BANK BRADESCO
Form 6-K
May 31, 2016

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

FORM 6-K

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

For the month of May, 2016
Commission File Number 1-15250

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

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

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

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

Summary

1. Responsible for the Form

1.1 - Declaration and identification of individuals in charge

Name of the person in charge of the form's contents: Luiz Carlos Trabuco Cappi

Position: Chief Executive Officer

Name of the person in charge of the form's contents: Luiz Carlos Angelotti

Position: Investor Relations Officer

The aforementioned Officers hereby state:

a) to have revised the reference form;

b) that all information contained in the form meets the provisions of CVM Instruction No. 480, particularly those set out in articles 14 to 19; and

c) that the set of information contained therein is a true, accurate, and complete description of the issuer's economic financial outcomes and of the risks inherent to its activities and securities issued.

5 – Reference Form – 2016

1.1 - CEO’s Statement

STATEMENT

Cidade de Deus, Osasco/SP, May 31, 2016.

I, **Luiz Carlos Trabuco Cappi** - CEO of Banco Bradesco S.A., declare that:

1. I have reviewed Banco Bradesco S.A.’s annual reference form for 2015;

2. All information in the form complies with the CVM Instruction No. 480 in particular with articles 14 to 19; and

3. Based on our knowledge, the information herein provides a true, accurate and full picture of the issuer's financial situation and the risks inherent in its activities and its issue of securities.

Luiz Carlos Trabuco Cappi

CEO

5 – Reference Form – 2016

1.2 - Investor Relations Officer's Statement

STATEMENT

Cidade de Deus, Osasco/SP, May 31, 2016.

I, **Luiz Carlos Angelotti** - Investor Relations Officer of Banco Bradesco S.A., declare that:

1. I have reviewed Banco Bradesco S.A.'s annual reference form for 2015;

2. All information in the form complies with the CVM Instruction No. 480 in particular with articles 14 to 19; and

3. To the best of our knowledge, the information herein provides a true, accurate and full picture of the issuer's financial situation and the risks inherent to its activities and its issue of securities.

Luiz Carlos Angelotti

Investor Relations Officer

6 – Reference Form – 2016

1.3 - Statement of the CEO / Investor Relations

The individual statements of the CEO and of the Officer of Investor Relations are described, respectively, in items 1.1 and 1.2 of this Reference Form.

2. Independent Auditors

2.1/2.2 - Identification and remuneration of Auditors

Identification and remuneration of Auditors	
Is there an auditor?	Yes
CVM Code	418-9
Type of auditor	Local
Name/Corporate name	KPMG Auditores Independentes
CPF/CNPJ [Individual/Corporate Taxpayer's Registry]	57.755.217/0022-53
Service period	03/21/2011
Description of contracted services	The services referring to the fiscal year of 2015, include: (i) Auditing of the financial statements of companies and funds within the Bradesco Organization; (ii) Regulatory Reports in compliance with the Central Bank and the Brazilian Securities Commission (CVM); and (iii) Other services provided by the external auditors (pre-agreed procedures, investigations and review of information, substantially, financial, fiscal and actuarial data). The services referring to the fiscal year of 2014, include: (i) Auditing of the financial statements of companies and funds within the Bradesco Organization; (ii) Regulatory Reports in compliance with the Central Bank and the Brazilian Securities Commission (CVM); and (iii) Other services provided by the external auditors (system diagnostics and compilation of IT information and training). The services referring to the fiscal year of 2013, include: (i) Auditing of the financial statements of companies and funds within the Bradesco Organization; (ii) Regulatory Reports in

	compliance with the Central Bank and the Brazilian Securities Commission (CVM); and (iii) Other services provided by the external auditors (pre-agreed procedures for the review of financial information, sweepstakes, review and diagnostics of systems and tax reviews).
Total amount of compensation of independent auditors divided by service	Auditing services contracted in 2015: R$31,523 thousand Other Services: R$1,410 thousand Total: R$32,933 thousand Auditing services contracted in 2014: R$27,782 thousand Other Services: R$1,181 thousand Total: R$28,963 thousand Auditing services contracted in 2013: R$29,836 thousand Other Services: R$926 thousand Total: R$30,762 thousand
Justification for the replacement	Not Applicable
Reason presented by the auditor in case of disagreement with the justification provided by the issuer	Not Applicable
Service period	03/21/2011
Name of the technician in charge	Cláudio Rogélio Sertório
CPF [Individual Taxpayer's Registry]	094.367.598-78
Address	Av. Dionysia Alves Barreto, 500 - Conj. 1001, 10º andar, Centro, Osasco, SP, Brasil, CEP 06086-050, Phone +55 (011) 2856-5300, Email: CSertorio@kpmg.com.br

2.3 - Other relevant information

There is no other information deemed relevant at this time.

3. Selected financial information

3.1 - Financial Information – Consolidated

(In accordance with International Accounting Standards - IFRS) In R$	Fiscal Year 12/31/2015	Fiscal Year 12/31/2014	Fiscal Year 12/31/2013
Shareholders' Equity	90,914,762,000.00	82,291,805,000.00	72,102,926,000.00
Total Assets	1,026,703,522,000.00	930,451,016,000.00	838,301,614,000.00
Net revenue / Revenue from financial intermediation / Gains from insurance premiums	204,488,753,000.00	172,800,179,000.00	153,586,386,000.00
Gross earnings	9,603,583,000.00	19,330,791,000.00	14,319,169,000.00
Net earnings	18,237,905,000.00	15,416,478,000.00	12,486,138,000.00
Number of shares, excluding Treasury	5,029,475,653	5,034,468,671	5,035,810,991
Share equity value (*Reais* per unit)	18.08	16.35	14.32
Basic Earnings per Share	3.43	2.90	2.34
Diluted Earnings per Share	3.43	2.90	2.34

3.2 - Non-GAAP earnings

The non-GAAP earnings were not disclosed in the course of the last fiscal year.

3.3 - Subsequent events to the latest financial statements

There were no subsequent events that need to be adjusted or disclosed for the consolidated financial statements closed on December 31, 2015.

3.4 - Income allocation policy

(R$ thousand)		**Income Allocation**	
	2015	**2014**	**2013**

Legal reserve

The allocation of a portion of the net income for legal reserves is set out by Article 193 of Law No. 6,404/76 and is intended to ensure the integrity of the share capital, and may only be used to offset losses or to increase the capital.

