1 to 30 days	31 to 180 days	181 to 360 days	More than 360 days	June 30	(6) (7)	March	
					(3) (6) (7)	(8)	(3) (6) (7) (8)	
Own portfolio	91,436,856	21,783,937	15,420,890	123,221,200	251,862,883	236,040,000		
Fixed income securities	85,494,402	21,783,937	15,420,890	123,221,200	245,920,429	230,330,000		
Financial treasury bills	81,973	935,711	933,491	2,443,642	4,394,817	4,440,000		
National treasury notes	67,720	649,539	551,820	45,014,285	46,283,364	41,500,000		
Brazilian foreign debt securities	11,120	-	-	302,626	313,746	280,000		
Bank deposit certificates	146,649	629,835	19,709	74,914	871,107	1,000,000		
National treasury bills	94,403	10,002	4,642,276	765,609	5,512,290	7,000,000		
Foreign corporate securities	89,720	14,424	442,009	5,133,773	5,679,926	7,900,000		
Debentures	143,807	3,017,413	1,533,088	28,721,045	33,415,353	33,600,000		
Purchase and sale commitments (2)	74,741,206	-	-	-	74,741,206	66,500,000		
PGBL/VGBL restricted bonds	3,265,713	14,972,603	5,474,241	26,610,773	50,323,330	45,000,000		
Other	6,852,091	1,554,410	1,824,256	14,154,533	24,385,290	22,800,000		
Equity securities	5,942,454	-	-	-	5,942,454	5,700,000		
Shares of listed companies (technical reserve)	1,925,663	-	-	-	1,925,663	1,400,000		
Shares of listed companies (other) (9)	4,016,791	-	-	-	4,016,791	4,200,000		
Restricted securities	42,773	3,573,515	4,133,891	66,774,362	74,524,541	81,200,000		
Repurchase agreements	35,742	3,356,568	3,627,793	59,488,323	66,508,426	74,400,000		
National treasury bills	-	-	1,940,620	12,247,959	14,188,579	16,400,000		
Financial treasury bills	-	21,408	10,320	2,594,008	2,625,736	5,000,000		
National treasury notes	-	3,335,160	1,676,853	41,757,720	46,769,733	52,000,000		
Foreign corporate securities	35,742	-	-	2,867,202	2,902,944	800,000		
Debentures	-	-	-	21,434	21,434	-		
Brazilian Central Bank	-	-	-	19,008	19,008	-		
National treasury bills	-	-	-	19,008	19,008	-		
National treasury notes	-	-	-	-	-	-		
Privatization currencies	-	-	-	62,237	62,237	600,000		
				<u>Bradesco</u>	<u> </u>	<u> </u>		

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Securities	2014				To Ju (3)
	1 to 30 days	31 to 180 days	181 to 360 days	More than 360 days	
Guarantees provided	7,031	216,947	506,098	7,204,794	7,
? National treasury bills	-	-	9,426	5,136,209	5,
? Financial treasury bills	-	216,947	496,672	1,914,957	2,
? Other	7,031	-	-	153,628	
Derivative financial instruments (1)	4,140,238	365,114	228,075	1,000,075	5,
Securities subject to unrestricted repurchase agreements	-	-	-	1,079,472	1,
? National treasury bills	-	-	-	318,072	
? National treasury notes	-	-	-	761,400	
Overall total	95,619,867	25,722,566	19,782,856	192,075,109	333,
%	28.7	7.7	5.9	57.7	

(1) Consistent with the criterion adopted by Bacen Circular Letter nº 3068/01 and due to the characteristics of the securities, we are considering the derivative financial instruments, except those considered as cash flow hedges under the category Trading Securities;

(2) These refer to investment fund resources and managed portfolios applied on purchase and sale commitments with Bradesco, whose owners are consolidated subsidiaries, included in the consolidated financial statements;

(3) The investment fund quotas were distributed according to the instruments composing their portfolios and maintaining the fund category classification;

(4) In compliance with Article 8 of Bacen Circular Letter nº 3068/01, Bradesco declares that it has financial capacity and intention to maintain held-to-maturity securities up to their maturity dates. This financial capacity is proven in Note 32a, which presents the maturity of asset and liability operations. In December 2013, the mark-to-market of securities reclassified from the "Available-for-Sale Securities" category to the "Held-to-Maturity Securities" category is maintained under Shareholders' Equity, and is being recognized in income statement for the remaining term of the securities, pursuant to Bacen Circular Letter nº 3068/01;

(5) In June 2014, the amount of R\$ 4,571,838 thousand was reclassified from "Held-for-trading securities" to "Available-for-sale securities";

(6) The number of days to maturity was based on the maturity of the instruments, regardless of their accounting classification;

(7) This column reflects book value after mark-to-market accounting in accordance with item (8), except for held-to-maturity instruments, whose fair value is higher than the original amortized cost for the amount of R\$ 2,190,319 thousand (R\$ 1,184,811 thousand on March 31, 2014 and R\$ 1,834,739 thousand on June 30, 2013);

