

BANK BRADESCO  
Form 6-K  
July 29, 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 July, 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 of 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.

Report on Economic and Financial Analysis – June 2013

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Press Release

## Highlights

The main figures of Bradesco in the first half of 2013 are presented below:

1. Adjusted Net Income<sup>(1)</sup> for the first half of 2013 stood at R\$5.921 billion (a 3.7% increase compared to the R\$5.712 billion recorded in the same period of the previous year), corresponding to earnings per share of R\$2.79 in the last 12 months, and Return on Average Adjusted Shareholders' Equity<sup>(2)</sup> of 18.8%.
2. Adjusted Net Income is composed of R\$4.060 billion from financial activities, representing 68.6% of the total, and R\$1.861 billion from insurance, pension plan and capitalization bond operations, which accounted for 31.4%.
3. On June 30, 2013, Bradesco's market capitalization stood at R\$124.716 billion<sup>(3)</sup>, up 18.9% over the same period in 2012. As of May 2013, Bradesco common shares compose the Ibovespa index.
4. Total Assets stood at R\$896.697 billion in June 2013, an 8.0% 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\$402.517 billion in June 2013, up 10.3% during the same period in 2012. Operations with individuals totaled R\$123.562 billion (up 10.1% from June 2012), while operations with companies totaled R\$278.955 billion (up 10.4% from June 2012).
6. Assets under Management stood at R\$1.234 trillion, a 9.1% increase from June 2012.
7. Shareholders' Equity stood at R\$66.028 billion in June 2013, up 3.3% from June 2012. Capital Adequacy Ratio stood at 15.4% in June 2013,
9. Interest Financial Margin stood at R\$21.078 billion, up 1.6% in comparison with the first half of 2012.
10. The Delinquency Ratio over 90 days dropped 0.5 p.p. in the last 12 months and stood at 3.7% on June 30, 2013 (4.2% on June 30, 2012).
11. The Efficiency Ratio<sup>(5)</sup> improved by 0.6 p.p. (from 42.4% in June 2012 to 41.8% in June 2013), and the "adjusted-to-risk" efficiency ratio stood at 52.6% (53.1% in June 2012).
12. Insurance Written Premiums, Pension Plan Contributions and Capitalization Bond Income totaled R\$24.191 billion in the first half of 2013, up 15.3% over 2012. Technical Reserves stood at R\$131.819 billion, up 17.9% from June 2012.
13. Investments in infrastructure, information technology and telecommunications amounted to R\$2.296 billion in the first half of 2013, up 15.6% over the same period in 2012.
14. Taxes and contributions, including social security, paid or recorded in provision, amounted to R\$12.991 billion in the first half, of which R\$4.894 billion referred to taxes withheld and collected from third parties and R\$8.097 billion from Bradesco Organization activities, equivalent to 136.8% of Adjusted Net Income <sup>(1)</sup>.
15. Bradesco has an extensive customer service network in Brazil, with 4,692 Branches and 3,795 Service Branches - PAs. Customers can also use 1,454 PAEs – ATMs (Automatic Teller Machines) in companies, 44,819 Bradesco *Expresso* service points, 34,322 Bradesco *Dia & Noite* ATMs and 13,650 ATMs.

11.6% of which fell under Tier I Capital.

8. Interest on Shareholders' Equity were paid and recorded in provision to shareholders in the amount of R\$2.066 billion for the first half of 2013, R\$1.305 billion of which was paid as monthly and interim interest and R\$761 million was recorded in provision.

(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.

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**Highlights**

16. Payroll, plus charges and benefits, totaled R\$5.316 billion. Social benefits provided to the 101,951 employees of the Bradesco Organization and their dependents amounted to R\$1.311 billion, while investments in training and development programs totaled R\$39.062 million.

17. Major Awards and Acknowledgments in the period:

- Bradesco stands out as the best ranked Brazilian private financial institution, according to the American magazine *Fortune*, which publishes a list of the world's 500 largest companies;
- It was recognized the Best Bank in Brazil, in the 2013 Euromoney Awards for Excellence, conducted by the British magazine *Euromoney*;
- Bradesco is the most valuable brand in Latin America, according to Millward Brown consulting firm;
- Bradesco was granted the 2012 Publicly-Held Company award, promoted by Apimec. It recognizes companies that have invested in long-term relationship and open dialog with investors;
- It stood out in the *Melhores e Maiores* yearbook in the 2013 edition: ranked first among the 200 Largest Groups in terms of Net Revenue in 2012 and the 10 Largest Banks in terms of Net Income in 2012, in addition to ranking first among financial institutions in terms of loans to medium-sized companies and credit card issues. In the Insurance segment, Grupo Bradesco Seguros e Previdência was ranked in three positions among the ten largest insurance companies in the country with Bradesco Saúde, to which was granted the first place,

- One of the best companies to start the career, according to *Guia Você S/A*, in partnership with the Administration Institute Foundation – FIA and Cia. de Talentos); and

- BRAM – Bradesco Asset Management was considered one of the best fund managers of Brazil and also the best equities manager in the country, according to *ValorInveste* magazine / *Valor Econômico* newspaper.

18. 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 income. The nearly 47 thousand students in Basic Education are guaranteed free, quality education, uniforms, school supplies, meals and medical and dental assistance. Fundação Bradesco will also assist another 350,000 students through its distance learning programs, found at its e-learning portal "Virtual School." These students will complete at least one of the many courses offered by the Virtual School. Furthermore, another 68,323 people will benefit from projects and

Bradesco Vida e Previdência and Bradesco Auto/RE, according to the *Exame* magazine);

actions in partnerships with CIDs - Digital Inclusion Centers, the Educa+Ação Program and Technology courses (*Educar e Aprender*– Educate and Learn).

- It is among the 100 largest world companies in market capitalization, according to the consulting firm PricewaterhouseCoopers;

Bradesco \_\_\_\_\_

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Press Release

**Main Information**

	2Q13	1Q13	4Q12	3Q12	2Q12	1Q12
Income Statement for the Period - R\$ million						
Book Net Income	2,949	2,919	2,893	2,862	2,833	2,803
Adjusted Net Income	2,978	2,943	2,918	2,893	2,867	2,837
Total Financial Margin	10,587	10,706	11,109	10,955	11,034	11,113
Gross Loan Financial Margin	7,634	7,414	7,527	7,460	7,362	7,245
Net Loan Financial Margin	4,540	4,305	4,317	4,157	3,955	3,745
Allowance for Loan Losses (ALL) Expenses	(3,094)	(3,109)	(3,210)	(3,303)	(3,407)	(3,510)
Fee and Commission Income	4,983	4,599	4,675	4,438	4,281	4,130
Administrative and Personnel Expenses	(6,769)	(6,514)	(6,897)	(6,684)	(6,488)	(6,283)
Insurance Written Premiums, Pension Plan Contributions and Capitalization Bond Income	13,238	10,953	13,216	10,104	11,570	12,908
Statement of Financial Position - R\$ million						
Total Assets	896,697	894,467	879,092	856,288	830,520	788,811
Securities	309,027	300,600	315,487	319,537	322,507	299,000
Loan Operations <sup>(1)</sup>	402,517	391,682	385,529	371,674	364,963	355,000
- Individuals	123,562	119,231	117,540	114,536	112,235	110,000
- Corporate	278,955	272,451	267,989	257,138	252,728	245,000
Allowance for Loan Losses (ALL)	(21,455)	(21,359)	(21,299)	(20,915)	(20,682)	(20,450)
Total Deposits	208,485	205,870	211,858	212,869	217,070	211,000
Technical Reserves	131,819	127,367	124,217	117,807	111,789	108,000
Shareholders' Equity	66,028	69,442	70,047	66,047	63,920	59,000
Assets under Management	1,233,546	1,243,170	1,225,228	1,172,008	1,130,504	1,080,000
Performance Indicators (%) on Adjusted Net Income (unless otherwise stated)						
Adjusted Net Income per Share - R\$ <sup>(2) (3)</sup>	2.79	2.77	2.74	2.71	2.70	2.68
Book Value per Common and Preferred Share - R\$ <sup>(3)</sup>	15.72	16.54	16.68	15.73	15.22	14.80
Annualized Return on Average Shareholders' Equity <sup>(4) (5)</sup>	18.8	19.5	19.2	19.9	20.6	21.2
Annualized Return on Average Assets <sup>(5)</sup>	1.3	1.3	1.4	1.4	1.4	1.4
Average Rate - Annualized (Adjusted Financial Margin / Total Average Assets - Purchase and Sale Commitments - Permanent Assets)	7.2	7.3	7.6	7.6	7.9	8.0
Fixed Assets Ratio - Total Consolidated	17.3	16.5	16.9	19.0	18.2	17.5
Combined Ratio - Insurance <sup>(6)</sup>	85.5	86.0	86.6	86.5	85.0	84.5
Efficiency Ratio (ER) <sup>(2)</sup>	41.8	41.5	41.5	42.1	42.4	42.8
Coverage Ratio (Fee and Commission Income/Administrative and Personnel Expenses) <sup>(2)</sup>	69.6	67.7	66.5	64.4	63.2	62.0
Market Capitalization - R\$ million <sup>(7)</sup>	124,716	145,584	131,908	113,102	104,869	100,000
Loan Portfolio Quality % <sup>(8)</sup>						
ALL / Loan Portfolio	7.0	7.2	7.3	7.4	7.4	7.4
Non-Performing Loans (>60 days) <sup>(9)</sup> / Loan Portfolio	4.6	4.9	5.0	5.1	5.1	5.1

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Delinquency Ratio (> 90 days <sup>(9)</sup> / Loan Portfolio)	3.7	4.0	4.1	4.1	4.2
Coverage Ratio (> 90 days <sup>(9)</sup> )	188.6	179.4	178.2	179.0	177.4
Coverage Ratio (> 60 days <sup>(9)</sup> )	153.5	146.0	147.3	144.8	144.0
Operating Limits %					
Capital Adequacy Ratio - Total Consolidated	15.4	15.6	16.1	16.0	17.0
- Tier I	11.6	11.0	11.0	11.3	11.8
- Tier II	3.8	4.6	5.1	4.7	5.2

Report on Economic and Financial Analysis – June 2013

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**Main Information**

	Jun13	Mar13	Dec12	Sept12	Jun12	Mar12	Dec11	Sept11
Structural Information - Units								
Service Points	70,829	69,528	68,917	67,225	65,370	62,759	59,721	55,832
- Branches	4,692	4,687	4,686	4,665	4,650	4,636	4,634	3,945
- PAs <sup>(10)</sup>	3,795	3,786	3,781	3,774	3,243	2,986	2,962	2,990
- PAEs <sup>(10)</sup>	1,454	1,457	1,456	1,456	1,476	1,497	1,477	1,589
- External Bradesco ATMs <sup>(11)</sup>	3,498	3,712	3,809	3,954	3,992	3,974	3,913	3,953
- Banco24Horas Network ATMs <sup>(11)</sup>	11,154	10,966	10,818	10,464	10,459	10,583	10,753	10,815
- Bradesco Expresso (Correspondent Banks)	44,819	43,598	43,053	41,713	40,476	38,065	34,839	31,372
- Bradesco Promotora de Vendas	1,404	1,309	1,301	1,186	1,061	1,005	1,131	1,157
- Branches / Subsidiaries Abroad	13	13	13	13	13	13	12	11
ATMs	47,972	48,025	47,834	47,542	47,484	47,330	46,971	45,596
- Bradesco Network	34,322	34,719	34,859	35,128	35,226	35,007	34,516	33,217
- Banco24Horas Network	13,650	13,306	12,975	12,414	12,258	12,323	12,455	12,379
Employees	101,951	102,793	103,385	104,100	104,531	105,102	104,684	101,334
Outsourced Employees and Interns	12,647	13,070	12,939	13,013	12,661	12,659	11,699	10,731
Customers - in millions								
Active Checking Account Holders <sup>(12)</sup> <sup>(13)</sup>	26.2	25.8	25.7	25.6	25.6	25.4	25.1	24.7
Savings Accounts <sup>(14)</sup>	47.7	46.6	48.6	48.3	45.2	41.3	43.4	40.6
Insurance Group	44.2	42.9	43.1	42.4	41.9	40.8	40.3	39.4
- Policyholders	38.4	37.1	37.3	36.7	36.3	35.4	35.0	34.3
- Pension Plan Participants	2.4	2.3	2.3	2.3	2.2	2.2	2.2	2.1
- Capitalization Bond Customers	3.4	3.5	3.5	3.4	3.4	3.2	3.1	3.0
Bradesco Financiamentos <sup>(12)</sup>	3.5	3.6	3.7	3.7	3.8	3.8	3.8	4.0

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

(2) 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 of 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: 1,804 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; 2,019 in December 2011 and 2,040 in September 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.

Bradesco \_\_\_\_\_

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Press Release

**Ratings**

**Main Ratings**

		<b>Fitch Ratings</b>				<b>Domestic Scale</b>	
		<b>International Scale</b>		<b>Foreign Currency</b>		<b>Domestic</b>	
<b>Feasibility</b>	<b>Support</b>	<b>Domestic Currency</b>		<b>Foreign Currency</b>		<b>Long Term</b>	<b>Short Term</b>
a -	2	Long Term	Short Term	Long Term	Short Term	AAA (bra)	F1 + (bra)
		A -	F1	BBB +	F2		
		<b>Moody's Investors Service</b>				<b>R&amp;I Inc.</b>	
		<b>International Scale</b>		<b>Domestic Scale</b>		<b>International Scale</b>	
<b>Financial Strength / Individual Credit Risk Profile</b>		<b>Foreign Currency</b>		<b>Domestic Currency</b>		<b>Issuer Rating</b>	
		<b>Senior Debt</b>		<b>Deposit</b>			
C - / baa1		Long Term	Short Term	Long Term	Short Term	BBB	
		Baa1	P - 2	Baa2	P-2		
		A3					
		<b>Standard &amp; Poor's</b>				<b>Austin Rating</b>	
		<b>International Scale - Issuer's Credit Rating</b>		<b>Domestic Scale</b>		<b>Domestic Scale</b>	
		<b>Foreign Currency</b>		<b>Issuer's Credit Rating</b>		<b>Corporate Governance</b>	<b>Long Term</b>
							<b>Short Term</b>
		Long Term	Short Term	Long Term	Short Term	brAA+	brAAA
		BBB	A - 2	BBB	A - 2		brA -1
				brAAA	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:

	1H13	1H12	2Q13	R\$ million 1Q13
<b>Book Net Income</b>	<b>5,868</b>	<b>5,626</b>	<b>2,949</b>	<b>2,919</b>
<b>Non-Recurring Events</b>	<b>53</b>	<b>86</b>	<b>29</b>	<b>24</b>
- Civil Provisions	88	143	48	40
- Tax Effects	(35)	(57)	(19)	(16)
<b>Adjusted Net Income</b>	<b>5,921</b>	<b>5,712</b>	<b>2,978</b>	<b>2,943</b>
<b>ROAE % (1)</b>	<b>18.7</b>	<b>20.3</b>	<b>18.9</b>	<b>19.3</b>
<b>ADJUSTED ROAE % (1)</b>	<b>18.8</b>	<b>20.6</b>	<b>19.1</b>	<b>19.5</b>

(1) Annualized.

— Report on Economic and Financial Analysis – June 2013

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Press Release**Summarized Analysis of Adjusted Income**

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

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

	R\$ million							
	<b>Adjusted Income Statement</b>							
			<b>Variation</b>				<b>Variation</b>	
	1H13	1H12	1H13 x	1H12	2Q13	1Q13	2Q13 x	1Q13
			<b>Amount</b>	<b>%</b>			<b>Amount</b>	<b>%</b>
<b>Financial Margin</b>	<b>21,293</b>	<b>21,729</b>	<b>(436)</b>	<b>(2.0)</b>	<b>10,587</b>	<b>10,706</b>	<b>(119)</b>	<b>(1.1)</b>
- Interest	21,078	20,740	338	1.6	10,569	10,509	60	0.6
- Non-interest	215	989	(774)	(78.3)	18	197	(179)	(90.9)
ALL	(6,203)	(6,501)	298	(4.6)	(3,094)	(3,109)	15	(0.5)
<b>Gross Income from Financial Intermediation</b>	<b>15,090</b>	<b>15,228</b>	<b>(138)</b>	<b>(0.9)</b>	<b>7,493</b>	<b>7,597</b>	<b>(104)</b>	<b>(1.4)</b>
Income from Insurance, Pension Plans and Capitalization Bonds <sup>(1)</sup>	2,183	1,830	353	19.3	1,028	1,155	(127)	(11.0)
Fee and Commission Income	9,582	8,399	1,183	14.1	4,983	4,599	384	8.3
Personnel Expenses	(6,250)	(5,925)	(325)	5.5	(3,191)	(3,059)	(132)	4.3
Other Administrative Expenses	(7,033)	(6,842)	(191)	2.8	(3,578)	(3,455)	(123)	3.6
Tax Expenses	(2,140)	(2,003)	(137)	6.8	(1,017)	(1,123)	106	(9.4)
Equity in the Earnings (Losses) of Unconsolidated Companies	15	59	(44)	(74.6)	12	3	9	300.0
Other Operating Income/ (Expenses)	(2,317)	(2,031)	(286)	14.1	(1,147)	(1,170)	23	(2.0)
<b>Operating Result</b>	<b>9,130</b>	<b>8,715</b>	<b>415</b>	<b>4.8</b>	<b>4,583</b>	<b>4,547</b>	<b>36</b>	<b>0.8</b>
Non-Operating Result	(62)	(40)	(22)	55.0	(24)	(38)	14	(36.8)
Income Tax / Social Contribution	(3,091)	(2,929)	(162)	5.5	(1,553)	(1,538)	(15)	1.0
Non-controlling Interest	(56)	(34)	(22)	64.7	(28)	(28)	-	-
<b>Adjusted Net Income</b>	<b>5,921</b>	<b>5,712</b>	<b>209</b>	<b>3.7</b>	<b>2,978</b>	<b>2,943</b>	<b>35</b>	<b>1.2</b>

(1) Income from Insurance, Pension Plans and Capitalization Bonds = Insurance, Pension Plan and Capitalization Bond Retained Premiums - Variation in Technical Reserves of Insurance, Pension Plans and

Capitalization Bonds - Retained Claims - Capitalization Bond Draws and Redemptions - Insurance, Pension Plan and Capitalization Bond Selling Expenses.

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Press Release

**Summarized Analysis of Adjusted Income**

**Adjusted Net Income and Profitability**

In the second quarter of 2013, Bradesco posted adjusted net income of R\$2,978 million, up 1.2%, or R\$35 million over the previous quarter, mainly due to (i) the greater business volume that increased fee and commission income; offset by: (ii) lower financial margin income, impacted by reduced income from non-interest financial margin; and (iii) higher operating expenses.

In the year-over-year comparison, adjusted net income increased by 3.7%, or R\$209 million, in the first half of 2013, for Return on Adjusted Average Shareholders' Equity (ROAE) of 18.8%.

Shareholders' Equity stood at R\$66,028 million in June 2013, up 3.3% over the same period of 2012. The Capital Adequacy Ratio stood at 15.4%, 11.6% of which fell under Tier I Reference Shareholders' Equity.

Total Assets came to R\$896,697 million in June 2013, up 8.0% over June 2012, driven by the increase in operations and the expansion of business volume. Return on Average Assets (ROAA) came to 1.3%.

— Report on Economic and Financial Analysis – June 2013

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## Summarized Analysis of Adjusted Income

### Efficiency Ratio (ER)

The “adjusted to risk” ER over the last 12 months, which reflects the impact of risk associated with the loan operations<sup>(2)</sup> which reached 52.6% in the second quarter of 2013, remaining stable from the previous quarter, mainly due to the decrease in expenses with allowance for loan losses in the monthly comparison.

ER over the last 12 months<sup>(1)</sup> and quarterly ER increased by 0.3 p.p. and 1.2 p.p. in the second quarter of 2013 from the previous quarter, reaching 41.8% and 42.1%, respectively. This variation was mainly due to the reduction in non-interest financial margin, due to lower gains from the market arbitrage in the quarter.

(1) ER = (Personnel Expenses - Employee Profit Sharing + Administrative Expenses) / (Financial Margin + Fee and Commission Income + Income from Insurance + Equity in the Earnings (Losses) of Unconsolidated Companies + Other Operating Income - 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), our ER in the second quarter of 2013 would be 44.6%; and

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

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Press Release

## **Summarized Analysis of Adjusted Income**

### **Financial Margin**

The R\$119 million decrease between the second and the first quarters of 2013 was mainly due to the lower result from the: (i) non-interest margin, in the amount of R\$179 million, due to lower gains from the market arbitrage; and offset: (ii) by the increase in the interest margin, in the amount of R\$60 million, as a result of higher gains from Loan and Funding margins.

In the first half of 2013, financial margin came to R\$21,293 million, a R\$436 million decrease from the same period in 2012, due to: (i) the lower result from the non-interest margin, in the amount of R\$774 million, due to lower gains from the market arbitrage, and offset by: (ii) the R\$338 million increase in income from interest-earning operations due to an increase in business volume, mainly from Loan and Insurance.