The net income for the year, five percent (5%) shall be applied before any other allocation, in the constitution of the legal reserve, which shall not exceed twenty percent (20%) of the share capital.

The legal reserve may no longer be constituted in the year in which the balance of this reserve, increased by the amount of the capital reserves provided for in Paragraph 1 of Article 182, exceeds thirty percent (30%) of the share capital.

Statutory Reserves

Article 194 of Law No. 6,404/76 regulates the creation of statutory reserves. Pursuant to such legal document, the company's bylaws may create reserves based on the following specific conditions:

a) Rules on withholding of profits

- the purpose is accurately and completely indicated;

- the criteria for determining the portion of annual net income that will be allocated for its constitution is established; and

- the maximum reserve limit is set.

Pursuant to applicable laws, Article 28 of the Bylaws sets out that the balance of the net income, after all statutory allocations, will have the allocation proposed by the Board of Executive Officers, approved by the Board of Directors and deliberated in the Shareholders' Meeting, and one hundred percent (100%) of this balance may be allocated to the Profits Reserves - Statutory, aimed at keeping the operating margin compatible with the development of active operations of the Company, up to the limit of ninety-five percent (95%) of the value of the paid-in share capital.

In case a proposal by the Board of Executive Officers on the allocation of the net income for the year includes the payout of dividends and/or payment of interest on shareholders' equity in an amount greater than the mandatory dividend established in Article 27, item III, of the bylaws, and/or withholding of profits in accordance with Article 196 of Law No. 6,404/76, the balance of net income for purposes of constituting this reserve will be determined after the full deduction of these allocations.

Amounts referring to Withholding of Profits (R$ thousand)	Net Income for the Year	17,189,634	15,088,818	12,011,028
	Legal Reserve	859,481	754,442	600,551
	Statutory Reserves	10,295,188	9,279,796	7,332,569
	Gross Interest on Shareholders' Equity	5,122,963	3,595,008	3,224,050
	Dividends	912,000	1,459,572	853,858

b) Rules on the distribution of dividends

With the advent of Law No. 9,249/95, which entered into force on January 1, 1996, companies can pay interest on shareholders' equity, to be imputed, net of withholding income tax, to the amount of the minimum mandatory dividend.

Minimum Mandatory Dividend

In accordance with item III of Article 27 of Bradesco's Bylaws, shareholders are entitled to thirty percent (30%) of the net income as minimum mandatory dividends, in each fiscal year, adjusted by reducing or increasing the values specified in items I, II and III of Article 202 of Law No. 6,404/76 (Brazilian Corporate Act). Therefore, the minimum percentage of thirty percent (30%) established in the Bylaws is above the minimum percentage of twenty five percent (25%) established in paragraph 2 of Article 202 of Law No. 6,404/76.

Shareholders Holding Preferred Shares

Preferred shares grant their holders dividends ten percent (10%) higher than those attributed to common shares (letter "b" of paragraph 2 of Article 6 of the corporate Bylaws).

Re-Application of Dividends or Interest on Shareholders' Equity

The re-application of Dividends and/or Interest on Shareholders' Equity is a product that allows Bradesco's depositor shareholders registered in the Bradesco Corretora, either individuals or corporate entities, to invest the amount received, credited to checking accounts, in new shares (currently only for preferred shares), thereby increasing shareholding interest.

Shareholders have the option of re-applying the monthly and/or special (complementary and intermediary) dividends. There is no ceiling for this re-application and the minimum limit should be

	enough for the acquisition of at least one (1) share. Bradesco has distributed dividends on a monthly basis since 1970, becoming the first Brazilian financial institution to adopt such practice.
c) Frequency of dividend payouts	**Interim Dividends** The Board of Executive Officers, upon approval by the Board of Directors, is authorized to declare and pay interim dividends, twice a year or on a monthly basis, to the existing Accrued Profits or Profit Reserves accounts (Article 27, paragraph 1 of the Corporate Bylaws). They may also authorize the distribution of Interest on Shareholders' Equity to replace interim dividends, either integrally or partially (Article 27, paragraph 2 of the Corporate Bylaws). **Interest on Shareholders' Equity Monthly Payment System** For the purposes set out in Article 205 of Law No. 6,404/76, shareholders entered in the records of the Company on the date of the statement, which occurs on the first business day of each month, shall be deemed beneficiaries. Payments are made on the first business day of the subsequent month, one month in advance of the mandatory dividend, by credit in the account informed by the shareholder or provided to the Company.
d) Any restrictions on the distribution of dividends imposed by special laws or regulations applicable to the issuer, as well as contracts, judicial or administrative decisions or arbitration.	There are no restrictions on the distribution of dividends.

3.5 - Dividend payouts and withholding of net income

In R$	Fiscal Year 12/31/2015	Fiscal Year 12/31/2014	Fiscal Year 12/31/2013
Adjusted Net Income	16,330,152,666.20	14,334,377,257.19	11,410,476,390.24
Dividend distributed in relation to adjusted net income	36.955954	35.261943	35.738276
Rate of return in relation to the equity of the issuer	19.334477	18.512013	16.931296
Total distributed dividend	6,034,963,689.47	5,054,579,977.10	4,077,907,507.89
Withheld net income	11,154,670,696.00	10,034,238,188.36	7,933,120,271.31
Date of approval of the withholding	3/10/2016	3/10/2015	3/10/2014

Withheld net income	Amount	Dividend Payout	Amount	Dividend Payout	Amount	Dividend Payout
Mandatory Dividend						
Common	435,144,968.29	07/17/2015				
Preferred	476,855,031.71	07/17/2015				
Common			300,728,662.31	03/06/2015		
Preferred			329,845,144.47	03/06/2015		
Common			395,361,818.50	07/18/2014		
Preferred			433,636,746.57	07/18/2014		
Common					407,103,274.12	03/07/2014
Preferred					446,754,600.73	03/07/2014
Common						
Preferred						

