

BANK BRADESCO  
Form 6-K  
October 25, 2013

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

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**FORM 6-K**

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

**For the month of October, 2013  
Commission File Number 1-15250**

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

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

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

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

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

Yes  No

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Bradesco \_\_\_\_\_

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### ***Forward-Looking Statements***

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

Factors which could modify actual results include, among others, changes in regional, national and international commercial and economic conditions; inflation rates; increase in customer delinquency on the account of borrowers in loan operations, with the consequent increase in the allowance for loan losses; loss of funding capacity; loss of customers or revenues; our capacity to sustain and improve performance; changes in interest rates which could, among other events, adversely affect our margins; competition in the banking sector, financial services, credit card services, insurance, asset management and other related sectors; government regulations and fiscal matters; disputes or adverse legal proceedings or rulings; as well as credit risks and other loan and investment activity risks.

Accordingly, the reader should not rely excessively on these forward-looking statements. These statements are valid only as at the date they were prepared. Except as required under applicable legislation, we assume no obligation whatsoever to update these statements, whether as a result of new information, future events or for any other reason.

Few numbers of this Report were submitted to rounding adjustments.

Therefore, amounts indicated as total in certain charts may not correspond to the arithmetic sum of figures preceding them.

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## Highlights

The main figures obtained by Bradesco in the first nine months of 2013 are presented below:

1. Adjusted Net Income<sup>(1)</sup> for the first nine months of 2013 stood at R\$9.003 billion (a 4.6% increase compared to the R\$8.605 billion recorded in the same period last year), corresponding to earnings per share of R\$2.84 in the last 12 months, and Return on Average Adjusted Shareholders' Equity<sup>(2)</sup> of 18.4%.

2. Adjusted Net Income is composed of R\$6.264 billion from financial activities, representing 69.6% of the total, and R\$2.739 billion from insurance, pension plan and capitalization bond operations, which accounted for 30.4%.

3. On September 30, 2013, Bradesco's market capitalization stood at R\$136.131 billion<sup>(3)</sup>, up 20.4% over the same period in 2012. As of May 2013, Bradesco common shares compose the Ibovespa index.

4. Total Assets stood at R\$907.694 billion in September 2013, a 6.0% increase over the same period in 2012. Return on Total Average Assets was 1.3%.

5. The Expanded Loan Portfolio<sup>(4)</sup> stood at R\$412.559 billion in September 2013, up 11.0% during the same period in 2012. Operations with individuals totaled R\$127.068 billion (up 10.9% on September 2012), while operations with companies totaled R\$285.491 billion (up 11.0% on September 2012).

6. Assets under Management stood at R\$1.256 trillion, a 7.2% increase from September 2012.

7. Shareholders' Equity stood at R\$67.033 billion in September 2013, up 1.5% on September 2012. Capital Adequacy Ratio stood at 16.4% in September 2013, 12.7% of which fell under Tier I Capital.

months of 2013, R\$1.554 billion of which was paid as monthly and interim interest and R\$1.591 billion was recorded in provision.

9. Interest Financial Margin stood at R\$31.700 billion, up 1.1% in comparison with the first nine months of 2012.

10. The Delinquency Ratio over 90 days dropped 0.5 p.p. in the last 12 months and stood at 3.6% on September 30, 2013 (4.1% on September 30, 2012).

11. The Efficiency Ratio<sup>(5)</sup> in September 2013 remained stable (42.1%) when compared to September 2012, whereas the "adjusted to risk" ratio stood at 52.5%, for a 0.6 p.p. improvement (53.1% in September 2012).

12. Insurance Written Premiums, Pension Plan Contributions and Capitalization Bond Income totaled R\$35.260 billion in the first nine months of 2013, up 13.4% over the same period in 2012. Technical Reserves stood at R\$133.554 billion, up 13.4% on September 2012.

13. Investments in infrastructure, information technology and telecommunications amounted to R\$3.498 billion in the first nine months of 2013, up 17.9% over the same period last year.

14. Taxes and contributions, including social security, paid or recorded in provision, amounted to R\$18.096 billion in the first nine months of 2013, of which R\$7.039 billion referred to taxes withheld and collected from third parties and R\$11.057 billion from Bradesco Organization activities, equivalent to 122.8% of Adjusted Net Income <sup>(1)</sup>.

15. Bradesco has an extensive customer service network in Brazil, with 4,697 Branches and 3,760 Service Branches - PAs. Customers can also use 1,421 PAEs – ATMs (Automatic Teller Machines) in companies, 45,614 Bradesco *Expresso* service points, 33,933 Bradesco *Dia & Noite* ATMs and 14,036 *Banco24Horas* ATMs.

8. Interest on Shareholders' Equity were paid and recorded in provision to shareholders in the amount of R\$3.145 billion for the first nine

(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 credit risk – commercial portfolio, which includes debentures and promissory notes; and (5) In the last 12 months.

— Report on Economic and Financial Analysis – September 2013

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**Highlights**

16. Payroll, plus charges and benefits, totaled R\$8.143 billion. Social benefits provided to the 101,410 employees of the Bradesco Organization and their dependents amounted to R\$1.991 billion, while investments in training and development programs totaled R\$72.259 million.

17. Bradesco was once again included in the Dow Jones Sustainability Index, a select NYSE trading list that includes only those companies with the best sustainable development practices.

18. Bradesco BBI was among the lead managers in the raising of capital to the North-American automaker Ford, in a transaction which amounted to US\$1 billion. For the first time a Brazilian bank participated as lead manager of such operation for a North-American company in the United States. BBI was also authorized by Tokyo Stock Exchange to operate in the Japanese market as manager of a yen bond offering, which makes Bradesco the first Latin-American bank to operate in the Japanese debt market.

19. Bradesco, through its subsidiary Bradesco Saúde S.A., entered into an agreement that establishes the terms and conditions for a reorganization of its ownership interest held in Odontoprev, through which Bradesco Saúde will acquire 6.5% of the voting capital of Odontoprev. The operation is subject to approval from the Brazilian Central Bank. After the acquisition, Bradesco Saúde will hold approximately 50.01% of Odontoprev.

20. Major Awards and Acknowledgments in the period:

- Bradesco was considered the most profitable private bank in Latin America and the United States (*Economática*);

- Bradesco received the 2012 Publicly-held Company Award, promoted by Apimec. It acknowledges companies that have invested in long-term relationship and open dialogue with their investors;

- Bradesco was granted the 2013 Highlight of the Sector Award, in the Banks and Credits category, with the best case in value creation in 2012 (Abrasca);

- Bradesco stood out as the best Bank to Work for in Brazil (*Guia 2013 Você S/A – As Melhores Empresas para Você Trabalhar*);

- For the seventh consecutive time, Grupo Bradesco Seguros ranked first in the Brazilian insurance company category (2012 *Valor 1000* list of *Valor Econômico* newspaper); and

- BRAM – Bradesco Asset Management was considered the best fund manager (*“Guia Exame de Investimentos Pessoais 2013” – Exame* magazine).

21. With regards to sustainability, Bradesco divides its actions into three pillars:

(i) Sustainable Finances, focused on banking inclusion, social and environmental variables for loan approvals and product offerings; (ii) Responsible Management, focused on valuing professionals, improving the workplace and adopting eco-efficient practices; and (iii) Social and Environmental Investments, focused on education, the environment, culture and sports. In this area, we point out Fundação Bradesco, which has a 56-year history of extensive social and educational work, with 40 schools in Brazil. In 2013, an estimated budget of R\$460.961 million will benefit 106,843 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



- Bradesco was considered Brazil's most valuable income brand, according to 2013 ranking (*Brand Finance*);
- Bradesco is the most valuable brand in Latin America (BrandAnalytics/ Millward Brown consulting firm, published in *Financial Times* newspaper);

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Press Release**Main Information**

|   | 3Q13      | 2Q13      | 1Q13      | 4Q12      | 3Q12      | 2Q12      |
|---|-----------|-----------|-----------|-----------|-----------|-----------|
| Income Statement for the Period - R\$ million   |           |           |           |           |           |           |
| Book Net Income   | 3,064     | 2,949     | 2,919     | 2,893     | 2,862     | 2,862     |
| Adjusted Net Income   | 3,082     | 2,978     | 2,943     | 2,918     | 2,893     | 2,893     |
| Total Financial Margin  | 10,729    | 10,587    | 10,706    | 11,109    | 10,955    | 10,955    |
| Gross Loan Financial Margin   | 7,793     | 7,634     | 7,414     | 7,527     | 7,460     | 7,460     |
| Net Loan Financial Margin   | 4,912     | 4,540     | 4,305     | 4,317     | 4,157     | 4,157     |
| Allowance for Loan Losses (ALL) Expenses  | (2,881)   | (3,094)   | (3,109)   | (3,210)   | (3,303)   | (3,303)   |
| Fee and Commission Income   | 4,977     | 4,983     | 4,599     | 4,675     | 4,438     | 4,438     |
| Administrative and Personnel Expenses   | (6,977)   | (6,769)   | (6,514)   | (6,897)   | (6,684)   | (6,684)   |
| Insurance Written Premiums, Pension Plan Contributions and Capitalization Bond Income   | 11,069    | 13,238    | 10,953    | 13,216    | 10,104    | 10,104    |
| Statement of Financial Position - R\$ million   |           |           |           |           |           |           |
| Total Assets  | 907,694   | 896,697   | 894,467   | 879,092   | 856,288   | 833,288   |
| Securities  | 313,679   | 309,027   | 300,600   | 315,487   | 319,537   | 322,537   |
| Loan Operations <sup>(1)</sup>  | 412,559   | 402,517   | 391,682   | 385,529   | 371,674   | 366,674   |
| - Individuals   | 127,068   | 123,562   | 119,231   | 117,540   | 114,536   | 111,536   |
| - Corporate   | 285,491   | 278,955   | 272,451   | 267,989   | 257,138   | 255,138   |
| Allowance for Loan Losses (ALL)   | (21,476)  | (21,455)  | (21,359)  | (21,299)  | (20,915)  | (20,915)  |
| Total Deposits  | 216,778   | 208,485   | 205,870   | 211,858   | 212,869   | 212,869   |
| Technical Reserves  | 133,554   | 131,819   | 127,367   | 124,217   | 117,807   | 117,807   |
| Shareholders' Equity  | 67,033    | 66,028    | 69,442    | 70,047    | 66,047    | 66,047    |
| Assets under Management   | 1,256,220 | 1,233,546 | 1,243,170 | 1,225,228 | 1,172,008 | 1,172,008 |
| Performance Indicators (%) on Adjusted Net Income (unless otherwise stated)   |           |           |           |           |           |           |
| Adjusted Net Income per Share - R\$ <sup>(2)</sup> <sup>(3)</sup>   | 2.84      | 2.79      | 2.77      | 2.74      | 2.71      | 2.71      |
| Book Value per Common and Preferred Share - R\$ <sup>(3)</sup>  | 15.97     | 15.72     | 16.54     | 16.68     | 15.73     | 15.73     |
| Annualized Return on Average Shareholders' Equity <sup>(4)</sup> <sup>(5)</sup>   | 18.4      | 18.8      | 19.5      | 19.2      | 19.9      | 19.9      |
| Annualized Return on Average Assets <sup>(5)</sup>  | 1.3       | 1.3       | 1.3       | 1.4       | 1.4       | 1.4       |
| Average Rate - Annualized (Adjusted Financial Margin / Total Average Assets - Purchase and Sale Commitments - Permanent Assets) | 7.1       | 7.2       | 7.3       | 7.6       | 7.6       | 7.6       |
| Fixed Assets Ratio - Total Consolidated   | 17.4      | 17.3      | 16.5      | 16.9      | 19.0      | 19.0      |
| Combined Ratio - Insurance <sup>(6)</sup>   | 86.9      | 85.5      | 86.0      | 86.6      | 86.5      | 86.5      |
| Efficiency Ratio (ER) <sup>(2)</sup>  | 42.1      | 41.8      | 41.5      | 41.5      | 42.1      | 42.1      |
| Coverage Ratio (Fee and Commission Income/Administrative and Personnel Expenses) <sup>(2)</sup>                                 | 70.8      | 69.6      | 67.7      | 66.5      | 64.4      | 64.4      |
| Market Capitalization - R\$ million <sup>(7)</sup>  | 136,131   | 124,716   | 145,584   | 131,908   | 113,102   | 113,102   |
| Loan Portfolio Quality % <sup>(8)</sup>   |           |           |           |           |           |           |
| ALL / Loan Portfolio  | 6.9       | 7.0       | 7.2       | 7.3       | 7.4       | 7.4       |
| Non-Performing Loans (> 60 days <sup>(9)</sup> / Loan Portfolio)  | 4.4       | 4.6       | 4.9       | 5.0       | 5.1       | 5.1       |
| Delinquency Ratio (> 90 days <sup>(9)</sup> / Loan Portfolio)   | 3.6       | 3.7       | 4.0       | 4.1       | 4.1       | 4.1       |
| Coverage Ratio (> 90 days <sup>(9)</sup> )  | 190.3     | 188.6     | 179.4     | 178.2     | 179.0     | 179.0     |
| Coverage Ratio (> 60 days <sup>(9)</sup> )  | 156.8     | 153.5     | 146.0     | 147.3     | 144.8     | 144.8     |
| Operating Limits %  |           |           |           |           |           |           |

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|   |      |      |      |      |      |
|---|------|------|------|------|------|
| Capital Adequacy Ratio - Total Consolidated                       | 16.4 | 15.4 | 15.6 | 16.1 | 16.0 |
| - Tier I  | 12.7 | 11.6 | 11.0 | 11.0 | 11.3 |
| - Tier II   | 3.7  | 3.8  | 4.6  | 5.1  | 4.7  |
| <u>Report on Economic and Financial Analysis – September 2013</u> |      |      |      |      |      |

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## Main Information

|  | Sept13  | Jun13   | Mar13   | Dec12   | Sept12  | Jun12   | Mar12   | Dec11   |
|--|---------|---------|---------|---------|---------|---------|---------|---------|
| Structural Information - Units                       |         |         |         |         |         |         |         |         |
| Service Points                                       | 71,724  | 70,829  | 69,528  | 68,917  | 67,225  | 65,370  | 62,759  | 59,721  |
| - Branches   | 4,697   | 4,692   | 4,687   | 4,686   | 4,665   | 4,650   | 4,636   | 4,634   |
| - PAs <sup>(10)</sup>                                | 3,760   | 3,795   | 3,786   | 3,781   | 3,774   | 3,243   | 2,986   | 2,962   |
| - PAEs <sup>(10)</sup>                               | 1,421   | 1,454   | 1,457   | 1,456   | 1,456   | 1,476   | 1,497   | 1,477   |
| - External Bradesco ATMs <sup>(11)</sup>             | 3,298   | 3,498   | 3,712   | 3,809   | 3,954   | 3,992   | 3,974   | 3,913   |
| - Banco24Horas Network ATMs <sup>(11)</sup>          | 11,229  | 11,154  | 10,966  | 10,818  | 10,464  | 10,459  | 10,583  | 10,753  |
| - Bradesco Expresso (Correspondent Banks)            | 45,614  | 44,819  | 43,598  | 43,053  | 41,713  | 40,476  | 38,065  | 34,839  |
| - Bradesco Promotora de Vendas                       | 1,692   | 1,404   | 1,309   | 1,301   | 1,186   | 1,061   | 1,005   | 1,131   |
| - Branches / Subsidiaries Abroad                     | 13      | 13      | 13      | 13      | 13      | 13      | 13      | 12      |
| ATMs   | 47,969  | 47,972  | 48,025  | 47,834  | 47,542  | 47,484  | 47,330  | 46,971  |
| - Bradesco Network                                   | 33,933  | 34,322  | 34,719  | 34,859  | 35,128  | 35,226  | 35,007  | 34,516  |
| - Banco24Horas Network                               | 14,036  | 13,650  | 13,306  | 12,975  | 12,414  | 12,258  | 12,323  | 12,455  |
| Employees  | 101,410 | 101,951 | 102,793 | 103,385 | 104,100 | 104,531 | 105,102 | 104,684 |
| Outsourced Employees and Interns                     | 12,699  | 12,647  | 13,070  | 12,939  | 13,013  | 12,661  | 12,659  | 11,699  |
| Customers - in millions                              |         |         |         |         |         |         |         |         |
| Active Checking Account Holders <sup>(12) (13)</sup> | 26.4    | 26.2    | 25.8    | 25.7    | 25.6    | 25.6    | 25.4    | 25.1    |
| Savings Accounts <sup>(14)</sup>                     | 48.3    | 47.7    | 46.6    | 48.6    | 48.3    | 45.2    | 41.3    | 43.4    |
| Insurance Group                                      | 45.3    | 44.2    | 42.9    | 43.1    | 42.4    | 41.9    | 40.8    | 40.3    |
| - Policyholders                                      | 39.5    | 38.4    | 37.1    | 37.3    | 36.7    | 36.3    | 35.4    | 35.0    |
| - Pension Plan Participants                          | 2.4     | 2.4     | 2.3     | 2.3     | 2.3     | 2.2     | 2.2     | 2.2     |
| - Capitalization Bond Customers                      | 3.4     | 3.4     | 3.5     | 3.5     | 3.4     | 3.4     | 3.2     | 3.1     |
| Bradesco Financiamentos <sup>(12)</sup>              | 3.4     | 3.5     | 3.6     | 3.7     | 3.7     | 3.8     | 3.8     | 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) In the last 12 months;

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

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

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

(6) Excludes additional reserves;

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

- (8) As defined by the Brazilian Central Bank (Bacen);
- (9) Credits overdue;
- (10) PA (Service Branch): a result from the consolidation of PAB (Banking Service Branch), PAA (Advanced Service Branch) and Exchange Branches, according to CMN Resolution 4072/12; and PAE: ATM located in the premises of a company;
- (11) Including overlapping ATMs within the Bank's own network and the *Banco24Horas* network: 1,701 in September 2013; 1,804 in June 2013; 1,914 in March 2013; 1,964 in December 2012; 2,039 in September 2012; 2,059 in June 2012; 2,050 in March 2012 and 2,019 in December 2011;
- (12) Number of customers (Corporate/ Individual Taxpayer ID (CNPJ/CPF));
- (13) Refers to 1<sup>st</sup> and 2<sup>nd</sup> holders of checking accounts; and
- (14) Number of accounts.

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**Ratings**

**Main Ratings**

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

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

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

|  | R\$ million  |              |              |              |
|--|--------------|--------------|--------------|--------------|
|  | 9M13         | 9M12         | 3Q13         | 2Q13         |
| <b>Book Net Income</b>   | <b>8,932</b> | <b>8,488</b> | <b>3,064</b> | <b>2,949</b> |
| <b>Non-Recurring Events</b>  | <b>71</b>    | <b>117</b>   | <b>18</b>    | <b>29</b>    |
| - Earnings from Extended Securities Terms                          | -            | (2,116)      | -            | -            |
| - Additional Technical Reserve due to Real Interest Rate Reduction | -            | 2,116        | -            | -            |
| - Civil Provisions   | 118          | 195          | 30           | 48           |
| - Tax Effects  | (47)         | (78)         | (12)         | (19)         |
| <b>Adjusted Net Income</b>   | <b>9,003</b> | <b>8,605</b> | <b>3,082</b> | <b>2,978</b> |
| <b>ROAE % (1)</b>  | <b>18.3</b>  | <b>19.6</b>  | <b>19.1</b>  | <b>18.9</b>  |
| <b>ADJUSTED ROAE % (1)</b>   | <b>18.4</b>  | <b>19.9</b>  | <b>19.2</b>  | <b>19.1</b>  |

(1) Annualized.

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### Summarized Analysis of Adjusted Income

To provide for better understanding, comparison and analysis of Bradesco's results, we use the Adjusted Income Statement for analysis and comments contained in this Report on Economic and Financial Analysis, obtained from adjustments made to the Book Income Statement, detailed at the end of this Press Release, which includes adjustments to non-recurring events shown on the previous page. Note that the Adjusted Income Statement serves as the basis for the analysis and comments made in Chapters 1 and 2 of this report.

|   | R\$ million                      |               |              |              |                  |               |            |            |
|---|----------------------------------|---------------|--------------|--------------|------------------|---------------|------------|------------|
|   | <b>Adjusted Income Statement</b> |               |              |              |                  |               |            |            |
|   | <b>Variation</b>                 |               |              |              | <b>Variation</b> |               |            |            |
|   | 9M13                             | 9M12          | 9M13 x 9M12  | 3Q13         | 2Q13             | 3Q13 x 2Q13   |            |            |
|   |                                  |               | Amount       | %            |                  |               | Amount     | %          |
| <b>Financial Margin</b>   | <b>32,022</b>                    | <b>32,684</b> | <b>(662)</b> | <b>(2.0)</b> | <b>10,729</b>    | <b>10,587</b> | <b>142</b> | <b>1.3</b> |
| - Interest  | 31,700                           | 31,343        | 357          | 1.1          | 10,622           | 10,569        | 53         | 0.5        |
| - Non-interest  | 322                              | 1,341         | (1,019)      | (76.0)       | 107              | 18            | 89         | 494.4      |
| ALL   | (9,084)                          | (9,804)       | 720          | (7.3)        | (2,881)          | (3,094)       | 213        | (6.9)      |
| <b>Gross Income from Financial Intermediation</b>                 | <b>22,938</b>                    | <b>22,880</b> | <b>58</b>    | <b>0.3</b>   | <b>7,848</b>     | <b>7,493</b>  | <b>355</b> | <b>4.7</b> |
| Income from Insurance, Pension Plans and Capitalization Bonds (1) | 3,283                            | 2,859         | 424          | 14.8         | 1,100            | 1,028         | 72         | 7.0        |
| Fee and Commission Income   | 14,559                           | 12,837        | 1,722        | 13.4         | 4,977            | 4,983         | (6)        | (0.1)      |
| Personnel Expenses  | (9,596)                          | (9,044)       | (552)        | 6.1          | (3,346)          | (3,191)       | (155)      | 4.9        |

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|  |               |               |            |            |              |              |            |            |
|--|---------------|---------------|------------|------------|--------------|--------------|------------|------------|
| Other Administrative Expenses                                  | (10,664)      | (10,407)      | (257)      | 2.5        | (3,631)      | (3,578)      | (53)       | 1.5        |
| Tax Expenses   | (3,127)       | (3,041)       | (86)       | 2.8        | (987)        | (1,017)      | 30         | (2.9)      |
| Equity in the Earnings (Losses) of<br>Unconsolidated Companies | 17            | 104           | (87)       | (83.7)     | 2            | 12           | (10)       | (83.3)     |
| Other Operating Income/ (Expenses)                             | (3,511)       | (3,085)       | (426)      | 13.8       | (1,194)      | (1,147)      | (47)       | 4.1        |
| <b>Operating Result</b>  | <b>13,899</b> | <b>13,103</b> | <b>796</b> | <b>6.1</b> | <b>4,769</b> | <b>4,583</b> | <b>186</b> | <b>4.1</b> |
| Non-Operating Result   | (89)          | (60)          | (29)       | 48.3       | (27)         | (24)         | (3)        | 12.5       |
| Income Tax / Social Contribution                               | (4,729)       | (4,384)       | (345)      | 7.9        | (1,638)      | (1,553)      | (85)       | 5.5        |
| Non-controlling Interest                                       | (78)          | (54)          | (24)       | 44.4       | (22)         | (28)         | 6          | (21.4)     |
| <b>Adjusted Net Income</b>                                     | <b>9,003</b>  | <b>8,605</b>  | <b>398</b> | <b>4.6</b> | <b>3,082</b> | <b>2,978</b> | <b>104</b> | <b>3.5</b> |

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

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## **Summarized Analysis of Adjusted Income**

### **Adjusted Net Income and Profitability**

In the third quarter of 2013, Bradesco posted adjusted net income of R\$3,082 million, up 3.5%, or R\$104 million over the previous quarter, mainly due to: (i) lower allowance for loan loss expenses, resulting from reduced delinquency levels; (ii) greater financial margin revenue; (iii) higher insurance, pension plan and capitalization bond operating income; and offset by: (iv) higher personnel expenses, which were chiefly a result of the collective bargaining agreement.

In the year-over-year comparison, adjusted net income increased by 4.6% or R\$398 million in the first nine months of 2013, for Return on Adjusted Average Shareholders' Equity (ROAE) of 18.4%.

Shareholders' Equity stood at R\$67,033 million in September 2013, up 1.5% over the same period of 2012. The Capital Adequacy Ratio stood at 16.4%, 12.7% of which fell under Tier I Capital.

Total Assets came to R\$907,694 million in September 2013, up 6.0% over September 2012, driven by the increase in operations and greater business volume. Return on Average Assets (ROAA) came to 1.3%.

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## **Summarized Analysis of Adjusted Income**

### **Efficiency Ratio (ER)**

The “adjusted to risk” ER, which reflects the impact of risk associated with loan operations<sup>(1)</sup>, improved by 0.1 p.p., totaling 52.5% in the third quarter of 2013. This result was in line with Bradesco’s allowance for loan loss expenses, which were lower for the fifth consecutive quarter, due to the decrease in delinquency ratio.

ER in the last 12 months<sup>(2)</sup> and quarterly ER increased by 0.3 p.p. and 0.8 p.p. in the third quarter of 2013 from the previous quarter, reaching 42.1% and 42.9%, respectively. The higher ER in the last 12 months was mainly due to (i) the reduction in non-interest financial margin, due to lower gains from the market arbitrage, and (ii) the impact of the 2012 and 2013 collective bargaining agreements, whereas the variation in quarterly ER is a result of the 2013 collective bargaining agreement.

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

(2)  $ER = (\text{Personnel Expenses} - \text{Employee Profit Sharing} + \text{Administrative Expenses}) / (\text{Financial Margin} + \text{Fee and Commission Income} + \text{Income from Insurance} + \text{Equity in the Earnings (Losses) of Unconsolidated Companies} + \text{Other Operating Income} - \text{Other Operating Expenses})$ . Considering the ratio between: (i) total administrative costs (Personnel Expenses + Administrative Expenses + Other Operating Expenses + Tax Expenses not related to revenue generation + Insurance Selling Expenses) and (ii) revenue net of related taxes (not considering Claims and Selling Expenses from the Insurance Group), Bradesco’s ER in the last 12 months up to September 30, 2013 is 44.8%.

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## **Summarized Analysis of Adjusted Income**

### **Financial Margin**

The R\$142 million increase quarter over quarter was mainly due to: (i) higher interest margin, totaling R\$53 million, due to better Loan and Funding margins; and (ii) higher non-interest margin, totaling R\$89 million, as a result of higher gains from the market arbitrage.

In the first nine months 2013, financial margin came to R\$32,022 million, a R\$662 million decrease from the same period in 2012, due to: (i) lower result from the non-interest margin, in the amount of R\$1,019 million, due to lower gains from the market arbitrage, and offset by: (ii) the R\$357 million increase in income from interest-earning operations due to an increase in business volume, led by Loan and Insurance.

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

|                         | R\$ million   |                 |              |               |                 |              |
|-------------------------|---------------|-----------------|--------------|---------------|-----------------|--------------|
|                         | 9M13          |                 |              | 9M12          |                 |              |
|                         | Interest      | Average Balance | Average Rate | Interest      | Average Balance | Average Rate |
| Loans                   | 22,841        | 307,983         | 10.0%        | 22,003        | 280,666         | 10.6%        |
| Funding                 | 3,332         | 333,559         | 1.3%         | 3,228         | 333,543         | 1.3%         |
| Insurance               | 2,651         | 129,721         | 2.7%         | 2,271         | 110,526         | 2.7%         |
| Securities/Other        | 2,876         | 307,431         | 1.2%         | 3,841         | 288,773         | 1.8%         |
| <b>Financial Margin</b> | <b>31,700</b> | <b>-</b>        | <b>6.9%</b>  | <b>31,343</b> | <b>-</b>        | <b>7.4%</b>  |

  

|                         | 3Q13          |                 |              | 2Q13          |                 |              |
|-------------------------|---------------|-----------------|--------------|---------------|-----------------|--------------|
|                         | Interest      | Average Balance | Average Rate | Interest      | Average Balance | Average Rate |
| Loans                   | 7,793         | 316,413         | 10.2%        | 7,634         | 309,040         | 10.3%        |
| Funding                 | 1,271         | 343,296         | 1.5%         | 1,112         | 330,956         | 1.4%         |
| Insurance               | 823           | 132,502         | 2.5%         | 895           | 130,868         | 2.8%         |
| Securities/Other        | 735           | 312,586         | 0.9%         | 928           | 305,841         | 1.2%         |
| <b>Financial Margin</b> | <b>10,622</b> | <b>-</b>        | <b>7.0%</b>  | <b>10,569</b> | <b>-</b>        | <b>7.2%</b>  |

The annualized interest financial margin rate stood at 7.0% in the third quarter of 2013, a 0.2 p.p. decrease over the previous quarter, mainly due to Securities/Other and Insurance interest margins.

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## Summarized Analysis of Adjusted Income

### Expanded Loan Portfolio<sup>(1)</sup>

In September 2013, Bradesco's expanded loan portfolio totaled R\$412.6 billion, a 2.5% increase over the previous quarter due to: (i) a 2.8% growth in Individuals; (ii) a 2.7% growth in SMEs; and (iii) a 2.0% growth in Corporations.

In the last 12 months, the expanded loan portfolio increased 11.0%, driven by: (i) the 12.0% growth in SMEs; (ii) the 10.9% growth in Individuals; and (iii) the 10.3% growth in Corporations.

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

(1) In addition to the loan portfolio, it includes sureties, guarantees, letters of credit, advances of credit card receivables, debentures, promissory notes, co-obligation in 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)

For the fifth consecutive quarter, ALL expenses reduced to R\$2,881 million in the third quarter of 2013, down 6.9% from the previous quarter, even considering the 2.0% growth in the loan portfolio – as defined by Bacen in the quarter. This result was due to the reduction in delinquency level, thanks to the adaptation and consistency of loan granting policy and processes, quality of guarantees obtained, as well as the loan recovery process improvement.

In the year-over-year comparison, this expense reduced by 7.3%, even considering the 9.6% increase in loan operations – as defined by Bacen, resulting from the reduced delinquency level in the last 12 months.

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## **Summarized Analysis of Adjusted Income**

### **Delinquency Ratio > 90 days<sup>(1)</sup>**

Total delinquency ratio, which is based on transactions due over 90 days, had a decrease in the quarter and in the last twelve months, thanks especially to the drop in delinquency ratio among individual customers.

(1) As defined by Bacen.

### **Coverage Ratios<sup>(1)</sup>**

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 September 2013, these ratios stood at 156.8% and 190.3%, respectively, the highest ratios of the series.

The ALL, totaling R\$21.5 billion in September 2013, which remained flat when compared to the previous quarter, was made up of: (i) R\$17.5 billion required by Bacen; and (ii) R\$4.0 billion in excess provisions.

(1) As defined by Bacen

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

Net income for the third quarter of 2013 stood at R\$878 million (R\$931 million in the second quarter of 2013), for annualized Return on Adjusted Shareholders' Equity of 24.1%.

Year to date, Net Income came to R\$2.739 billion, up 4.4% from Net Income posted in the first nine months of 2012 (R\$2.623 billion), for a return on Adjusted Shareholders' Equity of 23.7%.

(1) Excluding additional provisions.

|  | 3Q13    | 2Q13    | 1Q13    | 4Q12    | 3Q12    | 2Q12    | 1Q12    |
|--|---------|---------|---------|---------|---------|---------|---------|
| Net Income   | 878     | 931     | 930     | 964     | 837     | 881     | 930     |
| Insurance Written Premiums, Pension Plan Contributions and Capitalization Bond Income                                | 11,069  | 13,238  | 10,953  | 13,216  | 10,104  | 11,570  | 9,400   |
| Technical Reserves   | 133,554 | 131,819 | 127,367 | 124,217 | 117,807 | 111,789 | 106,900 |
| Financial Assets   | 143,423 | 141,984 | 141,535 | 141,540 | 133,738 | 128,526 | 122,100 |
| Claims Ratio   | 72.7    | 71.1    | 69.6    | 70.5    | 70.4    | 71.3    | 71.3    |
| Combined Ratio   | 86.9    | 85.5    | 86.0    | 86.6    | 86.5    | 85.0    | 85.0    |
| Policyholders / Participants and Customers (in thousands)  | 45,292  | 44,215  | 42,941  | 43,065  | 42,363  | 41,898  | 40,700  |
| Employees  | 7,462   | 7,493   | 7,510   | 7,554   | 7,545   | 7,478   | 7,500   |
| Market Share of Insurance Written Premiums, Pension Plan Contributions and Capitalization Bond Income <sup>(1)</sup> | 23.6    | 24.0    | 22.4    | 24.8    | 24.3    | 24.8    | 22.4    |

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

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



## Summarized Analysis of Adjusted Income

Given the better performance of Life and Pension Plan products and the seasonality of the insurance segment in the second quarter of 2013, revenue in the third quarter of 2013 stood at R\$11.1 billion, lower than the previous quarter (R\$13.2 billion), but 9.6% higher in comparison with the third quarter of 2012 (R\$10.1 billion).

Net income for the third quarter of 2013 was 5.7% lower than the previous quarter, mainly due to: (i) the 16.4% decrease in revenue, as mentioned above; (ii) the 1.6 p.p. increase in claims ratio; and (iii) the reduction in financial income.

In comparison with the third quarter of 2012, net income was up 4.9% of 2012, as a result of: (i) the 9.6% growth in revenue; and (ii) slight improvement in the administrative efficiency ratio.

In first nine months of 2013, production was up 13.4% from the same period in 2012, led by Health, Capitalization Bond and Life and Pension Plan products, which increased 23.9%, 21.8% and 8.7%, respectively.

Net income for the first nine months of 2013 exceeded by 4.4% that of the previous year, due to: (i) a 13.4% increase in revenue; (ii) the improved financial and equity income; and (iii) the stability of administrative efficiency ratio.

Grupo Bradesco Seguros' capital levels are in compliance with the regulatory requirements and the global standards (Solvency II), with a leverage of 2.8 times its Shareholders' Equity in the period.

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## **Summarized Analysis of Adjusted Income**

### **Fee and Commission Income**

In the third quarter of 2013, fee and commission income came to R\$4,977 million, down R\$6 million over the previous quarter, mainly due to the excellent performance of underwriting / financial advisory revenues in the second quarter of 2013, which was partially offset by the positive results in the third quarter of 2013 of revenues from: (i) cards; (ii) checking accounts; and (iii) fund management.

In the year-over-year comparison, the increase of R\$1,722 million, or 13.4%, in the first nine months of 2013 was due to ongoing investments in customer service channels and technology, which mainly resulted in: (i) the excellent performance of the credit card segment, driven by the growth in revenue and transactions; (ii) higher income from checking accounts, which was a result of a better business volume and an increase in the checking account holder base, which posted net growth of 758 thousand active accounts in the period; (iii) greater income from collections; (iv) greater income from fund management, whose volume of assets and portfolios under management increased by 8.4% in the period; (v) higher gains from capital market operations (underwriting / financial advisory); and (vi) higher income from loan operations, due to greater volume of contracted operations and sureties and guarantees in the period.

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## Summarized Analysis of Adjusted Income

### Personnel Expenses

In the third quarter of 2013, the R\$155 million increase from the previous quarter is a result of variations in:

- structural expenses – increase of R\$127 million, mainly due to raise in salary levels and adjustments to labor obligations, as per the collective bargaining agreement; and
- non-structural expenses – increase of R\$28 million, mainly due to greater employee and management profit sharing expenses.

In the year-over-year comparison, the R\$552 million increase in the first nine months of 2013 was mainly due to:

- the R\$410 million, or 5.6%, of structural expenses, resulting from greater expenses with salaries, social charges and benefits, due to raise in salary levels, as per the 2012 and 2013 collective bargaining agreements (adjustments of 7.5% and 8.0%, respectively); and

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.

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## **Summarized Analysis of Adjusted Income**

### **Administrative Expenses**

Despite the higher expenses with (i) the opening of 4,499 service points in the period, mainly Bradesco Expresso points, for a total of 71,724 service points on September 30, 2013, and (ii) the increase in business and service volume in the period, the administrative expenses increased only 2.5% between the first nine months of 2012 and 2013, 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 5.9% and 4.4% respectively, in the last 12 months.

In the third quarter of 2013, the increase in administrative expenses over the previous quarter was mainly due to the greater business and service volume in the quarter which, consequently, increased expenses with: (i) outsourced services; (ii) data processing; and (iii) transportation.

### **Other Operating Income and Expenses**

Other operating expenses, net of other operating income, totaled R\$1,194 million in the third quarter of 2013, a R\$47 million increase over the previous quarter, mainly due to greater expenses with civil contingencies.

Year over year, other operating expenses, net of other operating income, increased by R\$426 million in the first nine months of 2013, mainly as a result of greater expenses with: (i) operating provisions, particularly those for civil contingencies; (ii) amortization of intangible assets; and (iii) sundry losses.

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## Summarized Analysis of Adjusted Income

### Income Tax and Social Contribution

Income tax and social contribution increased 5.5% in comparison with the previous quarter and 7.9% from the first nine months of 2012, mainly due to the increase in taxable result.

The effective rate came to 41.7% in the third quarter of 2013, remaining stable over the previous quarters

### Unrealized Gains

Unrealized gains totaled R\$10,035 million in the third quarter of 2013, an R\$1,971 million decrease from the previous quarter. This was mainly due to: (i) the fixed-income securities subject to mark-to-market accounting; (ii) the lower unrealized gain of loan and leasing operations; and partially offset by the appreciation of: (iii) investments, mainly Cielo shares; and (iv) equity securities.

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**Economic Scenario**

In the third quarter of 2013, expectations that the U.S. would begin reducing its monetary stimuli had a substantial impact on the price of global financial assets. The consequent appreciation of the dollar and the increase in long-term interest rates led to a reallocation of international market portfolios, mainly affecting the emerging countries. Even though these expectations were frustrated in September, the signals coming from the Federal Reserve indicate that it has merely postponed the decision while it waits for clearer signs of a U.S. economic recovery. The current concerns with the world's leading economy are chiefly related to fiscal aspects against a background of political polarization in Congress.

The most recent news from China suggests a certain leveling off of growth at around 7.5%, dissipating worries of an abrupt slowdown. However, there is still a general belief that the growth pace will decline in the coming years, which is linked to a schedule of structural reforms, whose content will become clearer as of November after the Chinese Communist Party meeting.

Given the dollar's upward tendency, slower Chinese growth and the strong expansion in supply in certain segments, commodity prices are likely to fall in the coming months. This scenario, together with the resumption of discussions concerning a reduction in the U.S. monetary stimuli, albeit with no certain date as yet, poses a number of serious challenges for the emerging nations, so it is imperative that they adopt initiatives to strengthen their economic resilience.

Brazil's economy is better prepared than before to face the global economy's current transition phase and the resulting challenges to domestic economic policy management. This view is supported by improved macroeconomic fundamentals and the institutional advances recorded in the last few years.

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

Despite the risks to the scenario and the challenges faced by the Brazilian economy in the pursuit of higher sustainable growth in the near future, Bradesco is maintaining a positive outlook, with favorable prospects in its operational segments. The volume of credit is growing at rates that are both sustainable and risk-compatible, while delinquency has been showing signs of a decline. Thanks to the intense and ongoing upward social mobility of recent years, the scenario for the banking and insurance sectors remains highly favorable.

**Main Economic Indicators**

| <b>Main Indicators (%)</b>  | <b>3Q13</b>   | <b>2Q13</b>  | <b>1Q13</b>  | <b>4Q12</b>  | <b>3Q12</b>   | <b>2Q12</b>  | <b>1Q12</b>  | <b>4Q11</b>  | <b>3Q11</b>   |
|---|---------------|--------------|--------------|--------------|---------------|--------------|--------------|--------------|---------------|
| Interbank Deposit Certificate (CDI)   | 2.12          | 1.79         | 1.61         | 1.70         | 1.91          | 2.09         | 2.45         | 2.67         | 2.67          |
| Ibovespa  | 10.29         | (15.78)      | (7.55)       | 3.00         | 8.87          | (15.74)      | 13.67        | 8.47         | (15.74)       |
| USD – Commercial Rate   | 0.65          | 10.02        | (1.45)       | 0.64         | 0.46          | 10.93        | (2.86)       | 1.15         | 1.15          |
| General Price Index - Market (IGP-M)  | 1.92          | 0.90         | 0.85         | 0.68         | 3.79          | 2.56         | 0.62         | 0.91         | 0.91          |
| Extended Consumer Price Index (IPCA) – Brazilian Institute of Geography and Statistics (IBGE) | 0.62          | 1.18         | 1.94         | 1.99         | 1.42          | 1.08         | 1.22         | 1.46         | 1.46          |
| Federal Government Long-Term Interest Rate (TJLP)   | 1.24          | 1.24         | 1.24         | 1.36         | 1.36          | 1.48         | 1.48         | 1.48         | 1.48          |
| Reference Interest Rate (TR)  | 0.03          | -            | -            | -            | 0.03          | 0.07         | 0.19         | 0.22         | 0.22          |
| Savings Account (Old Rule) <sup>(1)</sup>   | 1.54          | 1.51         | 1.51         | 1.51         | 1.53          | 1.58         | 1.70         | 1.73         | 1.73          |
| Savings Account (New Rule) <sup>(1)</sup>   | 1.47          | 1.30         | 1.25         | 1.26         | 1.40          | -            | -            | -            | -             |
| Business Days (number)  | 66            | 63           | 60           | 62           | 64            | 62           | 63           | 62           | 62            |
| Indicators (Closing Rate)   | <b>Sept13</b> | <b>Jun13</b> | <b>Mar13</b> | <b>Dec12</b> | <b>Sept12</b> | <b>Jun12</b> | <b>Mar12</b> | <b>Dec11</b> | <b>Sept11</b> |
| USD – Commercial Selling Rate - (R\$)   | 2.2300        | 2.2156       | 2.0138       | 2.0435       | 2.0306        | 2.0213       | 1.8221       | 1.8758       | 2.0306        |
| Euro - (R\$)  | 3.0181        | 2.8827       | 2.5853       | 2.6954       | 2.6109        | 2.5606       | 2.4300       | 2.4342       | 3.0181        |
| Country Risk (points)   | 236           | 237          | 189          | 142          | 166           | 208          | 177          | 223          | 223           |
| Basic Selic Rate Copom (% p.a.)   | 9.00          | 8.00         | 7.25         | 7.25         | 7.50          | 8.50         | 9.75         | 11.00        | 11.00         |
| BM&F Fixed Rate (% p.a.)  | 10.07         | 9.39         | 7.92         | 7.14         | 7.48          | 7.57         | 8.96         | 10.04        | 10.04         |

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

**Projections through 2015**

| <b>%</b>                               | <b>2013</b> | <b>2014</b>     | <b>2015</b> |
|--|-------------|-----------------|-------------|
| USD - Commercial Rate (year-end) - R\$ | 2.25        | 2.35            | 2.45        |
| Extended Consumer Price Index (IPCA)   | 5.90        | 5.80            | 5.60        |
| General Price Index - Market (IGP-M)   | 5.60        | 5.00            | 5.00        |
| Selic (year-end)                       | 10.00       | 10.25           | 10.25       |
| Gross Domestic Product (GDP)           | 2.40        | 2.10            | 3.00        |
|  |             | <b>Bradesco</b> |             |

## Guidance

### Bradesco's Outlook for 2013

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

|   |                  |
|---|------------------|
| <b>Loan Portfolio</b> <sup>(1)</sup>            | <b>11 to 15%</b> |
| Individuals                                     | 11 to 15%        |
| Companies                                       | 11 to 15%        |
| <b>Interest Financial Margin</b> <sup>(2)</sup> | <b>1 to 3%</b>   |
| <b>Fee and Commission Income</b>                | <b>12 to 16%</b> |
| <b>Operating Expenses</b> <sup>(3)</sup>        | <b>2 to 6%</b>   |
| <b>Insurance Premiums</b>                       | <b>12 to 15%</b> |

(1) Expanded Loan Portfolio;

(2) Changed from 4%— 8% to 1%—3%; and

(3) Administrative and Personnel Expenses.

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**Book Income vs. Managerial Income vs. Adjusted Income Statement****Analytical Breakdown of Book Income vs. Managerial Income vs. Adjusted Income Statement**

Third Quarter of 2013

|  | <b>Book<br/>Income<br/>Statement</b> | <b>Reclassifications</b> |           |             |              |              |      | <b>3Q13<br/>Fiscal<br/>Hedge<br/>(7)</b> |
|--|--------------------------------------|--------------------------|-----------|-------------|--------------|--------------|------|--|
|  |                                      | (1)                      | (2)       | (3)         | (4)          | (5)          | (6)  |  |
| <b>Financial Margin</b>  | <b>11,733</b>                        | <b>(355)</b>             | <b>16</b> | <b>(97)</b> | <b>(740)</b> | <b>30</b>    | -    | <b>14</b>                                |
| ALL  | (3,260)                              | -                        | -         | -           | 511          | (132)        | -    |  |
| <b>Gross Income from Financial Intermediation</b>                            | <b>8,473</b>                         | <b>(355)</b>             | <b>16</b> | <b>(97)</b> | <b>(229)</b> | <b>(102)</b> | -    | <b>14</b>                                |
| Income from Insurance, Pension Plans and Capitalization Bonds <sup>(9)</sup> | 1,100                                | -                        | -         | -           | -            | -            | -    |  |
| Fee and Commission Income  | 4,908                                | -                        | -         | -           | -            | -            | 68   |  |
| Personnel Expenses   | (3,346)                              | -                        | -         | -           | -            | -            | -    |  |
| Other Administrative Expenses  | (3,601)                              | -                        | -         | -           | -            | -            | (30) |  |
| Tax Expenses   | (964)                                | -                        | -         | -           | (8)          | -            | -    | (1)                                      |
| Equity in the Earnings (Losses) of Unconsolidated Companies                  | 2                                    | -                        | -         | -           | -            | -            | -    |  |
| Other Operating Income/Expenses  | (1,882)                              | 355                      | (16)      | 97          | 237          | 25           | (38) |  |
| <b>Operating Result</b>  | <b>4,691</b>                         | -                        | -         | -           | -            | <b>(77)</b>  | -    | <b>12</b>                                |
| Non-Operating Result   | (104)                                | -                        | -         | -           | -            | 77           | -    |  |
| Income Tax / Social Contribution and Non-controlling Interest                | (1,523)                              | -                        | -         | -           | -            | -            | -    | (12)                                     |
| <b>Net Income</b>  | <b>3,064</b>                         | -                        | -         | -           | -            | -            | -    |  |

(1) Expenses with Commission on the Placement of Loans and Financing were reclassified from the item "Other Operating Expenses" to the item "Financial Margin;"

(2) Interest Income/Expenses from the insurance segment were reclassified from the item "Other Operating Income/Expenses" to the item "Financial Margin;"

(3) Interest Income/Expenses from the financial segment were reclassified from the item "Other Operating Income/Expenses" to the item "Financial Margin;"

(4) Income from Loan Recovery classified under the item "Financial Margin," Expenses with Discounts Granted classified under the item "Other Operating Income/Expenses," and Expenses with Write-offs of Leasing Operations classified under the item "Financial Margin" were reclassified to the item "Allowance for Loan Loss (ALL) Expenses," and Tax Expenses, classified as "Other Operating Expenses," were reclassified under the item "Tax Expenses;"

(5) Losses/Gains from the Sale of Foreclosed Assets/Investments classified under the item "Non-Operating Result" were reclassified to items "Allowance for Loan Loss (ALL) Expenses" / "Other Operating Income/Expenses"/"Financial Margin;"

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

Operating Income/Expenses” were reclassified to the item “Other Administrative Expenses;”

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

(8) For more information see page 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****Second Quarter of 2013**

|  | <b>Book<br/>Income<br/>Statement</b> | <b>Reclassifications</b> |           |             |              |            |      | <b>2Q13<br/>Fiscal<br/>Hedge<br/>(7)</b> |
|--|--------------------------------------|--------------------------|-----------|-------------|--------------|------------|------|--|
|  |                                      | (1)                      | (2)       | (3)         | (4)          | (5)        | (6)  |  |
| <b>Financial Margin</b>  | <b>10,005</b>                        | <b>(353)</b>             | <b>37</b> | <b>(42)</b> | <b>(876)</b> | <b>168</b> | -    | <b>1,6</b>                               |
| ALL  | (3,608)                              | -                        | -         | -           | 605          | (91)       | -    | -  |
| <b>Gross Income from Financial Intermediation</b>                            | <b>6,397</b>                         | <b>(353)</b>             | <b>37</b> | <b>(42)</b> | <b>(271)</b> | <b>77</b>  | -    | <b>1,6</b>                               |
| Income from Insurance, Pension Plans and Capitalization Bonds <sup>(9)</sup> | 1,028                                | -                        | -         | -           | -            | -          | -    | -  |
| Fee and Commission Income  | 4,886                                | -                        | -         | -           | -            | -          | 97   | -  |
| Personnel Expenses   | (3,191)                              | -                        | -         | -           | -            | -          | -    | -  |
| Other Administrative Expenses  | (3,530)                              | -                        | -         | -           | -            | -          | (48) | -  |
| Tax Expenses   | (829)                                | -                        | -         | -           | (9)          | -          | -    | (17)                                     |
| Equity in the Earnings (Losses) of Unconsolidated Companies                  | 12                                   | -                        | -         | -           | -            | -          | -    | -  |
| Other Operating Income/Expenses  | (1,809)                              | 353                      | (37)      | 42          | 280          | 24         | (49) | -  |
| <b>Operating Result</b>  | <b>2,966</b>                         | -                        | -         | -           | -            | <b>101</b> | -    | <b>1,4</b>                               |
| Non-Operating Result   | 77                                   | -                        | -         | -           | -            | (101)      | -    | -  |
| Income Tax / Social Contribution and Non-controlling Interest                | (93)                                 | -                        | -         | -           | -            | -          | -    | (1,46)                                   |
| <b>Net Income</b>  | <b>2,949</b>                         | -                        | -         | -           | -            | -          | -    | -  |

(1) Expenses with Commission on the Placement of Loans and Financing were reclassified from the item "Other Operating Expenses" to the item "Financial Margin;"

(2) Interest Income/Expenses from the insurance segment were reclassified from the item "Other Operating Income/Expenses" to the item "Financial Margin;"

(3) Interest Income/Expenses from the financial segment were reclassified from the item "Other Operating Income/Expenses" to the item "Financial Margin;"

(4) Income from Loan Recovery classified under the item "Financial Margin," Expenses with Discounts Granted classified under the item "Other Operating Income/Expenses," and Expenses with Write-offs of Leasing Operations classified under the item "Financial Margin" were reclassified to the item "Allowance for Loan Loss (ALL) Expenses," and Tax Expenses, classified as "Other Operating Expenses," were reclassified under the item "Tax Expenses;"

(5) Losses/Gains from the Sale of Foreclosed Assets/Investments classified under the item "Non-Operating Result" were reclassified to items "Allowance for Loan Loss (ALL) Expenses" / "Other Operating Income/Expenses" / "Financial Margin;"

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

Operating Income/Expenses” were reclassified to the item “Other Administrative Expenses;”

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

(8) For more information see page 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****First Nine Months of 2013**

|  | <b>Book<br/>Income<br/>Statement</b> | <b>Reclassifications</b> |            |              |                |             | <b>9M</b> |
|--|--------------------------------------|--------------------------|------------|--------------|----------------|-------------|-----------|
|  |                                      | <b>(1)</b>               | <b>(2)</b> | <b>(3)</b>   | <b>(4)</b>     | <b>(5)</b>  |           |
| <b>Financial Margin</b>  | <b>33,666</b>                        | <b>(1,007)</b>           | <b>69</b>  | <b>(180)</b> | <b>(2,260)</b> | <b>198</b>  |           |
| ALL  | (10,343)                             | -                        | -          | -            | 1,526          | (267)       |           |
| <b>Gross Income from Financial Intermediation</b>                            | <b>23,322</b>                        | <b>(1,007)</b>           | <b>69</b>  | <b>(180)</b> | <b>(734)</b>   | <b>(69)</b> |           |
| Income from Insurance, Pension Plans and Capitalization Bonds <sup>(9)</sup> | 3,283                                | -                        | -          | -            | -              | -           |           |
| Fee and Commission Income  | 14,303                               | -                        | -          | -            | -              | -           | 256       |
| Personnel Expenses   | (9,596)                              | -                        | -          | -            | -              | -           |           |
| Other Administrative Expenses  | (10,499)                             | -                        | -          | -            | -              | -           | (165)     |
| Tax Expenses   | (2,933)                              | -                        | -          | -            | (28)           | -           |           |
| Equity in the Earnings (Losses) of Unconsolidated Companies                  | 17                                   | -                        | -          | -            | -              | -           |           |
| Other Operating Income/Expenses  | (5,489)                              | 1,007                    | (69)       | 180          | 762            | 73          | (91)      |
| <b>Operating Result</b>  | <b>12,410</b>                        | -                        | -          | -            | -              | <b>4</b>    |           |
| Non-Operating Result   | (86)                                 | -                        | -          | -            | -              | (4)         |           |
| Income Tax / Social Contribution and Non-controlling Interest                | (3,393)                              | -                        | -          | -            | -              | -           |           |
| <b>Net Income</b>  | <b>8,932</b>                         | -                        | -          | -            | -              | -           |           |

(1) Expenses with Commission on the Placement of Loans and Financing were reclassified from the item "Other Operating Expenses" to the item "Financial Margin;"

(2) Interest Income/Expenses from the insurance segment were reclassified from the item "Other Operating Income/Expenses" to the item "Financial Margin;"

(3) Interest Income/Expenses from the financial segment were reclassified from the item "Other Operating Income/Expenses" to the item "Financial Margin;"

(4) Income from Loan Recovery classified under the item "Financial Margin," Expenses with Discounts Granted classified under the item "Other Operating Income/Expenses," and Expenses with Write-offs of Leasing Operations classified under the item "Financial Margin" were reclassified to the item "Allowance for Loan Loss (ALL) Expenses;" and Tax Expenses, classified as "Other Operating Expenses," were reclassified under the item "Tax Expenses;"

(5) Losses/Gains from the Sale of Foreclosed Assets/Investments classified under the item "Non-Operating Result" were reclassified to items "Allowance for Loan Loss (ALL) Expenses" / "Other Operating Income/Expenses" / "Financial Margin;"

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

Operating Income/Expenses” were reclassified to the item “Other Administrative Expenses;”

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

(8) For more information see page 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****First Nine Months of 2012**

|  | Book<br>Income<br>Statement | Reclassifications |            |             |                |              | 9M<br>P<br>F |
|--|-----------------------------|-------------------|------------|-------------|----------------|--------------|--------------|
|  |                             | (1)               | (2)        | (3)         | (4)            | (5)          |              |
| <b>Financial Margin</b>  | <b>35,921</b>               | <b>(747)</b>      | <b>141</b> | <b>(30)</b> | <b>(1,748)</b> | <b>29</b>    | -            |
| ALL  | (10,501)                    | -                 | -          | -           | 955            | (258)        | -            |
| <b>Gross Income from Financial Intermediation</b>                            | <b>25,420</b>               | <b>(747)</b>      | <b>141</b> | <b>(30)</b> | <b>(793)</b>   | <b>(229)</b> | -            |
| Income from Insurance, Pension Plans and Capitalization Bonds <sup>(9)</sup> | 743                         | -                 | -          | -           | -              | -            | -            |
| Fee and Commission Income  | 12,501                      | -                 | -          | -           | -              | -            | 336          |
| Personnel Expenses   | (9,044)                     | -                 | -          | -           | -              | -            | -            |
| Other Administrative Expenses  | (10,060)                    | -                 | -          | -           | -              | -            | (347)        |
| Tax Expenses   | (2,957)                     | -                 | -          | -           | 50             | -            | -            |
| Equity in the Earnings (Losses) of Unconsolidated Companies                  | 104                         | -                 | -          | -           | -              | -            | -            |
| Other Operating Income/Expenses  | (4,746)                     | 747               | (141)      | 30          | 743            | 78           | 11           |
| <b>Operating Result</b>  | <b>11,961</b>               | -                 | -          | -           | <b>-(151)</b>  | -            | -            |
| Non-Operating Result   | (211)                       | -                 | -          | -           | -              | 151          | -            |
| Income Tax / Social Contribution and Non-controlling Interest                | (3,262)                     | -                 | -          | -           | -              | -            | -            |
| <b>Net Income</b>  | <b>8,488</b>                | -                 | -          | -           | -              | -            | -            |

(1) Expenses with Commission on the Placement of Loans and Financing were reclassified from the item "Other Operating Expenses" to the item "Financial Margin;"

(2) Interest Income/Expenses from the insurance segment were reclassified from the item "Other Operating Income/Expenses" to the item "Financial Margin;"

(3) Interest Income/Expenses from the financial segment were reclassified from the item "Other Operating Income/Expenses" to the item "Financial Margin;"

(4) Income from Loan Recovery classified under the item "Financial Margin," Expenses with Discounts Granted classified under the item "Other Operating Income/Expenses," and Expenses with Write-offs of Leasing Operations classified under the item "Financial Margin" were reclassified to the item "Allowance for Loan Loss (ALL) Expenses;" and Tax Expenses, classified as "Other Operating Expenses," were reclassified under the item "Tax Expenses;"

(5) Losses/Gains from the Sale of Foreclosed Assets/Investments classified under the item "Non-Operating Result" were reclassified to items "Allowance for Loan Loss (ALL) Expenses" / "Other Operating Income/Expenses" / "Financial Margin;"

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

|  | Sept13         | Jun13          | Mar13          | Dec12          | Sept12         | Jun12          | Mar12          | Dec11          | R\$ mil        |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <b>Assets</b>  |                |                |                |                |                |                |                |                |                |
| <b>Current and Long-Term Assets</b>                            | <b>892,363</b> | <b>881,121</b> | <b>879,192</b> | <b>864,279</b> | <b>840,295</b> | <b>815,063</b> | <b>773,896</b> | <b>746,000</b> | <b>746,000</b> |
| Cash and Cash Equivalents                                      | 16,427         | 16,180         | 11,347         | 12,077         | 12,944         | 13,997         | 25,069         | 22,000         | 22,000         |
| Interbank Investments  | 144,967        | 147,485        | 171,333        | 151,813        | 126,772        | 92,858         | 84,690         | 82,000         | 82,000         |
| Securities and Derivative Financial Instruments                | 313,679        | 309,027        | 300,600        | 315,487        | 319,537        | 322,507        | 294,959        | 265,000        | 265,000        |
| Interbank and Interdepartmental Accounts                       | 52,121         | 52,150         | 52,769         | 49,762         | 56,276         | 62,510         | 61,576         | 72,000         | 72,000         |
| Loan and Leasing Operations                                    | 286,899        | 281,982        | 276,022        | 267,940        | 262,748        | 258,242        | 250,201        | 248,000        | 248,000        |
| Allowance for Loan Losses (ALL)                                | (21,476)       | (21,455)       | (21,359)       | (21,299)       | (20,915)       | (20,682)       | (20,117)       | (19,000)       | (19,000)       |
| Other Receivables and Assets                                   | 99,746         | 95,752         | 88,480         | 88,499         | 82,933         | 85,631         | 77,518         | 73,000         | 73,000         |
| <b>Permanent Assets</b>  | <b>15,331</b>  | <b>15,576</b>  | <b>15,275</b>  | <b>14,813</b>  | <b>15,993</b>  | <b>15,457</b>  | <b>15,654</b>  | <b>15,000</b>  | <b>15,000</b>  |
| Investments  | 1,910          | 1,920          | 1,867          | 1,865          | 1,907          | 1,889          | 2,076          | 2,000          | 2,000          |
| Premises and Leased Assets                                     | 4,392          | 4,464          | 4,550          | 4,678          | 4,500          | 4,523          | 4,551          | 4,500          | 4,500          |
| Intangible Assets  | 9,029          | 9,192          | 8,858          | 8,270          | 9,586          | 9,045          | 9,027          | 8,500          | 8,500          |
| <b>Total</b>   | <b>907,694</b> | <b>896,697</b> | <b>894,467</b> | <b>879,092</b> | <b>856,288</b> | <b>830,520</b> | <b>789,550</b> | <b>761,000</b> | <b>761,000</b> |
| <b>Liabilities</b>   |                |                |                |                |                |                |                |                |                |
| <b>Current and Long-Term Liabilities</b>                       | <b>839,393</b> | <b>829,426</b> | <b>823,788</b> | <b>807,799</b> | <b>789,036</b> | <b>765,398</b> | <b>730,214</b> | <b>704,000</b> | <b>704,000</b> |
| Deposits   | 216,778        | 208,485        | 205,870        | 211,858        | 212,869        | 217,070        | 213,877        | 217,000        | 217,000        |
| Federal Funds Purchased and Securities Sold under              | 258,580        | 266,825        | 281,045        | 255,591        | 245,538        | 225,974        | 213,930        | 197,000        | 197,000        |
| Agreements to Repurchase                                       |                |                |                |                |                |                |                |                |                |
| Funds from Issuance of Securities                              | 55,427         | 53,821         | 47,832         | 51,359         | 53,810         | 51,158         | 48,482         | 41,000         | 41,000         |
| Interbank and Interdepartmental Accounts                       | 4,806          | 3,793          | 3,815          | 5,667          | 3,649          | 3,618          | 3,231          | 4,000          | 4,000          |
| Borrowing and Onlending  | 51,307         | 49,121         | 46,209         | 44,187         | 45,399         | 47,895         | 47,112         | 53,000         | 53,000         |
| Derivative Financial Instruments                               | 3,238          | 3,141          | 2,590          | 4,001          | 4,148          | 3,568          | 2,703          |                |                |
| Reserves for Insurance, Pension Plans and Capitalization Bonds | 133,554        | 131,819        | 127,367        | 124,217        | 117,807        | 111,789        | 106,953        | 103,000        | 103,000        |
| Other Liabilities  | 115,703        | 112,421        | 109,060        | 110,919        | 105,816        | 104,326        | 93,926         | 86,000         | 86,000         |
| <b>Deferred Income</b>   | <b>676</b>     | <b>661</b>     | <b>632</b>     | <b>658</b>     | <b>619</b>     | <b>615</b>     | <b>646</b>     |                |                |
| <b>Non-controlling Interest in Subsidiaries</b>                | <b>592</b>     | <b>582</b>     | <b>605</b>     | <b>588</b>     | <b>586</b>     | <b>587</b>     | <b>630</b>     |                |                |
| <b>Shareholders' Equity</b>                                    | <b>67,033</b>  | <b>66,028</b>  | <b>69,442</b>  | <b>70,047</b>  | <b>66,047</b>  | <b>63,920</b>  | <b>58,060</b>  | <b>57,000</b>  | <b>57,000</b>  |
| <b>Total</b>   | <b>907,694</b> | <b>896,697</b> | <b>894,467</b> | <b>879,092</b> | <b>856,288</b> | <b>830,520</b> | <b>789,550</b> | <b>761,000</b> | <b>761,000</b> |



## Economic and Financial Analysis

## Consolidated Statement of Financial Position and Adjusted Income Statement

## Adjusted Income Statement

|  |               |               |               |               |               |               |               | R\$ million   |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
|  | 3Q13          | 2Q13          | 1Q13          | 4Q12          | 3Q12          | 2Q12          | 1Q12          | 4Q11          |
| <b>Financial Margin</b>  | <b>10,729</b> | <b>10,587</b> | <b>10,706</b> | <b>11,109</b> | <b>10,955</b> | <b>11,034</b> | <b>10,695</b> | <b>10,258</b> |
| - Interest   | 10,622        | 10,569        | 10,509        | 10,678        | 10,603        | 10,518        | 10,222        | 9,985         |
| - Non-interest   | 107           | 18            | 197           | 431           | 352           | 516           | 473           | 273           |
| ALL  | (2,881)       | (3,094)       | (3,109)       | (3,210)       | (3,303)       | (3,407)       | (3,094)       | (2,661)       |
| <b>Gross Income from Financial Intermediation</b>                            | <b>7,848</b>  | <b>7,493</b>  | <b>7,597</b>  | <b>7,899</b>  | <b>7,652</b>  | <b>7,627</b>  | <b>7,601</b>  | <b>7,597</b>  |
| Income from Insurance, Pension Plans and Capitalization Bonds <sup>(1)</sup> | 1,100         | 1,028         | 1,155         | 955           | 1,029         | 953           | 877           | 933           |
| Fee and Commission Income  | 4,977         | 4,983         | 4,599         | 4,675         | 4,438         | 4,281         | 4,118         | 4,086         |
| Personnel Expenses   | (3,346)       | (3,191)       | (3,059)       | (3,142)       | (3,119)       | (3,047)       | (2,878)       | (3,140)       |
| Other Administrative Expenses  | (3,631)       | (3,578)       | (3,455)       | (3,755)       | (3,565)       | (3,441)       | (3,401)       | (3,682)       |
| Tax Expenses   | (987)         | (1,017)       | (1,123)       | (1,098)       | (1,038)       | (991)         | (1,012)       | (1,005)       |
| Equity in the Earnings (Losses) of Unconsolidated Companies                  | 2             | 12            | 3             | 45            | 45            | 19            | 40            | 53            |
| Other Operating Income/ (Expenses)   | (1,194)       | (1,147)       | (1,170)       | (1,130)       | (1,054)       | (1,035)       | (996)         | (808)         |
| <b>Operating Result</b>  | <b>4,769</b>  | <b>4,583</b>  | <b>4,547</b>  | <b>4,449</b>  | <b>4,388</b>  | <b>4,366</b>  | <b>4,349</b>  | <b>4,034</b>  |
| Non-Operating Result   | (27)          | (24)          | (38)          | (29)          | (20)          | (22)          | (18)          | 4             |
| Income Tax and Social Contribution   | (1,638)       | (1,553)       | (1,538)       | (1,488)       | (1,455)       | (1,461)       | (1,468)       | (1,241)       |
| Non-controlling Interest   | (22)          | (28)          | (28)          | (14)          | (20)          | (16)          | (18)          | (26)          |
| <b>Adjusted Net Income</b>   | <b>3,082</b>  | <b>2,978</b>  | <b>2,943</b>  | <b>2,918</b>  | <b>2,893</b>  | <b>2,867</b>  | <b>2,845</b>  | <b>2,771</b>  |

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

## Financial Margin – Interest and Non-Interest

## Financial Margin Breakdown

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

|   | R\$ million      |               |               |               |              |            |
|---|------------------|---------------|---------------|---------------|--------------|------------|
|   | Financial Margin |               |               |               | Variation    |            |
|   | 9M13             | 9M12          | 3Q13          | 2Q13          | YTD          | Quarter    |
| Interest - due to volume                  |                  |               |               |               | 2,593        | 253        |
| Interest - due to spread                  |                  |               |               |               | (2,236)      | (200)      |
| - Financial Margin - Interest             | 31,700           | 31,343        | 10,622        | 10,569        | 357          | 53         |
| - Financial Margin - Non-Interest         | 322              | 1,341         | 107           | 18            | (1,019)      | 89         |
| <b>Financial Margin</b>                   | <b>32,022</b>    | <b>32,684</b> | <b>10,729</b> | <b>10,587</b> | <b>(662)</b> | <b>142</b> |
| <b>Average Margin Rate <sup>(1)</sup></b> | <b>7.0%</b>      | <b>7.7%</b>   | <b>7.1%</b>   | <b>7.2%</b>   |              |            |

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

Quarter over quarter, the increase of R\$142 million in the third quarter of 2013 was a result of: (i) the non-interest margin growth of R\$89 million, due to higher gains from market arbitrage; and (ii) the R\$53 million in interest margin, thanks to greater Funding and Loan margins.