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

	<b>1H13</b>			<b>1H12</b>			<b>R\$ million</b>
	<b>Interest</b>	<b>Average Balance</b>	<b>Average Rate</b>	<b>Interest</b>	<b>Average Balance</b>	<b>Average Rate</b>	
Loans	15,048	303,767	10.2%	14,543	277,005	10.9%	
Funding	2,061	328,690	1.3%	2,209	334,070	1.3%	
Insurance	1,828	128,330	2.9%	1,577	107,966	2.9%	
Securities/Other	2,141	304,853	1.4%	2,411	283,699	1.7%	
<b>Financial Margin</b>	<b>21,078</b>	<b>-</b>	<b>7.2%</b>	<b>20,740</b>	<b>-</b>	<b>7.6%</b>	
	<b>2Q13</b>			<b>1Q13</b>			
	<b>Interest</b>	<b>Average Balance</b>	<b>Average Rate</b>	<b>Interest</b>	<b>Average Balance</b>	<b>Average Rate</b>	
Loans	7,634	309,040	10.3%	7,414	298,495	10.3%	
Funding	1,112	330,956	1.4%	949	326,424	1.2%	
Insurance	895	130,868	2.8%	933	125,791	3.0%	
Securities/Other	928	305,841	1.2%	1,213	303,865	1.6%	
<b>Financial Margin</b>	<b>10,569</b>	<b>-</b>	<b>7.2%</b>	<b>10,509</b>	<b>-</b>	<b>7.2%</b>	

The annualized interest financial margin rate stood at 7.2% in the second quarter of 2013, remaining stable over the previous quarter.

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## **Summarized Analysis of Adjusted Income**

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

In June 2013, Bradesco's expanded loan portfolio totaled R\$402.5 billion, which was up 2.8% in the quarter, due to: (i) a 3.6% growth in Individuals; (ii) a 3.5% growth in Small and Medium-sized Entities (SMEs); and (iii) a 1.5% growth in Corporations.

In the last 12 months, the expanded loan portfolio increased 10.3%, driven by: (i) the 11.2% growth in SMEs; (ii) the 10.1% growth in Individuals; and (iii) the 9.7% growth in Corporations.

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

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

For more information, see Chapter 2 of this Report.

### **Allowance for Loan Losses**

For the fourth consecutive quarter, ALL expenses reduced to R\$3,094 million in the second quarter of 2013, down 0.5% from the previous quarter, even considering the 2.6% growth in the loan portfolio – as defined by Bacen in the quarter. This result was due to the reduction in delinquency level, despite the typical higher delinquency in the first months of the year.

In the year-over-year comparison, this expense reduced by 4.6%, even considering the 9.5% 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>**

Delinquency ratio, which is based on transactions due over 90 days, had a decrease in all segments, for a 3.7% ratio, down 0.3 p.p. in the quarter and 0.5 p.p. in the last twelve months, confirming a downward trend.

(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 June 2013, these ratios stood at 153.5% and 188.6%, respectively, pointing to a comfortable level of provisioning.

The ALL, totaling R\$21.5 billion in June 2013, 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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Press Release**Summarized Analysis of Adjusted Income****Income from Insurance, Pension Plans and Capitalization Bonds**

Net income for the second quarter of 2013 stood at R\$931 million (R\$930 million in the first quarter of 2013) for annualized Return on Adjusted Shareholders' Equity of 26.2%.

In the first half of 2013, Net Income came to R\$1.861 billion, up 4.2% from Net Income posted in the previous year (R\$1.786 billion), a 25.4% return on Adjusted Shareholders' Equity.

(1) Excluding additional provisions.

	R\$ million (unless otherwise stated)								Variation %	
	2Q13	1Q13	4Q12	3Q12	2Q12	1Q12	4Q11	3Q11	2Q13 x 1Q13	2Q13 x 2Q12
Net Income	931	930	964	837	881	905	860	780	0.1	5.7
Insurance Written Premiums, Pension Plan Contributions and Capitalization Bond Income	13,238	10,953	13,216	10,104	11,570	9,418	11,138	9,025	20.9	14.4
Technical Reserves	131,819	127,367	124,217	117,807	111,789	106,953	103,653	97,099	3.5	17.9
Financial Assets	141,984	141,535	141,540	133,738	128,526	122,147	116,774	110,502	0.3	10.5
Claims Ratio	71.1	69.6	70.5	70.4	71.3	71.9	68.6	71.5	1.5 p.p.	(0.2) p.p.
Combined Ratio	85.5	86.0	86.6	86.5	85.0	85.6	83.6	86.2	(0.5) p.p.	0.5 p.p.
Policyholders / Participants and Customers (in thousands)	44,215	42,941	43,065	42,363	41,898	40,785	40,304	39,434	3.0	5.5
Employees	7,493	7,510	7,554	7,545	7,478	7,574	7,608	7,571	(0.2)	0.2
Market Share of Insurance Written Premiums, Pension Plan Contributions and Capitalization Bond Income <sup>(1)</sup>	24.1	22.4	24.8	24.3	24.8	23.4	25.6	24.9	1.7 p.p.	(0.7) p.p.

(1) The second quarter of 2013 includes the latest data released by Susep (May 2013).

Note: For comparison purposes, it excludes the effects of non-recurring events.

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### **Summarized Analysis of Adjusted Income**

In the second quarter of 2013, revenue grew by 20.9% over the previous quarter, boosted by Life and Pension Plan, Capitalization Bond and Auto/RE products, which increased 32.2%, 14.5% and 12.9%, respectively.

Net income for the second quarter of 2013 was in line with the previous quarter, mainly due to: (i) the 20.9% growth in revenue, as mentioned above; (ii) the increase in equity income; and (iii) the improvement in the administrative efficiency ratio; partially offset by: (iv) the 1.5 p.p. increase in claims ratio; and (v) the reduction in financial income.

In the first half of 2013, production was up 15.3% from the same period in 2012, led by Health, Capitalization and Life and Pension Plan products, which increased 23.3%, 21.8% and 12.7%, respectively.

Net income for the first half of 2013 increased by 4.2% over that of the previous year, due to: (i) a 15.3% increase in revenue; (ii) a 1.2 p.p. decrease in claims ratio; (iii) the improved financial income; and (iv) the increase in the administrative efficiency ratio, already considering the sector's collective bargaining agreement in January 2013.

Grupo Bradesco Seguros complies with the regulatory requirements, also complying with global standards (Solvency II), with a leverage of 3.0 times its Shareholders' Equity in the period.

Press Release

## **Summarized Analysis of Adjusted Income**

### **Fee and Commission Income**

In the second quarter of 2013, fee and commission income came to R\$4,983 million, up R\$384 million, or 8.3% over the previous quarter, mainly due to the increase in business volume, highlighting the excellent performance of underwriting / financial advisory revenues in the quarter. Other sources of income that contributed to this result were: (i) card income; (ii) income from loan operations; (iii) checking account income; and (iv) fund management income.

In the year-over-year comparison, the increase of R\$1,183 million, or 14.1%, in the first half of 2013 was mainly due to: (i) the 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 694 thousand active accounts in the period; (iii) higher gains from capital market operations (underwriting / financial advisory); (iv) greater income from collections; (v) greater income from fund management, whose volume of assets and portfolios under management increased by 11.4% in the period; and (vi) higher income from loan operations, due to greater volume of contracted operations and sureties and guarantees in the period.

## Summarized Analysis of Adjusted Income

### Personnel Expenses

In the second quarter of 2013, the R\$132 million increase from the previous quarter is a result of variations in:

- structural expenses – R\$73 million increase, mainly due to the lower concentration of vacations in the second quarter of 2013; and
- non-structural expenses – R\$59 million increase, mainly due to greater expenses with provision for labor claims.

- the R\$57 million increase in non-structural expenses, mainly due to greater expenses with provision for labor claims.

In the year-over-year comparison, the R\$325 million increase in the first half of 2013 was mainly due to:

- the R\$268 million, or 5.6% increase, in structural expenses, resulting from greater expenses with salaries, social charges and benefits, due to raise in salary levels, as per collective bargaining agreement (a 7.5% adjustment); 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 5,459 service points in the period, mainly the opening of 4,343 *Bradesco Expresso* points, for a total of 70,829 service points on June 30, 2013, and (ii) the increase in business and service volume in the period, the administrative expenses increased only 2.8% between the first half 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 6.7% and 6.3%, respectively, in the last 12 months.

In the second quarter of 2013, the 3.6% increase in administrative expenses from 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; (iii) depreciation and amortization; (iv) financial system services; and (v) communication.

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

Other operating expenses, net of other operating income, totaled R\$1,147 million in the second quarter of 2013, remaining practically stable when compared to the previous quarter.

Year over year, other operating expenses, net of other operating income, increased by R\$286 million in the first half 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.





## **Summarized Analysis of Adjusted Income**

### **Income Tax and Social Contribution**

Income tax and social contribution increased 1.0% in comparison with the previous quarter and 5.5% in the year-over-year comparison, mainly due to the increase in taxable result.

It is worth noting the effective rate, which came to 41.4% in the second quarter of 2013, remaining stable over the previous quarters.

### **Unrealized Gains**

Unrealized gains totaled R\$12,006 million in the second quarter of 2013, an R\$8,320 million decrease from the previous quarter. This was mainly due to the fixed-income securities subject to mark-to-market accounting, most of them related to the Insurance Group. These securities serve as guarantee of technical reserves, which are not subject to mark-to-market accounting.

Press Release

## **Economic Scenario**

In the second quarter of 2013, the different global liquidity conditions are a result of the Federal Reserve's expected decision of beginning a reduction in monetary stimulus in the coming months. However, the U.S. Central Bank has emphasized that it will maintain its accommodative monetary policy for a long time, in order to support the ongoing recovery of the North American economy, which tends to benefit the whole world in the medium run, despite its initial side effects.

With regard to the Chinese economy, a growth below that obtained in the past year is a consensus, although an abrupt slowdown is not expected. Moreover, the purpose of an intended lower rate of expansion, which was a decision of local government authorities and a response to their economic policy, is to reduce existing macroeconomic and sectorial distortions. Thus, the world's second largest economy tends to have a more sustained and qualitative growth over the coming years.

In turn, the Brazilian economy is more prepared to face the world economy's current transition phase and the challenges concerning the domestic economic policy management. This view is supported by improved macroeconomic fundamentals and institutional advances in the past years. This process has been accompanied by the increase in social indicators.

The recovery of the Brazilian economy in the past months has been mainly supported by productive investments, which tend to rise thanks to infrastructure concessions program in the second half-year. The great performance of the domestic agribusiness sector led by increased production and higher income should be pointed out. The 2013 GDP growth is expected to be higher than the past

The expectations in the medium run point to a favorable scenario to the Brazilian economy, which has one of the most complete and diversified private sectors among the emerging nations. The exploration of the pre-salt discoveries and the hosting of major sporting events constitute a series of opportunities that are only available to a select group of nations tend to improve Brazil's infrastructure, as well as increase long-term production and income.

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.

year and even better in 2014.

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**Main Economic Indicators**

<b>Main Indicators (%)</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>	<b>1Q11</b>
Interbank Deposit Certificate (CDI)	1.79	1.61	1.70	1.91	2.09	2.45	2.67	3.01	3.01
Ibovespa	(15.78)	(7.55)	3.00	8.87	(15.74)	13.67	8.47	(16.15)	(16.15)
USD – Commercial Rate	10.02	(1.45)	0.64	0.46	10.93	(2.86)	1.15	18.79	18.79
General Price Index - Market (IGP-M)	0.90	0.85	0.68	3.79	2.56	0.62	0.91	0.97	0.97
Extended Consumer Price Index (IPCA) – Brazilian Institute of Geography and Statistics (IBGE)	1.18	1.94	1.99	1.42	1.08	1.22	1.46	1.06	1.06
Federal Government Long-Term Interest Rate (TJLP)	1.24	1.24	1.36	1.36	1.48	1.48	1.48	1.48	1.48
Reference Interest Rate (TR)	-	-	-	0.03	0.07	0.19	0.22	0.43	0.43
Savings Account (Old Rule) <sup>(1)</sup>	1.51	1.51	1.51	1.53	1.58	1.70	1.73	1.95	1.95
Savings Account (New Rule) <sup>(1)</sup>	1.30	1.25	1.26	1.40	-	-	-	-	-
Business Days (number)	63	60	62	64	62	63	62	65	65
Indicators (Closing Rate)	<b>Jun13</b>	<b>Mar13</b>	<b>Dec12</b>	<b>Sept12</b>	<b>Jun12</b>	<b>Mar12</b>	<b>Dec11</b>	<b>Sept11</b>	<b>Jun11</b>
USD – Commercial Selling Rate - (R\$)	2.2156	2.0138	2.0435	2.0306	2.0213	1.8221	1.8758	1.8544	2.0213
Euro - (R\$)	2.8827	2.5853	2.6954	2.6109	2.5606	2.4300	2.4342	2.4938	2.5606
Country Risk (points)	237	189	142	166	208	177	223	275	275
Basic Selic Rate Copom (% p.a.)	8.00	7.25	7.25	7.50	8.50	9.75	11.00	12.00	12.00
BM&F Fixed Rate (% p.a.)	9.39	7.92	7.14	7.48	7.57	8.96	10.04	10.39	10.39

(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	2.42
Extended Consumer Price Index (IPCA)	5.75	5.60	5.50
General Price Index - Market (IGP-M)	5.00	5.00	4.80
Selic (year-end)	9.50	9.50	9.50
Gross Domestic Product (GDP)	2.30	2.50	3.00



Press Release

**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) (2)</sup>	<b>11 to 15%</b>
Individuals <sup>(2)</sup>	11 to 15%
Companies <sup>(2)</sup>	11 to 15%
<b>Financial Margin</b> <sup>(3) (4)</sup>	<b>4 to 8%</b>
<b>Fee and Commission Income</b> <sup>(5)</sup>	<b>12 to 16%</b>
<b>Operating Expenses</b> <sup>(6) (7)</sup>	<b>2 to 6%</b>
<b>Insurance Premiums</b>	<b>12 to 15%</b>

- (1) Expanded Loan Portfolio;
- (2) From 13%–17% to 11%–15%.
- (3) Under current criterion, Guidance for Interest Financial Margin;
- (4) From 7%–11% to 4%–8%;
- (5) From 9%–13% to 12%–16%;
- (6) Administrative and Personnel Expenses; and
- (7) From 4%–8% to 2%–6%.

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

	Book Income Statement	Reclassifications						2Q13 Fisc Hedg (7)
		(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>-</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>-</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>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>101</b>	<b>-</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>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</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 "ALL Expenses - Allowance for Loan Losses," 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 "ALL Expenses - Allowance for Loan Losses" / "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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Press Release**Book Income vs. Managerial Income vs. Adjusted Income Statement****First Quarter of 2013**

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

Operating Income/Expenses;”

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

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

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

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

— Report on Economic and Financial Analysis – June 2013

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Press Release**Book Income vs. Managerial Income vs. Adjusted Income Statement****First Half of 2013**

	Book Income Statement	Reclassifications					1H- F H
		(1)	(2)	(3)	(4)	(5)	
<b>Financial Margin</b>	<b>21,933</b>	<b>(652)</b>	<b>53</b>	<b>(83)</b>	<b>(1,520)</b>	<b>168</b>	-
ALL	(7,083)	-	-	-	1,015	(135)	-
<b>Gross Income from Financial Intermediation</b>	<b>14,850</b>	<b>(652)</b>	<b>53</b>	<b>(83)</b>	<b>(505)</b>	<b>33</b>	-
Income from Insurance, Pension Plans and Capitalization Bonds <sup>(9)</sup>	2,183	-	-	-	-	-	-
Fee and Commission Income	9,395	-	-	-	-	-	188
Personnel Expenses	(6,250)	-	-	-	-	-	-
Other Administrative Expenses	(6,898)	-	-	-	-	-	(135)
Tax Expenses	(1,968)	-	-	-	(20)	-	-
Equity in the Earnings (Losses) of Unconsolidated Companies	15	-	-	-	-	-	-
Other Operating Income/Expenses	(3,606)	652	(53)	83	525	48	(53)
<b>Operating Result</b>	<b>7,720</b>	-	-	-	-	<b>81</b>	-
Non-Operating Result	18	-	-	-	-	(81)	-
Income Tax / Social Contribution and Non-controlling Interest	(1,870)	-	-	-	-	-	(1)
<b>Net Income</b>	<b>5,868</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 "ALL Expenses - Allowance for Loan Losses;" 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 "ALL Expenses - Allowance for Loan Losses" / "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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Press Release**Book Income vs. Managerial Income vs. Adjusted Income Statement****First Half of 2012**

	Book Income Statement	Reclassifications					1H- F H
		(1)	(2)	(3)	(4)	(5)	
<b>Financial Margin</b>	<b>22,077</b>	<b>(457)</b>	<b>96</b>	<b>(48)</b>	<b>(1,133)</b>	<b>29</b>	-
ALL	(6,948)	-	-	-	607	(159)	-
<b>Gross Income from Financial Intermediation</b>	<b>15,129</b>	<b>(457)</b>	<b>96</b>	<b>(48)</b>	<b>(526)</b>	<b>(130)</b>	-
Income from Insurance, Pension Plans and Capitalization Bonds <sup>(9)</sup>	1,830	-	-	-	-	-	-
Fee and Commission Income	8,169	-	-	-	-	-	229
Personnel Expenses	(5,925)	-	-	-	-	-	-
Other Administrative Expenses	(6,612)	-	-	-	-	-	(229)
Tax Expenses	(1,935)	-	-	-	60	-	-
Equity in the Earnings (Losses) of Unconsolidated Companies	59	-	-	-	-	-	-
Other Operating Income/Expenses	(3,108)	457	(96)	48	466	58	-
<b>Operating Result</b>	<b>7,607</b>	-	-	-	-	<b>(72)</b>	-
Non-Operating Result	(112)	-	-	-	-	72	-
Income Tax / Social Contribution and Non-controlling Interest	(1,869)	-	-	-	-	-	(1)
<b>Net Income</b>	<b>5,626</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 "ALL Expenses - Allowance for Loan Losses;" 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 "ALL Expenses - Allowance for Loan Losses" / "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.

— Report on Economic and Financial Analysis – June 2013

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

	Jun13	Mar13	Dec12	Sept12	Jun12	Mar12	Dec11	Sept11	R\$ mil
<b>Assets</b>									
<b>Current and Long-Term Assets</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>746,090</b>		<b>710</b>
Cash and Cash Equivalents	16,180	11,347	12,077	12,944	13,997	25,069	22,574		10
Interbank Investments	147,485	171,333	151,813	126,772	92,858	84,690	82,303		85
Securities and Derivative Financial Instruments	309,027	300,600	315,487	319,537	322,507	294,959	265,723		244
Interbank and Interdepartmental Accounts	52,150	52,769	49,762	56,276	62,510	61,576	72,906		71
Loan and Leasing Operations	281,982	276,022	267,940	262,748	258,242	250,201	248,719		241
Allowance for Loan Losses (ALL)	(21,455)	(21,359)	(21,299)	(20,915)	(20,682)	(20,117)	(19,540)		(19)
Other Receivables and Assets	95,752	88,480	88,499	82,933	85,631	77,518	73,405		74
<b>Permanent Assets</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>15,443</b>		<b>12</b>
Investments	1,920	1,867	1,865	1,907	1,889	2,076	2,052		1
Premises and Leased Assets	4,464	4,550	4,678	4,500	4,523	4,551	4,413		3
Intangible Assets	9,192	8,858	8,270	9,586	9,045	9,027	8,978		6
<b>Total</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>761,533</b>		<b>722</b>
<b>Liabilities</b>									
<b>Current and Long-Term Liabilities</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>704,664</b>		<b>667</b>
Deposits	208,485	205,870	211,858	212,869	217,070	213,877	217,424		224
Federal Funds Purchased and Securities Sold under Agreements to Repurchase	266,825	281,045	255,591	245,538	225,974	213,930	197,448		171
Funds from Issuance of Securities	53,821	47,832	51,359	53,810	51,158	48,482	41,522		32
Interbank and Interdepartmental Accounts	3,793	3,815	5,667	3,649	3,618	3,231	4,614		2
Borrowing and Onlending	49,121	46,209	44,187	45,399	47,895	47,112	53,247		49
Derivative Financial Instruments	3,141	2,590	4,001	4,148	3,568	2,703	735		1
Reserves for Insurance, Pension Plans and Capitalization Bonds	131,819	127,367	124,217	117,807	111,789	106,953	103,653		97
Other Liabilities	112,421	109,060	110,919	105,816	104,326	93,926	86,021		87
<b>Deferred Income</b>	<b>661</b>	<b>632</b>	<b>658</b>	<b>619</b>	<b>615</b>	<b>646</b>	<b>672</b>		
<b>Non-controlling Interest in Subsidiaries</b>	<b>582</b>	<b>605</b>	<b>588</b>	<b>586</b>	<b>587</b>	<b>630</b>	<b>615</b>		
<b>Shareholders' Equity</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>55,582</b>		<b>53</b>
<b>Total</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>761,533</b>		<b>722</b>



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

	R\$ million							
	2Q13	1Q13	4Q12	3Q12	2Q12	1Q12	4Q11	3Q11
<b>Financial Margin</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>	<b>10,230</b>
- Interest	10,569	10,509	10,678	10,603	10,518	10,222	9,985	9,669
- Non-interest	18	197	431	352	516	473	273	561
ALL	(3,094)	(3,109)	(3,210)	(3,303)	(3,407)	(3,094)	(2,661)	(2,779)
<b>Gross Income from Financial Intermediation</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>	<b>7,451</b>
Income from Insurance, Pension Plans and Capitalization Bonds <sup>(1)</sup>	1,028	1,155	955	1,029	953	877	933	864
Fee and Commission Income	4,983	4,599	4,675	4,438	4,281	4,118	4,086	3,876
Personnel Expenses	(3,191)	(3,059)	(3,142)	(3,119)	(3,047)	(2,878)	(3,140)	(2,880)
Other Administrative Expenses	(3,578)	(3,455)	(3,755)	(3,565)	(3,441)	(3,401)	(3,682)	(3,405)
Tax Expenses	(1,017)	(1,123)	(1,098)	(1,038)	(991)	(1,012)	(1,005)	(866)
Equity in the Earnings (Losses) of Unconsolidated Companies	12	3	45	45	19	40	53	41
Other Operating Income/ (Expenses)	(1,147)	(1,170)	(1,130)	(1,054)	(1,035)	(996)	(808)	(907)
<b>Operating Result</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>	<b>4,174</b>
Non-Operating Result	(24)	(38)	(29)	(20)	(22)	(18)	4	10
Income Tax and Social Contribution	(1,553)	(1,538)	(1,488)	(1,455)	(1,461)	(1,468)	(1,241)	(1,304)
Non-controlling Interest	(28)	(28)	(14)	(20)	(16)	(18)	(26)	(16)
<b>Adjusted Net Income</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>	<b>2,864</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	
	1H13	1H12	2Q13	1Q13	Half	Quarter
Interest - due to volume					1,731	316
Interest - due to spread					(1,393)	(256)
- Financial Margin - Interest	21,078	20,740	10,569	10,509	338	60
- Financial Margin - Non-Interest	215	989	18	197	(774)	(179)
<b>Financial Margin</b>	<b>21,293</b>	<b>21,729</b>	<b>10,587</b>	<b>10,706</b>	<b>(436)</b>	<b>(119)</b>
<b>Average Margin Rate <sup>(1)</sup></b>	<b>7.2%</b>	<b>7.9%</b>	<b>7.2%</b>	<b>7.3%</b>		

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

The second quarter of 2013 had a financial margin of R\$10,587 million, an R\$119 million decrease when compared to the first quarter of 2013, due to: (i) the non-interest margin of R\$179 million, due to lower gains from market arbitrage; and offset: (ii) by the R\$60 million increase in interest margin.