(8) The fair value of securities is determined based on the market price available at the end of the reporting period. If no market price quotation is available at the end of the reporting period, amounts are estimated based on the prices quoted by dealers, pricing models, quotation models or price quotations for instruments with similar characteristics; for investment funds, the original amortized cost reflects the fair value of the respective quotas. For investment funds, the original amortized cost reflects the fair value of the respective quotas;

(9) Includes shares of Banco Espírito Santo S.A. (BES), represented by the 3.9% participation in its capital, whose restated cost amounts to R\$ 593,950 thousand (R\$ 573,661 thousand on March 31, 2014 and R\$ 530,454 thousand on June 30, 2013), and the corresponding market-to-market adjustment in R\$ (194,634) thousand (R\$ 248,697 thousand on March 31, 2014, and R\$ (186,335) thousand on June 30, 2013). In the coming months, as occurs in other financial and non-financial assets, Bradesco will be evaluating the future development of the market value of this asset, in order to determine whether a impairment has occurred (Note 3m); and

(10) In the 1st semester of 2014 and 2013 there were no losses by impairment under the heading "equity securities", for the securities classified under the category "Available-for-sale securities".

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e) Derivative financial instruments

Bradesco carries out transactions involving derivative financial instruments, which are recorded in the statement of financial position or in off-balance-sheet accounts, to meet its own needs in managing its global exposure, as well as to meet its customer's requests, in order to manage their exposure. These operations involve a series of derivatives, including interest rate swaps, currency swaps, futures and options. Bradesco's risk management policy is based on the utilization of derivative financial instruments mainly to mitigate the risks from operations carried out by the Bank and its subsidiaries.

Securities classified as trading and available-for-sale, as well as derivative financial instruments, are recognized in the consolidated statement of financial position at their estimated fair value. Fair value is generally based on quoted market prices or quotations for assets or liabilities with similar characteristics. Should market prices not be available, fair values are based on dealer quotations, pricing models, discounted cash flows or similar techniques for which the determination of fair value may require judgment or significant estimates by Management.

Quoted market prices are used to determine the fair value of derivative financial instruments. The fair value of swaps is determined by using discounted cash flow modeling techniques that use yield curves, reflecting adequate risk factors. The information to build yield curves is mainly obtained from the Securities, Commodities and Futures Exchange (BM&FBOVESPA) and the domestic and international secondary market. These yield curves are used to determine the fair value of currency swaps, interest rate and other risk factor swaps. The fair value of forward and futures contracts is also determined based on market price quotations for derivatives traded at the stock exchange or using methodologies similar to those outlined for swaps. The fair values of loan derivative instruments are determined based on market price quotation or from specialized entities. The fair value of options is determined based on mathematical models, such as Black & Scholes, using yield curves, implied volatilities and the fair value of corresponding assets. Current market prices are used to calculate volatility.

Derivative financial instruments in Brazil mainly refer to swap and futures operations and are registered at the OTC Clearing House (Cetip) and BM&FBOVESPA.

Operations involving forward contracts of indexes and currencies are contracted by Management to hedge Bradesco's overall exposures and to meet customer needs.

Foreign derivative financial instruments refer to swap, forward, options, credit and futures operations and are mainly carried out at the stock exchanges in Chicago and New York, as well as the over-the-counter (OTC) markets.

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Notes to the Consolidated Financial Statements**l) Amount of derivative financial instruments recorded in balance sheet and off-balance-sheet accounts**

	2014				2013		R\$ thousand
	June 30	March 31	June 30	March 31	June 30	March 31	
	Overall amount	Net amount	Overall amount	Net amount	Overall amount	Net amount	
Futures contracts							
Purchase commitments:	47,729,644		53,172,445		196,616,218		
- Interbank market	34,923,191	-	39,923,775	-	185,532,147	-	
- Foreign currency	12,460,660	-	13,157,160	-	11,034,161	-	
- Other	345,793	-	91,510	-	49,910	-	
Sale commitments:	172,489,277		83,728,418		341,422,889		
- Interbank market (1)	144,175,395	109,252,204	55,682,741	15,758,966	297,055,555	111,523,400	
- Foreign currency (2)	27,925,679	15,465,019	27,887,625	14,730,465	44,218,058	33,183,800	
- Other	388,203	42,410	158,052	66,542	149,276	99,300	
Option contracts							
Purchase commitments:	183,084,853		113,588,878		90,312,574		
- Interbank market	174,189,300	-	107,447,000	-	89,252,700	-	
- Foreign currency	8,438,490	-	5,318,145	-	548,201	-	
- Other	457,063	308,760	823,733	297,317	511,673	141,700	
Sale commitments:	192,330,117		124,656,009		96,395,214		
- Interbank market	182,179,923	7,990,623	116,216,213	8,769,213	94,879,622	5,626,900	
- Foreign currency	10,001,891	1,563,401	7,913,380	2,595,235	1,145,047	596,800	
- Other	148,303	-	526,416	-	370,545	-	
Forward contracts							
Purchase commitments:	8,182,654		11,153,831		23,085,324		
- Foreign currency	7,196,046	-	10,627,591	2,207,146	22,605,990	11,547,700	
- Other	986,608	404,419	526,240	102,346	479,334	-	
Sale commitments:	8,213,166		8,844,339		11,539,330		
- Foreign currency	7,630,977	434,931	8,420,445	-	11,058,249	-	
- Other	582,189	-	423,894	-	481,081	1,700	
Swap contracts							
Assets (long position):	54,450,528		54,981,579		46,696,235		
- Interbank market	11,052,842	-	11,398,956	452,971	10,671,693	1,843,700	
- Fixed rate	6,364,785	3,196,915	5,759,545	2,775,745	4,087,314	1,326,800	