In the nine months of 2013, financial margin stood at R\$32,022 million, a R\$662 million decrease year over year, due to: (i) lower results from non-interest margin, totaling R\$1,019 million, due to lower gains from market arbitrage; and partially offset: (ii) by higher results from interest-earning operations, amounting to R\$357 million, arising from greater business volume, with highlight to Loan and Insurance.

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

|       | R\$ million                         |        |       |       |           |         |
|-------|-------------------------------------|--------|-------|-------|-----------|---------|
|       | Interest Financial Margin Breakdown |        |       |       | Variation |         |
|       | 9M13                                | 9M12   | 3Q13  | 2Q13  | YTD       | Quarter |
| Loans | 22,841                              | 22,003 | 7,793 | 7,634 | 838       | 159     |

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|                                  |               |               |               |               |            |           |
|----------------------------------|---------------|---------------|---------------|---------------|------------|-----------|
| Funding                          | 3,332         | 3,228         | 1,271         | 1,112         | 104        | 159       |
| Insurance                        | 2,651         | 2,271         | 823           | 895           | 380        | (72)      |
| Securities/Other                 | 2,876         | 3,841         | 735           | 928           | (965)      | (193)     |
| <b>Interest Financial Margin</b> | <b>31,700</b> | <b>31,343</b> | <b>10,622</b> | <b>10,569</b> | <b>357</b> | <b>53</b> |

In the third quarter of 2013, interest financial margin stood at R\$10,622 million, versus R\$10,569 million in the second quarter of 2013, for an increase of R\$53 million. The business lines that most contributed to this result were Loan and Funding, broken down under items Loan Financial Margin – Interest and Funding Financial Margin – Interest.

Between the nine months of 2013 and the same period in 2012, interest financial margin increased R\$357 million. The business lines that most contributed to this increase were Loan and Insurance.

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Economic and Financial Analysis

### Financial Margin - Interest

#### Interest Financial Margin – Rates

The annualized interest financial margin rate stood at 7.0% in the third quarter of 2013, down 0.2 p.p. on the previous quarter, mainly due to the results obtained from Securities/Other and Insurance interest margins.

#### Interest Financial Margin – Annualized Average Rates

|                                  | R\$ million   |                 |              |               |                 |              |
|----------------------------------|---------------|-----------------|--------------|---------------|-----------------|--------------|
|                                  | 9M13          |                 |              | 9M12          |                 |              |
|                                  | Interest      | Average Balance | Average Rate | Interest      | Average Balance | Average Rate |
| Loans                            | 22,841        | 307,983         | 10.0%        | 22,003        | 280,666         | 10.6%        |
| Funding                          | 3,332         | 333,559         | 1.3%         | 3,228         | 333,543         | 1.3%         |
| Insurance                        | 2,651         | 129,721         | 2.7%         | 2,271         | 110,526         | 2.7%         |
| Securities/Other                 | 2,876         | 307,431         | 1.2%         | 3,841         | 288,773         | 1.8%         |
| *                                |               |                 |              |               |                 |              |
| <b>Interest Financial Margin</b> | <b>31,700</b> | <b>-</b>        | <b>6.9%</b>  | <b>31,343</b> | <b>-</b>        | <b>7.4%</b>  |
|                                  | 3Q13          |                 |              | 2Q13          |                 |              |
|                                  | Interest      | Average Balance | Average Rate | Interest      | Average Balance | Average Rate |
| Loans                            | 7,793         | 316,413         | 10.2%        | 7,634         | 309,040         | 10.3%        |
| Funding                          | 1,271         | 343,296         | 1.5%         | 1,112         | 330,956         | 1.4%         |
| Insurance                        | 823           | 132,502         | 2.5%         | 895           | 130,868         | 2.8%         |
| Securities/Other                 | 735           | 312,586         | 0.9%         | 928           | 305,841         | 1.2%         |
| *                                |               |                 |              |               |                 |              |
| <b>Interest Financial Margin</b> | <b>10,622</b> | <b>-</b>        | <b>7.0%</b>  | <b>10,569</b> | <b>-</b>        | <b>7.2%</b>  |

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

|                                  | <b>Financial Margin - Loan</b> |               |              |              | <b>R\$ million</b>       |                |
|----------------------------------|--------------------------------|---------------|--------------|--------------|--------------------------|----------------|
|                                  | <b>9M13</b>                    | <b>9M12</b>   | <b>3Q13</b>  | <b>2Q13</b>  | <b>Variation<br/>YTD</b> | <b>Quarter</b> |
| Interest - due to volume         |                                |               |              |              | 2,026                    | 182            |
| Interest - due to spread         |                                |               |              |              | (1,188)                  | (23)           |
| <b>Interest Financial Margin</b> | <b>22,841</b>                  | <b>22,003</b> | <b>7,793</b> | <b>7,634</b> | <b>838</b>               | <b>159</b>     |
| Income                           | 40,424                         | 38,875        | 13,946       | 14,016       | 1,549                    | (70)           |
| Expenses                         | (17,583)                       | (16,872)      | (6,153)      | (6,382)      | (711)                    | 229            |

In the third quarter of 2013, financial margin with loan operations reached R\$7,793 million, up 2.1% or R\$159 million over the second quarter of 2013. The variation is the result of: (i) the increase in average business volume, in the amount of R\$182 million; and offset by: (ii) the decrease in average spread, in the amount of R\$23 million.

Year over year, the financial margin for the nine months of 2013 grew 3.8%, or R\$838 million, resulting from: (i) a R\$2,026 million increase in the volume of operations; and partially offset by: (ii) the decrease in average spread, amounting to R\$1,188 million, mainly affected by the drop in interest rates used and the change in loan portfolio mix.



**Loan Financial Margin - Interest**

**Loan Financial Margin - Net Margin**

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

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

In the third quarter of 2013, the net margin curve, which refers to loan interest income net of ALL, grew 8.2% over the previous quarter and 12.8% over the first nine months of 2012, mainly driven by: (i) the increase in business volume; and (ii) the reduction in delinquency costs.

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

The expanded loan portfolio amounted to R\$412.6 billion in September 2013, up 2.5% in the quarter and 11.0% over the last 12 months.

The results were mainly led by Individuals and SMEs both in the quarter and the last 12-month period, which grew by 2.8% and 2.7% in the quarter and 10.9% and 12.0% in the last 12 months, respectively.

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

For further information, refer to page 42 herein.

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

A breakdown of loan risk products for individuals is presented below:

| <b>Individuals <sup>(1)</sup></b> | <b>R\$ million</b> |                |                | <b>Variation %</b> |             |
|-----------------------------------|--------------------|----------------|----------------|--------------------|-------------|
|                                   | <b>Sept13</b>      | <b>Jun13</b>   | <b>Sept12</b>  | <b>Quarter</b>     | <b>12M</b>  |
| CDC / Vehicle Leasing             | 28,232             | 29,303         | 31,860         | (3.7)              | (11.4)      |
| Payroll-deductible Loan           | 25,919             | 24,262         | 19,956         | 6.8                | 29.9        |
| Credit Card                       | 21,866             | 21,156         | 18,850         | 3.4                | 16.0        |
| Personal Loans                    | 16,556             | 16,049         | 14,929         | 3.2                | 10.9        |
| Real Estate Financing             | 12,576             | 11,543         | 9,452          | 9.0                | 33.1        |
| Rural Loans                       | 7,832              | 6,752          | 6,528          | 16.0               | 20.0        |
| BNDES/Finame Onlending            | 6,534              | 6,421          | 5,628          | 1.8                | 16.1        |
| Overdraft Facilities              | 3,604              | 3,455          | 3,198          | 4.3                | 12.7        |
| Sureties and Guarantees           | 191                | 662            | 685            | (71.2)             | (72.1)      |
| Other                             | 3,757              | 3,959          | 3,450          | (5.1)              | 8.9         |
| <b>Total</b>                      | <b>127,068</b>     | <b>123,562</b> | <b>114,536</b> | <b>2.8</b>         | <b>10.9</b> |

(1) Including co-obligation in loan granting (FIDC), mortgage-backed receivables – CRI and rural loans).

The Individual segment operations grew by 2.8% in the quarter, led by the following lines: (i) rural loan; (ii) real estate financing; and (iii) payroll-deductible loan. In the last 12 months, the operations grew by 10.9% and the lines that most contributed to this increase were: (i) real estate financing; (ii) payroll-deductible loan; and (iii) rural loan.

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

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

| Companies <sup>(1)</sup>   | R\$ million    |                |                | Variation % |             |
|--|----------------|----------------|----------------|-------------|-------------|
|  | Sept13         | Jun13          | Sept12         | Quarter     | 12M         |
| Working Capital  | 44,255         | 44,207         | 42,416         | 0.1         | 4.3         |
| BNDES/Finame Onlending   | 32,483         | 31,345         | 29,160         | 3.6         | 11.4        |
| Operations Abroad  | 27,530         | 26,638         | 24,748         | 3.3         | 11.2        |
| Export Financing   | 15,620         | 16,024         | 12,974         | (2.5)       | 20.4        |
| Real Estate Financing - Corporate Plan                               | 15,069         | 14,168         | 12,059         | 6.4         | 25.0        |
| Credit Card  | 13,516         | 13,590         | 13,984         | (0.5)       | (3.3)       |
| Overdraft Account  | 10,651         | 10,540         | 10,546         | 1.1         | 1.0         |
| Vehicles - CDC   | 7,814          | 7,613          | 6,677          | 2.6         | 17.0        |
| Leasing  | 5,228          | 5,550          | 6,416          | (5.8)       | (18.5)      |
| Rural Loans  | 4,964          | 4,953          | 4,553          | 0.2         | 9.0         |
| Sureties and Guarantees  | 65,157         | 62,721         | 54,048         | 3.9         | 20.6        |
| Operations bearing Credit Risk - Commercial Portfolio <sup>(2)</sup> | 32,917         | 30,942         | 28,587         | 6.4         | 15.1        |
| Other  | 10,287         | 10,664         | 10,970         | (3.5)       | (6.2)       |
| <b>Total</b>   | <b>285,490</b> | <b>278,955</b> | <b>257,138</b> | <b>2.3</b>  | <b>11.0</b> |

Including:

(1) Including co-obligation in loan granting (mortgage-backed receivables – CRI and rural loans); and

(2) Operations with debentures and promissory notes.

Corporate segment operations grew by 2.3% in the quarter and 11.0% in the last 12 months, mainly led by: (i) real estate financing – corporate plan; (ii) operations bearing credit risk – commercial portfolio, composed of debentures and promissory notes; and (iii) BNDES/Finame onlending. In the last 12 months, the lines that most contributed to the growth were: (i) real estate financing – corporate plan; (ii) export financing; and (iii) operations with sureties and guarantees.

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

The graph below shows the types of credit related to consumer financing of individual customers, which stood at R\$92.8 billion in September 2013, up 1.9% over the quarter and 8.0% over the last 12 months.

Growth was led by: (i) personal loans (payroll-deductible loans are included); and (ii) credit card, which together totaled R\$64.3 billion, accounting for 69.3% of the consumer financing balance.



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

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

|                          | R\$ million   |               |               | Variation %   |               |
|--------------------------|---------------|---------------|---------------|---------------|---------------|
|                          | Sept13        | Jun13         | Sept12        | Quarter       | 12M           |
| <b>CDC Portfolio</b>     | <b>35,192</b> | <b>35,805</b> | <b>36,217</b> | <b>(1.7)</b>  | <b>(2.8)</b>  |
| Individuals              | 27,378        | 28,192        | 29,540        | (2.9)         | (7.3)         |
| Corporate                | 7,814         | 7,613         | 6,677         | 2.6           | 17.0          |
| <b>Leasing Portfolio</b> | <b>3,051</b>  | <b>3,517</b>  | <b>5,492</b>  | <b>(13.2)</b> | <b>(44.4)</b> |
| Individuals              | 854           | 1,111         | 2,320         | (23.1)        | (63.2)        |
| Corporate                | 2,197         | 2,406         | 3,172         | (8.7)         | (30.7)        |
| <b>Finame Portfolio</b>  | <b>11,396</b> | <b>11,029</b> | <b>10,308</b> | <b>3.3</b>    | <b>10.6</b>   |
| Individuals              | 832           | 857           | 989           | (2.9)         | (15.9)        |
| Corporate                | 10,564        | 10,172        | 9,319         | 3.9           | 13.4          |
| <b>Total</b>             | <b>49,639</b> | <b>50,351</b> | <b>52,017</b> | <b>(1.4)</b>  | <b>(4.6)</b>  |
| Individuals              | 29,064        | 30,160        | 32,849        | (3.6)         | (11.5)        |
| Corporate                | 20,575        | 20,191        | 19,168        | 1.9           | 7.3           |

Vehicle financing operations (individual and corporate customers) totaled R\$49.6 billion in September 2013, presenting a decrease in quarter-over-quarter and year-over-year comparisons. Of the total vehicle portfolio, 70.9% corresponds to CDC, 23.0% to Finame and 6.1% to Leasing. Individuals represented 58.6% of the portfolio, while corporate customers accounted for the remaining 41.4%.

**Expanded Loan Portfolio Concentration - by Sector**

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

| Activity Sector  | R\$ million    |             |                |             |                |             |
|--|----------------|-------------|----------------|-------------|----------------|-------------|
|  | Sept13         | %           | Jun13          | %           | Sept12         | %           |
| <b>Public Sector</b>   | <b>1,204</b>   | <b>0.3</b>  | <b>716</b>     | <b>0.2</b>  | <b>1,086</b>   | <b>0.3</b>  |
| <b>Private Sector</b>  | <b>411,355</b> | <b>99.7</b> | <b>401,801</b> | <b>99.8</b> | <b>370,588</b> | <b>99.7</b> |
| <b>Corporate</b>   | <b>284,287</b> | <b>68.9</b> | <b>278,239</b> | <b>69.1</b> | <b>256,052</b> | <b>68.9</b> |
| Industry   | 88,217         | 21.4        | 88,495         | 22.0        | 82,531         | 22.2        |
| Commerce   | 57,797         | 14.0        | 57,615         | 14.3        | 58,786         | 15.8        |
| Financial Intermediaries   | 8,727          | 2.1         | 7,749          | 1.9         | 6,617          | 1.8         |
| Services   | 125,444        | 30.4        | 120,239        | 29.9        | 104,200        | 28.0        |
| Agriculture, Cattle Raising, Fishing,<br>Forestry and Forest Exploration | 4,102          | 1.0         | 4,141          | 1.0         | 3,918          | 1.1         |

|                    |                |              |                |              |                |              |
|--------------------|----------------|--------------|----------------|--------------|----------------|--------------|
| <b>Individuals</b> | <b>127,068</b> | <b>30.8</b>  | <b>123,562</b> | <b>30.7</b>  | <b>114,536</b> | <b>30.8</b>  |
| <b>Total</b>       | <b>412,559</b> | <b>100.0</b> | <b>402,517</b> | <b>100.0</b> | <b>371,674</b> | <b>100.0</b> |

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**Loan Financial Margin - Interest**

**Changes in the Expanded Loan Portfolio**

Of the R\$40.9 billion growth in the loan portfolio over the last 12 months, new borrowers accounted for R\$30.4 billion, or 74.4%, representing 7.4% of the portfolio in September 2013.

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

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

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

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

| Rating       | Total Loan as at<br>September 2013 |              | New Customers from<br>October 2012 and<br>September 2013 |              | Remaining Debtors as at<br>September 2012 |              |
|--------------|------------------------------------|--------------|--|--------------|---|--------------|
|              | R\$ million                        | %            | R\$ million  | %            | R\$ million                               | %            |
| AA - C       | 384,397                            | 93.2         | 29,382   | 96.6         | 355,015                                   | 92.9         |
| D            | 10,698                             | 2.6          | 272  | 0.9          | 10,426                                    | 2.7          |
| E - H        | 17,464                             | 4.2          | 752  | 2.5          | 16,712                                    | 4.4          |
| <b>Total</b> | <b>412,559</b>                     | <b>100.0</b> | <b>30,406</b>  | <b>100.0</b> | <b>382,153</b>                            | <b>100.0</b> |

**Expanded Loan Portfolio - By Customer Profile**

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

| Customer Profile             | R\$ million    |                |                | Variation % |             |
|------------------------------|----------------|----------------|----------------|-------------|-------------|
|                              | Sept13         | Jun13          | Sept12         | Quarter     | 12M         |
| Corporations                 | 161,043        | 157,818        | 146,033        | 2.0         | 10.3        |
| SMEs                         | 124,448        | 121,138        | 111,106        | 2.7         | 12.0        |
| Individuals                  | 127,068        | 123,562        | 114,536        | 2.8         | 10.9        |
| <b>Total Loan Operations</b> | <b>412,559</b> | <b>402,517</b> | <b>371,674</b> | <b>2.5</b>  | <b>11.0</b> |

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

AA-C rated loans had a slight percentage reduction in the last 12 months and a slight improvement in the quarter.

**By Rating**

| Customer Profile | By Rating |   |     |       |   |     |        |   |     |
|------------------|-----------|---|-----|-------|---|-----|--------|---|-----|
|                  | Sept13    |   |     | Jun13 |   |     | Sept12 |   |     |
|                  | AA-C      | D | E-H | AA-C  | D | E-H | AA-C   | D | E-H |

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|              |             |            |            |             |            |            |             |            |            |
|--------------|-------------|------------|------------|-------------|------------|------------|-------------|------------|------------|
| Corporations | 96.7        | 2.8        | 0.5        | 97.0        | 2.5        | 0.5        | 98.8        | 0.8        | 0.5        |
| SMEs         | 91.7        | 3.0        | 5.3        | 91.5        | 3.0        | 5.5        | 91.2        | 3.1        | 5.7        |
| Individuals  | 90.3        | 1.9        | 7.8        | 89.7        | 2.1        | 8.2        | 88.8        | 2.4        | 8.8        |
| <b>Total</b> | <b>93.2</b> | <b>2.6</b> | <b>4.2</b> | <b>93.1</b> | <b>2.5</b> | <b>4.4</b> | <b>93.4</b> | <b>2.0</b> | <b>4.6</b> |

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

Below is the quarterly and yearly growth in the expanded loan portfolio by business segment, which was led by the Prime, Middle Market and Retail segments.

| Business Segments                          | R\$ million    |              |                |              | Variation %    |              |            |             |
|--|----------------|--------------|----------------|--------------|----------------|--------------|------------|-------------|
|  | Sept13         | %            | Jun13          | %            | Sept12         | %            | Quarter    | 12M         |
| Retail                                     | 121,836        | 29.5         | 117,913        | 29.3         | 104,405        | 28.1         | 3.3        | 16.7        |
| Corporate                                  | 164,157        | 39.8         | 161,731        | 40.2         | 152,850        | 41.1         | 1.5        | 7.4         |
| Middle Market                              | 54,291         | 13.2         | 52,126         | 12.9         | 46,693         | 12.6         | 4.2        | 16.3        |
| Prime                                      | 18,091         | 4.4          | 17,082         | 4.2          | 14,718         | 4.0          | 5.9        | 22.9        |
| Other / Non-account Holders <sup>(1)</sup> | 54,184         | 13.1         | 53,665         | 13.4         | 53,008         | 14.2         | 1.0        | 2.2         |
| <b>Total</b>                               | <b>412,559</b> | <b>100.0</b> | <b>402,517</b> | <b>100.0</b> | <b>371,674</b> | <b>100.0</b> | <b>2.5</b> | <b>11.0</b> |

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

**Expanded Loan Portfolio - By Currency**

The balance of foreign currency-indexed and/or denominated loan and onlending operations (excluding ACCs - Advances on Foreign Exchange Contracts) totaled US\$14.9 billion in September 2013 (US\$14.4 billion in June 2013 and US\$15.0 billion in September 2012), a 3.5% increase in the quarter and remaining stable in the last 12 months. In reais, these same foreign currency operations totaled R\$33.2 billion in September 2013 (R\$31.9 billion in June 2013 and R\$30.4 billion in September 2012), growths of 4.1% and 9.2% in the quarter and in the last 12 months, respectively.

In September 2013, total loan operations, in reais, stood at R\$379.4 billion (R\$370.6 billion in June 2013 and R\$341.3 billion in September 2012), up 2.4% on the previous quarter and 11.2% over the last 12 months.

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

Credit concentration level among the largest debtors was slightly lower when compared to the previous quarter, except for the largest debtor range, which remained stable in the period.

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

All operations bearing credit risk stood at R\$432.5 billion, up 2.1% in the quarter and 10.1% in the last 12 months.

|  | R\$ million    |                |                | Variation % |             |
|--|----------------|----------------|----------------|-------------|-------------|
|  | Sept13         | Jun13          | Sept12         | Quarter     | 12M         |
| Loans and Discounted Securities Financing                              | 151,823        | 149,406        | 138,417        | 1.6         | 9.7         |
| Rural and Agribusiness Financing                                       | 110,176        | 108,341        | 99,631         | 1.7         | 10.6        |
| Leasing Operations   | 18,823         | 17,580         | 15,968         | 7.1         | 17.9        |
| Advances on Exchange Contracts   | 6,077          | 6,656          | 8,731          | (8.7)       | (30.4)      |
| Other Loans  | 6,239          | 6,646          | 7,360          | (6.1)       | (15.2)      |
| <b>Subtotal Loan Operations <sup>(2)</sup></b>                         | <b>18,517</b>  | <b>16,945</b>  | <b>14,258</b>  | <b>9.3</b>  | <b>29.9</b> |
| <b>Sureties and Guarantees Granted (Memorandum Accounts)</b>           | <b>65,348</b>  | <b>63,383</b>  | <b>54,732</b>  | <b>3.1</b>  | <b>19.4</b> |
| Operations bearing Credit Risk - Commercial Portfolio <sup>(3)</sup>   | 32,917         | 30,942         | 28,587         | 6.4         | 15.1        |
| Letters of Credit (Memorandum Accounts)                                | 751            | 966            | 1,569          | (22.3)      | (52.1)      |
| Advances from Credit Card Receivables                                  | 871            | 1,084          | 1,623          | (19.6)      | (46.3)      |
| Co-obligation in Loan Assignment FIDC/CRI (Memorandum Accounts)        | 897            | 449            | 666            | 99.8        | 34.7        |
| Co-obligation in Rural Loan Assignment (Memorandum Accounts)           | 120            | 120            | 130            | -           | (7.7)       |
| <b>Subtotal of Operations bearing Credit Risk - Expanded Portfolio</b> | <b>412,559</b> | <b>402,517</b> | <b>371,674</b> | <b>2.5</b>  | <b>11.0</b> |
| Other Operations Bearing Credit Risk <sup>(4)</sup>                    | 21,962         | 23,086         | 22,928         | (4.9)       | (4.2)       |
| <b>Total Operations bearing Credit Risk</b>                            | <b>434,521</b> | <b>425,603</b> | <b>394,602</b> | <b>2.1</b>  | <b>10.1</b> |

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

(2) As defined by Bacen;

(3) Including debenture and promissory note operations; and

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

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## **Loan Financial Margin - Interest**

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

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

The maturities of performing loans were longer in September 2013, mainly due to BNDES onlending and real estate financing. 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.

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Economic and Financial Analysis

**Loan Financial Margin - Interest**

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

Delinquency ratio over 90 days had a reduction in the quarter and in the last 12 months. This positive result is mainly a result of the drop in delinquency ratio among individual customers.

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

(1) As defined by Bacen.

## **Loan Financial Margin - Interest**

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

The ALL of R\$21.5 billion in September 2013, which remained flat when compared to the previous quarter, representing 6.9% of the total loan portfolio, comprises the generic provision (customer and/or operation rating), the specific provision (non-performing loans) and the excess provision (internal criteria).

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

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, i.e., for an existing provision of 7.4% of the portfolio<sup>(1)</sup>, in September 2012, the effective gross loss in the subsequent twelve-month period was 4.6%, meaning that the existing provision exceeded the loss over the subsequent twelve-month period by more than 58%, as shown in the graph below.

(1) As defined by Bacen.

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Economic and Financial Analysis

**Loan Financial Margin - Interest**

Analysis in terms of loss, net of recovery, shows a significant increase in the coverage margin. In September 2012, for an existing provision of 7.4% of the portfolio<sup>(1)</sup>, the net loss in the subsequent twelve-month period was 3.4%, meaning that the existing provision exceeded over 115% the loss in the subsequent 12 months.

It is important to highlight that both gross and net loss write-offs had a decrease in comparison with the previous quarter.

(1) As defined by Bacen.



**Loan Financial Margin - Interest**

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

The Non-performing Loan ratio (operations overdue for over 60 days), as well as the coverage ratio, posted an increase in the quarter-over-quarter and year-over-year comparisons.

(1) As defined by Bacen; and

(2) 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<sup>(1)</sup> - 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 %) |                |                |
|--|------------------------|----------------|----------------|
|  | Sept13                 | Jun13          | Sept12         |
| <b>Total Loan Operations <sup>(1)</sup></b>                    | <b>311,655</b>         | <b>305,574</b> | <b>284,367</b> |
| - Individuals  | 126,116                | 122,571        | 113,308        |
| - Corporate  | 185,539                | 183,002        | 171,058        |
| <b>Existing Provision</b>                                      | <b>21,476</b>          | <b>21,455</b>  | <b>20,915</b>  |
| - Specific   | 10,790                 | 10,879         | 10,897         |
| - Generic  | 6,678                  | 6,568          | 6,007          |
| - Excess   | 4,009                  | 4,008          | 4,011          |
| Specific Provision / Existing Provision (%)                    | 50.2                   | 50.7           | 52.1           |
| Existing Provision / Loan Operations (%)                       | 6.9                    | 7.0            | 7.4            |
| AA - C Rated Loan Operations / Loan Operations (%)             | 91.3                   | 91.3           | 91.5           |
| D Rated Operations under Risk Management / Loan Operations (%) | 3.1                    | 3.0            | 2.5            |
| E - H Rated Loan Operations / Loan Operations (%)              | 5.6                    | 5.8            | 6.0            |
| D Rated Loan Operations  | 9,590                  | 9,070          | 7,192          |
| Existing Provision for D Rated Loan Operations                 | 2,467                  | 2,356          | 1,982          |
| D Rated Provision / Loan Operations (%)                        | 25.7                   | 26.0           | 27.6           |
| D - H Rated Non-Performing Loans                               | 15,664                 | 16,015         | 16,262         |
| Existing Provision/D - H Rated Non-Performing Loans (%)        | 137.1                  | 134.0          | 128.6          |
| E - H Rated Loan Operations                                    | 17,369                 | 17,577         | 17,032         |
| Existing Provision for E - H Rated Loan Operations             | 15,215                 | 15,380         | 14,999         |
| E - H Rated Provision / Loan Operations (%)                    | 87.6                   | 87.5           | 88.1           |
| E - H Rated Non-Performing Loans                               | 12,856                 | 13,029         | 13,017         |
| Existing Provision/E - H Rated Non-Performing Loan (%)         | 167.0                  | 164.7          | 160.7          |
| Non-Performing Loans <sup>(2)</sup>                            | 13,693                 | 13,980         | 14,447         |
| Non-Performing Loans <sup>(2)</sup> / Loan Operations (%)      | 4.4                    | 4.6            | 5.1            |
| Existing Provision / Non-Performing Loans <sup>(2)</sup> (%)   | 156.8                  | 153.5          | 144.8          |
| Loan Operations Overdue for over 90 days                       | 11,283                 | 11,374         | 11,684         |
| Loan Operations Overdue for over 90 days / Loan Operations (%) | 3.6                    | 3.7            | 4.1            |
| Existing Provision/Operations Overdue for over 90 days (%)     | 190.3                  | 188.6          | 179.0          |

(1) As defined by Bacen; and

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

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

|                                  | <b>Financial Margin - Funding</b> |              |              |              | <b>R\$ million</b>       |                |
|----------------------------------|-----------------------------------|--------------|--------------|--------------|--------------------------|----------------|
|                                  | <b>9M13</b>                       | <b>9M12</b>  | <b>3Q13</b>  | <b>2Q13</b>  | <b>Variation<br/>YTD</b> | <b>Quarter</b> |
| Interest - due to volume         |                                   |              |              |              | -                        | 46             |
| Interest - due to spread         |                                   |              |              |              | 104                      | 113            |
| <b>Interest Financial Margin</b> | <b>3,332</b>                      | <b>3,228</b> | <b>1,271</b> | <b>1,112</b> | <b>104</b>               | <b>159</b>     |

Quarter over quarter, interest funding financial margin increased 14.3%, or R\$159 million, in the third quarter of 2013 as a result of: (i) the R\$113 million increase in average spread, due to the interest rate increase in the period (Selic); and (ii) the greater volume of operations, which amounted to R\$46 million.

In the year over year comparison, interest funding financial margin improved by 3.2% or R\$104 million in the nine months of 2013, mainly driven by the increase in average spread, due to higher interest rate in the period (Selic).

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## Economic and Financial Analysis

### Funding Financial Margin - Interest

#### Loans vs. Funding

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

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

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

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

|  | R\$ million    |                |                | Variation %       |                 |
|--|----------------|----------------|----------------|-------------------|-----------------|
|  | Sept13         | Jun13          | Sept12         | Quarter           | 12M             |
| <b>Funding vs. Investments</b>   |                |                |                |                   |                 |
| Demand Deposits + Sundry Floating                                      | 43,008         | 39,965         | 36,855         | 7.6               | 16.7            |
| Savings Deposits   | 76,488         | 72,627         | 65,540         | 5.3               | 16.7            |
| Time Deposits + Debentures <sup>(1)</sup>                              | 157,356        | 158,650        | 168,702        | (0.8)             | (6.7)           |
| Funds from Financial Bills <sup>(2)</sup>                              | 43,952         | 41,700         | 39,813         | 5.4               | 10.4            |
| <b>Customer Funds</b>  | <b>320,803</b> | <b>312,942</b> | <b>310,910</b> | <b>2.5</b>        | <b>3.2</b>      |
| (-) Reserve Requirements   | (49,473)       | (50,246)       | (54,222)       | (1.5)             | (8.8)           |
| (-) Available Funds  | (12,708)       | (11,618)       | (7,079)        | 9.4               | 79.5            |
| <b>Customer Funds Net of Reserve Requirements</b>                      | <b>258,622</b> | <b>251,078</b> | <b>249,609</b> | <b>3.0</b>        | <b>3.6</b>      |
| Onlending  | 39,317         | 38,033         | 35,247         | 3.4               | 11.5            |
| Securities Abroad  | 11,475         | 12,121         | 13,997         | (5.3)             | (18.0)          |
| Borrowing  | 11,990         | 11,088         | 10,151         | 8.1               | 18.1            |
| Other (Subordinated Debt + Other Borrowers (Cards))                    | 50,723         | 50,403         | 47,238         | 0.6               | 7.4             |
| <b>Total Funding (A)</b>   | <b>372,127</b> | <b>362,723</b> | <b>356,242</b> | <b>2.6</b>        | <b>4.5</b>      |
| <b>Expanded Loan Portfolio (Excluding Sureties and Guarantees) (B)</b> | <b>347,210</b> | <b>339,134</b> | <b>316,941</b> | <b>2.4</b>        | <b>9.6</b>      |
| <b>B/A (%)</b>   | <b>93.3</b>    | <b>93.5</b>    | <b>89.0</b>    | <b>(0.2) p.p.</b> | <b>4.3 p.p.</b> |

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

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

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## Funding Financial Margin - Interest

### Main Funding Sources

The following table presents changes in main funding sources:

|  | R\$ million    |                |                | Variation % |            |
|--|----------------|----------------|----------------|-------------|------------|
|  | Sept13         | Jun13          | Sept12         | Quarter     | 12M        |
| Demand Deposits                                  | 39,456         | 36,586         | 33,627         | 7.8         | 17.3       |
| Savings Deposits                                 | 76,488         | 72,627         | 65,540         | 5.3         | 16.7       |
| Time Deposits                                    | 99,993         | 98,573         | 113,379        | 1.4         | (11.8)     |
| Debentures <sup>(1)</sup>                        | 57,363         | 60,077         | 55,323         | (4.5)       | 3.7        |
| Borrowing and Onlending                          | 51,307         | 49,121         | 45,399         | 4.5         | 13.0       |
| Funds from Issuance of Securities <sup>(2)</sup> | 55,427         | 53,821         | 53,810         | 3.0         | 3.0        |
| Subordinated Debts                               | 36,135         | 36,222         | 34,507         | (0.2)       | 4.7        |
| <b>Total</b>                                     | <b>416,169</b> | <b>407,027</b> | <b>401,585</b> | <b>2.2</b>  | <b>3.6</b> |

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

(2) Including: Financial Bills, on September 30, 2013, amounting to R\$34,242 million (R\$31,878 million on June 30, 2013 and R\$31,234 million on September 30, 2012).

### Demand Deposits

Demand deposits totaled R\$39,456 million in the third quarter of 2013, up 7.8% on previous quarter and 17.3% when compared to the same period in the previous year, basically driven by the improved funding and the increased account holder base in the period.

(1) Additional installment is not included.

### Savings Deposits

Savings deposits increased 5.3% in the quarter-over-quarter comparison and 16.7% in the last 12 months, mainly as a result of: (i) greater funding volume; and (ii) the remuneration of savings account reserve.

Bradesco is always increasing its savings accounts base, posting net growth of 600 thousand new savings accounts over the last



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

quarter.

(1) Additional installment is not included.

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Economic and Financial Analysis

**Funding Financial Margin - Interest**

**Time Deposits**

In the third quarter of 2013, time deposits totaled R\$99,993 million, remaining practically stable quarter over quarter and decreasing by 11.8% on the same period of the previous year.

(1) As defined by Bacen.

Such performance is basically due to the new business opportunities offered to customers

**Debentures**

On September 30, 2013, Bradesco's debentures amounted to R\$57,363 million, a 4.5% decrease in the quarter-over-quarter comparison and a 3.7% 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 quarter-over-quarter increase of R\$2,186 million, or 4.5%, was mainly due to: (i) the R\$1,258 million increase in volume of funds raised through borrowing and onlending in Brazil, led by Finame operations; and (ii) the R\$928 million increase in foreign-currency-denominated and/or indexed borrowing and onlending.

September 2012 to R\$12,142 million in September 2013, mainly due to the exchange gain of 9.8% in the period.

Year over year, the balance was up R\$5,908 million in the first nine months of 2013, mainly due to: (i) the R\$4,033 million increase in volume of funds raised through borrowing and onlending in Brazil, especially through Finame operations; and (ii) the R\$1,875 million increase in foreign-currency-denominated and/or indexed borrowing and onlending, from R\$10,267 million in

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## **Funding Financial Margin - Interest**

### **Funds for the Issuance of Securities**

Funds from issuance of securities totaled R\$55,427 million, a 3.0% or R\$1,606 million increase in the quarter, mainly due to the increased inventory of Financial Bills, from R\$31,878 million in June 2013 to R\$34,242 million in September 2013, mainly due to the new issuances in the period.

Between September 2012 and 2013, there was an increase of R\$1,617 million, mainly driven by: (i) the new issuances of Financial Bills, whose amount increased R\$3,009 million; and (ii) the higher volume of Mortgage Bonds, in the amount of R\$1,058 million; partially offset: (iii) by the R\$2,522 million reduction in volume of securities issued abroad.

(1) Considering Collateral Mortgage Notes, Mortgage Bonds, Letters of Credit for Agribusiness, Debentures, Medium Term Note - MTN Program Issues and the cost of issuances over funding.

### **Subordinated Debt**

Subordinated Debt totaled R\$36,135 million in September 2013 (R\$9,561 million abroad and R\$26,574 million in Brazil), remaining practically stable when compared with the previous quarter and increasing 4.7% over the previous year.

Additionally, note that R\$25,741 million of total subordinated debt is used to compose the Tier II of the Capital Adequacy Ratio, given their maturity terms.



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

|                                  | Financial Margin - Securities/Other |              |            |            | R\$ million      |                      |
|----------------------------------|-------------------------------------|--------------|------------|------------|------------------|----------------------|
|                                  | 9M13                                | 9M12         | 3Q13       | 2Q13       | Variation<br>YTD | Variation<br>Quarter |
| Interest - due to volume         |                                     |              |            |            | 175              | 16                   |
| Interest - due to spread         |                                     |              |            |            | (1,140)          | (209)                |
| <b>Interest Financial Margin</b> | <b>2,876</b>                        | <b>3,841</b> | <b>735</b> | <b>928</b> | <b>(965)</b>     | <b>(193)</b>         |
| Income                           | 22,495                              | 24,758       | 8,050      | 8,582      | (2,263)          | (532)                |
| Expenses                         | (19,619)                            | (20,917)     | (7,315)    | (7,654)    | 1,298            | 339                  |

Quarter over quarter, interest financial margin from Securities/Other was down by R\$193 million, mainly due to the decrease in average spread of operations of R\$209 million, as a result of the lower gain from fixed-rate commercial portfolio management and the lower IPCA in the quarter.

Year over year, interest financial margin from Securities/Other decreased 25.1% or R\$965 million in the first nine months of 2013. This result was due to: (i) the decrease in the average spread of R\$1,140 million, driven by the lower gain from fixed-rate commercial portfolio management; and partially offset: (ii) by the greater volume of operations, which affected the result in R\$175 million.

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

|                                  | Financial Margin - Insurance |              |            |            | R\$ million      |                      |
|----------------------------------|------------------------------|--------------|------------|------------|------------------|----------------------|
|                                  | 9M13                         | 9M12         | 3Q13       | 2Q13       | Variation<br>YTD | Variation<br>Quarter |
| Interest - due to volume         |                              |              |            |            | 392              | 10                   |
| Interest - due to spread         |                              |              |            |            | (12)             | (82)                 |
| <b>Interest Financial Margin</b> | <b>2,651</b>                 | <b>2,271</b> | <b>823</b> | <b>895</b> | <b>380</b>       | <b>(72)</b>          |
| Income                           | 6,085                        | 8,546        | 2,258      | 1,772      | (2,461)          | 486                  |
| Expenses                         | (3,434)                      | (6,275)      | (1,435)    | (877)      | 2,841            | (558)                |

In the quarter-over-quarter comparison, interest financial margin from insurance operations decreased R\$72 million, or 8.0%, impacted by: (i) the R\$82 million decrease in average spread, which was due to: (a) the variation in IPCA and IGPM; and (b) the performance of multimarket funds; and partially offset: (ii) by the higher volume of operations, totaling R\$10 million.

In the year-over-year comparison, interest financial margin from insurance operations was up 16.7% or R\$380 million in the first nine months of 2013 due to: (i) the higher volume of operations, in the amount of R\$392 million; and offset: (ii) by the R\$12 million decrease in average spread.

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

|                  | Non-Interest Financial Margin |              |            |           | R\$ million      |           |
|------------------|-------------------------------|--------------|------------|-----------|------------------|-----------|
|                  | 9M13                          | 9M12         | 3Q13       | 2Q13      | Variation<br>YTD | Quarter   |
| Funding          | (221)                         | (218)        | (75)       | (73)      | (3)              | (2)       |
| Insurance        | 32                            | 266          | (30)       | (13)      | (234)            | (17)      |
| Securities/Other | 511                           | 1,293        | 212        | 104       | (782)            | 108       |
| <b>Total</b>     | <b>322</b>                    | <b>1,341</b> | <b>107</b> | <b>18</b> | <b>(1,019)</b>   | <b>89</b> |

The non-interest financial margin in the third quarter of 2013 stood at R\$107 million versus the R\$18 million of the previous quarter, an improvement of R\$89 million mainly due to the best results from Securities/Other. Year over year, non-interest financial margin decreased R\$1,019 million in the nine months of 2013. The variations in non-interest financial margin 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 enabled greater/lower gain opportunity; and
- Securities/Other - which had a decrease of R\$782 million between the nine months of 2013 and the same period in the previous year, mostly due to lower gains from market arbitrage. In the third quarter of 2013, gains from market arbitrage totaling R\$108 million was higher than that recorded in the previous year. Also in the quarter, the R\$30 million gained from the partial sale of shares on BM&FBovespa contributed to the result, versus the R\$148 million obtained in the previous quarter.

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    |                |                |
|--|----------------|----------------|----------------|
|  | Sept13         | Jun13          | Sept12         |
| <b>Assets</b>  |                |                |                |
| <b>Current and Long-Term Assets</b>                                    | <b>154,464</b> | <b>152,459</b> | <b>142,288</b> |
| Securities   | 143,423        | 141,984        | 133,738        |
| Insurance Premiums Receivable <sup>(1)</sup>                           | 2,623          | 2,546          | 1,995          |
| Other Loans  | 8,418          | 7,929          | 6,555          |
| <b>Permanent Assets</b>  | <b>4,040</b>   | <b>3,936</b>   | <b>3,456</b>   |
| <b>Total</b>   | <b>158,504</b> | <b>156,395</b> | <b>145,744</b> |
| <b>Liabilities</b>   |                |                |                |
| <b>Current and Long-Term Liabilities</b>                               | <b>141,531</b> | <b>139,412</b> | <b>127,194</b> |
| Tax, Civil and Labor Contingencies                                     | 2,920          | 2,792          | 2,266          |
| Payables on Insurance, Pension Plan and Capitalization Bond Operations | 374            | 355            | 340            |
| Other Liabilities  | 4,683          | 4,446          | 6,781          |
| Insurance Technical Reserves <sup>(1)</sup>                            | 11,978         | 11,698         | 10,217         |
| Life and Pension Plan Technical Reserves                               | 115,814        | 114,383        | 102,425        |
| Capitalization Bond Technical Reserves                                 | 5,762          | 5,738          | 5,165          |
| <b>Non-controlling Interest</b>  | <b>647</b>     | <b>641</b>     | <b>631</b>     |
| <b>Shareholders' Equity</b>  | <b>16,326</b>  | <b>16,342</b>  | <b>17,919</b>  |
| <b>Total</b>   | <b>158,504</b> | <b>156,395</b> | <b>145,744</b> |

(1) In the third quarter of 2013, in compliance with ANS Normative Resolution 314, of November 23, 2012, the amount of R\$753.7 million was reclassified (R\$715.4 million in the second quarter of 2013), corresponding to the early recording of premiums, which was deducted from premiums receivable, to "Technical Reserves – Unearned Premium Reserve," under liabilities.

**Consolidated Income Statement**

|   | R\$ million |        |        |        |
|---|-------------|--------|--------|--------|
|   | 9M13        | 9M12   | 3Q13   | 2Q13   |
| Insurance Written Premiums, Pension Plan Contributions and Capitalization Bond Income | 35,260      | 31,092 | 11,069 | 13,238 |
| Premiums Earned from Insurance, Pension Plan Contribution and Capitalization Bond     | 19,612      | 16,388 | 7,007  | 6,393  |

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|   |              |              |              |              |
|---|--------------|--------------|--------------|--------------|
| Financial Result from the Operation           | 2,510        | 2,452        | 682          | 849          |
| Sundry Operating Income                       | 699          | 815          | 289          | 275          |
| Retained Claims                               | (11,375)     | (9,470)      | (4,104)      | (3,724)      |
| Capitalization Bond Draws and Redemptions     | (2,992)      | (2,400)      | (1,109)      | (1,011)      |
| Selling Expenses                              | (1,879)      | (1,738)      | (613)        | (630)        |
| General and Administrative Expenses           | (1,571)      | (1,441)      | (547)        | (548)        |
| Tax Expenses                                  | (424)        | (346)        | (144)        | (133)        |
| Other Operating Income/Expenses               | (320)        | (211)        | (98)         | (32)         |
| <b>Operating Result</b>                       | <b>4,260</b> | <b>4,049</b> | <b>1,363</b> | <b>1,439</b> |
| Equity Result                                 | 329          | 313          | 111          | 117          |
| Non-Operating Result                          | (34)         | (29)         | (14)         | (7)          |
| <b>Income before Taxes and Profit Sharing</b> | <b>4,555</b> | <b>4,333</b> | <b>1,460</b> | <b>1,549</b> |
| Income Tax and Contributions                  | (1,681)      | (1,592)      | (540)        | (571)        |
| Profit Sharing                                | (51)         | (58)         | (18)         | (17)         |
| Non-controlling Interest                      | (84)         | (60)         | (24)         | (30)         |
| <b>Net Income</b>                             | <b>2,739</b> | <b>2,623</b> | <b>878</b>   | <b>931</b>   |

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

|                        | R\$ million |            |            |            |            |            |            |            |
|------------------------|-------------|------------|------------|------------|------------|------------|------------|------------|
|                        | 3Q13        | 2Q13       | 1Q13       | 4Q12       | 3Q12       | 2Q12       | 1Q12       | 4Q11       |
| Life and Pension Plans | 552         | 564        | 542        | 570        | 493        | 494        | 493        | 535        |
| Health                 | 139         | 155        | 167        | 167        | 133        | 148        | 151        | 181        |
| Capitalization Bonds   | 105         | 97         | 131        | 103        | 86         | 91         | 104        | 87         |
| Basic Lines and Other  | 82          | 115        | 90         | 124        | 125        | 148        | 157        | 57         |
| <b>Total</b>           | <b>878</b>  | <b>931</b> | <b>930</b> | <b>964</b> | <b>837</b> | <b>881</b> | <b>905</b> | <b>860</b> |

**Performance Ratios**

|  | %    |      |      |      |      |      |      |      |
|--|------|------|------|------|------|------|------|------|
|  | 3Q13 | 2Q13 | 1Q13 | 4Q12 | 3Q12 | 2Q12 | 1Q12 | 4Q11 |
| Claims Ratio <sup>(1)</sup>                  | 72.7 | 71.1 | 69.6 | 70.5 | 70.4 | 71.3 | 71.9 | 68.6 |
| Expense Ratio <sup>(2)</sup>                 | 10.4 | 10.9 | 11.0 | 11.6 | 11.3 | 11.1 | 11.1 | 11.1 |
| Administrative Expenses Ratio <sup>(3)</sup> | 4.9  | 4.1  | 4.3  | 4.2  | 5.0  | 4.3  | 5.0  | 4.5  |
| Combined Ratio <sup>(4) (5)</sup>            | 86.9 | 85.5 | 86.0 | 86.6 | 86.5 | 85.0 | 85.6 | 83.6 |

(1) Retained Claims/Earned Premiums;

(2) Selling Expenses/Earned Premiums;

(3) Administrative Expenses/Net Written Premiums;

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

(5) Excluding additional reserves.

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

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

Given the better performance of Life and Pension Plan products in the second quarter of 2013 and the seasonality of the insurance segment, revenue for the third quarter of 2013 totaled R\$11.1 billion, lower than the previous quarter (R\$13.2 billion), but 9.6% higher in comparison with the third quarter of 2012 (R\$10.1 billion).

In 2013 YTD, production increased 13.4% when compared to the same period in the previous year, led by Health, Capitalization Bond and Life and Pension Plan products, which grew 23.9%, 21.8% and 8.7%, respectively.





Economic and Financial Analysis

**Insurance, Pension Plans and Capitalization Bonds**

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

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**Insurance, Pension Plan and Capitalization Bonds**

**Retained Claims by Insurance Line**

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Economic and Financial Analysis

**Insurance, Pension Plan and Capitalization Bonds**

**Insurance Expense Ratio by Insurance Line**

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**Insurance, Pension Plans and Capitalization Bonds**

**Efficiency Ratio**

General and Administrative Expenses/Revenue

The improved administrative efficiency ratio when compared to the third quarter of 2012 was due to: (i) the benefits from cost rationalization; and (ii) the 9.6% increase in revenue in the period. In the quarter-over-quarter comparison, the decline in the administrative efficiency ratio is mainly due to the 16.4% reduction in revenue, as previously mentioned.

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Economic and Financial Analysis

**Insurance, Pension Plans and Capitalization Bonds**

**Technical Reserves**

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

|   | <b>R\$ million (unless otherwise stated)</b> |             |             |             |             |             |             |             |
|---|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
|   | <b>3Q13</b>                                  | <b>2Q13</b> | <b>1Q13</b> | <b>4Q12</b> | <b>3Q12</b> | <b>2Q12</b> | <b>1Q12</b> | <b>4Q11</b> |
| Net Income  | 552  | 564         | 542         | 570         | 493         | 494         | 493         | 535         |
| Premium and Contribution Income <sup>(1)</sup>                  | 4,971  | 7,535       | 5,698       | 8,053       | 5,002       | 6,737       | 5,009       | 6,886       |
| - Income from Pension Plans and VGBL                            | 3,838  | 6,475       | 4,677       | 6,976       | 3,988       | 5,816       | 4,090       | 5,926       |
| - Income from Life/Personal Accidents Insurance Premiums        | 1,133  | 1,060       | 1,021       | 1,077       | 1,014       | 921         | 919         | 960         |
| Technical Reserves  | 115,814                                      | 114,383     | 110,527     | 108,371     | 102,425     | 98,199      | 93,861      | 91,008      |
| Investment Portfolio  | 121,211                                      | 119,842     | 118,380     | 117,418     | 110,182     | 106,102     | 100,366     | 96,047      |
| Claims Ratio  | 43.3   | 37.3        | 35.1        | 37.4        | 34.6        | 43.5        | 41.3        | 38.3        |
| Expense Ratio   | 21.8   | 18.8        | 23.4        | 23.3        | 21.2        | 19.2        | 21.3        | 19.1        |
| Combined Ratio  | 72.6   | 61.0        | 70.0        | 68.1        | 60.8        | 68.4        | 70.8        | 66.1        |
| Participants / Policyholders (in thousands)                     | 28,044                                       | 27,030      | 25,722      | 25,837      | 25,295      | 25,257      | 24,534      | 24,582      |
| Premium and Contribution Income Market Share (%) <sup>(2)</sup> | 28.5   | 28.8        | 24.6        | 29.6        | 28.8        | 29.9        | 27.5        | 33.1        |
| Life/AP Market Share - Insurance Premiums (%) <sup>(2)</sup>    | 16.7   | 16.3        | 16.4        | 18.0        | 17.8        | 17.4        | 17.3        | 17.6        |

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

(2) 3Q13 includes the latest data released by Susep (August 2013).

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

Due to its solid structure, a policy of product innovation and customer trust, Bradesco Vida e Previdência held a 28.5% market share in terms of pension plan and VGBL income in the period (source: Susep – August/13).

Net income for the nine months of 2013 was 12.0%, higher than the result posted in the same period of the previous year, mainly as a result of: (i) the 8.7% increase in revenue; (ii) the 0.8 p.p. decrease in Life product claims ratio; (iii) the increase in the financial result; and (iv) the improved administrative efficiency ratio.

Net income for the third quarter of 2013 was 2.1%, lower than the previous quarter, as a result of: (i) the 6.0 p.p. increase in Life product claims ratio, partially offset by: (ii) the decrease in general and administrative expenses.

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Economic and Financial Analysis

**Bradesco Vida e Previdência**

Bradesco Vida e Previdência's technical reserves stood at R\$115.8 billion in September 2013, made up of R\$109.9 billion from Pension Plans and VGBL and R\$5.9 billion from Life, Personal Accidents and Other Lines, up 13.1% over September 2012.

The Pension Plan and VGBL Investment Portfolio totaled R\$114.6 billion in August 2013, equal to 32.3% of all market funds (source: Fenaprevi).

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

In September 2013, the number of Bradesco Vida e Previdência customers grew by 10.9% compared to September 2012, surpassing a total of 2.3 million pension plan and VGBL plan participants and 25.6 million life and personal

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

**Bradesco Saúde and Mediservice**

|  | R\$ million (unless otherwise stated) |       |       |       |       |       |       |       |
|--|---------------------------------------|-------|-------|-------|-------|-------|-------|-------|
|  | 3Q13                                  | 2Q13  | 1Q13  | 4Q12  | 3Q12  | 2Q12  | 1Q12  | 4Q11  |
| Net Income                                       | 139                                   | 155   | 167   | 167   | 133   | 148   | 151   | 181   |
| Net Written Premiums                             | 3,154                                 | 2,926 | 2,787 | 2,727 | 2,498 | 2,338 | 2,251 | 2,170 |
| Technical Reserves                               | 6,585                                 | 6,503 | 6,308 | 5,582 | 5,466 | 4,128 | 4,072 | 3,984 |
| Claims Ratio                                     | 89.8                                  | 87.3  | 84.7  | 85.3  | 86.9  | 86.1  | 86.4  | 83.4  |
| Expense Ratio                                    | 5.4                                   | 5.4   | 5.2   | 5.1   | 5.0   | 4.9   | 4.8   | 4.7   |
| Combined Ratio                                   | 99.6                                  | 98.9  | 96.2  | 98.5  | 99.9  | 96.9  | 97.9  | 96.1  |
| Policyholders (in thousands)                     | 4,117                                 | 4,082 | 3,985 | 3,964 | 3,873 | 3,707 | 3,627 | 3,458 |
| Written Premiums Market Share (%) <sup>(1)</sup> | 46.0                                  | 48.8  | 48.2  | 45.3  | 46.8  | 46.9  | 46.7  | 47.9  |

(1) 3Q13 considers the latest data released by ANS (August 2013).

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

Net income for the third quarter of 2013 had a decrease of 10.3% over the second quarter of 2013, mainly due to: (i) the 2.5 p.p. increase in claims ratio; (ii) the decrease in financial result; partially offset by: (iii) the 7.8% increase in revenue; and (iv) the improvement in the administrative efficiency ratio.

Net income for the first nine months of 2013 was up 6.7% over the same period of the previous year, due to: (i) the 25.1% increase in revenue; (ii) the improved financial and equity result; partially offset: (iii) by the 0.9 p.p. increase in claims ratios; and (iv) higher general and administrative expenses.

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

Over 75 thousand companies in Brazil have Bradesco Saúde insurance and Mediservice plans.

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



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

Together, the two companies have over 4.1 million customers. The high share of corporate policies in the overall portfolio (95.4% in September 2013) shows the companies' high level of specialization and customization in the corporate segment, a major advantage in today's supplementary health insurance market.

**Bradesco Capitalização**

|  | <b>R\$ million (unless otherwise stated)</b> |             |             |             |             |             |             |             |
|--|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
|  | <b>3Q13</b>                                  | <b>2Q13</b> | <b>1Q13</b> | <b>4Q12</b> | <b>3Q12</b> | <b>2Q12</b> | <b>1Q12</b> | <b>4Q11</b> |
| Net Income                                     | 105  | 97          | 131         | 103         | 86          | 91          | 104         | 87          |
| Capitalization Bond Income                     | 1,234  | 1,126       | 983         | 1,089       | 1,013       | 937         | 795         | 798         |
| Technical Reserves                             | 5,762  | 5,738       | 5,623       | 5,449       | 5,165       | 4,886       | 4,663       | 4,571       |
| Customers (in thousands)                       | 3,428  | 3,439       | 3,462       | 3,459       | 3,426       | 3,358       | 3,228       | 3,097       |
| Premium Income Market Share (%) <sup>(1)</sup> | 21.6   | 20.9        | 22.1        | 23.1        | 22.8        | 22.2        | 21.2        | 21.6        |

(1) 3Q13 considers the latest data released by Susep (August 2013).

In the third quarter of 2013, net income grew 8.2% over the previous quarter, due to: (i) the 9.6% increase in capitalization bonds; and (ii) the stability of administrative efficiency ratio.

Net income in the nine months of 2013 was up 18.5% when compared to the same period of the previous year, as a result of: (i) the 21.8% increase in capitalization bond income; and (ii) the steady administrative efficiency ratio.

## Bradesco Capitalização

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

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

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

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

The portfolio is composed of 23.8 million active bonds, of which: 34.1% are Traditional Bonds sold in the branch network and at Bradesco *Dia & Noite* service channels, and 65.9% are incentive bonds (assignment of drawing rights), such as partnerships with Bradesco Vida e Previdência and Bradesco Auto/RE, which were up 19.8% over September 2012. Given that the purpose of this type of capitalization bond is to add value to the associated company product or even encourage the performance of its customers, bonds have reduced maturity and grace terms and lower sale price.