Withheld net income	Amount	Dividend Payout	Amount	Dividend Payout	Amount	Dividend Payout
Interest on Shareholders' Equity						
Common	39,531,550.03	02/02/2015				
Common	39,531,549.96	03/02/2015				
Common	39,531,549.21	04/01/2015				
Common	43,484,690.31	05/04/2015				
Common	43,484,683.32	06/01/2015				
Common	43,484,684.25	07/01/2015				
Common	43,481,379.16	08/03/2015				
Common	43,481,379.42	09/01/2015				
Common	43,481,379.44	10/01/2015				
Common	43,481,379.83	11/03/2015				
Common	43,481,379.61	12/01/2015				
Common	43,481,379.68	01/04/2016				
Common	1,935,154,280.79	03/01/2016				
Preferred	43,356,901.17	02/02/2015				
Preferred	43,356,895.48	03/02/2015				
Preferred	43,356,900.27	04/01/2015				
Preferred	47,692,133.56	05/04/2015				
Preferred	47,692,135.11	06/01/2015				
Preferred	47,671,006.32	07/01/2015				
Preferred	47,646,706.32	08/03/2015				
Preferred	47,610,813.19	09/01/2015				
Preferred	47,610,806.92	10/01/2015				
Preferred	47,610,802.20	11/03/2015				
Preferred	47,610,802.38	12/01/2015				
Preferred	47,610,802.33	01/04/2016				
Preferred	2,119,045,719.21	03/01/2016				
Common			39,531,550.63	02/03/2014		
Common			39,531,551.09	03/05/2014		
Common			39,531,551.14	04/01/2014		
Common			39,531,551.29	05/02/2014		
Common			39,531,551.29	06/02/2014		
Common			39,531,551.90	07/01/2014		
Common			39,531,551.37	08/01/2014		
Common			39,531,551.67	09/01/2014		
Common			39,531,551.92	10/01/2014		
Common			39,531,551.66	11/03/2014		
Common			39,531,550.78	12/01/2014		
Common			39,531,550.89	01/02/2015		
Common			1,240,120,014.11	03/06/2015		
Preferred			43,380,016.82	02/03/2014		
Preferred			43,380,012.76	03/05/2014		
Preferred			43,356,859.89	04/01/2014		
Preferred			43,356,873.37	05/02/2014		

Preferred	43,356,889.11	06/02/2014
Preferred	43,356,894.27	07/01/2014
Preferred	43,356,895.65	08/01/2014
Preferred	43,356,904.78	09/01/2014
Preferred	43,356,914.62	10/01/2014
Preferred	43,356,911.44	11/03/2014
Preferred	43,356,908.51	12/01/2014
Preferred	43,356,912.06	01/02/2015
Preferred	1,360,179,982.23	03/06/2015

Withheld net income	Amount	Dividend Payout	Amount	Dividend Payout	Amount	Dividend Payout
Interest on Shareholders' Equity						
Common					35,937,603.64	02/01/2013
Common					35,937,604.14	03/01/2013
Common					35,937,604.07	04/01/2013
Common					197,735,649.57	07/18/2013
Common					39,530,680.64	05/02/2013
Common					39,530,680.64	06/03/2013
Common					39,530,680.64	07/01/2013
Common					197,735,649.57	07/18/2013
Common					39,530,680.64	08/01/2013
Common					39,530,680.64	09/02/2013
Common					39,530,680.64	10/01/2013
Common					39,530,680.64	11/01/2013
Common					39,530,680.64	12/02/2013
Common					39,530,157.18	01/02/2014
Common					677,648,939.80	03/07/2014
Preferred					39,486,014.49	02/01/2013
Preferred					39,486,024.39	03/01/2013
Preferred					39,486,019.68	04/01/2013
Preferred					217,263,210.87	07/18/2013
Preferred					43,434,852.74	05/02/2013
Preferred					43,434,852.74	06/03/2013
Preferred					43,434,852.74	07/01/2013
Preferred					217,263,210.87	07/18/2013
Preferred					43,434,852.74	08/01/2013
Preferred					43,422,952.43	09/02/2013
Preferred					43,385,899.80	10/01/2013
Preferred					43,385,899.80	11/01/2013
Preferred					43,385,899.80	12/02/2013
Preferred					43,385,376.64	01/02/2014
Preferred					743,651,060.20	03/07/2014

3.6 - Declaration of dividends to the withheld profits or reserves account

In relation to the last three fiscal years, no dividends were declared to the withheld profits accounts or reserves constituted in previous fiscal years.

3.7 - Level of indebtedness

Fiscal Year *	Sum of Current and Non-Current Liabilities	Index type	Level of indebtedness	Description and reason for the use of other indexes
12/31/2015	935,788,760,000.00	Level of indebtedness	10.2930343	-

*In accordance with International Accounting Standards - IFRS

3.8 - Obligations

Fiscal year 12/31/2015 (In accordance with International Accounting Standards-IFRS)

Type of Obligation	Type of Guarantee	Other guarantees or privileges	Less than one year	One to three years	Three to five years	More than fiv years
Loans	Unsecured		22,967,173,000.00	5,269,665,000.00	-	
Debt Security	Unsecured		656,883,551,000.00	190,625,420,000.00	22,739,905,000.00	37,303,046,000.
Total			679,850,724,000.00	195,895,085,000.00	22,739,905,000.00	37,303,046,000.

Note:

The information refers to the Consolidated Financial Statements. It is important to stress that the financial institution as financial mediators, capturing resources from clients, and onlending loans to clients. Therefore, the obligations ir Securities" in item 3.8 are composed basically, by (i) Captures, that include: (a) Deposits; (b) Debentures; (c) Onlen Obligations through the Issuance of Bonds and Securities and (e) Subordinated debt, besides the (ii) Provisions for pension plans and (iii) further contingent assets.

3.9 - Other relevant information

The selected financial information described in Section 3 refers to consolidated financial statements.

Item 3.1:

i. Composition of Net Income – Consolidated

In R$

Composition (In accordance with International Accounting Standards-IFRS)	**2015**	**2014**	**2013**
Revenue from financial intermediation	127,048,252,000.00	103,893,096,000.00	90,682,625,000.00
Fee and Commission Income	17,856,873,000.00	16,759,980,000.00	14,535,723,000.00
Insurance, pension plan and bond retained premiums	58,760,780,000.00	50,454,983,000.00	44,887,215,000.00
Equity in The Earnings (Losses) of Unconsolidated Companies and Joint Ventures	1,528,051,000.00	1,389,816,000.00	1,062,687,000.00
Other operating income	3,695,561,000.00	3,916,996,000.00	5,914,680,000.00
Cofins contributions	(3,290,081,000.00)	(2,628,819,000.00)	(2,557,543,000.00)
Tax on Services - ISS	(565,259,000.00)	(525,671,000.00)	(489,559,000.00)
Social Integration Program (PIS) contribution	(545,424,000.00)	(460,202,000.00)	(449,442,000.00)
Total	**204,488,753,000.00**	**172,800,179,000.00**	**153,586,386,000.00**

ii. Number of Shares, Ex-Treasury (Units)

The number of shares presented in 2014 and 2013 were adjusted to reflect the share split, approved at the Special Shareholders' Meeting of March 10, 2015, in the proportion of two new shares for every 10 possessed.

iii. Basic Result per Share and Result Diluted per Share

The basic earnings per share is calculated by dividing the net profit attributable to Bradesco's shareholders by the weighted average of shares in circulation during the year, excluding the average number of shares acquired by Bradesco and held in treasury. The diluted profit per share does not differ from the basic earnings per share, because there are no potential dilutable instruments.