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- Foreign currency	31,596,018	777,860	25,150,383	-	24,296,479	
- IGP-M	1,529,877	-	1,428,579	-	1,206,371	
- Other	3,907,006	-	11,244,116	-	6,434,378	
Liabilities (short position):	53,598,476		54,514,974		46,250,410	
- Interbank market	13,267,339	2,214,497	10,945,985	-	8,828,591	
- Fixed rate	3,167,870	-	2,983,800	-	2,760,512	
- Foreign currency	30,818,158	-	26,939,690	1,789,307	25,827,340	1,530,8
- IGP-M	2,217,591	687,714	2,194,830	766,251	2,335,778	1,129,4
- Other	4,127,518	220,512	11,450,669	206,553	6,498,189	63,8

Derivatives include operations maturing in D+1.

(1) Includes cash flow hedges to protect CDI-related funding, for the amount of R\$ 20,440,070 thousand (R\$ 19,630,750 thousand on March 31, 2014 and R\$ 17,479,586 thousand on June 30, 2013) (Note 8g); and

(2) Includes specific hedges to protect foreign investments totaling R\$ 31,850,766 thousand (R\$ 28,375,218 thousand on March 31, 2014 and R\$ 25,216,431 thousand on June 30, 2013).

To obtain greater payment assurance for operations with financial institutions and customers, Bradesco established compensation and settlement agreements for liabilities within the National Financial System, in accordance with CMN Resolution nº 3263/05.

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Notes to the Consolidated Financial Statements**II) Breakdown of derivative financial instruments (assets and liabilities) shown at original amortized cost and fair value**

	2014					
	June 30			March 31		
	Original amortized cost	Mark-to-market adjustment	Fair value	Original amortized cost	Mark-to-market adjustment	Fair value
Adjustment receivables - swaps	3,138,947	682,032	3,820,979	2,842,785	277,862	3,120,647
Receivable forward purchases	1,098,271	-	1,098,271	755,171	-	755,171
Receivable forward sales	705,931	-	705,931	403,170	-	403,170
Premiums on exercisable options	153,470	(45,149)	108,321	92,468	1,501	93,969
Total assets	5,096,619	636,883	5,733,502	4,093,594	279,363	4,372,957
Adjustment payables - swaps	(2,616,028)	(352,899)	(2,968,927)	(2,453,263)	(200,778)	(2,654,041)
Payable forward purchases	(1,114,982)	-	(1,114,982)	(752,287)	-	(752,287)
Payable forward sales	(459,202)	-	(459,202)	(322,802)	-	(322,802)
Premiums on written options	(252,268)	68,814	(183,454)	(209,544)	44,811	(164,733)
Total liabilities	(4,442,480)	(284,085)	(4,726,565)	(3,737,896)	(155,967)	(3,893,863)

III) Futures, options, forward and swap contracts - (Notional)

	2014				2013		
	1 to 90 days	91 to 180 days	181 to 360 days	More than 360 days	Total on June 30	Total on March 31	Total on June 30
Futures contracts	36,797,805	85,281,544	70,307,177	27,832,395	220,218,921	136,900,863	538,039,100
Option contracts	239,060,410	15,237,143	120,656,265	461,152,375	414,970,238	238,244,887	186,707,780
Forward contracts	9,207,311	3,337,619	2,102,469	1,748,421	16,395,820	19,998,170	34,624,650
Swap contracts	11,727,269	15,347,456	4,175,957	19,378,867	50,629,549	51,860,932	45,034,390
Total on June 30, 2014	296,792,795	119,203,762	197,241,868	49,420,835	662,659,260		
Total on March 31, 2014	69,384,342	242,160,798	56,958,455	78,501,257		447,004,852	
Total on June 30, 2013	226,219,873	49,004,397	341,874,692	187,306,978			804,405,940

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Notes to the Consolidated Financial Statements**IV) Types of margin offered for guarantee for derivative financial instruments, mainly futures contracts**

	2014		R\$ thousand 2013
	June 30	March 31	June 30
Government securities			
National treasury notes	123,655	-	691,568
Financial treasury bills	5,126	6,281	7,837
National treasury bills	3,707,271	3,271,471	6,477,872
Total	3,836,052	3,277,752	7,177,277