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## Economic and Financial Analysis

### Bradesco Auto/RE

|  | R\$ million (unless otherwise stated) |       |       |       |       |       |       |       |
|--|---------------------------------------|-------|-------|-------|-------|-------|-------|-------|
|  | 3Q13                                  | 2Q13  | 1Q13  | 4Q12  | 3Q12  | 2Q12  | 1Q12  | 4Q11  |
| Net Income                                     | 25                                    | 43    | 28    | 10    | 42    | 26    | 49    | 33    |
| Net Written Premiums                           | 1,276                                 | 1,204 | 1,039 | 1,014 | 1,239 | 1,208 | 967   | 983   |
| Technical Reserves                             | 5,003                                 | 4,817 | 4,643 | 4,577 | 4,508 | 4,345 | 4,148 | 3,920 |
| Claims Ratio                                   | 59.5                                  | 58.6  | 58.5  | 63.7  | 63.9  | 64.2  | 64.7  | 65.9  |
| Expense Ratio                                  | 18.9                                  | 18.0  | 17.7  | 17.8  | 18.7  | 18.8  | 18.4  | 18.2  |
| Combined Ratio                                 | 101.6                                 | 100.8 | 105.6 | 109.6 | 105.8 | 104.1 | 107.4 | 108.2 |
| Policyholders (in thousands)                   | 3,631                                 | 3,652 | 3,798 | 3,871 | 3,968 | 3,826 | 3,801 | 3,694 |
| Premium Income Market Share (%) <sup>(1)</sup> | 9.2                                   | 9.1   | 8.8   | 10.0  | 10.5  | 10.5  | 9.8   | 10.1  |

(1) 3Q13 considers the latest data released by Susep (August 2013).

Net income for the third quarter of 2013 was down by 41.9% from the previous quarter, due to: (i) the 0.9 p.p. increase in claims ratio; (ii) lower equity result; (iii) greater operating expenses; and partially offset by: (iv) lower general and administrative expenses.

Net income in the nine months of 2013 was 17.9% lower than that posted in the same period in 2012, due to: (i) lower equity result; (ii) drop in operating revenues; and partially offset by: (iii) the decrease in claims and expense ratio; (iv) higher financial result; and (v) lower general and administrative expenses.

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

In Aviation and Maritime Hull insurance, the increased exchange with Corporate and Middle

leverage new business, especially in the renewal of reinsurance agreements, which gives insurers the power to assess and cover risk, and consequently increase competitiveness in more profitable businesses such as international transportation insurance for shipping companies involved in international trade.

Despite strong competition in the Auto/RCF line, the insurer still has its fleet of approximately 1.3 million vehicles—which proves its power of competitiveness, mainly due to improvements to current products and the creation of products for a specific target-public. Among them, it is worth noting the launch of the First Vehicular Protection of Bradesco Seguro (*Bradesco Seguro Primeira Proteção Veicular*), exclusive to Bradesco's account holders, which helps, through the Day and Night Support services, new vehicles and vehicles of up to 15 years of use.

For better service, Bradesco Auto/RE currently has 23 Bradesco Auto Centers (BAC), which offer policyholders the greatest variety of services in a single place, including: auto claims services,

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

reserve rental cars, installation of anti-theft equipment, preventative maintenance checks, glass repairs or replacement and environmental vehicle inspections.

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## **Bradesco Auto/RE**

### **Number of Policyholders at Auto/RE**

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

It is worth pointing out that we continued with a strong strategy for the Residential Insurance segment, with a 17.4% growth in premiums from January to September 2013 when compared to the same period in the previous year, totaling more than 1.9 million insured homes.

Bradesco

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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:

| <b>Fee and Commission Income</b>           | <b>9M13</b>   | <b>9M12</b>   | <b>3Q13</b>  | <b>2Q13</b>  | <b>R\$ million</b> |            |
|--|---------------|---------------|--------------|--------------|--------------------|------------|
|  |               |               |              |              | <b>Variation</b>   | <b>YTD</b> |
| Card Income                                | 5,207         | 4,373         | 1,808        | 1,732        | 834                | 76         |
| Checking Account                           | 2,655         | 2,378         | 933          | 889          | 277                | 44         |
| Fund Management                            | 1,735         | 1,622         | 604          | 581          | 113                | 23         |
| Loan Operations                            | 1,644         | 1,563         | 553          | 573          | 81                 | (20)       |
| Collection                                 | 1,091         | 974           | 381          | 367          | 117                | 14         |
| Consortium Management                      | 526           | 452           | 182          | 177          | 74                 | 5          |
| Underwriting / Financial Advisory Services | 415           | 318           | 69           | 225          | 97                 | (156)      |
| Custody and Brokerage Services             | 387           | 359           | 127          | 136          | 28                 | (9)        |
| Payments                                   | 254           | 238           | 87           | 87           | 16                 | -          |
| Other                                      | 644           | 561           | 232          | 217          | 83                 | 15         |
| <b>Total</b>                               | <b>14,559</b> | <b>12,837</b> | <b>4,977</b> | <b>4,983</b> | <b>1,722</b>       | <b>(6)</b> |

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

## **Fee and Commission Income**

### **Card Income**

For the sixth consecutive quarter, card income grew R\$76 million when compared to the previous quarter, for a total of R\$1,808 million, mainly due to the volume of transactions in the period and the increased revenue.

Year over year, card service revenue was up 19.1%, or R\$834 million, in the nine months of 2013, mainly due to an increase in revenue from purchases and services, resulting from the 16.0% increase in card revenue, which reached R\$86.5 billion (R\$74.6 billion in the nine months of 2012), and the increase in the number of transactions in the period.

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## Fee and Commission Income

### Checking Account

In the third quarter of 2013, fee and commission income from checking accounts increased 4.9% in comparison with the previous quarter, mainly due to: (i) the net increase of 134 thousand new checking accounts; (ii) the expansion of the customer service portfolio; and (iii) the adjustment of certain fees.

Year over year, income grew by R\$277 million, or 11.6%, in the nine months of 2013, mainly due to: (i) the expansion of the checking account customer base, which posted a net increase of 758 thousand active current account holders (749 thousand individual customers and 9 thousand corporate customers); and (ii) the expansion of the customer service portfolio.

### Loan Operations

In the third quarter of 2013, income from loan operations totaled R\$553 million, down 3.5% in comparison with the previous quarter, mainly driven by the lower volume of operations in the period.

Year over year, the 5.2% increase in the nine months of 2013 was mainly the result of the greater income from collaterals, up 17.0%, mainly deriving from the 19.4% growth in the volume of Sureties and Guarantees.

## Fee and Commission Income

## Fund Management

In the third quarter of 2013, income from fund management totaled R\$604 million, up R\$23 million in comparison with the previous quarter, mainly due to the 2.6% growth in the volume of funds and portfolios raised and managed.

Year over year, the R\$113 million or 7.0% increase in the first nine months of 2013 was mainly due to: (i) increases in funds and portfolios, which grew by 8.4%; partially offset by (ii) the 11.6% decrease in the Ibovespa index in the period, impacting income from managed funds and portfolios pegged to equities.

The highlight was the investments in fixed-rate funds, which grew by 8.9% in the period, followed by the 5.0% increase in third-party funds.

| Shareholders' Equity    | R\$ million    |                |                | Variation % |            |
|-------------------------|----------------|----------------|----------------|-------------|------------|
|                         | Sept13         | Jun13          | Sept12         | Quarter     | 12M        |
| Investment Funds        | 397,156        | 387,172        | 366,451        | 2.6         | 8.4        |
| Managed Portfolios      | 31,639         | 31,350         | 29,924         | 0.9         | 5.7        |
| Third-Party Fund Quotas | 9,475          | 8,715          | 8,068          | 8.7         | 17.4       |
| <b>Total</b>            | <b>438,270</b> | <b>427,237</b> | <b>404,443</b> | <b>2.6</b>  | <b>8.4</b> |

| Distribution                         | R\$ million    |                |                | Variation % |            |
|--------------------------------------|----------------|----------------|----------------|-------------|------------|
|                                      | Sept13         | Jun13          | Sept12         | Quarter     | 12M        |
| Investment Funds – Fixed Income      | 368,766        | 359,835        | 338,495        | 2.5         | 8.9        |
| Investment Funds – Equities          | 28,390         | 27,337         | 27,956         | 3.9         | 1.6        |
| Investment Funds – Third-Party Funds | 7,199          | 6,851          | 6,854          | 5.1         | 5.0        |
| <b>Total - Investment Funds</b>      | <b>404,355</b> | <b>394,023</b> | <b>373,305</b> | <b>2.6</b>  | <b>8.3</b> |
| Managed Portfolios - Fixed Income    | 22,970         | 23,053         | 21,305         | (0.4)       | 7.8        |
| Managed Portfolios – Equities        | 8,669          | 8,297          | 8,619          | 4.5         | 0.6        |

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|  |                |                |                |            |            |
|--|----------------|----------------|----------------|------------|------------|
| Managed Portfolios - Third-Party Funds | 2,276          | 1,864          | 1,214          | 22.1       | 87.5       |
| <b>Total - Managed Funds</b>           | <b>33,915</b>  | <b>33,214</b>  | <b>31,138</b>  | <b>2.1</b> | <b>8.9</b> |
| x                                      |                |                |                |            |            |
| Total Fixed Income                     | 391,736        | 382,888        | 359,800        | 2.3        | 8.9        |
| Total Equities                         | 37,059         | 35,634         | 36,575         | 4.0        | 1.3        |
| Total Third-Party Funds                | 9,475          | 8,715          | 8,068          | 8.7        | 17.4       |
| <b>Overall Total</b>                   | <b>438,270</b> | <b>427,237</b> | <b>404,443</b> | <b>2.6</b> | <b>8.4</b> |

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Economic and Financial Analysis

**Fee and Commission Income**

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

In the third quarter of 2013, income from payments and collection increased 3.1% in comparison with the previous quarter, mainly due to new businesses and increase in the number of processed documents in the period.

Year over year, the 11.0% or R\$133 million increase in the nine months of 2013 was mainly due to the greater volume of processed documents, up from 1,422 million in the first nine months of 2012 to 1,577 million in the first nine months of 2013.

**Consortium Management**

In the third quarter of 2013, income from consortium management increased by 2.8% over the previous quarter, driven by the segment expansion. On September 30, 2013, Bradesco had 876 thousand active quotas (821 thousand active quotas on June 30, 2013), ensuring a leading position in all the segments it operates (real estate, auto and trucks/tractors/machinery and equipment).

Year over year, there was a 16.4% increase in the first nine months of 2013, resulting from: (i) the growth in the volume of bids; (ii) the increase in average ticket; and (iii) the increase in sales of new quotas, from 707 thousand active quotas on September 30, 2012 to 876 thousand active quotas on September 30, 2013, an increase of 169 thousand net quotas.



## **Fee and Commission Income**

### **Custody and Brokerage Services**

In the third quarter of 2013, total custody and brokerage service income had a decrease of R\$9 million in relation to the previous quarter, basically due to the decrease in brokerage income, due to lower volume of trading on BM&FBovespa.

Year over year, the 7.8% increase in the nine months of 2013 reflected the increase in custody services, with a R\$69 billion gain in assets under custody.

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

The R\$156 million decrease in the quarter-over-quarter comparison mainly refers to the performance of the capital market operations in the second quarter of 2013. Furthermore, changes in this income are often the result of capital markets' volatile performance.

Year over year, there was an increase of R\$97 million in the first nine months of 2013, mainly as a result of a greater business volume in the nine months of 2013.

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

| <b>Personnel and Administrative Expenses</b>       | <b>R\$ million</b> |                |                |                |                      |                |
|--|--------------------|----------------|----------------|----------------|----------------------|----------------|
|  | <b>9M13</b>        | <b>9M12</b>    | <b>3Q13</b>    | <b>2Q13</b>    | <b>Variation YTD</b> | <b>Quarter</b> |
| <b>Personnel Expenses</b>                          |                    |                |                |                |                      |                |
| <b>Structural</b>                                  | <b>7,745</b>       | <b>7,335</b>   | <b>2,690</b>   | <b>2,563</b>   | <b>410</b>           | <b>127</b>     |
| Payroll/Social Charges                             | 5,773              | 5,509          | 2,017          | 1,915          | 264                  | 102            |
| Benefits   | 1,972              | 1,826          | 673            | 648            | 146                  | 25             |
| <b>Non-Structural</b>                              | <b>1,851</b>       | <b>1,709</b>   | <b>656</b>     | <b>628</b>     | <b>142</b>           | <b>28</b>      |
| Management and Employee Profit Sharing             | 1,022              | 993            | 351            | 336            | 29                   | 15             |
| Provision for Labor Claims                         | 583                | 499            | 210            | 210            | 84                   | -              |
| Training   | 72                 | 100            | 33             | 26             | (28)                 | 7              |
| Termination Costs                                  | 174                | 117            | 62             | 56             | 57                   | 6              |
| <b>Total</b>                                       | <b>9,596</b>       | <b>9,044</b>   | <b>3,346</b>   | <b>3,191</b>   | <b>552</b>           | <b>155</b>     |
| <b>Administrative Expenses</b>                     |                    |                |                |                |                      |                |
| Outsourced Services                                | 2,602              | 2,561          | 900            | 873            | 41                   | 27             |
| Communication                                      | 1,195              | 1,241          | 399            | 403            | (46)                 | (4)            |
| Depreciation and Amortization                      | 991                | 915            | 340            | 331            | 76                   | 9              |
| Data Processing                                    | 945                | 808            | 330            | 315            | 137                  | 15             |
| Transportation                                     | 619                | 641            | 215            | 205            | (22)                 | 10             |
| Rental   | 616                | 571            | 209            | 204            | 45                   | 5              |
| Financial System Services                          | 555                | 488            | 187            | 189            | 67                   | (2)            |
| Advertising and Marketing                          | 493                | 523            | 163            | 169            | (30)                 | (6)            |
| Asset Maintenance                                  | 484                | 439            | 168            | 162            | 45                   | 6              |
| Security and Surveillance                          | 363                | 317            | 124            | 124            | 46                   | -              |
| Leased Assets                                      | 239                | 284            | 81             | 82             | (45)                 | (1)            |
| Materials  | 227                | 245            | 81             | 76             | (18)                 | 5              |
| Water, Electricity and Gas                         | 170                | 188            | 51             | 54             | (18)                 | (3)            |
| Trips  | 99                 | 101            | 38             | 33             | (2)                  | 5              |
| Other  | 1,066              | 1,087          | 344            | 356            | (21)                 | (12)           |
| <b>Total</b>                                       | <b>10,664</b>      | <b>10,407</b>  | <b>3,631</b>   | <b>3,578</b>   | <b>257</b>           | <b>53</b>      |
| <b>Total Personnel and Administrative Expenses</b> | <b>20,260</b>      | <b>19,451</b>  | <b>6,977</b>   | <b>6,769</b>   | <b>809</b>           | <b>208</b>     |
| <b>Employees</b>                                   | <b>101,410</b>     | <b>104,100</b> | <b>101,410</b> | <b>101,951</b> | <b>(2,690)</b>       | <b>(541)</b>   |
| <b>Service Points</b>                              | <b>71,724</b>      | <b>67,225</b>  | <b>71,724</b>  | <b>70,829</b>  | <b>4,499</b>         | <b>895</b>     |

In the third quarter of 2013, total personnel and administrative expenses came to R\$6,977 million, up 3.1% in comparison with the previous quarter.

### **Personnel Expenses**

In the third quarter of 2013, personnel expenses came to R\$3,346 million, a 4.9% or R\$155 million variation from the previous quarter.

of which R\$44 million refer to the increase in recurring monthly payroll as of September 2013.

The increase in structural expenses of R\$127 million was due to raise in salary levels, as per collective bargaining agreement, which impacted expenses by R\$122 million,

The increase in non-structural expenses of R\$28 million was mainly due to greater expenses with employee and management profit sharing, totaling R\$15 million.

— Report on Economic and Financial Analysis – September 2013

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## **Personnel and Administrative Expenses**

### **Personnel Expenses**

Year over year, the R\$552 million increase in the nine months of 2013 was due to: (i) the structural expenses totaling R\$410 million, related to the increase in expenses with payroll, social charges and benefits, impacted by the raise in salary levels (2012 and 2013 collective bargaining agreements); and (ii) the increase in non-structural expenses of R\$142 million, which was mainly a result of greater expenses with provision for labor claims, totaling R\$84 million.

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Economic and Financial Analysis

**Personnel and Administrative Expenses**

**Administrative Expenses**

In the third quarter of 2013, administrative expenses came to R\$3,631 million, up R\$53 million, from the previous quarter, mainly due to greater business and service volume in the quarter, consequently increasing expenses with: (i) outsourced services, totaling R\$27 million; (ii) data processing, totaling R\$15 million; and (iii) transportation, totaling R\$10 million.

Despite the greater expenses with (i) the opening of 4,499 service points in the period, mainly Bradesco Expresso points, for a total of 71,724 service points on September 30, 2013 and

(ii) the increase in business and service volume in the period, administrative expenses increased only by 2.5% between the first nine months of 2013 and the same period in 2012, thanks to the Efficiency Committee efforts to control these expenses. Note that, in the last 12 months, the inflation rates Extended Consumer Price Index (IPCA) and General Market Price Index (IGP-M) stood at 5.9% and 4.4%, respectively.

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

In the quarter, the coverage ratio over the last 12 months maintained its improvement with a 1.2 p.p. growth, mainly due to an increase in fee and commission income, combined with ongoing cost control efforts, including the initiatives of our Efficiency Committee.

It is worth noting that 70.8% is the best rate over the last five years.

### **Tax Expenses**

The R\$30 million decrease in tax expenses in comparison with the previous quarter was mainly driven by the decrease in PIS/Cofins/ISS taxable income in the third quarter of 2013.

Year over year, these expenses increased R\$86 million in the first nine months of 2013, mainly due to higher PIS/Cofins/ISS expenses, reflecting the higher taxable income, especially fee and commission income.

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

Economic and Financial Analysis

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

In the third quarter of 2013, the equity in the earnings (losses) of unconsolidated companies was R\$2 million. The R\$10 million decrease over the previous quarter was basically due to lower results from the unconsolidated company IRB Brasil Resseguros.

In the year-over-year comparison, the reduction in the first nine months of 2013 was mainly due to lower results from the unconsolidated company IRB – Brasil Resseguros, offset by lower gains from the unconsolidated company Integritas Participações.

**Operating Income**

Operating income in the third quarter of 2013 was R\$4,769 million, up R\$186 million from the previous quarter. This result was mainly due to: (i) lower allowance for loan loss expenses, totaling R\$213 million; (ii) greater financial margin, amounting to R\$142 million; (iii) the R\$72 million increase in operating income from Insurance, Pension Plans and Capitalization Bonds; and partially offset: (iv) by the R\$208 million increase in personnel and administrative expenses.

Year over year, the R\$796 million or 6.1% increase in the nine months of 2013 is mostly a result of: (i) the R\$1,722 million increase in fee and commission income; (ii) lower allowance for loan loss expenses, totaling R\$720 million; (iii) R\$424 million increase in operating income from Insurance, Pension Plans and Capitalization Bonds; partially offset by: (iv) a R\$809 million

increase in personnel and administrative expenses; (v) lower financial margin, amounting to R\$662 million; and (vi) the R\$426 million increase in other operating expenses (net of other income).

## **Non-Operating Income**

In the third quarter of 2013, non-operating income posted a loss of R\$27 million, R\$3 million more than the previous quarter and R\$29 million more than the nine months of 2012, due to greater non-operating expenses (such as losses on sale of foreclosed assets/other) in the period.

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Economic and Financial Analysis

## **Sustainability**

### **Bradesco was once again included in the Dow Jones Sustainability World Index**

Bradesco was once again included in the NYSE's Dow Jones Sustainability World Index (DJSI), a select list that includes the companies with the best sustainable development practices.

Besides Bradesco, only two Brazilian banks were included in the list.

Since 1999, the Dow Jones Sustainability World Index is recognized by the capital market as the first world index that gives unique value to

The 2013/2014 DJSI World portfolio is composed of 333 companies that put in the best sustainability performance, selected according to the following factors: financial performance, corporate governance practices, risk management, climate change mitigation and management, human capital development and supply chain standards.

companies consistently showing their long-term corporate sustainability initiatives and strategies. In addition to the Dow Jones Sustainability World Index, Bradesco is also part of the Dow Jones Sustainability Emerging Markets Index, created at the beginning of 2013.

### **Bradesco provides the Education and Technology module at the 2013 Ethos conference**

On September 3, 4 and 5, Bradesco was present in the Ethos conference, whose theme was “Sustainable and Responsible Business: opportunities to the companies and to Brazil,” offering a structured schedule that tests how profitable sustainable businesses can be.

With an innovative format, the 2013 conference was structured to offer not only traditional debates, lectures and conceptual discussions, but also a comprehensive schedule comprising sustainability topics immediately applied to sustainable business models.

Bradesco was in line with the new format and, in addition to sponsoring the conference, provided three important debates that raised the audience’s awareness on topics such as financial education, technology and corporate education.

Further details on the three panels “The power of debt: Who pays the bill?”, “How Corporate Education can help a nation’s social and economic development?” and “Technology and Innovation for the Inclusion” may be found at Bradesco’s Sustainability website [www.bancodoplaneta.com.br](http://www.bancodoplaneta.com.br) or at the Conference website [www.ethos.org.br](http://www.ethos.org.br).

Economic and Financial Analysis

**Investor Relations (IR)**

In the third quarter of 2013, Bradesco was granted the 2012 Publicly-held Company Award. In its 40<sup>th</sup> edition, it is promoted by the Association of Analysts and Capital Market Professionals (Apimec) and acknowledges companies that have invested in long-term relationship and open dialogue with their investors, contributing to the strengthening of the Brazilian capital market. The awarded companies were analyzed based on concepts such as Transparency, Good Governance Practices, Market Information Quality and Relationship with Shareholders, Analysts and Investment Professionals.

In the period, the Investor Relations department participated in nine events abroad, in the cities of London, New York, Boston and Paris. The local

calendar of events in Brazil included seven Apimec meetings in the cities of Salvador, Brasília, Rio de Janeiro, São Paulo, Recife and Fortaleza, with 1,955 participants, including investors, shareholders and market analysts.

Bradesco was also present in three editions of *Expo Money*, the largest financial education event in Latin America, which took place in Salvador, Brasília and São Paulo, in two of these cities—Salvador and São Paulo—there were also Bradesco Apimec presentations.

The Investor Relations team frequently keeps contact with shareholders, investors and analysts via telephone, email, or at Bradesco's headquarters.

**Corporate Governance**

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

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

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.

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

Further information is available at the Bradesco's



Sustainability), in addition to forty-three (43)  
Executive Committees subordinated to the Board

Investor Relations website [www.bradesco.com.br](http://www.bradesco.com.br) –  
Corporate Governance.

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Economic and Financial Analysis**Bradesco Shares****Number of Shares - Common and Preferred Shares (1)**

|                                      | Sept13           | Jun13            | In thousands<br>Sept12 |
|--------------------------------------|------------------|------------------|------------------------|
| Common Shares                        | 2,100,738        | 2,100,738        | 1,909,762              |
| Preferred Shares                     | 2,096,007        | 2,098,372        | 1,907,611              |
| <b>Subtotal – Outstanding Shares</b> | <b>4,196,745</b> | <b>4,199,110</b> | <b>3,817,373</b>       |
| Treasury Shares                      | 10,529           | 8,164            | 7,422                  |
| <b>Total</b>                         | <b>4,207,274</b> | <b>4,207,274</b> | <b>3,824,795</b>       |

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

On September 30, 2013, Bradesco's capital stock stood at R\$38.1 billion, composed of 4,207,274 thousand no-par, book-entry shares, of which 2,103,637 thousand were common shares and 2,103,637 thousand were preferred shares. The largest shareholder is the holding company Cidade de Deus Cia. Comercial de Participações, which directly holds 48.7% of voting capital and 24.4% of total capital.

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

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

On September 30, 2013, there were 364,127 shareholders domiciled in Brazil, accounting for 99.71% of total shareholders and holding 67.24%

of all shares, while a total of 1,054 shareholders are domiciled abroad, accounting for 0.29% of shareholders and holding 32.76% of shares.

|                                     | Sept13         | %             | Ownership of<br>Capital (%) | Sept12         | %             | Ownership of<br>Capital (%) |
|-------------------------------------|----------------|---------------|-----------------------------|----------------|---------------|-----------------------------|
| Individuals                         | 327,903        | 89.79         | 22.42                       | 329,141        | 89.77         | 23.22                       |
| Companies                           | 36,224         | 9.92          | 44.82                       | 36,558         | 9.97          | 46.01                       |
| <b>Subtotal Domiciled in Brazil</b> | <b>364,127</b> | <b>99.71</b>  | <b>67.24</b>                | <b>365,699</b> | <b>99.74</b>  | <b>69.23</b>                |
| Domiciled Abroad                    | 1,054          | 0.29          | 32.76                       | 969            | 0.26          | 30.77                       |
| <b>Total</b>                        | <b>365,181</b> | <b>100.00</b> | <b>100.00</b>               | <b>366,668</b> | <b>100.00</b> | <b>100.00</b>               |

## **Bradesco Shares**

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

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

In the first nine months of 2013, the average trading volume of our shares stood at R\$547 million, the highest value in the series below. Year over year, the average daily trading volume increased by 7.0%, boosted by the increased liquidity of our shares traded on BM&FBovespa.

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Economic and Financial Analysis**Bradesco Shares****Appreciation of Preferred Shares - BBDC4**

The graph shows the change in preferred shares due to Bradesco's dividend reinvestment, compared to the Ibovespa and the CDI - Interbank Deposit Rate. If R\$100 were invested in December 2001, Bradesco shares would be worth

R\$952 in September 2013, an appreciation that exceeds twice the Ibovespa and CDI rates in the same period.

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

|   | 3Q13  | 2Q13  | Variation % | In R\$ (unless otherwise stated) |       |             |
|---|-------|-------|-------------|----------------------------------|-------|-------------|
|   |       |       |             | 9M13                             | 9M12  | Variation % |
| Adjusted Net Income per Share   | 0.73  | 0.71  | 2.8         | 2.14                             | 2.05  | 4.4         |
| Dividends/Interest on Shareholders' Equity – Common Share (after Income Tax)    | 0.208 | 0.201 | 3.5         | 0.611                            | 0.575 | 6.3         |
| Dividends/Interest on Shareholders' Equity – Preferred Share (after Income Tax) | 0.229 | 0.220 | 4.1         | 0.672                            | 0.633 | 6.2         |

|  | Sept13  | Jun13   | Variation % | In R\$ (unless otherwise stated) |         |             |
|--|---------|---------|-------------|----------------------------------|---------|-------------|
|  |         |         |             | Sept13                           | Sept12  | Variation % |
| Book Value per Common and Preferred Share          | 15.97   | 15.72   | 1.6         | 15.97                            | 15.73   | 1.5         |
| Last Trading Day Price – Common Shares             | 34.49   | 30.60   | 12.7        | 34.49                            | 24.26   | 42.2        |
| Last Trading Day Price – Preferred Shares          | 30.38   | 28.80   | 5.5         | 30.38                            | 29.61   | 2.6         |
| Last Trading Day Price – ADR ON (US\$)             | 15.75   | 13.86   | 13.6        | 15.75                            | 12.34   | 27.6        |
| Last Trading Day Price – ADR PN (US\$)             | 13.88   | 13.01   | 6.7         | 13.88                            | 14.61   | (5.0)       |
| Market Capitalization (R\$ million) <sup>(2)</sup> | 136,131 | 124,716 | 9.2         | 136,131                          | 113,102 | 20.4        |

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

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





[Return to Shareholders](#)

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**Bradesco Shares****Recommendation of Market Analysts – Target Price**

Market analysts issue periodical recommendations on Bradesco preferred shares (BBDC4). We had access to nine reports prepared by these analysts on October 17, 2013. Below are recommendations and a consensus on the target price for December 2013:

| <b>Recommendations %</b> |      | <b>Target Price in R\$ for Dec13</b> |      |
|--------------------------|------|--------------------------------------|------|
| Buy                      | 44.4 | Average                              | 38.3 |
| Keep                     | 44.4 | Standard Deviation                   | 3.5  |
| Sell                     | -    | Higher                               | 45.0 |
| Under Analysis           | 11.1 | Lower                                | 33.7 |

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

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

**Market Capitalization**

In September 2013, Bradesco's market capitalization, considering the closing prices of common and preferred

shares, was R\$136.1 billion, up 20.4% over the same period in 2012. In the year-over-year comparison, the Ibovespa decreased by 11.6%.

[Bradesco](#)

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Return to Shareholders

**Main Indicators**

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

(1) In the last 12 months.

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

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

(1) Source: Economatica.



Return to Shareholders**Dividends/Interest on Shareholders' Equity**

In the first nine months of 2013, a total of R\$3,145 million was allocated to shareholders as Interest on Shareholders' Equity. In the last twelve months, total Interest on Shareholders' Equity and

Dividends allocated to shareholders correspond to 36.6% of net income, or 31.5% considering withholding income tax deduction therefrom.

(1) In the last 12 months.

**Weight on Main Stock Indexes**

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

take part in this initiative by adopting transparent greenhouse gas emission practices) and the Mid-Large Cap Index – MLCX (that measures the return of a portfolio composed of the highest cap companies listed).

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

|          | <b>Sept13</b> | <b>In % (1)</b> |
|----------|---------------|-----------------|
| Ibovespa |               | 4.8             |
| IBrX-50  |               | 9.7             |
| IBrX     |               | 8.2             |
| IFNC     |               | 20.3            |
| ISE      |               | 5.6             |
| IGC      |               | 6.2             |
| ITAG     |               | 11.6            |
| ICO2     |               | 13.4            |
| MLCX     |               | 8.7             |

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





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Economic and Financial Analysis
**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.

|   | Sept13       | Jun13    | Sept12 | Jun12 |
|---|--------------|----------|--------|-------|
| <b>Banks – Source : Brazilian Central Bank (Bacen)</b>  |              |          |        |       |
| Demand Deposits   | N/A          | 16.0     | 17.1   | 16.6  |
| Savings Deposits  | N/A          | 13.4     | 13.8   | 13.8  |
| Time Deposits   | N/A          | 11.0     | 12.1   | 12.8  |
| Loan Operations   | 10.9 (1) (3) | 11.0 (1) | 11.5   | 11.7  |
| Loan Operations - Private Institutions  | 22.2 (1) (3) | 22.1 (1) | 21.5   | 21.4  |
| Loan Operations - Vehicles Individuals (CDC + Leasing)  | 14.0 (1) (3) | 14.2 (1) | 15.1   | 15.2  |
| Payroll-Deductible Loans  | 11.9 (1) (3) | 11.6 (1) | 10.9   | 10.9  |
| Number of Branches  | 21.0         | 21.1     | 21.7   | 21.9  |
| <b>Banks - Source: Federal Revenue Service/ Brazilian Data Processing Service (Serpro)</b>  |              |          |        |       |
| Federal Revenue Collection Document (DARF)  | N/A          | N/A      | 20.6   | 20.6  |
| Brazilian Unified Tax Collection System Document (DAS)  | N/A          | N/A      | 16.5   | 16.4  |
| <b>Banks – Source : Social Security National Institute (INSS)/Dataprev</b>  |              |          |        |       |
| Social Pension Plan Voucher (GPS)   | N/A          | N/A      | 14.5   | 14.4  |
| Benefit Payment to Retirees and Pensioners  | 25.4         | 25.1     | 24.4   | 24.1  |
| <b>Banks – Source : Anbima</b>  |              |          |        |       |
| Investment Funds + Portfolios   | 18.2 (3)     | 18.0     | 18.3   | 18.0  |
| <b>Insurance, Pension Plans and Capitalization Bonds – Source: Insurance Superintendence (Susep) and National Agency for Supplementary Healthcare (ANS)</b> |              |          |        |       |
| Insurance, Pension Plan and Capitalization Bond Premiums  | 23.6 (3)     | 24.0     | 24.3   | 24.8  |
| Insurance Premiums (including Long-Term Life Insurance - VGBL)  | 23.4 (3)     | 23.9     | 24.1   | 24.8  |
| Life Insurance and Personal Accident Premiums   | 16.7 (3)     | 16.3     | 17.8   | 17.4  |
| Auto/Basic Lines Insurance Premiums   | 9.2 (3)      | 9.1      | 10.5   | 10.5  |
| Auto/Optional Third-Party Liability (RCF) Insurance Premiums  | 11.0 (3)     | 11.0     | 13.4   | 13.9  |
| Health Insurance Premiums   | 46.0 (3)     | 48.8     | 46.8   | 46.9  |
| Income from Pension Plan Contributions (excluding VGBL)   | 31.0 (3)     | 30.9     | 30.1   | 29.3  |
| Capitalization Bond Income  | 21.6 (3)     | 20.9     | 22.8   | 22.2  |
| Technical Reserves for Insurance, Pension Plans and Capitalization Bonds  | 29.0 (3)     | 29.5     | 29.6   | 29.5  |
| <b>Insurance and Pension Plans – Source: National Federation of Life and Pension Plans (Fenaprevi)</b>  |              |          |        |       |
| Income from VGBL Premiums   | 28.2 (3)     | 28.5     | 28.5   | 30.0  |

|  |                     |      |      |      |
|--|---------------------|------|------|------|
| Income from Unrestricted Benefits Generating Plans (PGBL) Contributions    | 25.6 <sup>(3)</sup> | 25.7 | 26.5 | 25.3 |
| Pension Plan Investment Portfolios (including VGBL)                        | 32.3 <sup>(3)</sup> | 32.6 | 33.6 | 33.9 |
| <b>Leasing – Source: Brazilian Association of Leasing Companies (ABEL)</b> |                     |      |      |      |
| Lending Operations   | 19.8 <sup>(2)</sup> | 19.7 | 19.2 | 19.2 |
| <b>Consortia – Source: Bacen</b>   |                     |      |      |      |
| Real Estate  | 30.4 <sup>(2)</sup> | 30.3 | 30.0 | 29.3 |
| Auto   | 26.8 <sup>(2)</sup> | 26.7 | 25.9 | 25.6 |
| Trucks, Tractors and Agricultural Implements                               | 18.9 <sup>(2)</sup> | 18.9 | 18.5 | 17.7 |
| <b>International Area – Source: Bacen</b>                                  |                     |      |      |      |
| Export Market  | 18.1                | 17.4 | 19.7 | 19.3 |
| Import Market  | 15.8                | 15.4 | 17.2 | 17.8 |

(1) Bacen data for June 2013 and August 2013 are preliminary;

(2) Reference date: July 2013; and

(3) Reference date: August 2013.

N/A – Not Available.

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

| Region       | Sept13       |               | Market Share | Sept12       |               | Market Share |
|--------------|--------------|---------------|--------------|--------------|---------------|--------------|
|              | Bradesco     | Market        |              | Bradesco     | Market        |              |
| North        | 280          | 1,092         | 25.6%        | 279          | 1,028         | 27.1%        |
| Northeast    | 850          | 3,537         | 24.0%        | 844          | 3,334         | 25.3%        |
| Midwest      | 346          | 1,752         | 19.7%        | 346          | 1,641         | 21.1%        |
| Southeast    | 2,433        | 11,684        | 20.8%        | 2,417        | 11,320        | 21.4%        |
| South        | 788          | 4,294         | 18.4%        | 779          | 4,130         | 18.9%        |
| <b>Total</b> | <b>4,697</b> | <b>22,359</b> | <b>21.0%</b> | <b>4,665</b> | <b>21,453</b> | <b>21.7%</b> |

**Reserve Requirements/Liabilities**

| %                          | Sept13 | Jun13 | Mar13 | Dec12 | Sept12 | Jun12 | Mar12 | Dec11 |
|----------------------------|--------|-------|-------|-------|--------|-------|-------|-------|
| <b>Demand Deposits</b>     |        |       |       |       |        |       |       |       |
| Rate <sup>(2) (6)</sup>    | 44     | 44    | 44    | 44    | 44     | 43    | 43    | 43    |
| Additional <sup>(3)</sup>  | -      | -     | -     | -     | -      | 12    | 12    | 12    |
| Liabilities <sup>(1)</sup> | 34     | 34    | 34    | 34    | 34     | 28    | 28    | 28    |
| Liabilities (Microfinance) | 2      | 2     | 2     | 2     | 2      | 2     | 2     | 2     |
| Free                       | 20     | 20    | 20    | 20    | 20     | 15    | 15    | 15    |
| <b>Savings Deposits</b>    |        |       |       |       |        |       |       |       |
| Rate <sup>(4)</sup>        | 20     | 20    | 20    | 20    | 20     | 20    | 20    | 20    |
| Additional <sup>(3)</sup>  | 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     |
| <b>Time Deposits</b>       |        |       |       |       |        |       |       |       |
| Rate <sup>(3) (5)</sup>    | 20     | 20    | 20    | 20    | 20     | 20    | 20    | 20    |
| Additional <sup>(3)</sup>  | 11     | 11    | 11    | 11    | 12     | 12    | 12    | 12    |
| Free                       | 69     | 69    | 69    | 69    | 68     | 68    | 68    | 68    |

(1) At Banco 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 May 3, 2012, and TR + 70% of the Selic rate for deposits made as from May 4, 2012, when the Selic rate is equal to or lower than 8.5% p.a.;

(5) As of the calculation period from March 29, 2010 to April 1, 2010, with compliance on April 9, 2010, liabilities are now exclusively in cash, and may be paid with credits acquired as provided for by legislation in force; and

(6) FGC was prepaid 60 times in August 2008, as of the calculation period from October 20, 2008 to October 31, 2008, with compliance as of October 29, 2008.

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Economic and Financial Analysis

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

Bradesco has always seen technology as an essential pillar for its business. With the constant purpose of improving the daily lives of its thousands of customers, Bradesco increasingly invests in new products and services.

In August, it launched the new iPad Integrator App, which allows accessing all Bradesco's apps in a single place at the App Store. The integrator, available for iPhones since December 2011, allows customers to view available updates for apps already downloaded and get to know other apps.

Bradesco also launched new versions of the Bradesco Exclusive and Prime apps for iPhones. In addition to offering easy access to checking account and two new functionalities (check deposit through the smartphone and an icon to dial *Fone Fácil* number), the app may be used in iOS 7, the new version of the Apple operating system.

There are several facilities to improve customers' lives. From now on, it is possible to make transfers between Bradesco accounts (DOC) and to other banks (TED) in the 14,000 Banco24Horas ATMs, which offer the same daily limits of Bradesco ATMS. Services such as execution, scheduling, scheduling cancellation, consultation of scheduled but not executed transaction and copies of statements are also available.

With an eye on the 2016 Olympic Games in Rio de Janeiro, Bradesco, the official sponsor, has launched a Business Portal, a website developed to multiply potential business related to the Olympic and Paralympic Games. At the website [bradesco.com.br/rio2016](http://bradesco.com.br/rio2016), Bradesco provides those interested in supplying goods and services to the Games' Organizing Committee with business

In the third quarter, Bradesco renewed some of its websites. The new *Net Empresa*, which is now more modern and suitable to customers' needs, was made available in September. The new functionalities allow for better cash flow management, increased interaction between users and Bradesco, and agility for companies to conclude their transactions.

The website *Bradesco Universitários* was also totally renovated to follow Bradesco Portal's standards: it is now more modern and easily browsing, in addition to providing exclusive content, such as promotions and partnerships specially developed to students. The website *Click Conta* was also revamped to a more user-friendly and contemporary layout that allows for better visualization of the products and services offered, which also makes available specific content for its target-public.

*ShopFácil* website has also undergone changes. The website, which allows customers to purchase diverse trip-related products and services in several stores, is more practical by offering an intelligent search tool for price comparison.

The website *Bradesco Fornecedores* was completely reformulated and now has a fresh layout. Through this channel, engaged companies and future partners have access to exclusive areas that provide information on purchase processes, among others.

Bradesco Saúde also innovated by launching the *Meu Doutor* (My Doctor) Program. In order to facilitate access to services, the tool allows policyholders to book online consultations with accredited general practitioners as soon as

solutions in a single place. Small, medium and large entrepreneurs have access to the Supply Portal, where they can pre-register to future bids.

possible, even for the same day. Initially, this service will be available for some cities in São Paulo and Greater São Paulo, but it should cover other Brazilian regions and specialties.

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## Investments in Infrastructure, Information Technology and Telecommunication

In addition to the news, we continue working to improve the solutions we already offer. Biometry, the pioneering innovative technology launched by Bradesco in 2006, reached 13.1 million registrations in July, providing customers with security and allowing them to make transactions in ATMs, such as withdrawals, without the need to use their cards. From November 2012 to August 15, 2013, transactions worth more than R\$1 billion were made through the ATMs.

Another important landmark is the over 500 thousand active customers registered with Bradesco Security Key – Mobile Phone TokenNot only customers benefited from technologic news, but also the Bank's employees. In August, Bradesco launched a version of the *Portal Voluntários* for Android and iPhone. Volunteers can now take pictures in the actions they are registered and easily post them in the app. Moreover, it is also possible to see all the pictures added.

The Bradesco Corporate University – Unibrad portal brings learning solutions, including a new arrangement of the TreiNet catalog and the launch of a virtual library with important business books. It is also possible to clarify doubts on the corporate university model and check for learning trails that suggest education alternatives that will make the employees' career planning easier.

The Bank also made available to its employees two new Fast Guides on TreiNet quality: *Ação Bom-Dia Bradesco* (Good Morning Bradesco Initiative) and *Atendimento Telefônico* (Phone Service).

The branches now have an important supporting tool to achieve results in the Sales Force Automation (AFVD) system. Now, the campaigns

In order to help branches to promote the Internet Banking among customers and encourage its use, the Bank made available a navigation simulator in the Intranet, so that the teams can expand their knowledge on the products and services available in the channel and clarify customers' doubts more easily.

After all this, our innovative attitude was recognized. For the third consecutive year, Bradesco was considered in B2C as the Most Innovative Company in Providing Customer Services in Brazil. The study, conducted by DOM Strategy Partners and published by the *Consumidor Moderno* magazine, took into consideration the Bank's strong digital performance, its efforts in redesigning the branches and the launch of multichannel services to improve customers' experience. It also highlighted *Bradesco Next*, which celebrated its first anniversary in August. In this period, more than 120 thousand people visited Bradesco Next room, which also presented several new products and services to customers, such as the possibility of withdrawing money without using a card and making check deposits through a mobile phone and the launch of Bradesco app for iPhone 5.

The strong relation with youth was recognized by an article published on *Forbes* magazine, which emphasized Bradesco's presence in social networks. The American publication, specialized in business and economy, discusses the increase in the number of Brazilians with access to the web and users in social networking sites and reaffirms the work of companies, such as Bradesco, that has made great use of these channels and their profiles to expand their relationship with people.

inserted in the Action Treatment option will be distributed so that managers are capable of selecting what is more appropriate for their customers, based on each profile. In addition, the branches can consult a new customer base with pre-approved limit for Global Credit, Personal Credit Limit, Overdraft, and Special Credit products.

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## Economic and Financial Analysis

### Investments in Infrastructure, Information Technology and Telecommunication

Given our concern and initiatives towards social inclusion, we were also paid homage for the 15 years of Virtual Vision in the 11th edition of the Brazil Learning & Performance Award, promoted by Micropower with the support of ABRH-SP, ADVB-SP, FENADVB, Abes, with institutional support of the Fiesp System and National ABRH. The software is an internationally renowned and pioneering solution that allows visually impaired people to use, with autonomy, different Internet resources. Bradesco's interest for this solution started in 1995, when the Bank received a letter from a visually impaired customer that needed to access the account through the Internet. The idea

motivated the Executive Officers and the suggestion began to become reality through a partnership between Bradesco, Scopus and MicroPower. The Internet Banking for Visually Impaired People, an unmatched service in Brazil, was launched in 1998.

As a prerequisite for its continuous expansion, Bradesco invested R\$3,498 million in Infrastructure, Information Technology and Telecommunications in the first nine months of 2013. The total amount invested over recent years, including infrastructure (facilities, restorations, improvements, furniture and fixtures), can be found below:

|   | 9M13         | 2012         | 2011         | 2010         | R\$ million<br>2009 |
|---|--------------|--------------|--------------|--------------|---------------------|
| Infrastructure                                  | 317          | 718          | 1,087        | 716          | 630                 |
| Information Technology and<br>Telecommunication | 3,181        | 3,690        | 3,241        | 3,204        | 2,827               |
| <b>Total</b>                                    | <b>3,498</b> | <b>4,408</b> | <b>4,328</b> | <b>3,920</b> | <b>3,457</b>        |

### Risk Management

Given the growing complexity of products and services and the globalization of the Organization's business, risk management has become a highly strategic activity, which must be constantly enhanced to keep pace with the dynamism of the markets and the pursuit of best practices, exemplified by the fact that Bradesco became the first and only Brazilian bank authorized by the Central Bank to use its own internally-developed market risk management models to calculate regulatory capital since January 2013.

It also provides training to employees from all Organization levels, from the business areas to the Board of Directors.

The management process ensures that risks can be proactively identified, measured, mitigated, monitored and reported as required in line with the complexity of the Organization's financial products

The Organization exercises corporate risk control in an integrated and independent manner, preserving and valuing collegiate decision-making and developing and implementing methodologies, models, and measurement and control tools.

and activity profile.

Detailed information on the risk management process, capital and capital requirement, as well as the Organization's risk exposure, can be found in the Risk Management Report on the Investor Relations website, at [www.bradeskori.com.br](http://www.bradeskori.com.br).

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Economic and Financial Analysis**Capital Management**

The Capital Management structure enables the Organization to reach its strategic objectives through an appropriate capital sufficiency planning. This structure is composed of the Statutory, Non-Statutory and Executive Committees, which assist the Board of Directors and the Board of Executive Officers in 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), which acts jointly with the Integrated Risk Control Department, associated companies, business areas and the Organization's supporting areas.

Further information on the capital management structure can be found in the Risk Management Report and the 2012 Annual Report on the Investor Relations website: [www.bradescori.com.br](http://www.bradescori.com.br).

**Capital Adequacy Ratio**

In September 2013, Bradesco's Capital amounted to R\$93,064 million, versus a Capital Requirement of R\$62,348 million, resulting in a R\$30,716 million capital margin. This figure was mostly impacted by the credit risk portion, representing 85.1% of the risk-weighted assets. The Capital Adequacy Ratio increased by 1.0 p.p., from 15.4% in June 2013 to 16.4% in September 2013, mainly impacted by: (i) the reduced exposure limits in the market risk portion; and partially offset by: (ii) the maturity of subordinated debts eligible to tier II capital.

fifteen circular letters, which implement in Brazil the recommendations of the Basel Committee on Banking Supervision on financial institutions' capital structure, known as "Basel III." The main purposes are: (i) to improve the financial institutions' capacity of absorbing shocks arising from the financial system or other industries; (ii) to reduce the impact of the financial sector conditions on the real sector of the economy; (iii) to contribute to the financial stability; and (iv) to foster the sustainable economic growth. The implementation of the new capital structure in Brazil began on October 1, 2013.

Note that in March 2013 the Brazilian Central Bank disclosed a set of four resolutions and

**Calculation Basis**

|                      |               |               |               |               |               |               |               | R\$<br>million |
|----------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|
|                      | Sept13        | Jun13         | Mar13         | Dec12         | Sept12        | Jun12         | Mar12         | Dec11          |
| <b>Capital</b>       | <b>93,064</b> | <b>92,629</b> | <b>96,721</b> | <b>96,933</b> | <b>91,149</b> | <b>90,201</b> | <b>75,705</b> | <b>71,476</b>  |
| <b>Tier I</b>        | <b>71,962</b> | <b>69,998</b> | <b>68,109</b> | <b>66,194</b> | <b>64,265</b> | <b>62,418</b> | <b>60,580</b> | <b>58,714</b>  |
| Shareholders' Equity | 67,033        | 66,028        | 69,442        | 70,047        | 66,047        | 63,920        | 58,059        | 55,582         |



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|   |                |                |                |                |                |                |                |                |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Mark-to-Market Adjustments                    | 4,508          | 3,593          | (1,732)        | (4,229)        | (2,150)        | (1,865)        | 2,126          | 2,765          |
| Reduction of Deferred Assets                  | (171)          | (205)          | (206)          | (212)          | (218)          | (224)          | (235)          | (248)          |
| Non-controlling Shareholders                  | 592            | 582            | 605            | 588            | 586            | 587            | 630            | 615            |
| <b>Tier II</b>                                | <b>21,234</b>  | <b>22,761</b>  | <b>28,741</b>  | <b>30,867</b>  | <b>26,992</b>  | <b>27,890</b>  | <b>15,231</b>  | <b>12,865</b>  |
| Mark-to-Market Adjustments                    | (4,508)        | (3,593)        | 1,732          | 4,229          | 2,150          | 1,865          | (2,126)        | (2,765)        |
| Subordinated Debt                             | 25,741         | 26,354         | 27,009         | 26,638         | 24,842         | 26,025         | 17,357         | 15,630         |
| <b>Deduction of Funding Instruments</b>       | <b>(132)</b>   | <b>(130)</b>   | <b>(129)</b>   | <b>(128)</b>   | <b>(108)</b>   | <b>(107)</b>   | <b>(107)</b>   | <b>(103)</b>   |
| <b>Risk-weighted Assets</b>                   | <b>566,797</b> | <b>603,541</b> | <b>621,043</b> | <b>600,520</b> | <b>571,377</b> | <b>531,871</b> | <b>505,934</b> | <b>474,173</b> |
| <b>Capital Requirement</b>                    | <b>62,348</b>  | <b>66,389</b>  | <b>68,315</b>  | <b>66,057</b>  | <b>62,851</b>  | <b>58,506</b>  | <b>55,653</b>  | <b>52,159</b>  |
| Credit Risk                                   | 53,057         | 52,714         | 54,343         | 55,345         | 54,213         | 52,050         | 48,718         | 47,422         |
| Operating Risk                                | 3,641          | 3,354          | 3,354          | 3,432          | 3,432          | 3,313          | 3,313          | 2,810          |
| Market Risk                                   | 5,650          | 10,321         | 10,617         | 7,281          | 5,207          | 3,143          | 3,622          | 1,927          |
| <b>Margin (Excess/ Capital Insufficiency)</b> | <b>30,716</b>  | <b>26,240</b>  | <b>28,406</b>  | <b>30,876</b>  | <b>28,298</b>  | <b>31,695</b>  | <b>20,052</b>  | <b>19,317</b>  |
| <b>Leverage Margin</b>                        | <b>279,234</b> | <b>238,545</b> | <b>258,236</b> | <b>280,691</b> | <b>257,255</b> | <b>288,136</b> | <b>182,293</b> | <b>175,609</b> |
| <b>Capital Adequacy Ratio</b>                 | <b>16.4%</b>   | <b>15.4%</b>   | <b>15.6%</b>   | <b>16.1%</b>   | <b>16.0%</b>   | <b>17.0%</b>   | <b>15.0%</b>   | <b>15.1%</b>   |
| Tier I  | 12.7%          | 11.6%          | 11.0%          | 11.0%          | 11.3%          | 11.8%          | 12.0%          | 12.4%          |
| Tier II                                       | 3.7%           | 3.8%           | 4.6%           | 5.1%           | 4.7%           | 5.2%           | 3.0%           | 2.7%           |

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Independent Auditors' Report

**Limited assurance report from independent auditor on the supplementary accounting information**

To

The Directors of

Banco Bradesco S.A.

Osasco – SP

**Introduction**

We were engaged to apply limited assurance procedures for the supplementary accounting information included in the Economic and Financial Analysis Report of Banco Bradesco S.A. ("Bradesco") as of September 30, 2013 and for the three and nine month periods then ended. Bradesco's Management is responsible for the preparation and fair presentation of this supplementary accounting information. Our responsibility is to issue a Limited Assurance Report on such supplementary accounting information.

**Scope, procedures applied and limitations**

The limited assurance procedures were performed in accordance with standard NBC TO 3000 – Assurance Engagements Other than Audit and Review, issued by the Brazilian Federal Accounting Council (CFC – Conselho Federal de Contabilidade) and the ISAE 3000 - International Standard on Assurance Engagements issued by the International Auditing and Assurance Standards Board - IASB, both for assurance engagements other than audits or reviews of historical financial information.

The limited assurance procedures comprised: (a) the planning of the work, considering the relevance of the supplementary financial information and the internal controls systems that served as a basis for the preparation of the Economic and Financial Analysis Report of Bradesco, (b) the understanding of the calculation methodology and the consolidation of indicators through interviews with the management responsible for the preparation of the supplementary accounting information, and (c) the comparison of the financial and accounting indicators with the interim information disclosed at this date and/or accounting

records.

The procedures that were applied do not constitute an audit or review in accordance with Brazilian and international auditing and review standards, as well as these procedures and the obtained evidence are more limited than for reasonable assurance procedures. Additionally, our report does not offer limited assurance on the scope of future information (such as goals, expectations and future plans) and descriptive information that is subject to subjective assessment.

### **Criteria for preparation of the supplementary accounting information**

The additional supplementary accounting information disclosed in the Economic and Financial Analysis Report as of September 30, 2013 and for the three and nine month periods then ended were prepared by Bradesco's Management, based on the consolidated financial information contained in the interim financial information and on the criteria described in the Economic and Financial Analysis Report, in order to provide additional analysis, but without being part of the interim financial information available in this date.

— Report on Economic and Financial Analysis – September 2013

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Independent Auditors' Report

**Limited assurance report from independent auditor on the supplementary accounting information**

**Conclusion**

Based on our review, we are not aware of any facts that would lead us to believe that the supplementary accounting information included in the Economic and Financial Analysis Report as of September 30, 2013 and for the three and nine month periods then ended are inconsistent, in all material respects, with regard to interim accounting information referred to in the paragraph of criteria for the preparation of supplementary accounting information.

Osasco, October 18, 2013

*Original report in Portuguese signed by*

KPMG Auditores Independentes

CRC 2SP014428/O-6

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 September 30, 2013, prepared in accordance with the accounting practices adopted in Brazil and applicable to institutions authorized to operate by the Brazilian Central Bank.

The ongoing recovery of the Brazilian economy should gain momentum from the opportunities generated by the federal government's infrastructure concession program. In addition to contributing to sustainable GDP growth in the midterm, the results of this program are expected to generate income and jobs in the coming quarters. Given the likely maintenance of macroeconomic predictability, Brazil is fully prepared to face the challenges of a global economy in transition, maintaining the benefits of the intense upward social mobility in recent years.

Bradesco is consolidating its 70 years of operations, exemplified by its integral presence in Brazilian life, its permanent encouragement of the democratization of banking products and services, and its constant willingness to expand its business horizons.

Among the quarterly highlights, it is particularly worth noting that Bradesco was once again included in the Dow Jones Sustainability World Index - DJSI, a select NYSE trading list that includes only those companies with the best sustainable development practices, as well as the Dow Jones Sustainability Emerging Markets Index, a portfolio created at the beginning of the year, which includes companies with a DJSI performance among the best 10% in their respective sectors.

In the first nine months of 2013, Bradesco posted Net Income of R\$8.932 billion, corresponding to earnings per share of R\$2.13 and a return on

Based on its stock price, Bradesco's Market Capitalization came to R\$136.131 billion on September 30, 2013, equivalent to two times Shareholders' Equity.

Managed Shareholders' Equity was equivalent to 7.5% of Consolidated Assets, which totaled R\$907.694 billion, 6.0% more than in September 2012. Accordingly, the Capital Adequacy Ratio stood at 16.5% of the consolidated financial result and 16.4% of the consolidated economic and financial result, which is substantially higher than the 11% minimum established by National Monetary Council Resolution 2099/94, in conformity with the Basel Committee. At the end of the quarter, the fixed asset ratio in relation to Consolidated Reference Assets, was 45.1% in the consolidated financial result and 17.5% in the consolidated economic and financial result, well within the 50% limit.

In compliance with Article 8 of Brazilian Central Bank Circular Letter 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 Bradesco 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 4122/12.

On September 30, 2013, total funding raised and assets under management totaled R\$1.256 trillion, 7.2% more than in the same period in 2012, broken down as follows:

R\$475.358 billion in demand deposits, time deposits, interbank deposits, open market and savings accounts, up by 3.7%;

R\$438,270 billion in assets under management, comprising investment funds, managed portfolios

average Shareholders' Equity<sup>(\*)</sup> of 18.3%. The annualized Return on Average Total Assets stood at 1.3%.

A total of R\$3.145 billion was allocated to shareholders as Interest on Shareholders' Equity and Dividends in the period, of which R\$1.554 billion was paid as monthly and interim dividends and R\$1.591 billion was provisioned.

In the same period, taxes and contributions, including social security contributions, paid or provisioned, came to R\$18.096 billion, of which R\$7.039 billion related to taxes withheld and collected from third parties, and R\$11.057 billion from activities developed by the Bradesco Organization, equivalent to 123.8% of Net Income.

At the end of the quarter, paid-in capital came to R\$38.100 billion. Together with Equity Reserves of R\$28.933 billion, Shareholders' Equity came to R\$67.033 billion, 1.5% up on the same period in 2012 and equivalent to a book value of R\$15.97 per share.

and third-party fund quotas, an 8.4% increase;

R\$188.002 billion in the exchange portfolio, borrowings and onlendings, working capital, tax payments and collection and related charges, funds from the issue of securities, subordinated debt in Brazil and other funding, an 11.5% expansion;

R\$133.554 billion in technical reserves for insurance, pension plans and capitalization bonds, up by 13.4%; and

R\$21.036 billion in foreign funding, through public and private issues, subordinated debt and the securitization of future financial flows, equivalent to US\$9.433 billion.

At the end of the period, consolidated loan operations came to R\$412.559 billion, 11.0% up on September 2012, broken down as follows:



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

**Management Report**

R\$6.239 billion in advances on exchange contracts, giving a total export financing portfolio of US\$13.343 billion;

US\$3.299 billion in import financing denominated in foreign currency;

R\$6.077 billion in leasing operations;

R\$18.823 billion in rural lending;

R\$92.846 billion in consumer financing, including R\$14.043 billion in credit card receivables;

R\$65.348 billion in sureties and guarantees; and

R\$33.504 billion in operations involving the onlending of foreign and domestic funds, originating mainly from the Brazilian Development Bank (BNDES), as one of its main onlending agents.

In the real estate financing segment, the Bradesco Organization allocated R\$11.450 billion between January and September to the construction and acquisition of homes, corresponding to 51,036 properties.

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.

In the third quarter of 2013, Bradesco BBI was one of the lead managers of a US\$1 billion funding operation by the U.S. vehicle manufacturer Ford.

of Odontoprev S.A.'s voting capital, and now holds approximately 50.01% of the company. The acquisition is pending approval of the Brazilian Central Bank.

The Bank provides its customers and users with highly efficient top-quality secure products, services and solutions through its vast service network, which is present in all Brazilian regions and several localities abroad. At the end of the period, it comprised 58,803 service points, 33,933 terminals in the Bradesco *Dia & Noite* Network, 33,434 of which also operating on weekends and holidays, 14,036 terminals in the *Banco24Horas* (24-Hour Bank) network, through which customers can make withdrawals, transfers and payments, obtain statements, check balances and solicit loans. In the payroll-deductible loan segment, the network had 1,692 Bradesco Promotora correspondent bank branches and, in the vehicle segment, 14,768 Bradesco Financiamentos points of sale:

8,457 Branches and PAs (Service Branches) in Brazil (Branches: Bradesco 4,672, Banco Bradesco Financiamentos 19, Banco Bankpar 2, Banco Bradesco BBI 1, Banco Bradesco Cartões 1, Banco Alvorada 1, Banco Bradesco BERJ 1; and PAs 3,760);

3 Overseas Branches, one in New York and two in Grand Cayman;

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

This was the first time a Brazilian bank had led a funding transaction by an American company in the United States. Bradesco BBI was also authorized by the Tokyo Stock Exchange to operate in the Japanese market as the coordinator of a so-called samurai bond offering. Bradesco is also the first Latin American bank to operate in the Japanese debt market.

From January to September 2013, Bradesco BBI executed operations worth over R\$78.340 billion.

On September 30, 2013, Grupo Bradesco Seguros, one of the leaders in the Insurance, Capitalization Bond and Pension Plan segments, posted Net Income of R\$2.739 billion and Shareholders' Equity of R\$16.326 billion. Net written insurance premiums, pension contributions and capitalization bond income came to R\$35.260 billion, 13.4% up on the same period in 2012.

On October 14, 2013, Bradesco Saúde S.A., company of Grupo Bradesco Seguros, acquired indirectly 6.5%

Mexico, Sociedad de Responsabilidad Limitada in Mexico);

45,614 Bradesco Expresso service points;

1,421 PAEs – in-company electronic service branches; and

3,298 External terminals in the Bradesco *Dia & Noite* network and 11,229 ATM's in the *Banco24Horas* network, with 1,701 terminals shared by both networks.

In compliance with CVM Rule 381/03, from January to September 2013, the Bradesco Organization neither contracted from nor had services provided by KPMG Auditores Independentes that were not related to the external audit, in an amount higher than 5% of total fees relating to the external audit. Other services provided by external auditors comprised agreed-upon procedures to review financial information, draws and system diagnosis. The Bank's policy is in line with the principles of preserving the auditors' independence,

Bradesco \_\_\_\_\_

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

## **Management Report**

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 clients' interests.

In the Human Resources Area, strengthened by UNIBRAD – Bradesco Corporate University, the Organization maintained its strategy of promoting the professional development of its employees through heavy investments in training programs. The outcome of these policies is reflected in the increasing quality and efficiency of our services. In the first nine months of 2013, approximately 2,100 courses were administered to 1 million employees.