Items 3.4 and 3.5: Dividend payouts and withholding of net income

We highlight the fact that the financial statements used for the policy of allocating incomes and for the distribution of dividends and interest on shareholders' equity, pursuant to items 3.4 and 3.5, respectively, were prepared in accordance with accounting practices adopted in Brazil applicable to institutions authorized to operate by the Central Bank.

4. Risk factors

4.1 - Description of risk factors

Below are the main risk factors that the Organization considers relevant, on the date of this Reference Form, and that could influence the decision of investment. If they materialize, these risks could have an adverse effect on our business, our financial situation and equity, and the price of our securities. Therefore, possible investors could evaluate the risks described below thoroughly, as well as other information contained in this Reference Form.

We observed that the risks described below are not the only risks to which the Organization is subject. Other risks that we are not aware of, in case they materialize, can generate similar effects to those mentioned previously.

It is important to highlight that, the order in which the risks are presented reflect a criterion of relevance established by the Organization.

a) Risks relating to the issuer

Adverse conditions in the credit and capital markets may adversely affect our ability to access funding in a cost effective and/or timely manner.

Volatility and uncertainties in the credit and capital markets have generally decreased liquidity, with increased costs of funding for financial institutions and corporations. These conditions may impact our ability to replace, in a cost effective and/or timely manner, maturing liabilities and/or access funding to execute our growth strategy. If we are forced to delay raising capital or pay unattractive interest rates in order to obtain capital, our financial condition and results of operations may be adversely affected.

The increasingly competitive environment in the Brazilian banking and insurance industries may negatively affect our business prospects.

The markets for financial, banking and insurance services are highly competitive. We face significant competition in all of our principal areas of operation from other large Brazilian and international banks and insurance companies, both public and private.

Competition has increased as a result of consolidations among financial institutions in Brazil and as a result of regulations by the National Monetary Committee (*Conselho Monetário Nacional*), that facilitate customers' ability to switch business between banks. The increased competition may materially and adversely affect us by, among other things, limiting our ability to retain our existing consumer base, increase our customer base and expand our operations, reducing our profit margins in banking and other services and products we offer, and limiting investment opportunities.

The increased competition may negatively affect our business results and prospects by, among other things:

- limiting our ability to increase our customer base and expand our operations;

- reducing our profit margins in banking, insurance, leasing and other services and products we offer; and

- increasing competition for foreign investment opportunities.

We may experience increases in our level of past due loans as our loans and advances portfolio becomes more seasoned.

Our loans and advances portfolio has grown over recent years. Any corresponding rise in our level of non-performing loans and advances may lag behind the rate of loan growth, as loans typically do not have payments falling due for a short period of time after their origination. Levels of past due loans are usually higher among our individual clients than our corporate clients.

In 2013 and 2014, our delinquency ratios, which are defined as the total operations overdue for over 90 days in relation to the total portfolio of loans and advances, remained stable at 3.5%. Now in 2015, our delinquency rate above 90 days evolved to 4.1%, due to the deceleration of economic activity in the period.

As of December 31, 2014, our impairment of loans and advances increased by 6.4% when compared to December 31, 2013, while our portfolio of loans and advances to customers grew by 7.8% over that same period. As of December 31, 2015, our impairment of loans and advances increased by 20.5% when compared to December 31, 2014, while our portfolio of loans and advances to customers grew by 6.1% over that same period.

Rapid loan growth may also reduce our ratio of non-performing loans to total loans until growth slows or the portfolio becomes more seasoned. Adverse economic conditions and a slower rate of growth for our loans and advances to customers may result in increases in our impairment of loans and advances, charge-offs and our ratio of non-performing loans and advances to total loans and advances, which may have an adverse effect on our business, financial condition and the results of our operations.

Losses on our investments in financial assets may have a significant impact on the results of our operations and are not predictable.

The value of certain of our investments in financial assets may decline significantly due to the volatility of the financial markets and may fluctuate over short periods of time. As of December 31, 2015, investments in financial assets represented 27.0% of our assets, and realized investment gains and losses have had and will continue to have a significant impact on the results of our operations. The amounts of such gains and losses, which we record when investments in financial assets are sold, or in certain limited circumstances where they are marked to market or recognized at fair value, may fluctuate considerably from period to period. The level of fluctuation depends, in part, upon the fair value of the financial assets, which in turn may vary considerably, and our investment policies. We cannot predict the amount of gain or loss realized for any future period, and our management believes that variations from period to period have no practical analytical value. Furthermore, any gains in our investment portfolio may not continue to contribute to net income at levels consistent with recent periods or at all, and we may not successfully realize the appreciation in our consolidated investment portfolio or any portion thereof.

Our trading activities and derivatives transactions may produce material losses.

We engage in the trading of securities, buying debt and equity securities principally to sell them in the short term with the objective of generating profits on short-term differences in price. These investments could expose us to the possibility of material financial losses in the future, as securities are subject to fluctuations in value, which may generate losses. In addition, we enter into derivatives transactions to manage our exposure to interest rate and exchange rate risk. Such derivatives transactions are designed to protect us against increases in exchange rates or interest rates or against decreases in such rates.

A failure in, or breach of, our operational, security or technology systems could temporarily interrupt our businesses, increasing our costs and causing losses.

Although we have high profile information security controls, and continue to invest in the infrastructure, operations and crisis management in place, our data processing systems, operating systems of financial and accounting business, instruments or others may stop operating properly for a limited period of time or become temporarily disabled or damaged as a result of a number of factors including events that are wholly or partially beyond our control, such as: electrical or telecommunications outages; breakdowns, systems failures or other events affecting third parties with which we do business or in our instruments used for business activities, including exchanges, clearing houses, financial intermediaries or service providers; events arising from local and larger-scale political or social matters and cyber attacks.