In the first half of 2013, financial margin stood at R\$21,293 million, a R\$436 million decrease year over year, due to: (i) lower results from non-interest margin, totaling R\$774 million, due to lower gains from market arbitrage; and offset: (ii) by higher results from interest-earning operations, amounting to R\$338 million, arising from greater business volume.

### Financial Margin - Interest

#### Interest Financial Margin - Breakdown

					R\$ million	
	Interest Financial Margin Breakdown				Variation	
	1H13	1H12	2Q13	1Q13	Half	Quarter
Loans	15,048	14,543	7,634	7,414	505	220
Funding	2,061	2,209	1,112	949	(148)	163

Insurance	1,828	1,577	895	933	251	(38)
Securities/Other	2,141	2,411	928	1,213	(270)	(285)
<b>Interest Financial Margin</b>	<b>21,078</b>	<b>20,740</b>	<b>10,569</b>	<b>10,509</b>	<b>338</b>	<b>60</b>

In the second quarter of 2013, interest financial margin stood at R\$10,569 million, versus R\$10,509 million in the first quarter of 2013, for an increase of R\$60 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 first half of 2013 and the same period in 2012, interest financial margin increased R\$338 million. The business lines that most contributed to this increase were Loan and Insurance.

— Report on Economic and Financial Analysis – June 2013

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**Financial Margin - Interest****Interest Financial Margin - Rates**

The annualized interest financial margin rate compared to total average assets stood at 7.2% in the second quarter of 2013, remaining steady in the first quarter of 2013.

**Interest Financial Margin - Annualized Average Rates**

	R\$ million					
	Interest	1H13 Average Balance	Average Rate	Interest	1H12 Average Balance	Average Rate
Loans	15,048	303,767	10.2%	14,543	277,005	10.9%
Funding	2,061	328,690	1.3%	2,209	334,070	1.3%
Insurance	1,828	128,330	2.9%	1,577	107,966	2.9%
Securities/Other	2,141	304,853	1.4%	2,411	283,699	1.7%
<b>Interest Financial Margin</b>	<b>21,078</b>	<b>-</b>	<b>7.2%</b>	<b>20,740</b>	<b>-</b>	<b>7.6%</b>
	Interest	2Q13 Average Balance	Average Rate	Interest	1Q13 Average Balance	Average Rate
Loans	7,634	309,040	10.3%	7,414	298,495	10.3%
Funding	1,112	330,956	1.4%	949	326,424	1.2%
Insurance	895	130,868	2.8%	933	125,791	3.0%
Securities/Other	928	305,841	1.2%	1,213	303,865	1.6%
<b>Interest Financial Margin</b>	<b>10,569</b>	<b>-</b>	<b>7.2%</b>	<b>10,509</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>1H13</b>	<b>1H12</b>	<b>2Q13</b>	<b>1Q13</b>	<b>Variation</b>	
					<b>Half</b>	<b>Quarter</b>
Interest - due to volume					1,326	260
Interest - due to spread					(821)	(40)
<b>Interest Financial Margin</b>	<b>15,048</b>	<b>14,543</b>	<b>7,634</b>	<b>7,414</b>	<b>505</b>	<b>220</b>
Income	26,478	25,963	14,016	12,462	515	1,554
Expenses	(11,430)	(11,420)	(6,382)	(5,048)	(10)	(1,334)

In the second quarter of 2013, financial margin with loan operations reached R\$7,634 million, up 3.0% or R\$220 million over the first quarter of 2013. The variation is the result of: (i) the increase in average business volume, in the amount of R\$260 million; and (ii) the decrease in average spread, in the amount of R\$40 million.

Year over year, the financial margin for the first half of 2013 grew 3.5%, or R\$505 million, resulting from: (i) a R\$1,326 million increase in the volume of operations; and (ii) the decrease in average spread, amounting to R\$821 million, mainly affected by the drop in interest rates used.

**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 second quarter of 2013, the net margin curve, which refers to loan interest income net of ALL, grew 5.5% over the previous quarter, mainly due to increase in business volume. In the year-over-year comparison, the curve was up 10.0% in the first half of 2013, driven by: (i) the reduction in delinquency costs; and (ii) the increase in business volume.

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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\$402.5 billion in June 2013, up 2.8% in the quarter and 10.3% 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 3.6% and 3.5% in the quarter and 10.1% and 11.2% in the last 12 months.

(1) Including sureties, guarantees, letters of credit, advances of credit card receivables, debentures, promissory notes, 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:

Individuals	R\$ million			Variation %	
	Jun13	Mar13	Jun12	Quarter	12M
CDC / Vehicle Leasing	29,303	30,112	32,195	(2.7)	(9.0)
Payroll-Deductible Loans <sup>(1)</sup>	24,262	22,448	19,243	8.1	26.1
Credit Card	21,156	20,263	18,545	4.4	14.1
Personal Loans	16,049	15,408	14,465	4.2	11.0
Real Estate Financing <sup>(2)</sup>	11,543	10,642	8,768	8.5	31.6
Rural Loans	6,752	6,806	6,367	(0.8)	6.0
BNDES/Finame Onlending	6,421	6,187	5,515	3.8	16.4
Overdraft Facilities	3,455	3,424	3,204	0.9	7.8
Sureties and Guarantees	662	580	650	14.2	1.9
Other <sup>(3)</sup>	3,959	3,360	3,282	17.8	20.6
<b>Total</b>	<b>123,562</b>	<b>119,231</b>	<b>112,235</b>	<b>3.6</b>	<b>10.1</b>

Including:

(1) Loan assignment (FIDC): R\$98 million in June 2013, R\$145 million in March 2013 and R\$339 million in June 2012;

(2) Loan assignment (CRI): R\$128 million in June 2013, R\$141 million in March 2013 and R\$182 million in June 2012; and

(3) Loan assignment (FIDC) for the acquisition of assets: R\$1 million in June 2013, R\$1 million in March 2013 and R\$2 million in June 2012; and rural loan assignment: R\$102 million in June 2013, R\$102 million in March 2013 and R\$112 million in June 2012.

The lines that most contributed to the increases in operations bearing credit risk for individuals were:

(i) real estate financing; and (ii) payroll-deductible loan.

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**Loan Financial Margin - Interest**

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

Corporate	R\$ million			Variation %	
	Jun13	Mar13	Jun12	Quarter	12M
Working Capital	44,207	44,992	42,533	(1.7)	3.9
BNDES/Finame Onlending	31,345	31,639	29,474	(0.9)	6.3
Operations Abroad	26,638	24,542	23,615	8.5	12.8
Export Financing	16,024	14,841	12,408	8.0	29.1
Real Estate Financing - Corporate Plan <sup>(1)</sup>	14,168	13,305	11,047	6.5	28.2
Credit Card	13,590	13,558	14,385	0.2	(5.5)
Overdraft Account	10,540	10,558	10,437	(0.2)	1.0
Vehicles - CDC	7,613	7,281	6,245	4.6	21.9
Leasing	5,550	5,836	6,722	(4.9)	(17.4)
Rural Loans	4,953	4,842	4,539	2.3	9.1
Sureties and Guarantees <sup>(2)</sup>	62,721	59,148	52,226	6.0	20.1
Operations bearing Credit Risk - Commercial Portfolio <sup>(3)</sup>	30,942	30,833	28,043	0.4	10.3
Other <sup>(4)</sup>	10,664	11,076	11,054	(3.7)	(3.5)
<b>Total</b>	<b>278,955</b>	<b>272,451</b>	<b>252,728</b>	<b>2.4</b>	<b>10.4</b>

Including:

(1) Loan assignment (CRI): R\$223 million in June 2013; R\$226 million in March 2013 and R\$239 million in June 2012;

(2) A total of 90.6% of sureties and guarantees from corporate customers were contracted by corporations;

(3) Operations with debentures and promissory notes; and

(4) Letters of credit: R\$966 million in June 2013, R\$1,401 million in March 2013 and R\$1,779 million in June 2012.

Operations bearing credit risk for corporate customers grew by 2.4% in the quarter and 10.4% in the last 12 months. The main highlights in the quarter were: (i) operations abroad; and (ii) export financing. In the last 12 months, the growth was led by: (i) export financing; and (ii) real estate financing – corporate plan.

**Expanded Loan Portfolio - Consumer Financing**

The graph below shows the types of credit related to Consumer Financing of individual customers (CDC/vehicle leasing, personal loans, financing of goods, revolving credit card and cash and installment purchases at merchants).

Consumer financing totaled R\$91.1 billion, up 2.8% in the quarter and 7.3% in the last 12 months. Growth was led by: (i) personal loans (payroll-deductible loans are included); and (ii) credit card, which together totaled R\$61.5 billion, accounting for 67.5% of the consumer financing balance.

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

	R\$ million			Variation %	
	Jun13	Mar13	Jun12	Quarter	12M
<b>CDC Portfolio</b>	<b>35,805</b>	<b>35,943</b>	<b>35,569</b>	<b>(0.4)</b>	<b>0.7</b>
Individuals	28,192	28,662	29,324	(1.6)	(3.9)
Corporate	7,613	7,281	6,245	4.6	21.9
<b>Leasing Portfolio</b>	<b>3,517</b>	<b>4,078</b>	<b>6,305</b>	<b>(13.8)</b>	<b>(44.2)</b>
Individuals	1,111	1,450	2,871	(23.4)	(61.3)
Corporate	2,406	2,628	3,434	(8.4)	(29.9)
<b>Finame Portfolio</b>	<b>11,029</b>	<b>10,690</b>	<b>10,294</b>	<b>3.2</b>	<b>7.1</b>
Individuals	857	888	1,032	(3.5)	(17.0)
Corporate	10,172	9,802	9,262	3.8	9.8
<b>Total</b>	<b>50,351</b>	<b>50,711</b>	<b>52,168</b>	<b>(0.7)</b>	<b>(3.5)</b>
Individuals	30,160	31,000	33,227	(2.7)	(9.2)
Corporate	20,191	19,711	18,941	2.4	6.6

Vehicle financing operations (individual and corporate customers) totaled R\$50.4 billion in June 2013, presenting a decrease in quarter-over-quarter and year-over-year comparisons. Of the total vehicle portfolio, 71.1% corresponds to CDC, 21.9% to Finame and 7.0% to Leasing. Individuals represented 59.9% of the portfolio, while corporate customers accounted for the remaining 40.1%.

**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					
	Jun13	%	Mar13	%	Jun12	%
<b>Public Sector</b>	<b>716</b>	<b>0.2</b>	<b>619</b>	<b>0.2</b>	<b>1,770</b>	<b>0.5</b>
<b>Private Sector</b>	<b>401,801</b>	<b>99.8</b>	<b>391,063</b>	<b>99.8</b>	<b>363,193</b>	<b>99.5</b>
<b>Corporate</b>	<b>278,239</b>	<b>69.1</b>	<b>271,832</b>	<b>69.4</b>	<b>250,958</b>	<b>68.8</b>
Industry	88,495	22.0	88,745	22.7	78,798	21.6
Commerce	57,615	14.3	57,928	14.8	57,251	15.7
Financial Intermediaries	7,749	1.9	7,483	1.9	5,746	1.6
Services	120,239	29.9	113,773	29.0	105,188	28.8
Agriculture, Cattle Raising, Fishing, Forestry and Forest Exploration	4,141	1.0	3,903	1.0	3,975	1.1
<b>Individuals</b>	<b>123,562</b>	<b>30.7</b>	<b>119,231</b>	<b>30.4</b>	<b>112,235</b>	<b>30.8</b>
<b>Total</b>	<b>402,517</b>	<b>100.0</b>	<b>391,682</b>	<b>100.0</b>	<b>364,963</b>	<b>100.0</b>

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**Loan Financial Margin - Interest**

**Changes in the Expanded Loan Portfolio**

Of the R\$37.6 billion growth in the loan portfolio over the last 12 months, new borrowers accounted for R\$31.3 billion, or 83.3%, representing 7.8% of the portfolio in June 2013.

(1) Including loans settled and subsequently renewed in the last 12 months.

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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 June 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 June 2012 and 2013**

Rating	Total Loan as of June 2013		New Customers from July 2012 to June 2013		Remaining Debtors as of June 2012	
	R\$ million	%	R\$ million	%	R\$ million	%
AA - C	374,732	93.1	29,786	95.2	344,946	92.9
D	10,110	2.5	646	2.1	9,464	2.6
E - H	17,675	4.4	840	2.7	16,835	4.5
<b>Total</b>	<b>402,517</b>	<b>100.0</b>	<b>31,272</b>	<b>100.0</b>	<b>371,245</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 %	
	Jun13	Mar13	Jun12	Quarter	12M
Corporations	157,818	155,409	143,830	1.5	9.7
SMEs	121,138	117,043	108,898	3.5	11.2
Individuals	123,562	119,231	112,235	3.6	10.1
<b>Total Loan Operations</b>	<b>402,517</b>	<b>391,682</b>	<b>364,963</b>	<b>2.8</b>	<b>10.3</b>

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

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

Customer Profile	By Rating								
	Jun13			Mar13			Jun12		
	AA-C	D	E-H	AA-C	D	E-H	AA-C	D	E-H
Corporations	97.0	2.5	0.5	98.5	1.0	0.5	98.6	0.3	1.1
SMEs	91.5	3.0	5.5	91.3	3.1	5.6	91.3	3.0	5.7
Individuals	89.7	2.1	8.2	89.2	2.2	8.6	88.8	2.4	8.8
<b>Total</b>	<b>93.1</b>	<b>2.5</b>	<b>4.4</b>	<b>93.5</b>	<b>2.0</b>	<b>4.5</b>	<b>93.4</b>	<b>1.8</b>	<b>4.8</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 and Retail segments.

<b>Business Segments</b>	<b>R\$ million</b>				<b>Variation %</b>			
	<b>Jun13</b>	<b>%</b>	<b>Mar13</b>	<b>%</b>	<b>Jun12</b>	<b>%</b>	<b>Quarter</b>	<b>12M</b>
Retail	117,913	29.3	112,034	28.6	100,538	27.5	5.2	17.3
Corporate <sup>(1)</sup>	161,731	40.2	160,232	40.9	151,847	41.6	0.9	6.5
Middle Market	52,126	12.9	50,200	12.8	45,447	12.5	3.8	14.7
Prime	17,082	4.2	16,170	4.1	13,768	3.8	5.6	24.1
Other / Non-account holders <sup>(2)</sup>	53,665	13.4	53,046	13.6	53,365	14.6	1.2	0.6
<b>Total</b>	<b>402,517</b>	<b>100.0</b>	<b>391,682</b>	<b>100.0</b>	<b>364,963</b>	<b>100.0</b>	<b>2.8</b>	<b>10.3</b>

(1) Including loans taken out with co-obligation. In the table on page 40, Loan Portfolio - by Customer Profile, these amounts are allocated to individuals; and

(2) 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\$14.4 billion in June 2013 (US\$14.9 billion in March 2013 and US\$13.6 billion in June 2012), a 3.4% decrease in the quarter and

In June 2013, total loan operations, in reais, stood at R\$370.6 billion (R\$361.7 billion in March 2013 and R\$337.4 billion in June 2012), up 2.5% on the previous quarter and 9.8% over the last 12 months.

5.9% increase in the last 12 months, in dollars. In reais, these same foreign currency operations totaled R\$31.9 billion in June 2013 (R\$29.9 billion in March 2013 and R\$27.5 billion in June 2012), a 6.7% increase in the quarter and 16.0% growth in the last 12 months.

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## Economic and Financial Analysis

### Loan Financial Margin - Interest

### Expanded Loan Portfolio - by Debtor

Credit exposure level among the largest debtors was slightly lower in all ranges when compared to the previous quarter.

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

All operations bearing credit risk stood at R\$425.6 billion, up 3.0% in the quarter and 9.9% in the last 12 months.

	R\$ million			Variation %	
	Jun13	Mar13	Jun12	Quarter	12M
Loans and Discounted Securities Financing	149,406	144,724	135,873	3.2	10.0
Rural and Agribusiness Financing	17,580	17,238	15,624	2.0	12.5
Leasing Operations	6,656	7,280	9,588	(8.6)	(30.6)
Advances on Exchange Contracts	6,646	6,023	7,078	10.3	(6.1)
Other Loans	16,945	15,838	13,847	7.0	22.4
<b>Subtotal Loan Operations <sup>(2)</sup></b>	<b>305,574</b>	<b>297,883</b>	<b>279,166</b>	<b>2.6</b>	<b>9.5</b>
Sureties and Guarantees Granted (Memorandum Accounts)	63,383	59,728	52,876	6.1	19.9
Operations bearing Credit Risk - Commercial Portfolio <sup>(3)</sup>	30,942	30,833	28,043	0.4	10.3
Letters of Credit (Memorandum Accounts)	966	1,401	1,779	(31.0)	(45.7)
Advances from Credit Card Receivables	1,084	1,206	2,207	(10.1)	(50.9)
Co-obligation in Loan Assignment FIDC/CRI (Memorandum Accounts)	449	512	761	(12.4)	(41.0)
Co-obligation in Rural Loan Assignment (Memorandum Accounts)	120	119	131	0.7	(8.4)
<b>Subtotal of Operations bearing Credit Risk - Expanded Portfolio</b>	<b>402,517</b>	<b>391,682</b>	<b>364,963</b>	<b>2.8</b>	<b>10.3</b>
Other Operations Bearing Credit Risk <sup>(4)</sup>	23,086	21,590	22,284	6.9	3.6
<b>Total Operations bearing Credit Risk</b>	<b>425,603</b>	<b>413,273</b>	<b>387,247</b>	<b>3.0</b>	<b>9.9</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 June 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, maintaining an improvement in a gradual downward trend. This positive result is observed in all segments.

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

(1) As defined by Bacen.

## **Loan Financial Margin - Interest**

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

The ALL of R\$21.5 billion, representing 7.0% of the total 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 June 2012, the effective gross loss in the subsequent twelve-month period was 4.8%, meaning that the existing provision exceeded the loss over the subsequent twelve-month period by more than 55%, 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 June 2012, for an existing provision of 7.4% of the portfolio<sup>(1)</sup>, the net loss in the subsequent twelve-month period was 3.6%, meaning that the existing provision exceeded over 106% the loss in the subsequent 12 months.

(1) As defined by Bacen.

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**Loan Financial Margin - Interest**

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

The Non-performing Loan ratio (operations overdue for over 60 days) posted an increase in the quarter-over-quarter and year-over-year comparisons. Coverage ratios for the allowance for loans overdue from 60 to 90 days had a growth, standing at very comfortable levels.