In order to improve the learning experience throughout Brazil, Fundação Bradesco, the Organization's pioneer initiative with 40 schools located in all Brazilian states and the Federal District, with a special emphasis on socially and economically underprivileged regions, has developed an extensive social and educational program. This year, the estimated budget of R\$460.961 million will provide free, high-quality education to: a) 106,843 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) around 350 thousand students who will complete at least one of the distance-learning courses (EaD) available on the e-learning portal; and c) 68,323 beneficiaries in partnership projects and initiatives, including the Digital Inclusion Centers (CIDs), the *Educa+Ação* program and technology courses (*Educar* and *Aprender*). The approximately 47 thousand students enrolled in the basic education system also receive uniforms, school supplies, meals, and medical and dental assistance free of charge.

- **Brazil's most valuable brand**, according to the 2013 ranking of the consulting firm Brand Finance;
- **Most valuable brand in Latin America**, according to a survey by the consulting firm BrandAnalytics/Millward Brown published in the *Financial Times*;
- **Most profitable private bank in Latin America and the United States**, according to a survey by the consulting firm Economática;
- **For the second consecutive year, Bradesco was elected the Best Bank in Brazil in the 2013 Excellence Awards**, the most important international award in the financial sector granted by *Euromoney* magazine;
- **Best ranked Brazilian private institution in the *Fortune* magazine ranking**, which lists the world's 500 largest companies;
- **Brazilian bank with the best service in the country, including in credit cards**, according to a survey by *Exame* magazine in association with the Brazilian Institute of Customer Relations – IBRC; and
- **Best Bank to Work For in Brazil**, according to *Guia 2013 Você S/A – The Best Companies to Work For*. **It was also elected one of Best Companies to Work For in Brazil**, according to a survey by *Época* magazine, assessed by the Great Place to Work Institute, the world's leading people management advisory firm.

These achievements confirm the Bradesco Organization's commitment to and strategy of exceeding expectations and always offering highly effective products, services and solutions with the highest standards of quality. We would like to thank

The Bradesco Sports and Education Program has been supporting the social inclusion and citizenship of children and teenagers through sports, combining education, health and well-being projects, for more than 26 years. In Osasco (SP), it maintains 16 Training and Specialist Centers to teach women's basketball and volleyball in its Sports Development Center, Fundação Bradesco schools, private schools and municipal sports centers. Currently, around 2 thousand girls aged between 8 and 20 are taking part in the program, reinforcing Bradesco's commitment to defending a country that is giving increasing value to recognizing talent, effort and the full exercise of citizenship.

Bradesco received the following honors in the period:

our shareholders and customers for their trust and support, as well as our employees and other personnel for their dedicated efforts.

Cidade de Deus, October 18, 2013

**The Board of Directors and  
Board of Executive Officers**

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

Financial Statements, Independent Auditors' Report and Fiscal Council's Report**Consolidated Statement of Financial Position - R\$ thousand**

| <b>Assets</b>   | <b>2013</b>        |                    | <b>2012</b>        |
|---|--------------------|--------------------|--------------------|
|   | <b>September</b>   | <b>June</b>        | <b>September</b>   |
| <b>Current assets</b>   | <b>618,954,672</b> | <b>601,883,754</b> | <b>612,443,567</b> |
| <b>Cash and due from banks (Note 6)</b>   | <b>16,427,082</b>  | <b>16,179,775</b>  | <b>12,943,991</b>  |
| <b>Interbank investments (Notes 3d and 7)</b>   | <b>144,036,291</b> | <b>146,391,618</b> | <b>125,892,805</b> |
| Investments in federal funds purchased and securities sold under agreements to repurchase | 137,096,987        | 139,789,912        | 117,856,744        |
| Interbank deposits  | 6,971,607          | 6,602,636          | 8,037,180          |
| Allowance for loan losses   | (32,303)           | (930)              | (1,119)            |
| <b>Securities and derivative financial instruments (Notes 3e, 3f, 8 and 32b)</b>          | <b>212,018,338</b> | <b>197,622,811</b> | <b>241,899,736</b> |
| Own portfolio   | 191,265,444        | 165,330,778        | 176,499,275        |
| Subject to repurchase agreements  | 16,755,937         | 27,292,429         | 57,957,328         |
| Derivative financial instruments (Notes 3f, 8e II and 32b)                                | 2,549,820          | 2,374,661          | 2,585,305          |
| Underlying guarantee provided   | 1,447,137          | 1,784,978          | 4,008,664          |
| Securities subject to unrestricted repurchase agreements                                  | -                  | 839,965            | 849,164            |
| <b>Interbank accounts</b>   | <b>50,930,902</b>  | <b>50,930,612</b>  | <b>55,071,776</b>  |
| Unsettled payments and receipts   | 1,335,700          | 608,839            | 768,037            |
| Reserve requirement (Note 9):   |                    |                    |                    |
| - Reserve requirement - Brazilian Central Bank  | 49,472,675         | 50,247,046         | 54,222,409         |
| - National treasury - rural loans   | 578                | 578                | 578                |
| - National Housing System (SFH)   | 4,092              | 3,025              | 2,243              |
| Correspondent banks   | 117,857            | 71,124             | 78,509             |
| <b>Interdepartmental accounts</b>   | <b>614,459</b>     | <b>649,691</b>     | <b>654,931</b>     |
| Internal transfer of funds  | 614,459            | 649,691            | 654,931            |
| <b>Loans (Notes 3g, 10 and 32b)</b>   | <b>126,525,046</b> | <b>125,590,039</b> | <b>121,870,197</b> |
| Loans:  |                    |                    |                    |
| - Public sector   | 100,163            | 106,606            | 338,055            |
| - Private sector  | 139,582,729        | 138,529,404        | 134,108,179        |
| Allowance for loan losses (Notes 3g, 10f, 10g and 10h)                                    | (13,157,846)       | (13,045,971)       | (12,576,037)       |
| <b>Leasing (Notes 2, 3g, 10 and 32b)</b>  | <b>2,913,101</b>   | <b>3,247,669</b>   | <b>4,370,926</b>   |
| Leasing receivables:  |                    |                    |                    |
| - Private sector  | 5,819,479          | 6,418,871          | 8,516,508          |
| Unearned income from leasing  | (2,594,056)        | (2,825,360)        | (3,663,648)        |
| Allowance for leasing losses (Notes 3g, 10f, 10g and 10h)                                 | (312,322)          | (345,842)          | (481,934)          |
| <b>Other receivables</b>  | <b>62,491,742</b>  | <b>58,441,498</b>  | <b>47,273,435</b>  |
|   | 20,605             | 22,539             | 7,230              |

|   |                    |                    |                    |
|---|--------------------|--------------------|--------------------|
| Receivables on sureties and guarantees honored (Note 10a-3)                       |                    |                    |                    |
| Foreign exchange portfolio (Note 11a)   | 16,763,694         | 12,603,475         | 11,243,408         |
| Receivables   | 771,582            | 747,051            | 678,519            |
| Securities trading  | 1,326,546          | 4,180,999          | 3,309,379          |
| Specific receivables  | 2,737              | 2,761              | 2,503              |
| Insurance and reinsurance receivables and reinsurance assets – technical reserves | 3,534,583          | 3,462,377          | 2,780,945          |
| Sundry (Note 11b)   | 40,957,046         | 38,288,768         | 29,976,066         |
| Allowance for other loan losses (Notes 3g, 10f, 10g and 10h)                      | (885,051)          | (866,472)          | (724,615)          |
| <b>Other assets (Note 12)</b>   | <b>2,997,711</b>   | <b>2,830,041</b>   | <b>2,465,770</b>   |
| Other assets  | 1,438,684          | 1,293,444          | 1,259,762          |
| Provision for losses  | (540,394)          | (519,587)          | (621,824)          |
| Prepaid expenses (Notes 3i and 12b)   | 2,099,421          | 2,056,184          | 1,827,832          |
| <b>Long-term receivables</b>  | <b>273,408,836</b> | <b>279,237,449</b> | <b>227,852,187</b> |
| <b>Interbank investments (Notes 3d and 7)</b>                                     | <b>930,315</b>     | <b>1,093,041</b>   | <b>879,572</b>     |

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

Bradesco \_\_\_\_\_

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

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**Consolidated Statement of Financial Position - R\$ thousand**

| <b>Assets</b>  | <b>2013</b>        |                    | <b>2012</b>        |
|--|--------------------|--------------------|--------------------|
|  | <b>September</b>   | <b>June</b>        | <b>September</b>   |
| Interbank investments  | 930,315            | 1,093,041          | 879,572            |
| <b>Securities and derivative financial instruments (Notes 3e, 3f, 8 and 32b)</b> | <b>101,660,955</b> | <b>111,404,163</b> | <b>77,637,517</b>  |
| Own portfolio  | 41,864,953         | 52,647,547         | 51,751,401         |
| Subject to repurchase agreements   | 53,982,800         | 49,069,201         | 24,498,921         |
| Derivative financial instruments (Notes 3f, 8e II and 32b)                       | 758,543            | 862,972            | 514,354            |
| Subject to the Brazilian Central Bank  | -                  | 47,224             | -                  |
| Privatization currencies   | 66,741             | 69,604             | 75,222             |
| Underlying guarantees provided   | 4,370,674          | 8,100,563          | 797,619            |
| Securities subject to unrestricted repurchase agreements                         | 617,244            | 607,052            | -                  |
| <b>Interbank accounts</b>  | <b>575,787</b>     | <b>569,016</b>     | <b>549,063</b>     |
| Reserve requirement (Note 9):  |                    |                    |                    |
| - SFH  | 575,787            | 569,016            | 549,063            |
| <b>Loans (Notes 3g, 10 and 32b)</b>  | <b>134,228,511</b> | <b>129,753,104</b> | <b>112,785,040</b> |
| Loans:   |                    |                    |                    |
| - Public sector  | 71,233             | 75,531             | 138,620            |
| - Private sector   | 141,067,976        | 136,614,551        | 119,431,942        |
| Allowance for loan losses (Notes 3g, 10f, 10g and 10h)                           | (6,910,698)        | (6,936,978)        | (6,785,522)        |
| <b>Leasing (Notes 2, 3g, 10 and 32b)</b>   | <b>2,652,319</b>   | <b>2,810,710</b>   | <b>3,537,135</b>   |
| Leasing receivables:   |                    |                    |                    |
| - Private sector   | 5,824,715          | 6,261,672          | 7,865,903          |
| Unearned income from leasing   | (2,972,858)        | (3,198,846)        | (3,987,493)        |
| Allowance for leasing losses (Notes 3g, 10f, 10g and 10h)                        | (199,538)          | (252,116)          | (341,275)          |
| <b>Other receivables</b>   | <b>31,648,241</b>  | <b>31,949,379</b>  | <b>30,832,996</b>  |
| Receivables  | 63,831             | 27,011             | 39,265             |
| Securities trading   | 277,994            | 269,650            | 131,178            |
| Sundry (Note 11b)  | 31,317,322         | 31,660,540         | 30,668,041         |
| Allowance for loan losses (Notes 3g, 10f, 10g and 10h)                           | (10,906)           | (7,822)            | (5,488)            |
| <b>Other assets (Note 12)</b>  | <b>1,712,708</b>   | <b>1,658,036</b>   | <b>1,630,864</b>   |
| Other assets   | -                  | -                  | 164                |
| Prepaid expenses (Notes 3i and 12b)  | 1,712,708          | 1,658,036          | 1,630,700          |
| <b>Permanent assets</b>  | <b>15,330,618</b>  | <b>15,576,165</b>  | <b>15,992,229</b>  |
| <b>Investments (Notes 3j, 13 and 32b)</b>  | <b>1,909,648</b>   | <b>1,920,417</b>   | <b>1,907,178</b>   |
| Equity in the earnings (losses) of unconsolidated companies - In Brazil          | 1,430,183          | 1,440,183          | 1,415,539          |
| Other investments  | 753,355            | 754,227            | 765,592            |
| Allowance for losses   | (273,890)          | (273,993)          | (273,953)          |

|   |                    |                    |                    |
|---|--------------------|--------------------|--------------------|
| <b>Premises and equipment (Notes 3k and 14)</b> | <b>4,392,074</b>   | <b>4,464,008</b>   | <b>4,499,596</b>   |
| Premises  | 1,358,294          | 1,342,235          | 1,289,384          |
| Other assets                                    | 10,038,106         | 9,881,431          | 9,252,973          |
| Accumulated depreciation                        | (7,004,326)        | (6,759,658)        | (6,042,761)        |
| <b>Intangible assets (Notes 3l and 15)</b>      | <b>9,028,896</b>   | <b>9,191,740</b>   | <b>9,585,455</b>   |
| Intangible assets                               | 17,142,670         | 17,581,168         | 16,094,453         |
| Accumulated amortization                        | (8,113,774)        | (8,389,428)        | (6,508,998)        |
| <b>Total</b>                                    | <b>907,694,126</b> | <b>896,697,368</b> | <b>856,287,983</b> |

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

Report on Economic and Financial Analysis - September 2013

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Financial Statements, Independent Auditors' Report and Fiscal Council's Report**Consolidated Statement of Financial Position - R\$ thousand**

| <b>Liabilities</b>   | <b>2013</b>        |                    | <b>2012</b>        |
|--|--------------------|--------------------|--------------------|
|  | <b>September</b>   | <b>June</b>        | <b>September</b>   |
| <b>Current liabilities</b>   | <b>616,862,601</b> | <b>610,203,074</b> | <b>565,085,672</b> |
| <b>Deposits (Notes 3n and 16a)</b>   | <b>159,535,717</b> | <b>149,275,466</b> | <b>140,689,185</b> |
| Demand deposits  | 39,455,794         | 36,586,408         | 33,627,630         |
| Savings deposits   | 76,487,681         | 72,627,265         | 65,540,064         |
| Interbank deposits   | 630,881            | 485,693            | 252,806            |
| Time deposits (Notes 16a and 32b)  | 42,961,361         | 39,576,100         | 41,268,685         |
| <b>Federal funds purchased and securities sold under agreements to repurchase (Notes 3n and 16b)</b> | <b>240,169,812</b> | <b>248,966,584</b> | <b>222,559,493</b> |
| Own portfolio  | 108,060,765        | 117,565,530        | 113,035,061        |
| Third-party portfolio  | 123,414,339        | 110,974,509        | 97,004,669         |
| Unrestricted portfolio   | 8,694,708          | 20,426,545         | 12,519,763         |
| <b>Funds from issuance of securities (Notes 16c and 32b)</b>   | <b>23,427,331</b>  | <b>24,842,697</b>  | <b>28,364,747</b>  |
| Mortgage and real estate notes, letters of credit and others   | 19,297,444         | 20,388,900         | 23,388,301         |
| Securities issued abroad   | 4,129,887          | 4,453,797          | 4,976,446          |
| <b>Interbank accounts</b>  | <b>1,690,733</b>   | <b>1,014,942</b>   | <b>902,062</b>     |
| Correspondent banks  | 1,690,733          | 1,014,942          | 902,062            |
| <b>Interdepartmental accounts</b>  | <b>3,114,624</b>   | <b>2,777,590</b>   | <b>2,747,108</b>   |
| Third-party funds in transit   | 3,114,624          | 2,777,590          | 2,747,108          |
| <b>Borrowing (Notes 17a and 32b)</b>   | <b>11,394,227</b>  | <b>10,050,917</b>  | <b>9,248,622</b>   |
| Borrowing in Brazil - other institutions   | 4,481              | 3,776              | 2,140              |
| Borrowing abroad   | 11,389,746         | 10,047,141         | 9,246,482          |
| <b>Onlending in Brazil - official institutions (Notes 17b and 32b)</b>                               | <b>11,949,437</b>  | <b>11,570,961</b>  | <b>13,792,651</b>  |
| National treasury  | 36,673             | 17,444             | 116,773            |
| Brazilian Development Bank (BNDES)   | 3,833,412          | 3,744,213          | 5,093,958          |
| Caixa Econômica Federal - Federal savings bank (CEF)   | 21,193             | 20,900             | 19,789             |
| Fund for financing the acquisition of industrial machinery and equipment (Finame)                    | 8,058,159          | 7,788,404          | 8,560,879          |
| Other institutions   | -                  | -                  | 1,252              |
| <b>Onlending abroad (Notes 17b and 32b)</b>  | <b>163,889</b>     | <b>136,862</b>     | <b>124,399</b>     |
| Onlending abroad   | 163,889            | 136,862            | 124,399            |
| <b>Derivative financial instruments (Notes 3f, 8e II and 32b)</b>                                    | <b>2,383,241</b>   | <b>2,368,516</b>   | <b>3,418,049</b>   |
| Derivative financial instruments   | 2,383,241          | 2,368,516          | 3,418,049          |
| <b>Technical reserves for insurance, pension plans and capitalization bonds (Notes 3o and 21)</b>    | <b>107,688,061</b> | <b>106,516,946</b> | <b>93,179,728</b>  |
| <b>Other liabilities</b>   | <b>55,345,529</b>  | <b>52,681,593</b>  | <b>50,059,628</b>  |
| Payment of taxes and other contributions   | 3,551,787          | 3,379,189          | 3,228,428          |
| Foreign exchange portfolio (Note 11a)  | 10,322,654         | 5,601,398          | 3,765,147          |
| Social and statutory   | 1,806,690          | 1,770,785          | 1,748,713          |
| Tax and social security (Note 20a)   | 6,020,478          | 5,360,436          | 5,857,307          |

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|  |                    |                    |                    |
|--|--------------------|--------------------|--------------------|
| Securities trading   | 1,913,416          | 5,804,401          | 4,880,677          |
| Financial and development funds  | 4,125              | 1,230              | 1,230              |
| Subordinated debts (Notes 19 and 32b)  | 1,884,933          | 2,311,545          | 4,397,055          |
| Sundry (Note 20b)  | 29,841,446         | 28,452,609         | 26,181,071         |
| <b>Long-term liabilities</b>   | <b>222,530,298</b> | <b>219,223,705</b> | <b>223,949,769</b> |
| <b>Deposits (Notes 3n and 16a)</b>   | <b>57,241,678</b>  | <b>59,210,059</b>  | <b>72,180,416</b>  |
| Interbank deposits   | 210,254            | 213,191            | 69,878             |
| Time deposits (Notes 16a and 32b)  | 57,031,424         | 58,996,868         | 72,110,538         |
| <b>Federal funds purchased and securities sold under agreements to repurchase (Notes 3n and 16b)</b> | <b>18,410,121</b>  | <b>17,858,536</b>  | <b>22,978,124</b>  |

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

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

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**Consolidated Statement of Financial Position - R\$ thousand**

| <b>Liabilities</b>  | <b>2013</b>        |                    | <b>2012</b>        |
|---|--------------------|--------------------|--------------------|
|   | <b>September</b>   | <b>June</b>        | <b>September</b>   |
| Own portfolio   | 18,410,121         | 17,858,536         | 22,978,124         |
| <b>Funds from issuance of securities (Notes 16c and 32b)</b>                                      | <b>31,999,325</b>  | <b>28,977,913</b>  | <b>25,445,465</b>  |
| Mortgage and real estate notes, letters of credit and others                                      | 24,654,400         | 21,311,125         | 16,424,785         |
| Securities issued abroad  | 7,344,925          | 7,666,788          | 9,020,680          |
| <b>Borrowing (Notes 17a and 32b)</b>  | <b>595,639</b>     | <b>1,036,810</b>   | <b>902,896</b>     |
| Borrowing in Brazil - other institutions  | 7,717              | 6,879              | 7,277              |
| Borrowing abroad  | 587,922            | 1,029,931          | 895,619            |
| <b>Onlending in Brazil - official institutions (Notes 17b and 32b)</b>                            | <b>27,203,641</b>  | <b>26,325,469</b>  | <b>21,329,874</b>  |
| BNDES   | 8,206,431          | 8,116,776          | 7,124,721          |
| CEF   | 23,320             | 28,165             | 40,962             |
| FINAME  | 18,972,244         | 18,178,885         | 14,163,607         |
| Other institutions  | 1,646              | 1,643              | 584                |
| <b>Derivative financial instruments (Notes 3f, 8e II and 32b)</b>                                 | <b>854,494</b>     | <b>772,057</b>     | <b>729,662</b>     |
| Derivative financial instruments  | 854,494            | 772,057            | 729,662            |
| <b>Technical reserves for insurance, pension plans and capitalization bonds (Notes 3o and 21)</b> | <b>25,865,604</b>  | <b>25,301,917</b>  | <b>24,627,726</b>  |
| <b>Other liabilities</b>  | <b>60,359,796</b>  | <b>59,740,944</b>  | <b>55,755,606</b>  |
| Tax and social security (Note 20a)  | 19,906,794         | 19,695,567         | 20,199,624         |
| Subordinated debts (Notes 19 and 32b)   | 34,250,390         | 33,910,561         | 30,109,686         |
| Sundry (Note 20b)   | 6,202,612          | 6,134,816          | 5,446,296          |
| <b>Deferred income</b>  | <b>676,195</b>     | <b>661,074</b>     | <b>619,391</b>     |
| Deferred income   | 676,195            | 661,074            | 619,391            |
| <b>Non-controlling interests in subsidiaries (Note 22)</b>  | <b>591,640</b>     | <b>582,002</b>     | <b>586,073</b>     |
| <b>Shareholders' equity (Note 23)</b>   | <b>67,033,392</b>  | <b>66,027,513</b>  | <b>66,047,078</b>  |
| Capital:  |                    |                    |                    |
| - Domiciled in Brazil   | 37,622,511         | 37,622,549         | 29,721,739         |
| - Domiciled abroad  | 477,489            | 477,451            | 378,261            |
| Capital reserves  | 11,441             | 11,441             | 11,441             |
| Profit reserves   | 32,006,076         | 30,020,791         | 32,297,034         |
| Asset valuation adjustments   | (2,821,876)        | (1,907,418)        | 3,835,904          |
| Treasury shares (Notes 23d and 32b)   | (262,249)          | (197,301)          | (197,301)          |
| <b>Attributable to equity holders of the Parent Company</b>                                       | <b>67,625,032</b>  | <b>66,609,515</b>  | <b>66,633,151</b>  |
| <b>Total</b>  | <b>907,694,126</b> | <b>896,697,368</b> | <b>856,287,983</b> |

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

Report on Economic and Financial Analysis - September 2013

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Financial Statements, Independent Auditors' Report and Fiscal Council's Report**Consolidated Income Statement - R\$ thousand**

|  | 2013                    |                         |                     | 2012                |
|--|-------------------------|-------------------------|---------------------|---------------------|
|  | 3 <sup>rd</sup> Quarter | 2 <sup>nd</sup> Quarter | September           | September           |
| <b>Revenue from financial intermediation</b>   | <b>25,116,565</b>       | <b>23,155,110</b>       | <b>69,481,015</b>   | <b>73,910,089</b>   |
| Loans (Note 10j)   | 13,400,305              | 13,104,591              | 38,769,344          | 37,656,167          |
| Leasing (Note 10j)   | 192,437                 | 201,649                 | 600,359             | 949,581             |
| Operations with securities (Note 8h)   | 7,542,339               | 7,960,885               | 21,364,504          | 22,679,170          |
| Financial income from insurance, pension plans and capitalization bonds (Note 8h)  | 2,624,719               | 1,685,479               | 6,371,102           | 10,682,664          |
| Derivative financial instruments (Note 8h)   | (67,050)                | (1,446,665)             | (1,670,889)         | (2,222,182)         |
| Foreign exchange operations (Note 11a)   | 529,507                 | 903,619                 | 1,702,441           | 919,606             |
| Reserve requirement (Note 9b)  | 835,016                 | 699,612                 | 2,197,566           | 3,170,405           |
| Sale or transfer of financial assets   | 59,292                  | 45,940                  | 146,588             | 74,678              |
| <b>Financial intermediation expenses</b>   | <b>16,644,148</b>       | <b>16,757,928</b>       | <b>46,158,612</b>   | <b>48,489,842</b>   |
| Federal funds purchased and securities sold under agreements to repurchase (Note 16e)  | 10,582,395              | 9,651,675               | 28,079,777          | 27,911,151          |
| Adjustment for inflation and interest on technical reserves for insurance, pension plans and capitalization bonds (Note 16e) | 1,923,706               | 840,150                 | 3,832,783           | 6,173,700           |
| Borrowing and onlending (Note 17c)   | 877,674                 | 2,658,178               | 3,902,691           | 3,904,454           |
| Allowance for loan losses (Notes 3g, 10g and 10h)  | 3,260,373               | 3,607,925               | 10,343,361          | 10,500,537          |
| <b>Gross income from financial intermediation</b>  | <b>8,472,417</b>        | <b>6,397,182</b>        | <b>23,322,403</b>   | <b>25,420,247</b>   |
| <b>Other operating income (expenses)</b>   | <b>(3,781,335)</b>      | <b>(3,431,635)</b>      | <b>(10,912,003)</b> | <b>(13,458,920)</b> |
| Fee and commission income (Note 24)  | 4,908,469               | 4,886,403               | 14,303,087          | 12,500,913          |
| Other fee and commission income  | 3,850,828               | 3,882,630               | 11,304,576          | 9,656,513           |
| Income from banking fees   | 1,057,641               | 1,003,773               | 2,998,511           | 2,844,400           |
| Insurance, pension plan and capitalization bond retained premiums (Notes 3o and 21d)   | 11,006,622              | 13,188,684              | 35,096,136          | 30,870,015          |
| Net premiums written   | 11,069,123              | 13,238,499              | 35,260,284          | 31,091,862          |
| Reinsurance premiums   | (62,501)                | (49,815)                | (164,148)           | (221,847)           |
| Variation in technical reserves for insurance, pension plans and capitalization bonds (Note 3o)                              | (4,077,542)             | (6,798,003)             | (15,564,188)        | (16,419,439)        |
| Retained claims (Note 3o)  | (4,106,563)             | (3,724,791)             | (11,380,655)        | (9,652,124)         |
| Capitalization bond draws and redemptions (Note 3o)  | (1,108,278)             | (1,011,808)             | (2,991,662)         | (2,399,993)         |
| Insurance, pension plan and capitalization bond selling expenses (Note 3o)   | (612,786)               | (626,249)               | (1,875,144)         | (1,656,432)         |
| Payroll and related benefits (Note 25)   | (3,345,552)             | (3,191,052)             | (9,596,066)         | (9,044,412)         |

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|   |                    |                  |                    |                    |
|---|--------------------|------------------|--------------------|--------------------|
| Other administrative expenses (Note 26)   | (3,600,659)        | (3,529,562)      | (10,498,702)       | (10,059,508)       |
| Tax expenses (Note 27)  | (964,050)          | (828,512)        | (2,932,536)        | (2,956,775)        |
| Equity in the earnings (losses) of unconsolidated companies (Note 13b)                | 2,007              | 11,888           | 17,227             | 103,367            |
| Other operating income (Note 28)  | 869,670            | 862,505          | 2,595,556          | 2,453,998          |
| Other operating expenses (Note 29)  | (2,752,673)        | (2,671,138)      | (8,085,056)        | (7,198,530)        |
| <b>Operating income</b>   | <b>4,691,082</b>   | <b>2,965,547</b> | <b>12,410,400</b>  | <b>11,961,327</b>  |
| <b>Non-operating income (loss) (Note 30)</b>  | <b>(104,012)</b>   | <b>76,617</b>    | <b>(85,879)</b>    | <b>(211,585)</b>   |
| <b>Income before income tax and social contribution and non-controlling interests</b> | <b>4,587,070</b>   | <b>3,042,164</b> | <b>12,324,521</b>  | <b>11,749,742</b>  |
| <b>Income tax and social contribution (Notes 34a and 34b)</b>                         | <b>(1,500,818)</b> | <b>(64,550)</b>  | <b>(3,313,908)</b> | <b>(3,207,801)</b> |
| <b>Non-controlling interests in subsidiaries</b>                                      | <b>(22,262)</b>    | <b>(28,895)</b>  | <b>(78,785)</b>    | <b>(54,060)</b>    |
| <b>Net income</b>   | <b>3,063,990</b>   | <b>2,948,719</b> | <b>8,931,828</b>   | <b>8,487,881</b>   |

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

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

**Statement of Changes in Shareholders' Equity -R\$ thousand**

| Events   | Paid-in<br>Capital | Capital<br>reserves | Profit reserves  |                   | Asset valuation<br>adjustments |                  | Treasury<br>shares | Retain<br>earnin<br>(accumul<br>losses |
|--|--------------------|---------------------|------------------|-------------------|--------------------------------|------------------|--------------------|--|
|  |                    | Share<br>premium    | Legal            | Statutory         | Bradesco                       | Subsidiaries     |                    |  |
| <b>Balances on December<br/>31, 2011</b>                         | <b>30,100,000</b>  | <b>11,441</b>       | <b>3,269,412</b> | <b>23,463,119</b> | <b>(328,343)</b>               | <b>(750,856)</b> | <b>(183,109)</b>   |  |
| Acquisition of treasury<br>shares                                | -                  | -                   | -                | -                 | -                              | -                | (14,192)           |  |
| Asset valuation<br>adjustments                                   | -                  | -                   | -                | -                 | 615,039                        | 4,300,064        | -                  |  |
| Net income   | -                  | -                   | -                | -                 | -                              | -                | -                  | 8,48                                   |
| Allocations:- Reserves   | -                  | -                   | 424,394          | 5,140,109         | -                              | -                | -                  | (5,564)                                |
| - Interest on<br>shareholders'<br>equity paid                    | -                  | -                   | -                | -                 | -                              | -                | -                  | (2,556)                                |
| - Dividends<br>paid  | -                  | -                   | -                | -                 | -                              | -                | -                  | (367)                                  |
| <b>Balances on September<br/>30, 2012</b>                        | <b>30,100,000</b>  | <b>11,441</b>       | <b>3,693,806</b> | <b>28,603,228</b> | <b>286,696</b>                 | <b>3,549,208</b> | <b>(197,301)</b>   |  |
| <b>Balances on March 31,<br/>2013</b>                            | <b>38,100,000</b>  | <b>11,441</b>       | <b>3,984,430</b> | <b>24,125,764</b> | <b>94,390</b>                  | <b>3,323,374</b> | <b>(197,301)</b>   |  |
| Asset valuation<br>adjustments                                   | -                  | -                   | -                | -                 | (2,095,078)                    | (3,230,104)      | -                  |  |
| Net income   | -                  | -                   | -                | -                 | -                              | -                | -                  | 2,94                                   |
| Allocations:- Reserves   | -                  | -                   | 147,436          | 1,763,161         | -                              | -                | -                  | (1,910)                                |
| - Interest on<br>shareholders' equity paid<br>and/or provisioned | -                  | -                   | -                | -                 | -                              | -                | -                  | (1,038)                                |
| <b>Balances on June 30,<br/>2013</b>                             | <b>38,100,000</b>  | <b>11,441</b>       | <b>4,131,866</b> | <b>25,888,925</b> | <b>(2,000,688)</b>             | <b>93,270</b>    | <b>(197,301)</b>   |  |
| Acquisition of treasury<br>shares                                | -                  | -                   | -                | -                 | -                              | -                | (64,948)           |  |
| Asset valuation<br>adjustments                                   | -                  | -                   | -                | -                 | (326,975)                      | (587,483)        | -                  |  |
| Net income   | -                  | -                   | -                | -                 | -                              | -                | -                  | 3,06                                   |
| Allocations:- Reserves   | -                  | -                   | 153,199          | 1,832,086         | -                              | -                | -                  | (1,985)                                |
| - Interest on<br>shareholders'<br>equity paid                    | -                  | -                   | -                | -                 | -                              | -                | -                  | (1,078)                                |

|  |                       |               |                  |                   |                    |                  |                  |        |
|--|-----------------------|---------------|------------------|-------------------|--------------------|------------------|------------------|--------|
|  | and/or<br>provisioned |               |                  |                   |                    |                  |                  |        |
| <b>Balances on September<br/>30, 2013</b>                              | <b>38,100,000</b>     | <b>11,441</b> | <b>4,285,065</b> | <b>27,721,011</b> | <b>(2,327,663)</b> | <b>(494,213)</b> | <b>(262,249)</b> |        |
| <b>Balances on December<br/>31, 2012</b>                               | <b>30,100,000</b>     | <b>11,441</b> | <b>3,838,474</b> | <b>30,380,303</b> | <b>886,689</b>     | <b>5,027,853</b> | <b>(197,301)</b> |        |
| Capital increase through<br>reserves                                   | 8,000,000             | -             | -                | (8,000,000)       | -                  | -                | -                |        |
| Acquisition of treasury<br>shares                                      | -                     | -             | -                | -                 | -                  | -                | (64,948)         |        |
| Asset valuation<br>adjustments   | -                     | -             | -                | -                 | (3,214,352)        | (5,522,066)      | -                |        |
| Net income   | -                     | -             | -                | -                 | -                  | -                | -                | 8,93   |
| Allocations:- Reserves   | -                     | -             | 446,591          | 5,340,708         | -                  | -                | -                | (5,787 |
| - Interest on<br>shareholders'<br>equity paid<br>and/or<br>provisioned | -                     | -             | -                | -                 | -                  | -                | -                | (3,144 |
| <b>Balances on September<br/>30, 2013</b>                              | <b>38,100,000</b>     | <b>11,441</b> | <b>4,285,065</b> | <b>27,721,011</b> | <b>(2,327,663)</b> | <b>(494,213)</b> | <b>(262,249)</b> |        |

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

Report on Economic and Financial Analysis - September 2013



Financial Statements, Independent Auditors' Report and Fiscal Council's Report**Value Added Statements - R\$ thousand**

| Description   | 2013                    |                |                         |                |                  |
|---|-------------------------|----------------|-------------------------|----------------|------------------|
|   | 3 <sup>rd</sup> Quarter | %              | 2 <sup>nd</sup> Quarter | %              | Septemb          |
| <b>1 - Revenue</b>  | <b>26,147,007</b>       | <b>287.0</b>   | <b>24,003,995</b>       | <b>330.3</b>   | <b>72,004,</b>   |
| <b>1.1) Financial intermediation</b>                        | <b>25,116,565</b>       | <b>275.7</b>   | <b>23,155,110</b>       | <b>318.6</b>   | <b>69,481,</b>   |
| <b>1.2) Fees and commissions</b>                            | <b>4,908,469</b>        | <b>53.9</b>    | <b>4,886,403</b>        | <b>67.2</b>    | <b>14,303,</b>   |
| <b>1.3) Allowance for loan losses</b>                       | <b>(3,260,373)</b>      | <b>(35.8)</b>  | <b>(3,607,925)</b>      | <b>(49.6)</b>  | <b>(10,343,3</b> |
| <b>1.4) Other</b>   | <b>(617,654)</b>        | <b>(6.8)</b>   | <b>(429,593)</b>        | <b>(5.9)</b>   | <b>(1,436,3</b>  |
| <b>2 - Financial intermediation expenses</b>                | <b>(13,383,775)</b>     | <b>(146.9)</b> | <b>(13,150,003)</b>     | <b>(180.9)</b> | <b>(35,815,2</b> |
| <b>3 - Inputs acquired from third-parties</b>               | <b>(2,946,135)</b>      | <b>(32.3)</b>  | <b>(2,891,625)</b>      | <b>(39.9)</b>  | <b>(8,586,3</b>  |
| Material, water, electricity and gas                        | (132,107)               | (1.5)          | (130,625)               | (1.8)          | (397,0           |
| Outsourced services   | (900,261)               | (9.9)          | (873,488)               | (12.0)         | (2,602,0         |
| Communication   | (399,368)               | (4.4)          | (402,904)               | (5.5)          | (1,194,8         |
| Financial system services                                   | (186,591)               | (2.0)          | (188,826)               | (2.6)          | (554,6           |
| Advertising and marketing                                   | (162,713)               | (1.8)          | (169,129)               | (2.3)          | (492,8           |
| Transport   | (214,966)               | (2.4)          | (205,298)               | (2.8)          | (619,0           |
| Data processing   | (329,952)               | (3.6)          | (315,817)               | (4.3)          | (945,1           |
| Maintenance and repairs                                     | (168,298)               | (1.8)          | (162,396)               | (2.2)          | (483,8           |
| Security and surveillance                                   | (123,968)               | (1.4)          | (123,850)               | (1.7)          | (363,3           |
| Travel  | (38,144)                | (0.4)          | (33,571)                | (0.5)          | (99,1            |
| Other   | (289,767)               | (3.1)          | (285,721)               | (4.2)          | (834,3           |
| <b>4 - Gross value added (1-2-3)</b>                        | <b>9,817,097</b>        | <b>107.8</b>   | <b>7,962,367</b>        | <b>109.5</b>   | <b>27,602,</b>   |
| <b>5 - Depreciation and amortization</b>                    | <b>(710,277)</b>        | <b>(7.8)</b>   | <b>(706,599)</b>        | <b>(9.7)</b>   | <b>(2,140,8</b>  |
| <b>6 - Net value added produced by the entity (4-5)</b>     | <b>9,106,820</b>        | <b>100.0</b>   | <b>7,255,768</b>        | <b>99.8</b>    | <b>25,461,</b>   |
| <b>7 - Value added received through transfer</b>            | <b>2,007</b>            | <b>-</b>       | <b>11,888</b>           | <b>0.2</b>     | <b>17,</b>       |
| Equity in the earnings (losses) of unconsolidated companies | 2,007                   | -              | 11,888                  | 0.2            | 17,              |
| <b>8 - Value added to distribute (6+7)</b>                  | <b>9,108,827</b>        | <b>100.0</b>   | <b>7,267,656</b>        | <b>100.0</b>   | <b>25,479,</b>   |
| <b>9 - Value added distributed</b>                          | <b>9,108,827</b>        | <b>100.0</b>   | <b>7,267,656</b>        | <b>100.0</b>   | <b>25,479,</b>   |
| <b>9.1) Personnel</b>                                       | <b>2,902,340</b>        | <b>32.0</b>    | <b>2,769,554</b>        | <b>38.1</b>    | <b>8,337,</b>    |
| Payroll   | 1,552,440               | 17.0           | 1,476,967               | 20.3           | 4,465,           |
| Benefits  | 679,317                 | 7.5            | 654,054                 | 9.0            | 1,990,           |
| Government Severance Indemnity Fund for Employees (FGTS)    | 151,782                 | 1.7            | 140,390                 | 1.9            | 428,             |
| Other   | 518,801                 | 5.8            | 498,143                 | 6.9            | 1,453,           |
| <b>9.2) Tax, fees and contributions</b>                     | <b>2,908,080</b>        | <b>31.9</b>    | <b>1,314,560</b>        | <b>18.1</b>    | <b>7,504,</b>    |
| Federal   | 2,753,469               | 30.2           | 1,154,155               | 15.9           | 7,035,           |
| State   | 3,436                   | -              | 2,688                   | -              | 7,               |
| Municipal   | 151,175                 | 1.7            | 157,717                 | 2.2            | 461,             |
| <b>9.3) Value distributed to providers of capital</b>       | <b>212,155</b>          | <b>2.3</b>     | <b>205,928</b>          | <b>2.8</b>     | <b>626,</b>      |
| Rentals   | 209,355                 | 2.3            | 203,295                 | 2.8            | 617,             |
| Asset leasing   | 2,800                   | -              | 2,633                   | -              | 8,               |
| <b>9.4) Value distributed to shareholders</b>               | <b>3,086,252</b>        | <b>33.8</b>    | <b>2,977,614</b>        | <b>41.0</b>    | <b>9,010,</b>    |
| Interest on shareholders' equity/dividends                  | 1,078,705               | 11.8           | 1,038,122               | 14.3           | 3,144,           |
| Retained earnings   | 1,985,285               | 21.8           | 1,910,597               | 26.3           | 5,787,           |

|  |        |     |        |     |     |
|--|--------|-----|--------|-----|-----|
| Non-controlling interests in retained earnings | 22,262 | 0.2 | 28,895 | 0.4 | 78, |
|--|--------|-----|--------|-----|-----|

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

Bradesco \_\_\_\_\_

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

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**Consolidated Statement of Cash Flows - R\$ thousand**

|   | 3 <sup>rd</sup> Quarter | 2013<br>2 <sup>nd</sup> Quarter | September         | 2012<br>September |
|---|-------------------------|---------------------------------|-------------------|-------------------|
| <b>Cash flow from operating activities:</b>   |                         |                                 |                   |                   |
| <b>Net Income before income tax and social contribution</b>   | <b>4,587,070</b>        | <b>3,042,164</b>                | <b>12,324,521</b> | <b>11,749,742</b> |
| <b>Adjustments to net income before income tax and social contribution</b>  | <b>6,822,328</b>        | <b>5,952,793</b>                | <b>19,370,131</b> | <b>21,728,025</b> |
| Allowance for loan losses   | 3,260,373               | 3,607,925                       | 10,343,361        | 10,500,537        |
| Depreciation and amortization   | 710,277                 | 706,599                         | 2,140,815         | 2,028,827         |
| Expenses with civil, labor and tax provisions   | 829,836                 | 914,548                         | 3,005,756         | 2,846,728         |
| Expenses with adjustment for inflation and interest on technical reserves for insurance, pension plans and capitalization bonds | 1,923,706               | 840,150                         | 3,832,783         | 6,173,700         |
| Equity in the earnings (losses) of unconsolidated companies   | (2,007)                 | (11,888)                        | (17,227)          | (103,367)         |
| (Gain)/loss on sale of investments  | (30,205)                | (166,635)                       | (196,771)         | (33,419)          |
| (Gain)/loss on sale of fixed assets   | 5,241                   | 4,967                           | 16,994            | 6,992             |
| (Gain)/loss on sale of foreclosed assets  | 105,347                 | 48,031                          | 191,853           | 145,881           |
| Other   | 19,760                  | 9,096                           | 52,567            | 162,146           |
| <b>Adjusted net income before taxes</b>   | <b>11,409,398</b>       | <b>8,994,957</b>                | <b>31,694,652</b> | <b>33,477,767</b> |
| Decrease in interbank investments   | 19,875,882              | 102,958,517                     | 80,543,482        | 13,081,022        |
| (Increase)/decrease in trading securities and derivative financial instruments  | (17,675,342)            | 1,260,439                       | 12,857,048        | (5,515,055)       |
| (Increase)/decrease in interbank and interdepartmental accounts   | 266,625                 | 579,902                         | (1,700,737)       | (1,323,538)       |
| (Increase) in loan and leasing  | (8,153,457)             | (9,431,490)                     | (29,061,250)      | (23,144,554)      |
| (Increase) in insurance and reinsurance receivables and reinsurance assets – technical reserves                                 | (72,206)                | (244,076)                       | (823,638)         | (455,829)         |
| (Increase)/decrease in technical reserves for insurance, pension plans and capitalization bonds                                 | (188,904)               | 3,612,115                       | 5,503,462         | 7,980,762         |
| Increase/(decrease) in deferred income  | 15,121                  | 28,484                          | 18,548            | (51,938)          |
| (Increase) in other receivables and other assets  | (3,181,788)             | (5,227,708)                     | (5,713,047)       | (5,677,072)       |
| (Increase)/decrease in reserve requirement - Brazilian Central Bank   | 774,371                 | 18,382                          | (1,520,258)       | 16,988,347        |
| Increase/(decrease) in deposits   | 8,291,870               | 2,615,391                       | 4,919,871         | (4,554,626)       |
| Increase/(decrease) in federal funds purchased and securities sold under agreements to repurchase                               | (8,245,187)             | (14,220,000)                    | 2,988,781         | 48,089,391        |
| Increase in funds from issuance of securities   | 1,606,046               | 5,988,346                       | 4,067,349         | 12,288,049        |
| Increase/(decrease) in borrowings and onlending   | 2,185,814               | 2,911,743                       | 7,120,676         | (7,848,496)       |

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|  |                    |                     |                     |                     |
|--|--------------------|---------------------|---------------------|---------------------|
| Increase/(decrease) in other liabilities                                     | 1,824,483          | (809,084)           | (1,015,337)         | 8,719,902           |
| Income tax and social contribution paid                                      | (814,901)          | (794,197)           | (5,251,389)         | (5,241,759)         |
| <b>Net cash provided by/(used in) operating activities</b>                   | <b>7,917,825</b>   | <b>98,241,721</b>   | <b>104,628,211</b>  | <b>86,812,373</b>   |
| <b>Cash flow from investing activities:</b>                                  |                    |                     |                     |                     |
| (Purchases)/proceeds from held-to-maturity securities                        | (64,537)           | 217,907             | 125,426             | (592,086)           |
| Sale of/maturity of and interests on available-for-sale securities           | 17,991,837         | 6,689,094           | 45,950,770          | 82,470,195          |
| Proceeds from sale of foreclosed assets                                      | 170,783            | 128,631             | 375,394             | 140,562             |
| Sale of investments  | 39,212             | 196,375             | 237,647             | 130,964             |
| Proceeds from the sale of premises and equipment and operating leased assets | 92,159             | 128,471             | 356,457             | 328,133             |
| Purchases of available-for-sale securities                                   | (6,374,890)        | (21,348,433)        | (67,252,760)        | (121,800,183)       |
| Foreclosed asset acquisitions  | (460,577)          | (309,936)           | (989,142)           | (592,276)           |
| Investment acquisitions  | (8,829)            | (75,111)            | (85,271)            | (9,480)             |
| Premises and equipment and operating leased asset acquisitions               | (250,722)          | (231,470)           | (828,167)           | (1,209,325)         |
| Intangible asset acquisitions  | (299,091)          | (709,957)           | (2,022,311)         | (1,809,198)         |
| Dividends and interest on shareholders' equity received                      | 95,203             | 143,873             | 275,194             | 71,511              |
| <b>Net cash provided by/(used in) investing activities</b>                   | <b>10,930,548</b>  | <b>(15,170,556)</b> | <b>(23,856,763)</b> | <b>(42,871,183)</b> |
| <b>Cash flow from financing activities:</b>                                  |                    |                     |                     |                     |
| Increase/(decrease) in subordinated debts                                    | (86,783)           | 1,164,768           | 1,283,609           | 7,596,650           |
| Dividends and interest on shareholders' equity paid                          | (1,078,882)        | (241,354)           | (3,867,385)         | (3,520,120)         |
| Non-controlling interest   | (12,624)           | (51,495)            | (75,339)            | (83,245)            |
| Acquisition of own shares  | (64,948)           | -                   | (64,948)            | (14,192)            |
| <b>Net cash provided by/(used in) financing activities</b>                   | <b>(1,243,237)</b> | <b>871,919</b>      | <b>(2,724,063)</b>  | <b>3,979,093</b>    |
| <b>Net increase/(decrease) in cash and cash equivalents</b>                  | <b>17,605,136</b>  | <b>83,943,084</b>   | <b>78,047,385</b>   | <b>47,920,283</b>   |
| Cash and cash equivalents - at the beginning of the period                   | 107,997,318        | 24,054,234          | 47,555,069          | 36,860,152          |
| Cash and cash equivalents - at the end of the period                         | 125,602,454        | 107,997,318         | 125,602,454         | 84,780,435          |
| <b>Net increase/(decrease) in cash and cash equivalents</b>                  | <b>17,605,136</b>  | <b>83,943,084</b>   | <b>78,047,385</b>   | <b>47,920,283</b>   |

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

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Financial Statements, Independent Auditors' Report and Fiscal Council's Report**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 4595/64 (Brazilian Financial System Law) and 6404/76 (Brazilian Corporate Law), along with amendments introduced by Laws 11638/07 and 11941/09 relating to the accounting of operations, associated with rules and instructions of the National Monetary Council (CMN) and the Brazilian Central Bank (Bacen), Brazilian Securities and Exchange Commission (CVM), where applicable, National Private Insurance Council (CNSP), Insurance Superintendence (Susep) and National Supplementary Healthcare Agency (ANS). The financial statements of leasing companies included in the consolidated information were prepared using finance leases, whereby leased fixed assets are classified as operating leases less the residual value paid in advance.

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

The financial statements include estimates and assumptions, such as: the calculation of estimated loan losses; fair value estimates of certain financial instruments; civil, tax and labor provisions; impairment losses of securities classified as available-for-sale and held-to-maturity and non-financial assets; the calculation of technical reserves for insurance, pension plans and capitalization bonds; and the determination of the useful life of specific assets. Actual results may differ from those based on estimates and assumptions.

Bradesco's consolidated financial statements were approved by the Board of Directors on October 18, 2013.

Report on Economic and Financial Analysis – September 2013

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Financial Statements, Independent Auditors' Report and Fiscal Council's Report**Notes to the Consolidated Financial Statements**

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

|  | Activity               | Equity interest         |                    |     |
|--|------------------------|-------------------------|--------------------|-----|
|  |                        | 2013<br>September<br>30 | 2012<br>June<br>30 |     |
| <b>Financial Area - Brazil</b>                               |                        |                         |                    |     |
| Alvorada Cartões, Crédito, Financiamento e Investimento S.A. | Banking                | 100.00%                 | 100.00%            | 100 |
| Banco Alvorada S.A. (1)                                      | Banking                | 99.99%                  | 99.99%             | 99  |
| Banco Bradesco Financiamentos S.A.                           | Banking                | 100.00%                 | 100.00%            | 100 |
| Banco Bankpar S.A.   | Banking                | 100.00%                 | 100.00%            | 100 |
| Banco Bradesco BBI S.A.                                      | Investment bank        | 98.35%                  | 98.35%             | 98  |
| Banco Boavista Interatlântico S.A.                           | Banking                | 100.00%                 | 100.00%            | 100 |
| Bankpar Arrendamento Mercantil S.A.                          | Leasing                | 100.00%                 | 100.00%            | 100 |
| Banco Bradesco Cartões S.A.                                  | Cards                  | 100.00%                 | 100.00%            | 100 |
| Bradesco Administradora de Consórcios Ltda.                  | Consortium management  | 100.00%                 | 100.00%            | 100 |
| Banco Bradesco BERJ S.A. (2)                                 | Banking                | 100.00%                 | 100.00%            | 100 |
| Bradesco Leasing S.A. Arrendamento Mercantil                 | Leasing                | 100.00%                 | 100.00%            | 100 |
| Bradesco S.A. Corretora de Títulos e Valores Mobiliários     | Brokerage              | 100.00%                 | 100.00%            | 100 |
| BRAM - Bradesco Asset Management S.A. DTVM                   | Asset management       | 100.00%                 | 100.00%            | 100 |
| Ágora Corretora de Títulos e Valores Mobiliários S.A.        | Brokerage              | 100.00%                 | 100.00%            | 100 |
| Banco Bradescard S.A.  | Cards                  | 100.00%                 | 100.00%            | 100 |
| Cielo S.A. (3)   | Services               | 28.65%                  | 28.65%             | 28  |
| Cia. Brasileira de Soluções e Serviços - Alelo (3)           | Services               | 50.01%                  | 50.01%             | 50  |
| Tempo Serviços Ltda.   | Services               | 100.00%                 | 100.00%            | 100 |
| <b>Financial Area - Abroad</b>                               |                        |                         |                    |     |
| Banco Bradesco Argentina S.A.                                | Banking                | 99.99%                  | 99.99%             | 99  |
| Banco Bradesco Europa S.A.                                   | Banking                | 100.00%                 | 100.00%            | 100 |
| Banco Bradesco S.A. Grand Cayman Branch (4)                  | Banking                | 100.00%                 | 100.00%            | 100 |
| Banco Bradesco New York Branch                               | Banking                | 100.00%                 | 100.00%            | 100 |
| Bradesco Securities, Inc.                                    | Brokerage              | 100.00%                 | 100.00%            | 100 |
| Bradesco Securities, UK.                                     | Brokerage              | 100.00%                 | 100.00%            | 100 |
| <b>Insurance, Pension Plan and Capitalization Bond Area</b>  |                        |                         |                    |     |
| Atlântica Capitalização S.A. (5)                             | Capitalization bonds   | -                       | -                  | 0   |
| Bradesco Argentina de Seguros S.A.                           | Insurance              | 99.90%                  | 99.90%             | 99  |
| Bradesco Auto/RE Companhia de Seguros                        | Insurance              | 100.00%                 | 100.00%            | 100 |
| Bradesco Capitalização S.A.                                  | Capitalization bonds   | 100.00%                 | 100.00%            | 100 |
| Bradesco Saúde S.A.  | Insurance/health       | 100.00%                 | 100.00%            | 100 |
| Odontoprev S.A.  | Dental care            | 43.50%                  | 43.50%             | 43  |
| Bradesco Seguros S.A.  | Insurance              | 100.00%                 | 100.00%            | 100 |
| Bradesco Vida e Previdência S.A.                             | Pension plan/insurance | 100.00%                 | 100.00%            | 100 |
| Atlântica Companhia de Seguros                               | Insurance              | 100.00%                 | 100.00%            | 100 |

**Other Activities**

|  |                        |         |         |    |
|--|------------------------|---------|---------|----|
| Andorra Holdings S.A.                            | Holding                | 100.00% | 100.00% | 10 |
| Bradseg Participações S.A.                       | Holding                | 100.00% | 100.00% | 10 |
| Bradescor Corretora de Seguros Ltda.             | Insurance brokerage    | 100.00% | 100.00% | 10 |
| Bradesplan Participações Ltda.                   | Holding                | 100.00% | 100.00% | 10 |
| BSP Empreendimentos Imobiliários S.A.            | Real estate            | 100.00% | 100.00% | 10 |
| Cia. Securitizadora de Créditos Financeiros Rubi | Credit acquisition     | 100.00% | 100.00% | 10 |
| Columbus Holdings S.A.                           | Holding                | 100.00% | 100.00% | 10 |
| Nova Paiol Participações Ltda.                   | Holding                | 100.00% | 100.00% | 10 |
| Scopus Tecnologia Ltda.                          | Information technology | 100.00% | 100.00% | 10 |
| União Participações Ltda.                        | Holding                | 100.00% | 100.00% | 10 |

- (1) Increase in equity interest through share acquisition in February 2013;
- (2) Currently Banco Berj S.A.;
- (3) Company proportionally consolidated, pursuant to CMN Resolution 2723/00 and CVM Rule 247/96;
- (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) Company merged into Bradesco Capitalização in October 2012.

Bradesco \_\_\_\_\_

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

**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 losses 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/indorsements 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.

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., respectively. Reinsurance operations are recorded based on their financial records subject to analysis. 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 Rule 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 expired capitalization plans is recorded after the statute of limitation, under Article 206 of the Brazilian Civil Code. 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.

**Notes to the Consolidated Financial Statements**

**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 present an insignificant risk of change in fair value, that 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 market 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 market 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 and for 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 or available-for-sale, as well as derivative financial instruments, are recorded at their estimated fair value in the consolidated statement of financial position. The fair value is generally based on market prices or quotations for assets or liabilities with similar characteristics. If market prices are not available, fair values are based on traders' quotations, pricing models, discounted cash flows or similar techniques to determine the fair value and may require judgment or significant estimates by Management.

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

**f) Derivative financial instruments (assets and liabilities)**

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

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

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

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

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

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

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

Loans and leasing, advances on foreign exchange contracts and other receivables with credit characteristics are classified according to their corresponding levels of risk in compliance with: (i) the parameters established by CMN Resolution 2682/99, with nine levels of risk from "AA" (minimum risk) to "H" (maximum risk); and (ii) Management's level of risk assessment. 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 2682/99 is also considered to rate customer risk as follows:

| <b>Past-due period (1)</b> | <b>Customer rating</b> |
|----------------------------|------------------------|
| 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 2682/99.

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

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

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

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

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

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

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



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

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

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

Pursuant to Law 11941/09, changes in the criteria to recognize for revenue, costs and expenses included in the net income for the period, enacted by Law 11638/07 and by Articles 37 and 38 of Law 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, stated under the equity method of accounting.

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

Subsidiaries and jointly-controlled companies are consolidated, and a list of the main companies can be found in Note 2. A list of the unconsolidated companies, as well as other investments, is shown in Note 13.

#### **k) Premises and equipment**

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

Premises and equipment are stated at cost, net of the accumulated depreciation, calculated using the straight-line method according to the estimated economic useful life of the asset, as follows: premises - 4% p.a.; furniture and fixtures, machinery and equipment - 10% p.a.; transport systems - 20% p.a.; and data processing systems - 20% to 50% p.a., and adjusted for impairment, where 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.

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**Notes to the Consolidated Financial Statements**

**l) Intangible assets**

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

Intangible assets comprise:

- Future profitability/customer portfolio acquired and acquiring the right to provide banking services: is 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 reliably measure costs directly attributable to the software, which will be amortized during its estimated useful life, considering the future economic benefits generated.

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, when applicable, are presented in Note 15 (b and c).

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

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

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

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

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

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- The reserve for unvested benefits relating to the individual health care plan portfolio covers the holder's dependents for five years upon death, and it is calculated based on the time dependents are expected to remain in the plan up to the end of this five-year period; 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 already deceased, as provided for in ANS Normative Resolution 75/04;
  
- 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 other lines, 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 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 and related costs, such as loss adjustment expenses, loss of suit, among others. The reserve is adjusted for inflation and includes all claims under litigation;
  
- 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 statistic 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 authorized 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 portfolio, adopting the formula included in the actuarial technical note approved by ANS.
  
- Pension plans and life insurance covering survival:
  - The unrealized risk premiums (PPNG) is calculated on a daily prorated basis, using premiums net of coinsurance assignment, but including reinsurance transfer operations, is comprised of the portion corresponding to periods of risks not arising from insurance policies and includes an estimate for risks in effect but not issued (RVNE).
  
  - The mathematical reserve for unvested benefits (PMBaC) is recorded for participants who have not yet received any benefit. In defined benefit pension plans, the reserve represents the difference between the current value of future benefits and the current value of future contributions, corresponding to obligations in the form of retirement, disability, pension and annuity plans. The reserve is calculated using methodologies and assumptions set forth in the actuarial technical notes;



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**Notes to the Consolidated Financial Statements**

- 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 statistic 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 authorized by Susep. The improvement rate is calculated from automatic updates of the biometric table, considering the expected increase in future life expectancy;
- The reserve for related expenses (PDR) is recorded to cover estimated benefit and claims expenses;
- The reserve for financial surplus (PEF) corresponds to the portion of income from investment of reserves that exceeds minimum returns from pension plans that have a financial surplus in the participation clause;
- The reserve for technical surplus (PET) corresponds to the difference between the expected and the actual amounts for events in the period for pension plans that have a technical surplus in the participation clause;

- The reserve for incurred but not reported (IBNR) events, relating to pension plans, is recorded in compliance with Susep Circular Letter 448/12;
  
- The reserve for unsettled claims (PSL) considers all loss notices received up to the end of the reporting period and related costs, such as loss adjustment expenses, loss of suit, among others. The reserve is adjusted for inflation and includes all claims under litigation; and
  
- Other technical reserves (OTP) comprise the amounts required by Susep Circular Letter 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);
  
  - The complementary draw reserve (PCS) is recorded to cover possible insufficiency for payment of draw premiums; and

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- 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 3823/09 and CVM Resolution 594/09:

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

- Legal obligations - provision for tax risks: results from judicial proceedings, being contested on the grounds of legality or constitutionality, which, regardless of the assessment of the probability of success, are fully recognized in the financial statements.

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

**q) Funding expenses**

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

**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 from the end of the reporting period to the date they are authorized to be issued.



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**Notes to the Consolidated Financial Statements**

They comprise the following:

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

Except for the raise in salary levels, referring to the 2013 collective bargaining agreement, under item "personnel expenses", there were no subsequent events that need to be adjusted or disclosed for these consolidated financial statements as at September 30, 2013.