Our substantial dependence on technology, by its very nature, makes us exposed to viruses, malicious software and other forms of cyber attacks, which may unexpectedly impair the operation of the systems that manage and store sensitive and/or confidential information on our operations.

We and other financial institutions have already experienced attacks on our computer systems. Although we have to date not experienced any material or data loss from these attacks, it is possible, given the use of new technologies and increasing reliance on the Internet and the varying nature of attacks, that we may not be able to effectively anticipate and prevent such attacks.

Cyber attacks and temporary interruptions or failures in the physical infrastructure or operating systems that support our businesses and customers, could result in customer attrition, regulatory fines, penalties or intervention, reimbursement or other compensation costs.

The Brazilian Supreme Court is currently deliberating cases relating to the application of inflation adjustments which may increase our costs and cause losses.

The Brazilian Supreme Court (*Supremo Tribunal Federal,* or “STF”), which is the highest court in Brazil and is responsible for judging constitutional matters, is currently deliberating on whether savings account holders have the right to obtain adjustments for inflation related to their deposits due to the economic plans *Cruzado, Bresser, Verão, Collor I* and *Collor II*, implemented in the 1980s and 1990s, before the *Plano Real*, in 1994. The trial began in November 2013, but was recently interrupted. According to the institutions representing the account holders, banks misapplied the monetary adjustments when those economic plans were implemented, and should indemnify the account holders for the non-adjustment of those amounts.

In connection with a related sentence, the Superior Court of Justice (*Superior Tribunal de Justiça*, or “STJ”), which is the highest court responsible for ruling on federal laws, ruled, in May 2014, that the starting date for counting default interest for compensating savings account holders must be the date of summons of the related lawsuit (rather than the date of settlement of the judgment), therefore increasing the amount of possible losses for the affected banks in the event of an unfavourable decision by the STF.

We cannot predict the outcome of this case. However, depending on the ruling made by the STF, banks (including ourselves) might incur material costs which could cause losses for us.

We may incur losses associated with counterparty exposures.

We face the possibility that a counterparty will be unable to honor its contractual obligations. These counterparties may default on their obligations due to bankruptcy, lack of liquidity, operational failure or other reasons. This risk may arise, for example, from entering into swap or other derivative contracts under which counterparties have obligations to make payments to us or executing currency or other trades that fail to settle at the required time due to non-delivery by the counterparty or systems failure by clearing agents, exchanges, clearing houses or other financial intermediaries. Such counterparty risk is more acute in complex markets where the risk of failure of counterparties is higher.

b) Risks related to its direct or indirect controlling shareholder or control group

The majority of our common shares are held by one shareholder and none of our Board members are independent, therefore their interests may conflict with those of our other investors.

As of December 31, 2015, Fundação Bradesco directly and indirectly held 56.7% of our common shares. As a result, Fundação Bradesco has the power, among other things, to prevent a change in control of our company, even if a transaction of that nature would be beneficial to our other shareholders, as well as to approve related party transactions or corporate reorganizations. Under the terms of Fundação Bradesco’s by-laws, members of our Board of Executive Officers or of our Board of Executive Officers, that have been working with us for more than ten years serve as members of the Managing Board of Fundação Bradesco. The Managing Board has no other members.

Our Board of Directors has eight members, none of whom are regarded as independent. Brazilian Corporate Law provides that only individuals may be appointed to a company's Board of Directors. Accordingly, there is no legal or statutory provision requiring us to have independent directors. As a result, the interests of our Board of Directors may not always be in line with the interests of our common shareholders and these holders do not have the same protections they would have if most of the directors were independent. Furthermore, our directors are associated to Fundação Bradesco and circumstances may arise in which the interests of Fundação Bradesco, and its associates, conflict with our other investors’ interests.

Fundação Bradesco and our Board of Directors may make decisions in relation to our policy regarding acquisitions, divestitures, financings or other transactions, which may be contrary to the interests of holders of common shares, and which may have a negative impact on the interests of holders of common shares.

c) Risks related to its shareholders

If we issue new shares or our shareholders sell their shares in the future, the market price of your preferred share ADSs and common share ADSs may be reduced.

Sales of a substantial number of shares, or the belief that this may occur, could decrease the market price of our shares by diluting value. If we issue new shares or our existing shareholders sell the shares they hold, the market price of our shares may decrease significantly.

Under Brazilian corporate law, holders of preferred shares have limited voting rights

Under corporate law and our Bylaws, holders of our preferred shares are not entitled to vote at our Shareholders' Meetings, except in exceptional circumstances. This means that, in contrast to holders of common shares, holders of preferred shares are not entitled to vote on corporate transactions, including any proposed merger or consolidation with other companies, among other things.

d) Risks related to its subsidiaries and associated companies

Below we highlight the main risks that could affect the business of our main subsidiary, Grupo Bradesco Seguros, Previdência e Capitalização, which contributed almost 30% of our income.

Our losses in connection with insurance claims may vary from time to time. Differences between the losses from actual claims, underwriting and reserving assumptions and the related provisions may have an adverse effect on us.

The results of our operations depend heavily upon the extent to which our actual claims are consistent with the assumptions we used to assess our potential future policy and claim liabilities and to price our insurance products. We seek to limit our responsibility and price our insurance products based on the expected payout of benefits, calculated using several factors, such as: assumptions for investment returns, mortality and morbidity rates, expenses, persistency, and certain macroeconomic factors, such as inflation and interest rates. These assumptions may deviate from our prior experience, due to factors beyond our control such as natural disasters (floods, explosions and fires), man-made disasters (riots, gang or terrorist attacks) or changes in mortality and morbidity rates as a result of advances in medical technology and longevity, among others. Therefore, we cannot determine precisely the amounts that we will ultimately payouts to settle these liabilities, when these payments will need to be made, or whether the assets supporting our policy liabilities, together with future premiums and contributions, will be sufficient for payment of these liabilities. These amounts may vary from the estimated amounts, particularly when those payments do not occur until well in the future, which is the case with some of our life insurance products. Accordingly, the establishment of the related provisions is inherently uncertain and our actual losses usually deviate, sometimes substantially, from such estimated amounts. To the extent that actual claims are less favorable than the underlying assumptions used in establishing such liabilities, we may be required to increase our provisions, which may have an adverse effect on our financial condition and the results of our operations.

