

BANK BRADESCO
Form 6-K
May 06, 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 May, 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 Quarter of 2014 are presented below:

1. Adjusted Net Income⁽¹⁾ for the First Quarter of 2014 stood at R\$ 3.473 billion (an 18.0% increase compared to the R\$ 2.943 billion recorded in the same period of 2013), corresponding to earnings per share of R\$ 3.03 and Return on Average Adjusted Equity⁽²⁾ of 20.5%.

2. Adjusted Net Income is composed of R\$ 2.433 billion from financial activities, representing 70.0% of the total, and R\$ 1.040 billion from insurance, pension plan and capitalization bond operations, which accounted for 30.0% of the total.

3. On March 31, 2014, Bradesco's market capitalization stood at R\$ 135.938 billion⁽³⁾.

4. Total Assets stood at R\$ 922.229 billion in March 2014, up 3.1% over March 2013. Return on Average Assets came to 1.5%.

5. In March 2014, the Expanded Loan Portfolio⁽⁴⁾ came to R\$ 432.297 billion, up 10.4% over the same period of 2013. Operations with individuals totaled R\$ 132.652 billion (up 11.5% over March 2013), while operations with companies totaled R\$ 299.645 billion (up 9.9% over March 2013).

6. Assets under Management stood at R\$ 1.278 trillion, a 2.8% increase from March 2013.

7. Shareholders' Equity stood at R\$ 73.326 billion in March 2014, up 5.6% on March 2013. The Capital Adequacy Ratio stood at 15.7% in March 2014, 11.9% of which fell under Tier I Capital.

8. Interest on Shareholders' Equity were paid and recorded in provision to shareholders in the amount of R\$ 1.212 billion for the first quarter of 2014, R\$ 248.712 million of which was paid as monthly and interim interest and R\$ 963.489 million was recorded in provision.

9. Interest Earning Portion stood at R\$ 10.951 billion, up 4.2% compared to the first quarter of 2013.

10. The Delinquency Ratio over 90 days dropped 0.6 p.p. in the last 12 months and stood at 3.4% on March 31, 2014 (4.0% on March 31, 2013).

11. Efficiency Ratio (ER)⁽⁵⁾ in March 2014 was 41.9% (41.5% in March 2013), whereas the "adjusted-to-risk" ratio stood at 51.4% (52.6% in March 2013). It is worth mentioning that, in the first quarter of 2014, we recorded the best quarterly ER (40.1%) in the past 5 years.

12. Insurance Written Premiums, Pension Plan Contributions and Capitalization Bond Income totaled R\$ 11.450 billion in the first quarter of 2014, up 4.5% over the same period in 2013. Technical Reserves stood at R\$ 137.751 billion, up 8.2% on March 2013.

13. Investments in infrastructure, information technology and telecommunications amounted to R\$ 1.136 billion in the first quarter of 2014, up 5.4% over the same period last year.

14. Taxes and contributions, including social security, paid or recorded in provision, amounted to R\$ 6.240 billion, of which R\$ 2.258 billion referred to taxes withheld and collected from third parties, and R\$ 3.982 billion from Bradesco Organization activities, equivalent to 114.7% of the Adjusted Net Income⁽¹⁾.

(1) According to non-recurring events described on page 8 of this Report on Economic and Financial Analysis; (2) Excludes mark-to-market effect of available-for-sale securities recorded under Shareholders'

Equity; (3) Number of shares (excluding treasury shares) x closing price for common and preferred shares on the last trading day of the period; (4) Includes sureties and guarantees, letters of credit, advances of credit card receivables, co-obligations in loan assignments (receivables-backed investment funds and mortgage-backed receivables), co-obligations in rural loan assignments, and operations bearing creditrisk – commercial portfolio, which includes debentures and promissory notes; and (5) In the last 12 months.

Report on Economic and Financial Analysis – March 2014

Highlights

15. Bradesco has an extensive customer service network in Brazil, with 4,678 Branches and 3,484 Service Branches - PAs. Customers can also use 1,186 PAEs – ATMs (Automatic Teller Machines) in companies, 47,430 Bradesco Expresso service points, 32,909 Bradesco Dia & Noite ATMs, and 15,386 Banco24Horas ATMs.

16. Payroll, plus charges and benefits, totaled R\$ 2.786 billion. Social benefits provided to the 99,545 employees of the Bradesco Organization and their dependents amounted to R\$ 697.236 million, while investments in training and development programs totaled R\$ 17.450 million.

17. In April 2014, Bradesco and Banco do Brasil, via its subsidiary Companhia Brasileira de Soluções e Serviços (“CBSS”), in a partnership with Cielo, created the company STELO S.A. (“Stelo”), an electronic payment company responsible for managing, operating and exploring the payment facilitator industry geared towards e-commerce, as well towards digital portfolio businesses.

18. Major Awards and Acknowledgments in the period:

- Bradesco was considered the most valuable brand in Latin America in the banking segment and the 20th in the general ranking of top 500 most valuable global brands in the segment (*The Banker* magazine / *Brand Finance*); and
- Bradesco Private Bank was recognized as the best of Brazil under the “Specialized Services” category (*Euromoney* Magazine - Special edition *Private Banking Global Survey* 2014).

Since its origin, the Bradesco Organization is fully committed to Brazil’s social and economic development. We constantly seek to attain sustainability in management, businesses, and daily activities. Under such purpose, we strive to ensure continuous and sustainable growth, committed to the audiences to which we relate, as well as the communities and environments in which we operate. We fully comply 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 supported 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 surrounding valuing professionals, improving the workplace, client relations, managing suppliers, and adopting environmental management practices. We also highlight the Organization’s role in society as one of the top social investors in Brazil, supporting education, environment, culture, and sports projects.

In this area, we point out Fundação Bradesco, which has a 57-year history of extensive social and educational work, with 40 schools in Brazil. In 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 - High School Level), Education for Youth and Adults; and Preliminary and Continuing Qualification focused on the creation of jobs and generation of income.

Press Release**Main Information**

	1Q14	4Q13	3Q13	2Q13	1Q13	4Q12
Income Statement for the Period - R\$ million						
Book Net Income	3,443	3,079	3,064	2,949	2,919	2,881
Adjusted Net Income	3,473	3,199	3,082	2,978	2,943	2,919
Total Net Interest Income	10,962	11,264	10,729	10,587	10,706	11,111
Gross Loan Net Interest Income	7,711	7,850	7,793	7,634	7,414	7,511
Net Loan Interest Income	4,850	4,889	4,912	4,540	4,305	4,305
Provision for Loan Losses (ALL) Expenses	(2,861)	(2,961)	(2,881)	(3,094)	(3,109)	(3,211)
Fee and Commission Income	5,283	5,227	4,977	4,983	4,599	4,611
Administrative and Personnel Expenses	(6,765)	(7,313)	(6,977)	(6,769)	(6,514)	(6,811)
Insurance Written Premiums, Pension Plan Contributions and Capitalization Bond Income	11,450	14,492	11,069	13,238	10,953	13,211
Statement of Financial Position - R\$ million						
Total Assets	922,229	908,139	907,694	896,697	894,467	879,011
Securities	321,970	313,327	313,679	309,027	300,600	315,411
Loan Operations ⁽¹⁾	432,297	427,273	412,559	402,517	391,682	385,511
- Individuals	132,652	130,750	127,068	123,260	119,013	117,311
- Corporate	299,645	296,523	285,490	279,257	272,668	268,211
Allowance for Loan Losses (ALL) ⁽²⁾	(21,407)	(21,687)	(21,476)	(21,455)	(21,359)	(21,211)
Total Deposits	218,709	218,063	216,778	208,485	205,870	211,811
Technical Reserves	137,751	136,229	133,554	131,819	127,367	124,211
Shareholders' Equity	73,326	70,940	67,033	66,028	69,442	70,011
Assets under Management	1,277,670	1,260,056	1,256,220	1,233,546	1,243,170	1,225,211
Performance Indicators (%) on Adjusted Net Income (unless otherwise stated)						
Adjusted Net Income per Share - R\$ ^{(3) (4)}	3.03	2.91	2.84	2.79	2.77	2.77
Book Value per Common and Preferred Share - R\$ ⁽⁴⁾	17.48	16.90	15.97	15.72	16.54	16.54
Annualized Return on Average Equity ^{(5) (6)}	20.5	18.0	18.4	18.8	19.5	19.5
Annualized Return on Average Assets ⁽⁶⁾	1.5	1.4	1.3	1.3	1.3	1.3
Average Rate - Annualized (Adjusted Net Interest Income / Total Average Assets - Purchase and Sale Commitments - Permanent Assets)	7.2	7.3	7.1	7.2	7.3	7.3
Fixed Assets Ratio - Total Consolidated	15.0	15.2	17.5	17.3	16.5	16.5
Combined Ratio - Insurance ⁽⁷⁾	86.4	86.1	86.9	85.5	86.0	86.0
Efficiency Ratio (ER) ⁽³⁾	41.9	42.1	42.1	41.8	41.5	41.5
Coverage Ratio (Fee and Commission Income/Administrative and Personnel Expenses) ⁽³⁾	73.6	71.8	70.8	69.6	67.7	67.7
Market Capitalization - R\$ million ⁽⁸⁾	135,938	128,085	136,131	124,716	145,584	131,911
Loan Portfolio Quality % ⁽⁹⁾						
ALL / Loan Portfolio ⁽²⁾	6.5	6.7	6.9	7.0	7.2	7.2
Non-performing Loans (> 60 days) ⁽¹⁰⁾ / Loan Portfolio	4.2	4.2	4.4	4.6	4.9	5.0
Delinquency Ratio (> 90 days) ⁽¹⁰⁾ / Loan Portfolio	3.4	3.5	3.6	3.7	4.0	4.0

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Coverage Ratio (> 90 days ⁽¹⁰⁾ ⁽²⁾)	193.8	192.3	190.3	188.6	179.4	179.4
Coverage Ratio (> 60 days ⁽¹⁰⁾ ⁽²⁾)	153.7	158.9	156.8	153.5	146.0	146.0
Operating Limits %						
Capital Adequacy Ratio - Total ⁽¹¹⁾	15.7	16.6	16.4	15.4	15.6	15.6
Tier I Capital	11.9	12.3	12.7	11.6	11.0	11.0
- Common Equity	11.9	12.3	-	-	-	-
- Additional Capital	-	-	-	-	-	-
Tier II Capital	3.8	4.3	3.7	3.8	4.6	4.6

Report on Economic and Financial Analysis – March 2014

Main Information

	Mar14	Dec13	Sept13	Jun13	Mar13	Dec12	Sept12	Jun12
Structural Information - Units								
Service Points	73,320	72,736	71,724	70,829	69,528	68,917	67,225	65,370
- Branches	4,678	4,674	4,697	4,692	4,687	4,686	4,665	4,650
- PAs ⁽¹²⁾	3,484	3,586	3,760	3,795	3,786	3,781	3,774	3,243
- PAEs ⁽¹²⁾	1,186	1,180	1,421	1,454	1,457	1,456	1,456	1,476
- External Bradesco ATMs ⁽¹³⁾	2,701	3,003	3,298	3,498	3,712	3,809	3,954	3,992
- Banco24Horas Network ATMs ⁽¹³⁾	11,873	11,583	11,229	11,154	10,966	10,818	10,464	10,459
- Bradesco Expresso (Correspondent Banks)	47,430	46,851	45,614	44,819	43,598	43,053	41,713	40,476
- Bradesco Promotora de Vendas	1,955	1,846	1,692	1,404	1,309	1,301	1,186	1,061
- Branches / Subsidiaries Abroad	13	13	13	13	13	13	13	13
ATMs	48,295	48,203	47,969	47,972	48,025	47,834	47,542	47,484
- Bradesco Network	32,909	33,464	33,933	34,322	34,719	34,859	35,128	35,226
- Banco24Horas Network	15,386	14,739	14,036	13,650	13,306	12,975	12,414	12,258
Employees	99,545	100,489	101,410	101,951	102,793	103,385	104,100	104,531
Outsourced Employees and Interns	12,671	12,614	12,699	12,647	13,070	12,939	13,013	12,661
Customers - in millions								
Active Checking Account Holders ⁽¹⁴⁾ ⁽¹⁵⁾	26.6	26.4	26.4	26.2	25.8	25.7	25.6	25.6
Savings Accounts ⁽¹⁶⁾	49.0	50.9	48.3	47.7	46.6	48.6	48.3	45.2
Insurance Group	45.3	45.7	45.3	44.2	42.9	43.1	42.4	41.9
- Policyholders	39.4	39.8	39.5	38.4	37.1	37.3	36.7	36.3
- Pension Plan Participants	2.4	2.4	2.4	2.4	2.3	2.3	2.3	2.2
- Capitalization Bond Customers	3.5	3.5	3.4	3.4	3.5	3.5	3.4	3.4
Bradesco Financiamentos ⁽¹⁴⁾	3.2	3.3	3.4	3.5	3.6	3.7	3.7	3.8

(1) Expanded Loan Portfolio: includes sureties and guarantees, letters of credit, advances of credit card receivables, co-obligations in loan assignments (receivables-backed investment funds and mortgage-backed receivables), co-obligations in rural loan assignments and operations bearing credit risk – commercial portfolio, covering debentures and promissory notes;

(2) Includes provision for guarantees provided, encompassing sureties, guarantees, letters of credit, and standby letter 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 available-for-sale securities recorded under shareholders’ equity;

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

- (7) Excludes additional reserves;
- (8) Number of shares (excluding treasury shares) multiplied by the closing price for common and preferred shares on the period's last trading day;
- (9) As defined by the Brazilian Central Bank (Bacen);
- (10) Credits overdue;
- (11) Since October 2013, the Capital Adequacy Ratio calculation follows regulatory guidelines set forth in CMN Resolutions No. 4.192/13 and 4.193/13 Capital Adequacy Ratio (Basel III);
- (12) PA (Service Branch): a result from the consolidation of PAB (Banking Service Branch), PAA (Advanced Service Branch) and Exchange Branches, according to CMN Resolution No. 4,072/12; and PAE: ATM located in the premises of a company;
- (13) Including overlapping ATMs within the Bank's own network and the Banco24Horas Network: 1,393 in March 2014; 1,549 in December 2013; 1,701 in September 2013; 1,804 in June 2013; 1,914 in March 2013; 1,964 in December 2012; 2,039 in September 2012; and 2,059 in June 2012;
- (14) Number of customers (Corporate/ Individual Taxpayer ID (CNPJ/CPF));
- (15) Refers to 1st and 2nd holders of checking accounts; and
- (16) Number of accounts.

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Press Release

**Ratings
Main Ratings**

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

(1) In March 2014, Standard & Poor's lowered Bradesco's rating, in local and foreign currencies, in order to adjust the Brazilian sovereign rating notes from BBB to BBB-, the lowest investment grade level. The rating prospect was established as "stable"; that is, no additional rating lowering assessments are expected in the short term.

Book Net Income vs. Adjusted Net Income

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

	R\$ million		
	1Q14	4Q13	1Q13
Book Net Income	3,443	3,079	2,919
Non-Recurring Events	30	120	24
- Law 12865/13 - Tax Recovery Program (Refis)	-	(1,950)	-
- Recording of Tax Credits	-	(462)	-
- Technical Reserve - taxable income rate increase	-	(2,572)	-
- Rate Adjustment to Market Value - NTNs	-	6,117	-
- Impairment of Assets ⁽¹⁾	-	739	-
- Other ⁽²⁾	50	(41)	40
- Tax Effects	(20)	(1,711)	(16)
Adjusted Net Income	3,473	3,199	2,943
ROAE % ⁽³⁾	20.3	18.6	19.3
(ADJUSTED) ROAE % ⁽³⁾	20.5	19.3	19.5

(1) Refers basically to the impairment of: (i) Securities - Shares, rated as Available-for-Sale, totaling R\$ 682 million, arising from the adjustment of historical share prices to fair value; and (ii) Other Assets, totaling R\$ 57 million, arising from the expected return on assets;

(2) In 1Q14 and 1Q13, includes civil provisions; and in 4Q13, includes basically: (i) expenses with civil provisions totaling R\$ 41 million; and (ii) reversals of operating provisions, net of constitutions, totaling R\$ 82 million; and

(3) Annualized.

— Report on Economic and Financial Analysis – March 2014

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			
			Variation				Variation	
	1Q14	4Q13	1Q14 x	4Q13	1Q14	1Q13	1Q14 x	1Q13
			Amount	%			Amount	%
Net Interest Income	10,962	11,264	(302)	(2.7)	10,962	10,706	256	2.4
- Interest	10,951	10,986	(35)	(0.3)	10,951	10,509	442	4.2
- Non-interest	11	278	(267)	(96.0)	11	197	(186)	(94.4)
ALL	(2,861)	(2,961)	100	(3.4)	(2,861)	(3,109)	248	(8.0)
Gross Income from Financial Intermediation	8,101	8,303	(202)	(2.4)	8,101	7,597	504	6.6
Income from Insurance, Pension Plans and Capitalization Bonds ⁽¹⁾	1,244	1,188	56	4.7	1,244	1,155	89	7.7
Fee and Commission Income	5,283	5,227	56	1.1	5,283	4,599	684	14.9
Personnel Expenses	(3,279)	(3,465)	186	(5.4)	(3,279)	(3,059)	(220)	7.2
Other Administrative Expenses	(3,486)	(3,848)	362	(9.4)	(3,486)	(3,455)	(31)	0.9
Tax Expenses	(1,114)	(1,254)	140	(11.2)	(1,114)	(1,123)	9	(0.8)
Equity in the Earnings (Losses) of Unconsolidated Companies	52	26	26	100.0	52	3	49	-
Other Operating Income/ (Expenses)	(1,391)	(1,232)	(159)	12.9	(1,391)	(1,170)	(221)	18.9
Operating Result	5,410	4,945	465	9.4	5,410	4,547	863	19.0
Non-Operating Result	(36)	(31)	(5)	16.1	(36)	(38)	2	(5.3)
Income Tax / Social Contribution	(1,871)	(1,696)	(175)	10.3	(1,871)	(1,538)	(333)	21.7
Non-controlling Interest	(30)	(19)	(11)	57.9	(30)	(28)	(2)	7.1
Adjusted Net Income	3,473	3,199	274	8.6	3,473	2,943	530	18.0

(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 Selling Expenses.

Bradesco

Press Release

Summarized Analysis of Adjusted Income Adjusted Net Income and Profitability

Return on Adjusted Average Equity (ROAE) reached 20.5% in March 2014, the best rate over the past 7 quarters. Such performance stems from the growth of adjusted net income, which increased by 8.6% in the quarterly comparison and 18.0% compared with the same period of the previous year. The main events that impacted adjusted net income are detailed below.

Adjusted net income came to R\$ 3,473 million in the first quarter of 2014, up R\$ 274 million compared to the previous quarter, mainly due to: (i) lower administrative and personnel expenses, basically reflecting continuous control over such expenses and seasonality of the fourth quarter, in which specific expenses are typically higher; (ii) lower tax expenses over operating revenues; (iii) lower provision for loan loss expenses, resulting from reduced delinquency levels; (iv) greater income from insurance, pension plans and capitalization bonds; and partially impacted by: (v) lower net interest income, due to the lower “non-interest” earning portion; and (vi) greater operating expenses, net of other operating income.

In the comparison between the first quarter of 2014 and the same period of the previous year, the adjusted net income increased by R\$ 530 million, basically reflecting: (i) greater fee and commission income; (ii) lower provision for loan loss expenses, resulting from reduced delinquency levels; (iii) greater net interest income, reflecting the higher interest earning portion; and offset by: (iv) greater operating expenses, net of other operating income; and (v) greater administrative and personnel expenses, but still below inflation index variations within the period, as a result of the continued efforts

Total Assets came to R\$ 922,229 million in March 2014, up 3.1% over March 2013, driven by the increase in operations and greater business volume. Return on Average Assets (ROAA) came to 1.5%.

in cost reduction areas, led by our Efficiency Committee.

Shareholders' Equity stood at R\$ 73,326 million in March 2014, up 5.6% over the same period of 2013. The Capital Adequacy Ratio stood at 15.7%, 11.9% of which fell under Tier I Capital.

— Report on Economic and Financial Analysis – March 2014

Press Release**Summarized Analysis of Adjusted Income Efficiency Ratio (ER)**

The accrued ER over the last 12 months⁽¹⁾ came to 41.9% in the first quarter of 2014, up 0.2 p.p. compared to the previous quarter, mainly driven by: (i) increase in fee and commission income and interest earning portion; and (ii) rigorous control over our operating expenses, which grew below inflation rates as a result of the continued efforts to reduce costs, led by our Efficiency Committee.

The “adjusted-to-risk” ER, which reflects the risk’s impact associated to loan operations⁽²⁾, totaled 51.4%, up 0.7 p.p. and 1.2 p.p. compared to the previous quarter and the same period in 2013, respectively. This improvement was mainly influenced by the lower provision for loan loss expenses in the last 12 months, resulting from reduced delinquency levels, in addition to the aforementioned reasons.