**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 September 30, 2013.

Financial Statements, Independent Auditors' Report and Fiscal Council's Report**Notes to the Consolidated Financial Statements****5) STATEMENT OF FINANCIAL POSITION AND INCOME STATEMENT ADJUSTED BY OPERATING SEGMENT****a) Statement of financial position**

|  | Financial (1) (2)  |                   | Insurance<br>(2)   |
|--|--------------------|-------------------|--------------------|
|  | Brazil             | Abroad            | Brazil             |
| <b>Assets</b>  |                    |                   |                    |
| <b>Current and long-term assets</b>  | <b>694,638,213</b> | <b>87,521,134</b> | <b>154,459,650</b> |
| Cash and due from banks  | 13,699,441         | 2,956,164         | 301,140            |
| Interbank investments  | 142,944,558        | 2,022,048         |                    |
| Securities and derivative financial instruments                            | 158,882,501        | 11,766,800        | 143,117,850        |
| Interbank and interdepartmental accounts                                   | 52,121,148         | -                 |                    |
| Loan and leasing   | 238,500,129        | 70,134,039        |                    |
| Other receivables and other assets   | 88,490,436         | 642,083           | 11,040,600         |
| <b>Permanent assets</b>  | <b>55,166,935</b>  | <b>39,607</b>     | <b>3,041,170</b>   |
| Investments  | 44,503,729         | -                 | 985,900            |
| Premises and equipment   | 3,472,842          | 14,595            | 857,300            |
| Intangible assets  | 7,190,364          | 25,012            | 1,197,800          |
| <b>Total on September 30, 2013</b>   | <b>749,805,148</b> | <b>87,560,741</b> | <b>157,500,800</b> |
| <b>Total on June 30, 2013</b>  | <b>744,706,198</b> | <b>90,148,233</b> | <b>155,703,100</b> |
| <b>Total on September 30, 2012</b>   | <b>712,501,683</b> | <b>83,680,470</b> | <b>145,737,650</b> |
| <b>Liabilities</b>   |                    |                   |                    |
| <b>Current and long-term liabilities</b>                                   | <b>681,267,624</b> | <b>61,519,236</b> | <b>141,547,400</b> |
| Deposits   | 190,432,503        | 27,025,327        |                    |
| Federal funds purchased and securities sold under agreements to repurchase | 256,415,961        | 2,205,428         |                    |
| Funds from issuance of securities  | 45,161,266         | 11,474,811        |                    |
| Interbank and interdepartmental accounts                                   | 4,803,711          | 1,646             |                    |
| Borrowing and onlending  | 83,019,959         | 10,358,172        |                    |
| Derivative financial instruments   | 3,119,416          | 118,396           |                    |
| Technical reserves from insurance, pension plans and capitalization bonds  | -                  | -                 | -133,552,500       |
| Other liabilities:   |                    |                   |                    |
| - Subordinated debts   | 26,573,764         | 9,561,559         |                    |
| - Other  | 71,741,044         | 773,897           | 7,994,800          |
| <b>Deferred income</b>   | <b>655,337</b>     | <b>-</b>          | <b>-</b>           |
| <b>Non-controlling interests in subsidiaries</b>                           | <b>848,795</b>     | <b>26,041,505</b> | <b>15,953,400</b>  |
| <b>Shareholders' equity</b>  | <b>67,033,392</b>  | <b>-</b>          | <b>-</b>           |
| <b>Total on September 30, 2013</b>   | <b>749,805,148</b> | <b>87,560,741</b> | <b>157,500,800</b> |
| <b>Total on June 30, 2013</b>  | <b>744,706,198</b> | <b>90,148,233</b> | <b>155,703,100</b> |

**Total on September 30, 2012**

**712,501,683,680,470,145,737,65**

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**Notes to the Consolidated Financial Statements**

**b) Income statement**

|   | Financial (1) (2) |                  | Insurance Group  |                | Other<br>Activities<br>(2) | Elimin<br>(4) |
|---|-------------------|------------------|------------------|----------------|----------------------------|---------------|
|   | Brazil            | Abroad           | (2) (3)          |                |                            |               |
|   |                   |                  | Brazil           | Abroad         |                            |               |
| Revenues from financial intermediation                  | 60,504,129        | 3,116,192        | 6,371,495        | -              | 34,393                     | (54)          |
| Expenses from financial intermediation                  | 41,674,330        | 1,196,723        | 3,832,783        | -              | -                          | (54)          |
| <b>Gross income from financial intermediation</b>       | <b>18,829,799</b> | <b>1,919,469</b> | <b>2,538,712</b> | <b>-</b>       | <b>34,393</b>              |               |
| Other operating income/expenses                         | (12,850,194)      | (170,106)        | 2,017,170        | (986)          | 92,143                     |               |
| <b>Operating income</b>                                 | <b>5,979,605</b>  | <b>1,749,363</b> | <b>4,555,882</b> | <b>(986)</b>   | <b>126,536</b>             |               |
| Non-operating income                                    | (56,731)          | 5,098            | (34,240)         | -              | (6)                        |               |
| <b>Income before taxes and non-controlling interest</b> | <b>5,922,874</b>  | <b>1,754,461</b> | <b>4,521,642</b> | <b>(986)</b>   | <b>126,530</b>             |               |
| Income tax and social contribution                      | (1,552,482)       | (13,047)         | (1,711,103)      | (441)          | (36,835)                   |               |
| Non-controlling interests in subsidiaries               | (8,465)           | -                | (70,226)         | -              | (94)                       |               |
| <b>Net income for September 30, 2013 YTD</b>            | <b>4,361,927</b>  | <b>1,741,414</b> | <b>2,740,313</b> | <b>(1,427)</b> | <b>89,601</b>              |               |
| <b>Net income for September 30, 2012 YTD</b>            | <b>5,526,296</b>  | <b>273,288</b>   | <b>2,622,914</b> | <b>(395)</b>   | <b>65,778</b>              |               |
| <b>Net income for the third quarter of 2013</b>         | <b>1,264,336</b>  | <b>883,319</b>   | <b>878,234</b>   | <b>(60)</b>    | <b>38,161</b>              |               |
| <b>Net income for the second quarter of 2013</b>        | <b>1,371,229</b>  | <b>631,323</b>   | <b>932,463</b>   | <b>(1,370)</b> | <b>15,074</b>              |               |

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

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

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

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

**6) CASH AND CASH EQUIVALENTS**

R\$ thousand

|  | 2013               |                    | 2012              |
|--|--------------------|--------------------|-------------------|
|  | September<br>30    | June 30            | September<br>30   |
| Cash and due from banks in domestic currency | 12,707,782         | 11,618,039         | 7,079,302         |
| Cash and due from banks in foreign currency  | 3,719,201          | 4,561,643          | 5,864,567         |
| Investments in gold                          | 99                 | 93                 | 122               |
| <b>Total cash and due from banks</b>         | <b>16,427,082</b>  | <b>16,179,775</b>  | <b>12,943,991</b> |
| Interbank investments (1)                    | 109,175,372        | 91,817,543         | 71,836,444        |
| <b>Total cash and cash equivalents</b>       | <b>125,602,454</b> | <b>107,997,318</b> | <b>84,780,435</b> |

(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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Financial Statements, Independent Auditors' Report and Fiscal Council's Report**Notes to the Consolidated Financial Statements****7) INTERBANK INVESTMENTS****a) Breakdown and maturity**

|   | <b>1 to 30<br/>days</b> |
|---|-------------------------|
| <b>Investments in federal funds purchased and securities sold under agreements to repurchase:</b> |                         |
| <b>Own portfolio position</b>   | <b>5,116,333</b>        |
| National treasury notes   | 1,768,697               |
| National treasury bills   | 3,322,044               |
| Other   | 25,592                  |
| <b>Funded position</b>  | <b>109,444,752</b>      |
| Financial treasury bills  | 58,097                  |
| National treasury notes   | 41,597,307              |
| National treasury bills   | 67,789,348              |
| <b>Short position</b>   | <b>4,726,095</b>        |
| National treasury bills   | 4,726,095               |
| <b>Subtotal</b>   | <b>119,287,178</b>      |
| <b>Interest-earning deposits in other banks:</b>  |                         |
| Interest-earning deposits in other banks  | 2,795,950               |
| Provision for losses  | (232)                   |
| <b>Subtotal</b>   | <b>2,795,718</b>        |
| <b>Total on September 30, 2013</b>  | <b>122,082,896</b>      |
| %   | 84.2                    |
| <b>Total on June 30, 2013</b>   | <b>126,416,867</b>      |
| %   | 85.8                    |
| <b>Total on September 30, 2012</b>  | <b>74,981,478</b>       |
| %   | 59.1                    |

**b) Income from interbank investments**

Classified in the income statement as income on securities transactions.

|  | 2013             |                  |                   | R\$ thousand     |
|--|------------------|------------------|-------------------|------------------|
|  | 3 <sup>rd</sup>  | 2 <sup>nd</sup>  | September         | 2012             |
|  | Quarter          | Quarter          | 30                | September        |
|  |                  |                  | YTD               | 30 YTD           |
| <b>Income from investments in purchase and sale commitments:</b> |                  |                  |                   |                  |
| • Own portfolio position   | 109,500          | 148,376          | 456,486           | 1,062,456        |
| • Funded position  | 2,450,207        | 1,943,522        | 6,476,098         | 4,583,974        |
| • Short position   | 1,680,803        | 2,470,294        | 5,169,337         | 804,927          |
| <b>Subtotal</b>  | <b>4,240,510</b> | <b>4,562,192</b> | <b>12,101,921</b> | <b>6,451,357</b> |
| <b>Income from interest-earning deposits in other banks</b>      | <b>87,379</b>    | <b>130,758</b>   | <b>344,347</b>    | <b>596,108</b>   |
| <b>Total (Note 8h)</b>   | <b>4,327,889</b> | <b>4,692,950</b> | <b>12,446,268</b> | <b>7,047,465</b> |

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

**Notes to the Consolidated Financial Statements**

**8) SECURITIES AND DERIVATIVE FINANCIAL INSTRUMENTS**

Information on securities and derivative financial instruments is as follows:

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

|  | Financial          |                   | 2013                                  |                  | September 30       | %            | June 30            | %            | Sep        |
|--|--------------------|-------------------|---------------------------------------|------------------|--------------------|--------------|--------------------|--------------|------------|
|  |                    |                   | Insurance/<br>capitalization<br>bonds | Pension<br>plans |                    |              |                    |              |            |
| <b>Trading securities</b>              | <b>63,392,756</b>  | <b>3,989,538</b>  | <b>49,103,288</b>                     | <b>722,186</b>   | <b>117,207,768</b> | <b>49.3</b>  | <b>108,837,466</b> | <b>44.9</b>  | <b>145</b> |
| - Government securities                | 21,081,353         | 1,429,412         | 9,508                                 | 480,692          | 23,000,965         | 9.7          | 20,575,819         | 8.5          | 67         |
| - Corporate securities                 | 39,003,040         | 2,560,126         | 730,609                               | 241,494          | 42,535,269         | 17.9         | 41,903,168         | 17.3         | 40         |
| - Derivative financial instruments (1) | 3,308,363          | -                 | -                                     | -                | 3,308,363          | 1.4          | 3,237,633          | 1.3          | 3          |
| - PGBL/VGBL restricted bonds           | -                  | -                 | 48,363,171                            | -                | 48,363,171         | 20.3         | 43,120,846         | 17.8         | 34         |
| <b>Available-for-sale securities</b>   | <b>76,691,110</b>  | <b>14,262,623</b> | <b>25,734,403</b>                     | <b>10,619</b>    | <b>116,698,755</b> | <b>49.1</b>  | <b>129,897,824</b> | <b>53.6</b>  | <b>92</b>  |
| - Government securities                | 57,208,984         | 12,686,811        | 24,071,907                            | -                | 93,967,702         | 39.5         | 108,401,488        | 44.7         | 71         |
| - Corporate securities                 | 19,482,126         | 1,575,812         | 1,662,496                             | 10,619           | 22,731,053         | 9.6          | 21,496,336         | 8.9          | 21         |
| <b>Held-to-maturity securities (4)</b> | <b>40,610</b>      | <b>-</b>          | <b>3,817,058</b>                      | <b>-</b>         | <b>3,857,668</b>   | <b>1.6</b>   | <b>3,793,131</b>   | <b>1.5</b>   | <b>3</b>   |
| - Government securities                | 40,610             | -                 | 3,817,058                             | -                | 3,857,668          | 1.6          | 3,793,131          | 1.5          | 3          |
| <b>Subtotal</b>                        | <b>140,124,476</b> | <b>18,252,161</b> | <b>78,654,749</b>                     | <b>732,805</b>   | <b>237,764,191</b> | <b>100.0</b> | <b>242,528,421</b> | <b>100.0</b> | <b>242</b> |
| Purchase and sale commitments (2)      | 29,647,098         | 3,747,796         | 42,446,801                            | 73,407           | 75,915,102         |              | 66,498,553         |              | 77         |
| <b>Overall total</b>                   | <b>169,771,574</b> | <b>21,999,957</b> | <b>121,101,550</b>                    | <b>806,212</b>   | <b>313,679,293</b> |              | <b>309,026,974</b> |              | <b>319</b> |
| - Government securities                | 78,330,947         | 14,116,223        | 27,898,473                            | 480,692          | 120,826,335        | 50.9         | 132,770,438        | 54.7         | 143        |
| - Corporate securities                 | 61,793,529         | 4,135,938         | 2,393,105                             | 252,113          | 68,574,685         | 28.8         | 66,637,137         | 27.5         | 64         |
| -                                      | -                  | -                 | 48,363,171                            | -                | 48,363,171         | 20.3         | 43,120,846         | 17.8         | 34         |

|                                      |                    |                   |                    |                    |                       |                    |                 |
|--------------------------------------|--------------------|-------------------|--------------------|--------------------|-----------------------|--------------------|-----------------|
| - PGBL/VGBL<br>restricted bonds      |                    |                   |                    |                    |                       |                    |                 |
| <b>Subtotal</b>                      | <b>140,124,476</b> | <b>18,252,161</b> | <b>78,654,749</b>  | <b>732,805,237</b> | <b>764,191,100.02</b> | <b>42,528,421</b>  | <b>100.0242</b> |
| Purchase and sale<br>commitments (2) | 29,647,098         | 3,747,796         | 42,446,801         | 73,407             | 75,915,102            | 66,498,553         | 77              |
| <b>Overall total</b>                 | <b>169,771,574</b> | <b>21,999,957</b> | <b>121,101,550</b> | <b>806,212,313</b> | <b>679,293</b>        | <b>309,026,974</b> | <b>319</b>      |

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Financial Statements, Independent Auditors' Report and Fiscal Council's Report**Notes to the Consolidated Financial Statements****b) Breakdown of the consolidated portfolio by issuer**

| Securities (3)                       | 2013              |                   |                    |                       |                    |                    | Original<br>amortized<br>cost | Mark- |
|--------------------------------------|-------------------|-------------------|--------------------|-----------------------|--------------------|--------------------|-------------------------------|-------|
|                                      | September 30      |                   |                    |                       | Fair/book<br>value | Mark-              |                               |       |
|                                      | 1 to 30<br>days   | 31 to 180<br>days | 181 to 360<br>days | More than<br>360 days |                    |                    |                               |       |
| <b>Government securities</b>         | <b>202,151</b>    | <b>725,898</b>    | <b>3,047,500</b>   | <b>116,850,786</b>    | <b>120,826,335</b> | <b>124,505,477</b> | (                             |       |
| Financial treasury bills             | 60,221            | 260,699           | 1,192,727          | 5,543,430             | 7,057,077          | 7,047,888          |                               |       |
| National treasury bills              | 90,321            | 380,825           | 400,388            | 22,465,515            | 23,337,049         | 24,281,005         |                               |       |
| National treasury notes              | -                 | 3,387             | 1,451,433          | 88,420,585            | 89,875,405         | 92,654,408         | (                             |       |
| Brazilian foreign debt notes         | 1,622             | -                 | 2,886              | 157,363               | 161,871            | 153,585            |                               |       |
| Privatization currencies             | -                 | -                 | -                  | 66,741                | 66,741             | 55,255             |                               |       |
| Other                                | 49,987            | 80,987            | 66                 | 197,152               | 328,192            | 313,336            |                               |       |
| <b>Corporate securities</b>          | <b>13,232,335</b> | <b>2,888,896</b>  | <b>2,707,941</b>   | <b>49,745,513</b>     | <b>68,574,685</b>  | <b>69,500,487</b>  | (                             |       |
| Bank deposit certificates            | 177,291           | 652,892           | 127,123            | 184,973               | 1,142,279          | 1,142,279          |                               |       |
| Shares                               | 4,168,851         | -                 | -                  | -                     | 4,168,851          | 4,990,944          |                               |       |
| Debentures                           | 34,096            | 736,646           | 1,804,060          | 30,316,564            | 32,891,366         | 32,994,054         |                               |       |
| Promissory notes                     | 151,751           | 579,111           | 170,997            | -                     | 901,859            | 904,492            |                               |       |
| Foreign corporate securities         | 155,420           | 121,212           | 16,316             | 8,414,974             | 8,707,922          | 9,019,510          |                               |       |
| Derivative financial instruments (1) | 1,982,515         | 384,860           | 182,445            | 758,543               | 3,308,363          | 3,048,002          |                               |       |
| Other                                | 6,562,411         | 414,175           | 407,000            | 10,070,459            | 17,454,045         | 17,401,206         |                               |       |
| <b>PGBL/VGBL restricted bonds</b>    | <b>3,366,623</b>  | <b>3,210,174</b>  | <b>6,937,314</b>   | <b>34,849,060</b>     | <b>48,363,171</b>  | <b>48,363,171</b>  | (                             |       |
| <b>Subtotal</b>                      | <b>16,801,109</b> | <b>6,824,968</b>  | <b>12,692,755</b>  | <b>201,445,359</b>    | <b>237,764,191</b> | <b>242,369,135</b> | (                             |       |
| Purchase and sale commitments (2)    | 75,883,508        | 23,068            | 649                | 7,877                 | 75,915,102         | 75,915,102         |                               |       |
| <b>Hedge - cash flow (Note 8g)</b>   | -                 | -                 | -                  | -                     | -                  | -                  | -                             |       |

**Overall total**

**92,684,6176,848,036 12,693,404201,453,236313,679,293318,284,237 (**



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

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

| Securities (3)  | September 30      |                  |                   |                    | Fair/ book value (5) (6) (7) | Or am              |
|---|-------------------|------------------|-------------------|--------------------|------------------------------|--------------------|
|   | 1 to 30 days      | 31 to 180 days   | 181 to 360 days   | More than 360 days |                              |                    |
| <b>- Financial</b>                                    | <b>7,379,525</b>  | <b>3,175,386</b> | <b>3,977,531</b>  | <b>48,860,314</b>  | <b>63,392,756</b>            | <b>63,392,756</b>  |
| National treasury bills                               | 11,562            | 309,049          | 281,048           | 3,781,379          | 4,383,038                    | 4,383,038          |
| Financial treasury bills                              | 55,483            | 137,015          | 750,469           | 3,859,951          | 4,802,918                    | 4,802,918          |
| Bank deposit certificates                             | 101,548           | 618,446          | 99,506            | 14,780             | 834,280                      | 834,280            |
| Derivative financial instruments (1)                  | 1,982,515         | 384,860          | 182,445           | 758,543            | 3,308,363                    | 3,308,363          |
| Debentures  | 29,356            | 700,848          | 1,452,999         | 26,419,607         | 28,602,810                   | 28,602,810         |
| Promissory notes                                      | 151,751           | 579,111          | 170,997           | -                  | 901,859                      | 901,859            |
| National treasury notes                               | -                 | 3,385            | 832,109           | 10,745,917         | 11,581,411                   | 11,581,411         |
| Other   | 5,047,310         | 442,672          | 207,958           | 3,280,137          | 8,978,077                    | 8,978,077          |
| <b>- Insurance companies and capitalization bonds</b> | <b>1,193,478</b>  | <b>56,620</b>    | <b>482,723</b>    | <b>2,256,717</b>   | <b>3,989,538</b>             | <b>3,989,538</b>   |
| Financial treasury bills                              | -                 | 8,278            | 304,765           | 1,085,443          | 1,398,486                    | 1,398,486          |
| National treasury bills                               | -                 | -                | 85                | 14,998             | 15,083                       | 15,083             |
| Bank deposit certificates                             | 2,907             | 7,270            | 15,677            | 101,656            | 127,510                      | 127,510            |
| National treasury notes                               | -                 | -                | 404               | 15,440             | 15,844                       | 15,844             |
| Debentures  | 804               | 1,086            | 5,178             | 120,813            | 127,881                      | 127,881            |
| Other   | 1,189,767         | 39,986           | 156,614           | 918,367            | 2,304,734                    | 2,304,734          |
| <b>- Pension plans</b>                                | <b>4,018,794</b>  | <b>3,212,971</b> | <b>6,940,681</b>  | <b>34,930,842</b>  | <b>49,103,288</b>            | <b>49,103,288</b>  |
| PGBL/VGBL restricted bonds                            | 3,366,623         | 3,210,174        | 6,937,314         | 34,849,060         | 48,363,171                   | 48,363,171         |
| Other   | 652,171           | 2,797            | 3,367             | 81,782             | 740,117                      | 740,117            |
| <b>- Other activities</b>                             | <b>176,163</b>    | <b>47,002</b>    | <b>69,876</b>     | <b>429,145</b>     | <b>722,186</b>               | <b>722,186</b>     |
| Financial treasury bills                              | 4,739             | 10,541           | 51,562            | 311,503            | 378,345                      | 378,345            |
| Bank deposit certificates                             | -                 | 27,155           | 11,729            | 398                | 39,282                       | 39,282             |
| National treasury bills                               | 78,758            | 3,332            | -                 | 20,257             | 102,347                      | 102,347            |
| Debentures  | 3,937             | 194              | 154               | 41,912             | 46,197                       | 46,197             |
| Other   | 88,729            | 5,780            | 6,431             | 55,075             | 156,015                      | 156,015            |
| <b>Subtotal</b>                                       | <b>12,767,961</b> | <b>6,491,978</b> | <b>11,470,811</b> | <b>86,477,018</b>  | <b>117,207,768</b>           | <b>117,207,768</b> |
| <b>Purchase and sale commitments (2)</b>              | <b>75,613,824</b> | <b>23,068</b>    | <b>649</b>        | <b>7,877</b>       | <b>75,645,418</b>            | <b>75,645,418</b>  |
| Financial/other                                       | 29,689,560        | 23,068           | -                 | 7,877              | 29,720,505                   | 29,720,505         |
| Insurance companies and capitalization bonds          | 3,672,990         | -                | 649               | -                  | 3,673,639                    | 3,673,639          |
| Pension plans   | <b>42,251,274</b> | -                | -                 | -                  | <b>42,251,274</b>            | <b>42,251,274</b>  |
| - PGBL/VGBL   | 40,375,123        | -                | -                 | -                  | 40,375,123                   | 40,375,123         |
| - Funds   | 1,876,151         | -                | -                 | -                  | 1,876,151                    | 1,876,151          |

Overall total

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|   |                    |                  |                   |                   |                    |                    |
|---|--------------------|------------------|-------------------|-------------------|--------------------|--------------------|
| <b>Overall total</b>                                  | <b>88,381,785</b>  | <b>6,515,046</b> | <b>11,471,460</b> | <b>86,484,895</b> | <b>192,853,186</b> | <b>192,853,186</b> |
| <b>Derivative financial instruments (liabilities)</b> | <b>(1,902,226)</b> | <b>(325,786)</b> | <b>(155,229)</b>  | <b>(854,494)</b>  | <b>(3,237,735)</b> | <b>(2,633,500)</b> |

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Financial Statements, Independent Auditors' Report and Fiscal Council's Report**Notes to the Consolidated Financial Statements****II) Available-for-sale securities**

| Securities (3)  | September 30     |                |                  |                    | 2013                         |                         |
|---|------------------|----------------|------------------|--------------------|------------------------------|-------------------------|
|   | 1 to 30 days     | 31 to 180 days | 181 to 360 days  | More than 360 days | Fair/ book value (5) (6) (7) | Original amortized cost |
| <b>- Financial</b>                                    | <b>1,016,941</b> | <b>259,774</b> | <b>552,216</b>   | <b>74,862,179</b>  | <b>76,691,110</b>            | <b>80,868</b>           |
| National treasury bills                               | -                | 68,444         | 119,256          | 18,648,881         | 18,836,581                   | 19,777                  |
| Brazilian foreign debt securities                     | 863              | -              | 2,886            | 117,512            | 121,261                      | 112                     |
| Foreign corporate securities                          | 155,053          | 112,192        | 16,316           | 8,414,270          | 8,697,831                    | 9,009                   |
| National treasury notes                               | -                | -              | -                | 37,762,992         | 37,762,992                   | 40,595                  |
| Financial treasury bills                              | -                | 63,372         | 60,660           | 283,189            | 407,221                      | 407                     |
| Bank deposit certificates                             | 67,118           | 22             | 210              | 68,140             | 135,490                      | 135                     |
| Debentures  | -                | -              | 316,823          | 3,569,544          | 3,886,367                    | 3,905                   |
| Shares  | 793,329          | -              | -                | -                  | 793,329                      | 98                      |
| Other   | 578              | 15,744         | 36,065           | 5,997,651          | 6,050,038                    | 5,949                   |
| <b>- Insurance companies and capitalization bonds</b> | <b>1,469,548</b> | <b>34,519</b>  | <b>640,503</b>   | <b>12,118,053</b>  | <b>14,262,623</b>            | <b>15,829</b>           |
| National treasury notes                               | -                | -              | 618,919          | 12,064,934         | 12,683,853                   | 14,100                  |
| Shares  | 1,459,079        | -              | -                | -                  | 1,459,079                    | 1,610                   |
| Debentures  | -                | 34,519         | 18,646           | 47,731             | 100,896                      | 83                      |
| Other   | 10,469           | -              | 2,938            | 5,388              | 18,795                       | 35                      |
| <b>- Pension plans</b>                                | <b>1,535,281</b> | <b>38,697</b>  | <b>29,225</b>    | <b>24,131,200</b>  | <b>25,734,403</b>            | <b>24,632</b>           |
| Shares  | 1,521,974        | -              | -                | -                  | 1,521,974                    | 2,004                   |
| National treasury notes                               | -                | -              | -                | 24,014,245         | 24,014,245                   | 22,439                  |
| Debentures  | -                | -              | 10,260           | 116,955            | 127,215                      | 114                     |
| Other   | 13,307           | 38,697         | 18,965           | -                  | 70,969                       | 74                      |
| <b>- Other activities</b>                             | <b>10,619</b>    | <b>-</b>       | <b>-</b>         | <b>-</b>           | <b>10,619</b>                | <b>5</b>                |
| Bank deposit certificates                             | 5,717            | -              | -                | -                  | 5,717                        | 5                       |
| Other   | 4,902            | -              | -                | -                  | 4,902                        | -                       |
| <b>Subtotal</b>                                       | <b>4,032,389</b> | <b>332,990</b> | <b>1,221,944</b> | <b>111,111,432</b> | <b>116,698,755</b>           | <b>121,336</b>          |

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Overall total

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**Notes to the Consolidated Financial Statements**

| Securities (3)                               | September 30     |                |                  |                    | 2013                         |                         |
|--|------------------|----------------|------------------|--------------------|------------------------------|-------------------------|
|  | 1 to 30 days     | 31 to 180 days | 181 to 360 days  | More than 360 days | Fair/ book value (5) (6) (7) | Original amortized cost |
| <b>Purchase and sale commitments (2)</b>     | <b>269,684</b>   | -              | -                | -                  | <b>269,684</b>               | <b>269,684</b>          |
| Insurance companies and capitalization bonds | 74,157           | -              | -                | -                  | 74,157                       | 74,157                  |
| Pension plans                                | 195,527          | -              | -                | -                  | 195,527                      | 195,527                 |
| <b>Subtotal</b>                              | <b>4,302,073</b> | <b>332,990</b> | <b>1,221,944</b> | <b>111,111,432</b> | <b>116,968,439</b>           | <b>121,606,258</b>      |
| Hedge - cash flow (Note 8g)                  | -                | -              | -                | -                  | -                            | -                       |
| <b>Overall total</b>                         | <b>4,302,073</b> | <b>332,990</b> | <b>1,221,944</b> | <b>111,111,432</b> | <b>116,968,439</b>           | <b>121,606,258</b>      |

**III) Held-to-maturity securities**

| Securities (3)               | 2013         |                |                 |                    | R\$ thousand 2012               |                                 |                                 |
|------------------------------|--------------|----------------|-----------------|--------------------|---------------------------------|---------------------------------|---------------------------------|
|                              | September 30 |                | June 30         |                    | September 30                    |                                 |                                 |
|                              | 1 to 30 days | 31 to 180 days | 181 to 360 days | More than 360 days | Original amortized cost (5) (6) | Original amortized cost (5) (6) | Original amortized cost (5) (6) |
| <b>Financial</b>             | -            | -              | -               | <b>40,610</b>      | <b>40,610</b>                   | <b>46,086</b>                   | <b>327,604</b>                  |
| Brazilian foreign debt notes | -            | -              | -               | 40,610             | 40,610                          | 46,086                          | 327,604                         |
| <b>Pension plans</b>         | -            | -              | -               | <b>-3,817,058</b>  | <b>3,817,058</b>                | <b>3,747,045</b>                | <b>3,611,404</b>                |
| National treasury notes      | -            | -              | -               | -3,817,058         | 3,817,058                       | 3,747,045                       | 3,611,404                       |
| <b>Overall total (4)</b>     | -            | -              | -               | <b>-3,857,668</b>  | <b>3,857,668</b>                | <b>3,793,131</b>                | <b>3,939,008</b>                |

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Financial Statements, Independent Auditors' Report and Fiscal Council's Report**Notes to the Consolidated Financial Statements****d) Breakdown of the portfolios by financial statement classification**

| Securities                                     | 2013              |                   |                    |                       | Total<br>Sept 30<br>(3) |
|--|-------------------|-------------------|--------------------|-----------------------|-------------------------|
|  | 1 to 30<br>days   | 31 to 180<br>days | 181 to 360<br>days | More than<br>360 days |                         |
| <b>Own portfolio</b>                           | <b>90,515,330</b> | <b>5,932,642</b>  | <b>10,913,179</b>  | <b>125,769,246</b>    | <b>233,1</b>            |
| <b>Fixed income securities</b>                 | <b>86,346,479</b> | <b>5,932,642</b>  | <b>10,913,179</b>  | <b>125,769,246</b>    | <b>228,9</b>            |
| Financial treasury bills                       | 60,221            | 161,433           | 993,108            | 3,566,231             | 4,7                     |
| National treasury notes                        | -                 | -                 | 619,761            | 39,920,643            | 40,5                    |
| Brazilian foreign debt securities              | 1,478             | -                 | 2,886              | 143,768               | 1                       |
| Bank deposit certificates                      | 177,291           | 652,892           | 127,123            | 184,973               | 1,1                     |
| National treasury bills                        | 90,321            | 3,881             | 4,893              | 277,819               | 3                       |
| Foreign corporate securities                   | 120,546           | 121,212           | 16,316             | 6,234,700             | 6,4                     |
| Debentures                                     | 34,096            | 736,646           | 1,804,060          | 30,316,564            | 32,8                    |
| Purchase and sale commitments (2)              | 75,883,508        | 23,068            | 649                | 7,877                 | 75,9                    |
| PGBL/VGBL restricted bonds                     | 3,366,623         | 3,210,174         | 6,937,314          | 34,849,060            | 48,3                    |
| Other  | 6,612,395         | 1,023,336         | 407,069            | 10,267,611            | 18,3                    |
| <b>Equity securities</b>                       | <b>4,168,851</b>  | -                 | -                  | -                     | <b>4,1</b>              |
| Shares of listed companies (technical reserve) | 1,720,257         | -                 | -                  | -                     | 1,7                     |
| Shares of listed companies (other)             | 2,448,594         | -                 | -                  | -                     | 2,4                     |
| <b>Restricted securities</b>                   | <b>186,628</b>    | <b>530,534</b>    | <b>1,597,780</b>   | <b>74,308,347</b>     | <b>76,6</b>             |
| <b>Repurchase agreements</b>                   | <b>186,628</b>    | <b>467,162</b>    | <b>1,408,379</b>   | <b>68,676,568</b>     | <b>70,7</b>             |
| National treasury bills                        | -                 | 376,944           | 395,495            | 18,112,458            | 18,8                    |
| Brazilian foreign debt securities              | -                 | -                 | -                  | 13,739                | -                       |
| Financial treasury bills                       | -                 | 35,894            | 10,218             | 472,795               | 5                       |
| National treasury notes                        | -                 | 3,373             | 831,672            | 47,897,302            | 48,7                    |
| Foreign corporate securities                   | 34,874            | -                 | -                  | 2,180,274             | 2,2                     |
| Promissory notes                               | 151,754           | 50,951            | 170,994            | -                     | 3                       |
| <b>Brazilian Central Bank</b>                  | -                 | -                 | -                  | -                     | -                       |
| • National treasury notes                      | -                 | -                 | -                  | -                     | -                       |
| <b>Privatization currencies</b>                | -                 | -                 | -                  | <b>66,741</b>         | -                       |
| <b>Guarantees provided</b>                     | -                 | <b>63,372</b>     | <b>189,401</b>     | <b>5,565,038</b>      | <b>5,8</b>              |
| National treasury bills                        | -                 | -                 | -                  | 3,457,994             | 3,4                     |
| Financial treasury bills                       | -                 | 63,372            | 189,401            | 1,504,404             | 1,7                     |

Overall total

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|   |                   |                  |                   |                    |              |
|---|-------------------|------------------|-------------------|--------------------|--------------|
| National treasury notes   | -                 | -                | -                 | 602,640            | 6            |
| <b>Derivative financial instruments (1)</b>                     | <b>1,982,515</b>  | <b>384,860</b>   | <b>182,445</b>    | <b>758,543</b>     | <b>3,3</b>   |
| <b>Securities subject to unrestricted repurchase agreements</b> | -                 | -                | -                 | <b>617,244</b>     | <b>6</b>     |
| National treasury bills   | -                 | -                | -                 | 617,244            | 6            |
| Financial treasury bills  | -                 | -                | -                 | -                  | -            |
| <b>Overall total</b>  | <b>92,684,473</b> | <b>6,848,036</b> | <b>12,693,404</b> | <b>201,453,380</b> | <b>313,6</b> |
| <b>%</b>  | <b>29.5</b>       | <b>2.2</b>       | <b>4.0</b>        | <b>64.3</b>        |              |

(1) Consistent with the criterion adopted by Bacen Circular Letter 3068/01 and due to the characteristics of the securities, we are considering the derivative financial instruments, except those considered as cash flow hedges under the category Trading Securities;

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

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

(4) In compliance with Article 8 of Bacen Circular Letter 3068/01, Bradesco declares that it has financial capacity and intention to maintain held-to-maturity securities up to their maturity dates. This financial capacity is proven in Note 32a, which presents the maturity of asset and liability operations;

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

(6) This column reflects book value after mark-to-market in accordance with item (7), except for held-to-maturity instruments, whose market value is higher than the original amortized cost for the amount of R\$1,753,311 thousand (R\$1,834,739 thousand on June 30, 2013 and R\$2,484,697 thousand on September 30, 2012); and

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

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**Notes to the Consolidated Financial Statements**

**e) Derivative financial instruments**

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

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

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

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

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

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

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Financial Statements, Independent Auditors' Report and Fiscal Council's Report**Notes to the Consolidated Financial Statements****l) Amount of derivative financial instruments recorded in balance sheet and off-balance-sheet accounts**

|                                | 2013               |             | 2012               |             | 2011               |
|--------------------------------|--------------------|-------------|--------------------|-------------|--------------------|
|                                | September 30       | June 30     | September 30       | June 30     |                    |
|                                | Overall amount     | Net amount  | Overall amount     | Net amount  | Overall amount     |
| <b>Futures contracts</b>       |                    |             |                    |             |                    |
| <b>Purchase commitments:</b>   | <b>145,560,495</b> |             | <b>196,616,218</b> |             | <b>88,984,070</b>  |
| - Interbank market             | 136,868,520        | -           | 185,532,147        | -           | 75,350,210         |
| - Foreign currency             | 8,615,349          | -           | 11,034,161         | -           | 13,602,490         |
| - Other                        | 76,626             | -           | 49,910             | -           | 31,370             |
| <b>Sale commitments:</b>       | <b>287,122,209</b> |             | <b>341,422,889</b> |             | <b>454,440,250</b> |
| - Interbank market (1)         | 251,479,293        | 114,610,773 | 297,055,555        | 111,523,408 | 414,762,920        |
| - Foreign currency (2)         | 35,526,825         | 26,911,476  | 44,218,058         | 33,183,897  | 38,369,030         |
| - Other                        | 116,091            | 39,465      | 149,276            | 99,366      | 1,308,290          |
| <b>Option contracts</b>        |                    |             |                    |             |                    |
| <b>Purchase commitments:</b>   | <b>186,569,850</b> |             | <b>90,312,574</b>  |             | <b>56,582,440</b>  |
| - Interbank market             | 184,029,021        | -           | 89,252,700         | -           | 55,513,690         |
| - Foreign currency             | 1,985,187          | -           | 548,201            | -           | 461,030            |
| - Other                        | 555,642            | 220,557     | 511,673            | 141,128     | 607,710            |
| <b>Sale commitments:</b>       | <b>201,396,028</b> |             | <b>96,395,214</b>  |             | <b>74,550,850</b>  |
| - Interbank market             | 198,260,255        | 14,231,234  | 94,879,622         | 5,626,922   | 73,062,910         |
| - Foreign currency             | 2,800,688          | 815,501     | 1,145,047          | 596,846     | 527,170            |
| - Other                        | 335,085            | -           | 370,545            | -           | 960,760            |
| <b>Forward contracts</b>       |                    |             |                    |             |                    |
| <b>Purchase commitments:</b>   | <b>15,107,686</b>  |             | <b>23,085,324</b>  |             | <b>28,500,270</b>  |
| - Foreign currency             | 14,388,071         | 6,085,234   | 22,605,990         | 11,547,741  | 27,678,800         |
| - Other                        | 719,615            | -           | 479,334            | -           | 821,470            |
| <b>Sale commitments:</b>       | <b>9,307,402</b>   |             | <b>11,539,330</b>  |             | <b>10,403,610</b>  |
| - Foreign currency             | 8,302,837          | -           | 11,058,249         | -           | 8,392,040          |
| - Other                        | 1,004,565          | 284,950     | 481,081            | 1,747       | 2,011,570          |
| <b>Swap contracts</b>          |                    |             |                    |             |                    |
| <b>Assets (long position):</b> | <b>62,720,276</b>  |             | <b>46,696,235</b>  |             | <b>35,514,480</b>  |

Overall total

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|  |                   |           |                   |           |                  |
|--|-------------------|-----------|-------------------|-----------|------------------|
| - Interbank market                     | 10,774,736        | 667,087   | 10,671,693        | 1,843,102 | 7,622,94         |
| - Fixed rate                           | 4,548,907         | 1,380,945 | 4,087,314         | 1,326,802 | 3,935,34         |
| - Foreign currency (3)                 | 24,814,187        | -         | 24,296,479        | -         | 21,092,59        |
| - General Price Index - Market (IGP-M) | 1,308,023         | -         | 1,206,371         | -         | 943,35           |
| - Other                                | 21,274,423        | -         | 6,434,378         | -         | 1,920,25         |
| <b>Liabilities (short position):</b>   | <b>62,623,437</b> |           | <b>46,250,410</b> |           | <b>35,699,78</b> |
| - Interbank market                     | 10,107,649        | -         | 8,828,591         | -         | 7,658,65         |
| - Fixed rate                           | 3,167,962         | -         | 2,760,512         | -         | 1,871,06         |
| - Foreign currency (3)                 | 25,227,009        | 412,822   | 25,827,340        | 1,530,861 | 21,528,93        |
| - IGP-M                                | 2,369,528         | 1,061,505 | 2,335,778         | 1,129,407 | 2,391,72         |
| - Other                                | 21,751,289        | 476,866   | 6,498,189         | 63,811    | 2,249,41         |

Derivatives include operations maturing in D+1.

(1) Includes cash flow hedges to protect CDI-related funding, for the amount of R\$21,603,443 thousand (R\$17,479,586 thousand on June 30, 2013 and R\$28,790,922 thousand on September 30, 2012) (Note 8g);

(2) Includes specific hedges to protect foreign investments totaling R\$26,289,036 thousand (R\$25,216,431 thousand on June 30, 2013 and R\$22,434,605 thousand on September 30, 2012); and

(3) Includes credit derivative operations (Note 8f).

To obtain greater payment assurance for operations with financial institutions and customers, Bradesco established compensation and settlement agreements for liabilities within the National Financial System, in accordance with CMN Resolution 3263/05.

Bradesco \_\_\_\_\_

Financial Statements, Independent Auditors' Report and Fiscal Council's Report**Notes to the Consolidated Financial Statements****II) Breakdown of derivative financial instruments (assets and liabilities) shown at original amortized cost and market value**

|                                 | 2013                          |                              |                    |                               |                              |                    |
|---------------------------------|-------------------------------|------------------------------|--------------------|-------------------------------|------------------------------|--------------------|
|                                 | September 30                  |                              | June 30            |                               |                              |                    |
|                                 | Original<br>amortized<br>cost | Mark-to-market<br>adjustment | Market<br>value    | Original<br>amortized<br>cost | Mark-to-market<br>adjustment | Market<br>value    |
| Adjustment receivables - swaps  | 1,222,623                     | 253,531                      | 1,476,154          | 1,253,464                     | 408,380                      | 1,661,844          |
| Receivable forward purchases    | 854,312                       | -                            | 854,312            | 1,135,483                     | -                            | 1,135,483          |
| Receivable forward sales        | 817,905                       | -                            | 817,905            | 395,778                       | -                            | 395,778            |
| Premiums on exercisable options | 153,162                       | 6,830                        | 159,992            | 46,887                        | (2,359)                      | 44,528             |
| <b>Total assets</b>             | <b>3,048,002</b>              | <b>260,361</b>               | <b>3,308,363</b>   | <b>2,831,612</b>              | <b>406,021</b>               | <b>3,237,633</b>   |
| Adjustment payables - swaps     | (830,172)                     | (549,067)                    | (1,379,239)        | (928,184)                     | (287,835)                    | (1,216,019)        |
| Payable forward purchases       | (686,504)                     | -                            | (686,504)          | (385,462)                     | -                            | (385,462)          |
| Payable forward sales           | (933,726)                     | -                            | (933,726)          | (1,423,146)                   | -                            | (1,423,146)        |
| Premiums on written options     | (220,785)                     | (17,481)                     | (238,266)          | (109,785)                     | (6,161)                      | (115,946)          |
| <b>Total liabilities</b>        | <b>(2,671,187)</b>            | <b>(566,548)</b>             | <b>(3,237,735)</b> | <b>(2,846,577)</b>            | <b>(293,996)</b>             | <b>(3,140,573)</b> |

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

|                                    | 2013               |                    |                    |                       |                             |                     |                        | R\$ tho       |
|------------------------------------|--------------------|--------------------|--------------------|-----------------------|-----------------------------|---------------------|------------------------|---------------|
|                                    | 1 to 90<br>days    | 91 to 180<br>days  | 181 to 360<br>days | More than<br>360 days | Total on<br>September<br>30 | Total on<br>June 30 | Total on<br>Sept<br>30 | 2012<br>Total |
| Futures contracts                  | 54,128,397         | 177,170,586        | 99,010,261         | 102,373,460           | 432,682,704                 | 538,039,107         | 543,42                 |               |
| Option contracts                   | 17,569,114         | 369,416,359        | 348,201            | 632,204               | 387,965,878                 | 186,707,788         | 131,13                 |               |
| Forward contracts                  | 15,098,611         | 2,857,171          | 3,585,231          | 2,874,075             | 24,415,088                  | 34,624,654          | 38,90                  |               |
| Swap contracts                     | 16,075,649         | 25,673,123         | 5,338,035          | 14,157,315            | 61,244,122                  | 45,034,391          | 34,63                  |               |
| <b>Total on September 30, 2013</b> | <b>102,871,771</b> | <b>575,117,239</b> | <b>108,281,728</b> | <b>120,037,054</b>    | <b>906,307,792</b>          |                     |                        |               |
| <b>Total on June 30, 2013</b>      | <b>226,219,873</b> | <b>49,004,397</b>  | <b>341,874,692</b> | <b>187,306,978</b>    |                             | <b>804,405,940</b>  |                        |               |
| <b>Total on September 30, 2012</b> | <b>102,965,890</b> | <b>472,798,520</b> | <b>20,440,962</b>  | <b>151,895,092</b>    |                             |                     |                        | <b>748,10</b> |

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Financial Statements, Independent Auditors' Report and Fiscal Council's Report**Notes to the Consolidated Financial Statements****IV) Types of margin offered for guarantee for derivative financial instruments, mainly futures contracts**

|                              | 2013             |                  | R\$ thousand<br>2012 |
|------------------------------|------------------|------------------|----------------------|
|                              | September 30     | June 30          | September 30         |
| <b>Government securities</b> |                  |                  |                      |
| National treasury notes      | 572,424          | 691,568          | 3,126,530            |
| Financial treasury bills     | 5,999            | 7,837            | 35,374               |
| National treasury bills      | 2,316,774        | 6,477,872        | 2,716,542            |
| <b>Total</b>                 | <b>2,895,197</b> | <b>7,177,277</b> | <b>5,878,446</b>     |

**V) Revenues and expenses, net**

|  | 2013                       |                         |                    | R\$ thousand<br>2012 |
|--|----------------------------|-------------------------|--------------------|----------------------|
|  | 3 <sup>rd</sup><br>Quarter | 2 <sup>nd</sup> Quarter | September 30 YTD   | September<br>30 YTD  |
| Swap contracts                                   | (882,053)                  | 484,777                 | (286,376)          | (645,234)            |
| Forward contracts                                | 532,263                    | 345,224                 | 819,776            | 132,795              |
| Option contracts                                 | 26,802                     | (54,220)                | (240,322)          | 54,464               |
| Futures contracts                                | 228,066                    | (2,475,372)             | (2,204,447)        | (2,058,213)          |
| Foreign exchange variation of investments abroad | 27,872                     | 252,926                 | 240,480            | 294,006              |
| <b>Total</b>                                     | <b>(67,050)</b>            | <b>(1,446,665)</b>      | <b>(1,670,889)</b> | <b>(2,222,182)</b>   |

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

|                              | 2013         |             | R\$ thousand<br>2012 |
|------------------------------|--------------|-------------|----------------------|
|                              | September 30 | June 30     | September 30         |
| Cetip (over-the-counter)     | 63,502,069   | 51,097,837  | 49,209,296           |
| BM&FBOVESPA (stock exchange) | 806,538,208  | 707,114,043 | 660,123,142          |

Overall total

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|                               |                    |                    |                    |
|-------------------------------|--------------------|--------------------|--------------------|
| Abroad (over-the-counter) (1) | 23,954,215         | 30,006,844         | 25,667,435         |
| Abroad (stock exchange) (1)   | 12,313,300         | 16,187,216         | 13,100,591         |
| <b>Total</b>                  | <b>906,307,792</b> | <b>804,405,940</b> | <b>748,100,464</b> |

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

A total of 96.0% of counterparties are corporate entities and 4.0% are financial institutions on September 30, 2013.

Bradesco \_\_\_\_\_



Financial Statements, Independent Auditors' Report and Fiscal Council's Report**Notes to the Consolidated Financial Statements****f) Credit Default Swaps (CDS)**

In general, these represent bilateral agreements in which one of the parties purchases protection against the credit risk of a certain financial instrument (the risk is transferred). The selling counterparty receives remuneration that is usually paid linearly over the term of the agreement.

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

Bradesco carried out operations involving credit derivatives to better manage its risk exposure and its assets. As at September 30, 2013, it did not have credit derivative agreements.

**g) Cash flow hedge**

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

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

|   | 2013            |            | R\$ thousand<br>2012 |
|---|-----------------|------------|----------------------|
|   | September<br>30 | June 30    | September 30         |
| DI Future with maturity between 2014 and 2017                 | 21,603,443      | 17,479,586 | 28,790,922           |
| Funding indexed to CDI  | 21,540,722      | 17,170,617 | 27,387,491           |
| Mark-to-market adjustment recorded in shareholders' equity(1) | (48,089)        | (7,045)    | (687,346)            |
| Ineffective market value recorded in profit or loss           | -               | -          | (56)                 |

(1) The adjustment in shareholders' equity is R\$(28,853) thousand, net of taxes (R\$(4,227) thousand on June 30, 2013 and R\$(412,408) thousand on September 30, 2012).

The effectiveness of the hedge portfolio was assessed in accordance with Bacen Circular Letter 3082/02.

Overall total

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

|   | 2013              |                  |                        |
|---|-------------------|------------------|------------------------|
|   | 3 <sup>rd</sup>   | 2 <sup>nd</sup>  | September 30 YTD Septe |
|   | Quarter           | Quarter          |                        |
| Fixed income securities                                       | 3,217,950         | 3,166,415        | 8,896,271              |
| Interbank investments (Note 7b)                               | 4,327,889         | 4,692,950        | 12,446,268             |
| Equity securities   | (3,500)           | 101,520          | 21,965                 |
| <b>Subtotal</b>   | <b>7,542,339</b>  | <b>7,960,885</b> | <b>21,364,504</b>      |
| Income from insurance, pension plans and capitalization bonds | 2,624,719         | 1,685,479        | 6,371,102              |
| Income from derivative financial instruments (Note 8e V)      | (67,050)          | (1,446,665)      | (1,670,889)            |
| <b>Total</b>  | <b>10,100,008</b> | <b>8,199,699</b> | <b>26,064,717</b>      |

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Financial Statements, Independent Auditors' Report and Fiscal Council's Report**Notes to the Consolidated Financial Statements****9) INTERBANK ACCOUNTS - RESERVE REQUIREMENT****a) Reserve requirement**

|   | Remuneration       | 2013              |                   | R\$ thousand      |
|---|--------------------|-------------------|-------------------|-------------------|
|   |                    | September 30      | June 30           | 2012              |
| Reserve requirement - demand deposits               | not remunerated    | 7,309,622         | 7,467,661         | 8,870,317         |
| Reserve requirement - savings deposits              | savings index      | 15,264,221        | 14,387,520        | 13,033,171        |
| Reserve requirement – time deposits                 | Selic rate         | 9,173,472         | 10,533,404        | 10,716,404        |
| Collection of funds from rural loan (1)             | not remunerated    | -                 | 536               | 536               |
| Additional reserve requirement                      | Selic rate         | 17,725,360        | 17,857,925        | 21,601,998        |
| • Savings deposits                                  |                    | 7,625,238         | 7,191,501         | 6,514,531         |
| • Demand deposits                                   |                    | -                 | -                 | 2,125,655         |
| • Time deposits                                     |                    | 10,100,122        | 10,666,424        | 12,961,792        |
| Reserve requirement - National Housing System (SFH) | TR + interest rate | 579,879           | 572,041           | 551,300           |
| Funds from rural loan                               | not remunerated    | 578               | 578               | 578               |
| <b>Total (2)</b>                                    |                    | <b>50,053,132</b> | <b>50,819,665</b> | <b>54,774,295</b> |

(1) Pursuant to Bacen Circular Letter 3460/09, the banks must collect funds from rural loan (on demand deposits) not lent as of August 2010, for return in August 2013; and

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

**b) Revenue from reserve requirement**

|                             | 2013                    |                         |                  | R\$ thousand     |
|-----------------------------|-------------------------|-------------------------|------------------|------------------|
|                             | 3 <sup>rd</sup> Quarter | 2 <sup>nd</sup> Quarter | September 30 YTD | September 30 YTD |
| Reserve requirement – Bacen | 828,243                 | 692,739                 | 2,177,535        | 3,150,007        |
| Reserve requirement - SFH   | 6,773                   | 6,873                   | 20,031           | 20,398           |
| <b>Total</b>                | <b>835,016</b>          | <b>699,612</b>          | <b>2,197,566</b> | <b>3,170,405</b> |



Financial Statements, Independent Auditors' Report and Fiscal Council's Report**Notes to the Consolidated Financial Statements****10) LOANS**

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

**a) By type and maturity**

|   | 1 to 30<br>days   | 31 to 60<br>days  | 61 to 90<br>days  | 91 to 180<br>days | 181 to 360<br>days | More than 360<br>days | Performing |
|---|-------------------|-------------------|-------------------|-------------------|--------------------|-----------------------|------------|
| Discounted trade receivables and loans (1)            | 20,019,310        | 14,207,535        | 9,689,505         | 16,856,941        | 19,780,138         | 56,000,000            |            |
| Financing   | 3,670,291         | 3,514,354         | 3,318,561         | 10,334,930        | 14,450,914         | 69,000,000            |            |
| Agricultural and agribusiness financing               | 1,765,926         | 683,713           | 708,040           | 1,500,135         | 5,064,938          | 8,000,000             |            |
| <b>Subtotal</b>                                       | <b>25,455,527</b> | <b>18,405,602</b> | <b>13,716,106</b> | <b>28,692,006</b> | <b>39,295,990</b>  | <b>134,000,000</b>    |            |
| Leasing   | 322,994           | 273,743           | 273,209           | 760,200           | 1,202,290          | 2,000,000             |            |
| Advances on foreign exchange contracts (2)            | 1,000,266         | 897,361           | 586,159           | 2,243,448         | 1,467,304          | 1,000,000             |            |
| <b>Subtotal</b>                                       | <b>26,778,787</b> | <b>19,576,706</b> | <b>14,575,474</b> | <b>31,695,654</b> | <b>41,965,584</b>  | <b>137,000,000</b>    |            |
| Other receivables (3)                                 | 6,001,430         | 3,773,098         | 1,684,052         | 2,987,233         | 2,394,355          | 1,000,000             |            |
| <b>Total loans</b>                                    | <b>32,780,217</b> | <b>23,349,804</b> | <b>16,259,526</b> | <b>34,682,887</b> | <b>44,359,939</b>  | <b>139,000,000</b>    |            |
| Sureties and guarantees (4)                           | 2,161,807         | 978,128           | 1,361,577         | 3,998,785         | 6,471,075          | 50,000,000            |            |
| Loan assignment (5)                                   | 10,127            | 9,041             | 8,132             | 19,216            | 10,414             | 1,000,000             |            |
| Loan assignment - real estate receivables certificate | 33,851            | 33,849            | 33,848            | 97,415            | 145,382            | 1,000,000             |            |
| Co-obligation in rural loan assignment (4)            | -                 | -                 | -                 | -                 | -                  | -                     |            |
| Loans available for import (4)                        | 72,235            | 105,916           | 23,719            | 161,684           | 326,959            | 1,000,000             |            |
| Confirmed export loans (4)                            | 8,308             | 223               | 2,854             | 3,116             | 44,747             | 1,000,000             |            |
| Acquisition of credit card receivables                | 232,030           | 103,481           | 73,712            | 191,797           | 217,176            | 1,000,000             |            |
| <b>Overall total on September 30, 2013</b>            | <b>35,298,575</b> | <b>24,580,442</b> | <b>17,763,368</b> | <b>39,154,900</b> | <b>51,575,692</b>  | <b>190,000,000</b>    |            |
| <b>Overall total on June 30, 2013</b>                 | <b>35,543,634</b> | <b>24,235,524</b> | <b>17,749,713</b> | <b>38,991,338</b> | <b>48,864,754</b>  | <b>184,000,000</b>    |            |
| <b>Overall total on September 30, 2012</b>            | <b>31,487,927</b> | <b>22,918,388</b> | <b>18,783,272</b> | <b>36,003,346</b> | <b>50,347,031</b>  | <b>161,000,000</b>    |            |

Financial Statements, Independent Auditors' Report and Fiscal Council's Report**Notes to the Consolidated Financial Statements**

|  | Non-performing loans<br>Past-due installments |                  |                  |                   |                       | Total on<br>September<br>30 | %           |
|--|---|------------------|------------------|-------------------|-----------------------|-----------------------------|-------------|
|  | 1 to 30<br>days                               | 31 to 60<br>days | 61 to 90<br>days | 91 to 180<br>days | 181 to<br>540<br>days |                             |             |
|  |   |                  |                  |                   |                       | (B)                         | (6)         |
| Discounted trade receivables and loans (1) | 1,043,322                                     | 940,125          | 834,834          | 1,716,277         | 2,506,708             | 7,041,266                   | 85.         |
| Financing                                  | 210,522                                       | 177,093          | 111,089          | 207,735           | 191,774               | 898,213                     | 10.         |
| Agricultural and agribusiness financing    | 6,513   | 16,713           | 34,042           | 25,861            | 22,506                | 105,635                     | 1.          |
| <b>Subtotal</b>                            | <b>1,260,357</b>                              | <b>1,133,931</b> | <b>979,965</b>   | <b>1,949,873</b>  | <b>2,720,988</b>      | <b>8,045,114</b>            | <b>97.</b>  |
| Leasing                                    | 32,907  | 25,956           | 16,190           | 30,721            | 28,309                | 134,083                     | 1.          |
| Advances on foreign exchange contracts (2) | 2,035   | 1,293            | 4,806            | 4,180             | -                     | 12,314                      | 0.          |
| <b>Subtotal</b>                            | <b>1,295,299</b>                              | <b>1,161,180</b> | <b>1,000,961</b> | <b>1,984,774</b>  | <b>2,749,297</b>      | <b>8,191,511</b>            | <b>98.</b>  |
| Other receivables (3)                      | 3,382   | 1,221            | 2,789            | 4,288             | 82,798                | 94,478                      | 1.          |
| <b>Overall total on September 30, 2013</b> | <b>1,298,681</b>                              | <b>1,162,401</b> | <b>1,003,750</b> | <b>1,989,062</b>  | <b>2,832,095</b>      | <b>8,285,989</b>            | <b>100.</b> |
| <b>Overall total on June 30, 2013</b>      | <b>1,375,295</b>                              | <b>1,204,275</b> | <b>1,025,559</b> | <b>2,117,588</b>  | <b>2,688,181</b>      |                             |             |
| <b>Overall total on September 30, 2012</b> | <b>1,380,543</b>                              | <b>1,228,028</b> | <b>1,042,268</b> | <b>2,095,481</b>  | <b>2,820,887</b>      |                             |             |

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Financial Statements, Independent Auditors' Report and Fiscal Council's Report**Notes to the Consolidated Financial Statements**

|  | <b>Non-performing loans<br/>Outstanding Installments</b> |                          |                          |                           |                            |                                   | <b>Total on<br/>September<br/>30</b> |
|--|--|--------------------------|--------------------------|---------------------------|----------------------------|-----------------------------------|--------------------------------------|
|  | <b>1 to 30<br/>days</b>                                  | <b>31 to<br/>60 days</b> | <b>61 to<br/>90 days</b> | <b>91 to 180<br/>days</b> | <b>181 to<br/>360 days</b> | <b>More<br/>than 360<br/>days</b> |                                      |
|  |  |                          |                          |                           |                            |                                   | <b>(C)</b>                           |
| Discounted trade receivables and loans (1) | 597,451  | 476,659                  | 446,220                  | 1,028,343                 | 1,526,503                  | 3,691,159                         | 7,766,335                            |
| Financing                                  | 205,180  | 181,851                  | 185,673                  | 522,766                   | 880,474                    | 2,348,669                         | 4,324,613                            |
| Agricultural and agribusiness financing    | 1,467  | 751                      | 1,118                    | 2,292                     | 15,799                     | 121,089                           | 142,516                              |
| <b>Subtotal</b>                            | <b>804,098</b>   | <b>659,261</b>           | <b>633,011</b>           | <b>1,553,401</b>          | <b>2,422,776</b>           | <b>6,160,917</b>                  | <b>12,233,464</b>                    |
| Leasing                                    | 30,163   | 27,068                   | 27,290                   | 71,542                    | 102,841                    | 173,270                           | 432,174                              |
| <b>Subtotal</b>                            | <b>834,261</b>   | <b>686,329</b>           | <b>660,301</b>           | <b>1,624,943</b>          | <b>2,525,617</b>           | <b>6,334,187</b>                  | <b>12,665,638</b>                    |
| Other receivables (3)                      | 247  | 244                      | 244                      | 591                       | 619                        | 848                               | 2,793                                |
| <b>Overall total on September 30, 2013</b> | <b>834,508</b>   | <b>686,573</b>           | <b>660,545</b>           | <b>1,625,534</b>          | <b>2,526,236</b>           | <b>6,335,035</b>                  | <b>12,668,431</b>                    |
| <b>Overall total on June 30, 2013</b>      | <b>864,874</b>   | <b>743,551</b>           | <b>679,576</b>           | <b>1,742,370</b>          | <b>2,664,416</b>           | <b>6,467,729</b>                  |                                      |
| <b>Overall total on September 30, 2012</b> | <b>1,025,854</b>   | <b>827,346</b>           | <b>726,277</b>           | <b>1,761,934</b>          | <b>2,729,095</b>           | <b>6,810,930</b>                  |                                      |

Report on Economic and Financial Analysis - September 2013

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

**Notes to the Consolidated Financial Statements**

|   | R\$ thousand                |              |                     |              |                             |              |
|---|-----------------------------|--------------|---------------------|--------------|-----------------------------|--------------|
|   | Overall total               |              |                     |              |                             |              |
|   | 2013                        |              |                     | 2012         |                             |              |
|   | Total on<br>September<br>30 | %            | Total on<br>June 30 | %            | Total on<br>September<br>30 | %            |
|   | (A+B+C)                     | (6)          | (A+B+C)             | (6)          | (A+B+C)                     | (6)          |
| Discounted trade receivables and loans (1)            | 151,823,114                 | 40.1         | 149,405,762         | 40.2         | 138,417,037                 | 40.3         |
| Financing   | 110,175,647                 | 29.0         | 108,340,794         | 29.2         | 99,631,303                  | 29.0         |
| Agricultural and agribusiness financing               | 18,823,340                  | 5.0          | 17,579,536          | 4.7          | 15,968,456                  | 4.7          |
| <b>Subtotal</b>                                       | <b>280,822,101</b>          | <b>74.1</b>  | <b>275,326,092</b>  | <b>74.1</b>  | <b>254,016,796</b>          | <b>74.0</b>  |
| Leasing   | 6,077,280                   | 1.6          | 6,656,337           | 1.8          | 8,731,270                   | 2.5          |
| Advances on foreign exchange contracts (2) (Note 11a) | 6,238,761                   | 1.6          | 6,646,367           | 1.8          | 7,360,385                   | 2.1          |
| <b>Subtotal</b>                                       | <b>293,138,142</b>          | <b>77.3</b>  | <b>288,628,796</b>  | <b>77.7</b>  | <b>270,108,451</b>          | <b>78.6</b>  |
| Other receivables (3)                                 | 18,516,823                  | 4.9          | 16,944,755          | 4.6          | 14,258,153                  | 4.2          |
| <b>Total loans</b>                                    | <b>311,654,965</b>          | <b>82.2</b>  | <b>305,573,551</b>  | <b>82.3</b>  | <b>284,366,604</b>          | <b>82.8</b>  |
| Sureties and guarantees (4)                           | 65,348,398                  | 17.2         | 63,382,724          | 17.1         | 54,732,292                  | 16.0         |
| Loan assignment (5)                                   | 63,402                      | -            | 98,458              | -            | 266,175                     | 0.1          |
| Loan assignment - real estate receivables certificate | 833,131                     | 0.2          | 351,096             | 0.1          | 399,620                     | 0.1          |
| Co-obligation in rural loan assignment (4)            | 119,569                     | -            | 119,528             | -            | 130,458                     | -            |
| Loans available for import (4)                        | 690,513                     | 0.2          | 912,461             | 0.2          | 1,555,524                   | 0.5          |
| Confirmed exports loans (4)                           | 60,616                      | -            | 53,786              | -            | 13,525                      | -            |
| Acquisition of credit card receivables                | 870,706                     | 0.2          | 1,083,850           | 0.3          | 1,622,806                   | 0.5          |
| <b>Overall total on September 30, 2013</b>            | <b>379,641,300</b>          | <b>100.0</b> |                     |              |                             |              |
| <b>Overall total on June 30, 2013</b>                 |                             |              | <b>371,575,454</b>  | <b>100.0</b> |                             |              |
| <b>Overall total on September 30, 2012</b>            |                             |              |                     |              | <b>343,087,004</b>          | <b>100.0</b> |

(1) Including credit card loans and advances on credit card receivables for the amount of R\$18,909,033 thousand (R\$18,833,944 thousand on June 30, 2013 and R\$18,402,052 thousand on September 30, 2012);

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

(3) Item "Other Receivables" comprises receivables on sureties and guarantees honored, receivables on sale of assets, trade and credit receivables, income from foreign exchange contracts and export contracts receivables and credit card receivables (cash and installment purchases at merchants) for the amount of R\$15,602,420 thousand (R\$14,829,123 thousand on June 30, 2013 and R\$12,809,844 thousand on September 30, 2012);



(4) Recorded in off-balance sheet accounts;

(5) Amount of loan assignment up to September 30, 2013, June 30, 2013 and September 30, 2012, respectively, net of installments repaid; and

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

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Financial Statements, Independent Auditors' Report and Fiscal Council's Report**Notes to the Consolidated Financial Statements****b) By type and levels of risk**

|  | AA                | A                  | B                 | C                 | D                | E                |
|--|-------------------|--------------------|-------------------|-------------------|------------------|------------------|
| Discounted trade receivables and loans     | 26,414,540        | 69,159,187         | 8,678,250         | 26,637,739        | 7,466,421        | 2,002,165        |
| Financing                                  | 19,226,297        | 43,457,192         | 36,358,151        | 7,347,699         | 1,220,761        | 424,771          |
| Agricultural and agribusiness financing    | 1,843,460         | 4,132,147          | 5,706,069         | 6,449,924         | 353,467          | 142,470          |
| <b>Subtotal</b>                            | <b>47,484,297</b> | <b>116,748,526</b> | <b>50,742,470</b> | <b>40,435,362</b> | <b>9,040,649</b> | <b>2,569,406</b> |
| Leasing                                    | 88,622            | 777,889            | 1,316,615         | 3,116,465         | 317,538          | 71,905           |
| Advances on foreign exchange contracts (2) | 2,748,621         | 1,619,913          | 920,733           | 876,662           | 57,175           | 9,622            |
| <b>Subtotal</b>                            | <b>50,321,540</b> | <b>119,146,328</b> | <b>52,979,818</b> | <b>44,428,489</b> | <b>9,415,362</b> | <b>2,650,933</b> |
| Other receivables                          | 290,493           | 13,581,775         | 452,620           | 3,495,168         | 174,644          | 42,288           |
| <b>Overall total on September 30, 2013</b> | <b>50,612,033</b> | <b>132,728,103</b> | <b>53,432,438</b> | <b>47,923,657</b> | <b>9,590,006</b> | <b>2,693,221</b> |
| %  | 16.2              | 42.6               | 17.1              | 15.4              | 3.1              | 0.9              |
| <b>Overall total on June 30, 2013</b>      | <b>50,062,923</b> | <b>128,691,764</b> | <b>52,842,730</b> | <b>47,328,927</b> | <b>9,070,477</b> | <b>2,635,834</b> |
| %  | 16.4              | 42.1               | 17.3              | 15.5              | 3.0              | 0.9              |
| <b>Overall total on September 30, 2012</b> | <b>51,487,394</b> | <b>116,583,636</b> | <b>39,817,262</b> | <b>52,254,469</b> | <b>7,191,662</b> | <b>2,548,269</b> |
| %  | 18.1              | 41.0               | 14.0              | 18.4              | 2.6              | 0.9              |

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

(2) See Note 11a.