We are jointly liable for our customers’ claims if our reinsurers fail to meet their obligations under the reinsurance contracts.

The purchase of reinsurance does not hold us harmless against our liability towards our clients if the reinsurer fails to meet its obligations under the reinsurance contracts. As a result, reinsurers' insolvency or failure to make timely payments under these contracts could have an adverse effect on us, given that we remain responsible before our policyholders.

e) Risks related to its suppliers

We are not exposed to relevant risks related to our suppliers that could influence the decision of investment in our real estate values.

f) Risks related to its customers

We consider a risk relating to “the customers” as a risk related to the “issuer,” as described in item “a” of this section, which reads as “*We may face an increase in our level of delinquency in the payment of loans, to the measure that our loans and advance payment portfolio matures.*”

g) Risks relating to the economic sectors in which the issuer operates

The current weakness in Brazilian macroeconomic conditions and perception of certain risks and uncertainties relating to Brazil may have a material adverse effect on our financial condition and results of operations.

Our results of operations are significantly impacted by macroeconomic conditions in Brazil. We have, in previous years, benefited from the generally stable economic environment and the annual growth of the relatively strong GDP in Brazil. However, beginning in 2013, the GDP growth slowed down as a result of a number of factors, including the depreciation of the *real*, the increasing current accounts deficit and a persistent inflation rate.

The reduction in primary balances in recent years and the increase of the net debt of the public sector have contributed to a higher deterioration in the macroeconomic conditions. Additionally, other events contributed to the more intense deceleration of economic activity last year, affecting even more negatively the perception of the Brazilian risk. Also, the elevation of the unemployment rate, as a result of the macroeconomic situation, creates risks for the banking activity (especially with regards to the possibility of an increase of delinquency of families and businesses). At the same time, the continued high inflation may lead to an increase in the basic interest rate of financial assets, which could also affect the profitability of our operations.

In 2014, the Brazilian Federal Police and the Federal Public Prosecutor's Office started a series of anti-corruption investigations, named *Operação Lava Jato* or Car Wash Operation, in which, among other things, some executives and employees of Petróleo Brasileiro S.A. (Petrobras), a Brazilian state-owned oil company, were accused of accepting illegal payments to influence commercial decisions. During 2014, 2015 and 2016, these anti-corruption investigations have deepened and resulted in various criminal proceedings, which ended by including, in addition to the executives and employees of Petrobras, several executives from companies of the Brazilian civil construction sector. The symbolic nature of these investigations may have impaired Brazil's reputation momentarily, which could lead to the reduction of the investors' confidence, thus making it difficult for Brazilian companies to obtain funding. We cannot foresee how long these anti-corruption investigations will take or how significant their impacts will be on the Brazilian economy. If the uncertainty continues or if the reduction in investor confidence is relevant, the results of our operations may be adversely affected.

In addition to that, our subsidiary Banco Bradesco BBI S.A. (“Bradesco BBI”) is party to certain legal proceedings filed against Petrobras and other defendants, due to its role as underwriter in a notes offering of Petrobras. We or our subsidiaries may become a party to other legal and/or administrative proceedings against Petrobras or other companies which have not yet been filed. A negative outcome of these ongoing legal proceedings or any new legal proceedings may harm our reputation and may adversely affect our financial condition and the results of our operations.

The continuity of any of these factors or their combination may lead to a higher slowdown of GDP growth, which, in turn, may have a negative impact on our financial position and the results of our operations.

The Brazilian government exercises influence over the Brazilian economy, and Brazilian political and economic conditions have a direct impact on our business.

Our financial conditions and results from operations depend substantially on the Brazilian economy, which in the past has been characterized by frequent and occasionally drastic intervention on the part of the Brazilian government and by volatile economic cycles.

In the past, the Brazilian government has often changed monetary, fiscal and taxation policy in order to influence the course of the Brazilian economy. We have no means of controlling or predicting which measures or policies the government may take in response to the current or future economic situations or how the government's policies or intervention will affect the economy and directly or indirectly affect our operations and revenues.

Our operations, financial condition and the market price of our shares may be adversely affected by changes in policy involving exchange controls, tax and other matters, as well as factors such as:

- exchange rate fluctuations;
- base interest rate fluctuations;
- domestic economic growth;
- political, social or economic instability;
- monetary policies;
- tax policy and changes in tax regimes;
- exchange controls policies;
- liquidity of domestic financial, capital and credit markets;
- our customers' capacity to meet their other obligations with us;
- decreases in wage and income levels;
- increases in unemployment rates;

- macroprudential measures;
- inflation;
- allegations of corruption against political parties, public officials elected or other public officials, including claims related to the investigation of *Operação Lava Jato*, or “Operation Car Wash;" and
- other political, diplomatic, social and economic developments within and outside of Brazil that affect the country.

Changes or uncertainties in relation to the implementation of the policies, listed above, can contribute to economic uncertainty in Brazil, increasing the volatility of the Brazilian capital market and the value of their securities negotiated abroad.

Historically, the country's political scenario has influenced the performance of the Brazilian economy and the political crises have affected the confidence of investors and the public in general, which resulted in an economic slowdown and a higher volatility of securities of Brazilian companies issued abroad.

Currency exchange variations may have an adverse effect on the Brazilian economy and on our results and financial condition.

Fluctuations in the value of the *real* may impact our business. After an extended appreciation process, interrupted only in late 2008 as a result of the global crisis, the *real* started to weaken in mid-2011. This trend accelerated in the past four years and early 2016. The weaker currency made some local manufacturers (particularly exporters) more competitive but also made managing economic policy, particularly inflation, increasingly difficult, even with a slowdown in growth. A weaker *real* impacts adversely the Brazilian companies with debts denominated and/or indexed in U.S. dollar.