The quarterly ER dropped from 42.5% in the fourth quarter of 2013 to 40.1% in the first quarter of 2014 (the best quarterly ER in the past 5 years), mainly due to: (i) lower administrative expenses, basically related to: (a) constant control of such expenses; and (b) the seasonal effect of the previous quarter, which mainly impacted advertising expenses; and (ii) lower personnel expenses, resulting from the higher concentration of vacation leaves in the quarter; and (iii) higher fee and commission income. In the year-over-year comparison, this index increased by 0.8 p.p., further evidencing: (i) the rigorous control over our operating expenses, despite the organic growth in the period, and salary adjustments via collective bargaining agreements, as a result of the continuous efforts to reduce costs, led by our Efficiency Committee; and (ii) higher fee and commission income and interest earning portion.

(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 Selling Expenses) and (ii) revenue net of related taxes (not considering Claims and Selling Expenses from the Insurance Group), Bradesco's ER in the last 12 months up to the first quarter of 2014 would be 45.0%; and

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

Bradesco _____

**Summarized Analysis of Adjusted Income
Net Interest Income**

In the comparison between the first quarter of 2014 and the fourth quarter of 2013, the R\$ 302 million reduction was mainly due to lower non-interest earning portion, totaling R\$ 267 million, basically related to the Insurance business.

In the year-over-year comparison, net interest income rose by R\$ 256 million, due to: (i) higher interest earning portion, totaling R\$ 442 million, arising from greater business volume, particularly in the Loan and Funding business lines; and offset by: (ii) lower non-interest earning portion, totaling R\$ 186 million, due to lower gains from the market arbitrage.

— Report on Economic and Financial Analysis – March 2014

Press Release**Summarized Analysis of Adjusted Income
Interest Earning Portion – Annualized Average Rates**

	1Q14			4Q13			R\$ million
	Interest	Average Balance	Average Rate	Interest	Average Balance	Average Rate	
Loans	7,711	335,187	9.9%	7,850	326,997	10.0%	
Funding	1,415	374,507	1.6%	1,401	352,160	1.6%	
Insurance	964	136,692	2.9%	965	136,000	2.9%	
Securities/Other	861	345,490	1.0%	770	316,691	1.0%	
Net Interest Income	10,951	-	7.1%	10,986	-	7.1%	

	1Q14			1Q13			
	Interest	Average Balance	Average Rate	Interest	Average Balance	Average Rate	
Loans	7,711	335,187	9.9%	7,414	298,495	10.3%	
Funding	1,415	374,507	1.6%	949	326,424	1.2%	
Insurance	964	136,692	2.9%	933	125,791	3.0%	
Securities/Other	861	345,490	1.0%	1,213	303,865	1.6%	
Net Interest Income	10,951	-	7.1%	10,509	-	7.2%	

The annualized rate of the interest earning portion stood at 7.1% in the first quarter of 2014, remaining stable quarter-over-quarter.

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Summarized Analysis of Adjusted Income Expanded Loan Portfolio⁽¹⁾

In March 2014, Bradesco's expanded loan portfolio totaled R\$ 432.3 billion. The 1.2% growth in the quarter reflects an increase of: (i) 1.6% in Corporations; and (ii) 1.5% in Individuals.

In the last twelve months, this portfolio increased by 10.4%: (i) 12.0% in Corporations; (ii) 11.5% in Individuals; and (iii) 6.6% in SMEs.

In the Corporate segment, the products that posted the strongest growth in the last 12 months were: (i) real estate financing – corporate plan; and (ii) foreign transactions. In the Individual segment, the main highlights were: (i) real estate financing; (ii) payroll-deductible loan.

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

For more information, see Chapter 2 of this Report.

Allowance for Loan Losses (ALL) ⁽¹⁾

Allowance for loan losses (ALL) stood at R\$ 2,861 million in the first quarter of 2014, a 3.4% decrease compared to the previous quarter, despite the 1.6% loan portfolio increase – as defined by Bacen, resulting from the reduced delinquency level in the quarter. It is important to note that such quarterly reduction becomes relevant by considering the seasonality of tax and contribution payment and related expense concentration in the beginning of the year, which tend to negatively impact our clients' payment capabilities.

In the year-over-year comparison, this expense reduced by 8.0%, despite the 10.2% increase in loan operations – as defined by Bacen, resulting from the reduced delinquency level in the last 12 months.

It is important to note that such results, both in the quarter and the period, were due to 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.

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Press Release

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

Total delinquency ratio, which is based on transactions due over 90 days, had a decrease in the quarter and in the last twelve months. This reduction was impacted mainly by: (i) a change in the portfolio mix, led by growth in “payroll-deductible loan” and “real estate financing” products; (ii) continuous improvement of loan granting models and systems; and (iii) the development of internal loan risk monitoring models. We should also emphasize the continuous reduction in the Individual indicator for this period.

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

Note: Starting January 2014, and resulting from the migration of corporate customers between different segments, we reclassified information from prior periods.

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 eventual 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 March 2014, these ratios stood at comfortable levels, reaching 153.7% and 193.8%, respectively.

The reduction in the Coverage Ratio over 60 days seen in the quarter is related to seasonal effects.

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

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Press Release**Summarized Analysis of Adjusted Income
Income from Insurance, Pension Plans and Capitalization Bonds**

Net income for the first quarter of 2014 stood at R\$ 1.040 billion (R\$ 1.001 billion in the fourth quarter of 2013), up 3.9% compared to the previous quarter, for annualized Return on Adjusted Shareholders' Equity of 26.0%.

In the comparison between the first quarter of 2014 and the same period of the previous year, Net Income increased by 11.8%.

(1) Excluding additional provisions.

	1Q14	4Q13	3Q13	2Q13	1Q13	4Q12	3Q12
Net Income	1,040	1,001	878	931	930	964	878
Insurance Written Premiums, Pension Plan Contributions and Capitalization Bond Income	11,450	14,492	11,069	13,238	10,953	13,216	10,100
Technical Reserves	137,751	136,229	133,554	131,819	127,367	124,217	117,800
Financial Assets	147,725	146,064	143,423	141,984	141,535	141,540	133,700
Claims Ratio (%)	70.1	71.1	72.7	71.1	69.6	70.5	70.1
Combined Ratio (%)	86.4	86.1	86.9	85.5	86.0	86.6	86.1
Policyholders / Participants and Customers (in thousands)	45,260	45,675	45,292	44,215	42,941	43,065	42,300
Employees (unit)	7,265	7,383	7,462	7,493	7,510	7,554	7,500
Market Share of Insurance Written Premiums, Pension Plan Contributions and Capitalization Bond Income (%) ⁽¹⁾	N/A	24.2	23.8	24.0	22.4	24.8	23.8

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

NA – Not available.

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

Press Release

Summarized Analysis of Adjusted Income

Depending on the concentration of pension plan contributions, which historically apply in the last quarter of the fiscal year, income did not reach the same performance when compared to the fourth quarter of 2013.

Net income in the first quarter of 2014 was 3.9% higher compared to the previous quarter, basically due to: (i) 1.0 p.p. reduction in claims ratio; (ii) higher equity result; and (iii) lower administrative expenses, despite the collective bargaining agreement signed in January 2014.

Production increased 4.5% when compared to the same period in the previous year, led by Health, Capitalization Bond and Auto/RE/Other products, which grew 23.3%, 22.6% and 22.0%, respectively.

Net income in the first quarter of 2014 was 11.8% higher compared to the same period in the previous year, due to: (i) 4.5% increase in revenue; (ii) improved financial and equity income; and (iii) stability of the claims ratio.

Grupo Bradesco Seguros' capital levels are in compliance with the regulatory requirements and the global standards (Solvency II), with a leverage of 2.6 times its Shareholders' Equity in the period.

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Summarized Analysis of Adjusted Income Fee and Commission Income

In the first quarter of 2014, fee and commission income came to R\$ 5,283 million, up R\$ 56 million over the previous quarter, mainly due to the excellent performance of underwriting/ financial advisory revenues in the quarter.

In the comparison between the first quarter of 2014 and the same period of the previous year, the increase of R\$ 684 million, or 14.9%, is due mainly 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 the most towards this result during this period were: (i) a good performance by the credit card segment, driven by the growth in: (a) quantity of cards, (b) revenue and (c) transactions; and (ii) improved checking account revenues, resulting from a higher business volume and an increase in the checking account holder base, which posted net growth of 760 thousand current checking account holders; (iii) higher gains from operations in the capital market (underwriting / financial advisory services); (iv) greater loan operation revenue, resulting from the greater volume of operations and sureties and guarantees in the period; and revenue gains in: (v) collection; and (vi) consortium management.

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**Summarized Analysis of Adjusted Income
Personnel Expenses**

In the first quarter of 2014, the R\$ 186 million decrease from the previous quarter is a result of variations in:

- structural expenses – reduction of R\$ 86 million, particularly due to the higher concentration of vacation leaves that typically occur in the first quarter of each year; and
 - non-structural expenses – reduction of R\$ 100 million, mostly related to lower expenses associated: (i) to the provision for labor claims; (ii) training expenses; and (iii) employee and management profit sharing expenses.
- non-structural expenses totaling R\$ 64 million, which result mainly from greater expenses with: (i) employee and management profit sharing expenses; and (ii) provision for labor claims.

In the comparison between the first quarter of 2014 and the same period of the previous year, the R\$ 220 million increase was mainly due to:

- the amount of R\$ 156 million of 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 3,792 service points in the period, mainly Bradesco Espresso points, for a total of 73,320 service points on March 31, 2014, and (ii) the increase in business and service volume in the period, the administrative expenses increased only 0.9% compared to the same period of 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 6.2% and 7.3% respectively, in the last 12 months.

In the first quarter of 2014, the 9.4% reduction in administrative expenses, compared to the previous quarter, were mainly due to lower expenses with: (i) outsourced services; (ii) data processing; and (iii) maintenance and preservation of assets, mainly impacted by the seasonality effect of increased transactions and services contracted in the fourth quarter; and (iv) advertising, due to the reinforced investments in institutional positioning and support initiatives, as well as loan product offers carried out by late 2013.

Other Operating Income and Expenses

In the first quarter of 2014, other operating expenses, net of other operating income, came to R\$ 1,391 million, up R\$ 159 million compared to the previous quarter, and up R\$ 221 million compared to the first quarter of 2013, mainly due to greater expenses with operating provisions, mainly: (i) liability contingencies; and (ii) provision for the Credit Card loyalty program.

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

Income tax and social contribution increased 10.3% in comparison with the previous quarter and 21.7% year-over-year, mainly due to the increase in taxable result.

The income tax and social contribution (IR/CS) rate stood at 34.8% in the first quarter of 2014, stabilized compared to the previous quarter.

Unrealized Gains

Unrealized gains totaled R\$ 14,978 million in the first quarter of 2014, a R\$ 1,110 million increase from the previous quarter. Such variation was mainly due to the appreciation of investments, particularly Cielo shares, which increased by 12.2% in the quarter.

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Economic Scenario

The first quarter of 2014 was marked by two key milestones in the global scenario. By February, there was still uncertainty regarding the development of top economies and increase of financial volatility within emerging markets. Such scenario improved as of March, upon the recovery of financial flows into emerging countries.

In the U.S., the surprising downturn of several economic indexes was related to the unusually adverse scenario witnessed in the past few months. More recently, after this winter, most indexes began trending towards a more favorable scenario, effectively dispersing all concerns that arose earlier in the year. In January, the Federal Reserve began reducing the rate of monetary stimuli, while also indicating a gradual recovery of its reference interest rate. In China, signs of economic downturn and news of corporate issues were under the spotlight, ultimately raising general concerns regarding a steep downturn, within a troubling scenario regarding the local financial system. However, the local government presented an expansion goal of 7.5% for this year and announced the adoption of stimuli in April, indicating that the growth rate tends towards a slight decline, free from any hard-landing scenario.

In the commodities market, temporary factors, particularly climate and geopolitical aspects, have been applying bullish pressure over prices, with relevant exceptions for Brazil, such as iron ore. Looking forward, the gradual long interest rate increase scenario in the U.S., lowered Chinese demand, and full-fledged offer expansion in some segments tend towards a bearish bias for primary goods quotes. At the same time, this scenario raises macroeconomic policy management challenges faced by emerging countries, which must now adapt to a new global capital flow funding standard.

Meanwhile, the same challenging global scenario also generates valuable opportunities, especially for countries that adopt effective economic and institutional differentiation measures. In this sense, the reinforced tax commitment and stability of anti-inflation measures in Brazil must be positively valued, since they contribute towards ensuring a higher and more sustainable economic growth in the future. Indeed, measures that stabilize macroeconomic volatility in lower levels must be perceived as valuable by society in general.

Production investments tend to play an increasingly relevant role in growth composition in upcoming years, benefited by the recent concession program in the infrastructure area, pre-salt exploration opportunities, and major sports events. At the same time, the continuous search for excellence in education constitutes another front through which the country can leverage competitiveness. It is important to note that the main long-term driver of economic development is productivity.

Bradesco maintains a positive outlook regarding Brazil, with favorable perspectives in its operating segments. Credit volume is growing at sustainable and risk-compatible rates, while individual delinquency continues to drop and corporate delinquency has already been leashed. Thanks to the intense and ongoing upward social mobility of recent years, the scenario for the banking and insurance sectors remains highly favorable.

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Press Release**Main Economic Indicators**

Main Indicators (%)	1Q14	4Q13	3Q13	2Q13	1Q13	4Q12	3Q12	2Q12
Interbank Deposit Certificate (CDI)	2.40	2.31	2.12	1.79	1.61	1.70	1.91	2.09
Ibovespa	(2.12)	(1.59)	10.29	(15.78)	(7.55)	3.00	8.87	(15.74)
USD – Commercial Rate	(3.40)	5.05	0.65	10.02	(1.45)	0.64	0.46	10.93
General Price Index - Market (IGP-M)	2.55	1.75	1.92	0.90	0.85	0.68	3.79	2.56
Extended Consumer Price Index (IPCA) – Brazilian Institute of Geography and Statistics (IBGE)	2.18	2.04	0.62	1.18	1.94	1.99	1.42	1.08
Federal Government Long-Term Interest Rate (TJLP)	1.24	1.24	1.24	1.24	1.24	1.36	1.36	1.48
Reference Interest Rate (TR)	0.19	0.16	0.03	-	-	-	0.03	0.07
Savings Account (Old Rule) ⁽¹⁾	1.70	1.67	1.54	1.51	1.51	1.51	1.53	1.58
Savings Account (New Rule) ⁽¹⁾	1.70	1.67	1.47	1.30	1.25	1.26	1.40	-
Business Days (number)	61	64	66	63	60	62	64	62
Indicators (Closing Rate)	Mar14	Dec13	Sept13	Jun13	Mar13	Dec12	Sept12	Jun12
USD – Commercial Selling Rate - (R\$)	2.2630	2.3426	2.2300	2.2156	2.0138	2.0435	2.0306	2.0213
Euro - (R\$)	3.1175	3.2265	3.0181	2.8827	2.5853	2.6954	2.6109	2.5606
Country Risk (points)	228	224	236	237	189	142	166	208
Basic Selic Rate Copom (% p.a.)	10.75	10.00	9.00	8.00	7.25	7.25	7.50	8.50
BM&F Fixed Rate (% p.a.)	11.38	10.57	10.07	9.39	7.92	7.14	7.48	7.57

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

Projections for 2016

%	2014	2015	2016
USD - Commercial Rate (year-end) - R\$	2.40	2.45	2.53
Extended Consumer Price Index (IPCA)	6.30	6.00	5.00
General Price Index - Market (IGP-M)	6.40	6.00	5.00
Selic (year-end)	11.00	12.00	10.00
Gross Domestic Product (GDP)	2.10	2.50	3.50

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Guidance

Bradesco's Outlook for 2014

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

Loan Portfolio ⁽¹⁾	10 to 14 %
Individuals	11 to 15 %
Companies	9 to 13 %
Interest Earning Portion	6 to 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.

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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)	-	-
Equity in the Earnings (Losses) of Unconsolidated 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," and 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 items "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 the item “Other Operating Income/Expenses” were reclassified to the item “Fee and Commission Income”; and Credit Card Operation Interchange Expenses classified under the item “Other Operating Income/Expenses” were reclassified to the item “Other Administrative Expenses”;

(7) Partial result of Derivatives used to hedge investments abroad, which simply annuls the tax effects (Income Tax/Social Contribution (IR/CS) and Social Integration Program/Contribution for Social Security Financing (PIS/Cofins)) of this hedge strategy in terms of Net Income;

(8) For more information see page 8 of this chapter; and

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

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

	Book Income Statement	Reclassifications					4Q13 Fis Heo (7)
		(1)	(2)	(3)	(4)	(5)	(6)
Net Interest Income	4,791	(348)	(50)	69	(871)	35	-
ALL	(3,137)	-	-	-	309	(133)	-
Gross Income from Financial Intermediation	1,654	(348)	(50)	69	(562)	(98)	-
Income from Insurance, Pension Plans and Capitalization Bonds ⁽⁹⁾	4,173	-	-	-	-	-	-
Fee and Commission Income	5,157	-	-	-	-	-	70
Personnel Expenses	(3,465)	-	-	-	-	-	-
Other Administrative Expenses	(3,931)	-	-	-	-	-	83
Tax Expenses	(1,096)	-	-	-	(16)	-	(1)
Equity in the Earnings (Losses) of Unconsolidated Companies	26	-	-	-	-	-	-
Other Operating Income/Expenses	(534)	348	50	(69)	578	18	(153)
Operating Result	1,982	-	-	-	-	(80)	-
Non-Operating Result	(156)	-	-	-	-	80	-
Income Tax / Social Contribution and Non-controlling Interest	1,253	-	-	-	-	-	(8)
Net Income	3,079	-	-	-	-	-	-

(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," and 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 items "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” / “Net Interest Income”;

(6) Income from Card Fees and Commissions, Insurance Premium Commissions and Insurance Policy Fees classified under the item “Other Operating Income/Expenses” were reclassified to the item “Fee and Commission Income”; and Credit Card Operation Interchange Expenses classified under the item “Other Operating Income/Expenses” were reclassified to the item “Other Administrative Expenses”;

(7) Partial result of Derivatives used to hedge investments abroad, which simply annuls the tax effects (Income Tax/Social Contribution (IR/CS) and Social Integration Program/Contribution for Social Security Financing (PIS/Cofins)) of this hedge strategy in terms of Net Income;

(8) For more information see page 8 of this chapter; and

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

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

	Book Income Statement	Reclassifications						1Q13 Fiscal Hedge (7)
		(1)	(2)	(3)	(4)	(5)	(6)	
Net Interest Income	11,928(299)	16(41)	(644)	-	-	-	-	(254)
ALL	(3,475)	-	-	-	410(44)	-	-	
Gross Income from Financial Intermediation	8,453(299)	16(41)	(234)	(44)	-	-	-	(254)
Income from Insurance, Pension Plans and Capitalization Bonds ⁽⁹⁾	1,155	-	-	-	-	-	-	
Fee and Commission Income	4,508	-	-	-	-	-	91	
Personnel Expenses	(3,059)	-	-	-	-	-	-	
Other Administrative Expenses	(3,368)	-	-	-	-	-	(87)	
Tax Expenses	(1,140)	-	-	-	(11)	-	-	2
Equity in the Earnings (Losses) of Unconsolidated Companies	3	-	-	-	-	-	-	
Other Operating Income/Expenses	(1,799)	299(16)	41	245	24	(4)	-	
Operating Result	4,753	-	-	-	-(20)	-	-	(226)
Non-Operating Result	(58)	-	-	-	-	20	-	
Income Tax / Social Contribution and Non-controlling Interest	(1,776)	-	-	-	-	-	-	22
Net Income	2,919	-	-	-	-	-	-	

(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," and Tax Expenses, classified as "Other Operating Expenses," were reclassified under the item "Tax Expenses";

(5) Losses/Gains from the Sale of Foreclosed Assets/Investments classified under the item “Non-Operating Result” were reclassified to items “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 the item “Other Operating Income/Expenses” were reclassified to the item “Fee and Commission Income”; and Credit Card Operation Interchange Expenses classified under the item “Other Operating Income/Expenses” were reclassified to the item “Other Administrative Expenses”;

(7) Partial result of Derivatives used to hedge investments abroad, which simply annuls the tax effects (Income Tax/Social Contribution (IR/CS) and Social Integration Program/Contribution for Social Security Financing (PIS/Cofins)) of this hedge strategy in terms of Net Income;

(8) For more information see page 8 of this chapter; and

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

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

	Mar14	Dec13	Sept13	Jun13	Mar13	Dec12
Assets						
Current and Long-Term Assets	906,760	892,495	892,363	881,121	879,192	864,200
Cash and Cash Equivalents	12,110	12,196	16,427	16,180	11,347	12,000
Interbank Investments	127,014	135,456	144,967	147,485	171,333	151,800
Securities and Derivative Financial Instruments	321,970	313,327	313,679	309,027	300,600	315,400
Interbank and Interdepartmental Accounts	61,740	56,995	52,121	52,150	52,769	49,700
Loan and Leasing Operations	301,914	296,629	286,899	281,982	276,022	267,900
Allowance for Loan Losses (ALL) ⁽¹⁾	(21,051)	(21,349)	(21,476)	(21,455)	(21,359)	(21,200)
Other Receivables and Assets	103,063	99,241	99,746	95,752	88,480	88,400
Permanent Assets	15,469	15,644	15,331	15,576	15,275	14,800
Investments	1,871	1,830	1,910	1,920	1,867	1,800
Premises and Leased Assets	4,597	4,668	4,392	4,464	4,550	4,600
Intangible Assets	9,001	9,146	9,029	9,192	8,858	8,200
Total	922,229	908,139	907,694	896,697	894,467	879,000
Liabilities						
Current and Long-Term Liabilities	847,794	835,917	839,393	829,426	823,788	807,700
Deposits	218,709	218,063	216,778	208,485	205,870	211,800
Federal Funds Purchased and Securities Sold under Agreements to Repurchase	250,716	256,279	258,580	266,825	281,045	255,500
Funds from Issuance of Securities	64,511	57,654	55,427	53,821	47,832	51,300
Interbank and Interdepartmental Accounts	5,343	6,864	4,806	3,793	3,815	5,600
Borrowing and Onlending	56,724	56,095	51,307	49,121	46,209	44,700
Derivative Financial Instruments	3,894	1,808	3,238	3,141	2,590	4,000
Reserves for Insurance, Pension Plans and Capitalization Bonds	137,751	136,229	133,554	131,819	127,367	124,200
Other Liabilities	110,146	102,925	115,703	112,421	109,060	110,900
Deferred Income	560	677	676	661	632	600
Non-controlling Interest in Subsidiaries	549	605	592	582	605	500
Shareholders' Equity	73,326	70,940	67,033	66,028	69,442	70,000
Total	922,229	908,139	907,694	896,697	894,467	879,000

(1) Including the allowance for guarantees provided, the allowance for loan losses totals R\$ 21,407 million.