Financial Statements, Independent Auditors' Report and Fiscal Council's Report**Notes to the Consolidated Financial Statements****c) Maturity ranges and levels of risk**

|                                  | Levels of risk<br>Non-performing loans |                  |                  |                  |                  |                  |                  |                  | Total on<br>September<br>30 |
|----------------------------------|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|-----------------------------|
|                                  | AAA                                    | B                | C                | D                | E                | F                | G                | H                |                             |
| <b>Outstanding installments</b>  | - -                                    | <b>1,542,396</b> | <b>2,540,848</b> | <b>1,996,109</b> | <b>1,142,547</b> | <b>956,985</b>   | <b>746,964</b>   | <b>3,742,582</b> | <b>12,668,433</b>           |
| 1 to 30                          | - -                                    | 143,235          | 207,974          | 108,628          | 64,088           | 48,868           | 42,568           | 219,147          | 834,500                     |
| 31 to 60                         | - -                                    | 112,523          | 159,132          | 88,970           | 53,873           | 41,363           | 35,921           | 194,791          | 686,570                     |
| 61 to 90                         | - -                                    | 103,344          | 145,043          | 87,760           | 51,817           | 40,824           | 34,598           | 197,159          | 660,540                     |
| 91 to 180                        | - -                                    | 200,984          | 341,335          | 229,652          | 138,770          | 108,784          | 94,293           | 511,716          | 1,625,530                   |
| 181 to 360                       | - -                                    | 302,337          | 503,910          | 376,705          | 219,438          | 170,351          | 147,999          | 805,496          | 2,526,230                   |
| More than 360                    | - -                                    | 679,973          | 1,183,454        | 1,104,394        | 614,561          | 546,795          | 391,585          | 1,814,273        | 6,335,030                   |
| <b>Past-due installments (2)</b> | - -                                    | <b>396,998</b>   | <b>810,477</b>   | <b>811,235</b>   | <b>682,565</b>   | <b>616,408</b>   | <b>596,522</b>   | <b>4,371,784</b> | <b>8,285,980</b>            |
| 1 to 14                          | - -                                    | 8,675            | 85,943           | 70,145           | 27,594           | 48,386           | 16,723           | 107,287          | 364,750                     |
| 15 to 30                         | - -                                    | 375,453          | 217,806          | 121,121          | 44,961           | 26,350           | 20,256           | 127,981          | 933,920                     |
| 31 to 60                         | - -                                    | 12,870           | 491,255          | 228,282          | 103,716          | 59,135           | 41,258           | 225,885          | 1,162,400                   |
| 61 to 90                         | - -                                    | -                | 11,730           | 367,034          | 139,463          | 83,083           | 90,342           | 312,098          | 1,003,750                   |
| 91 to 180                        | - -                                    | -                | 3,743            | 24,653           | 358,758          | 383,563          | 408,389          | 809,956          | 1,989,060                   |
| 181 to 360                       | - -                                    | -                | -                | -                | 8,073            | 15,891           | 19,554           | 2,691,030        | 2,734,540                   |
| More than 360                    | - -                                    | -                | -                | -                | -                | -                | -                | 97,547           | 97,540                      |
| <b>Subtotal</b>                  | - -                                    | <b>1,939,394</b> | <b>3,351,325</b> | <b>2,807,344</b> | <b>1,825,112</b> | <b>1,573,393</b> | <b>1,343,486</b> | <b>8,114,366</b> | <b>20,954,420</b>           |
| Specific provision               | - -                                    | 19,394           | 100,539          | 280,735          | 547,534          | 786,696          | 940,440          | 8,114,366        | 10,789,700                  |

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

(2) Transactions maturing after 36 months have their past-due periods multiplied by two, as allowed by CMN Resolution 2682/99.

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Financial Statements, Independent Auditors' Report and Fiscal Council's Report**Notes to the Consolidated Financial Statements**

|  | <b>Levels Performing</b> |                    |                   |                   |                  |                  |                  |
|--|--------------------------|--------------------|-------------------|-------------------|------------------|------------------|------------------|
|  | <b>AA</b>                | <b>A</b>           | <b>B</b>          | <b>C</b>          | <b>D</b>         | <b>E</b>         | <b>F</b>         |
| <b>Outstanding installments</b>                | <b>50,612,033</b>        | <b>132,728,103</b> | <b>51,493,044</b> | <b>44,572,332</b> | <b>6,782,662</b> | <b>868,109</b>   | <b>651,815</b>   |
| 1 to 30  | 4,195,689                | 18,005,930         | 2,534,115         | 6,894,335         | 486,013          | 113,209          | 66,401           |
| 31 to 60                                       | 3,825,252                | 12,552,817         | 2,031,989         | 4,290,077         | 262,638          | 51,900           | 33,922           |
| 61 to 90                                       | 2,666,449                | 8,096,589          | 1,658,760         | 3,384,459         | 213,875          | 38,608           | 29,387           |
| 91 to 180                                      | 7,035,578                | 15,627,982         | 4,154,976         | 6,187,154         | 1,012,354        | 160,816          | 86,465           |
| 181 to 360                                     | 5,952,773                | 22,091,362         | 6,505,739         | 8,405,511         | 764,195          | 104,704          | 74,204           |
| More than 360                                  | 26,936,292               | 56,353,423         | 34,607,465        | 15,410,796        | 4,043,587        | 398,872          | 361,436          |
| Generic provision                              | -                        | 663,633            | 514,930           | 1,337,170         | 678,266          | 260,432          | 325,908          |
| <b>Overall total on September 30, 2013 (2)</b> | <b>50,612,033</b>        | <b>132,728,103</b> | <b>53,432,438</b> | <b>47,923,657</b> | <b>9,590,006</b> | <b>2,693,221</b> | <b>2,225,208</b> |
| Existing provision                             | -                        | 664,850            | 540,413           | 2,588,618         | 2,467,044        | 1,301,647        | 1,489,567        |
| Minimum required provision                     | -                        | 663,633            | 534,324           | 1,437,709         | 959,001          | 807,966          | 1,112,604        |
| Excess provision                               | -                        | 1,217              | 6,089             | 1,150,909         | 1,508,043        | 493,681          | 376,963          |
| <b>Overall total on June 30, 2013 (2)</b>      | <b>50,062,923</b>        | <b>128,691,764</b> | <b>52,842,730</b> | <b>47,328,927</b> | <b>9,070,477</b> | <b>2,635,834</b> | <b>2,451,871</b> |
| Existing provision                             | -                        | 644,673            | 533,493           | 2,540,954         | 2,355,932        | 1,272,700        | 1,645,472        |
| Minimum required provision                     | -                        | 643,433            | 528,427           | 1,419,868         | 907,047          | 790,750          | 1,225,935        |
| Excess provision                               | -                        | 1,240              | 5,066             | 1,121,086         | 1,448,885        | 481,950          | 419,537          |
| <b>Overall total on September 30, 2012 (2)</b> | <b>51,487,394</b>        | <b>116,583,636</b> | <b>39,817,262</b> | <b>52,254,469</b> | <b>7,191,662</b> | <b>2,548,269</b> | <b>2,138,674</b> |
| Existing provision                             | -                        | 584,941            | 404,105           | 2,944,703         | 1,982,150        | 1,239,155        | 1,450,459        |
| Minimum required provision                     | -                        | 582,914            | 398,173           | 1,567,634         | 719,167          | 764,480          | 1,069,337        |
| Excess provision                               | -                        | 2,027              | 5,932             | 1,377,069         | 1,262,983        | 474,675          | 381,122          |

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

(2) The overall total includes performing loans for the amount of R\$290,700,545 thousand (R\$284,000,137 thousand on June 30, 2013 and R\$261,917,961 thousand on September 30, 2012) and non-performing loans of R\$20,954,420 thousand (R\$21,573,414 thousand on June 30, 2013 and R\$22,448,643 thousand on September 30, 2012).



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**Notes to the Consolidated Financial Statements**

**d) Concentration of loans**

|                       | R\$ thousand |       |            |       |              |       |
|-----------------------|--------------|-------|------------|-------|--------------|-------|
|                       | 2013         |       |            | 2012  |              |       |
|                       | September 30 | % (1) | June 30    | % (1) | September 30 | % (1) |
| Largest borrower      | 2,161,358    | 0.7   | 2,653,726  | 0.9   | 2,645,817    | 0.9   |
| 10 largest borrowers  | 16,194,668   | 5.2   | 16,673,201 | 5.5   | 15,099,201   | 5.3   |
| 20 largest borrowers  | 25,130,780   | 8.1   | 25,606,826 | 8.4   | 24,011,491   | 8.4   |
| 50 largest borrowers  | 38,604,572   | 12.4  | 38,951,215 | 12.7  | 38,103,908   | 13.4  |
| 100 largest borrowers | 50,453,815   | 16.2  | 50,703,348 | 16.6  | 49,377,994   | 17.4  |

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

**e) By economic sector**

|  | R\$ thousand       |             |                    |             |                    |             |
|--|--------------------|-------------|--------------------|-------------|--------------------|-------------|
|  | 2013               |             |                    | 2012        |                    |             |
|  | September 30       | %           | June 30            | %           | September 30       | %           |
| <b>Public sector</b>                       | <b>171,396</b>     | <b>0.1</b>  | <b>182,137</b>     | <b>0.1</b>  | <b>476,675</b>     | <b>0.2</b>  |
| <b>Federal government</b>                  | <b>84,901</b>      | <b>-</b>    | <b>81,755</b>      | <b>-</b>    | <b>267,205</b>     | <b>0.1</b>  |
| Petrochemical                              | 84,901             | -           | 81,755             | -           | 267,205            | 0.1         |
| <b>State government</b>                    | <b>86,495</b>      | <b>0.1</b>  | <b>100,382</b>     | <b>0.1</b>  | <b>209,470</b>     | <b>0.1</b>  |
| Production and distribution of electricity | 86,495             | 0.1         | 100,382            | 0.1         | 209,470            | 0.1         |
| <b>Private sector</b>                      | <b>311,483,569</b> | <b>99.9</b> | <b>305,391,414</b> | <b>99.9</b> | <b>283,889,929</b> | <b>99.8</b> |
| <b>Manufacturing</b>                       | <b>57,843,593</b>  | <b>18.6</b> | <b>58,457,476</b>  | <b>19.1</b> | <b>54,479,456</b>  | <b>19.2</b> |
| Food products and beverages                | 13,043,639         | 4.2         | 13,082,089         | 4.3         | 13,542,844         | 4.8         |
| Steel, metallurgy and mechanics            | 10,240,027         | 3.3         | 10,282,364         | 3.3         | 8,741,915          | 3.1         |
| Chemical                                   | 4,781,018          | 1.5         | 5,114,521          | 1.7         | 4,346,824          | 1.5         |
| Light and heavy vehicles                   | 4,572,219          | 1.5         | 4,746,005          | 1.5         | 2,522,051          | 0.9         |
| Oil refining and production of alcohol     | 3,562,880          | 1.1         | 4,405,724          | 1.4         | 3,668,168          | 1.3         |
| Pulp and paper                             | 3,541,276          | 1.1         | 3,594,634          | 1.2         | 4,118,333          | 1.4         |
| Textiles and apparel                       | 3,242,843          | 1.0         | 3,337,393          | 1.1         | 3,181,096          | 1.1         |
| Rubber and plastic articles                | 3,015,194          | 1.0         | 2,926,953          | 1.0         | 2,769,131          | 1.0         |
| Furniture and wood products                | 2,243,716          | 0.7         | 2,224,189          | 0.7         | 2,059,756          | 0.7         |
| Non-metallic materials                     | 2,078,569          | 0.7         | 1,622,821          | 0.5         | 1,737,880          | 0.6         |
| Overall total                              |                    |             |                    |             |                    | 246         |

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|  |                   |             |                   |             |                   |             |
|--|-------------------|-------------|-------------------|-------------|-------------------|-------------|
| Electric and electronic products             | 1,740,024         | 0.6         | 1,688,102         | 0.6         | 1,873,618         | 0.7         |
| Extraction of metallic and non-metallic ores | 1,731,284         | 0.6         | 1,775,627         | 0.6         | 1,883,402         | 0.7         |
| Automotive parts and accessories             | 1,220,210         | 0.4         | 1,147,929         | 0.4         | 986,222           | 0.3         |
| Leather articles                             | 853,322           | 0.3         | 785,982           | 0.3         | 753,651           | 0.3         |
| Publishing, printing and reproduction        | 755,967           | 0.2         | 752,544           | 0.2         | 750,206           | 0.3         |
| Other industries                             | 1,221,405         | 0.4         | 970,599           | 0.3         | 1,544,359         | 0.5         |
| <b>Commerce</b>                              | <b>44,207,084</b> | <b>14.1</b> | <b>44,220,564</b> | <b>14.4</b> | <b>44,272,247</b> | <b>15.5</b> |
| Merchandise in specialty stores              | 11,006,438        | 3.5         | 11,280,428        | 3.7         | 12,163,859        | 4.3         |
| Food products, beverages and tobacco         | 5,271,886         | 1.7         | 5,014,337         | 1.6         | 5,101,171         | 1.8         |
| Non-specialized retailer                     | 4,425,552         | 1.4         | 4,472,544         | 1.5         | 4,428,277         | 1.6         |
| Automobile                                   | 3,620,592         | 1.2         | 3,535,938         | 1.1         | 3,262,242         | 1.1         |
| Clothing and footwear                        | 3,534,580         | 1.1         | 3,554,765         | 1.2         | 3,286,916         | 1.2         |
| Motor vehicle repairs, parts and accessories | 3,353,545         | 1.1         | 3,378,071         | 1.1         | 3,136,848         | 1.1         |
| Grooming and household articles              | 2,832,652         | 0.9         | 2,746,418         | 0.9         | 2,755,170         | 1.0         |
| Waste and scrap                              | 2,295,360         | 0.7         | 2,253,624         | 0.7         | 2,136,696         | 0.8         |

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Financial Statements, Independent Auditors' Report and Fiscal Council's Report**Notes to the Consolidated Financial Statements**

|   | 2013               |              |                    |              | R\$ thousand<br>2012 |              |
|---|--------------------|--------------|--------------------|--------------|----------------------|--------------|
|   | September<br>30    | %            | June 30            | %            | September<br>30      | %            |
| Fuel  | 1,888,427          | 0.6          | 1,895,653          | 0.6          | 1,867,896            | 0.7          |
| Trading intermediary  | 1,544,208          | 0.5          | 1,610,529          | 0.5          | 1,580,972            | 0.6          |
| Agricultural products   | 1,457,742          | 0.5          | 1,526,084          | 0.5          | 1,560,901            | 0.5          |
| Wholesale of goods in general   | 1,392,009          | 0.4          | 1,403,926          | 0.5          | 1,502,587            | 0.5          |
| Other commerce  | 1,584,093          | 0.5          | 1,548,247          | 0.5          | 1,488,712            | 0.3          |
| <b>Financial intermediaries</b>   | <b>3,134,692</b>   | <b>1.0</b>   | <b>2,344,360</b>   | <b>0.8</b>   | <b>1,566,510</b>     | <b>0.6</b>   |
| <b>Services</b>   | <b>76,369,267</b>  | <b>24.5</b>  | <b>73,963,484</b>  | <b>24.2</b>  | <b>66,654,102</b>    | <b>23.4</b>  |
| Civil construction  | 20,126,835         | 6.5          | 19,348,282         | 6.3          | 17,099,439           | 6.0          |
| Transportation and storage  | 16,433,546         | 5.3          | 16,133,782         | 5.3          | 15,089,836           | 5.3          |
| Real estate activities, rentals<br>and corporate services                         | 13,152,095         | 4.2          | 12,948,977         | 4.2          | 11,409,373           | 4.0          |
| Production and distribution of<br>electric power, gas and water                   | 4,526,541          | 1.5          | 4,502,781          | 1.5          | 5,045,713            | 1.8          |
| Holding companies, legal,<br>accounting and business<br>advisory services         | 3,619,145          | 1.2          | 2,747,230          | 0.9          | 2,834,435            | 1.0          |
| Hotels and catering   | 2,811,480          | 0.9          | 2,811,560          | 0.9          | 2,547,015            | 0.9          |
| Social services, education,<br>health, defense and social<br>security             | 2,376,011          | 0.8          | 2,325,442          | 0.8          | 2,186,997            | 0.8          |
| Clubs, leisure, cultural and<br>sport activities                                  | 2,165,908          | 0.7          | 2,223,570          | 0.7          | 2,020,641            | 0.7          |
| Telecommunications  | 498,548            | 0.2          | 532,590            | 0.2          | 549,670              | 0.2          |
| Other services  | 10,659,158         | 3.2          | 10,389,270         | 3.4          | 7,870,983            | 2.7          |
| <b>Agriculture, cattle raising,<br/>fishing, forestry and timber<br/>industry</b> | <b>3,812,649</b>   | <b>1.2</b>   | <b>3,834,426</b>   | <b>1.3</b>   | <b>3,609,323</b>     | <b>1.3</b>   |
| <b>Individuals</b>  | <b>126,116,284</b> | <b>40.5</b>  | <b>122,571,104</b> | <b>40.1</b>  | <b>113,308,291</b>   | <b>39.8</b>  |
| <b>Total</b>  | <b>311,654,965</b> | <b>100.0</b> | <b>305,573,551</b> | <b>100.0</b> | <b>284,366,604</b>   | <b>100.0</b> |

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

## Notes to the Consolidated Financial Statements

## f) Breakdown of loans and allowance for loan losses

| Levels of risk                             | Non-performing loans |                   |                              | Portfolio balance  |                    |              | R\$ thousand |                  |             |                  |
|--|----------------------|-------------------|------------------------------|--------------------|--------------------|--------------|--------------|------------------|-------------|------------------|
|  | Past due             | Outstanding       | Total - non-performing loans | Performing loans   | Total              | %            | 2013         |                  | 2012        |                  |
|  |                      |                   |                              |                    |                    |              | %            | September 30 YTD | June 30 YTD | September 30 YTD |
| AA   | -                    | -                 | -                            | 50,612,033         | 50,612,033         | 16.2         | 16.2         | 16.4             | 18.1        | 18.1             |
| A  | -                    | -                 | -                            | 132,728,103        | 132,728,103        | 42.6         | 58.8         | 58.5             | 59.1        | 59.1             |
| B  | 396,998              | 1,542,396         | 1,939,394                    | 51,493,044         | 53,432,438         | 17.1         | 75.9         | 75.8             | 73.1        | 73.1             |
| C  | 810,477              | 2,540,848         | 3,351,325                    | 44,572,332         | 47,923,657         | 15.4         | 91.3         | 91.3             | 91.3        | 91.3             |
| <b>Subtotal</b>                            | <b>1,207,475</b>     | <b>4,083,244</b>  | <b>5,290,719</b>             | <b>279,405,512</b> | <b>284,696,231</b> | <b>91.3</b>  |              |                  |             |                  |
| D  | 811,235              | 1,996,109         | 2,807,344                    | 6,782,662          | 9,590,006          | 3.1          | 94.4         | 94.3             | 94.4        | 94.4             |
| E  | 682,565              | 1,142,547         | 1,825,112                    | 868,109            | 2,693,221          | 0.9          | 95.3         | 95.2             | 95.3        | 95.3             |
| F  | 616,408              | 956,985           | 1,573,393                    | 651,815            | 2,225,208          | 0.7          | 96.0         | 96.0             | 96.0        | 96.0             |
| G  | 596,522              | 746,964           | 1,343,486                    | 315,661            | 1,659,147          | 0.5          | 96.5         | 96.6             | 96.5        | 96.5             |
| H  | 4,371,784            | 3,742,582         | 8,114,366                    | 2,676,786          | 10,791,152         | 3.5          | 100.0        | 100.0            | 100.0       | 100.0            |
| <b>Subtotal</b>                            | <b>7,078,514</b>     | <b>8,585,187</b>  | <b>15,663,701</b>            | <b>11,295,033</b>  | <b>26,958,734</b>  | <b>8.7</b>   |              |                  |             |                  |
| <b>Overall total on September 30, 2013</b> | <b>8,285,989</b>     | <b>12,668,431</b> | <b>20,954,420</b>            | <b>290,700,545</b> | <b>311,654,965</b> | <b>100.0</b> |              |                  |             |                  |
| <b>%</b>                                   | <b>2.6</b>           | <b>4.1</b>        | <b>6.7</b>                   | <b>93.3</b>        | <b>100.0</b>       |              |              |                  |             |                  |
| <b>Overall total on June 30, 2013</b>      | <b>8,410,898</b>     | <b>13,162,516</b> | <b>21,573,414</b>            | <b>284,000,137</b> | <b>305,573,551</b> |              |              |                  |             |                  |
| <b>%</b>                                   | <b>2.8</b>           | <b>4.3</b>        | <b>7.1</b>                   | <b>92.9</b>        | <b>100.0</b>       |              |              |                  |             |                  |
| <b>Overall total on September 30, 2012</b> | <b>8,567,207</b>     | <b>13,881,436</b> | <b>22,448,643</b>            | <b>261,917,961</b> | <b>284,366,604</b> |              |              |                  |             |                  |
| <b>%</b>                                   | <b>3.0</b>           | <b>4.9</b>        | <b>7.9</b>                   | <b>92.1</b>        | <b>100.0</b>       |              |              |                  |             |                  |

(1) Percentage of level of risk on total portfolio; and

(2) Cumulative percentage of level of risk on total portfolio.

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Financial Statements, Independent Auditors' Report and Fiscal Council's Report**Notes to the Consolidated Financial Statements**

| Level of risk                              | Minimum required provision - % | Minimum required Specific |                  | Allowance         |                  |                   | Excess           | Existing          | September 30 YTD (1) | 2013 %     |
|--|--------------------------------|---------------------------|------------------|-------------------|------------------|-------------------|------------------|-------------------|----------------------|------------|
|  |                                | Past due                  | Outstanding      | Total specific    | Generic          | Total             |                  |                   |                      |            |
| AA   | -                              | -                         | -                | -                 | -                | -                 | -                | -                 | -                    | -          |
| A  | 0.5                            | -                         | -                | -                 | 663,633          | 663,633           | 1,217            | 664,850           |                      | 0.         |
| B  | 1.0                            | 3,970                     | 15,424           | 19,394            | 514,930          | 534,324           | 6,089            | 540,413           |                      | 1.         |
| C  | 3.0                            | 24,314                    | 76,225           | 100,539           | 1,337,170        | 1,437,709         | 1,150,909        | 2,588,618         |                      | 5.         |
| <b>Subtotal</b>                            |                                | <b>28,284</b>             | <b>91,649</b>    | <b>119,933</b>    | <b>2,515,733</b> | <b>2,635,666</b>  | <b>1,158,215</b> | <b>3,793,881</b>  |                      | <b>1.</b>  |
| D  | 10.0                           | 81,124                    | 199,611          | 280,735           | 678,266          | 959,001           | 1,508,043        | 2,467,044         |                      | 25.        |
| E  | 30.0                           | 204,770                   | 342,764          | 547,534           | 260,432          | 807,966           | 493,681          | 1,301,647         |                      | 48.        |
| F  | 50.0                           | 308,204                   | 478,492          | 786,696           | 325,908          | 1,112,604         | 376,963          | 1,489,567         |                      | 66.        |
| G  | 70.0                           | 417,565                   | 522,875          | 940,440           | 220,961          | 1,161,401         | 471,669          | 1,633,070         |                      | 98.        |
| H  | 100.0                          | 4,371,784                 | 3,742,582        | 8,114,366         | 2,676,786        | 10,791,152        | -                | 10,791,152        |                      | 100.       |
| <b>Subtotal</b>                            |                                | <b>5,383,447</b>          | <b>5,286,324</b> | <b>10,669,771</b> | <b>4,162,353</b> | <b>14,832,124</b> | <b>2,850,356</b> | <b>17,682,480</b> |                      | <b>65.</b> |
| <b>Overall total on September 30, 2013</b> |                                | <b>5,411,731</b>          | <b>5,377,973</b> | <b>10,789,704</b> | <b>6,678,086</b> | <b>17,467,790</b> | <b>4,008,571</b> | <b>21,476,361</b> |                      | <b>6.</b>  |
| <b>%</b>                                   |                                | <b>25.2</b>               | <b>25.0</b>      | <b>50.2</b>       | <b>31.1</b>      | <b>81.3</b>       | <b>18.7</b>      | <b>100.0</b>      |                      |            |
| <b>Overall total on June 30, 2013</b>      |                                | <b>5,395,075</b>          | <b>5,484,104</b> | <b>10,879,179</b> | <b>6,567,587</b> | <b>17,446,766</b> | <b>4,008,435</b> | <b>21,455,201</b> |                      |            |
| <b>%</b>                                   |                                | <b>25.1</b>               | <b>25.6</b>      | <b>50.7</b>       | <b>30.6</b>      | <b>81.3</b>       | <b>18.7</b>      | <b>100.0</b>      |                      |            |
| <b>Overall total on September 30, 2012</b> |                                | <b>5,484,830</b>          | <b>5,412,024</b> | <b>10,896,854</b> | <b>6,007,163</b> | <b>16,904,017</b> | <b>4,010,854</b> | <b>20,914,871</b> |                      |            |
| <b>%</b>                                   |                                | <b>26.2</b>               | <b>25.9</b>      | <b>52.1</b>       | <b>28.7</b>      | <b>80.8</b>       | <b>19.2</b>      | <b>100.0</b>      |                      |            |

(1) Percentage of existing provision on total portfolio, by level of risk.

Financial Statements, Independent Auditors' Report and Fiscal Council's Report**Notes to the Consolidated Financial Statements****g) Changes in allowance for loan losses**

|                          | 2013                    |                         |                   | R\$ thousand<br>2012 |
|--------------------------|-------------------------|-------------------------|-------------------|----------------------|
|                          | 3 <sup>rd</sup> Quarter | 2 <sup>nd</sup> Quarter | September 30 YTD  | September 30<br>YTD  |
| <b>Opening balance</b>   | <b>21,455,201</b>       | <b>21,358,574</b>       | <b>21,298,588</b> | <b>19,540,448</b>    |
| - Specific provision (1) | 10,879,179              | 11,268,327              | 11,181,925        | 9,875,415            |
| - Generic provision (2)  | 6,567,587               | 6,080,370               | 6,106,477         | 5,654,244            |
| - Excess provision (3)   | 4,008,435               | 4,009,877               | 4,010,186         | 4,010,789            |
| Additions                | 3,260,373               | 3,607,925               | 10,343,361        | 10,500,537           |
| Reductions               | (3,239,213)             | (3,511,298)             | (10,165,588)      | (9,126,114)          |
| <b>Closing balance</b>   | <b>21,476,361</b>       | <b>21,455,201</b>       | <b>21,476,361</b> | <b>20,914,871</b>    |
| - Specific provision (1) | 10,789,704              | 10,879,179              | 10,789,704        | 10,896,854           |
| - Generic provision (2)  | 6,678,086               | 6,567,587               | 6,678,086         | 6,007,163            |
| - Excess provision (3)   | 4,008,571               | 4,008,435               | 4,008,571         | 4,010,854            |

(1) For transactions with past-due installments for more than 14 days;

(2) Recorded based on the customer/transaction classification and therefore not included in the preceding item; and

(3) The additional provision is recorded based on Management's experience and the expectation of the loan portfolio, to determine the total provision deemed sufficient to cover specific and general credit risk, together with the provision calculated based on levels of risk and the corresponding minimum percentage in the provision established by CMN Resolution 2682/99. The excess provision per customer was classified according to the corresponding level of risk (Note 10f).

**h) Allowance for loan losses (ALL) expenses net of amounts recovered**

Expenses with the allowance for loan losses, net of credit write offs recovered, are as follows.

|   | 2013                    |                         |                     | R\$ thousand<br>2012 |
|---|-------------------------|-------------------------|---------------------|----------------------|
|   | 3 <sup>rd</sup> Quarter | 2 <sup>nd</sup> Quarter | September 30<br>YTD | September 30 YTD     |
| Amount recorded                             | 3,260,373               | 3,607,925               | 10,343,361          | 10,500,537           |
| Amount recovered (1)                        | (963,573)               | (978,609)               | (2,712,077)         | (2,187,766)          |
| <b>ALL expense net of amounts recovered</b> | <b>2,296,800</b>        | <b>2,629,316</b>        | <b>7,631,284</b>    | <b>8,312,771</b>     |

(1) Classified in income from loans (Note 10j).

**i) Changes in the renegotiated portfolio**

|                                      | 2013                    |                         |                     | R\$ thousand<br>2012 |
|--------------------------------------|-------------------------|-------------------------|---------------------|----------------------|
|                                      | 3 <sup>rd</sup> Quarter | 2 <sup>nd</sup> Quarter | September 30<br>YTD | September 30<br>YTD  |
| <b>Opening balance</b>               | <b>9,980,123</b>        | <b>9,768,664</b>        | <b>9,643,915</b>    | <b>8,658,167</b>     |
| Amount renegotiated                  | 2,546,174               | 2,615,075               | 7,404,389           | 6,204,863            |
| Amount received                      | (1,532,372)             | (1,394,411)             | (4,179,643)         | (2,787,442)          |
| Write-offs                           | (912,966)               | (1,009,205)             | (2,787,702)         | (2,797,952)          |
| <b>Closing balance</b>               | <b>10,080,959</b>       | <b>9,980,123</b>        | <b>10,080,959</b>   | <b>9,277,636</b>     |
| Allowance for loan losses            | 6,516,664               | 6,418,706               | 6,516,664           | 5,841,680            |
| Percentage on renegotiated portfolio | 64.6%                   | 64.3%                   | 64.6%               | 63.0%                |

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Financial Statements, Independent Auditors' Report and Fiscal Council's Report**Notes to the Consolidated Financial Statements****j) Income from loans and leasing**

|   | 2013                    |                         |                   | R\$ thousand<br>2012 |
|---|-------------------------|-------------------------|-------------------|----------------------|
|   | 3 <sup>rd</sup> Quarter | 2 <sup>nd</sup> Quarter | September 30 YTD  | September 30<br>YTD  |
| Discounted trade receivables and loans    | 8,983,005               | 8,657,839               | 25,797,216        | 25,101,167           |
| Financing                                 | 3,175,729               | 3,227,716               | 9,501,559         | 9,522,958            |
| Agricultural and agribusiness loans       | 277,998                 | 240,427                 | 758,492           | 844,276              |
| <b>Subtotal</b>                           | <b>12,436,732</b>       | <b>12,125,982</b>       | <b>36,057,267</b> | <b>35,468,401</b>    |
| Recovery of credits charged-off as losses | 963,573                 | 978,609                 | 2,712,077         | 2,187,766            |
| <b>Subtotal</b>                           | <b>13,400,305</b>       | <b>13,104,591</b>       | <b>38,769,344</b> | <b>37,656,167</b>    |
| Leasing, net of expenses                  | 192,437                 | 201,649                 | 600,359           | 949,581              |
| <b>Total</b>                              | <b>13,592,742</b>       | <b>13,306,240</b>       | <b>39,369,703</b> | <b>38,605,748</b>    |

**11) OTHER RECEIVABLES****a) Foreign exchange portfolio****Balances**

|   | 2013              |                   | R\$ thousand<br>2012 |
|---|-------------------|-------------------|----------------------|
|   | September 30      | June 30           | September 30         |
| <b>Assets - other receivables</b>                             |                   |                   |                      |
| Exchange purchases pending settlement                         | 10,857,359        | 10,278,732        | 9,504,538            |
| Exchange receivables and time documents in foreign currencies | 5,154             | -                 | -                    |
| Exchange sale receivables                                     | 6,271,626         | 2,606,505         | 1,934,434            |
| (-) Advances in domestic currency received                    | (448,318)         | (378,286)         | (297,717)            |
| Income receivable on advances granted                         | 77,873            | 96,524            | 102,153              |
| <b>Total</b>  | <b>16,763,694</b> | <b>12,603,475</b> | <b>11,243,408</b>    |
| <b>Liabilities - other liabilities</b>                        |                   |                   |                      |
| Exchange sales pending settlement                             | 5,981,054         | 2,634,426         | 1,939,452            |

Overall total

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|  |                   |                  |                  |
|--|-------------------|------------------|------------------|
| Exchange purchase payables                 | 10,574,786        | 9,608,158        | 9,180,925        |
| (-) Advances on foreign exchange contracts | (6,238,761)       | (6,646,367)      | (7,360,385)      |
| Other                                      | 5,575             | 5,181            | 5,155            |
| <b>Total</b>                               | <b>10,322,654</b> | <b>5,601,398</b> | <b>3,765,147</b> |
| <b>Net foreign exchange portfolio</b>      | <b>6,441,040</b>  | <b>7,002,077</b> | <b>7,478,261</b> |
| <b>Off-balance-sheet accounts:</b>         |                   |                  |                  |
| - Loans available for import               | 690,513           | 912,461          | 1,555,524        |
| - Confirmed exports loans                  | 60,616            | 53,786           | 13,525           |

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Financial Statements, Independent Auditors' Report and Fiscal Council's Report**Notes to the Consolidated Financial Statements****Foreign exchange results****Adjusted foreign exchange results for presentation purposes**

|   |                  |                  |                    | R\$ thousand     |
|---|------------------|------------------|--------------------|------------------|
|   | 2013             |                  | 2012               |                  |
|   | 3 <sup>rd</sup>  | 2 <sup>nd</sup>  | September          | September        |
|   | Quarter          | Quarter          | 30 YTD             | 30 YTD           |
| <b>Foreign exchange results</b>                               | <b>529,507</b>   | <b>903,619</b>   | <b>1,702,441</b>   | <b>919,606</b>   |
| <b>Adjustments:</b>   |                  |                  |                    |                  |
| - Income on foreign currency financing (1)                    | 15,720           | 65,887           | 108,840            | 102,268          |
| - Income on export financing (1)                              | 224,053          | 216,790          | 574,339            | 468,881          |
| - Income on foreign investments (2)                           | 3,879            | 18,160           | 24,524             | 66,412           |
| - Expenses of liabilities with foreign bankers (3) (Note 17c) | (44,559)         | (611,465)        | (785,090)          | (1,034,502)      |
| - Funding expenses (4)  | (113,795)        | (95,416)         | (283,450)          | (255,992)        |
| - Other   | (401,926)        | (294,177)        | (747,407)          | 267,524          |
| <b>Total adjustments</b>                                      | <b>(316,628)</b> | <b>(700,221)</b> | <b>(1,108,244)</b> | <b>(385,409)</b> |
| <b>Adjusted foreign exchange results</b>                      | <b>212,879</b>   | <b>203,398</b>   | <b>594,197</b>     | <b>534,197</b>   |

(1) Recognized in "Income from loans;"

(2) Recognized in "Income from security transactions;"

(3) Related to funds for financing of advances on foreign exchange contracts and import financing, recognized in "Borrowing and onlending expenses;" and

(4) Refer to funding expenses of investments in foreign exchange.

**b) Sundry**

|                        | 2013         |              | R\$ thousand |
|------------------------|--------------|--------------|--------------|
|                        | September 30 | June 30      | 2012         |
|                        | September 30 | September 30 | September 30 |
| Tax credits (Note 34c) | 30,568,606   | 29,814,523   | 23,530,620   |
| Credit card operations | 16,473,126   | 15,912,973   | 14,432,649   |

Overall total

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|   |                   |                   |                   |
|---|-------------------|-------------------|-------------------|
| Debtors for escrow deposits               | 11,730,726        | 11,436,069        | 10,734,851        |
| Prepaid taxes                             | 4,049,623         | 4,237,065         | 5,123,178         |
| Other debtors                             | 4,190,533         | 4,111,909         | 3,484,493         |
| Trade and credit receivables (1)          | 4,224,361         | 3,404,431         | 2,233,365         |
| Advances for Deposit Guarantee Fund (FGC) | 30,443            | 76,109            | 213,104           |
| Payments to be reimbursed                 | 517,703           | 505,518           | 524,794           |
| Receivables from sale of assets           | 78,109            | 61,745            | 55,846            |
| Other                                     | 411,138           | 388,966           | 311,207           |
| <b>Total</b>                              | <b>72,274,368</b> | <b>69,949,308</b> | <b>60,644,107</b> |

(1) Include receivables from the acquisition of financial assets from loans without substantial transfer of risks and benefits.

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Financial Statements, Independent Auditors' Report and Fiscal Council's Report**Notes to the Consolidated Financial Statements****12) OTHER ASSETS****a) Foreclosed assets/other**

|                                     |                  |                      | R\$ thousand          |                |                |
|-------------------------------------|------------------|----------------------|-----------------------|----------------|----------------|
|                                     | Cost             | Provision for losses | Cost net of provision |                |                |
|                                     |                  |                      | 2013                  | 2012           |                |
|                                     |                  |                      | September 30          | June 30        | September 30   |
| Real estate                         | 560,158          | (64,466)             | 495,692               | 387,774        | 276,552        |
| Goods subject to special conditions | 178,779          | (178,779)            | -                     | -              | -              |
| Vehicles and similar                | 567,796          | (268,481)            | 299,315               | 276,947        | 242,557        |
| Inventories/warehouse               | 90,773           | -                    | 90,773                | 95,980         | 108,357        |
| Machinery and equipment             | 20,058           | (9,190)              | 10,868                | 11,406         | 9,717          |
| Other                               | 21,120           | (19,478)             | 1,642                 | 1,750          | 919            |
| <b>Total on September 30, 2013</b>  | <b>1,438,684</b> | <b>(540,394)</b>     | <b>898,290</b>        |                |                |
| <b>Total on June 30, 2013</b>       | <b>1,293,444</b> | <b>(519,587)</b>     |                       | <b>773,857</b> |                |
| <b>Total on September 30, 2012</b>  | <b>1,259,926</b> | <b>(621,824)</b>     |                       |                | <b>638,102</b> |

**b) Prepaid expenses**

|  |  |  | R\$ thousand     |                  |                  |
|--|--|--|------------------|------------------|------------------|
|  |  |  | 2013             | 2012             |                  |
|  |  |  | September 30     | June 30          | September 30     |
| Commission on the placement of loans and financing (1) |  |  | 1,770,820        | 1,765,184        | 1,787,851        |
| Deferred insurance acquisition costs (2)               |  |  | 1,513,195        | 1,380,471        | 1,178,271        |
| Advertising and marketing expenses (3)                 |  |  | 67,637           | 55,475           | 49,843           |
| Other (4)  |  |  | 460,477          | 513,090          | 442,567          |
| <b>Total</b>   |  |  | <b>3,812,129</b> | <b>3,714,220</b> | <b>3,458,532</b> |

(1) Commissions paid to storeowners, car dealers and correspondent banks - payroll-deductible loans;

(2) Commissions paid to brokers and representatives on sale of insurance, pension plans and capitalization bond products;

(3) Prepaid expenses of future advertising and marketing campaigns on media; and

(4) Mainly related to card issue costs.

**13) INVESTMENTS****a) Changes in investments in the consolidated financial statements**

| <b>Affiliates</b>                                 | <b>2013</b>         |                  | R\$ thousand<br><b>2012</b> |
|---|---------------------|------------------|-----------------------------|
|   | <b>September 30</b> | <b>June 30</b>   | <b>September 30</b>         |
| - IRB-Brasil Resseguros S.A.                      | 525,750             | 531,719          | 523,700                     |
| - Integritas Participações S.A.                   | 506,353             | 508,889          | 503,346                     |
| - BES Investimento do Brasil S.A.                 | 131,872             | 129,858          | 108,080                     |
| - Other   | 266,208             | 269,717          | 280,413                     |
| <b>Total investment in affiliates - in Brazil</b> | <b>1,430,183</b>    | <b>1,440,183</b> | <b>1,415,539</b>            |
| - Tax incentives                                  | 239,533             | 239,533          | 239,542                     |
| - Other investments                               | 513,822             | 514,694          | 526,050                     |
| Provision for:                                    |                     |                  |                             |
| - Tax incentives                                  | (212,045)           | (212,045)        | (212,055)                   |
| - Other investments                               | (61,845)            | (61,948)         | (61,898)                    |
| <b>Overall total investments</b>                  | <b>1,909,648</b>    | <b>1,920,417</b> | <b>1,907,178</b>            |

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Financial Statements, Independent Auditors' Report and Fiscal Council's Report**Notes to the Consolidated Financial Statements**

b) The adjustments from the equity method accounting of investments were recorded in the income statement, under "Equity in the Earnings (Losses) of Unconsolidated Companies," and correspond to R\$17,227 thousand in the period ended September 30, 2013 (R\$103,367 thousand on September 30, 2012) and R\$2,007 thousand in the third quarter of 2013 (R\$11,888 thousand in the second quarter of 2013).

| Companies   | Capital<br>stock | Adjusted<br>shareholders'<br>equity | Number of<br>shares/quotas<br>held (thousands) |           | Co<br>o |
|---|------------------|-------------------------------------|--|-----------|---------|
|   |                  |                                     | Common   | Preferred |         |
| IRB-Brasil Resseguros S.A. (2)                          | 1,453,080        | 2,574,682                           | 212  | -         | -       |
| BES Investimento do Brasil S.A. - Banco de Investimento | 420,000          | 659,355                             | 12,734   | 12,734    | -       |
| Integritas Participações S.A. (2)                       | 615,294          | 793,802                             | 22,581   | -         | -       |
| Other (2)   |                  |                                     |  |           |         |

**Equity in the earnings (losses) of unconsolidated companies**

(1) The adjustment considers income calculated periodically by the companies and includes equity variations by the investees not coming from profit or loss, as well as alignment of accounting practice adjustments, where applicable; and

(2) Based on financial information from the previous month.

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Financial Statements, Independent Auditors' Report and Fiscal Council's Report**Notes to the Consolidated Financial Statements****14) PREMISES AND EQUIPMENT**

|  | Annual rate<br>of<br>depreciation | Cost              | Depreciation       | R\$ thousand             |                  |                  |
|--|-----------------------------------|-------------------|--------------------|--------------------------|------------------|------------------|
|  |                                   |                   |                    | Cost net of depreciation |                  |                  |
|  |                                   |                   |                    | 2013                     | 2012             |                  |
|  |                                   |                   |                    | September<br>30          | June 30          | September<br>30  |
| Property and equipment:                    |                                   |                   |                    |                          |                  |                  |
| - Buildings                                | 4%                                | 952,558           | (382,894)          | 569,664                  | 556,827          | 518,554          |
| - Land                                     | -                                 | 405,736           | -                  | 405,736                  | 405,672          | 400,358          |
| Facilities, furniture and equipment in use | 10%                               | 4,854,772         | (2,846,277)        | 2,008,495                | 2,057,121        | 2,260,988        |
| Security and communication systems         | 10%                               | 308,012           | (171,008)          | 137,004                  | 122,170          | 114,132          |
| Data processing systems                    | 20 to 50%                         | 4,816,424         | (3,570,221)        | 1,246,203                | 1,296,890        | 1,179,466        |
| Transportation systems                     | 20%                               | 58,898            | (33,926)           | 24,972                   | 25,328           | 26,098           |
| <b>Total on September 30, 2013</b>         |                                   | <b>11,396,400</b> | <b>(7,004,326)</b> | <b>4,392,074</b>         |                  |                  |
| <b>Total on June 30, 2013</b>              |                                   | <b>11,223,666</b> | <b>(6,759,658)</b> |                          | <b>4,464,008</b> |                  |
| <b>Total on September 30, 2012</b>         |                                   | <b>10,542,357</b> | <b>(6,042,761)</b> |                          |                  | <b>4,499,596</b> |

The Bradesco Organization's premises and equipment shows an unrecorded surplus of R\$5,381,586 thousand (R\$5,266,042 thousand on June 30, 2013 and R\$3,363,214 thousand on September 30, 2012). This is due to an increase in their market price, based on valuations by independent experts in 2013, 2012 and 2011.

The total consolidated fixed assets to net worth ratio is 17.5% (17.3% on June 30, 2013 and 18.9% on September 30, 2012), and the consolidated finance fixed assets to net worth ratio is 45.1% (44.3% on June 30, 2013 and 45.0% on September 30, 2012), whereas the maximum limit is 50%.

The difference between the total consolidated and consolidated finance fixed assets to net worth ratios is due to non-financial subsidiaries which have high liquidity and low fixed assets to net worth ratio, with the consequent increase in the consolidated finance fixed assets to net worth ratio. Whenever necessary, we may reallocate funds to the financial companies through the payment of dividends/interest on shareholders' equity to financial companies or a corporate restructuring between the financial and non-financial companies, thus improving the ratio.

Financial Statements, Independent Auditors' Report and Fiscal Council's Report**Notes to the Consolidated Financial Statements****15) INTANGIBLE ASSETS****a) Goodwill**

Goodwill from the acquisition of investments amounted to R\$2,642,761 thousand, net of accumulated amortization, where applicable, of which:

(i) R\$613,086 thousand represents the difference between the purchase price and the market value of the net assets acquired, which is recorded in Permanent Assets - Investments (BM&FBOVESPA and Integritas/Fleury shares), amortized when disposed; and (ii) R\$2,029,675 thousand, net of accumulated amortization, for future performance/customer portfolio, which is amortized over 20 years, where applicable.

In the period ended September 30, 2013, goodwill amortization amounted to R\$181,747 thousand (R\$199,674 thousand on September 30, 2012) and R\$49,168 thousand in the third quarter of 2013 (R\$65,221 thousand in the second quarter of 2013) (Note 29).

**b) Intangible assets**

Acquired intangible assets consist of:

|   | Amortization<br>rate<br>(1) | Cost              | Amortization       | R\$ thousand             |                  |                  |
|---|-----------------------------|-------------------|--------------------|--------------------------|------------------|------------------|
|   |                             |                   |                    | Cost net of amortization |                  |                  |
|   |                             |                   |                    | 2013                     | 2012             |                  |
|   |                             |                   |                    | September<br>30          | September<br>30  | September<br>30  |
| Acquisition of banking services rights      | Contract (4)                | 5,486,000         | (2,699,343)        | 2,786,657                | 2,923,617        | 2,840,000        |
| Software (2)                                | 20% to 50%                  | 7,317,085         | (3,647,163)        | 3,669,923                | 3,565,492        | 2,889,705        |
| Future profitability/customer portfolio (3) | Up to 20%                   | 3,679,162         | (1,649,487)        | 2,029,675                | 2,159,975        | 3,277,120        |
| Other (5)                                   | Contract                    | 660,423           | (117,781)          | 542,642                  | 542,656          | 578,629          |
| <b>Total on September 30, 2013</b>          |                             | <b>17,142,670</b> | <b>(8,113,774)</b> | <b>9,028,896</b>         |                  |                  |
| <b>Total on June 30, 2013</b>               |                             | <b>17,581,168</b> | <b>(8,389,428)</b> |                          | <b>9,191,740</b> |                  |
| <b>Total on September 30, 2012</b>          |                             | <b>16,094,453</b> | <b>(6,508,998)</b> |                          |                  | <b>9,585,455</b> |

(1) Intangible assets are amortized over an estimated period of economic benefit and recognized in "other administrative expenses" and "other operating expenses," where applicable;

(2) Software acquired and/or developed by specialized companies;

(3) Mainly composed of goodwill on the acquisition of equity interest in Banco Bradescard (currently Banco Ibi) - R\$834,573 thousand, Odontoprev - R\$264,908 thousand, Bradescard Mexico (currently Ibi México) - R\$22,562 thousand, Europ Assistance Serviços de Assistência Personalizados - R\$16,904 thousand and Cielo/Investees - R\$661,335 thousand. In the third quarter of 2013, the goodwill on the acquisition of equity interest in Ágora Corretora was fully amortized;

(4) Based on the pay-back of each agreement; and

(5) Mainly refers to the 2016 Olympic Games sponsorship program.

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Financial Statements, Independent Auditors' Report and Fiscal Council's Report**Notes to the Consolidated Financial Statements****c) Changes in intangible assets by type**

|                                      | R\$ thousand                                   |                  |   |                |                  |
|--------------------------------------|--|------------------|---|----------------|------------------|
|                                      | Acquisition<br>of banking<br>service<br>rights | Software         | Future<br>profitability/<br>customer<br>portfolio | Other          | Total            |
| <b>Balance on December 31, 2012</b>  | <b>2,586,519</b>                               | <b>3,077,469</b> | <b>2,047,325</b>                                  | <b>558,816</b> | <b>8,270,129</b> |
| Additions (reductions)               | 872,903  | 1,026,903        | 164,097   | 56,401         | 2,120,304        |
| Amortization for the period          | (672,765)                                      | (434,450)        | (181,747)   | (72,575)       | (1,361,537)      |
| <b>Balance on September 30, 2013</b> | <b>2,786,657</b>                               | <b>3,669,922</b> | <b>2,029,675</b>                                  | <b>542,642</b> | <b>9,028,896</b> |

**16) DEPOSITS, FEDERAL FUNDS PURCHASED AND SECURITIES SOLD UNDER AGREEMENTS TO REPURCHASE AND FUNDS FROM ISSUANCE OF SECURITIES****a) Deposits**

|  | 2013               |                   |                    |                       |                    | June 30            | Se |
|--|--------------------|-------------------|--------------------|-----------------------|--------------------|--------------------|----|
|  | 1 to 30<br>days    | 31 to 180<br>days | 181 to 360<br>days | More than<br>360 days | September<br>30    |                    |    |
| Demand deposits (1)                        | 39,455,794         | -                 | -                  | -                     | 39,455,794         | 36,586,408         | 3  |
| Savings deposits (1)                       | 76,487,681         | -                 | -                  | -                     | 76,487,681         | 72,627,265         | 6  |
| Interbank deposits                         | 265,256            | 331,998           | 33,627             | 210,254               | 841,135            | 698,884            |    |
| Time deposits (2)                          | 16,817,268         | 14,343,693        | 11,800,400         | 57,031,424            | 99,992,785         | 98,572,968         | 11 |
| <b>Overall total on September 30, 2013</b> | <b>133,025,999</b> | <b>14,675,691</b> | <b>11,834,027</b>  | <b>57,241,678</b>     | <b>216,777,395</b> |                    |    |
| %  | 61.4               | 6.8               | 5.4                | 26.4                  | 100.0              |                    |    |
| <b>Overall total on June 30, 2013</b>      | <b>123,031,147</b> | <b>15,610,811</b> | <b>10,633,508</b>  | <b>59,210,059</b>     |                    | <b>208,485,525</b> |    |
| %  | 59.0               | 7.5               | 5.1                | 28.4                  |                    | 100.0              |    |
| <b>Overall total on September 30, 2012</b> | <b>112,054,550</b> | <b>16,942,092</b> | <b>11,692,543</b>  | <b>72,180,416</b>     |                    |                    | 21 |
| %  | 52.6               | 8.0               | 5.5                | 33.9                  |                    |                    |    |

(1) Classified as "1 to 30 days", not considering average historical turnover; and



(2) Considers the actual maturities of investments.

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Financial Statements, Independent Auditors' Report and Fiscal Council's Report**Notes to the Consolidated Financial Statements****b) Federal funds purchased and securities sold under agreements to repurchase**

|  | 2013               |                   |                   |                    |                     | June 30            |
|--|--------------------|-------------------|-------------------|--------------------|---------------------|--------------------|
|  | 1 to 30 days       | 31 to 180 days    | 181 to 360 days   | More than 360 days | September 30        |                    |
| <b>Own portfolio</b>                           | <b>69,016,394</b>  | <b>28,369,156</b> | <b>10,675,215</b> | <b>18,410,121</b>  | <b>126,470,886</b>  | <b>135,424,060</b> |
| Government securities                          | 66,633,753         | 192,903           | 75,335            | 674                | 66,902,665          | 70,952,830         |
| Debentures of own issuance                     | 2,015,404          | 28,176,253        | 10,598,787        | 16,572,349         | 57,362,793          | 60,076,720         |
| Foreign  | 367,237            | -                 | 1,093             | 1,837,098          | 2,205,428           | 4,394,510          |
| <b>Third-party portfolio (1)</b>               | <b>120,381,263</b> | <b>3,033,076</b>  | <b>-</b>          | <b>-</b>           | <b>-123,414,339</b> | <b>110,974,500</b> |
| <b>Unrestricted portfolio (1)</b>              | <b>4,659,747</b>   | <b>4,034,961</b>  | <b>-</b>          | <b>-</b>           | <b>8,694,708</b>    | <b>20,426,540</b>  |
| <b>Overall total on September 30, 2013 (2)</b> | <b>194,057,404</b> | <b>35,437,193</b> | <b>10,675,215</b> | <b>18,410,121</b>  | <b>258,579,933</b>  |                    |
| %  | 75.1               | 13.7              | 4.1               | 7.1                | 100.0               |                    |
| <b>Overall total on June 30, 2013 (2)</b>      | <b>201,698,323</b> | <b>36,649,541</b> | <b>10,618,720</b> | <b>17,858,536</b>  |                     | <b>266,825,120</b> |
| %  | 75.6               | 13.7              | 4.0               | 6.7                |                     | 100.0              |
| <b>Overall total on September 30, 2012 (2)</b> | <b>176,133,964</b> | <b>37,411,461</b> | <b>9,014,068</b>  | <b>22,978,124</b>  |                     |                    |
| %  | 71.7               | 15.2              | 3.7               | 9.4                |                     |                    |

(1) Represented by government securities; and

(2) Includes R\$75,915,102 thousand (R\$66,498,553 thousand on June 30, 2013 and R\$77,162,542 thousand on September 30, 2012) of investment funds in purchase and sale commitments with Bradesco, whose quotaholders are subsidiaries included in the consolidated financial statements (Notes 8a, b, c and d).

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Financial Statements, Independent Auditors' Report and Fiscal Council's Report**Notes to the Consolidated Financial Statements****c) Funds from the issuance of securities**

|   | 2013             |                   |                   |                   | R\$ thousand      |                   | 2012          |
|---|------------------|-------------------|-------------------|-------------------|-------------------|-------------------|---------------|
|   | 1 to 30          | 31 to 180         | 181 to 360        | More than         | September         | June 30           | September     |
|   | days             | days              | days              | 360 days          | 30                |                   | 30            |
| <b>Securities - Brazil:</b>   |                  |                   |                   |                   |                   |                   |               |
| - Mortgage bonds  | 88,292           | 209,915           | 328,619           | 6,035             | 632,861           | 682,676           | 999           |
| - Letters of credit for real estate   | 353,574          | 1,074,129         | 3,351,113         | 91,079            | 4,869,895         | 4,789,420         | 3,811         |
| - Letters of credit for agribusiness  | 244,448          | 1,544,690         | 901,131           | 1,516,433         | 4,206,702         | 4,349,457         | 3,768         |
| - Financial bills   | 2,851,539        | 6,667,908         | 1,682,086         | 23,040,853        | 34,242,386        | 31,878,472        | 31,233        |
| <b>Subtotal</b>   | <b>3,537,853</b> | <b>9,496,642</b>  | <b>6,262,949</b>  | <b>24,654,400</b> | <b>43,951,844</b> | <b>41,700,025</b> | <b>39,813</b> |
| <b>Securities - abroad:</b>   |                  |                   |                   |                   |                   |                   |               |
| - MTN Program Issues (1)  | 300,302          | 824,277           | 2,119,169         | 5,123,129         | 8,366,877         | 8,831,091         | 10,432        |
| - Securitization of future flow of money orders received from abroad (Note 16d) | 7,112            | 415,820           | 463,207           | 2,239,544         | 3,125,683         | 3,308,621         | 3,587         |
| - Issuance costs  | -                | -                 | -                 | (17,748)          | (17,748)          | (19,127)          | (22)          |
| <b>Subtotal</b>   | <b>307,414</b>   | <b>1,240,097</b>  | <b>2,582,376</b>  | <b>7,344,925</b>  | <b>11,474,812</b> | <b>12,120,585</b> | <b>13,997</b> |
| <b>Overall total on September 30, 2013</b>                                      | <b>3,845,267</b> | <b>10,736,739</b> | <b>8,845,325</b>  | <b>31,999,325</b> | <b>55,426,656</b> |                   |               |
| %   | 6.9              | 19.4              | 16.0              | 57.7              | 100.0             |                   |               |
| <b>Overall total on June 30, 2013</b>   | <b>2,456,190</b> | <b>11,178,066</b> | <b>11,208,441</b> | <b>28,977,913</b> |                   | <b>53,820,610</b> |               |
| %   | 4.6              | 20.8              | 20.8              | 53.8              |                   | 100.0             |               |
| <b>Overall total on September 30, 2012</b>                                      | <b>1,434,426</b> | <b>13,208,215</b> | <b>13,722,106</b> | <b>25,445,465</b> |                   |                   | <b>53,810</b> |
| %   | 2.7              | 24.5              | 25.5              | 47.3              |                   |                   | 100.0         |

(1) Issuance of securities on the international market to invest in foreign exchange transactions, pre-export financing, import financing and working capital financing, predominately in the medium and long terms.

Financial Statements, Independent Auditors' Report and Fiscal Council's Report**Notes to the Consolidated Financial Statements**

d) Since 2003, Bradesco has used certain agreements to optimize its funding and liquidity management activities by using SPEs - Special Purpose Entities. An SPE, also known as a Diversified Payment Rights Company outside Brazil, is financed with long-term debt and settled through future cash flows from underlying assets which basically include flows from current payment orders and future remittances made by individuals and companies located abroad to beneficiaries in Brazil for which the Bank acts as a paying agent.

Long-term securities issued by the SPE and sold to investors are settled with proceeds from the payment order flows. Bradesco is obliged to redeem these securities in specific cases of delinquency or if the SPE discontinues operations.

Funds from the sale of current and future payment order flows, received by the SPE, must be maintained in a specific bank account until a minimum amount has been reached.