As of December 31, 2015, the net exposure of our assets and liabilities denominated in, or indexed to, foreign currencies (primarily U.S. dollars) was 3.3% of our total assets. If the Brazilian currency devalues or depreciates, we risk losses on our liabilities denominated in, or indexed to, foreign currencies, such as our U.S. dollar denominated long term debt and foreign currency loans, and experience gains on our monetary assets denominated in or indexed to foreign currencies, as the liabilities and assets are translated into *reais*. Accordingly, if our liabilities denominated in, or indexed to, foreign currencies significantly exceed our monetary assets denominated in, or indexed to, foreign currencies, including any financial instruments entered into for hedging purposes, a large devaluation or depreciation of the Brazilian currency could materially and adversely affect our financial results and the market price of our shares, even if the value of the liabilities has not changed in their original currency. In addition, our lending operations depend significantly on our capacity to match the cost of funds indexed to the U.S. dollar with the rates charged to our customers. A significant devaluation or depreciation of the U.S. dollar may affect our ability to attract customers on such terms or to charge rates indexed to the U.S. dollar.

Conversely, when the Brazilian currency appreciates, we may incur losses on our monetary assets denominated in, or indexed to, foreign currencies, such as the U.S. dollar, and may experience decreases in our liabilities denominated in, or indexed to, foreign currencies, as the liabilities and assets are translated into *reais*. Therefore, if our monetary assets denominated in, or indexed to, foreign currencies significantly exceed our liabilities denominated in, or indexed to, foreign currencies, including any financial instruments entered into for hedging purposes, a large appreciation of the Brazilian currency could materially and adversely affect our financial results even if the value of the monetary assets has not changed in their original currency.

Changes in base interest rates by the COPOM may materially adversely affect our margins and results of operations.

The COPOM establishes the base interest rates for the Brazilian banking system (SELIC). The base interest rate was 14.25%, 11.75% and 10.00% p.a. as of December 31, 2015, 2014 and 2013, respectively. Changes in the base interest rate may adversely affect our results of operations, once we have assets and liabilities indexed to the SELIC rate. At the same time, high basic interest rates can increase the probability of delinquency of clients, the result of the slowdown of the economic activity. In an analogous manner, reduced rates may increase the leverage of borrowers, generating additional risk to the financial system.

The COPOM adjusts the SELIC rate in order to manage aspects of the Brazilian economy, including the protection of reserves and capital flows. We have no control over the SELIC rate set by the COPOM or how often such rate is adjusted.

Developments and the perception of risk in Brazil and other countries, especially emerging market countries, may adversely affect the market price of Brazilian securities, including our shares.

The market value of securities of Brazilian companies is affected to varying degrees by economic and market conditions in other countries, including other Latin American and emerging market countries. Although economic conditions in these countries may differ significantly from economic conditions in Brazil, investors' reactions to developments in these other countries may have an adverse effect on the market value of securities of Brazilian issuers. Crises in other emerging market countries may diminish investor interest in securities of Brazilian issuers, including ours, which could adversely affect the market price of our shares.

The undergoing global financial crisis has had significant consequences worldwide, including in Brazil, such as capital markets volatility, unavailability of credit, higher interest rates, a general slowdown of the world economy and volatile exchange rates, among others, which had, and may continue to have in the future, directly or indirectly, an adverse effect on our business, financial condition, results of operations, the market price of securities of Brazilian issuers, including ours, and our ability to finance our operations.

h) Risks related to the regulation of sectors in which the issuer operates

We can take longer than expected to receive the authorization from Brazilian regulatory agencies for the acquisition of the operations of HSBC Brasil or we may not be able to integrate the acquired business of HSBC Brasil successfully.

In August 2015, we communicated to the market that we had signed the purchase contract of shares with HSBC Latin America Holdings Limited for the acquisition of its Brazilian subsidiary ("HSBC Brasil"). The acquisition was approved by the Central Bank at the beginning of 2016 and, until the date of this annual report, the acquisition was pending approval by other Brazilian regulatory agencies.

The acquisition and integration of the HSBC Brasil involve certain risks, including the risk of:

- integration of the new communication network, information systems, accounting, financial and personnel system, system of risks and other systems of administration, planning and financial disclosure, bases of clients and products, within our business and can operate with difficulty or with unexpected costs and establish additional demands on our Senior Management, information systems, front office and back office operations and marketing capacity;

- occurrence of unexpected events, such as losses on assets and/or recognition of liabilities or contingencies related to the acquired business;

- restrictions or limitations in terms of the acquisition, risk of requiring the exposure of certain assets or business or to prevent the approval of the transaction, taxes by regulating agencies; and

- delays in the process of integration, which can lead to higher operational expenses than those expected in relation to the acquired business.

Additionally, the expected operation, the financial synergy and other benefits from the acquisition may not be fully achieved.

If we fail to achieve opportunities for business growth and other benefits of this acquisition, or incur in integration costs higher than expected, our results of the operations and financial condition may be adversely affected.

The government regulates the operations of Brazilian financial institutions and insurance companies. Changes in existing laws and regulations or the imposition of new laws and regulations may negatively affect our operations and revenues.

Brazilian banks and insurance companies, including our banking and insurance operations, are subject to extensive and continuous regulatory review by the government. We have no control over government regulations, which govern all facets of our operations, including the imposition of:

- minimum capital requirements;

- compulsory deposit/reserve requirements;

- fixed assets investment limitations;

- lending limits and other credit restrictions;
- accounting and statistical requirements;
- minimum coverage; and
- mandatory provisioning policies.

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

In particular, the government has historically enacted regulations affecting financial institutions in an effort to implement its economic policies. These regulations are intended to control the availability of credit and reduce or increase consumption in Brazil. These changes may adversely affect us because our returns on compulsory deposits are lower than those we obtain on our other investments. Regulations issued by the Central Bank are not subject to a legislative process. Therefore those regulations can be enacted and implemented in a very short period of time, thereby affecting our activities in sudden and unexpected ways.

Changes in regulations regarding reserve and compulsory deposit requirements may reduce operating margins.

The Central Bank has periodically changed the level of compulsory deposits that financial institutions in Brazil are required to abide by.

Compulsory deposits generally yield lower returns than our other investments and deposits because:

- a portion of our compulsory deposits do not receive remuneration of Central Bank; and

- a portion of our compulsory deposits must finance a federal housing program, the Brazilian rural sector, low income customers and small enterprises under a program referred to as a "microcredit program."

Rules related to compulsory deposits have been changed from time to time by the Central Bank.

As of December 31, 2015, our compulsory deposits in connection with demand, savings and time deposits and additional compulsory deposits were R$54.8 billion. Reserve requirements have been used by the Central Bank to control liquidity as part of monetary policy in the past, and we have no control over their imposition. Any increase in the compulsory deposit requirements may reduce our ability to lend funds and to make other investments and, as a result, may adversely affect us.