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Economic and Financial Analysis

Consolidated Statement of Financial Position and Adjusted Income Statement

Adjusted Income Statement

	1Q14	4Q13	3Q13	2Q13	1Q13	4Q12	3Q12
Net Interest Income	10,962	11,264	10,729	10,587	10,706	11,109	10,955
- Interest	10,951	10,986	10,622	10,569	10,509	10,678	10,603
- Non-interest	11	278	107	18	197	431	352
ALL	(2,861)	(2,961)	(2,881)	(3,094)	(3,109)	(3,210)	(3,303)
Gross Income from Financial Intermediation	8,101	8,303	7,848	7,493	7,597	7,899	7,652
Income from Insurance, Pension Plans and Capitalization Bonds ⁽¹⁾	1,244	1,188	1,100	1,028	1,155	955	1,029
Fee and Commission Income	5,283	5,227	4,977	4,983	4,599	4,675	4,438
Personnel Expenses	(3,279)	(3,465)	(3,346)	(3,191)	(3,059)	(3,142)	(3,119)
Other Administrative Expenses	(3,486)	(3,848)	(3,631)	(3,578)	(3,455)	(3,755)	(3,565)
Tax Expenses	(1,114)	(1,254)	(987)	(1,017)	(1,123)	(1,098)	(1,038)
Equity in the Earnings (Losses) of Unconsolidated Companies	52	26	2	12	3	45	45
Other Operating Income/ (Expenses)	(1,391)	(1,232)	(1,194)	(1,147)	(1,170)	(1,130)	(1,054)
Operating Result	5,410	4,945	4,769	4,583	4,547	4,449	4,388
Non-Operating Result	(36)	(31)	(27)	(24)	(38)	(29)	(20)
Income Tax and Social Contribution	(1,871)	(1,696)	(1,638)	(1,553)	(1,538)	(1,488)	(1,455)
Non-controlling Interest	(30)	(19)	(22)	(28)	(28)	(14)	(20)
Adjusted Net Income	3,473	3,199	3,082	2,978	2,943	2,918	2,893

(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 Selling Expenses.

Interest and Non-Interest Earning Portion

Net Interest Income Breakdown

Economic and Financial Analysis**Interest and Non-Interest Earning Portion****Average Net Interest Income Rate**

	Net Interest Income				R\$ million
	1Q14	4Q13	1Q13	Variation Quarter	12M
Interest - due to volume				350	1,206
Interest - due to spread				(385)	(764)
- Interest Earning Portion	10,951	10,986	10,509	(35)	442
- Non-Interest Earning Portion	11	278	197	(267)	(186)
Net Interest Income	10,962	11,264	10,706	(302)	256
Average Margin Rate ⁽¹⁾	7.2%	7.3%	7.3%		

(1) Average Net Interest Income Rate = (Net Interest Income / Average Assets – Purchase and Sale Commitments – Permanent Assets) Annualized

In the comparison between the first quarter of 2014 and the previous quarter, the R\$ 302 million reduction was mainly due to: (i) lower non-interest earning portion, totaling R\$ 267 million, basically related to the Insurance business; and (ii) lower interest earning portion, totaling R\$ 35 million.

In the year-over-year comparison, net interest income rose by R\$ 256 million, due to: (i) higher interest earning portion, totaling R\$ 442 million, arising from greater business volume, particularly in the Loan and Funding business lines; and offset by: (ii) lower non-interest earning portion, totaling R\$ 186 million, due to lower gains from the market arbitrage.

Interest Earning Portion**Interest Earning Portion Breakdown**

R\$ million

Interest Earning Portion Breakdown

	1Q14	4Q13	1Q13	Variation Quarter	12M
Loans	7,711	7,850	7,414	(139)	297
Funding	1,415	1,401	949	14	466
Insurance	964	965	933	(1)	31
Securities/Other	861	770	1,213	91	(352)
Interest Earning Portion	10,951	10,986	10,509	(35)	442

The interest earning portion stood at R\$ 10,951 million in the first quarter of 2014, against R\$ 10,986 million recorded in the fourth quarter of 2013, down R\$ 35 million. The most affected business lines were (i) Loans, duly detailed in the Loan Net Interest Income – Interest items, down R\$ 139 million, and offset by (ii) Securities/Other, up R\$ 91 million.

In the year-over-year comparison, the interest earning portion increased by R\$ 442 million. The business lines that most contributed to this increase were Funding and Loans.

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Economic and Financial Analysis**Interest Earning Portion****Interest Earning Portion – Rates**

The annualized rate of the interest earning portion stood at 7.1% in the first quarter of 2014, remaining stable quarter-over-quarter.

Interest Earning Portion – Annualized Average Rates

	R\$ million					
	Interest	1Q14 Average Balance	Average Rate	Interest	4Q13 Average Balance	Average Rate
Loans	7,711	335,187	9.9%	7,850	326,997	10.0%
Funding	1,415	374,507	1.6%	1,401	352,160	1.6%
Insurance	964	136,692	2.9%	965	136,000	2.9%
Securities/Other	861	345,490	1.0%	770	316,691	1.0%
Interest Earning Portion	10,951	-	7.1%	10,986	-	7.1%

	Interest	1Q14 Average Balance	Average Rate	Interest	1Q13 Average Balance	Average Rate
Loans	7,711	335,187	9.9%	7,414	298,495	10.3%
Funding	1,415	374,507	1.6%	949	326,424	1.2%
Insurance	964	136,692	2.9%	933	125,791	3.0%
Securities/Other	861	345,490	1.0%	1,213	303,865	1.6%
Interest Earning Portion	10,951	-	7.1%	10,509	-	7.2%

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Economic and Financial Analysis**Loan Interest Earning Portion****Loan Net Interest Income - Breakdown**

	R\$ million				
	Net Interest Income - Loan				
	1Q14	4Q13	1Q13	Variation Quarter	12M
Interest - due to volume				188	844
Interest - due to spread				(327)	(547)
Interest Earning Portion	7,711	7,850	7,414	(139)	297
Income	13,663	14,243	12,462	(580)	1,201
Expenses	(5,952)	(6,393)	(5,048)	441	(904)

In the first quarter of 2014, net interest income from loan operations reached R\$ 7,711 million, down R\$ 139 million over the fourth quarter of 2013. The variation is the result of: (i) the R\$ 327 million decrease in the average spread; and offset by: (ii) the R\$ 188 million increase in average business volume.

In the year-over-year comparison, the net interest income increased by R\$ 297 million. The variation is the result of: (i) an R\$ 844 million increase in the volume of operations; and partially offset by: (ii) the decrease in the average spread, amounting to R\$ 547 million, mainly affected by the drop in interest rates used and the change in loan portfolio mix.

Loan Interest Earning Portion

Loan Net Interest Income - Net Margin

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

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

The net margin curve, which refers to loan interest income net of ALL, was down 0.8% in the first quarter of 2014, compared to the previous quarter. In the year-over-year comparison, net margin was up 12.7% mainly due to: (i) increase in business volume; and (ii) reduction in delinquency costs.

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Economic and Financial Analysis**Loan Interest Earning Portion****Expanded Loan Portfolio⁽¹⁾**

In March 2014, the expanded loan portfolio stood at R\$ 432.3 billion, up 1.2% in the quarter and 10.4% over the last 12 months.

The quarterly results were mainly led by an increase of 1.6% for Corporations and 1.5% for Individuals and, over the last 12 months, an increase of 12.0% for Corporations and 11.5% for Individuals.

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

For further information, refer to page 42 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 %	
	Mar14	Dec13	Mar13	Quarter	12M
CDC / Vehicle Leasing	26,030	27,251	30,112	(4.5)	(13.6)

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Payroll-deductible Loan	28,100	26,786	22,448	4.9	25.2
Credit Card	23,290	23,915	20,263	(2.6)	14.9
Personal Loans	16,602	16,476	15,408	0.8	7.7
Real Estate Financing	14,521	13,602	10,642	6.8	36.5
Rural Loans	8,813	8,393	6,806	5.0	29.5
BNDES/Finame Onlending	7,014	6,803	6,187	3.1	13.4
Overdraft Facilities	3,792	3,313	3,424	14.5	10.7
Sureties and Guarantees	282	187	362	50.9	(22.0)
Other	4,208	4,025	3,360	4.6	25.2
Total	132,652	130,750	119,013	1.5	11.5

Note: Starting January 2014, and resulting from the migration of corporate customers between different segments, we reclassified information from prior periods.

Individual segment operations grew by 1.5% in the quarter and 11.5% over the last 12 months. The lines that most contributed to this increase, both in the quarter and over the last 12 months, were: (i) real estate financing; and (ii) payroll-deductible loan.

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Economic and Financial Analysis**Loan Interest Earning Portion**

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

Corporate	R\$ million			Variation %	
	Mar14	Dec13	Mar13	Quarter	12M
Working Capital	43,304	45,599	44,992	(5.0)	(3.8)
BNDES/Finame Onlending	33,771	33,740	31,639	0.1	6.7
Operations Abroad	31,778	32,003	24,542	(0.7)	29.5
Real Estate Financing - Corporate Plan	20,900	15,870	13,305	31.7	57.1
Export Financing	15,814	15,366	14,841	2.9	6.6
Credit Card	13,053	13,325	13,558	(2.0)	(3.7)
CDC / Leasing	12,840	13,009	13,116	(1.3)	(2.1)
Overdraft Account	11,060	10,410	10,558	6.2	4.8
Rural Loans	6,054	5,258	4,842	15.1	25.0
Sureties and Guarantees	67,235	67,399	59,366	(0.2)	13.3
Operations bearing Loan Risk - Commercial Portfolio ⁽¹⁾	33,342	33,104	30,833	0.7	8.1
Other	10,495	11,440	11,076	(8.3)	(5.2)
Total	299,645	296,523	272,668	1.1	9.9

(1) Including debenture and promissory note operations.

Note: Starting January 2014, and resulting from the migration of corporate customers between different segments, we reclassified information from prior periods.

Corporate segment operations grew by 1.1% in the quarter and 9.9% in the last 12 months. The highlights of the quarter were the following lines: (i) real estate financing – corporate plan; and (ii) guaranteed account. In the last 12 months, the lines that most contributed to the growth were: (i) real estate financing – corporate plan; and (ii) foreign transactions.

Expanded Loan Portfolio – Consumer Financing^(j)

The graph below shows the types of credit related to consumer financing of individual customers, which stood at R\$ 94.3 billion in March 2014, down 0.4% over the quarter and up 6.4% over the last 12 months.

The following types of credit are highlighted for March 2014: (i) personal loans, including payroll-deductible loans, totaling R\$ 44.7 billion; and (ii) Vehicle CDC/leasing, totaling R\$ 26.0 billion, which together totaled R\$ 70.7 billion, accounting for 75.0% of the consumer financing balance.

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

Economic and Financial Analysis**Loan Interest Earning Portion****Breakdown of the Vehicle Portfolio**

	R\$ million			Variation %	
	Mar14	Dec13	Mar13	Quarter	12M
CDC Portfolio	33,596	34,541	35,943	(2.7)	(6.5)
Individuals	25,487	26,557	28,662	(4.0)	(11.1)
Corporate	8,109	7,984	7,281	1.6	11.4
Leasing Portfolio	2,358	2,708	4,078	(12.9)	(42.2)
Individuals	543	693	1,450	(21.6)	(62.6)
Corporate	1,815	2,015	2,628	(9.9)	(30.9)
Finame Portfolio	11,404	11,243	10,690	1.4	6.7
Individuals	757	794	888	(4.7)	(14.8)
Corporate	10,647	10,449	9,802	1.9	8.6
Total	47,358	48,492	50,711	(2.3)	(6.6)
Individuals	26,787	28,044	31,000	(4.5)	(13.6)
Corporate	20,571	20,448	19,711	0.6	4.4

Vehicle financing operations (individual and corporate customers) totaled R\$ 47.4 billion in March 2014, presenting a decrease in quarter-over-quarter and year-over-year comparisons. Of the total vehicle portfolio, 70.9% corresponds to CDC, 24.1% to Finame, and 5.0% to Leasing. Individuals represented 56.6% of the portfolio, while corporate customers accounted for the remaining 43.4%.

Expanded Loan Portfolio Concentration - by Sector

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

Activity Sector	R\$ million					
	Mar14	%	Dec13	%	Mar13	%
Public Sector	7,052	1.6	3,266	0.8	619	0.2
Private Sector	425,245	98.4	424,007	99.2	391,063	99.8

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Corporate	292,593	67.7	293,257	68.6	272,050	69.5
Industry	88,796	20.5	89,857	21.0	88,745	22.7
Commerce	58,692	13.6	59,032	13.8	57,928	14.8
Financial Intermediaries	9,670	2.2	8,890	2.1	7,483	1.9
Services	131,303	30.4	130,829	30.6	113,991	29.1
Agriculture, Cattle Raising, Fishing, Forestry and Forest Exploration	4,131	1.0	4,649	1.1	3,903	1.0
Individuals	132,652	30.7	130,750	30.6	119,013	30.4
Total	432,297	100.0	427,273	100.0	391,682	100.0

Note: Starting January 2014, and resulting from the migration of corporate customers between different segments, we reclassified information from prior periods.

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Economic and Financial Analysis

Loan Financial Margin - Interest

Changes in the Expanded Loan Portfolio

Of the R\$ 40.6 billion growth in the expanded loan portfolio over the last 12 months, new borrowers accounted for R\$ 31.3 billion, or 77.0%, representing 7.2% of the portfolio in March 2014.

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

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

The chart below shows that the great majority of new borrowers, as well as that of remaining debtors from March 2013 (customers that remained in the loan portfolio for at least 12 months) were classified under AA-C ratings, 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 March 2013 and 2014

Rating	Total Loan as at March 2014		New Customers from April 2013 and March 2014		Remaining Debtors as at March 2013	
	R\$ million	%	R\$ million	%	R\$ million	%
AA - C	406,134	93.9	29,478	94.3	376,656	93.9
D	7,249	1.7	308	1.0	6,941	1.7
E - H	18,914	4.4	1,479	4.7	17,435	4.4
Total	432,297	100.0	31,265	100.0	401,032	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 %	
	Mar14	Dec13	Mar13	Quarter	12M
Corporations	186,865	183,846	166,905	1.6	12.0
SMEs	112,780	112,677	105,764	0.1	6.6
Individuals	132,652	130,750	119,013	1.5	11.5
Total Loan Operations	432,297	427,273	391,682	1.2	10.4

Note: Starting January 2014, and resulting from the migration of corporate customers between different segments, we reclassified information from prior periods.

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

AA-C rated loans remained stable in the quarter and increased over the last 12 months.

Customer Profile	By Rating								
	Mar14			Dec13			Mar13		
	AA-C	D	E-H	AA-C	D	E-H	AA-C	D	E-H
Corporations	98.0	0.9	1.1	98.0	0.8	1.2	98.6	0.9	0.4
SMEs	90.6	2.9	6.4	90.5	3.1	6.3	90.4	3.5	6.2
Individuals	91.1	1.7	7.2	90.9	1.6	7.5	89.2	2.2	8.6
Total	93.9	1.7	4.4	93.9	1.7	4.4	93.5	2.0	4.5

Note: Starting January 2014, and resulting from the migration of corporate customers between different segments, we reclassified information from prior periods.

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Economic and Financial Analysis**Loan Financial Margin - Interest****Expanded Loan Portfolio - By Business Segment**

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

Business Segments	R\$ million						Variation %	
	Mar14	%	Dec13	%	Mar13	%	Quarter	12M
Retail	120,032	27.8	118,314	27.7	107,033	27.3	1.5	12.1
Corporate	189,040	43.7	186,447	43.6	171,729	43.8	1.4	10.1
Middle Market	48,333	11.2	47,751	11.2	43,410	11.1	1.2	11.3
Prime	19,641	4.5	18,999	4.4	16,170	4.1	3.4	21.5
Other / Non-account Holders ⁽¹⁾	55,251	12.8	55,763	13.1	53,340	13.7	(0.9)	3.6
Total	432,297	100.0	427,273	100.0	391,682	100.0	1.2	10.4

Note: Starting January 2014, and resulting from the migration of corporate customers between different segments, we reclassified information from prior periods.

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

Expanded Loan Portfolio - By Currency

The balance of foreign currency-indexed and/or denominated loan and onlending operations (excluding ACCs - Advances on Foreign Exchange Contracts) totaled US\$ 16.2 billion in March 2014 (US\$ 16.0 billion in December 2013 and US\$ 14.9 billion in March 2013), up 1.3% in the quarter and 8.7% over the last 12 months, in U.S. Dollars. In Brazilian Reais, such operations totaled R\$ 36.7 billion in March 2014 (R\$ 37.4 billion in December 2013 and R\$ 29.9 billion in March 2013), down 1.9% in the quarter and up 22.7% over the last 12

In March 2014, total loan operations in Reais stood at R\$ 395.6 billion (R\$ 389.8 billion in December 2013 and R\$ 361.7 billion in March 2013), up 1.5% in the quarter and 9.4% in the last 12 months.

months.

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

The level of credit concentration among the largest debtors was slightly higher when compared to the previous quarter, remaining stable year-over-year. The portfolio quality of the 100 largest borrowers presented a slight decrease over the quarter, based on the AA-A rating valuation.

Loan Portfolio⁽¹⁾ – By Type

All operations bearing credit risk stood at R\$ 457.5 billion, up 1.6% in the quarter and 10.7% in the last 12 months.

	R\$ million			Variation %	
	Mar14	Dec13	Mar13	Quarter	12M
Loans and Discounted Securities Financing	157,271	156,884	144,724	0.2	8.7
Rural and Agribusiness Financing	21,474	20,000	17,238	7.4	24.6
Leasing Operations	5,271	5,713	7,280	(7.7)	(27.6)
Advances on Exchange Contracts	6,459	5,765	6,023	12.0	7.2
Other Loans	19,884	20,667	15,838	(3.8)	25.5
Subtotal Loan Operations ⁽²⁾	328,257	323,061	297,883	1.6	10.2
Sureties and Guarantees Granted (Memorandum Accounts)	67,518	67,586	59,728	(0.1)	13.0
Operations bearing Credit Risk - Commercial Portfolio ⁽³⁾	33,342	33,104	30,833	0.7	8.1
Letters of Credit (Memorandum Accounts)	445	795	1,401	(44.0)	(68.2)
Advances from Credit Card Receivables	1,100	1,011	1,206	8.7	(8.8)
Co-obligation in Loan Assignment FIDC/CRI (Memorandum Accounts)	1,525	1,607	512	(5.1)	197.8
Co-obligation in Rural Loan Assignment (Memorandum Accounts)	111	108	119	2.7	(6.7)
Subtotal of Operations bearing Credit Risk - Expanded Portfolio	432,297	427,273	391,682	1.2	10.4
Other Operations Bearing Credit Risk ⁽⁴⁾	25,230	22,915	21,590	10.1	16.9
Total Operations bearing Credit Risk	457,527	450,189	413,273	1.6	10.7

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

(2) As defined by Bacen;

(3) Including debenture and promissory note operations; and

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

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Loan Financial Margin – Interest

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

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

The maturities of performing loans were longer on March 2014, mainly due to BNDES onlending, real estate financing, and payroll-deductible loans. Note that, due to their guarantees and characteristics, these operations, in addition to being exposed to lower risk, provide favorable conditions to gain customer loyalty.

(1) As defined by Bacen; and

(2) Only performing loans.