V) Revenues and expenses, net

	2014			R\$ thousand 2013
	2 nd quarter	1 st quarter	1 st semester	1 st semester
Swap contracts	(78,685)	(408,459)	(487,144)	595,677
Forward contracts	(18,414)	(153,911)	(172,325)	287,512
Option contracts	(17,653)	10,623	(7,030)	(267,124)
Futures contracts	892,459	907,329	1,799,788	(2,432,512)
Foreign exchange variation of investments abroad	(237,631)	(222,032)	(459,663)	212,608
Total	540,076	133,550	673,626	(1,603,839)

VI) Total value of derivative financial instruments, by trading location and counterparties

	2014		R\$ thousand 2013
	June 30	March 31	June 30
Cetip (over-the-counter)	52,290,779	55,101,366	51,097,837
BM&FBOVESPA (stock exchange)	577,001,960	357,719,400	707,114,043
Abroad (over-the-counter) (1)	17,276,135	18,358,656	30,006,844

Abroad (stock exchange) (1)	16,090,386	15,825,430	16,187,216
Total	662,659,260	447,004,852	804,405,940

(1) Comprised of operations carried out on the Chicago and New York Stock Exchanges and over-the-counter markets.

As of June 30, 2014, a total of 94.6% of counterparties are corporate entities and 5.4% are financial institutions.

f) Credit Default Swaps (CDS)

Overall, they represent a bilateral contract in which one of the counterparties purchases protection against credit risk of a particular financial instrument (the risk is transferred). The selling counterparty receives remuneration that is usually paid linearly over the term of the agreement.

In case of a default, the purchasing counterparty will receive a payment to offset the loss incurred on the financial instrument. In this case, the selling counterparty usually receives the underlying asset of the agreement in exchange for the payment.

Bradesco carried out operations involving credit derivatives to better manage its risk exposure and its assets. As of June 30, 2014, it did not have credit derivative agreements.

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Notes to the Consolidated Financial Statements**g) Cash flow hedge**

Bradesco uses cash flow hedges to protect its cash flows from payment of interest rates on funds, related to floating interest rate risk of Interbank Deposit Rate (DI Cetip), thus registering fixed cash flows.

Bradesco has traded DI Future contracts at BM&FBOVESPA since 2009, using them as cash flow hedges for funding linked to DI. The following table presents the DI Future position, where:

	2014		R\$ thousand 2013
	June 30	March 31	June 30
DI Future with maturity between 2015 and 2017	20,440,070	19,630,750	17,479,586
Funding indexed to CDI	20,290,694	19,788,753	17,170,617
Mark-to-market adjustment recorded in shareholders' equity (1)	(20,725)	269,156	(7,045)
Ineffective fair value recorded in profit or loss	-	140	-

(1) The adjustment in shareholders' equity is R\$ (12,435) thousand, net of taxes (R\$ 161,494 thousand on March 31, 2014 and R\$ (4,227) thousand on June 30, 2013).

The effectiveness of the hedge portfolio was assessed in accordance with Bacen Circular Letter nº 3082/02.

h) Income from securities, insurance, pension plans and capitalization bonds and derivative financial instruments

	2014		R\$ thousand 2013	
	2 nd quarter	1 st quarter	1 st semester	1 st semester
Fixed income securities	4,803,214	4,187,245	8,990,459	5,678,322
Interbank investments (Note 7b)	3,213,999	3,044,291	6,258,290	8,118,378
Equity securities	1,496	(164)	1,332	25,465
Subtotal	8,018,709	7,231,372	15,250,081	13,822,165
Income from insurance, pension plans and capitalization bonds	3,564,421	3,263,448	6,827,869	3,746,383
Income from derivative financial instruments (Note 8e V)	540,076	133,550	673,626	(1,603,839)
Total	12,123,206	10,628,370	22,751,576	15,964,709

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Notes to the Consolidated Financial Statements**9) INTERBANK ACCOUNTS - RESERVE REQUIREMENT****a) Reserve requirement**

		2014		R\$ thousand 2013
	Remuneration	June 30	March 31	June 30
Reserve requirement – demand deposits	not remunerated	5,054,725	6,949,702	7,467,661
Reserve requirement – savings deposits	savings index	16,742,086	16,339,408	14,387,520
Reserve requirement – time deposits	Selic rate	12,472,422	14,789,408	10,533,404
Collection of funds from rural loan (1)	not remunerated	-	-	536
Additional reserve requirement	Selic rate	19,232,593	20,840,642	17,857,925
• Savings deposits		8,371,043	8,169,704	7,191,501
• Time deposits		10,861,550	12,670,938	10,666,424
Reserve requirement – SFH	TR + interest rate	604,050	597,829	572,041
Funds from rural loan	not remunerated	-	-	578
Total (2)		54,105,876	59,516,989	50,819,665

(1) Pursuant to Bacen Circular Letter nº 3460/09, the banks must collect funds from rural loan (on demand deposits) not lent as of August 2010, for return in August 2013; and

(2) For further information regarding new rules on reserve requirement, see Note 35c.