(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 %)		
	Jun13	Mar13	Jun12
<b>Total Loan Operations <sup>(1)</sup></b>	<b>305,574</b>	<b>297,883</b>	<b>279,166</b>
- Individuals	122,571	118,263	110,952
- Corporate	183,002	179,620	168,215
<b>Existing Provision</b>	<b>21,455</b>	<b>21,359</b>	<b>20,682</b>
- Specific	10,879	11,268	10,809
- Generic	6,568	6,080	5,862
- Excess	4,008	4,010	4,010
Specific Provision / Existing Provision (%)	50.7	52.8	52.3
Existing Provision / Loan Operations (%)	7.0	7.2	7.4
AA - C Rated Loan Operations / Loan Operations (%)	91.3	91.6	91.4
D Rated Operations under Risk Management / Loan Operations (%)	3.0	2.6	2.3
E - H Rated Loan Operations / Loan Operations (%)	5.8	5.9	6.3
D Rated Loan Operations	9,070	7,608	6,356
Existing Provision for D Rated Loan Operations	2,356	2,079	1,738
D Rated Provision / Loan Operations (%)	26.0	27.3	27.3
D - H Rated Non-Performing Loans	16,015	16,616	16,105
Existing Provision/D - H Rated Non-Performing Loans (%)	134.0	128.5	128.4
E - H Rated Loan Operations	17,577	17,456	17,519
Existing Provision for E - H Rated Loan Operations	15,380	15,305	15,084
E - H Rated Provision / Loan Operations (%)	87.5	87.7	86.1
E - H Rated Non-Performing Loans	13,029	13,436	13,166
Existing Provision/E - H Rated Non-Performing Loan (%)	164.7	159.0	157.1
Non-Performing Loans <sup>(2)</sup>	13,980	14,628	14,365
Non-Performing Loans <sup>(2)</sup> / Loan Operations (%)	4.6	4.9	5.1
Existing Provision / Non-Performing Loans <sup>(2)</sup> (%)	153.5	146.0	144.0
Loan Operations Overdue for over 90 days	11,374	11,904	11,662
Loan Operations Overdue for over 90 days / Loan Operations (%)	3.7	4.0	4.2
Existing Provision/Operations Overdue for over 90 days (%)	188.6	179.4	177.4

(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**

	Financial Margin - Funding				R\$ million	
	1H13	1H12	2Q13	1Q13	Variation Half	Quarter
Interest - due to volume					(34)	15
Interest - due to spread					(114)	148
<b>Interest Financial Margin</b>	<b>2,061</b>	<b>2,209</b>	<b>1,112</b>	<b>949</b>	<b>(148)</b>	<b>163</b>

Quarter over quarter, interest funding financial margin increased 17.2%, or R\$163 million, as a result of: (i) the greater volume of funds raised that contributed with R\$15 million; and (ii) the R\$148 million increase in average spread, due to the interest rate increase in the period (Selic).

In the first half of 2013, interest funding financial margin was R\$2,061 million against the R\$2,209 million in the same period of 2012, down by 6.7% or R\$148 million, mainly driven by R\$114 million decrease in average spread, due to the interest rate decrease 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.

Funding vs. Investments	R\$ million			Variation %	
	Jun13	Mar13	Jun12	Quarter	12M
Demand Deposits	36,586	35,714	32,529	2.4	12.5
Sundry Floating	4,795	4,541	4,122	5.6	16.3
Savings Deposits	72,627	70,163	62,308	3.5	16.6
Time Deposits + Debentures <sup>(1)</sup>	158,650	157,708	177,503	0.6	(10.6)
Financial Bills	31,878	25,417	31,124	25.4	2.4
Other	24,002	22,929	19,799	4.7	21.2
<b>Customer Funds</b>	<b>328,539</b>	<b>316,472</b>	<b>327,385</b>	<b>3.8</b>	<b>0.4</b>
(-) Reserve Requirements/Available Funds <sup>(2)</sup>	(59,717)	(56,500)	(67,210)	5.7	(11.1)
<b>Customer Funds Net of Compulsory Deposits</b>	<b>268,822</b>	<b>259,972</b>	<b>260,175</b>	<b>3.4</b>	<b>3.3</b>
Onlending	34,923	34,922	32,122	0.0	8.7
Foreign Lines of Credit	8,420	8,716	17,018	(3.4)	(50.5)
Funding Abroad	45,731	42,936	51,411	6.5	(11.0)
<b>Total Funding (A)</b>	<b>357,896</b>	<b>346,546</b>	<b>360,726</b>	<b>3.3</b>	<b>(0.8)</b>
<b>Loan Portfolio/Leasing/Cards (Other Receivables)/Acquired CDI (B) <sup>(3)</sup></b>	<b>352,010</b>	<b>341,640</b>	<b>322,962</b>	<b>3.0</b>	<b>9.0</b>
<b>B/A (%)</b>	<b>98.4</b>	<b>98.6</b>	<b>89.5</b>	<b>(0.2) p.p.</b>	<b>8.9 p.p.</b>

- (1) Debentures mainly used to back purchase and sale commitments;
- (2) Excluding government securities tied to savings accounts; and
- (3) Comprising amounts relative to card operations (cash and installment purchases at merchants), amounts related to CDI to rebate from reserve requirements and debentures.

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**Funding Financial Margin - Interest****Main Funding Sources**

The following table presents changes in main funding sources:

	R\$ million			Variation %	
	Jun13	Mar13	Jun12	Quarter	12M
Demand Deposits	36,586	35,714	32,529	2.4	12.5
Savings Deposits	72,627	70,163	62,308	3.5	16.6
Time Deposits	98,573	99,505	121,761	(0.9)	(19.0)
Debentures <sup>(1)</sup>	60,077	58,203	55,742	3.2	7.8
Borrowing and Onlending	49,121	46,209	47,895	6.3	2.6
Funds from Issuance of Securities <sup>(2)</sup>	53,821	47,833	51,158	12.5	5.2
Subordinated Debts	36,222	35,057	34,091	3.3	6.3
<b>Total</b>	<b>407,027</b>	<b>392,684</b>	<b>405,484</b>	<b>3.7</b>	<b>0.4</b>

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

(2) Including: Financial Bills, on June 30, 2013, amounting to R\$31,878 million (R\$25,417 million on March 31, 2013 and R\$31,124 million on June 30, 2012).

**Demand Deposits**

The R\$872 million increase in the second quarter of 2013, when compared to the previous quarter, was basically driven by the seasonality of the first quarter of 2013, mainly due to the use of funds by our customers to pay one-time expenses at the beginning of the year (e.g., IPVA and IPTU taxes).

The R\$4,057 million, or 12.5%, increase in comparison with the second quarter of 2012 was mainly due to the improved funding and the increased account holder base.

## Savings Deposits

Savings deposits increased 3.5% in the quarter-over-quarter comparison and 16.6% in the last 12 months, mainly as a result of: (i) greater funding volume; and (ii) the remuneration of savings account reserve.

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.

Bradesco is always increasing its savings accounts base and posted net growth of 2.5 million new savings accounts over the last 12 months.

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Economic and Financial Analysis

**Funding Financial Margin - Interest**

**Time Deposits**

In the second quarter of 2013, time deposits totaled R\$98,573 million, remaining practically stable quarter over quarter and decreasing by 19.0% on the same period of the previous year.

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

**Debentures**

On June 30, 2013, Bradesco's debentures amounted to R\$60,077 million, a 3.2% increase in the quarter-over-quarter comparison and a 7.8% 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\$2,912 million, or 6.3%, was mainly due to the R\$3,000

R\$12,517 million in June 2012 to R\$11,214 million in June 2013, mainly due to: (a) the settlement of

million increase in foreign-currency-denominated and/or indexed borrowing and onlending, from R\$8,214 million in March 2013 to R\$11,214 million in June 2013, as a result of:

- (a) the exchange gain of 10.0% in the quarter; and
- (b) funds raised from loans abroad.

Year over year, the balance was up R\$1,226 million in the first half of 2013, mainly due to: (i) the R\$2,529 million increase in volume of funds raised through loans and onlending in Brazil, especially through Finame operations; and partially offset: (ii) by the R\$1,303 million decrease in foreign-currency-denominated and/or indexed borrowing and onlending, from

operations; and partially offset by: (b) the exchange gain of 9.6% in the period.

**Funding Financial Margin - Interest****Funds for the Issuance of Securities**

Funds from issuance of securities totaled R\$53,821 million, a 12.5% or R\$5,988 million increase in the quarter, mainly due to: (i) the increased inventory of Financial Bills, from R\$25,417 million in March 2013 to R\$31,878 million in June 2013, mainly due to the new issuances in the period; and partially offset: (ii) by the lower volume of securities issued abroad, in the amount of R\$1,099 million.

Between the first half of 2012 and 2013, there was an increase of R\$2,663 million, mainly driven by: (i) the higher volume of Mortgage Bonds, in the amount of R\$1,594 million; and (ii) the higher volume of Letters of Credit for Agribusiness, in the amount of R\$1,071 million; (iii) the new issuances of Financial Bills, whose amount increased R\$754 million; and partially offset: (iv) by the R\$493 million reduction in Collateral Mortgage Notes.

**Subordinated Debt**

Subordinated Debt totaled R\$36,222 million in June 2013 (R\$9,548 million abroad and R\$26,674 million in Brazil). In the last 12 months, Bradesco issued R\$4,143 million in Brazil.

Additionally, note that R\$26,355 million of total subordinated debt is used to compose the Tier II of the Capital Adequacy Ratio, given their maturity terms.

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Economic and Financial Analysis

### Securities/Other Financial Margin - Interest

### Securities/Other Financial Margin - Breakdown

	Financial Margin - Securities/Other				R\$ million	
	1H13	1H12	2Q13	1Q13	Variation	
					Half	Quarter
Interest - due to volume					148	6
Interest - due to spread					(418)	(291)
<b>Interest Financial Margin</b>	<b>2,141</b>	<b>2,411</b>	<b>928</b>	<b>1,213</b>	<b>(270)</b>	<b>(285)</b>
Income	14,444	17,648	8,582	5,863	(3,204)	2,719
Expenses	(12,303)	(15,237)	(7,654)	(4,650)	2,934	(3,004)

Quarter over quarter, interest financial margin from Securities/Other was down by R\$285 million, mainly due to the decrease in average spread of operations of R\$291 million, as a result of the lower gain from fixed-rate trading portfolio management.

Year over year, interest financial margin from Securities/Other stood at R\$2,141 million, versus the R\$2,411 million recorded in the first half of 2012, down 11.2% or R\$270 million. This result was due to: (i) the decrease in the average spread of R\$418 million, driven by the lower gain from fixed-rate trading portfolio management; and offset: (ii) by the increase in the volume of operations, which affected the result in R\$148 million.

### Insurance Financial Margin - Interest

### Insurance Financial Margin - Breakdown

	Financial Margin - Insurance				R\$ million	
	1H13	1H12	2Q13	1Q13	Variation	
					Half	Quarter
Interest - due to volume					290	35
Interest - due to spread					(39)	(73)
<b>Interest Financial Margin</b>	<b>1,828</b>	<b>1,577</b>	<b>895</b>	<b>933</b>	<b>251</b>	<b>(38)</b>
Income	3,827	5,340	1,772	2,055	(1,513)	(283)
Expenses	(1,999)	(3,763)	(877)	(1,122)	1,764	245

In the quarter-over-quarter comparison, interest financial margin from insurance operations decreased R\$38 million, or 4.1%, due to: (i) the R\$73 million decrease in average spread; and offset: (ii) by the higher volume of operations, totaling R\$35 million.

In the year-over-year comparison, interest financial margin from insurance operations was up 15.9%, or R\$251 million, in the first half of 2013 due to: (i) the higher volume of operations, in the amount of R\$290 million; and offset: (ii) by the R\$39 million decrease in average spread.

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

	Non-Interest Financial Margin				R\$ million	
	1H13	1H12	2Q13	1Q13	Variation Half	Quarter
	Funding	(146)	(146)	(73)	(73)	-
Insurance	62	182	(13)	75	(120)	(88)
Securities/Other	299	953	104	195	(654)	(91)
<b>Total</b>	<b>215</b>	<b>989</b>	<b>18</b>	<b>197</b>	<b>(774)</b>	<b>(179)</b>

The non-interest financial margin in the second quarter of 2013 stood at R\$18 million in comparison with the R\$197 million of the previous quarter. Year over year, non-interest margin decreased R\$774 million in the first half of 2013. The variations in non-interest financial margin were 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 decreases of R\$91 million and R\$654 million between the first quarter of 2012 and 2013 and between the first half of 2012 and 2013, respectively, due to lower gains from market arbitrage. It is worth noting that an R\$148 million gain from the partial sale of BM&FBovespa shares was recorded in the second quarter of 2013.

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

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

**Consolidated Statement of Financial Position**

	R\$ million		
	Jun13	Mar13	Jun12
<b>Assets</b>			
<b>Current and Long-Term Assets</b>	<b>152,459</b>	<b>151,335</b>	<b>137,008</b>
Securities	141,984	141,535	128,526
Insurance Premiums Receivable <sup>(1)</sup>	2,546	2,464	2,009
Other Loans	7,929	7,336	6,473
<b>Permanent Assets</b>	<b>3,936</b>	<b>3,777</b>	<b>3,312</b>
<b>Total</b>	<b>156,395</b>	<b>155,112</b>	<b>140,320</b>
<b>Liabilities</b>			
<b>Current and Long-Term Liabilities</b>	<b>139,412</b>	<b>136,025</b>	<b>122,494</b>
Tax, Civil and Labor Contingencies	2,792	2,746	2,179
Payables on Insurance, Pension Plan and Capitalization Bond Operations	355	369	362
Other Liabilities	4,446	5,543	8,163
Insurance Technical Reserves <sup>(1)</sup>	11,698	11,217	8,705
Life and Pension Plan Technical Reserves	114,383	110,527	98,199
Capitalization Bond Technical Reserves	5,738	5,623	4,886
<b>Non-controlling Interest</b>	<b>641</b>	<b>663</b>	<b>624</b>
<b>Shareholders' Equity</b>	<b>16,342</b>	<b>18,424</b>	<b>17,202</b>
<b>Total</b>	<b>156,395</b>	<b>155,112</b>	<b>140,320</b>

(1) In the second quarter of 2013, in compliance with ANS Normative Resolution 314, of November 23, 2012, Bradesco Saúde reclassified R\$715.4 million (R\$597.3 million in the first 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**



			<b>R\$ million</b>	
	<b>1H13</b>	<b>1H12</b>	<b>2Q13</b>	<b>1Q13</b>
Insurance Written Premiums, Pension Plan Contributions and Capitalization Bond Income	24,191	20,988	13,238	10,953
Premiums Earned from Insurance, Pension Plan Contribution and Capitalization Bond	12,605	10,625	6,393	6,212
Financial Result from the Operation	1,828	1,695	849	979
Sundry Operating Income	410	612	275	135
Retained Claims	(7,271)	(6,188)	(3,724)	(3,547)
Capitalization Bond Draws and Redemptions	(1,883)	(1,509)	(1,011)	(872)
Selling Expenses	(1,266)	(1,098)	(630)	(636)
General and Administrative Expenses	(1,023)	(971)	(548)	(475)
Tax Expenses	(280)	(238)	(133)	(147)
Other Operating Income/Expenses	(223)	(147)	(32)	(191)
<b>Operating Result</b>	<b>2,897</b>	<b>2,781</b>	<b>1,439</b>	<b>1,458</b>
Equity Result	218	186	117	101
Non-Operating Result	(20)	(19)	(7)	(13)
<b>Income before Taxes and Profit Sharing</b>	<b>3,095</b>	<b>2,948</b>	<b>1,549</b>	<b>1,546</b>
Income Tax and Contributions	(1,141)	(1,086)	(571)	(570)
Profit Sharing	(33)	(39)	(17)	(16)
Non-controlling Interest	(60)	(37)	(30)	(30)
<b>Net Income</b>	<b>1,861</b>	<b>1,786</b>	<b>931</b>	<b>930</b>

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

	R\$ million							
	2Q13	1Q13	4Q12	3Q12	2Q12	1Q12	4Q11	3Q11
Life and Pension Plans	564	542	570	493	494	493	535	486
Health	155	167	167	133	148	151	181	132
Capitalization Bonds	97	131	103	86	91	104	87	86
Basic Lines and Other	115	90	124	125	148	157	57	76
<b>Total</b>	<b>931</b>	<b>930</b>	<b>964</b>	<b>837</b>	<b>881</b>	<b>905</b>	<b>860</b>	<b>780</b>

**Performance Ratios**

	%							
	2Q13	1Q13	4Q12	3Q12	2Q12	1Q12	4Q11	3Q11
Claims Ratio <sup>(1)</sup>	71.1	69.6	70.5	70.4	71.3	71.9	68.6	71.5
Expense Ratio <sup>(2)</sup>	10.9	11.0	11.6	11.3	11.1	11.1	11.1	10.5
Administrative Expenses Ratio <sup>(3)</sup>	4.1	4.3	4.2	5.0	4.3	5.0	4.5	5.8
Combined Ratio <sup>(4) (5)</sup>	85.5	86.0	86.6	86.5	85.0	85.6	83.6	86.2

(1) Retained Claims/Earned Premiums;

(2) Selling Expenses/Earned Premiums;

(3) Administrative Expenses/Net Written Premiums;

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

(5) Excluding additional reserves.

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

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

In the second quarter of 2013, total revenue increased 20.9% over the previous quarter, boosted by Life and Pension Plan, Capitalization Bond and Auto/RE products, which grew 32.2%, 14.5% and 12.9%, respectively.

In the first half of 2013, production increased 15.3% when compared to the same period in the previous year, led by Health, Capitalization Bond and Life and Pension Plan products, which grew 23.3%, 21.8% and 12.7%, respectively.

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Economic and Financial Analysis

**Insurance, Pension Plans and Capitalization Bonds**

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

Report on Economic and Financial Analysis – June 2013

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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**

Report on Economic and Financial Analysis – June 2013

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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 second quarter of 2012 was due to: (i) the benefits from cost rationalization; and (ii) the 14.4% increase in revenue in the period.

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Economic and Financial Analysis

**Insurance, Pension Plans and Capitalization Bonds**

**Technical Reserves**

Report on Economic and Financial Analysis – June 2013

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

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

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

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

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

Due to its solid structure, a policy of product innovation and customer trust, Bradesco Vida e Previdência leads the segment with a 28.5% market share in terms of pension plan and VGBL income in the period (source: Susep – May 2013).

Net income for the second quarter of 2013 exceeded the previous quarter result by 4.1%, as a result of: (i) the 32.2% increase in revenue; (ii) the improved administrative efficiency ratio; partially offset by: (iii) the 2.2 p.p. increase in Life product

claims ratio; and (iv) the decrease in the financial result.

Net income for the first half of 2013 was 12.1% higher than the result posted in the same period of the previous year, mainly as a result of: (i) the 12.7% increase in revenue; (ii) the 6.0 p.p. decrease in Life product claims ratio; (iii) the increase in the financial result; and (iv) the improved administrative efficiency ratio.



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Economic and Financial Analysis

**Bradesco Vida e Previdência**

Bradesco Vida e Previdência's technical reserves stood at R\$114.4 billion in June 2013, made up of R\$108.6 billion from Pension Plans and VGBL and R\$5.8 billion from Life, Personal Accidents and Other Lines, up 16.5% over June 2012.

The Pension Plan and VGBL Investment Portfolio totaled R\$116.9 billion in May 2013, equal to 32.7% of all market funds (source: Fenaprevi – May 2013).

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

In June 2013, the number of Bradesco Vida e Previdência customers grew by 7.0% compared to June 2012, surpassing a total of 2.3 million pension plan and VGBL plan participants and

24.6 million 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)							
	2Q13	1Q13	4Q12	3Q12	2Q12	1Q12	4Q11	3Q11
Net Income	155	167	167	133	148	151	181	132
Net Written Premiums	2,926	2,787	2,727	2,498	2,338	2,251	2,170	2,114
Technical Reserves	6,503	6,308	5,582	5,466	4,128	4,072	3,984	3,942
Claims Ratio	87.3	84.7	85.3	86.9	86.1	86.4	83.4	87.3
Expense Ratio	5.4	5.2	5.1	5.0	4.9	4.8	4.7	4.4
Combined Ratio	98.9	96.2	98.5	99.9	96.9	97.9	96.1	98.9
Policyholders (in thousands)	4,082	3,985	3,964	3,873	3,707	3,627	3,458	3,384
Written Premiums Market Share (%) <sup>(1)</sup>	48.7	48.2	45.3	46.8	46.9	46.7	47.9	47.5

(1) 2Q13 considers the latest data released by ANS (May 2013).

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

Net income for the second quarter of 2013 had a decrease of 7.2% over the first quarter of 2013, mainly due to: (i) the decrease in the financial result; (ii) the 2.6 p.p. increase in claims ratio (1.4 p.p. of which due to revaluation of assumptions for premium reserve); partially offset by: (iii) the 5.0% increase in revenue.

Net income for the first half of 2013 was up 7.7% over the same period of the previous year, due to: (i) the 24.5% increase in revenue; (ii) the steady claims ratio; and (iii) the improved financial and equity result.

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

Approximately 70 thousand companies in Brazil have Bradesco Saúde insurance and Mediservice plans.

Of the 100 largest companies in Brazil in terms of revenue, 53 are Bradesco Saúde and Mediservice customers (source: *Exame* magazine's Best and Major Companies (*Melhores e Maiores*) ranking, July 2013).



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

Together, the two companies have over 4.0 million customers. The high share of corporate policies in the overall portfolio (95.3% in June 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**

	R\$ million (unless otherwise stated)							
	2Q13	1Q13	4Q12	3Q12	2Q12	1Q12	4Q11	3Q11
Net Income	96	131	103	86	91	104	87	86
Capitalization Bond Income	1,126	983	1,089	1,013	937	795	798	849
Technical Reserves	5,738	5,623	5,449	5,165	4,886	4,663	4,571	4,329
Customers (in thousands)	3,439	3,462	3,459	3,426	3,358	3,228	3,097	3,024
Premium Income Market Share (%) <sup>(1)</sup>	22.1	22.1	23.1	22.8	22.2	21.2	21.6	21.4

(1) 2Q13 considers the latest data released by Susep (May 2013).

In the second quarter of 2013, revenue grew 14.5% over the previous quarter and the administrative efficiency ratio remained stable. Net income decreased 26.7% over the previous quarter, mainly due to the lower financial result.

Net income for the first half of 2013 was up 16.4% when compared to the same period of the previous year, as a result of: (i) the 21.8% increase in capitalization bond income; (ii) improved financial result; and (iii) the steady administrative efficiency ratio.