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Economic and Financial Analysis

Loan Financial Margin – Interest

Loan Portfolio⁽¹⁾ - Delinquency over 90 days

Total delinquency ratio, which is based on transactions due over 90 days, had a decrease in the quarter and in the last twelve months. This reduction was impacted mainly by: (i) a change in the portfolio mix, led by growth in “payroll-deductible loan” and “real estate financing” products; (ii) continuous improvement of loan granting models and systems; and (iii) the development of internal loan risk monitoring models. We should also emphasize the continuous reduction in the Individual indicator for this period.

Note: Starting January 2014, and resulting from the migration of corporate customers between different segments, we reclassified information from prior periods.

The increase in the 61-to-90 day delinquency ratio in the quarter was partially due to the seasonal effect of clients in the retail segment (Individual and Corporate), as well as the addition of specific cases of clients in the Corporate and Middle Market segments.

(1) As defined by Bacen.

Economic and Financial Analysis

Loan Financial Margin – Interest

Allowance for Loan Losses (ALL) x Delinquency x 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° 2.682/99, there is excess ALL to support eventual stress scenarios, as well as other operations/commitments bearing credit risks.

ALL totaled R\$ 21.4 billion in March 2014, representing 6.5% of the total loan portfolio, comprising: (i) general reserves (customer and/or operation rating); (ii) specific reserves (non-performing loans); and (iii) excess reserves (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 letter of credit, which comprises the concept of “excess” ALL.

Bradesco

Economic and Financial Analysis

Loan Financial Margin – Interest

It is worth mentioning the assertiveness of adopted provisioning criteria, which is proven by: (i) analyzing historical data on recorded allowances for loan losses; and (ii) effective losses in the subsequent twelve-month period. Analysis in terms of loss, net of recovery, shows a significant increase in the coverage margin; that is, for an existing provision of 7.2% of the portfolio⁽¹⁾ in March 2013, the net loss in the subsequent twelve-month period was 3.3%, meaning that the existing provision exceeded over 117% the loss in the subsequent 12 months.

In March 2013, for an existing provision of 7.2% of the portfolio⁽¹⁾, the gross loss in the subsequent twelve-month period was 4.6%, meaning that the existing provision exceeded over 57% the loss in the subsequent 12 months, 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 letter of credit, which comprises the concept of “excess” ALL.

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Economic and Financial Analysis

Loan Financial Margin – Interest

Allowance for Loan Losses⁽¹⁾

The Non-Performing Loan ratio (operations overdue for over 60 days) posted an increase in March 2014, compared to the same period of the previous year, and remained stable 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 letter 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 an accrual basis.

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

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

	R\$ million (except %)		
	Mar14	Dec13	Mar13
Total Loan Operations ⁽¹⁾	328,257	323,061	297,883
- Individuals	131,553	129,680	118,263
- Corporate	196,704	193,381	179,620
Total Provision ⁽²⁾	21,407	21,687	21,359
- Specific	10,778	10,851	11,268
- Generic	6,621	6,800	6,080
- Excess ⁽²⁾	4,008	4,036	4,010
Specific Provision / Total Provision ⁽²⁾ (%)	50.3	50.0	52.8
Total Provision ⁽²⁾ / Loan Operations (%)	6.5	6.7	7.2
AA - C Rated Loan Operations / Loan Operations (%)	92.2	92.1	91.6
D Rated Operations under Risk Management / Loan Operations (%)	2.1	2.1	2.6
E- H Rated Loan Operations / Loan Operations (%)	5.7	5.8	5.9
D Rated Loan Operations	7,013	6,668	7,608
Provision for D-rated Operations	1,910	1,821	2,079
D Rated Provision / Loan Operations (%)	27.2	27.3	27.3
D - H Rated Non-Performing Loans	16,293	15,617	16,616
Total Provision ⁽²⁾ / D-to-H-rated Non-performing Loans (%)	131.4	138.9	128.5
E- H Rated Loan Operations	18,714	18,691	17,456
Provision for E-to-H-rated Loan Operations	15,560	15,796	15,305
E- H Rated Provision / Loan Operations (%)	83.1	84.5	87.7
E- H Rated Non-Performing Loans	12,987	12,884	13,436
Total Provision ⁽²⁾ / E-to-H-rated Non-performing Loans (%)	164.8	168.3	159.0
Non-performing Loans ⁽³⁾	13,928	13,651	14,628
Non-performing Loans ⁽³⁾ / Loan Operations (%)	4.2	4.2	4.9
Coverage Ratio - Total Provision ⁽²⁾ / Non Performing Loans ⁽³⁾ (%)	153.7	158.9	146.0
Loan Operations Overdue for over 90 days	11,048	11,275	11,904
	3.4	3.5	4.0

Loan Operations Overdue for over 90 days / Loan Operations (%)			
Coverage Ratio - Total Provision ⁽²⁾ / Operations Overdue for over 90 days (%)	193.8	192.3	179.4

(1) As defined by Bacen;

(2) Includes provision for guarantees provided, encompassing sureties, guarantees, letters of credit, and standby letter 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 an accrual basis.

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Economic and Financial Analysis**Funding Interest Earning Portion****Funding Net Interest Income - Breakdown**

	R\$ million				
	Net Interest Income - Funding				
	1Q14	4Q13	1Q13	Variation Quarter	12M
Interest - due to volume				84	182
Interest - due to spread				(70)	284
Interest Earning Portion	1,415	1,401	949	14	466

Quarter-over-quarter, the Funding interest earning portion increased 1.0%, or R\$ 14 million, in the first quarter of 2014. The variation occurred due to: (i) R\$ 84 million increase in the volume of operations; and offset by: (ii) R\$ 70 million decrease in the average spread.

In the year-over-year comparison, the Funding interest earning portion improved by 49.1% or R\$ 466 million. The variation was mainly driven by: (i) R\$ 284 million increase in the average spread; and (ii) R\$ 182 million increase in the volume of operations.

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Economic and Financial Analysis**Funding Interest Earning Portion****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.

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 extensive diversity of products offered; and (iii) the market's confidence in the Bradesco brand.

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

Funding vs. Investments	R\$ million			Variation %	
	Mar14	Dec13	Mar13	Quarter	12M
Demand Deposits + Sundry Floating	42,411	41,433	38,967	2.4	8.8
Savings Deposits	82,098	80,718	70,163	1.7	17.0
Time Deposits + Debentures ⁽¹⁾	161,210	160,153	157,708	0.7	2.2
Funds from Financial Bills ⁽²⁾	54,115	46,179	34,613	17.2	56.3
Customer Funds	339,834	328,483	301,451	3.5	12.7
(-) Reserve Requirements	(58,919)	(55,381)	(50,265)	6.4	17.2
(-) Available Funds	(7,250)	(9,232)	(8,142)	(21.5)	(11.0)
Customer Funds Net of Reserve Requirements	273,665	263,870	243,044	3.7	12.6
Onlending	41,057	40,864	38,078	0.5	7.8
Securities Abroad	10,395	11,475	13,220	(9.4)	(21.4)
Borrowing	15,667	15,231	8,132	2.9	92.7
Other (Subordinated Debt + Other Borrowers - Cards)	51,046	52,667	48,791	(3.1)	4.6
Total Funding (A)	391,830	384,106	351,265	2.0	11.5

Expanded Loan Portfolio (Excluding Sureties and Guarantees) (B)	364,779	359,686	331,954	1.4	9.9
B/A (%)	93.1	93.6	94.5	(0.5) p.p.	(1.4) p.p.

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

Main Funding Sources

The following table presents changes in main funding sources:

	R\$ million			Variation %	
	Mar14	Dec13	Mar13	Quarter	12M
Demand Deposits	38,569	40,618	35,714	(5.0)	8.0
Savings Deposits	82,098	80,718	70,163	1.7	17.0
Time Deposits	97,387	95,763	99,505	1.7	(2.1)
Debentures ⁽¹⁾	63,823	64,390	58,203	(0.9)	9.7
Borrowing and Onlending	56,724	56,095	46,209	1.1	22.8
Funds from Issuance of Securities ⁽²⁾	64,511	57,654	47,833	11.9	34.9
Subordinated Debts	35,840	35,885	35,057	(0.1)	2.2
Total	438,952	431,123	392,684	1.8	11.8

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

(2) Including: Financial Bills, on March 31, 2014, amounting to R\$ 41,688 million (R\$ 35,208 million on December 31, 2013 and R\$ 25,417 million on March 31, 2013).

Demand deposits

The R\$ 2,049 million or 5.0% decrease in the first quarter of 2014, compared to the previous quarter, was mainly driven by: (i) the use of such funds by our clients to pay expenses of the beginning of the year (e.g. IPVA and IPTU taxes); and (ii) seasonality of the fourth quarter, which increased the volume of funds due to Christmas bonus payments.

In the comparison between the first quarter of 2014 and the same period of the previous year, the R\$ 2,855 million or 8.0% increase was driven mainly by the improved funding and increased account holder base.

Savings deposits

Savings deposits increased 1.7% in the quarter-over-quarter comparison and 17.0% compared to the same period in the previous year, 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 is always increasing its savings accounts base, posting net growth of 2.4 million new savings accounts over the last 12 months.

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Economic and Financial Analysis

Funding Interest Earning Portion

Time Deposits

In the first quarter of 2014, time deposits totaled R\$ 97,387 million, presenting a slight increase of 1.7% quarter-over-quarter and decreasing by 2.1% on the same period of the previous year.

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

Debentures

On March 31, 2014, Bradesco's debentures amounted to R\$ 63,823 million, a 0.9% decrease in the quarter-over-quarter comparison and a 9.7% 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 purchase and sale commitments that are, in turn, impacted by the levels of economic activity.

Borrowing and Onlending

The R\$ 629 million increase in the quarter-over-quarter comparison was mainly driven by: (i) a R\$ 426 million increase in foreign-currency-denominated and/or indexed borrowing and onlending, basically reflecting the

by: (a) exchange gain of 12.4% in the period; and (b) increase in the volume of funds raised; and (ii) R\$ 2,903 million increase in volume of funds raised through borrowing and onlending in Brazil, led by Finame operations.

increased funding volume; and (ii) a R\$ 203 million increase in volume of funds raised through borrowing and onlending in Brazil, led by Finame operations.

In the comparison between the first quarter of 2014 and the same period of the previous year, the borrowing and onlending balance increased by R\$ 10,515 million, mainly due to: (i) R\$ 7,612 million increase in foreign-currency-denominated and/or indexed borrowing and onlending, from R\$ 8,214 million in March 2013 to R\$ 15,826 million in March 2014, mainly driven

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Funding Interest Earning Portion**Funds for the Issuance of Securities**

Funds from issuance of securities totaled R\$ 64,511 million, up 11.9% or R\$ 6,857 million in the quarter, mainly due to: (i) increased inventory of Financial Bills, whose balance increased R\$ 6,480 million; and (ii) higher volume of Mortgage Bonds, in the amount of R\$ 1,028 million.

In the comparison between the first quarter of 2014 and the same period of the previous year, the R\$ 16,678 million increase was mainly driven by: (i) increased inventory of Financial Bills, from R\$ 25,417 million in March 2013 to R\$ 41,688 million in March 2014, mainly due to new issuances in the period; (ii) higher volume of Mortgage Bonds, in the amount of R\$ 2,604 million; (iii) higher volume of Letters of Credit for Agribusiness operations, totaling R\$ 603 million; and partially offset by: (iv) R\$ 2,824 million reduction in the volume of securities issued abroad.

Subordinated Debt

Subordinated Debt totaled R\$ 35,840 million in March 2014 (R\$ 8,546 million abroad and R\$ 27,294 million in Brazil), remaining practically stable in both the quarter-over-quarter and year-over-year comparisons.

Economic and Financial Analysis**Securities/Other Interest Earning Portion****Securities/Other Net Interest Income Breakdown**

	R\$ million				
	Net Interest Income - Securities/Other				
	1Q14	4Q13	1Q13	Variation Quarter	12M
Interest - due to volume				71	104
Interest - due to spread				20	(456)
Interest Earning Portion	861	770	1,213	91	(352)
Income	7,668	4,748	5,863	2,920	1,805
Expenses	(6,807)	(3,978)	(4,650)	(2,829)	(2,157)

The Securities/Other interest earning portion was up by R\$ 91 million between the first quarter of 2014 and the previous quarter. The variation occurred mainly due to: (i) a greater volume of operations, which amounted to R\$ 71 million; and (ii) R\$ 20 million increase in the average spread.

In the year-over-year comparison, the Securities/Other interest earning portion decreased by R\$ 352 million. This result was mainly due to: (i) lower average spread due to the higher Selic rate, totaling R\$ 456 million, and partially offset by: (ii) a greater volume of operations, which affected the result in R\$ 104 million.

Insurance Interest Earning Portion**Insurance Net Interest Income - Breakdown**

	R\$ million				
	Net Interest Income - Insurance				
	1Q14	4Q13	1Q13	Variation Quarter	12M
Interest - due to volume				5	77
Interest - due to spread				(6)	(46)
Interest Earning Portion	964	965	933	(1)	31

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Income	3,448	305	2,055	3,143	1,393
Expenses	(2,484)	660	(1,122)	(3,144)	(1,362)

In the comparison between the first quarter of 2014 and the previous quarter, the Insurance interest earning portion remained stable.

In the year-over-year comparison, the Insurance interest earning portion increased 3.3% or R\$ 31 million, impacted by: (i) a greater volume of operations, which amounted to R\$ 77 million; and partially offset by: (ii) a R\$ 46 million decrease in the average spread.

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

	R\$ million				
	Non-Interest Earning Portion				
	1Q14	4Q13	1Q13	Variation Quarter	12M
Funding	(77)	(76)	(73)	(1)	(4)
Insurance	(80)	221	75	(301)	(155)
Securities/Other	168	133	195	35	(27)
Total	11	278	197	(267)	(186)

The non-interest earning portion in the first quarter of 2014 was R\$ 11 million, versus the R\$ 278 million of the previous quarter, down R\$ 267 million mainly due to the lower Insurance margin. The margin decreased by R\$ 186 million in the year-over-year comparison. The variations in the non-interest earning portion were basically a result of:

- Insurance - which is represented by gains/loss from equity securities, and the variations in the periods are associated with market conditions, which enable greater/lower gain opportunity; and
- Securities/Other - the R\$ 27 million decrease presented in the year-over-year comparison was mainly driven by lower gains from market arbitrage. There was a R\$ 35 million increase in the first quarter of 2014, compared to the previous quarter, due to the greater market volatility in the period. In addition, it is worth mentioning that the fourth quarter of 2013 includes gains of R\$ 33 million, resulting from the partial sale of shares on BM&FBovespa.

 Bradesco

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		
	Mar14	Dec13	Mar13
Assets			
Current and Long-Term Assets	158,370	156,880	151,335
Securities	147,725	146,064	141,535
Insurance Premiums Receivable	2,779	2,570	2,464
Other Loans	7,866	8,246	7,336
Permanent Assets	4,342	4,136	3,777
Total	162,712	161,016	155,112
Liabilities			
Current and Long-Term Liabilities	144,495	143,090	136,025
Tax, Civil and Labor Contingencies	2,317	2,272	2,746
Payables on Insurance, Pension Plan and Capitalization Bond Operations	412	409	369
Other Liabilities	4,015	4,180	5,543
Insurance Technical Reserves	11,728	11,101	11,217
Life and Pension Plan Technical Reserves	119,942	119,228	110,527
Capitalization Bond Technical Reserves	6,081	5,900	5,623
Non-controlling Interest	615	673	663
Shareholders' Equity	17,602	17,253	18,424
Total	162,712	161,016	155,112

Consolidated Income Statement

	R\$ million		
	1Q14	4Q13	1Q13
Insurance Written Premiums, Pension Plan Contributions and Capitalization Bond Income	11,450	14,492	10,953
	7,091	6,920	6,212

Premiums Earned from Insurance, Pension Plan Contribution and Capitalization Bond			
Financial Result from the Operation	1,010	1,090	979
Sundry Operating Income	195	188	135
Retained Claims	(4,082)	(4,003)	(3,547)
Capitalization Bond Draws and Redemptions	(1,087)	(1,173)	(872)
Selling Expenses	(680)	(635)	(636)
General and Administrative Expenses	(538)	(659)	(475)
Tax Expenses	(160)	(132)	(147)
Other Operating Income/Expenses	(173)	(170)	(191)
Operating Result	1,576	1,426	1,458
Equity Result	164	154	101
Non-Operating Result	(12)	(21)	(13)
Income before Taxes and Profit Sharing	1,728	1,559	1,546
Income Tax and Contributions	(632)	(516)	(570)
Profit Sharing	(24)	(16)	(16)
Non-controlling Interest	(32)	(27)	(30)
Net Income	1,040	1,001	930

Note: For comparison purposes, the non-recurring events' effects are not 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							
	1Q14	4Q13	3Q13	2Q13	1Q13	4Q12	3Q12	2Q12
Life and Pension Plans	639	582	552	564	542	570	493	494
Health	192	175	139	155	167	167	133	148
Capitalization Bonds	110	101	105	97	131	103	86	91
Basic Lines and Other	99	143	82	115	90	124	125	148
Total	1,040	1,001	878	931	930	964	837	881

Performance Ratios

	%							
	1Q14	4Q13	3Q13	2Q13	1Q13	4Q12	3Q12	2Q12
Claims Ratio ⁽¹⁾	70.1	71.1	72.7	71.1	69.6	70.5	70.4	71.3
Expense Ratio ⁽²⁾	10.4	10.9	10.4	10.9	11.0	11.6	11.3	11.1
Administrative Expenses Ratio ⁽³⁾	4.7	4.3	4.9	4.1	4.3	4.2	5.0	4.3
Combined Ratio ^{(4) (5)}	86.4	86.1	86.9	85.5	86.0	86.6	86.5	85.0

(1) Retained Claims/Earned Premiums;

(2) Selling Expenses/Earned Premiums;

(3) Administrative Expenses/Net Written Premiums;

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

(5) Excluding additional reserves.

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

Written Premiums, Pension Plan Contributions and Capitalization Bond Income

Due to the concentration of pension plan contributions, which are historically made in the last quarter of the fiscal year, revenues enjoyed their usual seasonal upturn.

Production increased 4.5% when compared to the same period in the previous year, led by Health, Capitalization Bond and Auto/RE/Other products, which grew 23.3%, 22.6% and 22.0%, respectively.

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Economic and Financial Analysis

Insurance, Pension Plans and Capitalization Bonds

Written Premiums, Pension Plan Contributions and Capitalization Bond Income

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Insurance, Pension Plans and Capitalization Bonds

Retained Claims by Insurance Line

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Insurance, Pension Plans and Capitalization Bonds

Insurance Expense Ratio by Insurance Line

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Insurance, Pension Plans and Capitalization Bonds

Efficiency Ratio

General and Administrative Expenses / Revenue

The 0.4 p.p. increase in efficiency ratio for the first quarter of 2014, compared to the fourth quarter of 2013, is basically related to revenue seasonality, which takes place in the last quarter of each year, and the category's collective bargaining agreement, signed in January 2014.

In the comparison between the first quarter of 2014 and the same period of the previous year, the 0.4 p.p. increase in efficiency ratio is mainly related to the category's collective bargaining agreement, signed in January 2014.

Economic and Financial Analysis

Insurance, Pension Plans and Capitalization Bonds

Technical Reserves

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

	R\$ million (unless otherwise specified)						
	1Q14	4Q13	3Q13	2Q13	1Q13	4Q12	3Q12
Net Income	639	582	552	564	542	570	570
Premium and Contribution Income ⁽¹⁾	4,994	8,505	4,971	7,535	5,698	8,053	5,698
- Income from Pension Plans and VGBL	3,898	7,317	3,838	6,475	4,677	6,976	3,898
- Income from Life/Personal Accidents Insurance Premiums	1,096	1,188	1,133	1,060	1,021	1,077	1,096
Technical Reserves	119,942	119,228	115,814	114,383	110,527	108,371	102,000
Investment Portfolio	126,001	124,655	121,211	119,842	118,380	117,418	110,000
Claims Ratio	29.9	37.3	43.3	37.3	35.1	37.4	37.4
Expense Ratio	21.8	21.2	21.8	18.8	23.4	23.3	23.3
Combined Ratio	58.6	67.3	72.6	61.0	70.0	68.1	68.1
Participants / Policyholders (in thousands)	27,451	28,256	28,044	27,030	25,722	25,837	25,837
Premium and Contribution Income Market Share (%) ⁽²⁾	N/A	29.7	29.1	28.8	24.6	29.6	29.6
Life/AP Market Share - Insurance Premiums (%) ⁽²⁾	N/A	17.1	16.9	16.3	16.4	18.0	18.0

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

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

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

Revenues for the segment, historically concentrated on the last quarter of the year, did not perform as well as during the fourth quarter of 2013. Net income for the quarter was up 9.8% over the previous quarter, due to: (i) a 7.4 p.p. decrease in Life product claims; and (ii) lower general and administrative expenses.

Net income in the first quarter of 2014 was 17.9% higher compared to the same period in the previous year, due to: (i) a decrease in claims and expense ratio; (ii) improved financial result; and (iii) lower general and administrative expenses.

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Economic and Financial Analysis

Bradesco Vida e Previdência

Technical reserves for Bradesco Vida e Previdência stood at R\$ 119.9 billion in March 2014, made up of R\$ 113.9 billion from Pension Plans and VGBL, and R\$ 6.0 billion from Life,

Personal Accidents and Other Lines, up 0.6% over December 2013.