b) Revenue from reserve requirement

	2014			R\$ thousand 2013
	2 nd quarter	1 st quarter	1 st semester	1 st semester
Reserve requirement – Bacen	1,131,731	1,073,825	2,205,556	1,349,292
Reserve requirement – SFH	7,942	8,250	16,192	13,258
Total	1,139,673	1,082,075	2,221,748	1,362,550

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Notes to the Consolidated Financial Statements**10) LOANS**

Information relating to loans, including advances on foreign exchange contracts, leasing and other receivables with credit characteristics is shown below:

a) By type and maturity

	1 to 30 days	31 to 60 days	61 to 90 days	91 to 180 days	181 to 360 days	More than 360 days	Performing
Discounted trade receivables and loans (1)	19,275,189	14,083,733	10,125,884	19,596,165	20,275,924	56,000,000	56,000,000
Financing	3,581,686	3,528,416	2,930,207	8,648,311	14,843,022	79,000,000	79,000,000
Agricultural and agribusiness loans	2,683,001	934,033	879,523	4,651,906	4,169,776	9,000,000	9,000,000
Subtotal	25,539,876	18,546,182	13,935,614	32,896,382	39,288,722	145,000,000	145,000,000
Leasing	246,163	215,187	209,043	595,811	974,509	2,000,000	2,000,000
Advances on foreign exchange contracts (2)	768,343	1,134,862	688,367	2,403,606	1,400,855	1,000,000	1,000,000
Subtotal	26,554,382	19,896,231	14,833,024	35,895,799	41,664,086	147,000,000	147,000,000
Other receivables (3)	6,479,378	4,324,537	1,689,520	3,111,171	2,649,673	1,000,000	1,000,000
Total loans	33,033,760	24,220,768	16,522,544	39,006,970	44,313,759	149,000,000	149,000,000
Sureties and guarantees (4)	2,250,522	826,089	1,021,981	4,156,534	6,451,192	55,000,000	55,000,000
Loan assignment (5)	-	-	-	-	-	-	-
Loan assignment - real estate receivables certificate	58,186	58,184	58,181	167,446	249,897	1,000,000	1,000,000
Co-obligation in rural loan assignment (4)	-	-	-	-	-	-	-
Loans available for import (4)	69,893	34,910	109,095	112,497	11,193	1,000,000	1,000,000
Confirmed exports loans (4)	9,120	9,341	1,602	731	1,341	1,000,000	1,000,000
Acquisition of credit card receivables	369,231	164,669	117,298	305,208	345,592	1,000,000	1,000,000
Overall total on June 30, 2014	35,790,712	25,313,961	17,830,701	43,749,386	51,372,974	205,000,000	205,000,000
Overall total on March 31, 2014	36,744,557	25,537,505	17,566,272	41,985,432	54,617,824	199,000,000	199,000,000
Overall total on June 30, 2013	35,543,634	24,235,524	17,749,713	38,991,338	48,864,754	184,000,000	184,000,000

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	Non-performing loans					Total on June 30 (B)	% T (6)
	1 to 30 days	31 to 60 days	61 to 90 days	91 to 180 days	181 to 540 days		
Discounted trade receivables and loans (1)	1,288,364	1,155,309	997,604	2,129,308	2,390,175	7,960,760	88.17,
Financing	208,707	169,413	98,951	196,482	124,658	798,211	8.8
Agricultural and agribusiness loans	10,466	12,899	17,757	17,935	27,004	86,061	1.0
Subtotal	1,507,537	1,337,621	1,114,312	2,343,725	2,541,837	8,845,032	97.98,
Leasing	22,027	17,805	12,265	22,326	18,016	92,439	1.0
Advances on foreign exchange contracts (2)	463	8,103	-	-	-	8,566	0.1
Subtotal	1,530,027	1,363,529	1,126,577	2,366,051	2,559,853	8,946,037	99.08,
Other receivables (3)	7,340	2,100	2,208	31,612	42,567	85,827	1.0
Overall total on June 30, 2014	1,537,367	1,365,629	1,128,785	2,397,663	2,602,420	9,031,864	100.0
Overall total on March 31, 2014	1,458,130	1,537,921	1,124,936	1,961,826	2,627,705		8,
Overall total on June 30, 2013	1,375,295	1,204,275	1,025,559	2,117,588	2,688,181		

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	Non-performing loans Outstanding installments						Total on June 30 (C)	% (6)
	1 to 30 days	31 to 60 days	61 to 90 days	91 to 180 days	181 to 360 days	More than 360 days		
Discounted trade receivables and loans (1)	672,355	559,880	494,004	1,176,338	1,727,382	4,011,406	8,641,365	64
Financing	204,521	184,629	182,484	515,816	870,074	2,344,076	4,301,600	32
Agricultural and agribusiness loans	563	1,097	1,511	6,560	22,020	146,030	177,781	1
Subtotal	877,439	745,606	677,999	1,698,714	2,619,476	6,501,512	13,120,746	97
Leasing	20,190	18,534	17,656	48,347	73,546	132,241	310,514	2
Subtotal	897,629	764,140	695,655	1,747,061	2,693,022	6,633,753	13,431,260	99
Other receivables (3)	466	414	359	1,012	1,427	3,602	7,280	0
Overall total on June 30, 2014	898,095	764,554	696,014	1,748,073	2,694,449	6,637,355	13,438,540	100
Overall total on March 31, 2014	936,488	783,522	691,084	1,783,634	2,810,508	6,926,689		
Overall total on June 30, 2013	864,874	743,551	679,576	1,742,370	2,664,416	6,467,729		