## Bradesco Capitalização

Bradesco Capitalização ended the second 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) Fundação SOS Mata Atlântica (contributes to the conservation of biological and cultural diversity of the Atlantic Forest, stimulating social and environmental citizenship); (ii) Instituto Ayrton Senna (contributes to education and human development, reducing illiteracy rates, school failure and drop-out rates); (iii) Fundação Amazonas Sustentável (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) Projeto Tamar (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 Fundação Vanzolini 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 22.5 million active bonds, of which: 36.3% are Traditional Bonds sold in the branch network and at Bradesco *Dia & Noite* service channels, up 2.8% over June 2012; and 63.7% are incentive bonds (assignment of drawing rights), such as partnerships with Bradesco Vida e Previdência and Bradesco Auto/RE, which were up 10.2% over June 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**

	<b>R\$ million (unless otherwise stated)</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>
Net Income	43	28	10	42	26	49	33	50
Net Written Premiums	1,204	1,039	1,014	1,239	1,208	967	983	1,042
Technical Reserves	4,817	4,643	4,577	4,508	4,345	4,148	3,920	3,853
Claims Ratio	58.6	58.5	63.7	63.9	64.2	64.7	65.9	61.3
Expense Ratio	18.0	17.7	17.8	18.7	18.8	18.4	18.2	17.4
Combined Ratio	100.8	105.6	109.6	105.8	104.1	107.4	108.2	104.1
Policyholders (in thousands)	3,652	3,798	3,871	3,968	3,826	3,801	3,694	3,632
Premium Income Market Share (%) <sup>(1)</sup>	9.0	8.8	10.0	10.5	10.5	9.8	10.1	10.4

(1) 2Q13 considers the latest data released by Susep (May 2013).

Net income for the second quarter of 2013 was up by 53.6% from the previous quarter, due to: (i) the steady claims ratio; (ii) the lower operating expenses; and (iii) the improved equity result.

Net income for the first half of 2013 was 5.3% lower than that posted in the same period in 2012, due to: (i) lower equity result; and partially offset by: (ii) the decrease in claims and expense ratio; and (iii) higher financial result.

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

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

Despite strong competition in the Auto/RCF line, the insurer has increased its customer base, 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, reserve rental cars, installation of anti-theft equipment, preventative maintenance checks, glass repairs or replacement and environmental vehicle inspections.

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

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

— Report on Economic and Financial Analysis – June 2013

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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 13.0% growth in premiums from January to June 2013, totaling more than 1.8 million insured homes.

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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>1H13</b>	<b>1H12</b>	<b>2Q13</b>	<b>1Q13</b>	<b>R\$ million</b>	
					<b>Variation</b>	
					<b>Half</b>	<b>Quarter</b>
Card Income	3,399	2,845	1,732	1,667	554	65
Checking Account	1,722	1,553	889	833	169	56
Fund Management	1,131	1,061	581	550	70	31
Loan Operations	1,090	1,025	573	517	65	56
Collection	710	636	367	344	74	23
Underwriting / Financial						
Advisory Services	346	224	225	121	122	104
Consortium Management	344	293	177	167	51	10
Custody and Brokerage						
Services	260	236	136	124	24	12
Payments	166	158	87	79	8	8
Other	413	368	217	196	45	21
<b>Total</b>	<b>9,582</b>	<b>8,399</b>	<b>4,983</b>	<b>4,599</b>	<b>1,183</b>	<b>384</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 fifth consecutive quarter, card income grew R\$65 million when compared to the previous quarter, for a total of R\$1,732 million, mainly due to the volume of transactions in the period and the increased revenue.

Year over year, card service revenue was up 19.5%, or R\$554 million, in the first half of 2013, mainly due to an increase in revenue from purchases and services, resulting from the 16.1% increase in card revenue, which reached R\$56.4 billion (R\$48.6 billion in the first half of 2012), and the increase in the number of transactions in the period.

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Economic and Financial Analysis

**Fee and Commission Income**

**Checking Account**

In the second quarter of 2013, fee and commission income from checking accounts increased 6.7% in comparison with the previous quarter, mainly due to: (i) the net increase of 429 thousand new checking accounts; (ii) the expansion of the customer service portfolio; and (iii) the realignment of certain fees.

Year over year, income grew by R\$169 million, or 10.9%, in the first half of 2013, mainly due to: (i) the expansion of the checking account customer base, which posted a net increase of 693 thousand active current account holders (642 thousand individual customers and 51 thousand corporate customers); (ii) the expansion of the customer service portfolio; and (iii) the realignment of certain fees.

**Loan Operations**

In the second quarter of 2013, income from loan operations totaled R\$573 million, up 10.8% in comparison with the previous quarter, mainly driven by the greater volume of operations in the quarter.

Year over year, the 6.3% increase in the first half of 2013 was mainly the result of the greater income from collaterals, up 20.1%, mainly deriving from the 19.9% growth in the volume of Sureties and Guarantees in the period.

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## Fee and Commission Income

## Fund Management

In the second quarter of 2013, income from fund management totaled R\$581 million, up R\$31 million in comparison with the previous quarter, mainly due to higher number of business days in the quarter, offsetting the 1.9% drop in the volume of funds and portfolios raised and managed.

Year over year, the R\$70 million or 6.6% increase in the first half of 2013 was mainly due to: (i) increases in funds and portfolios, which grew by 11.4%; partially offset by (ii) the 12.7% decrease in the Ibovespa index in the period, impacting income from managed funds and portfolios pegged to equities.

The highlight was the investments in third-party funds, which grew by 19.4% in the period, followed by the 8.6% increase in fixed-rate funds.

Shareholders' Equity	R\$ million			Variation %	
	Jun13	Mar13	Jun12	Quarter	12M
Investment Funds	387,172	392,652	358,881	(1.4)	7.9
Managed Portfolios	31,350	33,324	17,691	(5.9)	77.2
Third-Party Fund Quotas	8,715	9,404	7,017	(7.3)	24.2
<b>Total</b>	<b>427,237</b>	<b>435,380</b>	<b>383,589</b>	<b>(1.9)</b>	<b>11.4</b>
Distribution	R\$ million			Variation %	
	Jun13	Mar13	Jun12	Quarter	12M
Investment Funds – Fixed Income	359,835	364,266	331,421	(1.2)	8.6
Investment Funds – Equities	27,337	28,386	27,460	(3.7)	(0.4)
Investment Funds – Third-Party Funds	6,851	8,183	5,739	(16.3)	19.4
<b>Total - Investment Funds</b>	<b>394,023</b>	<b>400,835</b>	<b>364,620</b>	<b>(1.7)</b>	<b>8.1</b>
Managed Portfolios - Fixed Income	23,053	23,693	10,228	(2.7)	125.4
Managed Portfolios – Equities	8,297	9,631	7,463	(13.9)	11.2



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Managed Portfolios - Third-Party Funds	1,864	1,221	1,278	52.7	45.9
<b>Total - Managed Portfolios</b>	<b>33,214</b>	<b>34,545</b>	<b>18,969</b>	<b>(3.9)</b>	<b>75.1</b>
x					
Total Fixed Income	382,888	387,959	341,649	(1.3)	12.1
Total Equities	35,634	38,017	34,923	(6.3)	2.0
Total Third-Party Funds	8,715	9,404	7,017	(7.3)	24.2
<b>Overall Total</b>	<b>427,237</b>	<b>435,380</b>	<b>383,589</b>	<b>(1.9)</b>	<b>11.4</b>

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Economic and Financial Analysis

**Fee and Commission Income**

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

In the second quarter of 2013, income from payments and collection increased 7.3% 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 10.6% or R\$84 million increase in the first half of 2013 was mainly due to the greater volume of processed documents, up from 930 million in the first half of 2012 to 1,037 million in the first half of 2013.

**Consortium Management**

In the second quarter of 2013, income from consortium management increased by 6.0% over the previous quarter, driven by the segment expansion. On June 30, 2013, Bradesco had 821 thousand active quotas (780 thousand active quotas on March 31, 2013), ensuring a leading position in all the segments it operates (real estate, auto and trucks/tractors).

Year over year, there was a 17.0% increase in the first half 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 676 thousand active quotas on June 30, 2012 to 821 thousand active quotas on June 30, 2013, an increase of 145 thousand net quotas.

Bradesco's purpose is to offer the most complete portfolio of products and services to its customers. Therefore, the Organization provides consortium

To sell the consortium plans, Bradesco has the strength and expertise of several managers, who operate together with customers.

Bradesco remains being leader in the three segments due to planning and synergy with the branch network, together with stability and security of the Bradesco brand.

plans for all income groups, covering the different market demands, in real estate, automobile or truck/tractor/machinery/equipment segments.

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## **Fee and Commission Income**

### **Custody and Brokerage Services**

In the second quarter of 2013, total custody and brokerage service income had an increase of R\$12 million in relation to the previous quarter, basically due to the increase in volume of trading in BM&FBovespa, which influenced custody and brokerage service income.

Year over year, the 10.2% increase in the first half of 2013 reflected the increase in custody services, with an R\$85 billion gain in assets under custody.

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

The R\$104 million increase 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\$122 million in the first half of 2013, mainly as a result of a greater business volume in the second quarter of 2013.

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

Personnel and Administrative Expenses	1H13	1H12	2Q13	1Q13	R\$ million	
					Variation Half	Quarter
<b>Personnel Expenses</b>						
<b>Structural</b>	<b>5,054</b>	<b>4,786</b>	<b>2,563</b>	<b>2,490</b>	<b>268</b>	<b>73</b>
Payroll/Social Charges	3,755	3,592	1,915	1,840	163	75
Benefits	1,299	1,194	648	650	105	(2)
<b>Non-Structural</b>	<b>1,197</b>	<b>1,139</b>	<b>628</b>	<b>569</b>	<b>57</b>	<b>59</b>
Management and Employee Profit Sharing	672	666	336	336	6	-
Provision for Labor Claims	374	331	210	164	43	46
Training	39	63	26	12	(24)	14
Termination Costs	112	79	56	57	33	(1)
<b>Total</b>	<b>6,250</b>	<b>5,925</b>	<b>3,191</b>	<b>3,059</b>	<b>325</b>	<b>132</b>
<b>Administrative Expenses</b>						
Outsourced Services	1,702	1,664	873	828	38	45
Communication	795	825	403	393	(30)	10
Depreciation and Amortization	651	609	331	319	42	12
Data Processing	615	530	315	300	85	15
Rental	407	378	204	203	29	1
Transportation	404	427	205	199	(23)	6
Financial System Services	368	326	189	179	42	10
Advertising and Marketing	330	315	169	161	15	8
Asset Maintenance	316	291	162	153	25	9
Security and Surveillance	239	205	124	116	34	8
Leased Assets	158	196	82	77	(38)	5
Materials	146	169	76	69	(23)	7
Water, Electricity and Gas	119	130	54	65	(11)	(11)
Trips	61	66	33	27	(5)	6
Other	722	711	356	367	11	(11)
<b>Total</b>	<b>7,033</b>	<b>6,842</b>	<b>3,578</b>	<b>3,455</b>	<b>191</b>	<b>123</b>
<b>Total Personnel and Administrative Expenses</b>	<b>13,283</b>	<b>12,767</b>	<b>6,769</b>	<b>6,514</b>	<b>516</b>	<b>255</b>
<b>Employees</b>	<b>101,951</b>	<b>104,531</b>	<b>101,951</b>	<b>102,793</b>	<b>(2,580)</b>	<b>(842)</b>
<b>Service Points</b>	<b>70,829</b>	<b>65,370</b>	<b>70,829</b>	<b>69,528</b>	<b>5,459</b>	<b>1,301</b>

In the second quarter of 2013, total personnel and administrative expenses came to R\$6,769 million, up 3.9% in comparison with the previous quarter.

## **Personnel Expenses**

In the second quarter of 2013, personnel expenses came to R\$3,191 million, a 4.3% or R\$132 million variation from the previous quarter. The increase in structural expenses of R\$73 million was due to the lower concentration of holidays in the second quarter of 2013, for a total of R\$67 million. The increase in non-structural expenses of R\$59 million was due to greater expenses for the provision for labor claims, totaling R\$46 million.

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Economic and Financial Analysis

**Personnel and Administrative Expenses**

**Personnel Expenses**

Year over year, the R\$325 million increase in the first half of 2013 was due to: (i) the structural expenses totaling R\$268 million, related to the increase in expenses with payroll, social charges and benefits, impacted by the raise in salary levels (collective bargaining agreement of 2012); and (ii) the increase in non-structural expenses of R\$57 million, which was mainly a result of

greater expenses with provision for labor claims, totaling R\$43 million.

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Economic and Financial Analysis

**Personnel and Administrative Expenses**

**Administrative Expenses**

In the second quarter of 2013, administrative expenses came to R\$3,578 million, up 3.6%, or R\$123 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\$45 million; (ii) data processing, totaling R\$15 million; (iii) depreciation and amortization, totaling R\$12 million; (iv) financial system services, totaling R\$10 million; and (v) communication, totaling R\$10 million.

Despite the greater expenses with (i) the opening of 5,459 service points in the period, mainly the opening of 4,343 *Bradesco Expresso* points, for a total of 70,829 service points on June 30, 2013 and (ii) the increase in business and service volume in the period, administrative expenses increased only by 2.8% between the first half 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 6.7% and 6.3% respectively.



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

In the quarter, the coverage ratio over the last 12 months maintained its improvement with a 1.9 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 69.6% is the best rate over the last 18 quarters.

### **Tax Expenses**

The R\$106 million decrease in tax expenses in comparison with the previous quarter was mainly driven by the decrease in PIS/Cofins taxable bases in the second quarter of 2013.

Year over year, these expenses increased R\$137 million in the first half of 2013, mainly due to higher PIS/Cofins/ISS expenses, reflecting the higher taxable income, especially fee and commission income.

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Economic and Financial Analysis

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

In the second quarter of 2013, the equity in the earnings (losses) of unconsolidated companies was R\$12 million. The R\$9 million increase over the previous quarter was basically due to the improved results from the unconsolidated companies Integritas Participações and Fleury.

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

**Operating Income**

Operating income in the second quarter of 2013 was R\$4,583 million, up R\$36 million from the previous quarter. This result was mainly due to: (i) the increase in fee and commission income, amounting to R\$384 million; (ii) the R\$106 million decrease in tax expenses; partially offset by: (iii) the R\$255 million increase in personnel and administrative expenses; (iv) the R\$127 million decrease in operating income from Insurance, Pension Plans and Capitalization Bonds; and (v) lower financial margin, amounting to R\$119 million.

Year over year, the R\$415 million or 4.8% increase in the first half of 2013 is basically a result of: (i) the R\$1,183 million increase in fee and commission income; (ii) the R\$353 million increase in operating income from Insurance, Pension Plans and Capitalization Bonds; (iii) lower allowance for loan loss expenses, in the amount of R\$298 million; partially offset by: (iv) a R\$516 million increase in personnel and administrative expenses; (v) lower financial margin, amounting to R\$436 million; (vi)

the R\$286 million increase in other operating expenses (net of other income); and (vii) the R\$137 million increase in tax expenses.

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**Non-Operating Income**

In the second quarter of 2013, non-operating income posted a loss of R\$24 million, R\$14 million less than the previous quarter and R\$22 million more than the first half of 2012, due to greater non-operating expenses (such as losses on sale of foreclosed assets/other) in the period.

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## Sustainability

### Bradesco maintains the ISO 14064 certification

In the second quarter of 2013, Bradesco maintained the ISO 14064 certification, which establishes standards to quantify, monitor, verify and validate greenhouse gas (GHG) emissions.

Fundação Carlos Alberto Vanzolini was responsible for the Bank's certification process. Between April 8 and 10, the foundation analyzed the data from the Bradesco Organization's "2012 Greenhouse Gas Emissions Inventory" and from the "Greenhouse Gas Emissions Management System" in order to determine if they complied with the certification requirements.

### 2013 Carbon Disclosure Project

The Carbon Disclosure Project (CDP) is a unified global system that collects information on corporate climate change policies, encouraging greater transparency for shareholders and investors. Bradesco has been a signatory of the CDP since 2006. A total of 4,100 companies worldwide report to the CDP, corresponding to

ISO 14064 guides Bradesco's policy on climate change, gives technical support to carbon offset processes, and develops a performance indicator on which sustainability reports such as GRI (Global Reporting Initiative), DJSI (Dow Jones Sustainability Index), ISE Bovespa and CDP (Carbon Disclosure Project) are grounded.

During these seven years in which Bradesco has maintained the certification, the Bank has improved the methodology adopted for data collection, enhanced information management and developed and monitored GHG emission reduction projects.

81% of the companies in the annual ranking of the world's 500 largest corporations. In 2012, 52 Brazilian companies reported their GHG emissions and climate change policies. Currently, the initiative is backed by more than 722 investors representing an excess of US\$87 trillion in assets.

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Return to Shareholders

## **Investor Relations (IR)**

In the second quarter of 2013, the Investor Relations department participated in nine events abroad, in the cities of Hong Kong, Singapore, Beijing, London, New York and Toronto. The local calendar of events included two “Apimec” meetings in Belo Horizonte and Salvador, with 458 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 Curitiba, Recife and Florianópolis, and in two of these cities—Curitiba and Florianópolis—there were also Bradesco Apimec presentations. In addition, 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 five Committees subordinated to the Board of Directors, two (2) of which Statutory Committees (Audit and Compensation) and three (3) Non-Statutory Committees (Ethical Conduct, Internal Controls and Compliance, and Integrated Risk Management and Capital Allocation), in addition to forty-three (43) Executive Committees subordinated to the Board of Executive Officers, assisting it in performing its duties.

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

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

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

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

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

	<b>Jun13</b>	<b>Mar13</b>	<b>In thousands Jun12</b>
Common Shares	2,100,738	2,100,738	1,909,839
Preferred Shares	2,098,372	2,098,372	1,907,931
<b>Subtotal – Outstanding Shares</b>	<b>4,199,110</b>	<b>4,199,110</b>	<b>3,817,770</b>
Treasury Shares	8,164	8,164	7,025
<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 June 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 June 30, 2013, there were 363,863 shareholders domiciled in Brazil, accounting for 99.72% of total shareholders and holding 67.35% of all shares, while a total of 1,019 shareholders are domiciled abroad, accounting for 0.28% of shareholders and holding 32.65% of shares.

	<b>Jun13</b>	<b>%</b>	<b>Ownership of Capital (%)</b>	<b>Jun12</b>	<b>%</b>	<b>Ownership of Capital (%)</b>
Individuals	327,527	89.76	21.97	332,632	89.85	23.04
Companies	36,336	9.96	45.38	36,656	9.90	47.42
<b>Subtotal Domiciled in Brazil</b>	<b>363,863</b>	<b>99.72</b>	<b>67.35</b>	<b>369,288</b>	<b>99.75</b>	<b>70.46</b>
Domiciled Abroad	1,019	0.28	32.65	919	0.25	29.54
<b>Total</b>	<b>364,882</b>	<b>100.00</b>	<b>100.00</b>	<b>370,207</b>	<b>100.00</b>	<b>100.00</b>

Bradesco



Return to Shareholders

**Bradesco Shares**

**Average Daily Trading Volume of Shares <sup>(1)</sup>**

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 half of 2013, the average trading volume of our shares stood at R\$539 million, the highest value since 2001. Year over year, the average daily trading volume increased by 5.5%, boosted by the increased liquidity of our common shares traded on BM&FBovespa.

(1) Average daily trading volume of shares listed on BM&FBovespa (BBDC3-ON and BBDC4-PN) and NYSE (BBD-ADR PN and BBDO-ADR ON).

**Bradesco Shares****Appreciation of Preferred Shares - BBDC4 (1)**

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\$900 in June 2013, an appreciation above Ibovespa and CDI rates in the same period.

(1) Including dividend reinvestment.

**Share and ADR Performance (1)**

	2Q13	1Q13	Variation %	In R\$ (unless otherwise stated)		
				1H13	1H12	Variation %
Adjusted Net Income per Share	0.71	0.70	1.4	1.41	1.36	3.7
Dividends/Interest on Shareholders' Equity – Common Share (after Income Tax)	0.201	0.198	1.5	0.399	0.382	4.5
Dividends/Interest on Shareholders' Equity – Preferred Share (after Income Tax)	0.220	0.218	1.0	0.438	0.420	4.3

	In R\$ (unless otherwise stated)					
	Jun13	Mar13	Variation %	Jun13	Jun12	Variation %
Book Value per Common and Preferred Share	15.72	16.54	(5.0)	15.72	15.22	3.3
Last Trading Day Price – Common Shares	30.60	35.20	(13.1)	30.60	22.73	34.6
Last Trading Day Price – Preferred Shares	28.80	34.14	(15.6)	28.80	27.22	5.8
Last Trading Day Price – ADR ON (US\$)	13.86	17.19	(19.4)	13.86	11.19	23.9
Last Trading Day Price – ADR PN (US\$)	13.01	17.02	(23.6)	13.01	13.52	(3.8)
Market Capitalization (R\$ million) (2)	124,716	145,584	(14.3)	124,716	104,869	18.9

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

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



[Return to Shareholders](#)**Bradesco Shares****Recommendation of Market Analysts – Target Price**

Market analysts issue periodical recommendations on Bradesco preferred shares (BBDC4). We had access to 16 reports prepared by these analysts on July 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	50.0	Average	37.9
Keep	43.8	Standard Deviation	3.9
Sell	6.2	Higher	45.0
Under Analysis	-	Lower	31.2

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.bradescoir.com.br](http://www.bradescoir.com.br) > Information to Shareholders > Analysts' Consensus.