Growth of Participants and Life and Personal Accident Policyholders

In March 2014, the number of Bradesco Vida e Previdência customers grew by 6.7% compared to March 2013, surpassing a total of 2.3 million pension plan and VGBL plan participants and 25.0

million life and personal accident participants. Such growth was fueled by the strength of the Bradesco brand and improved sales and management policies.

Economic and Financial Analysis**Bradesco Saúde and Mediservice**

	R\$ million (unless otherwise stated)							
	1Q14	4Q13	3Q13	2Q13	1Q13	4Q12	3Q12	2Q12
Net Income	192	175	139	155	167	167	133	148
Net Written Premiums	3,372	3,274	3,154	2,926	2,787	2,727	2,498	2,338
Technical Reserves	5,794	5,726	6,585	6,503	6,308	5,582	5,466	4,128
Claims Ratio	86.9	88.5	89.8	87.3	84.7	85.3	86.9	86.1
Expense Ratio	4.1	5.4	5.4	5.4	5.2	5.1	5.0	4.9
Combined Ratio	96.9	99.5	99.6	98.9	96.2	98.5	99.9	96.9
Policyholders (in thousands)	4,273	4,173	4,117	4,082	3,985	3,964	3,873	3,707
Written Premiums Market Share (%) ⁽¹⁾	N/A	46.0	45.6	48.8	48.2	45.3	46.8	46.9

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

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

Net income for the first quarter of 2014 was up 9.7% over the previous quarter, mainly due to: (i) a 3.0% increase in revenue; (ii) a 1.6 p.p. decrease in claim ratio and a 1.3 p.p. decrease in expense ratio; and (iii) improvement in the administrative efficiency ratio.

Net income for the first quarter of 2014 was up 15.0% compared to the first quarter of 2013, mainly due to: (i) 21.0% increase in revenue; (ii) improved financial and equity result; (iii) improvement in the administrative efficiency ratio; partially offset by (iv) a 2.2 p.p. increase in claims ratios.

Net written insurance premiums stood at R\$ 3.4 billion in 2014, up 21.0% compared to the same period in the previous year, particularly the Small and Mid-Sized Group Insurance (SPG) portfolio, which totaled premiums of R\$ 800 million, up 39.4% compared to the previous year.

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

Over 86 thousand companies in Brazil have Bradesco Saúde insurance and Mediservice plans.

Of the 100 largest companies in Brazil in terms of revenue, 53 are Bradesco Saúde and Mediservice customers (source: Exame magazine's Best and

Major Companies (Melhores e Maiores) ranking,
July 2013).

Bradesco _____

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

Together, the two companies have over 4.2 million customers. The high share of corporate policies in the overall portfolio (95.7% in March 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 over 788,000 lives in March 2014, up 23.6% compared to the same period in 2013.

Bradesco Capitalização

	R\$ million (unless otherwise stated)							
	1Q14	4Q13	3Q13	2Q13	1Q13	4Q12	3Q12	2Q12
Net Income	110	101	105	97	131	103	86	91
Capitalization Bond Income	1,205	1,296	1,234	1,126	983	1,089	1,013	937
Technical Reserves	6,081	5,900	5,762	5,738	5,623	5,449	5,165	4,886
Customers (in thousands)	3,485	3,475	3,428	3,439	3,462	3,459	3,426	3,358
Premium Income Market Share (%) ⁽¹⁾	N/A	22.5	21.8	20.9	22.1	23.1	22.8	22.2

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

Net income for the first quarter of 2014 increased 8.9% compared to the fourth quarter of 2013 mainly due to: (i) improved financial result; and (ii) improvement in the administrative efficiency ratio.

Income increased by 22.6% and the administrative efficiency ratio was stabilized in the first quarter of 2014, compared to the same period of the previous year. Net income was down 16.0%, mostly impacted by the decrease in financial result.

Report on Economic and Financial Analysis – March 2014

Bradesco Capitalização

Bradesco Capitalização ended the fourth quarter of 2013 leading 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 mainly marked 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) Ayrton Senna Institute (contributes to education and human development, reducing illiteracy rates, school failure and drop-out rates); (iii) Amazonas Sustentável Foundation (contributes to the sustainable development, environmental preservation and improvement to the quality of life of communities that benefit from the preservation centers in the state of Amazonas); (iv) the Brazilian

Bradesco Capitalização was the first capitalization bond company in Brazil to receive the ISO 9001 for Quality Management in 1999, which it still holds to this date. Since 2009, it was certified by Vanzolini Foundation with the ISO 9001 Version 2008 for the category Management of Bradesco Capitalization Bonds. This attests to the quality of internal processes and confirms the principle targeting good products, services and continuous growth. The portfolio is composed of 23.2 million active bonds, of which: 35.3% are Traditional Bonds sold in the branch network and at Bradesco Dia&Noite service channels, and 64.7% are incentive bonds (assignment of drawing rights), such as partnerships with Bradesco Vida e Previdência and Bradesco Auto/RE, which were up 9.2% over March 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.

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

Bradesco _____

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

	R\$ million (unless otherwise stated)							
	1Q14	4Q13	3Q13	2Q13	1Q13	4Q12	3Q12	2Q12
Net Income	86	71	25	43	28	10	42	26
Net Written Premiums	1,399	1,108	1,276	1,204	1,039	1,014	1,239	1,208
Technical Reserves	5,314	4,998	5,003	4,817	4,643	4,577	4,508	4,345
Claims Ratio	58.0	59.1	59.5	58.6	58.5	63.7	63.9	64.2
Expense Ratio	20.9	19.6	18.9	18.0	17.7	17.8	18.7	18.8
Combined Ratio	103.6	104.5	101.6	100.8	105.6	109.6	105.8	104.1
Policyholders (in thousands)	3,882	3,613	3,631	3,652	3,798	3,871	3,968	3,826
Premium Income Market Share (%) ⁽¹⁾	N/A	8.9	9.1	9.1	8.8	10.0	10.5	10.5

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

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

Income increased 26.3% in the first quarter of 2014, compared to the fourth quarter of 2013. Net income for the quarter was 21.1% higher compared to the previous quarter, due to: (i) 1.1 p.p. decrease in claims ratios; and (ii) improved equity result.

Net income in the first quarter of 2014 was up 207.1% compared to the same period in the previous year, due to: (i) improved financial and equity income; and (ii) 0.5 p.p. decrease in claims ratio; and (iii) improvement in the administrative efficiency ratio.

In the Property Insurance segment, the focus on large brokers and Corporate and Middle Market customers was maintained. This results in renewal

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

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.

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

owners of the world's most famous motorcycles.

In order to provide its customers with a better service, Bradesco Auto/RE currently has 26 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 equipment, preventative maintenance checks, glass repairs or replacement and environmental vehicle inspections.

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— Report on Economic and Financial Analysis – March 2014

Bradesco Auto/RE

Number of Policyholders at Auto/RE

Mass insurance targets individuals, self-employed professionals and SMEs. The launch of new products combined with the continuous improvement to methods and systems has contributed to maintenance of customer base, which comprises around 3.9 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 1.8 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	1Q14	4Q13	1Q13	R\$ million	
				Variation	
				Quarter	12M
Card Income	1,888	1,900	1,667	(12)	221
Checking Account	944	953	833	(9)	111
Loan Operations	573	598	517	(25)	56
Fund Management	562	589	550	(27)	12
Collection	380	380	344	-	36
Underwriting / Financial Advisory Services	221	153	121	68	100
Consortium Management	199	196	167	3	32
Custody and Brokerage Services	125	124	124	1	1
Payments	96	87	79	9	17
Other	294	247	196	47	98
Total	5,283	5,227	4,599	56	684

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

Report on Economic and Financial Analysis – March 2014

Fee and Commission Income

Card Income

Despite the seasonal effect of the fourth quarter, marked by a stronger pace of economic activity, card income was practically stable for the period, totaling R\$ 1,888 million in the first quarter of 2014.

In the comparison between the first quarter of 2014 and the same period of the previous year, card income was up 13.3%, or R\$ 221 million mainly due to: (i) increase in the quantity of cards; (ii) increase in revenue from purchases and services, resulting from the 14.0% increase in card revenue, which amounted to R\$ 31.0 billion in the first quarter of 2014; and (iii) increase in the number of transactions in the period.

Economic and Financial Analysis

Fee and Commission Income

Checking Account

Checking account service revenue was down 0.9% in the first quarter of 2014, compared to the previous quarter, mainly due to the seasonality of the fourth quarter of 2013, which encompasses a substantial increase in the volume of services rendered to our account holder base.

In the comparison between the first quarter of 2014 and the same period of the previous year, this revenue was up R\$ 111 million, or 13.3%, mainly due to: (i) the expansion of the checking account customer base, which posted a net increase of 760 thousand active checking account holders (718 thousand individual customers and 42 thousand corporate customers); (ii) the expansion of the customer service portfolio; and (iii) the adjustment of certain fees.

Loan Operations

Loan operation revenue totaled R\$ 573 million in the first quarter of 2014, down 4.2% compared to the previous quarter mainly due to the increased volume of operations contracted in the fourth quarter of 2013.

Year-over-year, the 10.8% increase in the first quarter of 2014 was mainly driven by: (i) greater income from collaterals, up 11.5%, derived mostly

from a 13.0% growth in the volume of Sureties and Guarantees; and (ii) higher volume of operations in the period.

Report on Economic and Financial Analysis – March 2014

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

In the first quarter of 2014, income from fund management totaled R\$ 562 million, down R\$ 27 million in comparison with the previous quarter, mainly due to the lower number of business days in the quarter.

In the comparison between the first quarter of 2014 and the same period of the previous year, the R\$ 12 million or 2.2% increase was mainly driven by: (i) the growth in the average volume of funds and portfolios raised and managed in the period; and offset by: (ii) a 10.5% drop in the Ibovespa index in the period, impacting income from managed funds and portfolios pegged to equities.

Shareholders' Equity	R\$ million			Variation %	
	Mar14	Dec13	Mar13	Quarter	12M
Investment Funds	402,449	401,519	392,652	0.2	2.5
Managed Portfolios	28,649	25,246	33,324	13.5	(14.0)
Third-Party Fund Quotas	8,078	8,599	9,404	(6.1)	(14.1)
Total	439,176	435,364	435,380	0.9	0.9

Distribution	R\$ million			Variation %	
	Mar14	Dec13	Mar13	Quarter	12M
Investment Funds – Fixed Income	375,054	373,552	364,266	0.4	3.0
Investment Funds – Equities	27,395	27,967	28,386	(2.0)	(3.5)
Investment Funds – Third-Party Funds	5,828	6,355	8,183	(8.3)	(28.8)
Total - Investment Funds	408,277	407,874	400,835	0.1	1.9
Managed Portfolios - Fixed Income	20,297	16,856	23,693	20.4	(14.3)

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Managed Portfolios – Equities	8,352	8,390	9,631	(0.5)	(13.3)
Managed Portfolios - Third-Party Funds	2,250	2,244	1,221	0.3	84.3
Total - Managed Funds	30,899	27,490	34,545	12.4	(10.6)
x					
Total Fixed Income	395,351	390,408	387,959	1.3	1.9
Total Equities	35,747	36,357	38,017	(1.7)	(6.0)
Total Third-Party Funds	8,078	8,599	9,404	(6.1)	(14.1)
Overall Total	439,176	435,364	435,380	0.9	0.9

Bradesco _____

Economic and Financial Analysis

Fee and Commission Income

Cash Management Solutions (Payments and Collection)

In the first quarter of 2014, income from payments and collections increased R\$ 9.0 million compared to the previous quarter, mainly due to new businesses and increase in the number of processed documents in the period, which were partially impacted by the beginning of the payment cycle for specific expenses, such as IPVA, regarding the fiscal year of 2014.

Year-over-year, the 12.5% or R\$ 53 million increase in the first quarter of 2014 was mainly due to the greater volume of processed documents, up from 511 million in 2013 to 545 million in 2014, up 6.7% in the period.

Consortium Management

In the first quarter of 2014, income from consortium management was up 1.5% over the previous quarter, driven by sales in the period. On March 31, 2014, Bradesco had 957 thousand active quotas (924 thousand active quotas on December 31, 2013), 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 quarter of 2014 and the same period of the previous year, the 19.2% 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 780 thousand active quotas on March 31, 2013 to 957 thousand active quotas on March 31, 2014, an increase of 177 thousand net quotas.

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Fee and Commission Income

Custody and Brokerage Services

Custody service income stood at R\$ 125 million in the first quarter of 2014, remaining stable in the quarterly comparison and compared to the same period of the previous year, despite the slight decrease in assets under custody.

Underwriting / Financial Advisory Services

The performance recorded in the quarter-over-quarter and year-over-year comparison is mainly due to the increased volume of businesses in the first quarter of 2014, driven by Structured Operations, Project Finance, and M&A (Mergers & Acquisitions) Operations.

It should be pointed out that the variations suffered by this revenue reflect the volatile behavior of the capital market.

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

Personnel and Administrative Expenses	1Q14	4Q13	1Q13	R\$ million	
				Variation	Quarter
				12M	
Personnel Expenses					
Structural	2,646	2,732	2,490	(86)	156
Payroll/Social Charges	1,954	2,025	1,840	(71)	114
Benefits	692	707	650	(15)	42
Non-Structural	633	733	569	(100)	64
Management and Employee Profit Sharing	360	386	336	(26)	24
Provision for Labor Claims	182	222	164	(40)	18
Training	17	54	12	(37)	5
Termination Costs	74	71	57	3	17
Total	3,279	3,465	3,059	(186)	220
Administrative Expenses					
Outsourced Services	903	1,063	945	(160)	(42)
Depreciation and Amortization	452	435	396	17	56
Communication	376	413	393	(37)	(17)
Data Processing	306	352	300	(46)	6
Rental	214	213	203	1	11
Transportation	203	213	199	(10)	4
Financial System Services	197	178	179	19	18
Advertising and Marketing	178	300	161	(122)	17
Asset Maintenance	152	177	153	(25)	(1)
Security and Surveillance	138	131	116	7	22
Materials	77	83	69	(6)	8
Water, Electricity and Gas	61	55	65	6	(4)
Trips	30	39	27	(9)	3
Other	198	196	250	2	(52)
Total	3,486	3,848	3,455	(362)	31
x					
Total Personnel and Administrative Expenses	6,765	7,313	6,514	(548)	251
Employees	99,545	100,489	102,793	(944)	(3,248)
Service Points	73,320	72,736	69,528	584	3,792

In the first quarter of 2014, total personnel and administrative expenses amounted to R\$ 6,765 million, down 7.5% in comparison with the previous quarter.

Personnel Expenses

In the first quarter of 2014, personnel expenses amounted to R\$ 3,279 million, down 5.4% or R\$ 186 million compared to the previous quarter.

The R\$ 86 million decrease in structural expenses was particularly driven by the greater concentration of vacation leaves in the first quarter of each year, totaling R\$ 65 million.

The R\$ 100 million decrease in non-structural expenses was mostly driven by lower expenses with: (i) provision for labor claims, totaling R\$ 40 million; (ii) training activities, totaling R\$ 37 million; and (iii) employee and management profit sharing (PLR), totaling R\$ 26 million.

Economic and Financial Analysis

Personnel and Administrative Expenses

Personnel Expenses

In the comparison between the first quarter of 2014 and the same period of the previous year, the R\$ 220 million or 7.2% growth was mainly due to the increase in: (i) structural expenses, totaling R\$ 156 million, mainly related to the increase in expenses with payroll, social charges and benefits, impacted by higher salaries, resulting from the respective collective bargaining agreements;

and (ii) non-structural expenses, totaling R\$ 64 million, which results mainly from greater expenses with: (a) employee and management profit sharing expenses (PLR), totaling R\$ 24 million; and (b) provision for labor claims, totaling R\$ 18 million.

Bradesco

Economic and Financial Analysis

Personnel and Administrative Expenses

Administrative Expenses

Administrative expenses came to R\$ 3,486 million in the first quarter of 2014, down R\$ 362 million or 9.4% compared to the previous quarter, mainly due to lower expenses with: (i) outsourced services, totaling R\$ 160 million; (ii) data processing services, totaling R\$ 46 million; and (iii) asset maintenance, totaling R\$ 25 million, mainly impacted by the seasonality effect of increased transactions and services concentrated in the fourth quarter; and (iv) advertising, totaling R\$ 122 million, due to the reinforced investments in institutional positioning and support initiatives, as well as loan product offers carried out by late 2013.

Despite the higher expenses with (i) the opening of 3,792 service points in the period, mainly Bradesco Expresso points, for a total of 73,320 service points on March 31, 2014, and (ii) higher business and service volume in the period, the administrative expenses increased only 0.9% 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 6.2% and 7.3% respectively, in the last 12 months.

Operating Coverage Ratio ⁽¹⁾

In the quarter, the coverage ratio over the last 12 months maintained its improvement with a 1.8 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.

It should be pointed out that 73.6% is the best rate over the last six years.

Tax Expenses

Tax expenses totaled R\$ 1,114 million in the first quarter of 2014, down R\$ 140 million compared to the previous quarter, mainly due to the increased income from interest on shareholders' equity generated by associated companies, resulted in a higher PIS/Cofins taxable income base for the fourth quarter of 2013.

Such expenses remained stable in the year-over-year comparison.

Economic and Financial Analysis

Equity in the earnings (losses) of unconsolidated companies

In the first quarter of 2014, the equity in the earnings (losses) of unconsolidated companies was R\$ 52 million. The R\$ 26 million increase, compared to the previous quarter, and R\$ 49 million increase, compared to the same period of the previous year, was driven mainly by higher results from the unconsolidated company “IRB – Brasil Resseguros”.

Operating income

Operating income stood at R\$ 5,410 million in the first quarter of 2014, up R\$ 465 million from the previous year. This performance was driven by: (i) lower personnel and administrative expenses, totaling R\$ 548 million; (i) lower tax expenses, totaling R\$ 140 million; (iii) lower expenses with allowance for loan losses, totaling R\$ 100 million; and (iv) increased service income, totaling R\$ 56 million; (v) increase in the operating income of Insurance, Pension Plans and Capitalization Bonds, totaling R\$ 56 million; partially offset by: (vi) lower net interest income, totaling R\$ 302 million; and (vii) increase in other operating expenses (net of other income), totaling R\$ 159 million.

In the comparison between the first quarter of 2014 and the same period of the previous year, the R\$ 863 million or 19.0% increase was mainly driven by: (i) a R\$ 684 million increase in fee and commission income; (ii) higher net interest income, totaling R\$ 256 million; (iii) lower provision for loan

loss expenses, totaling R\$ 248 million; (iv) increase in the operating income of Insurance, Pension Plans, and Capitalization Bonds, totaling R\$ 89 million; impacted partially by: (v) increase in personnel and administrative expenses, totaling R\$ 251 million; and (vi) increase in other operating expenses (net of other income), totaling R\$ 221 million.

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Non-Operating Income

In the first quarter of 2014, non-operating income posted a loss of R\$ 36 million, R\$ 5 million more than the previous quarter and R\$ 2 million less than the same period in the previous year, due to greater non-operating expenses (such as losses on sale of foreclosed assets/other) in the period.

Bradesco

[Return to Shareholders](#)

Sustainability

Bradesco publishes the 2013 Annual Report in new format

In line with best corporate governance practices and commitment towards transparency, the Bradesco Organization has published its first consolidated Annual Report, which comprises information from the following Reports: Annual; Sustainability; Economic and Financial Analysis; and Financial Statements.

The publication presents a broad overview of the Organization's operating observing the new Bradesco guidelines, corporate positioning, business strategies, and operations, initiatives, Organization Relevance Matrix, and projects, including results, in addition to establishing the top prospects for created in 2013. 2014.

The report follows a new generation of international guidelines on how to prepare the sustainability report (G4 version) from the Global Reporting Initiative (GRI), while also

The 2013 Annual Report may be accessed at the Investor Relations website www.bradesco.com.br/Sustainability website www.bancodoplaneta.com.br.

Bradesco sponsors and participates in the 8th GIFE Congress: "Creating a Network of Solutions for Sustainable Development in Brazil"

As a sponsor of the 8th GIFE Congress, Bradesco participated in one of the event's open activities, in partnership with Fundação Amazonas Sustentável.

Addressing Sustainable Development Goals, and seeking to translate global aspirations into ways of dealing with major challenges currently faced by today's society, the event featured economist

Jeffrey Sachs, professor at Columbia University, NY, the director of the Earth Institute, Virgílio Viana, founder and general superintendent of Fundação Amazonas Sustentável (FAS), and was moderated by USP professor Jacques Marcovitch. Representatives from "Todos pela Educação" [All for Education] and Bradesco participated in the debate.

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Investor Relations (IR)

Bradesco opened its event schedule in the first quarter of 2014 by participating in 13 events: seven in Brazil and six abroad, totaling 703 analysts in the period. We participated in conferences held in the U.S., Mexico, and England.