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	R\$ thousand					
	Overall total					
	2014		2014		2013	
	Total on	%	Total on	%	Total on	%
	June 30		March 31		June 30	
	(A+B+C)	(6)	(A+B+C)	(6)	(A+B+C)	(6)
Discounted trade receivables and loans (1)	156,010,200	38.8	157,270,842	39.4	149,405,762	40.2
Financing	117,955,372	29.4	117,899,769	29.6	108,340,794	29.2
Agricultural and agribusiness loans	23,341,159	5.8	21,473,570	5.4	17,579,536	4.7
Subtotal	297,306,731	74.0	296,644,181	74.4	275,326,092	74.1
Leasing	4,968,945	1.2	5,270,807	1.3	6,656,337	1.8
Advances on foreign exchange contracts (2) (Note 11a)	6,414,382	1.6	6,458,632	1.6	6,646,367	1.8
Subtotal	308,690,058	76.8	308,373,620	77.3	288,628,796	77.7
Other receivables (3)	19,977,887	5.0	19,883,626	5.0	16,944,755	4.6
Total loans	328,667,945	81.8	328,257,246	82.3	305,573,551	82.3
Sureties and guarantees (4)	69,875,477	17.4	67,517,631	16.9	63,382,724	17.1
Loan assignment (5)	-	-	18,536	-	98,458	-
Loan assignment - real estate receivables certificate	1,432,065	0.4	1,506,112	0.4	351,096	0.1
Co-obligation in rural loan assignment (4)	111,358	-	111,035	-	119,528	-
Loans available for import (4)	380,262	0.1	364,638	0.1	912,461	0.2
Confirmed exports loans (4)	22,135	-	80,227	-	53,786	-
Acquisition of credit card receivables	1,385,558	0.3	1,099,867	0.3	1,083,850	0.3
Overall total on June 30, 2014	401,874,800	100.0				
Overall total on March 31, 2014			398,955,292	100.0		
Overall total on June 30, 2013					371,575,454	100.0

(1) Including credit card loans and advances on credit card receivables for the amount of R\$ 18,384,878 thousand (R\$ 18,504,679 thousand on March 31, 2014 and R\$ 18,833,944 thousand on June 30, 2013);

(2) Advances on foreign exchange contracts are classified as a deduction from "Other Liabilities";

(3) Item "Other Receivables" comprises receivables on sureties and guarantees honored, receivables on sale of assets, securities and credits receivable, income receivable from foreign exchange contracts and export contracts and credit card receivables (cash and installment purchases at merchants) for the amount of R\$ 16,671,843 thousand (R\$ 16,737,909 thousand on March 31, 2014 and R\$ 14,829,123 thousand on June 30, 2013);

(4) Recorded in off-balance sheet accounts;

(5) Amount of loan assignment up to March 31, 2014, and June 30, 2013, respectively, net of installments repaid; and

(6) Percentage of each type on total loan portfolio, including sureties and guarantee, loan assignment and acquisition of receivables.

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Notes to the Consolidated Financial Statements**b) By type and levels of risk**

	Levels of risk								
	AA	A	B	C	D	E	F	G	H
Discounted trade receivables and loans	24,975,319	74,449,822	10,995,826	25,206,692	4,802,739	3,309,819	2,215,954	1,564,574	8,489,455
Financing	26,651,927	43,202,995	37,787,581	7,047,385	798,706	470,340	398,186	249,093	1,349,159
Agricultural and agribusiness loans	3,490,673	3,177,840	9,052,684	6,972,587	239,646	199,644	119,784	10,387	77,914
Subtotal	55,117,919	120,830,657	57,836,091	39,226,664	5,841,091	3,979,803	2,733,924	1,824,054	9,916,528
Leasing	109,251	603,801	1,445,681	2,253,129	203,410	56,404	60,312	26,160	210,797
Advances on foreign exchange contracts (2)	2,983,469	1,933,567	662,580	739,186	57,275	27,618	4,263	-	6,424
Subtotal	58,210,639	123,368,025	59,944,352	42,218,979	6,101,776	4,063,825	2,798,499	1,850,214	10,133,749
Other receivables	971,165	14,858,468	1,182,916	2,300,973	122,699	44,610	38,783	55,544	402,729
Overall total on June 30, 2014	59,181,804	138,226,493	61,127,268	44,519,952	6,224,475	4,108,435	2,837,282	1,905,758	10,536,478
%	18.0	42.1	18.6	13.5	1.9	1.2	0.9	0.6	3.2
Overall total on March 31, 2014	59,809,242	135,682,050	61,152,811	45,885,781	7,013,465	4,357,870	2,220,070	1,739,372	10,396,585
%	18.2	41.3	18.7	14.0	2.1	1.3	0.7	0.5	3.2
Overall total on June 30, 2013	50,062,923	128,691,764	52,842,730	47,328,927	9,070,477	2,635,834	2,451,871	1,859,068	10,629,957
%	16.4	42.1	17.3	15.5	3.0	0.9	0.8	0.6	3.4

- (1) Percentage of each type on total loan portfolio, excluding sureties and guarantee, loan assignment, acquisition of receivables and co-obligation in rural loan assignment; and
- (2) See Note 11a.