**Market Capitalization**

In June 2013, Bradesco's market capitalization, considering the closing prices of common and preferred shares, was R\$124.7 billion, up 18.9% over the same period in 2012. In the year-over-year comparison, the Ibovespa decreased by 12.7%.

[Bradesco](#)

Return to Shareholders

**Main Indicators**

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

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

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

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**Dividends/Interest on Shareholders' Equity**

In the first half of 2013, a total of R\$2,066 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), and 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>Jun13</b>	<b>In % (1)</b>
Ibovespa	4.3
IBrX-50	7.2
IBrX	7.6
IFNC	19.1
ISE	4.9
IGC	5.7
ITAG	10.7
ICO2	9.5
MLCX	8.0

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

Bradesco \_\_\_\_\_

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

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

	Jun 13	Mar 13	Jun 12	Mar 12
<b>Banks – Source : Brazilian Central Bank (Bacen)</b>				
Demand Deposits	N/A	16.6	16.6	16.5
Savings Deposits	N/A	13.6	13.8	13.9
Time Deposits	N/A	11.2	12.8	12.9
Loan Operations	11.2 (1) (2)	11.2 (1)	11.7	11.9
Loan Operations - Private Institutions	22.1 (1) (2)	21.9 (1)	21.4	21.3
Loan Operations - Vehicles Individuals (CDC + Leasing)	14.5 (1) (2)	14.5 (1)	15.2	15.3
Payroll-Deductible Loans	11.4 (1) (2)	11.3 (1)	10.9	11.0
Number of Branches	21.1	21.3	21.9	22.0
<b>Banks - Source: Federal Revenue Service/ Brazilian Data Processing Service (Serpro)</b>				
Federal Revenue Collection Document (DARF)	N/A	21.9	20.6	21.7
Brazilian Unified Tax Collection System Document (DAS)	N/A	16.5	16.4	16.2
<b>Banks – Source : Social Security National Institute (INSS)/Dataprev</b>				
Social Pension Plan Voucher (GPS)	N/A	14.5	14.4	14.2
Benefit Payment to Retirees and Pensioners	25.1	24.9	24.1	23.9
<b>Banks – Source : Anbima</b>				
Investment Funds + Portfolios	18.4 (2)	18.5	18.0	17.6
<b>Insurance, Pension Plans and Capitalization Bonds – Source: Insurance Superintendence (Susep) and National Agency for Supplementary Healthcare (ANS)</b>				
Insurance, Pension Plan and Capitalization Bond Premiums	24.1 (2)	22.4	24.8	23.4
Insurance Premiums (including Long-Term Life Insurance - VGBL)	23.9 (2)	21.9	24.8	23.2
Life Insurance and Personal Accident Premiums	16.7 (2)	16.4	17.4	17.3
Auto/Basic Lines (RE) Insurance Premiums	9.0 (2)	8.8	10.5	9.8
Auto/Optional Third-Party Liability (RCF) Insurance Premiums	10.7 (2)	10.2	13.9	12.8
Health Insurance Premiums	48.7 (2)	48.2	46.9	46.7
Income from Pension Plan Contributions (excluding VGBL)	30.9 (2)	31.2	29.3	29.8
Capitalization Bond Income	22.1 (2)	22.1	22.2	21.2
Technical Reserves for Insurance, Pension Plans and Capitalization Bonds	29.1 (2)	29.1	29.5	29.7
<b>Insurance and Pension Plans – Source: National Federation of Life and Pension Plans (Fenaprevi)</b>				
Income from VGBL Premiums	28.2 (2)	23.7	30.0	27.0
Income from Unrestricted Benefits Generating Plans (PGBL) Contributions	26.2 (2)	27.2	25.3	25.3

Pension Plan Investment Portfolios (including VGBL)	32.7 <sup>(2)</sup>	32.7	33.9	33.1
<b>Leasing – Source: Brazilian Association of Leasing Companies (ABEL)</b>				
Lending Operations	19.6 <sup>(2)</sup>	19.4	19.2	18.8
<b>Consortia – Source: Bacen</b>				
Real Estate	30.5 <sup>(2)</sup>	30.5	29.3	29.3
Auto	26.7 <sup>(2)</sup>	26.4	25.6	25.4
Trucks, Tractors and Agricultural Implements	19.3 <sup>(2)</sup>	19.4	17.7	17.7
<b>International Area – Source: Bacen</b>				
Export Market	17,4	17.1	19.3	19.8
Import Market	15,4	15.0	17.8	18.3

(1) Bacen data for March 2013 and May 2013 are preliminary; and

(2) Reference date: May 2013; and

N/A – Not Available.

Bradesco \_\_\_\_\_

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

Region	Jun13		Market Share	Jun12		Market Share
	Bradesco	Market		Bradesco	Market	
North	279	1,081	25.8%	279	1,003	27.8%
Northeast	850	3,527	24.1%	838	3,278	25.6%
Midwest	346	1,716	20.2%	346	1,619	21.4%
Southeast	2,430	11,623	20.9%	2,409	11,236	21.4%
South	787	4,256	18.5%	778	4,086	19.0%
<b>Total</b>	<b>4,692</b>	<b>22,203</b>	<b>21.1%</b>	<b>4,650</b>	<b>21,222</b>	<b>21.9%</b>

**Reserve Requirements/Liabilities**

%	Jun13	Mar13	Dec12	Sept12	Jun12	Mar12	Dec11	Sept11
<b>Demand Deposits</b>								
Rate <sup>(2) (6)</sup>	44	44	44	44	43	43	43	43
Additional <sup>(3)</sup>	-	-	-	-	12	12	12	12
Liabilities <sup>(1)</sup>	34	34	34	34	28	28	28	28
Liabilities (Microfinance)	2	2	2	2	2	2	2	2
Free	20	20	20	20	15	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	12	12	12	12	12
Free	69	69	69	68	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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Additional Information

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

2013 is being a remarkable year for Bradesco. In the first half, technology enabled the business many achievements and innovations that have further improved the experience that more than 25 million account holders have with the Complete Bank.

Bradesco's technological apparatus and infrastructure provides convenience, facility and security to its customers when contracting and using its products and services. Despite its customer service channels, Bradesco still remains physically close to its customers. In the second quarter, 1,221 *Bradesco Expresso* service points were inaugurated, totaling more than 44.8 thousand service points nationwide. The *Bradesco Celular* channel exceeded the mark of 2 million active clients, a growth of more than 580% in the last two years. In addition to the many applications already available, Bradesco launched in May the version for Android operational system of *Bradesco Universitários*, enabling customers to access internet banking and exclusive content targeting students, such as grade and absence control, and access *Rádio Bradesco*, among others. The Bank also launched the Bradesco Investor Relations application for iPhone and iPad. It is a direct channel between the Bank and its shareholders, investors, analysts and all those who are involved in the capital market. Another convenience for Bradesco customers is the possibility to recharge pre-paid mobile phones—even without credit—through the phone itself. The amount is debited from the account and the credit is inserted in the phone by the operator.

Biometry, an innovative technology launched by Bradesco in 2007, exceeded the mark of 12 million registered customers, providing them with convenience and security. Customers carried out

For corporate customers, Bradesco launched the *Portal Sociedade de Negócios*, a new customer service channel for micro and small enterprises that aims to support the management of the business and contribute to an expansion of commercial contacts.

In May, Bradesco launched a chat about graphical analysis on Bradesco Corretora's website. Investors are able to talk with graphical analyst Daniel Marques in real time and request analyzes of securities, recommendations for purchase and sale and general clarifications. Bradesco also stood out on prestigious surveys that assess quality and performance in managing investment funds through BRAM - Bradesco Asset Management.

For those who like to travel, now it is possible to reload the Global Travel Card—a prepaid card in U.S. dollars, British pounds or euro—through the internet banking.

The Bradesco Seguros group also innovated and launched an application for the hearing impaired. In partnership with ProDeaf of Recife (state of Pernambuco), it developed an application called *Avatar*. This pioneering solution in Brazil enables the translation of Portuguese into the Brazilian Sign Language (LIBRAS). Available to mobile phones with the Android technology, the application enables hearing impaired customers to access the websites of Bradesco Seguros, Bradesco Auto/RE, Bradesco Saúde and Bradesco Vida e Previdência, being able to reach all content available on these channels. The idea is to contribute to social integration, in addition to breaking the communication barrier between Bradesco and this group—estimated at 2.7 million people in Brazil—that does not know Portuguese, or prefers the LIBRAS.

more than 4.2 million withdrawals balance statement checks without using their cards, only with the branch and account numbers, by using biometry and password. Transactions totaling more than R\$450 million were performed.

Bradesco has also made available to its new customers free online courses through its website [www.bradesco.com.br](http://www.bradesco.com.br). There are training courses on computing, budget planning, the Portuguese language orthographic agreement, etc.

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

Bradesco wants to improve not only the life of its many customers, but also the life of its employees. For that, the Bank made available several systems and tools, and implemented changes that make all difference and facilitate their work. For example, a new channel was developed to increase the knowledge of Bradesco's employees: Portal de Vídeos, a modern platform that allows faster access to training videos, as well as advertising and TV Bradesco materials.

The Branch Network also has an important tool to monitor the performance of the management of accounts of corporate customers: the AGC, which helps measure the team's performance and put into practice a strategy and work plan that will yield better results. In addition, the teams can, through the Electronic Board Treasury System, simulate rates, spreads and gross results of loan operations of corporate customers, thus helping the Branch Manager to make decisions regarding the rates practiced while searching for greater efficiency in transactions.

Innovation is a continuous concern of Bradesco. Therefore, in January 2013 the Bank created the Innovation Executive Committee. With the effective participation of members of the Board of Executive Officers, the group developed a new innovation model for Bradesco, which is more productive and multi-departmental.

The Bradesco Organization is recognized on the market by its pioneering position in technology. The Bank was considered the most valuable brand in Brazil, with technology being one of the criteria evaluated by the specialized consulting firm BrandAnalytics. Bradesco was also considered the most profitable bank in Latin America and the United States, according to a study disclosed by Economatica.

Furthermore, Bradesco was one of the winners of the XII Efinance Award, granted by Editora Executivos Financeiros, aiming to reward the most inventive and innovative implementations, solutions and applications in the IT and telecommunications areas, and recognize the talent and competence of professionals of the companies whose solutions were applied in 2012. Bradesco was the winner in the following categories: Internet Banking Broker, IT Infrastructure – Environment Development, Core System-Credit, Call Center, Social Networks, Mobile Infrastructure Management, Content Management, IT Governance, Mobile Banking, Innovation and Security.

As a prerequisite for its continuous expansion, Bradesco invested R\$2,296 million in Infrastructure, Information Technology and Telecommunications in the first half of 2013. The total amount invested over recent years, including infrastructure (facilities, restorations, improvements, furniture and fixtures), can be found below:

	1H13	2012	2011	2010	R\$ million 2009
Infrastructure	192	718	1,087	716	630
Information Technology and Telecommunication	2,104	3,690	3,241	3,204	2,827
<b>Total</b>	<b>2,296</b>	<b>4,408</b>	<b>4,328</b>	<b>3,920</b>	<b>3,457</b>

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Additional Information

**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.

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. 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 and activity profile.

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

**Capital Management**

The Capital Management structure enables the Organization to reach its strategic objectives through an appropriate capital sufficiency planning. To comply with the definitions of governance, the Statutory and Executive Committees were considered, for assistance of the Board of Directors and the Board of Executive Officers in management and decision making.

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).

In line with definitions of governance, a new area responsible for the Conglomerate's capital

management was created: the Internal Capital Adequacy Assessment Process (ICAAP) and Capital Management, which acts jointly with the Integrated Risk Control Department, associated companies, business areas and the Organization's supporting areas.

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Additional Information**Capital Adequacy Ratio**

In June 2013, Bradesco's Reference Shareholders' Equity amounted to R\$92,629 million, versus a Required Reference Shareholders' Equity of R\$66,389 million, resulting in a R\$26,240 million capital margin. This figure was mostly impacted by the credit risk portion, representing 79.4% of the risk-weighted assets. The Capital Adequacy Ratio decreased by 0.2 p.p., from 15.6% in March 2013 to 15.4% in June 2013, mainly impacted by: (i) the mark-to-market devaluation of fixed income securities; (ii) the maturity of subordinated debts eligible to tier II capital; and offset by: (iii) the reduction in capital allocation to loan risk portion in the quarter.

Note that in March 2013 the Brazilian Central Bank disclosed a set of four resolutions and 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 will begin as of October 1, 2013.

Calculation Basis	R\$ million							
	Jun13	Mar13	Dec12	Sept12	Jun12	Mar12	Dec11	Sept11
<b>Reference Shareholders' Equity</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>68,806</b>
<b>Tier I</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>	<b>56,876</b>
Shareholders' Equity	66,028	69,442	70,047	66,047	63,920	58,059	55,582	53,742
Mark-to-Market Adjustments	3,593	(1,732)	(4,229)	(2,150)	(1,865)	2,126	2,765	2,781
Reduction of Deferred Assets	(205)	(206)	(212)	(218)	(224)	(235)	(248)	(260)
Non-controlling Shareholders	582	605	588	586	587	630	615	613
<b>Tier II</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>	<b>12,063</b>
Mark-to-Market Adjustments	(3,593)	1,732	4,229	2,150	1,865	(2,126)	(2,765)	(2,781)
Subordinated Debt	26,354	27,009	26,638	24,842	26,025	17,357	15,630	14,844
<b>Deduction of Funding Instruments</b>	<b>(130)</b>	<b>(129)</b>	<b>(128)</b>	<b>(108)</b>	<b>(107)</b>	<b>(107)</b>	<b>(103)</b>	<b>(134)</b>
<b>Risk-weighted Assets</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>467,206</b>
<b>Required Reference Shareholders' Equity</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>	<b>51,393</b>
Credit Risk	52,714	54,343	55,345	54,213	52,050	48,718	47,422	47,183
Operating Risk	3,354	3,354	3,432	3,432	3,313	3,313	2,810	2,810
Market Risk	10,321	10,617	7,281	5,207	3,143	3,622	1,927	1,400
<b>Margin (Excess/ Reference Shareholders' Equity Insufficiency)</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>17,413</b>
<b>Leverage Margin</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>158,303</b>
<b>Capital Adequacy Ratio</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>	<b>14.7%</b>

Bradesco



Additional Information

**Disclosure to the Market**

**20-F Form**

Since we have preferred and common ADR programs on NYSE, we prepare and disclose the 20-F Form on an annual basis. On April 30, 2013, we filed this document at the U.S. Securities and Exchange Commission (SEC) for the year ended December 31, 2012, accompanied by the financial statements under IFRS.

This document is available on the Investor Relations website: [www.bradeskori.com.br](http://www.bradeskori.com.br) > Reports and Spreadsheets > SEC Filings > 20-F Filings.

**Reference Form**

In order to comply with CVM Instruction 480/09, on May 31, 2013, we filed the Reference Form at the Brazilian Securities and Exchange Commission (CVM). This document is prepared on an annual basis and restated in case of changes, as described in Article 24 thereof. In addition to the financial statements, the document presents the Organization's risk factors, a description of its operations, information on controlling shareholders, Management's comments on the Organization's results and equity, among other significant matters.

The document is available on the Investor Relations website: [www.bradeskori.com.br](http://www.bradeskori.com.br) > Reports and Spreadsheets > CVM Filings.

Report on Economic and Financial Analysis – June 2013

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Independent Auditors' Report

**Reasonable assurance report from independent auditors on the supplementary financial information**

To the Directors of  
Banco Bradesco S.A.  
Osasco – SP

**Introduction**

We were engaged to apply reasonable assurance procedures for the supplementary accounting information included in the Economic and Financial Analysis Report of Banco Bradesco S.A. (“Bradesco”) for the semester ended June 30, 2013, which is prepared under the Bradesco’s Management responsibility. Our responsibility is to issue a Reasonable Assurance Report on such supplementary accounting information.

**Scope, procedures applied and limitations**

The reasonable assurance procedures were performed in accordance with standard NBC TO 3000 - Assurance Engagement 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 International Auditing and Assurance Standards Board – IASB, respectively, both for assurance engagements other than audits or reviews of historical financial information.

The reasonable assurance procedures comprised of: (a) planning of the work, considering the relevance of the supplementary financial information and the internal control systems that served as a basis for the preparation of the Economic and Financial Analysis Report of Bradesco; (b) obtaining an 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) comparison of the financial and accounting indicators with the 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. Additionally, our report does not offer reasonable assurance on the scope of future information (such as goals, expectations and ambitions) and descriptive information that is subject to subjective assessment.

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

The supplementary accounting information disclosed in the Economic and Financial Analysis Report for the semester ended June 30, 2013, were prepared by Management of Bradesco, based on the consolidated financial information included in the financial statement and on the criteria described in the Economic and Financial Information Report, in order to provide additional analysis, but without being part of the consolidated financial statements released in this date.



**Reasonable assurance report from independent auditors on the supplementary financial information**

**Conclusion**

Based on the procedures applied, the supplementary accounting information included in the Economic and Financial Analysis Report for the semester ended June 30, 2013, are presented fairly, in all material respects, with regard to the information referred to in the paragraph of criteria for preparation of supplementary accounting information.

Osasco, July 19, 2013

Original report in Portuguese signed by

KPMG Auditores Independentes

CRC 2SP 014428/O-6

Cláudio Rogélio Sertório

Accountant CRC 1SP 212059/O-0

Bradesco \_\_\_\_\_



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

**Management Report**

Dear Shareholders,

We hereby present the financial statements of Banco Bradesco S.A., for the first half of 2013, prepared in accordance with the accounting practices adopted in Brazil and applicable to institutions authorized to operate by the Brazilian Central Bank.

Thanks to the ongoing recovery of productive investments, Brazil may well record more growth in the coming quarters than it did in 2012, although this will require a decline in inflationary pressure in order to maintain workers' purchasing power and, in a broader sense, macroeconomic predictability. At the same time, the reassessment of the global scenario poses difficulties due to reduced international liquidity and the downward trend in commodities prices. All in all, however, Bradesco still believes that the country is better prepared, both structurally and institutionally, to overcome the challenges that have recently intensified.

**1. Net Income for the Period**

In the first half of 2013, Bradesco posted Net Income of R\$5.868 billion, corresponding to earnings per share of R\$1.40 and a return on average Shareholders' Equity<sup>(\*)</sup> of 18.7%. The annualized Return on Average Total Assets stood at 1.3%.

Taxes and contributions, including social security contributions, paid or provisioned, came to R\$12.991 billion, of which R\$4.894 billion related to taxes withheld and collected from third parties, and R\$8.097 billion from activities developed by the Bradesco Organization, equivalent to 138.0% of Net Income.

A total of R\$2.066 billion was allocated to shareholders as Interest on Shareholders' Equity, of which R\$1.305 billion was paid as monthly and

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.

**3. Funding and Assets under Management**

On June 30, 2013, total funding raised and assets under management totaled R\$1.234 trillion, 9.1% more than in the previous year, broken down as follows:

R\$475.310 billion in demand deposits, time deposits, interbank deposits, open market and savings accounts, up by 7.3%;

R\$427.237 billion in assets under management, comprising investment funds, managed portfolios and third-party fund quotas, an 11.4% increase;

R\$177.511 billion in the exchange portfolio, borrowings and onlendings, working capital, tax payments and collection and related charges, funds

interim dividends and R\$760.657 million was provisioned. Interim Interest on Shareholders' Equity, paid on July 18, 2013, represents approximately 10 times the amount of monthly paid interest.

## 2. Paid-in Capital and Reserves

At the end of the first half, paid-in capital came to R\$38.100 billion. Together with Equity Reserves of R\$27.928 billion, Shareholders' Equity came to R\$66.028 billion, 3.3% up on the same period last year and equivalent to a book value of R\$15.72 per share.

Based on its stock price, Bradesco's Market Capitalization came to R\$124.716 billion on June 30, 2013, equivalent to 1.9 times Shareholders' Equity.

Managed Shareholders' Equity was equivalent to 7.4% of Consolidated Assets, which totaled R\$896.697 billion, 8.0% more than in June 2012. Accordingly, the Capital Adequacy Ratio stood at 15.4% of the consolidated financial result and 15.4% 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 half year, the fixed asset ratio in relation to Consolidated Reference Assets, was 44.3% in the consolidated financial result and 17.3% in the consolidated economic and financial result, well within the 50% limit.

from the issue of securities, subordinated debt in Brazil and other funding, a 3.8% expansion;

R\$131.819 billion in technical reserves for insurance, pension plans and capitalization bonds, up by 17.9%; and

R\$21.669 billion in foreign funding, through public and private issues, subordinated debt and the securitization of future financial flows, equivalent to US\$9.780 billion.

## 4. Loan Operations

At the end of the first half, consolidated loan operations came to R\$402.517 billion, 10.3% up on the same period in 2012, broken down as follows:

R\$6.647 billion in advances on exchange contracts, giving a total export financing portfolio of US\$13.932 billion;

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## **Management Report**

US\$3.564 billion in import financing denominated in foreign currency;

R\$6.656 billion in leasing operations;

R\$17.579 billion in rural lending;

R\$91.072 billion in consumer financing, including R\$13.401 billion in credit card receivables;

R\$63.383 billion in sureties and guarantees; and

R\$32.397 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, Bradesco allocated R\$7.208 billion to the construction and acquisition of homes, corresponding to 33,255 properties.

The consolidated allowance for loan losses stood at R\$21.455 billion, equivalent to 7.0% of total loan operations, exceeding the minimum provisions required by the Brazilian Central Bank by R\$4.008 billion.