Also in the first quarter of 2014, a Videochat event was held to present statements from the fourth quarter of 2013 under a new format, which

allowed greater interaction with online users. The presentation of the results was held in an interview format, providing additional time for Q&A sessions held in real time with the Executive Managing Officer and Investor Relations Officer at Bradesco, Mr. Luiz Carlos Angelotti. The Videochat session replay is available at the Investor Relations website - www.bradescori.com.br.

Corporate Governance

Bradesco's management is comprised 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). The Board members are elected by the Annual Shareholders' Meeting, which elects 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 Statutory Committees (Audit and Compensation) and four (4) Non-Statutory Committees (Ethical Conduct, Internal Controls and Compliance, Integrated Risk Management and Capital Allocation and Sustainability), in addition to forty-four (44) Executive Committees subordinated to the Board of Executive Officers, assisting it in performing its duties.

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

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

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.

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

Further information is available at Bradesco's Investor Relations website (www.bradescori.com.br - Corporate Governance Section).

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

	Mar14	Dec13	In thousands Mar13
Common Shares	2,100,738	2,100,738	2,100,738
Preferred Shares	2,094,652	2,095,771	2,098,372
Subtotal – Outstanding Shares	4,195,391	4,196,509	4,199,110
Treasury Shares	11,883	10,765	8,164
Total	4,207,274	4,207,274	4,207,274

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

On March 31, 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

	Mar14	%	Ownership of Capital (%)	Mar13	%	Ownership of Capital (%)
Individuals	327,273	89.8	22.5	327,036	89.7	22.4
Companies	36,119	9.9	45.5	36,355	10.0	45.0
Subtotal Domiciled in Brazil	363,392	99.7	68.0	363,391	99.7	67.3
Domiciled Abroad	1,062	0.3	32.0	999	0.3	32.7
Total	364,454	100.0	100.0	364,390	100.0	100.0

Regarding Bradesco's shareholders, either residing in Brazil or abroad, 363,392 of shareholders were domiciled in Brazil as of March 31, 2014, accounting for 99.7% of the total number of shareholders and representing 68.0% of the total number of shares. The number of shareholders residing abroad was 1,062, accounting for 0.3% of the total number of shareholders and representing 32.0% of the total number of shares.

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\$ 500 million during the first quarter of 2014. Compared to the previous year, the average daily trading volume was down 5.8% due to the decreased number of BM&FBovespa transactions.

Bradesco

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

The graph shows the change in preferred shares by late December 2001 in Bradesco shares would be worth approximately R\$ 1,001 by the end of the due to Bradesco's dividend reinvestment, compared first quarter of 2014, which is a substantially larger to the Ibovespa and the CDI - Interbank Deposit appreciation compared to Ibovespa and CDI within Rate. An investment of R\$ 100 the same period.

;

Share and ADR Performance (1)

	In R\$ (unless otherwise stated)					
	1Q14	4Q13	Variation %	1Q14	1Q13	Variation %
Adjusted Net Income per Share	0.83	0.76	9.2	0.83	0.70	18.6
Dividends/Interest on Shareholders' Equity – Common Share (after Income Tax)	0.23	0.21	9.5	0.23	0.20	16.2
Dividends/Interest on Shareholders' Equity – Preferred Share (after Income Tax)	0.26	0.23	13.0	0.26	0.22	19.3

	In R\$ (unless otherwise stated)					
	Mar14	Dec13	Variation %	Mar14	Mar13	Variation %
Book Value per Common and Preferred Share	17.48	16.90	3.4	17.48	16.55	5.6
Last Trading Day Price – Common Shares	33.61	31.95	5.2	33.61	35.20	(4.5)
Last Trading Day Price – Preferred Shares	31.19	29.09	7.2	31.19	34.14	(8.6)
Last Trading Day Price – ADR ON (US\$)	14.87	14.05	5.8	14.87	17.19	(13.5)
Last Trading Day Price – ADR PN (US\$)	13.67	12.53	9.1	13.67	17.02	(19.7)
Market Capitalization (R\$ million) (2)	135,938	128,085	6.1	135,938	145,584	(6.6)

(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.

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Return to Shareholders**Bradesco Shares****Recommendation of Market Analysts – Target Price**

these analysts. Their recommendations and a Market analysts issue periodical recommendations consensus for the target price for December 2014 on Bradesco preferred shares (BBDC4). In April can be found below: 2014, we had access to fifteen reports prepared by

Recommendations %		Target Price in R\$ for Dec14	
Buy	53.3	Average	35.0
Keep	46.7	Standard Deviation	3.6
Sell	-	Higher	45.0
Under Analysis	-	Lower	30.0

For more information on target price and www.bradesco.com.br Information to recommendation by each market analyst that Shareholders > Analysts' Consensus monitors the performance of Bradesco shares, go to our Shareholder Relationship website at:

Market Capitalization

In the first quarter of 2014, Bradesco's market capitalization, including closing quotes of Common and Preferred shares, was R\$ 135.9 billion, up 6.1% compared to late 2013, when Ibovespa recorded a drop of 2.1%.

Bradesco

Return to Shareholders

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.

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.

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Return to Shareholders

Dividends/Interest on Shareholders' Equity

In the first quarter of 2014, R\$ 1,212 million were paid to shareholders as interest on shareholders' equity (JCP). In the last 12 months, the total amount of JCP and Dividends paid to shareholders

amounts to 35.8% of the net income for the fiscal year and, considering the income tax deduction and JCP assignments, equivalent to 31.5% of net income.

(1) In the last 12 months.

Bradesco

Weight on Main Stock Indexes

Bradesco shares comprise Brazil's main stock indexes, including the IBrX-50 (index that measures the total return of a theoretical portfolio comprising 50 of the most traded shares on BM&FBovespa), 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 highest cap companies listed).

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

Mar14	In % (1)
Ibovespa	7.5
IBrX-50	9.7
IBrX	8.5
IFNC	20.7
ISE	5.8
IGC	6.3
ITAG	11.7
ICO2	14.4
MLCX	8.8

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

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

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

	Mar14	Dec13	Mar13	Dec12
Banks – Source : Brazilian Central Bank (Bacen)				
Demand Deposits	N/A	16.4	16.6	16.9
Savings Deposits	N/A	13.4	13.6	13.9
Time Deposits	N/A	10.8	11.2	11.6
Loan Operations	10.7 ⁽¹⁾ (4)	10.7 ⁽¹⁾	11.2	11.2
Loan Operations - Private Institutions	22.2 ⁽¹⁾ (4)	21.9 ⁽¹⁾	21.9	21.5
Loan Operations - Vehicles Individuals (CDC + Leasing)	13.3 ⁽¹⁾ (4)	13.6 ⁽¹⁾	14.5	14.7
Payroll-Deductible Loans	12.2 ⁽¹⁾ (4)	12.1 ⁽¹⁾	11.3	11.0
Number of Branches	20.6	20.7	21.3	21.4
Banks - Source: Federal Revenue Service/ Brazilian Data Processing Service (Serpro)				
Federal Revenue Collection Document (DARF)	N/A	N/A	21.9	20.7
Brazilian Unified Tax Collection System Document (DAS)	N/A	N/A	16.5	16.5
Banks – Source : Social Security National Institute (INSS)/Dataprev				
Social Pension Plan Voucher (GPS)	N/A	N/A	14.5	14.6
Benefit Payment to Retirees and Pensioners	25.8	25.7	24.9	24.7
Banks – Source : Anbima				
Managed Investment Funds and Portfolios	18.0	18.1	18.5	19.4
Insurance, Pension Plans and Capitalization Bonds – Source: Insurance Superintendence (Susep) and National Agency for Supplementary Healthcare (ANS)				
Insurance, Pension Plan and Capitalization Bond Premiums	N/A	24.2 ⁽²⁾	22.4	24.8
Insurance Premiums (including Long-Term Life Insurance - VGBL)	N/A	23.9 ⁽²⁾	21.9	24.6
Life Insurance and Personal Accident Premiums	N/A	16.9 ⁽²⁾	16.4	18.0
Auto/Basic Lines Insurance Premiums	N/A	8.9 ⁽²⁾	8.8	10.0
Auto/Optional Third-Party Liability (RCF) Insurance Premiums	N/A	10.9 ⁽²⁾	10.2	12.4
Health Insurance Premiums	N/A	46.0 ⁽²⁾	48.2	45.3
Income from Pension Plan Contributions (excluding VGBL)	N/A	31.2 ⁽²⁾	31.2	29.7
Capitalization Bond Income	N/A	22.5 ⁽²⁾	22.1	23.1
Technical Reserves for Insurance, Pension Plans and Capitalization Bonds	N/A	29.1 ⁽²⁾	29.1	29.5
Insurance and Pension Plans – Source: National Federation of Life and Pension Plans (Fenaprevi)				
Income from VGBL Premiums	N/A	29.5 ⁽²⁾	23.7	29.5
	N/A	25.4 ⁽²⁾	27.2	26.0

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Income from Unrestricted Benefits Generating Plans (PGBL)
Contributions

Pension Plan Investment Portfolios (including VGBL)	N/A	31.5 ⁽²⁾	32.7	33.4
Leasing – Source: Brazilian Association of Leasing Companies (ABEL)				
Lending Operations	19.4 ⁽³⁾	19.7	19.4	19.5
Consortia – Source: Bacen				
Real Estate	30.4 ⁽⁴⁾	30.3	30.4	30.3
Auto	28.5 ⁽⁴⁾	28.1	26.2	25.6
Trucks, Tractors and Agricultural Implements	19.4 ⁽⁴⁾	18.6	19.2	19.2
International Area – Source: Bacen				
Export Market	20.2	18.1	17.1	19.2
Import Market	15.0	15.6	15.0	16.4
Digital Channels - Source: Bacen				
Internet, Home and Office Banking	N/A	N/A	N/A	26.1
ATM	N/A	N/A	N/A	21.6
Customer Service Centers	N/A	N/A	N/A	34.2
Mobile Phones and Personal Digital Assistants (PDAs)	N/A	N/A	N/A	44.7

(1) SFN data is preliminary;

(2) Base Date: Nov/13;

(3) Base Date: Jan/14; and

(4) Base Date: Feb/14.

N/A – Not Available.

— Report on Economic and Financial Analysis – March 2014

Additional Information

Market Share of Products and Services

Branch Network

Region	Mar14		Market Share	Mar13		Market Share
	Bradesco	Market		Bradesco	Market	
North	278	1,100	25.3%	279	1,068	26.1%
Northeast	847	3,602	23.5%	850	3,492	24.3%
Midw est	346	1,797	19.3%	346	1,693	20.4%
Southeast	2,427	11,855	20.5%	2,428	11,553	21.0%
South	780	4,319	18.1%	784	4,228	18.5%
Total	4,678	22,673	20.6%	4,687	22,034	21.3%

Reserve Requirements/Liabilities

%	Mar14	Dec13	Sept13	Jun13	Mar13	Dec12	Sept12	Jun12
Demand Deposits								
Rate ⁽²⁾	44	44	44	44	44	44	44	43
Additional ⁽³⁾	-	-	-	-	-	-	-	12
Liabilities ⁽¹⁾	34	34	34	34	34	34	34	28
Liabilities (Microfinance)	2	2	2	2	2	2	2	2
Free	20	20	20	20	20	20	20	15
Savings Deposits								
Rate ⁽⁴⁾	20	20	20	20	20	20	20	20
Additional ⁽³⁾	10	10	10	10	10	10	10	10
Liabilities	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	12	12
Free	69	69	69	69	69	69	68	68

(1) At Bradesco, liabilities 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 05.03.2012, 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, liabilities are now exclusively in cash, and may be paid with credits acquired as provided for by legislation in force.

Bradesco

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

Technology is one of the foundations of Bradesco's business, which is why we increasingly invest in new products and services to improve the daily lives of our customers. Such efforts are reflected in external acknowledgments: Bradesco was recognized by the *As Marcas Mais Comprometidas com seus Clientes em Redes Sociais* [The Most Committed Brands with Customers in Social Networks] study, published by Socialbakers, the largest social network analysis company around the world, as having the fastest response worldwide to complaints posted on social networks, averaging 20 minutes per response, and one of the top ten in number of replies. Since its release in March 2012, the F.Banking, the first application of its kind in Brazil and one of the first worldwide, allows clients to access their checking accounts via Facebook, growing 10.1% with over 60,000 new customer registrations in the first quarter of 2014 alone, totaling 175,000 customers who are now able to check their balances, investments, credit limits, transfers between Bradesco accounts, payment of slips and mobile recharging, with the same security provided in the Internet Banking system.

grew considerably. Bradesco granted R\$ 60 million in the first two months alone. This result corresponds to a 155% increase compared to the same period in the previous year.

In addition to such channels, Bradesco customers also rely on an extensive and well-rounded service network throughout the country. Since the beginning of the year, 819 new Bradesco Espresso units were opened, totaling 47 thousand points where customers can perform banking transactions, such as billing services, deposits, slip payments, loan forwarding, and credit card proposal submissions with greater comfort and convenience. Also focused on such convenience, new transactions are available since late January at Banco24Horas ATMs: salary receipt issuance, on-screen balance check, full portfolio of slips and operations with the "Claro Meu Dinheiro Prepaid card" (withdrawal, balance, statement, and transfer between checking account and savings account for prepaid cards).

ATM machines are also being enhanced to provide better and faster services. Bradesco Dia & Noite machines now feature a voice software that states

Further consolidating its pioneering approach within the banking segment, Bradesco provided yet another benefit for its customers: free Internet access for Bradesco Mobile transactions for prepaid and postpaid customers of Brazil's top mobile carriers: Vivo, TIM, Claro and Oi. Bradesco has 22 iPhone apps, 16 iPad apps, and 13 Android apps, in addition to Windows Phone and BlackBerry apps, which allow users to take advantage of several banking services, such as balance checks, latest entries, statements, payments, and scheduling operations, prepaid card holders.

mobile recharging, transfers between Bradesco accounts, DOC and TED, buying, selling, and checking stocks, in addition to providing the mobile individuals with motor disabilities in upper limbs, Token. Over 800 million transactions were performed through this channel in 2013, up 130% from the previous year. Another service provided via mobile phones is loan applications, which also

In addition, Bradesco is also preparing to service customers with free licenses for Virtual Mouse, a

software that uses a simple webcam to control the mouse cursor on the computer screen via mouth and head gestures.

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Additional Information

Investments in Infrastructure, Information Technology and Telecommunication

Technology is also present in the daily routines of over 62 thousand Bradesco employees within the Branch network. In February, a new version of the Financial Terminal was released: the Management Cockpit, which centralizes all information necessary to execute daily tasks in a single environment, expediting the decision-making process and narrowing the relationship with our customers.

For Corporate customers, Bradesco now provides the first quarter of 2014. The total amount invested the BNDES card under the Elo and MasterCard over recent years, including infrastructure (facilities, brands. Destined to SMEs (whose annual gross restorations, improvements, furniture and fixtures), income is equal to or lower than R\$ 90 million), and can be found below: previously offered under the Visa brand only,

the card allows using an exclusive line of credit with complete efficiency and attractive rates. The website for the BNDES card features approximately 43 thousand suppliers and has over 220 thousand products available.

As a prerequisite for its continuous expansion, Bradesco invested R\$ 1.136 billion in Infrastructure, Information Technology and Telecommunications in

	R\$ million				
	1Q14	2013	2012	2011	2010
Infrastructure	154	501	718	1,087	716
Information Technology and Telecommunication	982	4,341	3,690	3,241	3,204
Total	1,136	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.

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.

The Organization controls risk management in an integrated and independent manner, preserving and valuing the Board's decisions, developing Detailed information on the risk management process, capital and capital requirement, as well as the Organization's risk exposure, can be found in the

implementing methodologies, models, and Risk Management Report on the Investor Relations measurement and control tools. In addition, website, at www.bradesco.com.br.

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Additional Information

Capital Management

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

In addition to the Committee structure, the Organization has a department responsible for the centralization of the conglomerate's capital management, 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 and the Organization's supporting areas.

The Organization's capital plan is devised on an annual basis and approved by the Board of Executive Officers and Board of Directors. The capital plan is aligned to the strategic plan and encompasses a prospective outlook of at least three years. The plan development process

covers threats and opportunities, market share and development goals, capital requirements based on risks, and capital held by the Organization. Such 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 accordance with the base and stress scenarios. Capital adequacy and sufficiency information represents an essential tool to manage and support decision-making within the Organization.

Further information on the capital management structure can be found in the Risk Management Report – Pillar 3 and the 2013 Annual Report, on the Investor Relations website:

www.bradescom.br
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Additional Information

Capital Adequacy Ratio

The implementation of the new capital structure in Equity/Tier 1 and 0.5 p.p. in Tier II Capital), going Brazil began in October 2013. Through the CMN from 16.6% in December 2013 to 15.7% in March Resolution No. 4.192/13, Bacen provided a new 2014, mainly due to: (i) application of 20% over methodology to assess Reference Assets (PR), prudential adjustments, as defined by CMN replacing CMN Resolution No. 3.444/07. Resolution No. 4.192/13⁽²⁾; (ii) reduced

subordinated debts eligible for Tier II Capital, Considering that such methodology entails the according to criteria set out in new regulations; and introduction of new adjustments, we have adapted partially offset by: (iii) the increase in Shareholders' the historical series, stated in periods, for the Equity, due to improved results for the quarter. If we transition from Basel II to Basel III. had applied 20% over prudential adjustments in

December 2013, our Main Capital/Tier I Index It is important to note that indexes published by would have recorded a gain of 0.1 p.p. in March September 2013 were kept, but cannot be compared 2014 against December 2013. It is worth due to the criteria established in the current mentioning that, for 2014, the minimum capital resolution. required according to the new regulations are: (i)

5.5% for Tier I; and (ii) 11.0% for the total index, In March 2014, Bradesco's Capital amounted to R\$ demonstrating that we have a comfortable margin 92,235 million, versus risk-weighted assets totaling to leverage our operations. R\$ 585,991 million. The Capital Adequacy Ratio was down 0.9 p.p. (0.4 p.p. in Common

Calculation Basis	R\$ million								
	Mar14	Basel III ⁽¹⁾ Financial Consolidated			Basel III Economic-Financial Consolidated				
		Dec13	Sept13	Jun13	Mar13	Dec12	Sept12	Jun12	
Capital		92,235	95,804	93,064	92,629	96,721	96,933	91,149	90,201
Tier I		69,934	70,808	71,830	69,868	67,980	66,066	64,157	62,311
Common Equity		69,934	70,808	71,830	69,868	67,980	66,066	64,157	62,311
Shareholders' Equity		73,326	70,940	67,033	66,028	69,442	70,047	66,047	63,920
Prudential Adjustments provided for in CMN Resolution 4192/13 ⁽²⁾		(3,392)	(132)	-	-	-	-	-	-
Adjustments Provided for in CMN Resolution 3444/07		-	-	4,797	3,840	(1,462)	(3,981)	(1,890)	(1,609)
Additional Capital		-	-	-	-	-	-	-	-
Tier II		22,301	24,996	21,234	22,761	28,741	30,867	26,992	27,890
Mark-to-Market Adjustments		-	-	(4,508)	(3,593)	1,732	4,229	2,150	1,865
Subordinated Debt ⁽³⁾		22,301	24,996	25,741	26,354	27,009	26,638	24,842	26,025
Risk-Weighted Assets (RWA)		585,991	576,777	566,797	603,541	621,030	600,520	571,377	531,871
Credit Risk		534,885	526,108	482,336	479,217	494,015	503,136	492,845	473,185
Operating Risk		29,853	23,335	33,100	30,494	30,494	31,197	31,197	30,114

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MarketRisk	21,253	27,334	51,361	93,831	96,522	66,188	47,335	28,572
TotalRatio (4)	15.7%	16.6%	16.4%	15.4%	15.6%	16.1%	16.0%	17.0%
Tier ICapital	11.9%	12.3%	12.7%	11.6%	11.0%	11.0%	11.3%	11.8%
Common Equity	11.9%	12.3%	-	-	-	-	-	-
AdditionalCapital	-	-	-	-	-	-	-	-
Tier II Capital	3.8%	4.3%	3.7%	3.8%	4.6%	5.1%	4.7%	5.2%

(1) Since October 2013, capital has been calculated as per CMN Resolution No. 4.192/13, 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 No. 4.192/13. 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\$ 22,301 million will be used to compose the Tier II of the Capital Adequacy Ratio, calculated as per the CMN Resolution No. 4.192/13 (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 No. 4.192/13 and 4.193/13.

Bradesco _____

Independent Auditors' Report

Independent Limited 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

We were engaged by Banco Bradesco S.A. ("Bradesco") to report on the supplementary accounting information of Banco Bradesco S.A. for the quarter ended as at March 31, 2014, in the form of a limited assurance conclusion if, based on our engagement performed, nothing has come to our attention that causes us to believe that the supplementary accounting information included within the Economic and Financial Analysis Report are not 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 review the supplementary accounting information included within the Economic and Financial Analysis Report prepared by Bradesco and to report thereon in the form of a limited 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 a meaningful level of limited assurance about whether we did not become aware of any fact that could lead us to believe that the supplementary accounting information included within the Economic and Financial Analysis Report are not 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. Limited assurance is less than absolute assurance and reasonable 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 to 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.