Below are the main features of the notes issued by SPEs:

|  | Date of issue | Transaction amount | Maturity   | R\$ thousand            |                     |                         |
|--|---------------|--------------------|------------|-------------------------|---------------------|-------------------------|
|  |               |                    |            | 2013<br>September<br>30 | Total<br>June<br>30 | 2012<br>September<br>30 |
|  | 06.11.2007    | 481,550            | 05.20.2014 | 69,935                  | 103,975             | 190,174                 |
|  | 06.11.2007    | 481,550            | 05.20.2014 | 69,530                  | 103,624             | 190,074                 |
|  | 12.20.2007    | 354,260            | 11.20.2014 | 89,076                  | 110,626             | 162,180                 |
|  | 03.06.2008    | 836,000            | 05.22.2017 | 779,478                 | 829,738             | 912,349                 |
| Securitization of future flow of payment orders received from abroad | 12.19.2008    | 1,168,500          | 02.20.2019 | 1,113,328               | 1,106,175           | 1,013,637               |
|  | 12.17.2009    | 133,673            | 11.20.2014 | 55,554                  | 69,000              | 101,168                 |
|  | 12.17.2009    | 133,673            | 02.20.2017 | 113,728                 | 121,644             | 135,213                 |
|  | 12.17.2009    | 89,115             | 02.20.2020 | 98,931                  | 102,139             | 100,841                 |
|  | 08.20.2010    | 307,948            | 08.21.2017 | 291,826                 | 309,268             | 336,499                 |
|  | 09.29.2010    | 170,530            | 08.21.2017 | 166,787                 | 176,756             | 192,319                 |
|  | 11.16.2011    | 88,860             | 11.20.2018 | 109,938                 | 109,230             | 100,124                 |
|  | 11.16.2011    | 133,290            | 11.22.2021 | 167,572                 | 166,446             | 152,450                 |
| <b>Total</b>   |               | <b>4,378,949</b>   |            | <b>3,125,683</b>        | <b>3,308,621</b>    | <b>3,587,028</b>        |

e) Cost for market funding and inflation and interest adjustments of technical reserves for insurance, pension plans and capitalization bonds

**2013**

Overall total

268

|  | <b>3<sup>rd</sup><br/>Quarter</b> | <b>2<sup>nd</sup><br/>Quarter</b> | <b>September</b> |
|--|-----------------------------------|-----------------------------------|------------------|
| Savings deposits   | 1,066,334                         | 932,755                           | 2                |
| Time deposits  | 2,170,663                         | 1,928,385                         | 5                |
| Federal funds purchased and securities sold under agreements to repurchase   | 6,083,572                         | 5,629,963                         | 15               |
| Funds from issuance of securities  | 1,160,255                         | 1,057,910                         | 3                |
| Other funding expenses   | 101,571                           | 102,662                           |                  |
| <b>Subtotal</b>  | <b>10,582,395</b>                 | <b>9,651,675</b>                  | <b>28</b>        |
| Cost for inflation and interest adjustment of technical reserves of insurance,<br>pension plans and capitalization bonds | 1,923,706                         | 840,150                           | 3                |
| <b>Total</b>   | <b>12,506,101</b>                 | <b>10,491,825</b>                 | <b>31</b>        |

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Financial Statements, Independent Auditors' Report and Fiscal Council's Report**Notes to the Consolidated Financial Statements****17) BORROWING AND ONLENDING****a) Borrowing**

|  | 2013             |                  |                  |                    | September 30      | June 30           | September 30      | R\$ thousand<br>2012 |
|--|------------------|------------------|------------------|--------------------|-------------------|-------------------|-------------------|----------------------|
|  | 1 to 30 days     | 31 to 180 days   | 181 to 360 days  | More than 360 days | September 30      | June 30           | September 30      |                      |
| <b>In Brazil - other institutions</b>      | 4,481            | -                | -                | 7,717              | 12,198            | 10,655            | 9,417             |                      |
| <b>Abroad</b>                              | 1,700,143        | 5,313,129        | 4,376,474        | 587,922            | 11,977,668        | 11,077,072        | 10,142,101        |                      |
| <b>Overall total on September 30, 2013</b> | <b>1,704,624</b> | <b>5,313,129</b> | <b>4,376,474</b> | <b>595,639</b>     | <b>11,989,866</b> |                   |                   |                      |
| <b>%</b>                                   | <b>14.2</b>      | <b>44.3</b>      | <b>36.5</b>      | <b>5.0</b>         | <b>100.0</b>      |                   |                   |                      |
| <b>Overall total on June 30, 2013</b>      | <b>2,433,011</b> | <b>4,265,564</b> | <b>3,352,342</b> | <b>1,036,810</b>   |                   | <b>11,087,727</b> |                   |                      |
| <b>%</b>                                   | <b>21.9</b>      | <b>38.5</b>      | <b>30.2</b>      | <b>9.4</b>         |                   | <b>100.0</b>      |                   |                      |
| <b>Overall total on September 30, 2012</b> | <b>1,235,667</b> | <b>5,495,857</b> | <b>2,517,098</b> | <b>902,896</b>     |                   |                   | <b>10,151,518</b> |                      |
| <b>%</b>                                   | <b>12.2</b>      | <b>54.1</b>      | <b>24.8</b>      | <b>8.9</b>         |                   |                   | <b>100.0</b>      |                      |

**b) Onlending**

|  | 2013             |                  |                  |                    | September 30      | June 30           | September 30      | R\$ thousand<br>2012 |
|--|------------------|------------------|------------------|--------------------|-------------------|-------------------|-------------------|----------------------|
|  | 1 to 30 days     | 31 to 180 days   | 181 to 360 days  | More than 360 days | September 30      | June 30           | September 30      |                      |
| <b>In Brazil</b>                           | <b>1,126,451</b> | <b>5,328,419</b> | <b>5,494,567</b> | <b>27,203,641</b>  | <b>39,153,078</b> | <b>37,896,430</b> | <b>35,122,521</b> |                      |
| - National Treasury                        | -                | -                | 36,673           | -                  | 36,673            | 17,444            | 116,771           |                      |
| - BNDES                                    | 363,157          | 2,050,046        | 1,420,209        | 8,206,431          | 12,039,843        | 11,860,989        | 12,218,671        |                      |
| - CEF                                      | 1,874            | 8,806            | 10,513           | 23,320             | 44,513            | 49,065            | 60,751            |                      |
| - FINAME                                   | 761,420          | 3,269,567        | 4,027,172        | 18,972,244         | 27,030,403        | 25,967,289        | 22,724,481        |                      |
| - Other institutions                       | -                | -                | -                | 1,646              | 1,646             | 1,643             | 1,831             |                      |
| <b>Abroad</b>                              | <b>7,236</b>     | <b>156,653</b>   | <b>-</b>         | <b>-</b>           | <b>163,889</b>    | <b>136,862</b>    | <b>124,391</b>    |                      |
| <b>Overall total on September 30, 2013</b> | <b>1,133,687</b> | <b>5,485,072</b> | <b>5,494,567</b> | <b>27,203,641</b>  | <b>39,316,967</b> |                   |                   |                      |
| <b>%</b>                                   | <b>2.9</b>       | <b>14.0</b>      | <b>14.0</b>      | <b>69.1</b>        | <b>100.0</b>      |                   |                   |                      |
| <b>Overall total on June 30, 2013</b>      | <b>1,246,376</b> | <b>4,766,262</b> | <b>5,695,185</b> | <b>26,325,469</b>  |                   | <b>38,033,292</b> |                   |                      |
| <b>%</b>                                   | <b>3.3</b>       | <b>12.5</b>      | <b>15.0</b>      | <b>69.2</b>        |                   | <b>100.0</b>      |                   |                      |
| <b>Overall total on September 30, 2012</b> | <b>2,754,907</b> | <b>4,396,646</b> | <b>6,765,497</b> | <b>21,329,874</b>  |                   |                   | <b>35,246,924</b> |                      |

Overall total

270

|   |     |      |      |      |     |
|---|-----|------|------|------|-----|
| % | 7.8 | 12.5 | 19.2 | 60.5 | 100 |
|---|-----|------|------|------|-----|

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Financial Statements, Independent Auditors' Report and Fiscal Council's Report**Notes to the Consolidated Financial Statements****c) Borrowing and onlending expenses**

|  | 2013                    |                         | R\$ thousand<br>2012 |                     |
|--|-------------------------|-------------------------|----------------------|---------------------|
|  | 3 <sup>rd</sup> Quarter | 2 <sup>nd</sup> Quarter | September 30<br>YTD  | September 30<br>YTD |
| <b>Borrowing:</b>                            |                         |                         |                      |                     |
| - In Brazil                                  | 4,369                   | 15,896                  | 26,999               | 11,498              |
| - Abroad                                     | 30,784                  | 32,354                  | 92,923               | 107,440             |
| <b>Subtotal borrowing</b>                    | <b>35,153</b>           | <b>48,250</b>           | <b>119,922</b>       | <b>118,938</b>      |
| <b>Onlending in Brazil:</b>                  |                         |                         |                      |                     |
| - National Treasury                          | 123                     | 110                     | 737                  | 2,618               |
| - BNDES                                      | 179,197                 | 187,460                 | 512,900              | 608,468             |
| - CEF  | 765                     | 835                     | 2,534                | 3,598               |
| - FINAME                                     | 213,015                 | 225,876                 | 662,092              | 918,776             |
| - Other institutions                         | 8                       | 147                     | 301                  | 162                 |
| <b>Onlending abroad:</b>                     |                         |                         |                      |                     |
| - Payables to foreign bankers (Note 11a)     | 44,559                  | 611,465                 | 785,090              | 1,034,502           |
| - Other expenses with foreign onlending      | 566,140                 | 3,535,002               | 3,631,737            | 2,573,891           |
| - Exchange variation from investments abroad | (161,286)               | (1,950,967)             | (1,812,622)          | (1,356,499)         |
| <b>Subtotal onlending</b>                    | <b>842,521</b>          | <b>2,609,928</b>        | <b>3,782,769</b>     | <b>3,785,516</b>    |
| <b>Total</b>                                 | <b>877,674</b>          | <b>2,658,178</b>        | <b>3,902,691</b>     | <b>3,904,454</b>    |

**18) PROVISIONS, CONTINGENT ASSETS AND LIABILITIES AND LEGAL LIABILITIES - TAX AND SOCIAL SECURITY****a) Contingent assets**

Contingent assets are not recognized in the financial statements, however, there are ongoing proceedings where the chance of success is considered probable, such as: a) Social Integration Program (PIS), claiming to offset PIS against Gross Operating Income, paid under Decree-Laws 2445/88 and 2449/88, regarding the payment that exceeded the amount due under Supplementary Law 07/70 (PIS Repique); and b) other taxes, the legality and/or constitutionality of which is being challenged, where the decision may lead to reimbursement of amounts paid.

**b) Provisions classified as probable losses and legal obligations - tax and social security**

Bradesco Organization is a party to a number of labor, civil and tax lawsuits, arising from the normal course of business.



Management recorded provisions based on their opinion and of their legal counsel, the nature of the lawsuit, similarity to previous lawsuits, complexity and the courts standing, where the loss is deemed probable.

Management considers that the provision is sufficient to cover losses generated by the respective lawsuits.

Liability related to litigation is held until the conclusion to the lawsuit, represented by judicial decisions, with no further appeals or due to the statute of limitation.

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

**Notes to the Consolidated Financial Statements**

## **I - Labor claims**

These are claims brought by former employees and outsourced employees seeking indemnifications, especially for unpaid overtime, according to Article 224 of the Consolidation of Labor Laws (CLT). In proceedings in which a judicial deposit is used to guarantee the execution of the judgment, the labor provision is made considering the estimated loss of these deposits. For other proceedings, the provision is based on the average of payments made for claims settled over the last 12 months.

Overtime is monitored by using electronic time cards and paid regularly during the employment contract and, accordingly, the claims filed by former employees do not represent significant amounts.

## **II - Civil claims**

These are claims for pain and suffering and property damages, mainly relating to protests, returned checks, the inclusion of information about debtors in the credit restriction registry and the replacement of inflation adjustments excluded as a result of government economic plans. These lawsuits are individually controlled using a computer-based system and provisioned whenever the loss is deemed as probable, considering the opinion of Management and their legal counsel, the nature of the lawsuits, and similarity with previous lawsuits, complexity and positioning of the courts.

Most of these lawsuits are brought to the Special Civil Court (JEC), in which the claims are limited to 40 times the minimum wage and do not cause significant impact on Bradesco Organization's financial position.

Note that a significant number of legal claims pleading the incidence of inflation rates, which were excluded from inflation adjustments on savings account balances due to economic plans, were part of federal government's economic policy to reduce inflation. Although the Bank complied with the legal requirements in force at the time, these lawsuits have been recorded as provisions, taking into consideration claims effectively notified and the evaluation of the perspective of the loss, considering the current judicial decision of the Superior Court of Justice (STJ).

Two points are worth noting regarding disputes relating to economic plans: a) the Bank does not expect any significant provisions to be recorded in excess of what has been provided for, as legal new claims cannot be made; and b) the Federal Supreme Court (STF) suspended the analysis of all appeals up until a final decision issued by the court.

## **III - Legal obligations - provision for tax risks**

The Bradesco Organization is disputing the legality and constitutionality of certain taxes and contributions in court, for which provisions have been recorded in full, although there is good chance of a favorable

outcome in the medium to long term, based on the opinion of Management and their legal counsel. The processing of these legal obligations whose risk is deemed as probable is regularly monitored in the legal court. During or after the conclusion of each case, a favorable outcome may arise for the Organization, resulting in the reversal of the related provisions.

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

**Notes to the Consolidated Financial Statements**

The main cases are:

- Cofins - R\$10,292,466 thousand (R\$9,993,073 thousand on June 30, 2013 and R\$8,598,942 thousand on September 30, 2012): a request for authorization to calculate and pay Cofins based on effective income, as set forth in Article 2 of Supplementary Law 70/91, removing the unconstitutional increase in the calculation for other revenues other than income;
- INSS Autonomous Brokers - R\$1,267,188 thousand (R\$1,221,705 thousand on June 30, 2013 and R\$1,100,748 thousand on September 30, 2012): we are requesting the impact of social security contribution on remunerations paid to third-party service providers, established by Supplementary Law 84/96 and subsequent regulations/amendments, at the 20.0% rate and additionally 2.5%, on the grounds that services are not provided to insurance companies but to policyholders, thus being outside the incidence of the contribution provided for in item I, Article 22, of Law 8212/91, as new wording in Law 9876/99;
- IRPJ/Loan Losses - R\$1,735,719 thousand (R\$1,713,111 thousand on June 30, 2013 and R\$1,310,993 thousand on September 30, 2012): we are requesting to deduct from income tax and social contributions payable (IRPJ and CSLL, respectively) amounts of actual and definite loan losses related to unconditional discounts granted upon receipt of claims incurred, regardless if they comply with the terms and conditions provided for in Articles 9 to 14 of Law 9430/96 that only apply to temporary losses;
- CSLL - Deductibility on IRPJ calculation basis - R\$879,712 thousand (R\$867,168 thousand on June 30, 2013 and R\$673,782 thousand on September 30, 2012): we are requesting to calculate and pay income tax calculated and paid for 1997 and subsequent years, excluding CSLL in the calculation, under Article 1, of Law 9316/96, since this contribution represents an effective, necessary and mandatory expense to the Company; and
- PIS - R\$307,783 thousand (R\$305,648 thousand on June 30, 2013 and R\$300,310 thousand on September 30, 2012): we are requesting the authorization to offset overpaid amounts in 1994 and 1995 as PIS contribution, corresponding to the surplus on the calculation established in the Constitution, i.e., gross operating income, as defined in the income tax legislation - set out in Article 44 of Law 4506/64, excluding interest income.

Law 12865/13, edited on October 9, 2013, provided for the possibility of payment of federal tax debts with discount. Bradesco Organization, closely monitoring this possibility, will examine the existing cases and will decide on them on a timely basis, and the respective financial and accounting effects will be analyzed at the moment, both in case of compliance and in case of possibility of favorable outcome or alteration in processing of the case.

## IV - Provisions by nature

|                             | 2013              |                   | R\$ thousand<br>2012 |
|-----------------------------|-------------------|-------------------|----------------------|
|                             | September 30      | June 30           | September 30         |
| Labor claims                | 2,507,604         | 2,471,717         | 2,459,580            |
| Civil claims                | 3,856,399         | 3,765,509         | 3,609,648            |
| <b>Subtotal (1)</b>         | <b>6,364,003</b>  | <b>6,237,226</b>  | <b>6,069,228</b>     |
| Provision for tax risks (2) | 16,784,877        | 16,452,731        | 14,061,296           |
| <b>Total</b>                | <b>23,148,880</b> | <b>22,689,957</b> | <b>20,130,524</b>    |

(1) Note 20b; and

(2) Classified under "Other liabilities - tax and social security" (Note 20a).

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Financial Statements, Independent Auditors' Report and Fiscal Council's Report**Notes to the Consolidated Financial Statements****V - Changes in provisions**

|   |                  | R\$ thousand     |                   |
|---|------------------|------------------|-------------------|
|   |                  | <b>2013</b>      |                   |
|   | <b>Labor</b>     | <b>Civil</b>     | <b>Tax (1)</b>    |
| <b>Balance at December 31, 2012</b>         | <b>2,496,270</b> | <b>3,722,404</b> | <b>15,071,659</b> |
| Adjustment for inflation                    | 216,551          | 259,105          | 617,490           |
| Provisions, net of reversals and write-offs | 393,410          | 354,148          | 1,165,052         |
| Payments                                    | (598,627)        | (479,258)        | (69,324)          |
| <b>Balance at September 30, 2013</b>        | <b>2,507,604</b> | <b>3,856,399</b> | <b>16,784,877</b> |

(1) Mainly include legal liabilities.

**c) Contingent liabilities classified as possible losses**

The Bradesco Organization maintains a system to monitor all administrative and judicial proceedings in which the institution is plaintiff or defendant and, based on the opinion of legal counsel, classifies the lawsuits according to the expectation of loss. Case law trends are periodically analyzed and, if necessary, the related risk is reclassified. In this respect, contingent lawsuits deemed with the risk of a possible loss are not recorded as a liability in the financial statements. The main lawsuits classified as such are the following: a) leasing companies' Tax on Services of any Nature (ISSQN), total lawsuits correspond to R\$1,167,543 thousand (R\$1,151,684 thousand on June 30, 2013 and R\$1,102,267 thousand on September 30, 2012) which relates to the municipal tax demands other than those where the company is not located and where, under law, tax is collected; b) 2006-2010 income tax and social contribution, relating to goodwill amortization being disallowed on the acquisition of investments, for the amount of R\$844,849 thousand (R\$838,399 thousand on June 30, 2013 and R\$709,665 thousand on September 30, 2012); c) IRPJ and CSLL deficiency notice relating to disallowance of loan loss expenses, for the amount of R\$490,422 thousand (R\$482,515 thousand on June 30, 2013 and R\$295,717 thousand on September 30, 2012); d) IRPJ and CSLL deficiency note relating to disallowance of exclusions of revenues from mark-to-market securities in 2007, amounting to R\$231,612 thousand (R\$229,556 thousand on June 30, 2013); and e) IRPJ, CSLL, PIS and COFINS deficiency note, amounting to R\$337,348 thousand (R\$334,433 thousand on June 30, 2013), on alleged tax-exempt gain, when Bovespa shares were merged into *Nova Bolsa* (BM&FBovespa), in 2008.

Financial Statements, Independent Auditors' Report and Fiscal Council's Report**Notes to the Consolidated Financial Statements****19) SUBORDINATED DEBT**

| <b>Maturity</b>          | <b>Original term in years</b> | <b>Amount<br/>of the<br/>operation</b> | <b>Currency</b> | <b>Remuneration</b>                         |
|--------------------------|-------------------------------|--|-----------------|---|
| <b>In Brazil:</b>        |                               |  |                 |   |
| <b>Subordinated CDB:</b> |                               |  |                 |   |
|                          |                               |  |                 | 100.0% of CDI rate + (0.3440% p.a.- 0.4914% |
| 2012 (1)                 | 5                             | -                                      | R\$             | IPCA + 7.6320%                              |
| 2013 (6)                 | 5                             | -                                      | R\$             | 100.0% of CDI rate + 1.0817%                |
| 2014                     | 6                             | 1,000,000                              | R\$             | 112.0% of CDI                               |
| 2015                     | 6                             | 1,274,696                              | R\$             | IPCA + (6.92% p.a.- 8.55%                   |
| 2016                     | 6                             | 500                                    | R\$             | 108.0% to 112.0% of CDI                     |
|                          |                               |  |                 | IPCA + 7.1292%                              |
|                          |                               |  |                 | 100.0% of CDI rate + 0.87%                  |
| 2012 (1)                 | 10                            | -                                      | R\$             | 101.5% of CDI                               |
| 2019                     | 10                            | 20,000                                 | R\$             | IPCA + 7.76%                                |
| <b>Financial notes:</b>  |                               |  |                 |   |
|                          |                               |  |                 | IGP-M + 6.3874%                             |
|                          |                               |  |                 | IPCA + (6.7017% p.a. - 6.8784%              |
|                          |                               |  |                 | Fixed rate of 13.0949%                      |
| 2016                     | 6                             | 102,018                                | R\$             | 108.0% to 110.0% of CDI                     |
|                          |                               |  |                 | 100.0% of CDI rate + (1.2685%p.a. - 1.3656% |
|                          |                               |  |                 | IGP-M + (5.7745% p.a. - 6.9588%             |
|                          |                               |  |                 | IPCA + (5.6030% p.a. - 7.5482%              |
|                          |                               |  |                 | Fixed rate of (11.7493% p.a. - 13.8609%     |
| 2017                     | 6                             | 8,630,999                              | R\$             | 104.0% to 112.5% of CDI                     |
|                          |                               |  |                 | 100.0% of CDI rate + (0.7855%p.a. - 1.3061% |
|                          |                               |  |                 | IGP-M + (4.0147% p.a. - 6.2626%             |
|                          |                               |  |                 | IPCA + (3.6712% p.a. - 6.2822%              |
|                          |                               |  |                 | Fixed rate of (9.3991% p.a. - 12.1754%      |
| 2018 (2)                 | 6                             | 8,262,799                              | R\$             | 105.0% to 112.2% of CDI                     |
|                          |                               |  |                 | IGP-M + (3.6320% p.a. - 4.0735%             |
|                          |                               |  |                 | IPCA + (3.2983% p.a. - 4.4268%              |
|                          |                               |  |                 | Fixed rate of (9.3207% p.a. - 10.3107%      |





Financial Statements, Independent Auditors' Report and Fiscal Council's Report**Notes to the Consolidated Financial Statements**

| <b>Maturity</b> | <b>Original term in years</b> | <b>Amount of the operation</b> | <b>Currency</b> | <b>Remuneration</b>   | <b>September 30</b> |
|-----------------|-------------------------------|--------------------------------|-----------------|---|---------------------|
| 2019 (7)        | 6                             | 21,858                         | R\$             | 109.3% to 109.5% of CDI rate<br>IPCA + 7.4163% p.a.   | 2                   |
| 2017            | 7                             | 40,100                         | R\$             | Fixed rate of 13.1763% p.a.<br>IGP-M + 6.6945% p.a.   | 6                   |
| 2018            | 7                             | 141,050                        | R\$             | IPCA + (5.9081% p.a. - 7.3743% p.a.)<br>100.0% of CDI rate + (1.0079% p.a. - 1.0412% p.a.)<br>IGP-M rate + 4.1768 p.a.<br>IPCA + (4.0262% p.a. - 6.1757% p.a.)<br>Fixed rate of (10.1304% p.a. - 11.7550% p.a.) | 18                  |
| 2019 (3)        | 7                             | 3,172,835                      | R\$             | 110.5% to 112.2% of CDI rate  | 3,29                |
| 2020 (10)       | 7                             | 1,700                          | R\$             | IPCA + 4.2620% p.a.   |                     |
| 2018            | 8                             | 50,000                         | R\$             | IGP-M + 7.0670% p.a.<br>IGP-M + 5.8351% p.a.<br>IPCA + (5.8950% p.a. - 6.3643% p.a.)  | 7                   |
| 2019            | 8                             | 12,735                         | R\$             | Fixed rate of 13.3381% p.a.<br>IGP-M + 5.5341% p.a.<br>IPCA + (3.9941% p.a. - 6.1386% p.a.)<br>Fixed rate of (11.1291% p.a. - 11.8661% p.a.)  | 1                   |
| 2020 (5)        | 8                             | 28,556                         | R\$             | 110.0% to 110.7% of CDI rate  | 3                   |
| 2021 (8)        | 8                             | 1,236                          | R\$             | IPCA + (3.7004% p.a. - 4.3419% p.a.)  |                     |
| 2021            | 9                             | 7,000                          | R\$             | 111.0% of CDI rate<br>IGP-M + (6.0358% p.a. - 6.6244% p.a.)<br>IPCA + (5.8789% p.a. - 7.1246% p.a.)<br>Fixed rate of 12.7513% p.a.  |                     |
| 2021            | 10                            | 19,200                         | R\$             | 109.0% of CDI rate<br>IGP-M + (3.9270% p.a. - 4.2994% p.a.)<br>IPCA + (4.1920% p.a. - 6.0358% p.a.)<br>Fixed rate of (10.3489% p.a. - 12.4377% p.a.)  | 2                   |
| 2022 (4)        | 10                            | 54,143                         | R\$             | 110.0% to 111.3% of CDI rate<br>IGP-M + (3.5855% p.a. - 3.9984% p.a.)<br>IPCA + (3.9292% p.a. - 4.9620% p.a.)   | 6                   |



Financial Statements, Independent Auditors' Report and Fiscal Council's Report**Notes to the Consolidated Financial Statements**

| <b>Maturity</b>             | <b>Original term in years</b> | <b>Amount<br/>of the<br/>operation</b> | <b>Currency</b> | <b>Remuneration</b>                        |
|-----------------------------|-------------------------------|--|-----------------|--|
| 2023 (9)                    | 10                            | 688,064                                | R\$             | Fixed rate (10.6804% p.a. – 10.8971% p.a.) |
| <b>CDB pegged to loans:</b> |                               |  |                 |  |
| 2013 to 2016                | 2 to 4                        | 4,357                                  | R\$             | 100.0% of CDI rate                         |
| <b>Subtotal in Brazil</b>   |                               |  |                 |  |
| <b>Abroad:</b>              |                               |  |                 |  |
| 2013                        | 10                            | 1,434,750                              | US\$            | Rate of 8.75% p.a.                         |
| 2014                        | 10                            | 801,927                                | Euro            | Rate of 8.00% p.a.                         |
| 2019                        | 10                            | 1,333,575                              | US\$            | Rate of 6.75% p.a.                         |
| 2021                        | 11                            | 2,766,650                              | US\$            | Rate of 5.90% p.a.                         |
| 2022                        | 11                            | 1,886,720                              | US\$            | Rate of 5.75% p.a.                         |
| Issuance costs on funding   |                               |  |                 |  |
| <b>Subtotal abroad</b>      |                               |  |                 |  |
| <b>Overall total</b>        |                               |  |                 |  |

(1) Subordinated debt transactions that matured in October and November 2012;

(2) Issue of financial notes, of which were issued as follows: (i) R\$128,927 thousand in October 2012; (ii) R\$300 thousand in November 2012; and (iii) R\$25,135 thousand in December 2012, maturing in 2018;

(3) Issue of financial notes, of which were issued as follows: (i) R\$922,816 thousand in October 2012; (ii) R\$1,100,400 thousand in November 2012; and (iii) R\$1,066,700 thousand in December 2012, maturing in 2019;

(4) Issue of financial notes, of which were issued as follows: (i) R\$10,600 thousand in October 2012; and (ii) R\$1,058 thousand in December 2012, maturing in 2022;

(5) Issue of financial notes, of which were issued as follows: R\$901 thousand in December 2012, maturing in 2020;

(6) Subordinated debt transactions that matured in January, February, April, May and July 2013;

(7) Issue of financial notes, of which were issued as follows: (i) R\$3,362 thousand in January 2013; (ii) R\$3,731 thousand in February 2013; and (iii) R\$14,765 thousand in March 2013, maturing in 2019;

(8) Issue of financial notes, of which were issued as follows: (i) R\$736 thousand in January 2013; and (ii) R\$500 thousand in March 2013, maturing in 2021;

(9) Issue of financial notes, of which were issued as follows: (i) R\$85,180 thousand in January 2013; (ii) R\$498,310 thousand in February 2013; and (iii) R\$104,574 thousand in March 2013, maturing in 2023; and

(10) Issue of financial notes, of which were issued as follows: (i) R\$1,700 thousand in March 2013, maturing in 2020.

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Financial Statements, Independent Auditors' Report and Fiscal Council's Report**Notes to the Consolidated Financial Statements****20) OTHER LIABILITIES****a) Tax and social security**

|  | 2013              |                   | R\$ thousand<br>2012 |
|--|-------------------|-------------------|----------------------|
|  | September 30      | June 30           | September 30         |
| Provision for tax risk (Note 18b IV)         | 16,784,877        | 16,452,731        | 14,061,296           |
| Provision for deferred income tax (Note 34f) | 4,130,802         | 4,255,124         | 7,276,170            |
| Taxes and contributions on profit payable    | 3,959,519         | 3,320,455         | 3,676,197            |
| Taxes and contributions payable              | 1,052,074         | 1,027,693         | 1,043,268            |
| <b>Total</b>                                 | <b>25,927,272</b> | <b>25,056,003</b> | <b>26,056,931</b>    |

**b) Sundry**

|  | 2013              |                   | R\$ thousand<br>2012 |
|--|-------------------|-------------------|----------------------|
|  | September 30      | June 30           | September 30         |
| Credit card operations                           | 14,588,493        | 14,180,731        | 12,731,148           |
| Civil and labor provisions (Note 18b IV)         | 6,364,003         | 6,237,226         | 6,069,228            |
| Provision for payments                           | 5,500,774         | 4,849,547         | 5,142,469            |
| Sundry creditors                                 | 6,425,706         | 5,792,748         | 3,920,112            |
| Liabilities for acquisition of assets and rights | 1,295,255         | 1,805,985         | 1,869,645            |
| Liabilities for official agreements              | 390,252           | 321,700           | 329,603              |
| Other  | 1,479,575         | 1,399,488         | 1,565,162            |
| <b>Total</b>                                     | <b>36,044,058</b> | <b>34,587,425</b> | <b>31,627,367</b>    |

Report on Economic and Financial Analysis - September 2013

Financial Statements, Independent Auditors' Report and Fiscal Council's Report**Notes to the Consolidated Financial Statements****21) INSURANCE, PENSION PLANS AND CAPITALIZATION BONDS****a) Technical reserves by account**

|   | Insurance (1)   |            |                 | Life and pension plans (2) (3) |            |                 | Capitalization bonds |            |                 |
|---|-----------------|------------|-----------------|--------------------------------|------------|-----------------|----------------------|------------|-----------------|
|   | 2013            |            | 2012            | 2013                           |            | 2012            | 2013                 |            | 2012            |
|   | September<br>30 | June<br>30 | September<br>30 | September<br>30                | June<br>30 | September<br>30 | September<br>30      | June<br>30 | September<br>30 |
| <b>Current and long-term liabilities</b>            |                 |            |                 |                                |            |                 |                      |            |                 |
| Mathematical reserve for unvested benefits          | 943,187         | 931,421    | 814,580         | 99,799,217                     | 98,622,773 | 87,108,269      | -                    | -          | -               |
| Mathematical reserve for vested benefits            | 191,662         | 189,915    | 170,036         | 6,293,796                      | 6,174,238  | 5,867,678       | -                    | -          | -               |
| Mathematical reserve for capitalization bonds       | -               | -          | -               | -                              | -          | -               | -                    | 5,056,765  | 4,976,376       |
| Reserve for claims incurred but not reported (IBNR) | 1,356,631       | 1,392,704  | 1,364,104       | 1,228,389                      | 1,191,230  | 906,594         | -                    | -          | -               |
| Unearned premium reserve (4)                        | 3,199,369       | 3,025,645  | 2,207,390       | 213,560                        | 212,528    | 173,046         | -                    | -          | -               |
| Complementary reserve for coverage                  | -               | -          | -               | 5,109,315                      | 4,978,649  | 5,475,975       | -                    | -          | -               |
| Reserve for unsettled claims                        | 3,652,180       | 3,516,427  | 2,839,064       | 1,196,088                      | 1,170,537  | 1,029,862       | -                    | -          | -               |
| Reserve for financial surplus                       | -               | -          | -               | 388,393                        | 378,511    | 383,858         | -                    | -          | -               |
| Reserve for draws and                               | -               | -          | -               | -                              | -          | -               | 623,838              | 584,435    | 5               |

redemptions

|                       |                   |                   |                   |                    |                    |                    |                  |                  |           |
|-----------------------|-------------------|-------------------|-------------------|--------------------|--------------------|--------------------|------------------|------------------|-----------|
| Other reserves        | 2,634,609         | 2,642,031         | 2,822,711         | 1,585,052          | 1,654,392          | 1,479,751          | 81,614           | 177,051          |           |
| <b>Total reserves</b> | <b>11,977,638</b> | <b>11,698,143</b> | <b>10,217,885</b> | <b>115,813,810</b> | <b>114,382,858</b> | <b>102,425,033</b> | <b>5,762,217</b> | <b>5,737,862</b> | <b>5,</b> |

(1) "Other reserves" - Insurance basically refers to the technical reserves of the "personal health" portfolio recorded to: (i) cover the differences of future premium adjustments and those required for the portfolio technical balance; and (ii) adapt to current interest rate scenarios;

(2) Includes personal insurance and pension plans;

(3) "Other reserves" - Life and Pension Plan mainly includes the "Reserve for redemption and other amounts to be settled," "Reserve for related expenses" and "Other reserves;" and

(4) As of the first quarter of 2013, in compliance with ANS Normative Resolution 314/12, Bradesco Saúde reclassified R\$753,652 thousand (R\$715,409 thousand on June 30, 2013), corresponding to the early recording of premiums, which was deducted from premiums receivable, to "Technical Reserves – Unearned Premium Reserve," under liabilities.

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Financial Statements, Independent Auditors' Report and Fiscal Council's Report**Notes to the Consolidated Financial Statements****b) Technical reserves by product**

|  | Insurance         |                   |                   | Life and pension plans |                    |                    | Capitalization           |                   |
|--|-------------------|-------------------|-------------------|------------------------|--------------------|--------------------|--------------------------|-------------------|
|  | 2013              | 2012              | 2012              | 2013                   | 2012               | 2013               | 2013                     |                   |
|  | September         | June              | September         | September              | June               | September          | September                | June              |
|  | 30                | 30                | 30                | 30                     | 30                 | 30                 | 30                       | 30                |
| Health   | 6,740,112         | 6,649,640         | 5,528,534         | -                      | -                  | -                  | -                        | -                 |
| Auto/RCF   | 2,791,724         | 2,739,910         | 2,775,797         | -                      | -                  | -                  | -                        | -                 |
| DPVAT/Retrocession   | 220,298           | 215,639           | 163,975           | 583,342                | 572,318            | 362,199            | -                        | -                 |
| Life   | 14,643            | 16,223            | 17,247            | 5,284,022              | 5,218,269          | 4,630,786          | -                        | -                 |
| Basic lines  | 2,210,861         | 2,076,731         | 1,732,332         | -                      | -                  | -                  | -                        | -                 |
| Unrestricted Benefits<br>Generating Plan -<br>PGBL to be granted | -                 | -                 | -                 | 18,661,867             | 18,222,159         | 16,987,593         | -                        | -                 |
| Long-Term Life<br>Insurance - VGBL -<br>to be granted            | -                 | -                 | -                 | 70,076,427             | 69,696,077         | 60,236,676         | -                        | -                 |
| Pension plans  | -                 | -                 | -                 | 21,208,152             | 20,674,035         | 20,207,779         | -                        | -                 |
| Capitalization bonds   | -                 | -                 | -                 | -                      | -                  | -                  | -                        | 5,762,2175,737,86 |
| <b>Total technical<br/>reserves</b>                              | <b>11,977,638</b> | <b>11,698,143</b> | <b>10,217,885</b> | <b>115,813,810</b>     | <b>114,382,858</b> | <b>102,425,033</b> | <b>5,762,2175,737,86</b> |                   |

Report on Economic and Financial Analysis - September 2013



Financial Statements, Independent Auditors' Report and Fiscal Council's Report**Notes to the Consolidated Financial Statements****c) Guarantees for technical reserves**

|   | Insurance         |                   | Life and pension plans |                    |                    | Capitalization bond |                  |                  |                  |
|---|-------------------|-------------------|------------------------|--------------------|--------------------|---------------------|------------------|------------------|------------------|
|   | 2013              | 2012              | 2013                   | 2012               | 2013               | 2012                | 2013             | 2012             |                  |
|   | September         | June              | September              | September          | June               | September           | September        | June             | September        |
|   | 30                | 30                | 30                     | 30                 | 30                 | 30                  | 30               | 30               | 30               |
| <b>Total technical reserves</b>                     | <b>11,977,638</b> | <b>11,698,143</b> | <b>10,217,885</b>      | <b>115,813,810</b> | <b>114,382,858</b> | <b>102,425,033</b>  | <b>5,762,217</b> | <b>5,737,862</b> | <b>5,111,111</b> |
| (-) Loading on insurance sales – extended guarantee | (138,436)         | (94,676)          | -                      | -                  | -                  | -                   | -                | -                | -                |
| (-) Portion corresponding to contracted reinsurance | (827,723)         | (819,881)         | (853,813)              | (7,074)            | (11,377)           | (11,604)            | -                | -                | -                |
| (-) Deposits retained at IRB and court deposits     | (8,179)           | (26,611)          | (23,614)               | (53,676)           | (55,836)           | (60,668)            | -                | -                | -                |
| (-) Receivables                                     | (808,675)         | (831,130)         | (863,821)              | -                  | -                  | -                   | -                | -                | -                |
| (-) Unearned premium reserve – Health Insurance (1) | (753,652)         | (715,409)         | -                      | -                  | -                  | -                   | -                | -                | -                |
| (-) Reserves from DPVAT agreements                  | (213,929)         | (209,831)         | (157,280)              | (579,156)          | (568,063)          | (358,842)           | -                | -                | -                |
| <b>To be insured</b>                                | <b>9,227,044</b>  | <b>9,000,605</b>  | <b>8,319,357</b>       | <b>115,173,904</b> | <b>113,747,582</b> | <b>101,993,919</b>  | <b>5,762,217</b> | <b>5,737,862</b> | <b>5,111,111</b> |
| Investment fund quotas (VGBL and PGBL)              | -                 | -                 | -                      | 88,738,294         | 87,918,236         | 77,224,269          | -                | -                | -                |
| Investment fund quotas (excluding                   | 3,233,527         | 3,436,152         | 3,253,651              | 15,609,846         | 14,878,511         | 13,669,265          | 3,394,508        | 3,484,916        | 3,394,508        |

|   |                  |                   |                  |                    |                    |                    |                  |                  |            |  |
|---|------------------|-------------------|------------------|--------------------|--------------------|--------------------|------------------|------------------|------------|--|
| VGBL and PGBL)                            |                  |                   |                  |                    |                    |                    |                  |                  |            |  |
| Government securities                     | 6,527,460        | 6,655,086         | 5,460,538        | 9,448,779          | 9,707,320          | 9,619,474          | 2,027,321        | 1,867,972        | 1,5        |  |
| Private securities                        | 104,310          | 101,566           | 102,836          | 202,429            | 199,594            | 221,369            | 94,504           | 115,976          | 1          |  |
| Shares                                    | 5,859            | 5,544             | 3,775            | 1,443,174          | 1,424,865          | 1,444,057          | 271,223          | 347,371          | 3          |  |
| <b>Total technical reserve guarantees</b> | <b>9,871,156</b> | <b>10,198,348</b> | <b>8,820,800</b> | <b>115,442,522</b> | <b>114,128,526</b> | <b>102,178,434</b> | <b>5,787,556</b> | <b>5,816,235</b> | <b>5,3</b> |  |

(1) Deduction set forth in Article 4 of ANS Resolution 314/12.

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Financial Statements, Independent Auditors' Report and Fiscal Council's Report**Notes to the Consolidated Financial Statements****d) Insurance, pension plan contribution and capitalization bond retained premiums**

|  | 2013                       |                            |                           |
|--|----------------------------|----------------------------|---------------------------|
|  | 3 <sup>rd</sup><br>Quarter | 2 <sup>nd</sup><br>Quarter | September 30 <sup>1</sup> |
| Written premiums   | 6,093,004                  | 5,764,672                  | 17,219                    |
| Pension plan contributions (including VGBL)                              | 3,838,473                  | 6,474,635                  | 14,989                    |
| Capitalization bond income   | 1,234,398                  | 1,126,065                  | 3,343                     |
| Granted coinsurance premiums   | (41,855)                   | (47,282)                   | (118)                     |
| Refunded premiums  | (54,897)                   | (79,591)                   | (173)                     |
| <b>Net written premiums</b>  | <b>11,069,123</b>          | <b>13,238,499</b>          | <b>35,260</b>             |
| Reinsurance premiums   | (62,501)                   | (49,815)                   | (164)                     |
| <b>Insurance, pension plan and capitalization bond retained premiums</b> | <b>11,006,622</b>          | <b>13,188,684</b>          | <b>35,096</b>             |

**22) NON-CONTROLLING INTERESTS IN SUBSIDIARIES**

|                         | 2013           |                | R\$ thousand         |
|-------------------------|----------------|----------------|----------------------|
|                         | September 30   | June 30        | 2012<br>September 30 |
| Banco Bradesco BBI S.A. | 132,282        | 129,036        | 122,411              |
| Other (1)               | 459,358        | 452,966        | 463,662              |
| <b>Total</b>            | <b>591,640</b> | <b>582,002</b> | <b>586,073</b>       |

(1) Mainly related to the non-controlling interest in Odontoprev S.A.

**23) SHAREHOLDERS' EQUITY (PARENT COMPANY)****a) Capital stock in number of shares**

Fully subscribed and paid-in capital stock comprises non-par, registered, book-entry shares.

|                                 | 2013                 |                      | 2012                 |
|---------------------------------|----------------------|----------------------|----------------------|
|                                 | September 30         | June 30              | September 30         |
| Common shares                   | 2,103,637,129        | 2,103,637,129        | 1,912,397,390        |
| Preferred shares                | 2,103,636,910        | 2,103,636,910        | 1,912,397,191        |
| <b>Subtotal</b>                 | <b>4,207,274,039</b> | <b>4,207,274,039</b> | <b>3,824,794,581</b> |
| Treasury (common shares)        | (2,898,610)          | (2,898,610)          | (2,635,100)          |
| Treasury (preferred shares)     | (7,630,270)          | (5,265,370)          | (4,786,700)          |
| <b>Total outstanding shares</b> | <b>4,196,745,159</b> | <b>4,199,110,059</b> | <b>3,817,372,781</b> |

**b) Changes in capital stock in number of shares**

|  | Common               | Preferred            | Total                |
|--|----------------------|----------------------|----------------------|
| <b>Number of outstanding shares as at December 31, 2012</b>  | <b>1,909,762,290</b> | <b>1,907,610,491</b> | <b>3,817,372,781</b> |
| Capital increase through share issue – 10% bonus (1)         | 191,239,739          | 191,239,719          | 382,479,458          |
| Increase in treasury shares – 10% bonus                      | (263,510)            | (478,670)            | (742,180)            |
| Shares acquired and not cancelled                            | -                    | (2,364,900)          | (2,364,900)          |
| <b>Number of outstanding shares as at September 30, 2013</b> | <b>2,100,738,519</b> | <b>2,096,006,640</b> | <b>4,196,745,159</b> |

(1) Paid to shareholders of record as at March 25, 2013.

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**Notes to the Consolidated Financial Statements**

The Special Shareholders' Meeting held on March 11, 2013 deliberated on the capital increase of R\$8,000,000 thousand, from R\$30,100,000 thousand to R\$38,100,000 thousand, through the capitalization of a portion of the "Profit Reserves – Statutory Reserve" account, in compliance with Article 169 of Law 6404/76, with a 10% stock bonus, through the issue of 382,479,458 new no-par registered, book-entry shares, of which 191,239,739 are common shares and 191,239,719 are preferred shares, paid free of charge to shareholders as bonus, at the proportion of one (1) new share for every ten (10) new shares of the same type they hold, benefiting Bradesco's shareholders of record as at March 25, 2013.

Simultaneously to the operation in the Brazilian Market and at the same proportion, the ADRs – American Depositary Receipts at the U.S. Market (NYSE) and GDRs – Global Depositary Receipts at the European Market (Latibex) were granted bonus, and shareholders received one (1) new DR for every ten (10) DRs they held as at March 28, 2013.

**c) Interest on shareholders' equity/dividends**

Preferred shares have no voting rights, but are entitled to all other rights and advantages given to common shares and, in compliance with Bradesco's Bylaws, have priority for repayment of capital and an additional ten percent (10%) interest on shareholders' equity and/or dividends, in accordance with the provisions of Paragraph 1, item II, of Article 17 of Law 6404/76, amended by Law 10303/01.

According to Bradesco's Bylaws, shareholders are entitled to interest on shareholders' equity and/or dividends amounting to at least 30% of the net income for the year, adjusted in accordance with Brazilian Corporate Law.

Interest on shareholders' equity is calculated based on the shareholders' equity limited to the variation in the Federal Government Long-Term Interest Rates (TJLP), subject to available profits before deductions, or transfer to retained earnings or profit reserves for the amounts equivalent or greater than twice its value.

Bradesco's capital remuneration policy aims to distribute interest on shareholders' equity at the maximum amount calculated under current legislation, and this is included, net of Withholding Income Tax, in the calculation for mandatory dividends for the year under the Company's Bylaws.

The Board of Directors' Meeting held on December 21, 2012 approved the Board of Executive Officers' proposal to pay shareholders supplementary interest on shareholders' equity for 2012, for the amount of R\$2,054,400 thousand, at R\$0.512557736 (net of 15% withholding income tax - R\$0.435674076) per common share and R\$0.563813510 (net of 15% withholding income tax - R\$0.479241484) per preferred share, which was paid on March 7, 2013.

The Board of Directors' Meeting held on February 5, 2013 approved the Board of Executive Officers' proposal to pay shareholders supplementary interest on shareholders' equity for 2012, for the amount of R\$266,483 thousand, at R\$0.066485657 per common share and R\$0.073134223 per preferred share, which was paid on March 7, 2013.

The Board of Directors' Meeting held on March 11, 2013 approved the Board of Executive Officers' proposal to maintain the monthly interest on shareholders' equity at R\$0.018817992 (net of 15% withholding income tax - R\$0.015995293) per common share and R\$0.020699791 (net of 15% withholding income tax - R\$0.017594822) per preferred share, as of the payment of interest on shareholders' equity for April 2013, to be made on May 2, 2013. The amounts monthly paid to shareholders increased by 10% after the inclusion of new shares in shareholders' positions.

The Board of Directors' Meeting held on June 27, 2013 approved the Board of Executive Officers' proposal to pay shareholders interim interest on shareholders' equity for the first half of 2013, for the amount of R\$830,000 thousand, at R\$0.188253558 (net of 15% withholding income tax - R\$0.160015524) per common share and R\$0.207078914 (net of 15% withholding income tax - R\$0.176017077) per preferred share, which was paid on July 18, 2013.

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Financial Statements, Independent Auditors' Report and Fiscal Council's Report**Notes to the Consolidated Financial Statements**

Interest on shareholders' equity for the nine-month period ended September 30, 2013 is calculated as follows:

|  | R\$<br>thousand  | % |
|--|------------------|---|
| Net income for the period  | 8,931,828        |   |
| (-) Legal reserve  | (446,591)        |   |
| <b>Adjusted calculation basis</b>  | <b>8,485,237</b> |   |
| Monthly, interim and supplementary interest on shareholders' equity (gross), paid and/or provisioned | 3,144,529        |   |
| Withholding income tax on interest on shareholders' equity   | (471,679)        |   |
| <b>Interest on shareholders' equity (net) on September 30, 2013 YTD</b>                              | <b>2,672,850</b> |   |
| <b>Interest on shareholders' equity (net) and dividends on September 30, 2012 YTD</b>                | <b>2,539,953</b> |   |

(1) Percentage of interest on shareholders' equity/dividends after adjustments.

Interest on shareholders' equity and dividends were paid or recorded in provisions, as follows:

| Description   | Per share (gross) |                  | Gross amount paid / recorded in provision | Withholding Income Tax (IRRF) (15%) | R\$ thousand<br>Net amount paid / recorded in provision |
|---|-------------------|------------------|---|-------------------------------------|---|
|   | Common shares     | Preferred shares |   |                                     |   |
| Monthly interest on shareholders' equity paid         | 0.056454          | 0.062099         | 226,287                                   | 33,943                              | 192,344   |
| Monthly dividends paid                                | 0.091610          | 0.100770         | 367,208                                   | -                                   | 367,208   |
| Interim interest on shareholders' equity paid         | 0.188185          | 0.207003         | 754,300                                   | 113,145                             | 641,155   |
| Supplementary interest on shareholders' equity paid   | 0.392709          | 0.431980         | 1,575,583                                 | 236,337                             | 1,339,246   |
| <b>Total on September 30, 2012 YTD</b>                | <b>0.728958</b>   | <b>0.801852</b>  | <b>2,923,378</b>                          | <b>383,425</b>                      | <b>2,539,953</b>  |
| Monthly interest on shareholders' equity paid (1)     | 0.169361          | 0.186298         | 724,003                                   | 108,600                             | 615,403   |
| Interim interest on shareholders' equity paid (1) (2) | 0.188254          | 0.207078         | 830,000                                   | 124,500                             | 705,500   |
| V - Changes in provisions                             |                   |                  |   |                                     | 295   |

|  |                 |                 |                  |                |                  |
|--|-----------------|-----------------|------------------|----------------|------------------|
| Supplementary interest on shareholders' equity provisioned (1) | 0.360962        | 0.397058        | 1,590,526        | 238,579        | 1,351,947        |
| <b>Total on September 30, 2013 YTD</b>                         | <b>0.718577</b> | <b>0.790434</b> | <b>3,144,529</b> | <b>471,679</b> | <b>2,672,850</b> |

(1) Including the 10% stock bonus in March 2013; and

(2) Paid on July 18, 2013.

#### d) Treasury shares

The Board of Directors' meeting held on December 21, 2011 resolved to renew the term for the share buyback, based on the previous conditions. It was valid up to June 23, 2012. The Board of Directors' meeting held on June 21, 2012 resolved to renew the term for the share buyback, based on the previous conditions. It was valid up to December 25, 2012. The Board of Directors' Meeting held on December 20, 2012 resolved to renew the term for the share buyback, based on the previous conditions. It was valid up to June 26, 2013. The Board of Directors' Meeting held on June 25, 2013 resolved to renew the term for the share buyback, based on the previous conditions. It is valid until June 26, 2014.

A total of 2,898,610 common shares and 7,630,270 preferred shares had been acquired, totaling R\$262,249 thousand up to September 30, 2013, and remain in treasury. The minimum, average and maximum cost per common share is R\$23.62221, R\$25.41203 and R\$27.14350, respectively, and R\$26.10848, R\$27.30658 and R\$33.12855 per preferred share, respectively. The market value was R\$34.49 per common share and R\$30.38 per preferred share on September 30, 2013.



Financial Statements, Independent Auditors' Report and Fiscal Council's Report**Notes to the Consolidated Financial Statements****24) FEE AND COMMISSION INCOME**

|  | 2013                    |                         |                     | R\$ thousand<br>2012 |
|--|-------------------------|-------------------------|---------------------|----------------------|
|  | 3 <sup>rd</sup> Quarter | 2 <sup>nd</sup> Quarter | September 30<br>YTD | September 30 YTD     |
| Credit card income                         | 1,755,010               | 1,652,411               | 5,003,079           | 4,174,354            |
| Checking account                           | 933,269                 | 888,694                 | 2,655,273           | 2,378,496            |
| Asset management                           | 603,624                 | 580,827                 | 1,734,859           | 1,622,241            |
| Loans                                      | 554,148                 | 573,733                 | 1,646,461           | 1,571,860            |
| Collections                                | 380,555                 | 366,833                 | 1,091,035           | 973,725              |
| Consortium management                      | 182,385                 | 176,583                 | 526,200             | 452,406              |
| Custody and brokerage services             | 126,690                 | 136,022                 | 386,901             | 358,783              |
| Underwriting / financial advisory services | 69,340                  | 224,995                 | 415,211             | 318,301              |
| Payments                                   | 87,424                  | 87,033                  | 253,246             | 237,619              |
| Other                                      | 216,024                 | 199,272                 | 590,822             | 413,128              |
| <b>Total</b>                               | <b>4,908,469</b>        | <b>4,886,403</b>        | <b>14,303,087</b>   | <b>12,500,913</b>    |

**25) PAYROLL AND RELATED BENEFITS**

|                            | 2013                    |                         |                     | R\$ thousand<br>2012 |
|----------------------------|-------------------------|-------------------------|---------------------|----------------------|
|                            | 3 <sup>rd</sup> Quarter | 2 <sup>nd</sup> Quarter | September 30<br>YTD | September 30<br>YTD  |
| Payroll                    | 1,552,440               | 1,476,967               | 4,465,123           | 4,220,312            |
| Benefits                   | 679,317                 | 654,054                 | 1,990,737           | 1,839,552            |
| Social security charges    | 594,994                 | 561,888                 | 1,686,692           | 1,600,244            |
| Employee profit sharing    | 275,708                 | 261,859                 | 797,443             | 786,258              |
| Provision for labor claims | 209,896                 | 210,211                 | 583,812             | 497,827              |
| Training                   | 33,197                  | 26,073                  | 72,259              | 100,219              |
| <b>Total</b>               | <b>3,345,552</b>        | <b>3,191,052</b>        | <b>9,596,066</b>    | <b>9,044,412</b>     |

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**Notes to the Consolidated Financial Statements****26) OTHER ADMINISTRATIVE EXPENSES**

|                               | 2013                    |                         |                     | R\$ thousand<br>2012 |
|-------------------------------|-------------------------|-------------------------|---------------------|----------------------|
|                               | 3 <sup>rd</sup> Quarter | 2 <sup>nd</sup> Quarter | September 30<br>YTD | September 30<br>YTD  |
| Outsourced services           | 900,261                 | 873,488                 | 2,602,040           | 2,561,582            |
| Communication                 | 399,368                 | 402,904                 | 1,194,817           | 1,241,179            |
| Depreciation and amortization | 442,369                 | 432,009                 | 1,286,303           | 1,203,717            |
| Data processing               | 329,952                 | 315,817                 | 945,163             | 807,632              |
| Advertising and marketing     | 162,713                 | 169,129                 | 492,831             | 522,969              |
| Transport                     | 214,966                 | 205,298                 | 619,071             | 641,641              |
| Rental                        | 209,355                 | 203,295                 | 617,933             | 570,172              |
| Asset maintenance             | 168,298                 | 162,396                 | 483,878             | 438,953              |
| Financial system services     | 186,591                 | 188,826                 | 554,641             | 488,069              |
| Supplies                      | 81,093                  | 76,327                  | 226,705             | 243,826              |
| Security and surveillance     | 123,968                 | 123,850                 | 363,359             | 317,011              |
| Water, electricity and gas    | 51,014                  | 54,298                  | 170,363             | 188,344              |
| Travel                        | 38,144                  | 33,571                  | 99,122              | 100,542              |
| Other                         | 292,567                 | 288,354                 | 842,476             | 733,871              |
| <b>Total</b>                  | <b>3,600,659</b>        | <b>3,529,562</b>        | <b>10,498,702</b>   | <b>10,059,508</b>    |

**27) TAX EXPENSES**

|   | 2013                    |                         |                     | R\$ thousand<br>2012 |
|---|-------------------------|-------------------------|---------------------|----------------------|
|   | 3 <sup>rd</sup> Quarter | 2 <sup>nd</sup> Quarter | September<br>30 YTD | September<br>30 YTD  |
| Contribution for Social Security Financing (Cofins) | 648,772                 | 535,418                 | 1,987,213           | 1,984,023            |
| Social Integration Program (PIS) contribution       | 122,738                 | 92,199                  | 349,482             | 335,307              |
| Tax on Services (ISS)                               | 132,000                 | 137,352                 | 392,166             | 346,053              |
| Municipal Real Estate Tax (IPTU) expenses           | 10,903                  | 11,425                  | 43,339              | 39,834               |
| Other   | 49,637                  | 52,118                  | 160,336             | 251,558              |
| <b>Total</b>  | <b>964,050</b>          | <b>828,512</b>          | <b>2,932,536</b>    | <b>2,956,775</b>     |

**28) OTHER OPERATING INCOME**

V - Changes in provisions

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|  | 2013                    |                         | R\$ thousand<br>2012 |                     |
|--|-------------------------|-------------------------|----------------------|---------------------|
|  | 3 <sup>rd</sup> Quarter | 2 <sup>nd</sup> Quarter | September<br>30 YTD  | September<br>30 YTD |
| Other interest income                          | 445,613                 | 372,092                 | 1,161,230            | 1,191,005           |
| Reversal of other operating provisions         | 140,252                 | 193,096                 | 532,064              | 331,522             |
| Gains on sale of goods                         | 26,707                  | 22,243                  | 68,122               | 51,270              |
| Revenues from recovery of charges and expenses | 25,070                  | 23,767                  | 70,620               | 143,802             |
| Other  | 232,028                 | 251,307                 | 763,520              | 736,399             |
| <b>Total</b>                                   | <b>869,670</b>          | <b>862,505</b>          | <b>2,595,556</b>     | <b>2,453,998</b>    |

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Financial Statements, Independent Auditors' Report and Fiscal Council's Report**Notes to the Consolidated Financial Statements****29) OTHER OPERATING EXPENSES**

|                                    | 2013                    |                         |                     | R\$ thousand<br>2012 |
|------------------------------------|-------------------------|-------------------------|---------------------|----------------------|
|                                    | 3 <sup>rd</sup> Quarter | 2 <sup>nd</sup> Quarter | September 30<br>YTD | September 30<br>YTD  |
| Other finance costs                | 1,176,541               | 1,108,520               | 3,302,783           | 2,813,589            |
| Sundry losses                      | 427,358                 | 432,208                 | 1,231,250           | 1,138,484            |
| Commissions on loans and financing | 354,955                 | 352,793                 | 1,006,858           | 747,179              |
| Discount granted                   | 300,612                 | 270,639                 | 801,409             | 751,206              |
| Intangible assets amortization     | 218,740                 | 209,369                 | 672,765             | 625,436              |
| Goodwill amortization (Note 15a)   | 49,168                  | 65,221                  | 181,747             | 199,674              |
| Other                              | 225,299                 | 232,388                 | 888,244             | 922,962              |
| <b>Total</b>                       | <b>2,752,673</b>        | <b>2,671,138</b>        | <b>8,085,056</b>    | <b>7,198,530</b>     |

**30) NON-OPERATING INCOME (LOSS)**

|   | 2013                    |                         |                     | R\$ thousand<br>2012 |
|---|-------------------------|-------------------------|---------------------|----------------------|
|   | 3 <sup>rd</sup> Quarter | 2 <sup>nd</sup> Quarter | September 30<br>YTD | September 30<br>YTD  |
| Gain/loss on sale and write-off of assets and investments (1) | (80,383)                | 113,637                 | (12,076)            | (119,454)            |
| Recording/reversal of non-operating provisions                | (53,028)                | (49,723)                | (134,637)           | (127,760)            |
| Others  | 29,399                  | 12,703                  | 60,834              | 35,629               |
| <b>Total</b>  | <b>(104,012)</b>        | <b>76,617</b>           | <b>(85,879)</b>     | <b>(211,585)</b>     |

(1) Including: (i) gain/loss on sale of BM&FBovespa shares in the third quarter of 2013, amounting to R\$30,247 thousand (R\$148,397 thousand in the second quarter of 2013) and R\$178,644 thousand on September 30, 2013 YTD, and (ii) gain/loss on sale of CETIP shares on September 30, 2012 YTD, amounting to R\$29,205 thousand.

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Financial Statements, Independent Auditors' Report and Fiscal Council's Report**Notes to the Consolidated Financial Statements****31) RELATED-PARTY TRANSACTIONS (DIRECT AND INDIRECT)**

a) Related party transactions (direct and indirect) are carried out under conditions and at rates consistent with those entered into with third parties, when applicable, and effective on the dates of the operations. The transactions are as follows:

|  | 2013<br>September<br>30 | 2013<br>June 30         | 2013<br>September<br>30 |
|--|-------------------------|-------------------------|-------------------------|
|  | Assets<br>(liabilities) | Assets<br>(liabilities) | Assets<br>(liabilities) |
| <b>Interest on shareholders' equity and dividends:</b>                             | <b>(512,815)</b>        | <b>(512,566)</b>        | <b>(512,815)</b>        |
| Cidade de Deus Companhia Comercial de Participações                                | (377,687)               | (377,504)               | (377,687)               |
| Fundação Bradesco  | (135,128)               | (135,062)               | (135,128)               |
| <b>Demand deposits/Savings accounts:</b>   | <b>(19,945)</b>         | <b>(17,687)</b>         | <b>(19,945)</b>         |
| Fundação Bradesco  | -                       | -                       | -                       |
| BBD Participações S.A.   | (2)                     | (4)                     | (2)                     |
| Nova Cidade de Deus Participações S.A.   | (9)                     | (1)                     | (9)                     |
| Cidade de Deus Companhia Comercial de Participações                                | (8)                     | (10)                    | (8)                     |
| Key Management Personnel   | (19,926)                | (17,672)                | (19,926)                |
| <b>Time deposits:</b>  | <b>(132,026)</b>        | <b>(125,632)</b>        | <b>(132,026)</b>        |
| Cidade de Deus Companhia Comercial de Participações                                | (39,848)                | (34,522)                | (39,848)                |
| Key Management Personnel   | (92,178)                | (91,110)                | (92,178)                |
| <b>Federal funds purchased and securities sold under agreements to repurchase:</b> | <b>(772,097)</b>        | <b>(839,669)</b>        | <b>(772,097)</b>        |
| Cidade de Deus Companhia Comercial de Participações                                | (566,993)               | (555,251)               | (566,993)               |
| BBD Participações S.A.   | (8,606)                 | (68,762)                | (8,606)                 |
| Key Management Personnel   | (196,498)               | (215,656)               | (196,498)               |
| <b>Funds from issuance of securities:</b>  | <b>(542,950)</b>        | <b>(559,731)</b>        | <b>(542,950)</b>        |
| Key Management Personnel   | (542,950)               | (559,731)               | (542,950)               |
| <b>Rental of branches:</b>   | -                       | -                       | -                       |
| Fundação Bradesco  | -                       | -                       | -                       |
| <b>Subordinated debts:</b>   | <b>(737)</b>            | <b>(722)</b>            | <b>(737)</b>            |
| Fundação Bradesco  | (737)                   | (722)                   | (737)                   |
| Cidade de Deus Companhia Comercial de Participações                                | -                       | -                       | -                       |

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Financial Statements, Independent Auditors' Report and Fiscal Council's Report**Notes to the Consolidated Financial Statements****b) Compensation for key Management personnel**

Each year, the Annual Shareholders' Meeting approves:

- The annual overall amount of management compensation, set forth at the Board of Directors Meetings, to be paid to board members and members of the Board of Executive Officers, as determined by the Company's Bylaws; and
- The amount allocated to finance Management pension plans, within the Employee and Management pension plan of the Bradesco Organization.