44,819 Bradesco Expresso service points;

1,454 PAEs – in-company electronic service branches; and

3,498 External terminals in the Bradesco *Dia & Noite* network and 11,154 ATM's in the *Banco24Horas* network, with 1,804 terminals shared by both networks.

### **6. Banco Bradesco BBI**

Bradesco BBI, the Organization's investment bank, advises customers on share issues, mergers and acquisitions 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 first half, Bradesco BBI executed operations worth more than R\$55.801 billion.

### **7. Bradesco Insurance Group**

On June 30, 2013, the Bradesco Insurance Group, one of the leaders in the insurance, capitalization bond and private pension plan segments, posted Net Income of R\$1.861 billion and Shareholders'

Equity of R\$16.342 billion. Net written insurance premiums, pension contributions and capitalization bond revenue totaled R\$24.191 billion, 15.3% up on the same period in 2012.

## 5. Bradesco's Customer Service Network

Present nationwide and in several locations abroad, Bradesco's customer service network is based on the highest standards of quality and efficiency, underpinned by state-of-the-art technology, enabling it to provide customers and users with convenience, facility and security. At the end of the first half, it comprised 58,271 service points, 34,322 terminals in the Bradesco *Dia & Noite* Network, 33,819 of which also operating on weekends and holidays, 13,650 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 1,404 Bradesco Promotora correspondent bank branches and, in the vehicle segment, 15,667 Bradesco Financiamentos points of sale:

8,487 Branches and PAs (Service Branches) in Brazil (Branches: Bradesco 4,668, Banco Bradesco Financiamentos 19, Banco Bankpar 2, Banco Bradesco BBI 1, Banco Bradesco Cartões 1 and Banco Alvorada 1; and PAs 3,795);

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 Mexico, Sociedad de Responsabilidad Limitada in Mexico);

## 8. Corporate Governance

Bradesco's presence in the Brazilian capital market dates from 1946, when its shares began trading on the Stock Exchange. In 1997, its level I ADRs (American Depositary Receipts) backed by preferred shares began trading on the U.S. market, followed by level II ADRs, backed by common and preferred shares in 2001 and 2012, respectively. Also in 2001, its GDRs (Global Depositary Receipts) began trading on the European market (Latibex).

Bradesco's Management comprises the Board of Directors and Board of Executive Officers. Members of the Board of Directors are elected on an annual basis by the Annual Shareholders' Meeting and are responsible for electing the members of the Board of Executive Officers. The posts of Chairman of the Board of Directors and Chief Executive Officer may not be occupied by the same person.



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The Fiscal Council, consisting of three sitting members and three alternates, one sitting member and his or her alternate being elected by the preferred shareholders, has been installed every year since 2002. The term of office of the present Fiscal Council, elected by the Annual Shareholders' Meeting of March 11, 2013, will last until the next ASM in 2014.

In July 2005, Bradesco was awarded an AA rating (Excellent Corporate Governance Practices), by Austin Rating, which was upgraded to AA+ in December 2011, thanks to the improvement of several of the Bank's corporate governance practices.

As an example of these good practices, it is worth noting Bradesco's voluntary adherence, in 2001, to Corporate Governance Level 1 of the BM&FBOVESPA – Securities, Commodities and Futures Exchange. In 2011, also voluntarily, it adhered to the Code of Self-Regulation and Best Practices for Publicly-Held Companies, issued by the Brazilian Association of Publicly-Held Companies (Abrasca), adopting the "apply or explain" principle, in line with its determination to do everything possible to improve its governance.

In compliance with CVM Rule 381/03, in the first half the Bradesco Organization neither contracted from nor had services provided by KPMG Auditores Independentes that were not related to the external audit, in a level higher than 5% of total fees relating to external audit. Other services provided by external auditors were agreed procedures to review financial information, draws and system diagnosis. The Bank's policy is in line with the principles of preserving the auditors' independence, which are based on generally accepted international criteria, i.e. the auditors should not audit their own work, perform managerial duties for their clients or

All of these procedures improve the quality of operational processes and propagate the importance of a culture of control, ratifying the improvement of best practices.

### **Prevention of Money Laundering and Terrorism Financing**

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

It provides training for its employees via various program formats, including informative brochures, videos, in-house and distance learning courses, and specific in-house lectures for the areas involved.

Suspicious or atypical cases are submitted to the Suspicious Transaction Assessment Commission, made up of representatives from several areas, which decides if they will be forwarded to the regulatory authorities.

The Prevention of Money Laundering and Terrorism Financing Program is supported by the Executive Committee to Prevent Money Laundering and the Financing of Terrorism, which is responsible for evaluating the work and the need to align procedures with the rules established by the regulatory authorities and with best national and international practices.

### **Independent Authentication of Models**

The Independent Authentication of Models area is responsible for issuing a grounded and independent opinion on whether the internal models are functioning in accordance with the envisaged objectives and if the results obtained are appropriate



promote their clients' interests.

### **8.1. Internal Controls and Compliance**

The effectiveness of the Organization's internal controls is sustained by its people, processes and technology. We therefore employ skilled professionals exclusively dedicated to this purpose, supported by previously defined and implemented processes and appropriate technology for the needs of the business.

The internal controls and compliance policy and the corporate risk management and control methodology are duly formalized, in accordance with the main control frameworks, including the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and the Control Objectives for Information and Related Technology (COBIT), which encompass business and technology aspects, respectively, National Monetary Council Resolution 2554/98, the Public Company Accounting Oversight Board (PCAOB) and Section 404 of the U.S. Sarbanes-Oxley Act.

Internal controls are developed jointly with the areas responsible for the various products, services and processes, whose adherence tests are applied with the required frequency, and the results reported to the Audit and Internal Controls and Compliance Committees, as well as the Board of Directors. In cases of non-compliance, corrective measures are implemented and monitored.

for their required purpose. It reports to managers, the internal auditors and the Integrated Risk Management and Capital Allocation Committee (COGIRAC).

Internal business support models facilitate the handling of critical issues, the improvement of processes and the standardization and streamlining of decisions in the context in which they are inserted. They also represent an important means of retaining knowledge.

In accordance with the guidelines of the New Capital Accord – Basel II and the requirements of the Brazilian Central Bank, the internal risk management models are submitted to an ongoing process of critical analysis, ensuring their high quality and ability to respond appropriately to their objectives, the so called Independent Validation Process.

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## ***Management Report***

### **Information Security**

At the Bradesco Organization, information security comprises a set of controls, represented by procedures, processes, organizational structures, policies, rules and IT solutions to protect data with respect to confidentiality, integrity and availability. The bases for the protection of information assets are described in Bradesco's Information Security Policy and Rules.

Based on best international standards and practices of information security, the corporate awareness and training programs, as well as the above-mentioned policy and rules, are focused on protecting customers' data and the Organization's strategic information.

The Security Commissions and the Corporate Security Executive Committee meet periodically to examine and approve directives, measures and guidelines to support the Organization's information security processes and procedures.

#### **8.2. Information Disclosure and Transparency Policies**

Bradesco held 66 internal and external meetings with Brazilian and foreign investors in the first half, as well as 102 conference calls, 13 events in Brazil and 13 abroad. Four of these events were presentations to the Association of Analysts and Capital Market Professionals (Apimec), serving 887 people in different regions of the country. It also held two video chats with Bradesco's Investor Relations Officer, geared towards individual investors, and participated in the ExpoMoney Fair in Curitiba, Florianópolis and Recife.

### **9. Integrated Risk Control**

#### **9.1. Risk Management**

Risk management is a highly strategic activity due to the growing complexity of services and products and the globalization of the Organization's business. Market dynamism obliges us to continually improve this activity, with a constant focus on best practices. As a result, in January 2013, Bradesco became the first and only bank in the country to receive Central Bank authorization to adopt the internal market risk models already used by its management, to calculate regulatory capital.

The Organization maintains corporate control over risks in an integrated and independent manner, preserving and valuing collegiate decisions, developing and implementing methods, models, and measurement and control tools, supported by a framework of committees subordinate to the Board of Directors, including the Audit Committee, and executive committees. It also keeps employees at all levels, from the business areas to the Board of Directors, fully informed of any changes.

The management process allows risks to be proactively identified, measured, mitigated, monitored and reported.

#### **9.2. Credit Risk**

Credit risk management is a continuous and evolutionary process of mapping, measuring and diagnosing through the use of models, instruments and procedures which requires a high degree of discipline and control when analyzing operations and preserves the integrity and independence of processes. It covers all aspects related to the

The Bradesco Apimec Meeting in Belo Horizonte (MG) was broadcast live over the Internet, exemplifying the Organization's aim of delivering information to the largest possible number of people in a transparent and democratic manner.

All information regarding the Bradesco Organization, including its profile, history, shareholding structure, management reports, financial results, latest acquisitions, Apimec meetings, and the Economic and Financial Analysis Report, as well as general financial market information are available on its Investor Relations website at [www.bradesco.com.br/ri](http://www.bradesco.com.br/ri).

Bradesco also publishes a series of periodicals, both physically and electronically, including *Revista Bradesco* (twice a year), *Cliente Sempre em Dia* (every quarter), *PrimeLine* (every two months) and a Fact Sheet containing the period's financial highlights (on request), all of which targeting an external audience. The Bank's Sustainability Report is produced simultaneously with its Annual Report.

granting of loans, including characteristics of the borrower and credit concentration, guarantees and terms, from which the quality of the portfolio is derived.

The Organization continuously maps all activities that could generate exposure to credit risk, classifying them by probability and magnitude, and determines their managers, as well as measurement and mitigation plans. Control is exercised on a centralized and standardized corporate basis.

### **9.3. Market Risk**

Market risk is carefully identified, mapped, measured, mitigated, controlled, managed and reported. The Organization's market risk exposure profile is conservative in nature and guidelines and limits are monitored independently on a daily basis.

Control over activities exposed to market risk is exercised by all of the Organization's companies in a corporate and centralized manner.

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### **9.4. Liquidity Risk**

The Organization's Market and Liquidity Risk Management Policy, together with the resulting rules and procedures, defines not only the minimum levels to be observed, including considerations of stress scenarios, but also the type of financial instruments in which funds should be invested and the operating strategy to be adopted if needed.

The liquidity risk management process involves the daily monitoring of the composition of available funds, compliance with minimum liquidity levels and contingency plans for stress situations. Positions are controlled and monitored in a centralized manner.

### **9.5. Operational Risk**

Operational risk management is essential for the generation of added value. Risk control is conducted in a centralized, consolidated manner through identification and measurement, and the application of mitigation and monitoring plans, by each of the Organization's companies.

One of the most important operational risk management procedures is business continuity management, which consists of a set of plans to be implemented during crisis situations in order to ensure the recovery and continuity of business and prevent financial losses.

## **10. Human Resources**

Always in line with market requirements, the Bradesco Organization maintains an excellent Human Resources Management model, with an emphasis on development through heavy investments in training programs in order to foster professional growth. The outcome of these policies is reflected in the increasing quality and efficiency of

– **Sustainable Finances** – aimed at fostering sustainable development through products that comply with best social and environmental practices. The concept of sustainable development in regard to banking inclusion and the democratization of credit, is applied when approving and monitoring loans and is also present in the products offered, such as lines of credit, investments, cards, insurance policies, private pension plans and capitalization bonds, as well as information on risk management;

– **Responsible Management** – demonstrates how Bradesco relates to its strategic stakeholders, as well as brand management and environmental management actions. It consists of initiatives based on our Sustainability Policy, designed to value and develop employees' potential, improve the work place and ensure more eco-efficient practices, and on our commitment to the Global Compact, the Millennium Goals and the Equator Principles. As a result, Bradesco has been included in various sustainability indexes, including the NYSE's Dow Jones Sustainability Index and the BM&BOVESPA's Corporate Sustainability Index (ISE) and Carbon Efficient Index (ICO2), and has received a number of certifications and awards; and

– **Social and Environmental Investments** - through private sector investments, sponsorships and donations, the Organization contributes to environmental preservation, social inclusion and the development of its surrounding communities through educational, sporting, environmental and cultural projects and events. The main environmental preservation and social inclusion initiatives include Fundação Bradesco, the Bradesco Sports and Education Program, Fundação SOS Mata Atlântica

our services. In the first half of 2013, 1,348 courses were administered to 628,074 employees.

The Organization took another important step forward in this aspect by creating the Bradesco Corporate University (UNIBRAD), as part of a larger strategy of focusing on its employees' individual competencies, offering in-house, external and online courses to enhance their professional and personal qualifications.

Benefits aimed at promoting the quality of life, well-being and security of its staff and their dependents covered 206,836 employees in the period.

## 11. Sustainability

Since Bradesco began operations, its activities have been underpinned by such issues as education, individual development, banking inclusion and the promotion of citizenship. Its sustainability guidelines, strategies and initiatives are supported by best corporate governance practices and grouped into three major categories: Sustainable Finances, Responsible Management and Social and Environmental Investments.

and Fundação Amazonas Sustentável.

To learn more about Bradesco's initiatives in this aspect, go to [www.bancodoplaneta.com.br](http://www.bancodoplaneta.com.br).

## Fundação Bradesco

Fundação Bradesco, the Organization's pioneering social investment vehicle, has developed an extensive social and educational program designed to improving the learning experience throughout Brazil. It has 40 schools located in all Brazilian states and the Federal District, with a special emphasis on socially and economically underprivileged regions.

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.

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The 11<sup>th</sup> edition of National Volunteer Day, held on May 18, 2013, united 25,218 volunteers in 72 different locations across Brazil, including Fundação Bradesco schools and service points close to the schools' facilities. All in all, 314,452 initiatives were implemented in the educational, leisure, sports and environment areas, exemplifying solidarity and social awareness.

### **Bradesco Sports and Education Program**

For more than 26 years, the Bradesco Sports Program has been supporting the social inclusion and citizenship of children and teenagers through sports, combining education, health and well-being projects.

In Osasco (SP), the Program maintains 17 Training and Specialist Centers to teach women's basketball and volleyball in its Sports Development Center, Fundação Bradesco schools, private schools and 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

## **12. Recognition**

- **Most profitable bank in 2012 among financial institutions in Latin American and the United States**, according to a survey conducted by Economatica, a consulting firm;
- **Bradesco is among the 100 largest companies in the world**, according to a ranking prepared by PricewaterhouseCoopers;
- **One of the best companies to launch a career with**, according to a survey by *Guia Você S/A*, in association with Fundação Instituto de Administração – FIA and Cia. de Talentos;
- **Ranked first among the 200 Largest Groups in terms of net revenue and 10 largest banks in terms of net income in 2012** by *Exame* magazine's *Melhores e Maiores* yearbook;
- **Awarded the Selo Paulista da Diversidade (São Paulo Diversity Seal), in the Full 2012 category** by the São Paulo State Government Jobs and Labor Relations Secretariat, and
- **BRAM – Bradesco Asset Management was ranked first among the best managers of investment funds for institutions**, according to a survey by *Investidor Institucional* magazine, while a Standard & Poor's survey, published in *ValorInvest* magazine, a *Valor Econômico* newspaper publication, considered it **one of the best fund**

**Rankings** –Bradesco received the following honors in the first half:

- **Most valuable brand in the Latin American banking sector** and 16<sup>th</sup> in the overall ranking, according to a survey conducted by *The Banker* magazine and the consulting firm, Brand Finance. It was also placed 1<sup>st</sup> in the insurance sector;

- **Most valuable brand in Latin America**, according to a survey by the consulting firm Millward Brown;

- **Brazil's most valuable brand**, according to a study prepared by BrandAnalytics/Millward Brown, for *IstoÉ Dinheiro* magazine;

- **One of the most valuable brands in all sectors of the economy**, according to a survey by Brand Finance. It came 66<sup>th</sup> in the overall rankings, the highest-placed Brazilian brand in the list;

- **Best Brazilian and Latin America Bank** by Latin Finance;

**managers in Brazil and the best equities manager in the country.**

**Ratings** –Bradesco was evaluated by the following national and international ratings agencies in the first half:

- Standard & Poor's confirmed its 'A2' short-term domestic and foreign currency rating and its 'BBB' long-term domestic and foreign currency rating.

### 13. Acknowledgments

All these achievements reflect the Bradesco Organization's vocation for exceeding expectations and always offering the best, and would not have been possible without the support and trust of our shareholders and customers, as well as the dedicated efforts of our employees and other personnel. We would like to thank them all.

Cidade de Deus, July 19, 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.

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

<b>Assets</b>	<b>2013</b>		<b>2012</b>
	<b>June</b>	<b>March</b>	<b>June</b>
<b>Current assets</b>	<b>601,883,754</b>	<b>608,211,993</b>	<b>600,201,144</b>
<b>Cash and due from banks (Note 6)</b>	<b>16,179,775</b>	<b>11,347,061</b>	<b>13,997,224</b>
<b>Interbank investments (Notes 3d and 7)</b>	<b>146,391,618</b>	<b>170,272,735</b>	<b>90,879,341</b>
Investments in federal funds purchased and securities sold under agreements to repurchase	139,789,912	163,869,276	82,255,293
Interbank deposits	6,602,636	6,404,962	8,624,548
Allowance for loan losses	(930)	(1,503)	(500)
<b>Securities and derivative financial instruments (Notes 3e, 3f, 8 and 32b)</b>	<b>197,622,811</b>	<b>188,849,858</b>	<b>254,725,288</b>
Own portfolio	165,330,778	163,579,075	177,386,354
Subject to repurchase agreements	27,292,429	19,131,306	69,663,742
Derivative financial instruments (Notes 3f, 8e II and 32b)	2,374,661	1,066,093	2,790,138
Underlying guarantee provided	1,784,978	2,577,329	3,310,813
Securities subject to unrestricted repurchase agreements	839,965	2,496,055	1,574,241
<b>Interbank accounts</b>	<b>50,930,612</b>	<b>51,252,878</b>	<b>61,081,583</b>
Unsettled payments and receipts	608,839	910,715	643,934
Reserve requirement (Note 9):			
- Reserve requirement - Brazilian Central Bank	50,247,046	50,265,428	60,369,358
- National treasury - rural loans	578	578	578
- National Housing System (SFH)	3,025	9,911	4,738
Correspondent banks	71,124	66,246	62,975
<b>Interdepartmental accounts</b>	<b>649,691</b>	<b>954,193</b>	<b>886,060</b>
Internal transfer of funds	649,691	954,193	886,060
<b>Loans (Notes 3g, 10 and 32b)</b>	<b>125,590,039</b>	<b>126,861,222</b>	<b>119,765,169</b>
Loans:			
- Public sector	106,606	132,631	321,422
- Private sector	138,529,404	139,605,785	131,898,333
Allowance for loan losses (Notes 3g, 10f, 10g and 10h)	(13,045,971)	(12,877,194)	(12,454,586)
<b>Leasing (Notes 2, 3g, 10 and 32b)</b>	<b>3,247,669</b>	<b>3,604,404</b>	<b>4,771,440</b>
Leasing receivables:			
- Public sector	-	-	1,379
- Private sector	6,418,871	7,088,876	9,223,613
Unearned income from leasing	(2,825,360)	(3,087,619)	(3,941,539)
Allowance for leasing losses (Notes 3g, 10f, 10g and 10h)	(345,842)	(396,853)	(512,013)
<b>Other receivables</b>	<b>58,441,498</b>	<b>52,457,873</b>	<b>51,278,262</b>
Receivables on sureties and guarantees honored (Note 10a-3)	22,539	20,073	8,553
Foreign exchange portfolio (Note 11a)	12,603,475	12,142,061	14,026,676
Receivables	747,051	688,038	645,354
Securities trading	4,180,999	3,139,748	4,003,933



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Specific receivables	2,761	2,687	2,429
Insurance and reinsurance receivables and reinsurance assets – technical reserves	3,462,377	3,218,301	2,766,572
Sundry (Note 11b)	38,288,768	34,028,914	30,535,432
Allowance for other loan losses (Notes 3g, 10f, 10g and 10h)	(866,472)	(781,949)	(710,687)
<b>Other assets (Note 12)</b>	<b>2,830,041</b>	<b>2,611,769</b>	<b>2,816,777</b>
Other assets	1,293,444	1,185,967	1,162,736
Provision for losses	(519,587)	(481,303)	(580,793)
Prepaid expenses (Notes 3i and 12b)	2,056,184	1,907,105	2,234,834
<b>Long-term receivables</b>	<b>279,237,449</b>	<b>270,978,988</b>	<b>214,861,717</b>
<b>Interbank investments (Notes 3d and 7)</b>	<b>1,093,041</b>	<b>1,060,071</b>	<b>1,978,788</b>