Report on Economic and Financial Analysis – March 2014

Independent Limited 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 quarter ended March 31, 2014 has been prepared by the Management of Bradesco, based on the information contained in the consolidated financial statements on March 31, 2014 and the accounting 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.

Based on the procedures performed we did not become aware of any fact that lead us to believe that the supplementary accounting information included within the Economic and Financial Analysis Report are not presented, in all relevant respects, in accordance with the information referred to in the "Criteria for preparing the supplementary accounting information" paragraph.

Osasco, April 23, 2014

Original report in Portuguese signed by

KPMG Auditores Independentes

CRC 2SP028567/O-1 F SP

Cláudio Rogélio Sertório

Accountant CRC 1SP212059/O-0

Bradesco _____

Financial Statements, Independent Auditors' Report and Fiscal Council's Report

Management Report

Dear Shareholders,

We hereby present the consolidated financial statements of Banco Bradesco S.A., for the period ended March 31, 2014, prepared in accordance with the accounting practices adopted in Brazil and applicable to institutions authorized to operate by the Brazilian Central Bank.

The U.S. central bank's monetary stimulus reduction process and the slowing Chinese economy generate challenges to emerging market countries. Thus, positive actions that seek to differentiate Brazil from other countries should be seen favorably. These actions include strengthening of the fiscal commitment and continued combating of inflation, and constituting a necessary condition for the country's economic growth.

In the 1st quarter of 2014, Bradesco's Net Income was R\$ 3.443 billion, corresponding to R\$ 0.82 per share and profitability of 20.3% over the average Shareholders' Equity^(*). Return on Average Assets came to 1.5%.

From January to March 2014, R\$ 1.212 billion were destined to shareholders as Interest on Equity, of which R\$ 248.712 million were paid in monthly installments and R\$ 963.489 million were provisioned.

In the same period, taxes and contributions, including social security contributions, paid or

On March 31, 2014, total funding raised and managed by the Bradesco Organization totaled R\$ 1.278 trillion, 2.8% more than in the same period in the previous year, broken down as follows:

R\$ 469.425 billion in demand deposits, time deposits, interbank deposits, savings accounts and federal funds purchased and securities sold under agreements to repurchase;

R\$ 439.176 billion in assets under management, comprising investment funds, managed portfolios and third-party fund quotas, a 0.9% increase;

R\$ 196.550 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 20.1% expansion;

R\$ 137.751 billion in technical reserves for insurance, pension plans and capitalization bonds, up by 8.2%; and

R\$ 34.767 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\$ 15.363 billion.

provisioned, came to R\$ 6.240 billion, of which R\$ 2.258 billion related to taxes withheld and collected from third parties, and R\$ 3.982 billion related to activities developed by the Bradesco Organization, equivalent to 115.7% of Net Income.

At the end of the quarter, Paid-in Capital came to R\$ 38.100 billion. Together with Equity Reserves of R\$ 35.226 billion, Shareholders' Equity came to R\$ 73.326 billion, 5.6% up on the same period in the previous year, and equivalent to a book value of R\$ 17.48 per share.

Based on its stock price, Bradesco's Market Capitalization came to R\$ 135.938 billion on March 31, equivalent to 1.9 times the Shareholders' Equity.

It should be noted that the Administered Shareholders' Equity is equivalent to 8.0% of the Consolidated Assets, which totaled R\$ 922.229 billion, a 3.1% growth compared to March 2013. Thus, the Capital Adequacy Ratio reached 15.7%, substantially higher than the 11% minimum established by National Monetary Council Resolution nº 4193/13, in conformity with the Basel Committee. At the end of the quarter, the fixed asset ratio in relation to the Consolidated Reference Assets was 47.1% in the consolidated financial result, and 15.0% 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". Bradesco further declares that the operations of Banco Bradescard S.A., its subsidiary, are sufficient to cover the strategic goals defined in the business plan, pursuant to Article 11 of Regulatory Attachment I to National Monetary Council Resolution nº 4122/12.

Consolidated credit operations, within the expanded concept, totaled at the end of the quarter R\$ 432.297 billion, an increase of 10.4% over March 2013, including:

R\$ 6.459 billion in advances on exchange contracts, giving a total export financing portfolio of US\$ 12.907 billion;

US\$ 3.795 billion in import financing denominated in foreign currency;

R\$ 5.271 billion in leasing operations;

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<p>R\$ 21.473 billion in rural lending;</p>	<p>8,162 Branches and PAs (Service Branches) in Brazil (Branches: Bradesco 4,653, Banco Bradesco Financiamentos 19, Banco Bankpar 2, Banco Bradesco BBI 1, Banco Bradesco BERJ 1, Banco Bradesco Cartões 1, and Banco Alvorada 1; and PAs: 3,484);</p>
<p>R\$ 94.276 billion in consumer financing, including R\$ 15.096 billion in credit card receivables;</p>	<p>3 Overseas Branches, one in New York and two in Grand Cayman;</p>
<p>R\$ 67.518 billion in sureties and guarantees; and</p>	<p>10 Overseas Subsidiaries (Banco Bradesco Argentina S.A. in Buenos Aires; Banco Bradesco Europa S.A. in Luxembourg; Bradesco North America LLC and Bradesco Securities, Inc. 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);</p>
<p>R\$ 35.112 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.</p>	<p>In the quarter the Organization allocated a total of R\$ 3.881 billion in Real Estate Loan resources for the construction and acquisition of 17,507 homes.</p>
<p>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 quarter was over R\$ 44.627 billion.</p>	<p>47,430 Bradesco Espresso service points;</p> <p>1,186 PAEs – in-company electronic service branches; and</p> <p>2,701 External terminals in the Bradesco Dia & Noite network and 11,873 ATMs in the Banco24Horas network, with 1,393 terminals shared by both networks.</p>

On March 31, 2014, Grupo Bradesco Seguros, one of the leaders in the Insurance, Capitalization Bond and Pension Plan segments, posted Net Income of R\$ 1.040 billion and Shareholders' Equity of R\$ 17.602 billion. Net written insurance premiums, pension contributions and capitalization bond income came to R\$ 11.450 billion, 4.5% up on the same period in the previous year.

Present in all regions of the country and in various locations abroad, with modern and well-equipped structure to offer clients and users products, services and solutions with high efficiency and quality standards, in March 31, 2014 the Bradesco Organization Service Network had 59,492 service points, with 32,909 ATMs from the Bradesco *Dia & Noite* Automated Service Network, of which 32,429 we also operative during weekends and holidays, in addition to 15,386 ATMs from the *Banco24Horas* Network, available to clients for cash withdrawals, bank statements, balance verification, loan request, payments and transfers between accounts. In the payroll-deductible loan segment, the network had 1,955 Bradesco Promotora correspondent bank branches and, in the vehicle segment, 13,022 Bradesco Financiamentos points of sale:

According to the Securities and Exchange Commission Instruction nº 381/03, during the quarter the Bradesco Organization did not hire or have services provided by KPMG Auditores Independentes, which were not related to external audit. 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.

In the area of Human Resources, the Bradesco Organization maintains the strategy directed to staff training and development, to ensure that employees are under permanent harmony with the increasingly more demanding and competitive market. A total of 1,071 courses were held in the quarter, with 248,585 participations. At year-end, the benefits aimed at improving their safety, well-being and overall quality of life, as well as that of their dependents, covered 204,975 individuals.

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Fundação Bradesco, the main focus of the Organization's social initiatives, holds social and educational programs with 40 schools located throughout all Brazilian states, including the Federal District, mostly in socially and economically underprivileged regions. This year, the budget of R\$ 523.434 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 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.

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 adults from 8 to 20 years old are benefited, reaffirming the social commitment and recognition of talent and full exercise of citizenship, with education, sport and health actions.

We have recorded important recognitions awarded to Bradesco in the quarter:

- **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; and
- **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.

The record of these results reaffirms Bradesco's goal to always offer the best. We would like to thank our shareholders and customers for their trust and support, as well as our employees and other personnel for their dedicated efforts.

Cidade de Deus, April 23, 2014

Board of Directors

Board of Executive Officers

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

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Consolidated Statement of Financial Position – In thousands of Reais

Assets	2014	2013	
	March	December	March
Current assets	597,002,155	599,915,692	608,211,993
Cash and due from banks (Note 6)	12,110,067	12,196,309	11,347,061
Interbank investments (Notes 3d and 7)	126,320,146	134,633,803	170,272,735
Investments in federal funds sold and securities borrowed under agreements to resell	115,741,455	124,970,956	163,869,276
Interbank investments	10,618,597	9,698,449	6,404,962
Allowance for losses	(39,906)	(35,602)	(1,503)
Securities and derivative financial instruments (Notes 3e, 3f, 8 and 32b)	193,114,514	196,059,241	188,849,858
Own portfolio	160,506,063	171,677,589	163,579,075
Subject to repurchase agreements	26,121,894	20,458,489	19,131,306
Derivative financial instruments (Notes 3f, 8e and 32b)	3,778,562	1,748,814	1,066,093
Underlying guarantees provided	2,458,066	2,174,349	2,577,329
Securities subject to unrestricted repurchase agreements	249,929	-	2,496,055
Interbank accounts	60,599,096	55,530,397	51,252,878
Unsettled payments and receipts	1,575,879	14,080	910,715
Reserve requirement (Note 9):			
- Reserve requirement - Brazilian Central Bank	58,919,160	55,380,989	50,265,428
- National treasury - rural loans	-	-	578
- SFH (Housing Financing System)	5,961	3,306	9,911
Correspondent banks	98,096	132,022	66,246
Interdepartmental accounts	548,957	881,453	954,193
Internal transfer of funds	548,957	881,453	954,193
Loans (Notes 3g, 10 and 32b)	133,771,326	135,354,186	126,861,222
Loans:			
- Public sector	42,639	44,870	132,631
- Private sector	146,955,377	148,638,032	139,605,785
Allowance for loan losses (Notes 3g, 10f, 10g and 10h)	(13,226,690)	(13,328,716)	(12,877,194)
Leasing (Notes 2, 3g, 10 and 32b)	2,477,965	2,723,519	3,604,404
Leasing receivables:			
- Private sector	4,989,529	5,434,253	7,088,876
Unearned income from leasing	(2,255,345)	(2,433,185)	(3,087,619)
Allowance for leasing losses (Notes 3g, 10f, 10g and 10h)	(256,219)	(277,549)	(396,853)
Other receivables	64,770,782	59,436,700	52,457,873

Receivables on sureties and guarantees honored (Note 10a-3)	31,862	10,554	20,073
Foreign exchange portfolio (Note 11a)	18,133,644	13,707,498	12,142,061
Receivables	731,351	758,080	688,038
Securities trading	997,323	1,142,905	3,139,748
Specific receivables	3,046	2,819	2,687
Insurance and reinsurance receivables and reinsurance assets – technical reserves	3,777,433	3,498,202	3,218,301
Sundry (Note 11b)	41,899,947	41,133,710	34,028,914
Allowance for loan losses (Notes 3g, 10f, 10g and 10h)	(803,824)	(817,068)	(781,949)
Other assets (Note 12)	3,289,302	3,100,084	2,611,769
Other assets	1,565,634	1,481,238	1,185,967
Provision for losses	(603,368)	(562,494)	(481,303)
Prepaid expenses (Notes 3i and 12b)	2,327,036	2,181,340	1,907,105
Long-term receivables	309,758,601	292,580,021	270,978,988
Interbank investments (Notes 3d and 7)	693,875	822,535	1,060,071
Interbank investments	693,875	822,535	1,060,071

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

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Assets	2014	2013	
	March	December	March
Securities and derivative financial instruments (Notes 3e, 3f, 8 and 32b)	128,855,866	117,268,259	111,749,789
Own portfolio	75,535,850	56,687,389	58,281,287
Subject to repurchase agreements	48,280,299	55,122,833	45,406,568
Derivative financial instruments (Notes 3f, 8e II and 32b)	594,395	751,511	477,474
Subject to the Brazilian Central Bank	2,694	-	-
Privatization currencies	63,052	65,509	71,082
Underlying guarantees provided	4,322,077	4,339,865	7,512,742
Securities subject to unrestricted repurchase agreements	57,499	301,152	636
Interbank accounts	591,868	583,626	562,143
Reserve requirement (Note 9):			
- SFH	591,868	583,626	562,143
Loans (Notes 3g, 10 and 32b)	143,060,489	135,500,718	121,994,211
Loans:			
- Public sector	2,069,028	2,143,961	84,158
- Private sector	143,554,018	140,089,006	128,919,437
Loans Related to Assignment	4,023,119	-	-
Allowance for loan losses (Notes 3g, 10f, 10g and 10h)	(6,585,676)	(6,732,249)	(7,009,384)
Leasing (Notes 2, 3g, 10 and 32b)	2,368,402	2,529,406	2,994,197
Leasing receivables:			
- Private sector	5,169,314	5,537,108	6,714,165
Unearned income from leasing	(2,632,691)	(2,824,695)	(3,435,310)
Allowance for leasing losses (Notes 3g, 10f, 10g and 10h)	(168,221)	(183,007)	(284,658)
Other receivables	32,537,264	34,194,407	30,949,376
Receivables	16,393	61,298	64,385
Securities trading	177,378	170,018	222,704
Sundry (Note 11b)	32,354,294	33,973,908	30,670,823
Allowance for loan losses (Notes 3g, 10f, 10g and 10h)	(10,801)	(10,817)	(8,536)
Other assets (Note 12)	1,650,837	1,681,070	1,669,201
Other assets	-	-	175
Prepaid expenses (Notes 3i and 12b)	1,650,837	1,681,070	1,669,026
Permanent assets	15,467,997	15,643,572	15,275,796
Investments (Notes 3j, 13 and 32b)	1,870,597	1,830,388	1,867,383
Equity in the earnings (losses) of unconsolidated companies - In Brazil	1,456,636	1,412,087	1,361,442
Other investments	687,804	692,144	779,944
Allowance for losses	(273,843)	(273,843)	(274,003)
Premises and equipment (Notes 3k and 14)	4,596,795	4,667,245	4,549,798

Premises	1,449,649	1,441,462	1,330,237
Other assets	10,378,734	10,246,779	9,732,401
Accumulated depreciation	(7,231,588)	(7,020,996)	(6,512,840)
Intangible assets (Notes 3I and 15)	9,000,605	9,145,939	8,858,615
Intangible assets	16,260,103	17,740,156	16,855,832
Accumulated amortization	(7,259,498)	(8,594,217)	(7,997,217)
Total	922,228,753	908,139,285	894,466,777

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

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Consolidated Statement of Financial Position – In thousands of Reais

Liabilities	2014	2013	
	March	December	March
Current liabilities	633,058,763	627,521,214	613,132,977
Deposits (Notes 3n and 16a)	168,041,497	166,344,920	143,657,650
Demand deposits	38,569,323	40,618,478	35,713,633
Savings deposits	82,098,295	80,717,805	70,162,669
Interbank deposits	455,468	760,034	280,896
Time deposits (Notes 16a and 32b)	46,918,411	44,248,603	37,500,452
Federal funds purchased and securities sold under agreements to repurchase (Notes 3n and 16b)	228,518,684	239,743,865	263,071,874
Own portfolio	114,875,410	122,015,241	103,173,557
Third-party portfolio	112,795,792	112,260,838	131,299,482
Unrestricted portfolio	847,482	5,467,786	28,598,835
Funds from issuance of securities (Notes 16c and 32b)	26,558,538	20,779,339	28,972,765
Mortgage and real estate notes, letters of credit and others	21,293,057	16,630,404	24,663,405
Securities issued abroad	5,138,381	4,148,935	4,309,360
Structured Operations Certificates	127,100	-	-
Interbank accounts	1,690,041	1,695,129	1,008,585
Correspondent banks	1,690,041	1,695,129	1,008,585
Interdepartmental accounts	3,653,373	5,168,539	2,805,558
Third-party funds in transit	3,653,373	5,168,539	2,805,558
Borrowing (Notes 17a and 32b)	14,695,954	14,194,747	7,404,127
Borrowing in Brazil - other institutions	5,738	3,595	3,388
Borrowing abroad	14,690,216	14,191,152	7,400,739
Onlending in Brazil - official institutions (Notes 17b and 32b)	11,794,019	12,220,523	12,852,686
National treasury	2,289	23,735	32,029
BNDES	3,129,109	3,726,424	5,412,482
CEF	18,863	20,962	20,589
FINAME	8,642,502	8,448,148	7,387,586
Other institutions	1,256	1,254	-
Onlending abroad (Notes 17b and 32b)	173,694	182,853	92,385
Onlending abroad	173,694	182,853	92,385
Derivative financial instruments (Notes 3f, 8e II and 32b)	3,197,880	1,081,868	1,873,385
Derivative financial instruments	3,197,880	1,081,868	1,873,385
Technical reserves for insurance, pension plans and capitalization bonds (Notes 3o and 21)	114,366,561	112,741,534	102,582,039

Other liabilities	60,368,522	53,367,897	48,811,923
Payment of taxes and other contributions	3,842,269	814,556	3,252,662
Foreign exchange portfolio (Note 11a)	11,995,335	7,770,810	6,384,384
Social and statutory	1,157,261	2,471,009	973,367
Tax and social security (Note 20a)	3,942,229	5,593,779	5,101,563
Securities trading	1,605,227	2,163,132	4,544,802
Financial and development funds	2,956	2,266	2,368
Subordinated debts (Notes 19 and 32b)	2,514,553	2,581,899	1,524,755
Sundry (Note 20b)	35,308,692	31,970,446	27,028,022
Long-term liabilities	214,734,626	208,396,101	210,654,510
Deposits (Notes 3n and 16a)	50,667,998	51,718,125	62,212,484
Interbank deposits	199,353	203,820	207,549
Time deposits (Notes 16a and 32b)	50,468,645	51,514,305	62,004,935
Federal funds purchased and securities sold under agreements to repurchase (Notes 3n and 16b)	22,197,346	16,534,931	17,973,246

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

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Consolidated Statement of Financial Position – In thousands of Reais

Liabilities	2014	2013	
	March	December	March
Own portfolio	22,197,346	16,534,931	17,973,246
Funds from issuance of securities (Notes 16c and 32b)	37,952,071	36,874,654	18,859,499
Mortgage and real estate notes, letters of credit and others	32,652,954	29,548,742	9,949,182
Securities issued abroad	5,256,747	7,325,912	8,910,317
Structured Operations Certificates	42,370	-	-
Borrowing (Notes 17a and 32b)	971,137	1,036,109	727,509
Borrowing in Brazil - other institutions	8,761	9,914	6,318
Borrowing abroad	962,376	1,026,195	721,191
Lending in Brazil - official institutions (Notes 17b and 32b)	29,089,213	28,460,620	25,132,567
BNDES	8,590,501	8,606,309	7,713,582
CEF	16,058	18,852	32,709
FINAME	20,482,285	19,835,093	17,384,636
Other institutions	369	366	1,640
Derivative financial instruments (Notes 3f, 8e II and 32b)	695,983	726,632	716,922
Derivative financial instruments	695,983	726,632	716,922
Technical reserves for insurance, pension plans and capitalization bonds (Notes 3o and 21)	23,384,244	23,487,577	24,784,559
Other liabilities	49,776,634	49,557,453	60,247,724
Tax and social security (Note 20a)	10,675,088	10,255,945	20,807,703
Subordinated debts (Notes 19 and 32b)	33,325,359	33,303,104	33,532,583
Sundry (Note 20b)	5,776,187	5,998,404	5,907,438
Deferred income	560,099	676,733	632,590
Deferred income	560,099	676,733	632,590
Non-controlling interests in subsidiaries (Note 22)	549,269	605,435	604,602
Shareholders' equity (Note 23)	73,325,996	70,939,802	69,442,098
Capital:			
- Domiciled in Brazil	37,622,312	37,622,329	37,622,481
- Domiciled abroad	477,688	477,671	477,519
Capital reserves	11,441	11,441	11,441
Profit reserves	36,382,872	34,151,897	28,110,194
Asset valuation adjustments	(870,302)	(1,054,443)	3,417,764
Treasury shares (Notes 23d and 32b)	(298,015)	(269,093)	(197,301)
Attributable to equity holders of the Parent Company	73,875,265	71,545,237	70,046,700
Total	922,228,753	908,139,285	894,466,777

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

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Consolidated Income Statement – In thousands of Reais