Changes in taxes and other fiscal assessments may adversely affect us.

The government regularly enacts reforms to the tax system and other assessment regimes to which we and our customers are subject. Such reforms include changes in the rate of assessments and, occasionally, enactment of temporary taxes, the proceeds of which are earmarked for designated governmental purposes. The effects of these changes and any other changes that result from the enactment of additional tax reforms have not been, and cannot be, quantified. There can be no assurance that these reforms will not, once implemented, have an adverse effect upon our business. Furthermore, such changes may produce uncertainty in the financial system, increasing the cost of borrowing and contributing to the increase in our non-performing portfolio of loans and advances.

i) Risks related to foreign countries where the issuer operates

The risks to which our offices abroad are exposed are not characterized as relevant insofar as they generate significant impacts that could influence our decision of investment.

There is a proviso that the operations of our Offices Abroad are supported by policies, standards and procedures issued by the Organization.

j) Socio-environmental issues

The socio-environmental risk is represented by the potential damages that an economic activity may cause to society and the environment. The socio-environmental risks associated to financial institutions are, in their majority, indirect and stem from the business relations, including those with the supply chain and with clients, through activities of financing and investment, observing the principles of relevance and proportionality of activities of the Organization.

Funding for large projects carried out by clients can generate socio-environmental impacts that could affect the results and/or reputation of the Organization negatively.

The Organization promotes credit and financing operations, acting in several sectors, which may significantly affect an entire ecosystem, involving communities and the local flora and fauna. If a client, in the development of their activities, causes environmental impacts, such as the contamination of soil and water pollution above the regulations and/or environmental disasters, it has a direct obligation to repair the damage caused financially. Consequently, depending on the magnitude of the socio-environmental impact, this client can have their economic-financial structure compromised, which may generate losses to the Organization.

4.2 - Description of the main market risks

Bradesco is exposed to market risk inherent to their activities, such as currency risk and interest rate, since it exercises the role of financial broker, performing and funding/financing loans in various types of indexers.

As the best practice of risk management governance, Bradesco has a continuous process of management positions, which includes control of all positions exposed to market risk through measures consistent with the international best practices and the Agreement of Capitals – Basel. There is an area independent of the business areas that performs the monitoring and control of the limits for exposure to market risk.

The proposals for risk limits are validated in specific business Committees supported by the Committee of Integrated Risk Management and Capital Allocation, and submitted for approval by the Board of Directors, according to the characteristics of the operations, which are segregated into the following Portfolios:

- **Trading Portfolio:** comprised by all operations carried out with financial instruments, including derivatives, held with trading intent or to hedge other instruments in the trading portfolio, and which are not subject to the limitation of their negotiability. Operations held with trading intent are those intended for resale, obtention of benefits from effective or expected price variation, or for arbitration; and

- **Banking Portfolio:** comprised by operations not classified in the Trading Portfolio from the other business of the Organization and their respective hedges.

Market Risk Measurement Models

The measurement and control of market risk are made through methodologies of Stress, Value at Risk (VaR), Economic Value of Equity (EVE) and Sensitivity Analysis, in addition to Results Management limits and Financial Exposure. The use of several methodologies for risk measurement and assessment is important, because they are always complementary and their combined use allows you to capture various scenarios and situations.

Trading and Regulatory Portfolio and Risk of Banking Portfolio Shares

The risks of the Trading Portfolio are controlled by Stress and VaR. In the case of Stress, which aims to quantify the negative impact of shocks and economic events that are financially unfavorable to the positions of the Organization, the analysis uses stress scenarios prepared by the area of Market Risk and Economic Area of the Organization from historical and prospective data for the risk factors in which the Portfolios have position.

For the calculation of VaR, the Delta-Normal methodology is adopted, with 99% confidence level, and the horizon applied takes into account the number of days taken to undo existing exposure. The methodology is applied to Trading and Regulatory Portfolios (Trading Portfolio positions plus exposure in foreign currency and commodities of the Banking Portfolio). Additionally, for the measurement of all risk factors of the options portfolio, the models of historic simulation and the Delta-Gama-Vega are applied, whereby the most conservative between the two prevails. For the calculation of the volatilities, correlations and historical returns a window of at least 252 working days was adopted.

For regulatory purposes, the need for capital relating to Banking Portfolio shares is realized through the evaluation of credit risk, as determined by the Central Bank, i.e. they are not included in the calculation of Market risk.

Interest Rate Risk in the Banking Portfolio

The measurement and control of the interest rate risk of the Banking Portfolio are made from the EVE methodology, which measures the economic impact on the positions, according to the scenarios drawn up by the Economic area of the Organization, seeking to determine positive and negative movements that may occur in the curves of interest rates on our applications and funding.

The EVE methodology consists of re-pricing the portfolio subject to variation in interest rates taking into consideration increases or decreases in the rates used for the calculation of the present value and the total duration of assets and liabilities. Therefore, the economic value of the portfolio is calculated both with market interest rates on the date of the analysis and with the scenarios designed for the one-year horizon. The difference between the values obtained for the portfolio will be the EVE, i.e. interest rate risk assigned to the Banking Portfolio.

For the measurement of interest rate risk in the Banking Portfolio, the premise of early settlement of loans is not used because this outcome is not representative on the total volume of operations. For demand deposits and savings, which have no maturity defined treatments for verification of historical behaviors are carried out as well as the possibility of their maintenance. Hence, after all the deductions levied on the demand deposits and savings, for example, the compulsory maintained by the Central Bank, the remaining balance (free resources) is considered in accordance with the flow of salaries of prefixed active operations.

Evolution of Risk Exposure

In this section, we present the evolution of the VaR calculated by the internal model, Stress Analysis and Sensitivity Analysis, the latter in accordance with the criteria set out by the CVM Instruction No. 475/08.

VaR Internal Model - Trading Portfolio

The VaR for the 1-day horizon and net of the tax effects of 2015 was higher than at the end of 2014, with no significant variation during the period. However, the average VaR in 2015 was considerably lower compared to 2014.

		R$ million
Risk Factors	**2015**	**2014**
Fixed	17	20
IPCA (Consumer Price Index - Broad)	1	10
Exchange coupon	1	6
Foreign Currencies	1	9
Equities	-	4
Sovereign/Eurobonds and Treasuries	6	6
Other	-	2
Correlation/diversification effect	(8)	