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Notes to the Consolidated Financial Statements**c) Maturity ranges and levels of risk**

	Levels of risk Non-performing loans								Total on June 30	2014 %	Total March
	AAA	B	C	D	E	F	G	H			
Outstanding installments	-	-	-	-	-	-	-	-	13,438,540	100.0	13,933,933
1 to 30	-	-	-	-	-	-	-	-	898,095	6.7	933,933
31 to 60	-	-	-	-	-	-	-	-	764,554	5.7	783,933
61 to 90	-	-	-	-	-	-	-	-	696,014	5.2	696,014
91 to 180	-	-	-	-	-	-	-	-	1,748,073	13.0	1,748,073
181 to 360	-	-	-	-	-	-	-	-	2,694,449	20.1	2,810,014
More than 360	-	-	-	-	-	-	-	-	6,637,355	49.3	6,920,014
Past-due installments (2)	-	-	-	-	-	-	-	-	9,031,864	100.0	8,710,014
1 to 14	-	-	-	-	-	-	-	-	498,842	5.5	433,014
15 to 30	-	-	-	-	-	-	-	-	1,038,525	11.5	1,020,014
31 to 60	-	-	-	-	-	-	-	-	1,365,629	15.1	1,533,014
61 to 90	-	-	-	-	-	-	-	-	1,128,785	12.5	1,128,014
91 to 180	-	-	-	-	-	-	-	-	2,397,663	26.5	1,963,014
181 to 360	-	-	-	-	-	-	-	-	2,539,922	28.2	2,560,014
More than 360	-	-	-	-	-	-	-	-	62,498	0.7	62,498
Subtotal	-	-	-	-	-	-	-	-	22,470,404		22,643,933
Specific provision	-	-	-	-	-	-	-	-	11,096,873		10,770,014

(1) Percentage of maturities by type of installment; and

(2) For transactions with terms of more than 36 months, past-due periods are doubled, as allowed under CMN Resolution n° 2682/99.

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	Levels of risk Performing loans								
	AA	A	B	C	D	E	F	G	H
Outstanding									
installments	59,181,804	138,226,493	59,107,994	40,619,755	3,233,292	2,118,298	717,157	418,972	2,573,776
1 to 30	4,384,603	17,513,802	3,483,784	6,503,552	380,611	159,392	110,877	78,725	418,414
31 to 60	4,097,901	12,569,707	2,730,359	4,107,075	231,918	108,233	79,668	33,142	262,765
61 to 90	2,556,199	8,432,661	1,997,684	3,065,451	207,140	55,055	44,525	24,652	139,177
91 to 180	6,761,665	17,566,029	5,739,246	7,071,682	469,355	932,735	83,063	47,700	335,495
181 to 360	7,282,739	22,122,607	7,373,103	6,430,665	428,207	152,438	95,789	55,858	372,353
More than 360	34,098,697	60,021,687	37,783,818	13,441,330	1,516,061	710,445	303,235	178,895	1,045,572
Generic provision	-	691,132	591,080	1,218,593	323,329	635,489	358,579	293,280	2,573,776
Overall total on June 30, 2014 (2)	59,181,804	138,226,493	61,127,268	44,519,952	6,224,475	4,108,435	2,837,282	1,905,758	10,536,478
Existing provision	-	769,542	696,052	2,364,138	1,734,159	1,833,718	1,964,371	1,892,926	10,536,478
Minimum required provision	-	691,132	611,272	1,335,599	622,448	1,232,530	1,418,642	1,334,030	10,536,478
Excess provision (3)	-	78,410	84,780	1,028,539	1,111,711	601,188	545,729	558,896	-
Overall total on March 31, 2014 (2)	59,809,242	135,682,050	61,152,811	45,885,781	7,013,465	4,357,870	2,220,070	1,739,372	10,396,585
Existing provision	-	760,369	691,184	2,370,453	1,975,728	1,942,485	1,549,980	1,720,126	10,396,585
Minimum required provision	-	678,414	611,528	1,376,573	701,346	1,307,361	1,110,035	1,217,561	10,396,585
Excess provision (3)	-	81,955	79,656	993,880	1,274,382	635,124	439,945	502,565	-
Overall total on June 30, 2013 (2)	50,062,923	128,691,764	52,842,730	47,328,927	9,070,477	2,635,834	2,451,871	1,859,068	10,629,957