	2014	2013	
	1st Quarter	4th Quarter	1st Quarter
Revenue from financial intermediation	25,599,441	18,680,061	21,209,340
Loans (Note 10j)	13,666,972	13,654,653	12,264,448
Leasing (Note 10j)	176,592	190,462	206,273
Operations with securities (Note 8h)	7,231,372	3,413,584	5,861,280
Financial income from insurance, pension plans and capitalization bonds (Note 8h)	3,263,448	422,900	2,060,904
Derivative financial instruments (Note 8h)	133,550	(402,688)	(157,174)
Foreign exchange operations (Note 11a)	(7,526)	383,212	269,315
Reserve requirement (Note 9b)	1,082,075	941,200	662,938
Sale or transfer of financial assets	52,958	76,738	41,356
Financial intermediation expenses	16,080,203	17,026,114	12,756,536
Federal funds purchased and securities sold under agreements to repurchase (Note 16e)	10,465,246	10,359,472	7,845,707
Adjustment for inflation and interest on technical reserves for insurance, pension plans and capitalization bonds (Note 16e)	2,580,982	2,026,183	1,068,927
Borrowing and onlending (Note 17c)	(217,324)	1,503,190	366,839
Allowance for loan losses (Notes 3g, 10g and 10h)	3,251,299	3,137,269	3,475,063
Gross income from financial intermediation	9,519,238	1,653,947	8,452,804
Other operating income (expenses)	(3,501,428)	328,275	(3,699,033)
Fee and commission income (Note 24)	5,190,428	5,156,512	4,508,215
Other fee and commission income	4,142,058	4,096,256	3,571,118
Income from banking fees	1,048,370	1,060,256	937,097
Insurance, pension plan and capitalization bond retained premiums (Notes 3o and 21d)	11,382,058	14,429,867	10,900,830
Net premiums written	11,449,495	14,491,300	10,952,662
Reinsurance premiums	(67,437)	(61,433)	(51,832)
Variation in technical reserves for insurance, pension plans and capitalization bonds (Note 3o)	(4,147,182)	(4,344,742)	(4,688,643)
Retained claims (Note 3o)	(4,216,031)	(4,104,036)	(3,549,301)
Capitalization bond draws and redemptions (Note 3o)	(1,086,733)	(1,172,958)	(871,576)
Insurance, pension plan and capitalization bond selling expenses (Note 3o)	(687,865)	(635,414)	(636,109)
Payroll and related benefits (Note 25)	(3,279,147)	(3,465,203)	(3,059,462)
Other administrative expenses (Note 26)	(3,515,337)	(3,930,802)	(3,368,481)
Tax expenses (Note 27)	(1,141,275)	(1,096,426)	(1,139,974)
Equity in the earnings (losses) of unconsolidated companies (Note 13b)	51,763	25,789	3,332

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Other operating income (Note 28)	811,285	2,798,696	863,381
Other operating expenses (Note 29)	(2,863,392)	(3,333,008)	(2,661,245)
Operating income	6,017,810	1,982,222	4,753,771
Non-operating income (loss) (Note 30)	(109,445)	(156,454)	(58,484)
Income before income tax and social contribution and non-controlling interests	5,908,365	1,825,768	4,695,287
Income tax and social contribution (Notes 34a and 34b)	(2,435,388)	1,272,095	(1,748,540)
Non-controlling interests in subsidiaries	(29,801)	(18,663)	(27,628)
Net income	3,443,176	3,079,200	2,919,119

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

Bradesco _____

Financial Statements, Independent Auditors' Report and Fiscal Council's Report

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

Events	Paid-in Capital	Capital reserves Share premium	Profit reserves		Asset valuation adjustments		Treasury shares	Retain 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	-	-	-	-	(792,299)	(1,704,479)	-	
Net income	-	-	-	-	-	-	-	2,911
Allocations:- Reserves	-	-	145,956	1,745,461	-	-	-	(1,891)
- Interest on shareholders' equity paid and/or provisioned	-	-	-	-	-	-	-	(1,027)
Balance on March 31, 2013	38,100,000	11,441	3,984,430	24,125,764	94,390	3,323,374	(197,301)	
Balance on September 30, 2013	38,100,000	11,441	4,285,065	27,721,011	(2,327,663)	(494,213)	(262,249)	
Acquisition of treasury shares	-	-	-	-	-	-	(6,844)	
Asset valuation adjustments (1)	-	-	-	-	1,462,290	305,143	-	
Net income	-	-	-	-	-	-	-	3,071
Allocations:- Reserves	-	-	153,960	1,991,861	-	-	-	(2,145)
- Interest on shareholders' equity paid and/or provisioned	-	-	-	-	-	-	-	(791)
- Dividends provisioned	-	-	-	-	-	-	-	(853)
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	-	-	-	-	-	-	-	3,441

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	11,441,461	1,184,317	71,688	(870,793)		491	(298,015)

(1) The 4th quarter of 2013 includes gains/losses from sale and acquisition of available-for-sale securities totaling R\$ 41,945,300 thousand, which represented the realization of loss amounting to R\$ 6,117,649 thousand (R\$ 3,670,589 thousand, net of taxes), allowing for the adjustment of securities rates to market value (Note 8h). Additionally, a total of R\$ 19,121,109 thousand was reclassified from "Available for Sale Securities" to "Held-to-Maturity Securities", given that the Insurance Group made the reclassification because of the change in Management's intention. The mark-to-market accounting of these securities, totaling R\$ 479,358 thousand, was maintained under Shareholders' Equity and will be recognized in the income statement for the remaining term of the securities, pursuant to Bacen Circular Letter n^o 3068/01 (Note 8d-4).

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

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Statement of Value Added— In thousands of Reais

Description	2014		2013		
	1 st Quarter	%	4 th Quarter	%	1 st Quarter
1 - Revenue	26,854,472	254.6	24,460,082	370.5	21,853,3
1.1) Financial intermediation	25,599,441	242.7	18,680,061	282.9	21,209,3
1.2) Fees and commissions	5,190,428	49.2	5,156,512	78.1	4,508,2
1.3) Allowance for loan losses	(3,251,299)	(30.8)	(3,137,269)	(47.5)	(3,475,06
1.4) Other	(684,098)	(6.5)	3,760,778	57.0	(389,13
2 - Financial intermediation expenses	(12,828,904)	(121.6)	(13,888,845)	(210.4)	(9,281,47
3 - Inputs acquired from third-parties	(2,849,666)	(27.1)	(3,255,308)	(49.3)	(2,742,10
Material, water, electricity and gas	(138,637)	(1.3)	(138,073)	(2.1)	(134,33
Outsourced services	(903,415)	(8.6)	(1,063,462)	(16.1)	(828,29
Communication	(375,505)	(3.6)	(413,399)	(6.3)	(392,54
Financial system services	(197,048)	(1.9)	(177,740)	(2.7)	(179,22
Advertising and marketing	(178,249)	(1.7)	(299,688)	(4.5)	(160,98
Transport	(202,885)	(1.9)	(213,274)	(3.2)	(198,80
Data processing	(335,694)	(3.2)	(352,248)	(5.3)	(292,88
Asset maintenance	(151,507)	(1.4)	(177,216)	(2.7)	(153,18
Security and surveillance	(138,307)	(1.3)	(131,226)	(2.0)	(115,54
Travel	(30,252)	(0.3)	(38,889)	(0.6)	(27,40
Other	(198,167)	(1.9)	(250,093)	(3.8)	(258,89
4 - Gross value added (1-2-3)	11,175,902	105.9	7,315,929	110.8	9,829,7
5 - Depreciation and amortization	(679,403)	(6.4)	(739,047)	(11.2)	(723,93
6 - Net value added produced by the entity (4-5)	10,496,499	99.5	6,576,882	99.6	9,105,8
7 - Value added received through transfer	51,763	0.5	25,789	0.4	3,3
Equity in the earnings (losses) of unconsolidated companies	51,763	0.5	25,789	0.4	3,3
8 - Value added to distribute (6+7)	10,548,262	100.0	6,602,671	100.0	9,109,1
9 - Value added distributed	10,548,262	100.0	6,602,671	100.0	9,109,1
9.1) Personnel	2,850,300	27.1	3,014,857	45.7	2,665,9
Salaries	1,516,258	14.4	1,552,086	23.5	1,435,7
Benefits	697,236	6.6	711,233	10.8	657,3
Government Severance Indemnity Fund for Employees (FGTS)	143,606	1.4	156,629	2.4	136,3
Other	493,200	4.7	594,909	9.0	436,5
9.2) Tax, fees and contributions	4,005,510	37.9	274,677	4.2	3,282,0
Federal	3,818,750	36.2	110,266	1.7	3,127,6
State	3,216	-	4,884	0.1	1,7
Municipal	183,544	1.7	159,527	2.4	152,6
9.3) Value distributed to providers of capital	219,475	2.0	215,274	3.2	214,4
Rental	213,903	2.0	212,908	3.2	211,7
Asset leasing	5,572	-	2,366	-	2,6
9.4) Value distributed to shareholders	3,472,977	33.0	3,097,863	46.9	2,946,7
Interest on shareholders' equity/dividends	1,212,201	11.5	933,379	14.1	1,027,7
Retained earnings	2,230,975	21.2	2,145,821	32.5	1,891,4

Non-controlling interests in retained earnings	29,801	0.3	18,663	0.3	27,6
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The accompanying Notes are an integral part of these Financial Statements.

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Consolidated Cash Flow Statement - In Thousands of Reais

	2014 1 st Quarter	2013 4 th Quarter	2013 1 st Quarter
Cash flow from operating activities:			
Net Income before income tax and social contribution	5,908,365	1,825,768	4,695,287
Adjustments to net income before income tax and social contribution	7,606,227	5,279,095	6,595,010
Allowance for loan losses	3,251,299	3,137,269	3,475,063
Depreciation and amortization	679,403	739,047	723,939
Impairment losses/Provisions for asset impairment (Reversals)/Expenses with civil, labor and tax provisions	799,809	(1,801,139)	1,261,372
Expenses with adjustment for inflation and interest on technical reserves for insurance, pension plans and capitalization bonds	2,580,982	2,026,183	1,068,927
Equity in the earnings (losses) of unconsolidated companies	(51,763)	(25,789)	(3,332)
(Gain)/loss on sale of investments	(4)	(32,644)	69
(Gain)/loss on sale of fixed assets	3,127	8,694	6,786
(Gain)/loss on sale of foreclosed assets	62,899	93,731	38,475
Other	280,475	394,492	23,711
Adjusted net income before taxes	13,514,592	7,104,863	11,290,297
(Increase)/decrease in interbank investments	15,613,632	5,963,509	(42,290,917)
(Increase)/decrease in trading securities and derivative financial instruments	(68,310)	1,756,023	29,271,951
(Increase)/decrease in interbank and interdepartmental accounts	(2,726,528)	3,092,297	(2,547,264)
(Increase) in loan and leasing	(8,794,161)	(12,981,604)	(11,476,303)
(Increase)/decrease in insurance and reinsurance receivables and reinsurance assets – technical reserves	(279,231)	36,381	(507,356)
Increase/(decrease) in technical reserves for insurance, pension plans and capitalization bonds	(1,059,288)	649,263	2,080,251
Increase/(decrease) in deferred income	(116,634)	538	(25,057)
(Increase)/decrease in other receivables and other assets	(3,618,405)	679,956	2,696,449
(Increase) in reserve requirement - Brazilian Central Bank	(3,538,171)	(5,908,314)	(2,313,011)
Increase/(decrease) in deposits	646,450	1,285,650	(5,987,390)
Increase/(decrease) in federal funds purchased and securities sold under agreements to repurchase	(5,562,766)	(2,301,137)	25,453,968
Increase/(decrease) in funds from issuance of securities	6,856,616	2,227,337	(3,527,043)
Increase in borrowings and onlending	629,165	4,788,019	2,023,117
Increase/(decrease) in other liabilities (1)	7,747,175	(10,386,724)	(2,030,736)
Income tax and social contribution paid	(2,839,584)	(943,165)	(3,642,291)
Net cash provided by/(used in) operating activities	16,404,552	(4,937,108)	(1,531,335)
Cash flow from investing activities:			
(Purchases) from held-to-maturity securities	(561,866)	(96,576)	(27,944)
Sale of/maturity of and interests on available-for-sale securities (2)	10,632,545	46,583,460	21,269,839

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Proceeds from sale of foreclosed assets	131,827	187,859	75,980
Sale of investments	2,277	94,468	2,060
Sale of premises and equipment	176,261	19,257	135,827
Purchases of available-for-sale securities (2)	(16,569,919)	(47,520,908)	(39,529,437)
Foreclosed asset acquisitions	(309,650)	(367,327)	(218,629)
Investment acquisitions	(1,440)	(2,015)	(1,331)
Purchase of premises and equipment	(263,981)	(542,700)	(345,975)
Intangible asset acquisitions	(168,778)	(580,291)	(1,013,263)
Dividends and interest on shareholders' equity received	119,882	72,368	36,118
Net cash provided by/(used in) investing activities	(6,812,842)	(2,152,405)	(19,616,755)
Cash flow from financing activities:			
Increase/(decrease) in subordinated debts	(45,091)	(250,320)	205,624
Dividends and interest on shareholders' equity paid	(2,346,657)	(425,987)	(2,547,149)
Non-controlling interest	(85,967)	(4,868)	(11,220)
Acquisition of own shares	(28,922)	(6,844)	-
Net cash provided by/(used in) financing activities	(2,506,637)	(688,019)	(2,352,745)
Net increase/(decrease) in cash and cash equivalents	7,085,073	(7,777,532)	(23,500,835)
Cash and cash equivalents - at the beginning of the period	117,824,922	125,602,454	47,555,069
Cash and cash equivalents - at the end of the period	124,909,995	117,824,922	24,054,234
Net increase/(decrease) in cash and cash equivalents	7,085,073	(7,777,532)	(23,500,835)

(1) The 4th quarter of 2013 includes write-offs of claims due to the adhesion to the tax liability installment and cash payment program - Law n^o 12865/13 (Note 18); and

(2) The 4th quarter of 2013 includes the sale and acquisition of available-for sale securities with the same characteristics, in the amount of R\$ 41,945,300 thousand, which allowed for the adjustment of securities rates to market value.

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

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Notes to the Financial Statements Index

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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 nº4595/64 (Brazilian Financial System Law) and nº6404/76 (Brazilian Corporate Law), along with amendments introduced by Laws nº11638/07 and nº11941/09 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 April 23, 2014.

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Notes to the Consolidated Financial Statements

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

	Activity	Equity interest		
		2014 March 31	2013 December 31	2012 March 31
Financial Area - Brazil				
Alvorada Cartões, Crédito, Financiamento e Investimento S.A.	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.	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. (1)	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. (2)	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. (3)	Services	28.65%	28.65%	28.65%
Cia. Brasileira de Soluções e Serviços - Alelo (3)	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 (4)	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. (5)	Dental care	50.01%	43.50%	43.50%
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%	100.00%
Bradseg Participações S.A.	<i> Holding </i>	100.00%	100.00%	100.00%
Bradescor Corretora de Seguros Ltda.	Insurance brokerage	100.00%	100.00%	100.00%
Bradesplan Participações Ltda.	<i> Holding </i>	100.00%	100.00%	100.00%
BSP Empreendimentos Imobiliários S.A.	Real estate	100.00%	100.00%	100.00%
Cia. Securitizadora de Créditos Financeiros Rubi	Credit acquisition	100.00%	100.00%	100.00%
Columbus Holdings S.A.	<i> Holding </i>	100.00%	100.00%	100.00%
Nova Paiol Participações Ltda.	<i> Holding </i>	100.00%	100.00%	100.00%
Scopus Tecnologia Ltda.	Information technology	100.00%	100.00%	100.00%
União Participações Ltda.	<i> Holding </i>	100.00%	100.00%	100.00%

(1) New corporate name of Bankpar Arrendamento Mercantil S.A.;

(2) Currently Banco BERJ S.A.;

(3) Company proportionally consolidated, pursuant to CMN Resolution nº2723/00 and CVM Rule nº247/96;

(4) 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

(5) 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.

Health insurance premiums are recorded upon the beginning of the risk effectiveness, deducted from the premiums corresponding to the risk period to elapse.

Income and expenses arising from DPVAT insurance operations are recorded based on information provided by the 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 intended for and which have the 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.

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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:

- Hedge market risk: 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
- Hedge cash flow: 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, other receivables with credit characteristics are classified in their risk levels, observing: (i) the parameters established by CMN Resolution n^o 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^o 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^o 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.

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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.

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° 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° 11638/07 and by Articles n° 37 and n° 38 of Law n° 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.

Incurred 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 stated under the equity method of accounting.

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

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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.

Is its demonstrated 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.

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 are comprised of:

- 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 Notes 8d(9).

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:

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- 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;
- 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 constituted based on the indemnity payment estimates, considering all administrative and judicial claims existing on the balance sheet date, net of the corresponding portion of the expectation of receiving saved and indemnified items, including loss of suits costs;

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- 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

- 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 portfolios, adopting the formula included in the actuarial technical note approved by ANS, and the discount rate based on the 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, 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;

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- 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

- 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;

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- 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.

q) Funding expenses

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

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 end of the reporting period for the financial statements and the date they are authorized to be issued.

They are comprised of 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 March 31, 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)		Insuranc
	Brazil	Abroad	(2)
			Brazil
Assets			
Current and long-term assets	702,857,097	97,437,160	158,678,99
Funds available	13,939,921	4,358,243	235,57
Interbank investments	124,631,372	2,382,649	
Securities and derivative financial instruments	160,799,035	13,734,504	147,487,2
Interbank and interdepartmental accounts	61,739,921	-	
Loan and leasing	249,940,557	75,188,178	
Other receivables and assets	91,806,291	1,773,586	10,956,12
Permanent assets	59,625,307	38,983	3,603,74
Investments	49,032,310	-	1,301,2
Premises and equipment	3,591,567	13,307	936,4
Intangible assets	7,001,430	25,676	1,366,0
Total on March 31, 2014	762,482,404	97,476,143	162,282,70
Total on December 31, 2013	754,007,160	93,440,804	160,291,47
Total on March 31, 2013	743,837,668	81,644,667	154,411,32
Liabilities			
Current and long-term liabilities	687,730,530	68,989,976	144,512,55
Deposits	191,069,238	34,204,469	
Federal funds purchased and securities sold under agreements to repurchase	250,381,838	889,497	
Funds from issuance of securities	55,346,043	10,395,128	
Interbank and interdepartmental accounts	5,342,907	507	
Borrowing and onlending	87,343,585	12,588,588	
Derivative financial instruments	2,064,089	1,829,774	
Technical reserves from insurance, pension plans and capitalization bonds	-	-	137,749,95
Other liabilities:			
- Subordinated debts	27,294,399	8,545,513	
- Other	68,888,431	536,500	6,762,64
Deferred income	560,099	-	-

Non-controlling interests in subsidiaries	865,779	28,486,167	17,770,1
Shareholders' equity	73,325,996	-	-
Total on March 31, 2014	762,482,404	97,476,143	162,282,7
Total on December 31, 2013	754,007,160	93,440,804	160,291,4
Total on March 31, 2013	743,837,668	81,644,667	154,411,3

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

	Financial (1) (2)		Insurance Group (2) (3)		Other	Elimination
	Brazil	Abroad	Brazil	Abroad	Activities	(4)
					(2)	
Revenues from financial intermediation	21,886,870	594,103	3,261,946	-	35,678	(179,156)
Expenses from financial intermediation	13,316,715	361,671	2,580,982	-	-	(179,165)
Gross income from financial intermediation	8,570,155	232,432	680,964	-	35,678	
Other operating income/expenses	(4,568,939)	(30,686)	1,041,239	(87)	57,054	(9)
Operating income	4,001,216	201,746	1,722,203	(87)	92,732	
Non-operating income	(98,357)	1,376	(12,340)	-	(124)	
Income before taxes and non-controlling interest	3,902,859	203,122	1,709,863	(87)	92,608	
Income tax and social contribution	(1,750,202)	(10,236)	(642,853)	(2)	(32,095)	
Non-controlling interests in subsidiaries	(3,097)	-	(26,659)	-	(45)	
Net income for the 1st quarter of 2014	2,149,560	192,886	1,040,351	(89)	60,468	
Net income for the 4th quarter of 2013	2,012,876	22,382	1,000,604	54	43,284	
Net income for the 1st quarter of 2013	1,726,362	226,772	929,616	3	36,366	

(1) The financial segment is comprised of financial institutions, holding companies—which are mainly responsible for managing financial resources, 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 is comprised of 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	
	March 31	December 31	March 31
Cash and due from banks in domestic currency	7,249,718	9,231,834	8,141,934
Cash and due from banks in foreign currency	4,860,251	2,964,379	3,205,018
Investments in gold	98	96	109
Total cash and due from banks	12,110,067	12,196,309	11,347,061
Interbank investments (1)	112,799,928	105,628,613	12,707,173
Total cash and cash equivalents	124,909,995	117,824,922	24,054,234

(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	2,238,322
National treasury notes	232,812
National treasury bills	1,969,854
Other	35,655
Funded position	110,835,975
Financial treasury bills	114,606
National treasury notes	80,310,524
National treasury bills	30,410,845
Short position	480,658
National treasury bills	480,658
Subtotal	113,554,954
Interest-earning deposits in other banks:	
Interest-earning deposits in other banks	4,798,323
Provision for losses	(2,220)
Subtotal	4,796,103
Total on March 31, 2014	118,351,057
%	93.2
Total on December 31, 2013	122,421,550
%	90.4
Total on March 31, 2013	48,268,268
%	28.2

b) Income from interbank investments

Classified in the income statement as income on securities transactions.

	R\$ thousand		
	2014	2013	
	1st Quarter	4th Quarter	1st Quarter
Income from investments in purchase and sale commitments:			
•Own portfolio position	79,367	104,490	198,610
•Funded position	2,715,544	2,654,388	2,082,369
•Short position	120,712	437,874	1,018,240
Subtotal	2,915,623	3,196,752	3,299,219
Income from interest-earning deposits in other banks	128,668	132,681	126,209
Total (Note 8h)	3,044,291	3,329,433	3,425,428

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