For 2013, the maximum amount of R\$329,600 thousand was set for Management compensation and R\$325,600 thousand to finance defined contribution pension plans.

The current policy on Management compensation sets forth that 50% of net variable compensation, if any, must be allocated to the acquisition of preferred shares of Banco Bradesco S.A., which must be traded in three equal, annual and successive installments, the first of which maturing in the year following the payment date. This procedure complies with CMN Resolution 3921/10, that sets forth a management compensation policy for financial institutions.

**Short-term Management benefits**

|                    | 2013                    |                         |                     | R\$ thousand<br>2012 |
|--------------------|-------------------------|-------------------------|---------------------|----------------------|
|                    | 3 <sup>rd</sup> Quarter | 2 <sup>nd</sup> Quarter | September 30<br>YTD | September 30<br>YTD  |
| Salaries           | 81,364                  | 81,425                  | 244,940             | 255,424              |
| INSS contributions | 18,278                  | 18,290                  | 55,023              | 57,269               |
| <b>Total</b>       | <b>99,642</b>           | <b>99,715</b>           | <b>299,963</b>      | <b>312,693</b>       |

**Post-employment benefits**

|  | 2013                       |                            |                  | R\$ thousand<br>2012 |
|--|----------------------------|----------------------------|------------------|----------------------|
|  | 3 <sup>rd</sup><br>Quarter | 2 <sup>nd</sup><br>Quarter | September 30 YTD | September<br>30 YTD  |
| Defined contribution supplementary pension plans | 80,399                     | 80,364                     | 242,513          | 218,694              |
| <b>Total</b>                                     | <b>80,399</b>              | <b>80,364</b>              | <b>242,513</b>   | <b>218,694</b>       |

Bradesco does not offer long-term benefits related to severance pay or share-based compensation, pursuant to CPC 10 – Share-Based Payment, approved by CMN Resolution 3989/11, to its key Management personnel.

**Other information****l) Under current law, financial institutions are not allowed to grant loans or advances to:**

- a) Officers and members of the advisory, administrative, fiscal or similar councils, as well as to their respective spouses and family members up to the second degree;
- b) Individuals or corporations that own more than 10% of their capital; and
- c) Corporations of which the financial institution itself, any officers or administrators of the institution, as well as their spouses and respective family members up to the second degree own more than 10%.

Therefore, no loans or advances are granted by financial institutions to any subsidiary, members of the Board of Directors or Board of Executive Officers and their relatives.

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Financial Statements, Independent Auditors' Report and Fiscal Council's Report**Notes to the Consolidated Financial Statements****II) Shareholding**

Together, members of the Board of Directors and Board of Executive Officers had the following shareholding in Bradesco:

|                  | 2013         |         | 2012         |
|------------------|--------------|---------|--------------|
|                  | September 30 | June 30 | September 30 |
| Common shares    | 0.73%        | 0.73%   | 0.73%        |
| Preferred shares | 0.99%        | 1.01%   | 1.01%        |
| Total shares (1) | 0.86%        | 0.87%   | 0.87%        |

(1) On September 30, 2013, direct and indirect shareholding of the members of Bradesco's Board of Directors and Board of Executive Officers amounted to 3.13% of common shares, 1.04% of preferred shares and 2.08% of all shares.

**32) FINANCIAL INSTRUMENTS****a) 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 markets lead Bradesco to an ongoing improvement of this activity in the pursuit of best practices. For that reason, Bradesco was authorized by Bacen to use its internal market risk models, which were already in force, to calculate regulatory capital as of January 2013.

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

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

### **Credit risk management**

Credit risk refers to the possibility of losses associated to the non-compliance by the borrower or counterparty for their respective financial obligations under agreed terms, as well as to the reduction of the value of a loan agreement resulting from a deterioration of the borrower's risk rating, reduced earnings or remuneration, the advantages in renegotiation, recovery costs and other values related to the counterparty's non-compliance with its financial obligations.

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

The Organization carefully controls its exposure to credit risk, which mainly results from loans, securities and derivative financial instruments. Credit risk also stems from financial obligations related to loan commitments or financial guarantees.

***Notes to the Consolidated Financial Statements***

**Market risk management**

Market risk is represented by the possibility of financial losses due to fluctuating prices and interest rates of the Organization's financial assets as its asset and liability operations may have mismatched maturities, currencies and indexes.

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

Market risk is controlled for all of the Organization's companies in a corporate and centralized manner. All operations exposing the Organization to market risk are mapped, measured and classified by probability and importance, and the whole process is approved by the corporate governance structure.

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

**Notes to the Consolidated Financial Statements**

**Below is the statement of financial position by currency**

|  | 2013               |                    |                    |
|--|--------------------|--------------------|--------------------|
|  | September 30       |                    |                    |
|  | Balance            | Local              | Foreign<br>(1) (2) |
| <b>Assets</b>  |                    |                    |                    |
| <b>Current and long-term assets</b>  | <b>892,363,508</b> | <b>833,673,304</b> | <b>58,690,</b>     |
| Funds available  | 16,427,082         | 12,707,881         | 3,719,             |
| Interbank investments  | 144,966,606        | 142,900,045        | 2,066,             |
| Securities and derivative financial instruments                            | 313,679,293        | 301,274,639        | 12,404,            |
| Interbank and interdepartmental accounts                                   | 52,121,148         | 52,121,148         |                    |
| Loans and leasing  | 266,318,977        | 237,353,597        | 28,965,            |
| Other receivables and assets   | 98,850,402         | 87,315,994         | 11,534,            |
| <b>Permanent assets</b>  | <b>15,330,618</b>  | <b>15,290,633</b>  | <b>39,</b>         |
| Investments  | 1,909,648          | 1,909,304          | :                  |
| Premises and equipment and leased assets                                   | 4,392,074          | 4,377,445          | 14,                |
| Intangible assets  | 9,028,896          | 9,003,884          | 25,                |
| <b>Total</b>   | <b>907,694,126</b> | <b>848,963,937</b> | <b>58,730,</b>     |
| <b>Liabilities</b>   |                    |                    |                    |
| <b>Current and long-term liabilities</b>                                   | <b>839,392,899</b> | <b>768,138,734</b> | <b>71,254,</b>     |
| Deposits   | 216,777,395        | 190,215,425        | 26,561,            |
| Federal funds purchased and securities sold under agreements to repurchase | 258,579,933        | 256,374,505        | 2,205,             |
| Funds from issuance of securities  | 55,426,656         | 43,951,845         | 11,474,            |
| Interbank and interdepartmental accounts                                   | 4,805,357          | 2,971,558          | 1,833,             |
| Borrowing and onlending  | 51,306,833         | 38,914,908         | 12,391,            |
| Derivative financial instruments   | 3,237,735          | 2,881,576          | 356,               |
| Technical reserve for insurance, pension plans and capitalization bonds    | 133,553,665        | 133,552,562        | 1,                 |
| Other liabilities:   |                    |                    |                    |
| - Subordinated debt  | 36,135,323         | 26,573,764         | 9,561,             |
| - Other  | 79,570,002         | 72,702,591         | 6,867,             |
| <b>Deferred income</b>   | <b>676,195</b>     | <b>676,195</b>     |                    |
| <b>Non-controlling interests in subsidiaries</b>                           | <b>591,640</b>     | <b>591,640</b>     |                    |
| <b>Shareholders' equity</b>  | <b>67,033,392</b>  | <b>67,033,392</b>  |                    |
| <b>Total</b>   | <b>907,694,126</b> | <b>836,439,961</b> | <b>71,254,</b>     |
| <b>Net position of assets and liabilities</b>                              |                    |                    | <b>(12,523,9</b>   |
| Net position of derivatives (2)  |                    |                    | (6,797,9           |
| Other net off-balance-sheet accounts (3)                                   |                    |                    | 91,                |
| <b>Net exchange position (liability)</b>                                   |                    |                    | <b>(19,230,0</b>   |

- (1) Amounts originally recorded and/or indexed mainly in USD;
- (2) Excluding operations maturing in D+1, to be settled at the rate on the last day of the month; and
- (3) Other commitments recorded in off-balance-sheet accounts.

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Financial Statements, Independent Auditors' Report and Fiscal Council's Report**Notes to the Consolidated Financial Statements****VaR Internal Model - Trading Portfolio**

Below is the 1-day VaR, excluding liquidity risk adjustment of positions and net of tax:

| Risk factors                       | 2013          |                | R\$ thousand<br>2012 |
|------------------------------------|---------------|----------------|----------------------|
|                                    | September 30  | June 30        | September 30         |
|                                    | Fixed rates   | 36,461         | 202,022              |
| Exchange coupon                    | 9,412         | 13,752         | 10,042               |
| Foreign currency                   | 6,701         | 573            | 8,658                |
| IGP-M/IPCA                         | 9,033         | 97,424         | 31,948               |
| Equities                           | 756           | 6,425          | 5,505                |
| Sovereign/Eurobonds and Treasuries | 6,396         | 16,668         | 9,173                |
| Other                              | 1,412         | 1,009          | 2,121                |
| Correlation/diversification effect | (28,365)      | (176,289)      | (41,120)             |
| <b>VaR (Value at Risk)</b>         | <b>41,806</b> | <b>161,584</b> | <b>78,794</b>        |

Amounts net of tax.

The VaR adjusted by the market liquidity risk, which includes the period necessary to exclude existing positions (holding period), is shown in the table below:

| Risk factors                       | 2013          |                | R\$ thousand<br>2012 |
|------------------------------------|---------------|----------------|----------------------|
|                                    | September 30  | June 30        | September 30         |
|                                    | Fixed rates   | 67,177         | 659,820              |
| Exchange coupon                    | 18,847        | 22,920         | 16,737               |
| Foreign currency                   | 11,169        | 955            | 14,430               |
| IGP-M/IPCA                         | 16,252        | 296,798        | 117,583              |
| Equities                           | 1,363         | 11,839         | 9,497                |
| Sovereign/Eurobonds and Treasuries | 10,473        | 50,604         | 20,645               |
| Other                              | 2,354         | 1,681          | 3,536                |
| Correlation/diversification effect | (50,618)      | (536,609)      | (88,704)             |
| <b>VaR (Value at Risk)</b>         | <b>77,017</b> | <b>508,008</b> | <b>220,739</b>       |

Amounts gross of tax.

**Sensitivity analysis**

a) Risk management

The Trading Portfolio is also monitored daily by sensitivity analyses that measure the effect of movements of market and price curves on our positions. Furthermore, a sensitivity analysis of the Organization's financial exposures (Trading and Banking Portfolio) is performed on a quarterly basis, in compliance with CVM Rule 475/08.

Note that the impact of the financial exposure on the Banking Portfolio (notably interest rates and price indexes) do not necessarily represent a potential accounting loss for the Organization because a portion of loans held in the Banking Portfolio are financed by demand and/or savings deposits, which are "natural hedges" for future variations in interest rates, moreover, interest rate variations do not represent a material impact on the Institution's result, as Loans are held to maturity. Also, due to our strong presence in the insurance and pension plan market, most of the assets are adjusted for price indexes, linked to the corresponding technical reserves.

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

**Notes to the Consolidated Financial Statements**

**Sensitivity Analysis - Trading and Banking Portfolios**

|                        |  | Trading and Banking portfolios (1) |   |   |          |             |             |          |         |   |
|------------------------|--|------------------------------------|---|---|----------|-------------|-------------|----------|---------|---|
|                        |  | September 30                       |   |   | 2013     |             |             | June 30  |         |   |
|                        |  | 1                                  | 2 | 3 | 1        | 2           | 3           | 1        | 2       | 3 |
| Interest rate in Reais | Exposure subject to variations in fixed interest rates and interest rate coupons |                                    |   |   | (12,145) | (3,485,901) | (6,717,621) | (13,466) | (2,725) |   |
| Price indexes          | Exposure subject to variations in price index coupon rates                       |                                    |   |   | (19,747) | (2,364,773) | (4,371,129) | (18,997) | (1,787) |   |
| Exchange coupon        | Exposure subject to variations in foreign currency coupon rates                  |                                    |   |   | (818)    | (92,321)    | (172,375)   | (763)    | (69)    |   |
| Foreign currency       | Exposure subject to exchange variations  |                                    |   |   | (7,138)  | (165,505)   | (311,594)   | (3,742)  | (93)    |   |
| Equities               | Exposure subject to variation in stock prices                                    |                                    |   |   | (20,290) | (506,537)   | (1,012,880) | (17,078) | (42)    |   |
| Sovereign/             |  |                                    |   |   | (1,243)  | (72,262)    | (140,443)   | (1,032)  | (35)    |   |



|  |  |                 |                 |                    |                     |                 |
|--|--|-----------------|-----------------|--------------------|---------------------|-----------------|
| Eurobonds and Treasuries                           | Exposure subject to variations in the interest rate of securities traded on the international market |                 |                 |                    |                     |                 |
| Other  | Exposure not classified in previous definitions  | (164)           | (4,152)         | (8,305)            | (62)                | (1)             |
| <b>Total excluding correlation of risk factors</b> |  | <b>(49,269)</b> | <b>(61,545)</b> | <b>(6,691,451)</b> | <b>(12,734,347)</b> | <b>(55,140)</b> |
| <b>Total including correlation of risk factors</b> |  | <b>(35,152)</b> | <b>(41,020)</b> | <b>(5,625,938)</b> | <b>(10,706,105)</b> | <b>(32,238)</b> |

(1) Amounts net of tax.

Financial Statements, Independent Auditors' Report and Fiscal Council's Report**Notes to the Consolidated Financial Statements**

The sensitivity analysis of the Trading Portfolio, which represents exposures that may have a material impact on the Organization's results, is presented below. Note that results show the impact for each scenario on a static portfolio position. The market dynamism results in continuous changes in these positions and does not necessarily reflect the current position. Moreover, as previously mentioned, the Organization has an ongoing process of market risk management, which constantly looks for market dynamism to mitigate related risks according to the strategy determined by Senior Management. Therefore, in cases of deterioration indicators in a certain position, proactive measures are taken to minimize any potential negative impact, aimed at maximizing the risk/return ratio for the Organization.

**Sensitivity Analysis - Trading Portfolio**

|                           |  | Trading portfolio (1) |           |           |         |             |             |              |           |
|---------------------------|--|-----------------------|-----------|-----------|---------|-------------|-------------|--------------|-----------|
|                           |  | 2013                  |           |           | 2012    |             |             |              |           |
|                           |  | September 30          |           |           | June 30 |             |             | September 30 |           |
|                           |  | 1                     | 2         | 3         | 1       | 2           | 3           | 1            | 2         |
| Interest rate in Reais    | Exposure subject to variations in fixed interest rates and interest rate coupons | (1,169)               | (301,752) | (580,956) | (5,111) | (1,244,357) | (2,426,654) | (3,947)      | (759,840) |
| Price indexes             | Exposure subject to variations in price index coupon rates                       | (358)                 | (46,051)  | (89,573)  | (2,856) | (331,650)   | (590,663)   | (2,505)      | (242,360) |
| Exchange coupon           | Exposure subject to variations in foreign currency coupon rates                  | (587)                 | (72,050)  | (133,240) | (784)   | (90,108)    | (167,965)   | (735)        | (66,970)  |
| Foreign currency Equities | Exposure subject to exchange variations  | (953)                 | (27,996)  | (56,832)  | (823)   | (22,802)    | (45,875)    | (6,960)      | (174,000) |
|                           |  | (1,060)               | (23,502)  | (46,752)  | (1,894) | (46,631)    | (93,068)    | (1,039)      | (25,980)  |

|  |  |                |                  |                    |                 |                    |                    |                 |                    |
|--|--|----------------|------------------|--------------------|-----------------|--------------------|--------------------|-----------------|--------------------|
|  | Exposure subject to variation in stock prices  |                |                  |                    |                 |                    |                    |                 |                    |
|  | Exposure subject to variations in the interest rate of securities traded on the international market |                |                  |                    |                 |                    |                    |                 |                    |
| Sovereign/<br>Eurobonds and<br>Treasuries          |  | (668)          | (44,918)         | (86,497)           | (954)           | (56,064)           | (108,720)          | (1,124)         | (39,520)           |
|  | Exposure not classified in previous definitions  |                |                  |                    |                 |                    |                    |                 |                    |
| Other  |  | (191)          | (4,815)          | (9,630)            | (197)           | (4,967)            | (9,934)            | (26)            | (650)              |
| <b>Total excluding correlation of risk factors</b> |  | <b>(4,986)</b> | <b>(521,084)</b> | <b>(1,003,480)</b> | <b>(12,619)</b> | <b>(1,796,579)</b> | <b>(3,442,879)</b> | <b>(16,336)</b> | <b>(1,309,350)</b> |
| <b>Total including correlation of risk factors</b> |  | <b>(1,666)</b> | <b>(331,675)</b> | <b>(634,185)</b>   | <b>(4,187)</b>  | <b>(1,113,743)</b> | <b>(2,180,501)</b> | <b>(9,433)</b>  | <b>(949,418)</b>   |

(1) Amounts net of tax.

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

**Notes to the Consolidated Financial Statements**

Sensitivity analyses were carried out based on scenarios prepared for the respective dates, always considering market data at the time and scenarios that would adversely affect our positions, according to the examples below:

**Scenario 1:** Based on market information (BM&FBOVESPA, Anbima, etc.), stresses were applied for 1 basis point on the interest rate and 1% variation on prices. For example, in the scenario applied to positions on September 30, 2013, the Real/Dollar exchange rate was R\$2.24. The rate applied on the positions on September 30, 2013 was 10.09% p.a. for the 1-year fixed interest rate scenario;

**Scenario 2:** 25% stresses were determined based on market information. For instance, in the scenario applied to positions on September 30, 2013, the Real/Dollar exchange rate was R\$2.77. For the interest rate scenario, the 1-year fixed interest rate applied to positions on September 30, 2013 was 12.60% p.a. Scenarios for other risk factors also represented a 25% stress on the respective curves or prices; and

**Scenario 3:** 50% stresses were determined based on market information. For instance, in the scenario applied to positions on September 30, 2013, the Real/Dollar exchange rate was R\$3.33. For the interest rate scenario, the 1-year fixed interest rate applied to positions on September 30, 2013 was 15.12% p.a. Scenarios for other risk factors also represented a 50% stress on the respective curves or prices.

**Liquidity Risk**

Liquidity Risk is represented by the possibility of the institution not being able to efficiently meet its obligations, without affecting its daily operations and incurring significant losses, as well as the possibility of the institution not being able to trade a position at market price due to its high amount when compared to the usually traded volume or due to some market discontinuation.

One of the objectives of the Organization's Policy on Market and Liquidity Risk Management, approved by the Board of Directors, is to lay down the rules, criteria and procedures that guarantee the establishment of the Minimum Liquidity Reserve (RML) for the Organization, as well as the strategy and action plans for liquidity crisis situations. As part of the criteria and procedures approved, the Organization also establishes a minimum liquidity reserve to be recorded daily and the types of assets eligible for making up the resources available. Moreover, instruments for managing liquidity in a normal scenario and in a crisis scenario and the strategies to be implemented in each case are established.

The liquidity risk is managed in a corporate and centralized manner, by daily monitoring of the composition of available resources, compliance with the minimum level of liquidity and contingency plans for stress situations.

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Financial Statements, Independent Auditors' Report and Fiscal Council's Report**Notes to the Consolidated Financial Statements**

The statement of financial position by maturity is as follows

|  | 1 to 30<br>days    | 31 to 180<br>days  | 181 to<br>days |
|--|--------------------|--------------------|----------------|
| <b>Assets</b>  |                    |                    |                |
| <b>Current and long-term assets</b>  | <b>529,455,438</b> | <b>87,822,370</b>  | <b>53,77</b>   |
| Funds available  | 16,427,082         | -                  | -              |
| Interbank investments (2)  | 133,422,738        | 7,218,208          | 3,39           |
| Securities and derivative financial instruments (1) (2)                        | 259,047,760        | 2,697,962          | 2,37           |
| Interbank and interdepartmental accounts                                       | 51,545,361         | -                  | -              |
| Loan and leasing   | 27,705,691         | 61,287,384         | 40,44          |
| Other receivables and assets   | 41,306,806         | 16,618,816         | 7,56           |
| <b>Permanent assets</b>  | <b>223,196</b>     | <b>1,130,857</b>   | <b>1,36</b>    |
| Investments  | -                  | -                  | -              |
| Premises and equipment   | 56,541             | 282,709            | 33             |
| Intangible assets  | 166,655            | 848,148            | 1,02           |
| <b>Total on September 30, 2013</b>   | <b>529,678,634</b> | <b>88,953,227</b>  | <b>55,14</b>   |
| <b>Total on June 30, 2013</b>  | <b>510,475,106</b> | <b>92,994,775</b>  | <b>49,73</b>   |
| <b>Total on September 30, 2012</b>   | <b>451,934,025</b> | <b>126,694,637</b> | <b>60,74</b>   |
| <b>Liabilities</b>   |                    |                    |                |
| <b>Current and long-term liabilities</b>                                       | <b>488,895,174</b> | <b>78,491,572</b>  | <b>49,47</b>   |
| Deposits (3)   | 133,025,999        | 14,675,691         | 11,83          |
| Federal funds purchased and securities sold under agreements to repurchase (2) | 194,057,404        | 35,437,193         | 10,67          |
| Funds from issuance of securities  | 3,845,267          | 10,736,739         | 8,84           |
| Interbank and interdepartmental accounts                                       | 4,805,357          | -                  | -              |
| Borrowing and onlending  | 2,838,311          | 10,798,201         | 9,87           |
| Derivative financial instruments   | 1,902,226          | 325,786            | 15             |
| Technical reserves for insurance, pension plans and capitalization bonds (3)   | 103,165,527        | 3,185,167          | 1,33           |
| Other liabilities:   |                    |                    |                |
| - Subordinated debts   | 89,757             | 753                | 1,79           |
| - Other  | 45,165,326         | 3,332,042          | 4,96           |
| <b>Deferred income</b>   | <b>676,195</b>     | <b>-</b>           | <b>-</b>       |
| <b>Non-controlling interests in subsidiaries</b>                               | <b>-</b>           | <b>-</b>           | <b>-</b>       |
| <b>Shareholders' equity</b>  | <b>-</b>           | <b>-</b>           | <b>-</b>       |
| <b>Total on September 30, 2013</b>   | <b>489,571,369</b> | <b>78,491,572</b>  | <b>49,47</b>   |
| <b>Total on June 30, 2013</b>  | <b>483,729,359</b> | <b>79,065,257</b>  | <b>48,06</b>   |
| <b>Total on September 30, 2012</b>   | <b>430,803,103</b> | <b>87,564,487</b>  | <b>47,33</b>   |
| <b>Net assets on September 30, 2013 YTD</b>                                    | <b>40,107,265</b>  | <b>50,568,920</b>  | <b>56,23</b>   |

|   |                   |                   |              |
|---|-------------------|-------------------|--------------|
| <b>Net assets on June 30, 2013 YTD</b>      | <b>26,745,747</b> | <b>40,675,265</b> | <b>42,33</b> |
| <b>Net assets on September 30, 2012 YTD</b> | <b>21,130,922</b> | <b>60,261,072</b> | <b>73,66</b> |

- (1) Investments in investment funds are classified as 1 to 30 days;
- (2) Repurchase agreements are classified according to the maturity of the transactions; and
- (3) Demand and savings deposits and technical reserves for insurance, pension plans and capitalization bonds comprising VGBL and PGBL products are classified as 1 to 30 days, without considering average historical turnover.

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***Notes to the Consolidated Financial Statements***

**Operational Risk**

Operational risk is represented by losses from internal processes, personnel and inadequate systems or failures and external events. This definition includes legal risk, but excludes Strategy and Reputation Risk.

Operational risk management is essential to generate added value. Risk is controlled centrally through identification, measurement, mitigation plans and monitoring, on a consolidated basis and for each of the Organization's companies.

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

**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 the Statutory, Non-Statutory and Executive Committees that assist the Board of Directors and the Board of Executive Officers in decision making.

Under Bacen regulations, financial institutions are required to permanently maintain capital consistent with the risks of their activities, represented by Capital Requirement (PRE). The PRE calculation considers, at least, the sum of credit risk, market risk and operating risk.

Adjusting to capital is done daily and aims to ensure that the Organization has a solid capital base to support development of activities and cope with risk, either in normal or in extreme market conditions, as well as meeting capital regulatory requirements.

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Financial Statements, Independent Auditors' Report and Fiscal Council's Report**Notes to the Consolidated Financial Statements****Below is the Capital Adequacy Ratio:**

| Calculation basis - Capital Adequacy Ratio  | 2013               |                    |                    |                    |
|---|--------------------|--------------------|--------------------|--------------------|
|   | September 30       |                    | June 30            |                    |
|   | Financial          | Economic-financial | Financial          | Economic-financial |
| <b>Shareholders' equity</b>   | <b>67,033,392</b>  | <b>67,033,392</b>  | <b>66,027,513</b>  | <b>66,027,513</b>  |
| Reduction of deferred assets - CMN Resolution 3444/07   | (104,846)          | (170,637)          | (108,124)          | (205,192)          |
| Decrease in gains/losses of mark-to-market adjustments in available for sale and derivatives - CMN Resolution 3444/07 | 4,507,711          | 4,507,711          | 3,593,253          | 3,593,253          |
| Non-controlling interests/other   | 195,712            | 591,640            | 189,226            | 582,002            |
| <b>Tier I capital</b>   | <b>71,631,969</b>  | <b>71,962,106</b>  | <b>69,701,868</b>  | <b>69,997,576</b>  |
| Total of gains/losses of adjustments to market value in available for sale and derivatives - CMN Resolution 3444/07   | (4,507,711)        | (4,507,711)        | (3,593,253)        | (3,593,253)        |
| Subordinated debt/other   | 25,741,337         | 25,741,337         | 26,354,543         | 26,354,543         |
| <b>Tier II capital</b>  | <b>21,233,626</b>  | <b>21,233,626</b>  | <b>22,761,290</b>  | <b>22,761,290</b>  |
| <b>Total capital (Tier I + Tier II)</b>   | <b>92,865,595</b>  | <b>93,195,732</b>  | <b>92,463,158</b>  | <b>92,758,866</b>  |
| Deduction of instruments for funding - CMN Resolution 3444/07   | (131,872)          | (131,872)          | (129,858)          | (129,858)          |
| <b>Capital (a)</b>  | <b>92,733,723</b>  | <b>93,063,860</b>  | <b>92,333,300</b>  | <b>92,629,008</b>  |
| <b>Capital allocation (by risk)</b>   |                    |                    |                    |                    |
| - Credit risk   | 53,901,274         | 53,056,948         | 53,435,935         | 52,713,838         |
| - Market risk   | 5,649,690          | 5,649,690          | 10,321,359         | 10,321,359         |
| - Operational risk  | 2,566,832          | 3,641,036          | 2,397,142          | 3,354,289          |
| <b>Capital requirement (b)</b>  | <b>62,117,796</b>  | <b>62,347,674</b>  | <b>66,154,436</b>  | <b>66,389,485</b>  |
| <b>Margin (a-b)</b>   | <b>30,615,927</b>  | <b>30,716,186</b>  | <b>26,178,864</b>  | <b>26,239,523</b>  |
| <b>Risk-weighted assets (c)</b>   | <b>564,707,236</b> | <b>566,797,036</b> | <b>601,403,964</b> | <b>603,540,777</b> |
| <b>Capital adequacy ratio (a/c)</b>   | <b>16.4%</b>       | <b>16.4%</b>       | <b>15.4%</b>       | <b>15.4%</b>       |

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Financial Statements, Independent Auditors' Report and Fiscal Council's Report**Notes to the Consolidated Financial Statements****b) Market value**

The book value, net of loss provisions on the main financial instruments is shown below:

| Portfolio  | Book<br>value | Market<br>value | Unrealized gain/(loss) with<br>In income statement |                         |                    |
|--|---------------|-----------------|--|-------------------------|--------------------|
|  |               |                 | 2013<br>September<br>30                            | 2013<br>September<br>30 | 2013<br>June<br>30 |
| Securities and derivative financial instruments (Notes 3e, 3f and 8) | 313,679,293   | 315,432,604     | (2,932,597)  | (1,334,762)             | 8,880,000          |
| - Adjustment of available-for-sale securities (Note 8 cll)           |               |                 | (4,685,908)  | (3,169,501)             | 6,400,000          |
| - Adjustment of held-to-maturity securities (Note 8d item 6)         |               |                 | 1,753,311  | 1,834,739               | 2,400,000          |
| Loan and leasing (Notes 2, 3g and 10) (1)                            | 311,654,965   | 311,090,213     | (564,752)  | 879,219                 | 1,400,000          |
| Investments (Notes 3j and 13) (2)                                    | 1,909,648     | 15,972,904      | 14,063,256   | 13,200,924              | 11,800,000         |
| Treasury shares (Note 23d)   | 262,249       | 331,781         | -  | -                       | -                  |
| Time deposits (Notes 3n and 16a)                                     | 99,992,785    | 99,655,807      | 336,978  | 297,383                 | 1,000,000          |
| Funds from issuance of securities (Note 16c)                         | 55,426,656    | 55,585,445      | (158,789)  | (175,277)               | (2,000,000)        |
| Borrowing and onlending (Notes 17a and 17b)                          | 51,306,833    | 51,477,861      | (171,028)  | (170,112)               | 8,000,000          |
| Subordinated debts (Note 19)   | 36,135,323    | 36,673,205      | (537,882)  | (691,144)               | (1,100,000)        |
| <b>Unrealized gains excluding tax</b>                                |               |                 | <b>10,035,186</b>                                  | <b>12,006,231</b>       | <b>21,000,000</b>  |

(1) Includes advances on foreign exchange contracts, leases and other receivables with lending characteristics; and

(2) Primarily includes the surplus of interest in subsidiaries and affiliates (Cielo, Odontoprev and Fleury) and other investments (BM&FBOVESPA).

## **Notes to the Consolidated Financial Statements**

### **Determination of the market value of financial instruments:**

- Securities and derivative financial instruments, investments, subordinated debts and treasury shares are based on the market price at the reporting date. If no quoted market price is available, estimate amounts are based on the dealer quotations, pricing models, quotation models or quotations for instruments with similar characteristics;
- Fixed rate loans were determined by discounting estimated cash flows, using interest rates applied by the Bradesco Organization for new contracts with similar features. These rates are consistent with the market at the reporting date; and
- Time deposits, funds from issuance of securities, borrowing and onlending were calculated by discounting the difference between the cash flows under the contract terms and our prevailing market rates for the same product at the reporting date.

### **33) EMPLOYEE BENEFITS**

Bradesco and its subsidiaries sponsor a unrestricted benefit pension plan (PGBL) for employees and directors which is a private defined contribution pension plan that allows financial resources to be accumulated by participants throughout their careers by means of employee and employer contributions and invested in an Exclusive Investment Fund (FIE).

The PGBL is managed by Bradesco Vida e Previdência S.A. and BRAM - Bradesco Asset Management S.A. The Securities Dealer Company (DTVM) is responsible for the financial management of FIES.

Contributions made by employees and directors of Bradesco and its subsidiaries are for the equivalent of at least 4% of their salary, except for participants who chose to migrate from the defined benefit plan to a defined contribution plan (PGBL) in 2001, whose contributions to the PGBL were maintained at the levels that prevailed for the defined benefit plan when they migrated, always respecting the 4% minimum.

Actuarial obligations of the defined contribution plan (PGBL) are fully covered by the plan assets of the corresponding FIES.

In addition to the aforementioned plan (PGBL), participants who chose to migrate from the defined benefit plan are guaranteed a proportional deferred benefit, corresponding to their accumulated rights in the plan. For participants of the defined benefit plan, whether they migrated to the PGBL plan or not, for retirees and pensioners, the present value of the actuarial plan obligation is fully covered by the plan assets.

Banco Alvorada S.A. (successor from the spin-off of Banco Baneb S.A.) maintains defined contribution and defined benefit retirement plans, through Fundação Baneb de Seguridade Social - Bases (related to the former employees of Baneb).

Banco Bradesco BBI S.A. (formally Banco BEM S.A.) sponsors both defined benefit and defined contribution retirement plans, through Caixa de Assistência e Aposentadoria dos Funcionários do Banco do Estado do Maranhão (Capof).

Alvorada Cartões, Crédito, Financiamento e Investimento S.A. (Alvorada CCFI) (merging company of Banco BEC S.A.) sponsors a defined benefit plan through Caixa de Previdência Privada do Banco do Estado do Ceará (Cabec).

The assets of pension plans are invested in compliance with the applicable legislation (government securities and private securities, listed company shares and real estate properties).

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Financial Statements, Independent Auditors' Report and Fiscal Council's Report**Notes to the Consolidated Financial Statements**

On December 31, 2012, according to CPC 33 – Employee Benefit, as approved by CVM Resolution 600/09, Bradesco and its subsidiaries, as sponsors of these plans, taking into consideration the economic and actuarial study, recalculated their actuarial commitments using a real interest rate that reflects the new real interest rate scenario, recognizing their obligations in the financial statements.

Bradesco's foreign branches and subsidiaries provide their employees and directors with a pension plan in accordance with standards set locally by the authorities accumulating funds throughout the participant's career.

Expenses relating to contributions made in the nine-month period ended September 30, 2013 totaled R\$458,229 thousand (R\$409,748 thousand on September 30, 2012) and R\$150,329 thousand in the third quarter of 2013 (R\$149,857 thousand in the second quarter of 2013).

In addition to this benefit, Bradesco and its subsidiaries offer their employees and management other benefits including: health insurance, dental care, life and personal accident insurance, as well as professional training, whose expenses, including the aforementioned contributions, amounted to R\$2,062,996 thousand in the nine-month period ended September 30, 2013 (R\$1,939,771 thousand on September 30, 2012) and R\$712,514 thousand in the third quarter of 2013 (R\$680,127 thousand in the second quarter of 2013).

**34) INCOME TAX AND SOCIAL CONTRIBUTION****a) Calculation of income tax and social contribution charges**

|  | R\$ thousand            |                         |                   |                   |
|--|-------------------------|-------------------------|-------------------|-------------------|
|  | 2013                    |                         | 2012              |                   |
|  | 3 <sup>rd</sup> Quarter | 2 <sup>nd</sup> Quarter | September 30 YTD  | September 30 YTD  |
| <b>Income before income tax and social contribution</b>                            | <b>4,587,070</b>        | <b>3,042,164</b>        | <b>12,324,521</b> | <b>11,749,742</b> |
| Total income tax and social contribution at rates of 25% and 15%, respectively (1) | (1,834,828)             | (1,216,865)             | (4,929,808)       | (4,699,897)       |
| <b>Effect on the tax calculation:</b>  |                         |                         |                   |                   |
| Equity in the earnings (losses) of unconsolidated companies                        | 803                     | 4,755                   | 6,891             | 41,347            |
| Non-deductible expenses, net of non-taxable income                                 | (114,014)               | (111,161)               | (327,981)         | (371,007)         |
| Interest on shareholders' equity (2)   | 324,305                 | 320,553                 | 961,524           | 985,551           |
| Other amounts (3)  | 122,916                 | 938,168                 | 975,466           | 836,205           |

b) Market value

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**Income tax and social contribution for the period**                      **(1,500,818)**    **(64,550)** **(3,313,908)** **(3,207,801)**

(1) The social contribution rate for companies of the financial and insurance sectors was increased to 15%, according to Law 11727/08, remaining at 9% for other companies (Note 3h);

(2) Includes paid and payable interest on shareholders' equity; and

(3) Primarily includes the exchange variation on investments made abroad and bringing the effective social contribution rate to the (40%) rate.

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Financial Statements, Independent Auditors' Report and Fiscal Council's Report**Notes to the Consolidated Financial Statements****b) Breakdown of income tax and social contribution in the income statement**

|   | 3 <sup>rd</sup> Quarter | 2013<br>2 <sup>nd</sup> Quarter | September 30 YTD   | R\$ thou<br>2013<br>September<br>30 YTD |
|---|-------------------------|---------------------------------|--------------------|---|
| <b>Current taxes:</b>   |                         |                                 |                    |   |
| <b>Income tax and social contribution payable</b>             | <b>(1,926,107)</b>      | <b>(1,964,143)</b>              | <b>(7,444,398)</b> | <b>(6,294,398)</b>                      |
| <b>Deferred taxes:</b>  |                         |                                 |                    |   |
| Amount recorded/realized in the period on temporary additions | 565,754                 | 1,991,765                       | 4,571,851          | 3,255,765                               |
| <b>Use of opening balances of:</b>                            |                         |                                 |                    |   |
| Social contribution loss                                      | (64,677)                | (42,791)                        | (269,823)          | (90,281)                                |
| Income tax loss   | (90,138)                | (72,104)                        | (232,156)          | (116,542)                               |
| <b>Recording in the period on:</b>                            |                         |                                 |                    |   |
| Social contribution loss                                      | 4,422                   | 6,181                           | 18,315             | 12,000                                  |
| Income tax loss   | 9,928                   | 16,542                          | 42,303             | 23,000                                  |
| <b>Total deferred taxes</b>                                   | <b>425,289</b>          | <b>1,899,593</b>                | <b>4,130,490</b>   | <b>3,080,000</b>                        |
| <b>Income tax and social contribution for the period</b>      | <b>(1,500,818)</b>      | <b>(64,550)</b>                 | <b>(3,313,908)</b> | <b>(3,207,000)</b>                      |

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Financial Statements, Independent Auditors' Report and Fiscal Council's Report**Notes to the Consolidated Financial Statements****c) Deferred income tax and social contribution**

|  | <b>Balance<br/>on<br/>12.31.2012</b> | <b>Amount<br/>recorded</b> | <b>Amount<br/>realized</b> | <b>Balance<br/>on<br/>9.30.2013</b> | <b>Bal<br/>6.30</b> |
|--|--------------------------------------|----------------------------|----------------------------|-------------------------------------|---------------------|
| Allowance for loan losses  | 12,175,635                           | 4,406,770                  | 1,895,585                  | 14,686,820                          | 14,2                |
| Civil provisions   | 1,473,051                            | 331,021                    | 254,450                    | 1,549,622                           | 1,4                 |
| Tax provisions   | 4,953,069                            | 714,458                    | 27,677                     | 5,639,850                           | 5,4                 |
| Labor provisions   | 987,394                              | 358,242                    | 356,675                    | 988,961                             | 9                   |
| Provision for devaluation of securities and investments              | 411,399                              | 13,241                     | 682                        | 423,958                             | 4                   |
| Provision for devaluation of foreclosed assets                       | 185,942                              | 111,668                    | 84,740                     | 212,870                             | 2                   |
| Adjustment to market value of trading securities                     | 15,072                               | 1,743                      | 4,005                      | 12,810                              |                     |
| Amortization of goodwill   | 356,837                              | 748                        | 36,282                     | 321,303                             | 3                   |
| Provision for interest on shareholders' equity (1)                   | -                                    | 339,924                    | -                          | 339,924                             | 1                   |
| Other  | 1,697,152                            | 1,510,384                  | 556,252                    | 2,651,284                           | 2,9                 |
| <b>Total deductible taxes on temporary differences</b>               | <b>22,255,551</b>                    | <b>7,788,199</b>           | <b>3,216,348</b>           | <b>26,827,402</b>                   | <b>26,2</b>         |
| Income tax and social contribution losses in Brazil and abroad       | 1,697,087                            | 60,618                     | 501,979                    | 1,255,726                           | 1,3                 |
| <b>Subtotal (2)</b>  | <b>23,952,638</b>                    | <b>7,848,817</b>           | <b>3,718,327</b>           | <b>28,083,128</b>                   | <b>27,6</b>         |
| Adjustment to fair value of available-for-sale securities (2)        | 109,446                              | 2,278,435                  | 43,245                     | 2,344,636                           | 2,0                 |
| Social contribution - Provisional Measure 2158-35/01                 | 140,842                              | -                          | -                          | 140,842                             | 1                   |
| <b>Total deferred tax assets (Note 11b)</b>                          | <b>24,202,926</b>                    | <b>10,127,252</b>          | <b>3,761,572</b>           | <b>30,568,606</b>                   | <b>29,8</b>         |
| <b>Deferred tax liabilities (Note 34f)</b>                           | <b>7,996,282</b>                     | <b>1,221,104</b>           | <b>5,086,584</b>           | <b>4,130,802</b>                    | <b>4,2</b>          |
| <b>Deferred tax assets, net of deferred tax liabilities</b>          | <b>16,206,644</b>                    | <b>8,906,148</b>           | <b>(1,325,012)</b>         | <b>26,437,804</b>                   | <b>25,5</b>         |
| <b>- Percentage of net deferred tax assets on capital (Note 32a)</b> | <b>16.7%</b>                         |                            |                            | <b>28.4%</b>                        |                     |
| <b>- Percentage of net deferred tax assets over total assets</b>     | <b>1.8%</b>                          |                            |                            | <b>2.9%</b>                         |                     |

(1) Deferred taxes on interest on shareholders' equity is recorded up to the authorized tax limit; and

(2) Deferred taxes from companies in the financial and insurance sectors were recorded considering the increase in the social contribution rate, established by Law 11727/08 (Note 3h).



Financial Statements, Independent Auditors' Report and Fiscal Council's Report**Notes to the Consolidated Financial Statements****d) Expected realization of deferred tax assets on temporary differences, income tax and social contribution losses and deductible social contribution - Provisional Measure 2158-35**

|                    |                       |                  |   |                |                             | R\$ thousand      |  |
|--------------------|-----------------------|------------------|---|----------------|-----------------------------|-------------------|--|
|                    | Temporary differences |                  | Income tax and social contribution losses |                | Social contribution 2158-35 | Total             |  |
|                    | Income                | Social           | Income                                    | Social         |                             |                   |  |
|                    | tax                   | contribution     | tax                                       | contribution   |                             |                   |  |
| 2013               | 3,107,778             | 1,827,961        | 26,767                                    | 22,366         | 54,876                      | <b>5,039,748</b>  |  |
| 2014               | 5,403,619             | 3,177,099        | 337,358                                   | 198,568        | 85,966                      | <b>9,202,610</b>  |  |
| 2015               | 5,331,978             | 3,117,379        | 195,289                                   | 168,525        | -                           | <b>8,813,171</b>  |  |
| 2016               | 1,538,820             | 892,482          | 31,723                                    | 76,621         | -                           | <b>2,539,646</b>  |  |
| 2017               | 1,501,893             | 787,727          | 126,986                                   | 71,453         | -                           | <b>2,488,059</b>  |  |
| 2018 (nine months) | 87,939                | 52,727           | 14  | 56             | -                           | <b>140,736</b>    |  |
| <b>Total</b>       | <b>16,972,027</b>     | <b>9,855,375</b> | <b>718,137</b>                            | <b>537,589</b> | <b>140,842</b>              | <b>28,223,970</b> |  |

The projected realization of deferred tax assets is an estimate and it is not directly related to the expected accounting income.

The present value of deferred tax assets, calculated based on the average funding rate, net of tax effects, amounts to R\$26,842,448 thousand (R\$26,429,024 thousand on June 30, 2013 and R\$22,080,701 thousand on September 30, 2012), of which R\$25,520,181 thousand (R\$24,973,521 thousand on June 30, 2013 and R\$21,633,221 thousand on September 30, 2012) refers to temporary differences, R\$1,183,887 thousand (R\$1,317,754 thousand on June 30, 2013 and R\$316,968 thousand on September 30, 2012) to income tax and social contribution losses and R\$138,380 thousand (R\$137,749 thousand on June 30, 2013 and R\$130,512 thousand on September 30, 2012) of social contribution tax credit, pursuant to Provisional Measure 2158-35.

**e) Unrecognized deferred tax assets**

On September 30, 2013, deferred tax assets of R\$464,284 thousand (R\$464,284 thousand on June 30, 2013 and R\$1,466,070 thousand on September 30, 2012) has not been recorded in the financial statements, and will be recorded when they meet with regulatory demands and/or present the probable prospects to be realized according to studies and analyses prepared by the Management and in accordance with Bacen regulations.

**f) Deferred tax liabilities**

b) Market value

|   | 2013             |                  | R\$ thousand<br>2012 |
|---|------------------|------------------|----------------------|
|   | September 30     | June 30          | September 30         |
| Mark-to-market adjustment of derivative financial instruments | 500,351          | 757,879          | 3,299,822            |
| Difference in depreciation                                    | 1,539,207        | 1,823,987        | 2,648,338            |
| Judicial deposit and others                                   | 2,091,244        | 1,673,258        | 1,328,010            |
| <b>Total</b>  | <b>4,130,802</b> | <b>4,255,124</b> | <b>7,276,170</b>     |

The deferred tax liabilities of companies in the financial and insurance sector were established considering the increased social contribution rate, established by Law 11727/08 (Note 3h).

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Financial Statements, Independent Auditors' Report and Fiscal Council's Report**Notes to the Consolidated Financial Statements****35) OTHER INFORMATION**

a) The Bradesco Organization manages investment funds and portfolios with net assets of R\$438,268,979 thousand as at September 30, 2013 (R\$427,237,752 thousand on June 30, 2013 and R\$404,442,213 thousand on September 30, 2012).

**b) Consortia funds**

|  | <b>2013</b>         |                | R\$ thousand<br><b>2012</b> |
|--|---------------------|----------------|-----------------------------|
|  | <b>September 30</b> | <b>June 30</b> | <b>September 30</b>         |
| Monthly estimate of funds receivable from consortium members | 343,387             | 326,415        | 284,353                     |
| Contributions payable by the group                           | 16,836,122          | 16,119,602     | 14,863,508                  |
| Consortium members - assets to be included                   | 15,059,398          | 14,388,684     | 13,287,433                  |
| Credits available to consortium members                      | 3,624,438           | 3,565,510      | 3,195,231                   |

|                                     | <b>2013</b>         |                | In units<br><b>2012</b> |
|-------------------------------------|---------------------|----------------|-------------------------|
|                                     | <b>September 30</b> | <b>June 30</b> | <b>September 30</b>     |
| Number of groups managed            | 3,163               | 3,054          | 2,772                   |
| Number of active consortium members | 876,126             | 821,004        | 706,752                 |
| Number of assets to be included     | 432,418             | 407,524        | 189,141                 |

c) In the third quarter of 2013, Bacen redefined the regulations relating to reserve requirement on time deposits, anticipating the remuneration schedule. It showed the following effects:

| <b>Description</b>                   | <b>Previous regulation</b>  | <b>Current regulation</b>  |
|--------------------------------------|---|--|
| Reserve requirement on time deposits | Bacen used to remunerate balance, limited to the lower among the following amounts: | Bacen will remunerate balance, limited to the lower among the following amounts: |
|                                      | I – the requirement discounted from deductions of up to 64%;                        | I – the requirement discounted from deductions of up to 64%;                     |

|  |  |
|--|--|
| II – the requirement multiplied by the percentage of:                                  | II – the requirement multiplied by the percentage of:                          |
| - 64% as of the calculation period started between June 22, 2013 to February 20, 2014; | - 64% as of the calculation period started between July 1 to 12, 2013;         |
| - 73% as of the calculation period started between February 21 to April 24, 2014;      | - 73% as of the calculation period started between November 11 to 22, 2013;    |
| - 82% as of the calculation period started between April 25 to June 19, 2014; and      | - 82% as of the calculation period started between January 13 to 24, 2014; and |
| - 100% as of the calculation period started on June 20, 2014.                          | - 100% as of the calculation period started between March 17 to 28, 2014.      |

d) As part of the convergence process with international accounting standards, the Brazilian Accounting Pronouncements Committee (CPC) issued several accounting pronouncements, as well as their interpretations and guidelines, which are applicable to financial institutions only after approval by CMN.

The accounting standards which have been approved by CMN include the following:

- Resolution 3566/08 - Impairment of Assets (CPC 01);
- Resolution 3604/08 - Statement of Cash Flows (CPC 03);
- Resolution 3750/09 - Related Party Disclosures (CPC 05);
- Resolution 3823/09 - Provisions, Contingent Liabilities and Contingent Assets (CPC 25);
- Resolution 3973/11 - Subsequent Events (CPC 24);

b) Market value

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**Notes to the Consolidated Financial Statements**

- Resolution 3989/11 - Share-based Payment (CPC 10);
- Resolution 4007/11 - Accounting Policies, Changes in Accounting Estimates and Errors (CPC 23); and
- Resolution 4144/12 - Framework (R1).

Presently, it is not possible to estimate when the CMN will approve the other CPC pronouncements or if they will be used prospectively or retrospectively.

CMN Resolution 3786/09 and Bacen Circular Letters 3472/09 and 3516/10 establish that financial institutions and other entities authorized by Bacen to operate, which are publicly-held companies or which are required to establish an Audit Committee shall, as from December 31, 2010, annually prepare and publish their consolidated financial statements in up to 90 days from the reference date December 31, prepared under the International Financial Reporting Standards (IFRS), in compliance with standards issued by the International Accounting Standards Board (IASB).

As required by CMN Resolution, on March 28, 2013, Bradesco published its consolidated financial statements for December 31, 2012 and 2011 on its website, in accordance with IFRS standards. Management believes that net income and shareholders' equity as at September 30, 2013 do not differ significantly from the nature or amounts disclosed on December 31, 2012 under IFRS, as issued by the IASB.

e) On October 14, 2013, Bradesco, through its indirect subsidiary Bradesco Saúde S.A. (Bradesco Saúde), entered into an agreement with Randal Luiz Zanetti (Mr. Randal) that establishes the terms and conditions for a reorganization of ownership interest held in Odontoprev, through which Bradesco Saúde will acquire from Mr. Randal 6.5% of the voting capital held in Odontoprev.



Bradesco \_\_\_\_\_

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Financial Statements, Independent Auditors' Report and Fiscal Council's Report**Management Bodies**

Reference Date: October 8, 2013

|   |   |  |
|---|---|--|
| <b>Board of Directors</b>               | <b>Department Directors<br/>(continued)</b> | <b>Audit Committee</b>                               |
| .                                       | Frederico William Wolf                      | Carlos Alberto Rodrigues Guilherme -<br>Coordinator  |
| <b>Chairman</b>                         | Glaucimar Peticov                           | José Lucas Ferreira de Melo                          |
| Lázaro de Mello Brandão                 | Guilherme Muller Leal                       | Romulo Nagib Lasmar                                  |
| .                                       | João Albino Winkelmann                      | Oswaldo Watanabe                                     |
| <b>Vice-Chairman</b>                    | João Carlos Gomes da Silva                  | .  |
| Antônio Bornia                          | Joel Antonio Scalabrini                     | <b>Compliance and Internal Control<br/>Committee</b> |
| .                                       | Johan Albino Ribeiro                        | Mário da Silveira Teixeira Júnior –<br>Coordinator   |
| <b>Members</b>                          | Jorge Pohlmann Nasser                       | Carlos Alberto Rodrigues Guilherme                   |
| Mário da Silveira Teixeira<br>Júnior    | José Luis Elias                             | Milton Matsumoto                                     |
| João Aguiar Alvarez                     | José Luiz Rodrigues Bueno                   | Julio de Siqueira Carvalho de Araujo                 |
| Denise Aguiar Alvarez                   | José Ramos Rocha Neto                       | Domingos Figueiredo de Abreu                         |
| Luiz Carlos Trabuco Cappi               | Júlio Alves Marques                         | Marco Antonio Rossi                                  |
| Carlos Alberto Rodrigues<br>Guilherme   | Laércio Carlos de Araújo Filho              | Alexandre da Silva Glüher                            |
| Milton Matsumoto                        | Layette Lamartine Azevedo<br>Júnior         | Clayton Camacho                                      |
| .                                       | Lúcio Rideki Takahama                       | Frederico William Wolf                               |
| .                                       | Luiz Alves dos Santos                       | Roberto Sobral Hollander                             |
| <b>Board of Executive Officers</b>      | Luiz Carlos Brandão                         | Rogério Pedro Câmara                                 |
| .                                       | Cavalcanti Junior                           | .  |
| <b>Executive Officers</b>               | Marcelo Santos Dall'Occo                    | <b>Executive Disclosure Committee</b>                |
| .                                       | Marcos Aparecido Galende                    | Luiz Carlos Angelotti - Coordinator                  |
| <b>Chief Executive Officer</b>          | Marcos Bader                                | Julio de Siqueira Carvalho de Araujo                 |
| Luiz Carlos Trabuco Cappi               | Marcos Daré                                 | Domingos Figueiredo de Abreu                         |
| .                                       | Marlene Morán Millan                        | Marco Antonio Rossi                                  |
| <b>Executive Vice-Presidents</b>        | Marlos Francisco de Souza<br>Araújo         | Alexandre da Silva Glüher                            |
| Julio de Siqueira Carvalho de<br>Araujo | Nobuo Yamazaki                              | Moacir Nachbar Junior                                |
| Domingos Figueiredo de Abreu            | Octavio Manoel Rodrigues de<br>Barros       | Antonio José da Barbara                              |
| José Alcides Munhoz                     | Paulo Aparecido dos Santos                  | Marcelo Santos Dall'Occo                             |
| Aurélio Conrado Boni                    | Paulo Faustino da Costa                     |  |
|   | Roberto Sobral Hollander                    |  |

Sérgio Alexandre Figueiredo  
Clemente  
Marco Antonio Rossi

Rogério Pedro Câmara  
Waldemar Ruggiero Júnior  
Walkiria Schirrmeister  
Marquetti

Marcos Aparecido Galende  
Paulo Faustino da Costa

Haydewaldo R. Chamberlain da Costa

**Managing Directors**

Maurício Machado de Minas  
Alexandre da Silva Glüher  
Alfredo Antônio Lima de  
Menezes  
André Rodrigues Cano

**Directors**

Antonio Chinellato Neto  
  
Cláudio Borges Cassemiro  
João Sabino  
Paulo Manuel Taveira de  
Oliveira Ferreira  
Roberto de Jesus Paris

**Ethical Conduct Committee**

Milton Matsumoto - Coordinator  
  
Carlos Alberto Rodrigues Guilherme  
Julio de Siqueira Carvalho de Araujo

Josué Augusto Pancini  
Luiz Carlos Angelotti  
Marcelo de Araújo Noronha  
Nilton Pelegrino Nogueira

Domingos Figueiredo de Abreu  
Marco Antonio Rossi  
Alexandre da Silva Glüher  
André Rodrigues Cano  
Josué Augusto Pancini  
Clayton Camacho  
Frederico William Wolf  
Glaucimar Peticov  
José Luiz Rodrigues Bueno  
Júlio Alves Marques

**Deputy Directors**

Altair Antônio de Souza  
André Marcelo da Silva Prado  
Denise Pauli Pavarina  
Luiz Fernando Peres

**Regional Officers**

Alex Silva Braga  
Almir Rocha  
Antonio Gualberto Diniz  
Antonio Piovesan  
Carlos Alberto Alástico  
Delvair Fidêncio de Lima  
Francisco Aquilino Pontes  
Gadelha  
Francisco Assis da Silveira  
Junior

Rogério Pedro Câmara

Moacir Nachbar Junior

Octávio de Lazari Júnior

Geraldo Dias Pacheco

**Integrated Risk Management and Capital Allocation Committee**

Julio de Siqueira Carvalho de Araujo -  
Coordinator  
Domingos Figueiredo de Abreu  
José Alcides Munhoz  
Aurélio Conrado Boni  
Sérgio Alexandre Figueiredo Clemente  
Marco Antonio Rossi  
Alexandre da Silva Glüher  
Alfredo Antônio Lima de Menezes  
Luiz Carlos Angelotti

**Department Directors**

Adineu Santesso  
Amilton Nieto  
André Bernardino da Cruz Filho  
Antonio Carlos Melhado  
Antonio José da Barbara  
Arnaldo Nissental  
Aurélio Guido Pagani  
Cassiano Ricardo Scarpelli

João Alexandre Silva  
José Sergio Bordin  
Leandro José Diniz  
Luis Carlos Furquim Vermieiro  
Mauricio Gomes Maciel  
Volnei Wulff  
Wilson Reginaldo Martins

Marlos Francisco de Souza Araújo

Clayton Camacho  
Diaulas Morize Vieira  
Marcondes Junior

**Compensation Committee**  
Lázaro de Mello Brandão -  
Coordinator

Roberto Sobral Hollander

Douglas Tevis Francisco  
Edilson Wiggers

Antônio Bornia  
Mário da Silveira Teixeira  
Júnior  
Luiz Carlos Trabuco Cappi  
Carlos Alberto Rodrigues  
Guilherme  
Milton Matsumoto  
Sérgio Nonato Rodrigues

**Fiscal Council**

**Sitting Members**

Nelson Lopes de Oliveira - Coordinator  
João Carlos de Oliveira  
Domingos Aparecido Maia

Eurico Ramos Fabri  
Fernando Antônio Tenório  
Fernando Roncolato Pinho

**Deputy Members**

Jorge Tadeu Pinto de Figueiredo  
Renaud Roberto Teixeira  
João Batistela Biazon

**General Accounting Department**  
Marcos Aparecido Galende  
Accountant -CRC 1SP201309/O-6

**Ombudsman Department**  
Júlio Alves Marques – Ombudsman

Report on Economic and Financial Analysis – September 2013

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

**Report on the Review of the Interim Consolidated Financial Information**

To the Board of Directors and Shareholders of

Banco Bradesco S.A.

Osasco - SP

**Introduction**

We have reviewed the consolidated statement of financial position of Banco Bradesco S.A. ("Bradesco") as of September 30, 2013 and the related consolidated statements of income, changes in shareholders' equity and cash flows for the three and nine month periods then ended, as well as the summary of significant accounting policies and other explanatory notes ("the consolidated interim financial statements").

Management is responsible for the preparation and fair presentation of this interim consolidated financial information in accordance with accounting practices adopted in Brazil, applicable to financial institutions authorized to operate by the Brazilian Central Bank (BACEN). Our responsibility is to express a conclusion on this interim consolidated financial information based on our review.

**Scope of review**

We conducted our review in accordance with Brazilian and International Standards on Review of Interim Financial Information (NBC TR 2410 *-Revisão de Informações Intermediárias Executada pelo Auditor da Entidade* and ISRE 2410 – Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards and consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Therefore, we do not express an audit opinion.

**Conclusion**

b) Market value

Based on our review, we are not aware of any facts that would lead us to believe that the interim consolidated financial information above were not prepared, in all material aspects, in accordance with accounting practices adopted in Brazil applicable to financial institutions authorized to operate by the Brazilian Central Bank.

## **Other matters**

### **Interim consolidated statements of Value Added**

We also reviewed the interim consolidated statements of Value Added (DVA) for the three and nine month periods ended September 30, 2013, which were prepared under Bradesco's Management responsibility and which presentation is required under the rules issued by the Securities and Exchange Commission of Brazil (CVM). These statements were subject to the same review procedures described above and based on our review, we are not aware of any facts that would lead us to believe they were not prepared, in all material respects, in relation to the interim consolidated financial information taken as a whole.

Osasco, October 18, 2013

*Original report in Portuguese signed by*

KPMG Auditores Independentes

CRC 2SP014428/O-6

Cláudio Rogélio Sertório

Accountant CRC 1SP212059/O-0

Bradesco \_\_\_\_\_

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

***Fiscal Council's Report***

The undersigned members of the Fiscal Council of Banco Bradesco S.A., in the exercise of their legal and statutory duties, having examined the Management Report and the Financial Statements related to the third quarter of 2013, and the technical feasibility study of taxable income generation, brought at present value, which has the purpose of recording the Deferred Tax Assets pursuant to the CVM Rule 371/02, Resolution 3059/02 of the National Monetary Council, and Bacen Circular Letter 3171/02, and in view of the unqualified report prepared by KPMG Auditores Independentes, are of the opinion that the aforementioned documents, based on the accounting practices adopted in Brazil, applicable to entities that the Brazilian Central Bank authorizes to operate, fairly reflect the Company's equity and financial position.

Cidade de Deus, Osasco, São Paulo, October 18, 2013



Nelson Lopes de Oliveira

Domingos Aparecido Maia

João Carlos de Oliveira

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## SIGNATURES

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

Date: October 25, 2013

BANCO BRADESCO S.A.

By:

/S/ Luiz Carlos Angelotti

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**Luiz Carlos Angelotti**  
**Executive Managing Officer and**  
**Investor Relations Officer**

## FORWARD-LOOKING STATEMENTS

This press release may contain forward-looking statements. These statements are statements that are not historical facts, and are based on management's current view and estimates of future economic circumstances, industry conditions, company performance and financial results. The words "anticipates", "believes", "estimates", "expects", "plans" and similar expressions, as they relate to the company, are intended to identify forward-looking statements. Statements regarding the declaration or payment of dividends, the implementation of principal operating and financing strategies and capital expenditure plans, the direction of future operations and the factors or trends affecting financial condition,

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liquidity or results of operations are examples of forward-looking statements. Such statements reflect the current views of management and are subject to a number of risks and uncertainties. There is no guarantee that the expected events, trends or results will actually occur. The statements are based on many assumptions and factors, including general economic and market conditions, industry conditions, and operating factors. Any changes in such assumptions or factors could cause actual results to differ materially from current expectations.

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