Existing provision	-	644,673	533,493	2,540,954	2,355,932	1,272,700	1,645,472	1,832,020	10,629,957
Minimum required provision	-	643,433	528,427	1,419,868	907,047	790,750	1,225,935	1,301,349	10,629,957
Excess provision	-	1,240	5,066	1,121,086	1,448,885	481,950	419,537	530,671	-

(1) Percentage of maturities by type of installment;

(2) The overall total includes performing loans for the amount of R\$ 306,197,541 thousand (R\$ 305,614,803 thousand on March 31, 2014 and R\$ 284,000,137 thousand on June 30, 2013) and non-performing loans of R\$ 22,470,404 thousand (R\$ 22,642,443 thousand on March 31, 2014 and R\$ 21,573,414 thousand on June 30, 2013); and

(3) On June 30, 2014, it includes provision for guarantees provided, comprising sureties, letters of credit and standby letter of credit, which was detached from the excess provision, totaling R\$ 333,734 thousand (R\$ 355,479 thousand on March 31, 2014) (Note 20b).

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Notes to the Consolidated Financial Statements**d) Concentration of loans**

	R\$ thousand					
	2014		2013			
	June 30	% (1)	March 31	% (1)	June 30	% (1)
Largest borrower	6,126,977	1.9	6,099,815	1.9	2,653,726	0.9
10 largest borrowers	21,889,272	6.7	21,085,268	6.4	16,673,201	5.5
20 largest borrowers	31,242,836	9.5	30,068,823	9.2	25,606,826	8.4
50 largest borrowers	45,222,858	13.8	44,709,536	13.6	38,951,215	12.7
100 largest borrowers	57,191,992	17.4	56,765,490	17.3	50,703,348	16.6

(1) Percentage on total portfolio (as defined by Bacen).

e) By economic sector

	R\$ thousand					
	2014		2013			
	June 30 (1)	%	March 31 (1)	%	June 30 (1)	%
Public sector	6,156,893	1.9	6,134,786	1.9	182,137	0.1
Federal government	6,126,977	1.9	6,099,815	1.9	81,755	-
Petrochemical	6,126,977	1.9	6,099,815	1.9	81,755	-
State government	29,916	-	34,971	-	100,382	0.1
Production and distribution of electricity	29,916	-	34,971	-	100,382	0.1
Private sector	322,511,052	98.1	322,122,460	98.1	305,391,414	99.9
Manufacturing	54,767,911	16.6	57,248,281	17.4	57,969,327	19.0
Food products and beverages	13,868,061	4.2	13,702,865	4.2	14,177,461	4.7
Steel, metallurgy and mechanics	10,054,449	3.1	10,996,178	3.3	10,042,356	3.3
Light and heavy vehicles	4,407,580	1.3	4,517,481	1.4	4,998,757	1.6
Pulp and paper	4,024,469	1.2	4,114,570	1.3	4,234,583	1.4
Chemical	3,661,973	1.1	4,088,839	1.2	4,535,411	1.5
Textiles and apparel	3,130,392	0.9	3,326,775	1.0	3,597,742	1.2
Rubber and plastic articles	2,700,983	0.8	2,775,948	0.8	2,770,970	0.9
Furniture and wood products	2,213,129	0.7	2,106,729	0.6	2,081,006	0.7
Non-metallic materials	2,006,362	0.6	2,493,783	0.8	1,722,381	0.6

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Automotive parts and accessories	1,967,945	0.6	2,095,009	0.6	1,890,700	0.6
Oil refining and production of alcohol	1,657,942	0.5	1,589,035	0.5	1,978,146	0.6
Electric and electronic products	1,200,951	0.4	1,485,312	0.5	1,579,995	0.5
Extraction of metallic and non-metallic ores	1,170,875	0.4	1,248,043	0.4	1,650,131	0.5
Leather articles	755,180	0.2	797,573	0.2	755,078	0.2
Publishing, printing and reproduction	541,519	0.2	575,642	0.2	573,661	0.2
Other industries	1,406,101	0.4	1,334,499	0.4	1,380,949	0.5
Commerce	41,698,763	12.8	42,766,588	13.1	41,970,856	13.7
Merchandise in specialty stores	8,202,678	2.5	8,503,002	2.6	9,141,069	3.1
Non-specialized retailer	4,997,814	1.5	5,310,128	1.6	4,463,059	1.5
Food products, beverages and tobacco	4,627,035	1.4	4,598,418	1.4	4,376,328	1.4
Waste and scrap	3,592,098	1.1	3,741,842	1.1	3,404,491	1.1
Automobile	3,568,137	1.1	3,531,935	1.1	3,495,149	1.1
Motor vehicle repairs, parts and accessories	3,083,494	0.9	3,188,407	1.0	3,279,782	1.1
Clothing and footwear	2,942,289	0.9	2,948,678	0.9	3,176,055	1.0

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	2014		R\$ thousand 2013			
	June 30 (1)	%	March 31 (1)	%	June 30 (1)	%
Agricultural products	2,186,741	0.7	2,210,533	0.7		