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

Bradesco \_\_\_\_\_

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

<b>Assets</b>	<b>2013</b>		<b>2012</b>
	<b>June</b>	<b>March</b>	<b>June</b>
Interbank investments	1,093,041	1,060,071	1,978,788
<b>Securities and derivative financial instruments (Notes 3e, 3f, 8 and 32b)</b>	<b>111,404,163</b>	<b>111,749,789</b>	<b>67,781,988</b>
Own portfolio	52,647,547	58,281,287	38,744,376
Subject to repurchase agreements	49,069,201	45,406,568	27,790,998
Derivative financial instruments (Notes 3f, 8e II and 32b)	862,972	477,474	361,803
Subject to the Brazilian Central Bank	47,224	-	-
Privatization currencies	69,604	71,082	77,905
Underlying guarantees provided	8,100,563	7,512,742	641,690
Securities subject to unrestricted repurchase agreements	607,052	636	165,216
<b>Interbank accounts</b>	<b>569,016</b>	<b>562,143</b>	<b>542,574</b>
Reserve requirement (Note 9):			
- SFH	569,016	562,143	542,574
<b>Loans (Notes 3g, 10 and 32b)</b>	<b>129,753,104</b>	<b>121,994,211</b>	<b>109,806,071</b>
Loans:			
- Public sector	75,531	84,158	161,514
- Private sector	136,614,551	128,919,437	116,272,505
Allowance for loan losses (Notes 3g, 10f, 10g and 10h)	(6,936,978)	(7,009,384)	(6,627,948)
<b>Leasing (Notes 2, 3g, 10 and 32b)</b>	<b>2,810,710</b>	<b>2,994,197</b>	<b>3,933,203</b>
Leasing receivables:			
- Private sector	6,261,672	6,714,165	8,644,461
Unearned income from leasing	(3,198,846)	(3,435,310)	(4,339,656)
Allowance for leasing losses (Notes 3g, 10f, 10g and 10h)	(252,116)	(284,658)	(371,602)
<b>Other receivables</b>	<b>31,949,379</b>	<b>30,949,376</b>	<b>29,588,352</b>
Receivables	27,011	64,385	40,177
Securities trading	269,650	222,704	227,419
Sundry (Note 11b)	31,660,540	30,670,823	29,325,945
Allowance for loan losses (Notes 3g, 10f, 10g and 10h)	(7,822)	(8,536)	(5,189)
<b>Other assets (Note 12)</b>	<b>1,658,036</b>	<b>1,669,201</b>	<b>1,230,741</b>
Other assets	-	175	392
Prepaid expenses (Notes 3i and 12b)	1,658,036	1,669,026	1,230,349
<b>Permanent assets</b>	<b>15,576,165</b>	<b>15,275,796</b>	<b>15,457,567</b>
<b>Investments (Notes 3j, 13 and 32b)</b>	<b>1,920,417</b>	<b>1,867,383</b>	<b>1,889,084</b>
Equity in the earnings (losses) of unconsolidated companies - In Brazil	1,440,183	1,361,442	1,392,154
Other investments	754,227	779,944	771,421
Allowance for losses	(273,993)	(274,003)	(274,491)
<b>Premises and equipment (Notes 3k and 14)</b>	<b>4,464,008</b>	<b>4,549,798</b>	<b>4,523,337</b>
Premises	1,342,235	1,330,237	1,268,346

Other assets	9,881,431	9,732,401	9,061,663
Accumulated depreciation	(6,759,658)	(6,512,840)	(5,806,672)
<b>Intangible assets (Notes 3I and 15)</b>	<b>9,191,740</b>	<b>8,858,615</b>	<b>9,045,146</b>
Intangible assets	17,581,168	16,855,832	15,275,328
Accumulated amortization	(8,389,428)	(7,997,217)	(6,230,182)
<b>Total</b>	<b>896,697,368</b>	<b>894,466,777</b>	<b>830,520,428</b>

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

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

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

<b>Liabilities</b>	<b>2013</b>		<b>2012</b>
	<b>June</b>	<b>March</b>	<b>June</b>
<b>Current liabilities</b>	<b>610,203,074</b>	<b>613,132,977</b>	<b>535,059,752</b>
<b>Deposits (Notes 3n and 16a)</b>	<b>149,275,466</b>	<b>143,657,650</b>	<b>139,504,779</b>
Demand deposits	36,586,408	35,713,633	32,529,401
Savings deposits	72,627,265	70,162,669	62,308,096
Interbank deposits	485,693	280,896	412,796
Time deposits (Notes 16a and 32b)	39,576,100	37,500,452	44,254,486
<b>Federal funds purchased and securities sold under agreements to repurchase (Notes 3n and 16b)</b>	<b>248,966,584</b>	<b>263,071,874</b>	<b>200,285,905</b>
Own portfolio	117,565,530	103,173,557	126,572,857
Third-party portfolio	110,974,509	131,299,482	65,861,245
Unrestricted portfolio	20,426,545	28,598,835	7,851,803
<b>Funds from issuance of securities (Notes 16c and 32b)</b>	<b>24,842,697</b>	<b>28,972,765</b>	<b>25,103,651</b>
Mortgage and real estate notes, letters of credit and others	20,388,900	24,663,405	21,651,406
Securities issued abroad	4,453,797	4,309,360	3,452,245
<b>Interbank accounts</b>	<b>1,014,942</b>	<b>1,008,585</b>	<b>699,350</b>
Correspondent banks	1,014,942	1,008,585	699,350
<b>Interdepartmental accounts</b>	<b>2,777,590</b>	<b>2,805,558</b>	<b>2,919,179</b>
Third-party funds in transit	2,777,590	2,805,558	2,919,179
<b>Borrowing (Notes 17a and 32b)</b>	<b>10,050,917</b>	<b>7,404,127</b>	<b>11,312,452</b>
Borrowing in Brazil - other institutions	3,776	3,388	6,063
Borrowing abroad	10,047,141	7,400,739	11,306,389
<b>Onlending in Brazil - official institutions (Notes 17b and 32b)</b>	<b>11,570,961</b>	<b>12,852,686</b>	<b>12,983,528</b>
National treasury	17,444	32,029	117,484
Brazilian Development Bank (BNDES)	3,744,213	5,412,482	6,019,023
Caixa Econômica Federal - Federal savings bank (CEF)	20,900	20,589	19,156
Fund for financing the acquisition of industrial machinery and equipment (Finame)	7,788,404	7,387,586	6,826,614
Other institutions	-	-	1,251
<b>Onlending abroad (Notes 17b and 32b)</b>	<b>136,862</b>	<b>92,385</b>	<b>131,540</b>
Onlending abroad	136,862	92,385	131,540
<b>Derivative financial instruments (Notes 3f, 8e II and 32b)</b>	<b>2,368,516</b>	<b>1,873,385</b>	<b>2,928,294</b>
Derivative financial instruments	2,368,516	1,873,385	2,928,294
<b>Technical reserves for insurance, pension plans and capitalization bonds (Notes 3o and 21)</b>	<b>106,516,946</b>	<b>102,582,039</b>	<b>89,472,808</b>
<b>Other liabilities</b>	<b>52,681,593</b>	<b>48,811,923</b>	<b>49,718,266</b>
Payment of taxes and other contributions	3,379,189	3,252,662	3,155,094
Foreign exchange portfolio (Note 11a)	5,601,398	6,384,384	6,733,556
Social and statutory	1,770,785	973,367	1,727,091
Tax and social security (Note 20a)	5,360,436	5,101,563	5,536,874

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Securities trading	5,804,401	4,544,802	4,231,607
Financial and development funds	1,230	2,368	1,671
Subordinated debts (Notes 19 and 32b)	2,311,545	1,524,755	3,961,648
Sundry (Note 20b)	28,452,609	27,028,022	24,370,725
<b>Long-term liabilities</b>	<b>219,223,705</b>	<b>210,654,510</b>	<b>230,338,330</b>
<b>Deposits (Notes 3n and 16a)</b>	<b>59,210,059</b>	<b>62,212,484</b>	<b>77,565,155</b>
Interbank deposits	213,191	207,549	58,765
Time deposits (Notes 16a and 32b)	58,996,868	62,004,935	77,506,390
<b>Federal funds purchased and securities sold under agreements to repurchase (Notes 3n and 16b)</b>	<b>17,858,536</b>	<b>17,973,246</b>	<b>25,688,347</b>

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

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

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

<b>Liabilities</b>	<b>2013</b>		<b>2012</b>
	<b>June</b>	<b>March</b>	<b>June</b>
Own portfolio	17,858,536	17,973,246	25,683,210
Unrestricted portfolio	-	-	5,137
<b>Funds from issuance of securities (Notes 16c and 32b)</b>	<b>28,977,913</b>	<b>18,859,499</b>	<b>26,054,278</b>
Mortgage and real estate notes, letters of credit and others	21,311,125	9,949,182	17,122,483
Securities issued abroad	7,666,788	8,910,317	8,931,795
<b>Borrowing (Notes 17a and 32b)</b>	<b>1,036,810</b>	<b>727,509</b>	<b>1,072,206</b>
Borrowing in Brazil - other institutions	6,879	6,318	2,011
Borrowing abroad	1,029,931	721,191	1,070,195
<b>Onlending in Brazil - official institutions (Notes 17b and 32b)</b>	<b>26,325,469</b>	<b>25,132,567</b>	<b>22,394,552</b>
BNDES	8,116,776	7,713,582	6,665,410
CEF	28,165	32,709	44,381
FINAME	18,178,885	17,384,636	15,684,180
Other institutions	1,643	1,640	581
<b>Derivative financial instruments (Notes 3f, 8e II and 32b)</b>	<b>772,057</b>	<b>716,922</b>	<b>639,791</b>
Derivative financial instruments	772,057	716,922	639,791
<b>Technical reserves for insurance, pension plans and capitalization bonds (Notes 3o and 21)</b>	<b>25,301,917</b>	<b>24,784,559</b>	<b>22,316,296</b>
<b>Other liabilities</b>	<b>59,740,944</b>	<b>60,247,724</b>	<b>54,607,705</b>
Tax and social security (Note 20a)	19,695,567	20,807,703	19,302,197
Subordinated debts (Notes 19 and 32b)	33,910,561	33,532,583	30,129,473
Sundry (Note 20b)	6,134,816	5,907,438	5,176,035
<b>Deferred income</b>	<b>661,074</b>	<b>632,590</b>	<b>615,363</b>
Deferred income	661,074	632,590	615,363
<b>Non-controlling interests in subsidiaries (Note 22)</b>	<b>582,002</b>	<b>604,602</b>	<b>586,895</b>
<b>Shareholders' equity (Note 23)</b>	<b>66,027,513</b>	<b>69,442,098</b>	<b>63,920,088</b>
Capital:			
- Domiciled in Brazil	37,622,549	37,622,481	29,721,761
- Domiciled abroad	477,451	477,519	378,239
Capital reserves	11,441	11,441	11,441
Profit reserves	30,020,791	28,110,194	30,442,327
Asset valuation adjustments	(1,907,418)	3,417,764	3,551,255
Treasury shares (Notes 23d and 32b)	(197,301)	(197,301)	(184,935)
<b>Attributable to equity holders of the Parent Company</b>	<b>66,609,515</b>	<b>70,046,700</b>	<b>64,506,983</b>
<b>Total</b>	<b>896,697,368</b>	<b>894,466,777</b>	<b>830,520,428</b>

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

Report on Economic and Financial Analysis - June 2013

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

**Consolidated Income Statement - R\$ thousand**

		2013		2012	
	2 <sup>nd</sup> Quarter	1 <sup>st</sup> Quarter	1 <sup>st</sup> Half	1 <sup>st</sup> Half	
<b>Revenue from financial intermediation</b>	<b>23,155,110</b>	<b>21,209,340</b>	<b>44,364,450</b>	<b>47,953,903</b>	
Loans (Note 10j)	13,104,591	12,264,448	25,369,039	24,974,583	
Leasing (Note 10j)	201,649	206,273	407,922	656,876	
Operations with securities (Note 8h)	7,960,885	5,861,280	13,822,165	15,722,195	
Financial income from insurance, pension plans and capitalization bonds (Note 8h)	1,685,479	2,060,904	3,746,383	5,353,582	
Derivative financial instruments (Note 8h)	(1,446,665)	(157,174)	(1,603,839)	(1,850,576)	
Foreign exchange operations (Note 11a)	903,619	269,315	1,172,934	783,387	
Reserve requirement (Note 9b)	699,612	662,938	1,362,550	2,276,508	
Sale or transfer of financial assets	45,940	41,356	87,296	37,348	
<b>Financial intermediation expenses</b>	<b>16,757,928</b>	<b>12,756,536</b>	<b>29,514,464</b>	<b>32,824,100</b>	
Federal funds purchased and securities sold under agreements to repurchase (Note 16e)	9,651,675	7,845,707	17,497,382	18,942,381	
Adjustment for inflation and interest on technical reserves for insurance, pension plans and capitalization bonds (Note 16e)	840,150	1,068,927	1,909,077	3,693,783	
Borrowing and onlending (Note 17c)	2,658,178	366,839	3,025,017	3,239,256	
Allowance for loan losses (Notes 3g, 10g and 10h)	3,607,925	3,475,063	7,082,988	6,948,680	
<b>Gross income from financial intermediation</b>	<b>6,397,182</b>	<b>8,452,804</b>	<b>14,849,986</b>	<b>15,129,803</b>	
<b>Other operating income (expenses)</b>	<b>(3,431,635)</b>	<b>(3,699,033)</b>	<b>(7,130,668)</b>	<b>(7,522,716)</b>	
Fee and commission income (Note 24)	4,886,403	4,508,215	9,394,618	8,169,369	
Other fee and commission income	3,882,630	3,571,118	7,453,748	6,293,559	
Income from banking fees	1,003,773	937,097	1,940,870	1,875,810	
Insurance, pension plan and capitalization bond retained premiums (Notes 3o and 21d)	13,188,684	10,900,830	24,089,514	20,840,891	
Net premiums written	13,238,499	10,952,662	24,191,161	20,987,758	
Reinsurance premiums	(49,815)	(51,832)	(101,647)	(146,867)	
Variation in technical reserves for insurance, pension plans and capitalization bonds (Note 3o)	(6,798,003)	(4,688,643)	(11,486,646)	(10,215,581)	
Retained claims (Note 3o)	(3,724,791)	(3,549,301)	(7,274,092)	(6,189,861)	
Capitalization bond draws and redemptions (Note 3o)	(1,011,808)	(871,576)	(1,883,384)	(1,508,505)	
Insurance, pension plan and capitalization bond selling expenses (Note 3o)	(626,249)	(636,109)	(1,262,358)	(1,097,177)	
Payroll and related benefits (Note 25)	(3,191,052)	(3,059,462)	(6,250,514)	(5,925,534)	



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Other administrative expenses (Note 26)	(3,529,562)	(3,368,481)	(6,898,043)	(6,612,367)
Tax expenses (Note 27)	(828,512)	(1,139,974)	(1,968,486)	(1,935,672)
Equity in the earnings (losses) of unconsolidated companies (Note 13b)	11,888	3,332	15,220	58,777
Other operating income (Note 28)	862,505	863,381	1,725,886	1,652,956
Other operating expenses (Note 29)	(2,671,138)	(2,661,245)	(5,332,383)	(4,760,012)
<b>Operating income</b>	<b>2,965,547</b>	<b>4,753,771</b>	<b>7,719,318</b>	<b>7,607,087</b>
<b>Non-operating income (loss) (Note 30)</b>	<b>76,617</b>	<b>(58,484)</b>	<b>18,133</b>	<b>(112,236)</b>
<b>Income before income tax and social contribution and non-controlling interests</b>	<b>3,042,164</b>	<b>4,695,287</b>	<b>7,737,451</b>	<b>7,494,851</b>
<b>Income tax and social contribution (Notes 34a and 34b)</b>	<b>(64,550)</b>	<b>(1,748,540)</b>	<b>(1,813,090)</b>	<b>(1,835,580)</b>
<b>Non-controlling interests in subsidiaries</b>	<b>(28,895)</b>	<b>(27,628)</b>	<b>(56,523)</b>	<b>(33,767)</b>
<b>Net income</b>	<b>2,948,719</b>	<b>2,919,119</b>	<b>5,867,838</b>	<b>5,625,504</b>

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

Bradesco

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

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

Events	Paid-in Capital	Capital reserves	Profit reserves		Asset valuation adjustments		Treasury shares	Retain earnin (accumul losses
		Share premium	Legal	Statutory	Bradesco	Subsidiaries		
<b>Balances on December 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 shares	-	-	-	-	-	-	(1,826)	
Asset valuation adjustments	-	-	-	-	568,817	4,061,637	-	
Net income	-	-	-	-	-	-	-	5,621
Allocations: - Reserves	-	-	281,275	3,428,521	-	-	-	(3,709)
- Interest on shareholders' equity paid	-	-	-	-	-	-	-	(1,548)
- Dividends paid	-	-	-	-	-	-	-	(367)
<b>Balances on June 30, 2012</b>	<b>30,100,000</b>	<b>11,441</b>	<b>3,550,687</b>	<b>26,891,640</b>	<b>240,474</b>	<b>3,310,781</b>	<b>(184,935)</b>	
<b>Balances on December 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 reserves	8,000,000	-	-	(8,000,000)	-	-	-	
Asset valuation adjustments	-	-	-	-	(792,299)	(1,704,479)	-	
Net income	-	-	-	-	-	-	-	2,911
Allocations: - Reserves	-	-	145,956	1,745,461	-	-	-	(1,891)
- Interest on shareholders' equity paid and/or provisioned	-	-	-	-	-	-	-	(1,027)
<b>Balances on March 31, 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 adjustments	-	-	-	-	(2,095,078)	(3,230,104)	-	
Net income	-	-	-	-	-	-	-	2,941
Allocations: - Reserves	-	-	147,436	1,763,161	-	-	-	(1,910)
	-	-	-	-	-	-	-	(1,038)

- Interest on  
shareholders' equity paid  
and/or provisioned

<b>Balances on June 30, 2013</b>	<b>38,100,000</b>	<b>11,441,413,866</b>	<b>25,888,925</b>	<b>(2,000,688)</b>	<b>93,270</b>	<b>(197,301)</b>	
<b>Balances on December 31, 2012</b>	<b>30,100,000</b>	<b>11,441,383,474</b>	<b>30,380,303</b>	<b>886,689</b>	<b>5,027,853</b>	<b>(197,301)</b>	
Capital increase through reserves	8,000,000	-	-(8,000,000)	-	-	-	
Asset valuation adjustments	-	-	-	-(2,887,377)	(4,934,583)	-	
Net income	-	-	-	-	-	-	5,86
Allocations: - Reserves	-	- 293,392	3,508,622	-	-	-	(3,802
- Interest on shareholders' equity paid and/or provisioned	-	-	-	-	-	-	(2,065
<b>Balances on June 30, 2013</b>	<b>38,100,000</b>	<b>11,441,413,866</b>	<b>25,888,925</b>	<b>(2,000,688)</b>	<b>93,270</b>	<b>(197,301)</b>	

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

Report on Economic and Financial Analysis - June 2013

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

**Value Added Statements - R\$ thousand**

Description	2013					
	2 <sup>nd</sup> Quarter	%	1 <sup>st</sup> Quarter	%	1 <sup>st</sup> Half	
<b>1 - Revenue</b>	<b>24,003,995</b>	<b>330.3</b>	<b>21,853,359</b>	<b>240.0</b>	<b>45,857,3</b>	
1.1) Financial intermediation	23,155,110	318.6	21,209,340	233.0	44,364,4	
1.2) Fees and commissions	4,886,403	67.2	4,508,215	49.5	9,394,6	
1.3) Allowance for loan losses	(3,607,925)	(49.6)	(3,475,063)	(38.2)	(7,082,98	
1.4) Other	(429,593)	(5.9)	(389,133)	(4.3)	(818,72	
<b>2 - Financial intermediation expenses</b>	<b>(13,150,003)</b>	<b>(180.9)</b>	<b>(9,281,473)</b>	<b>(102.0)</b>	<b>(22,431,47</b>	
<b>3 - Inputs acquired from third-parties</b>	<b>(2,891,625)</b>	<b>(39.9)</b>	<b>(2,748,609)</b>	<b>(30.0)</b>	<b>(5,640,23</b>	
Material, water, electricity and gas	(130,625)	(1.8)	(134,336)	(1.5)	(264,96	
Outsourced services	(873,488)	(12.0)	(828,291)	(9.1)	(1,701,77	
Communication	(402,904)	(5.5)	(392,545)	(4.3)	(795,44	
Financial system services	(188,826)	(2.6)	(179,224)	(2.0)	(368,05	
Advertising and marketing	(169,129)	(2.3)	(160,989)	(1.8)	(330,11	
Transport	(205,298)	(2.8)	(198,807)	(2.2)	(404,10	
Data processing	(315,817)	(4.3)	(299,394)	(3.3)	(615,21	
Maintenance and repairs	(162,396)	(2.2)	(153,184)	(1.7)	(315,58	
Security and surveillance	(123,850)	(1.7)	(115,541)	(1.3)	(239,39	
Travel	(33,571)	(0.5)	(27,407)	(0.3)	(60,97	
Other	(285,721)	(4.2)	(258,891)	(2.5)	(544,61	
<b>4 - Gross value added (1-2-3)</b>	<b>7,962,367</b>	<b>109.5</b>	<b>9,823,277</b>	<b>108.0</b>	<b>17,785,6</b>	
<b>5 - Depreciation and amortization</b>	<b>(706,599)</b>	<b>(9.7)</b>	<b>(723,939)</b>	<b>(8.0)</b>	<b>(1,430,53</b>	
<b>6 - Net value added produced by the entity (4-5)</b>	<b>7,255,768</b>	<b>99.8</b>	<b>9,099,338</b>	<b>100.0</b>	<b>16,355,1</b>	
<b>7 - Value added received through transfer</b>	<b>11,888</b>	<b>0.2</b>	<b>3,332</b>	<b>-</b>	<b>15,2</b>	
Equity in the earnings (losses) of unconsolidated companies	11,888	0.2	3,332	-	15,2	
<b>8 - Value added to distribute (6+7)</b>	<b>7,267,656</b>	<b>100.0</b>	<b>9,102,670</b>	<b>100.0</b>	<b>16,370,3</b>	
<b>9 - Value added distributed</b>	<b>7,267,656</b>	<b>100.0</b>	<b>9,102,670</b>	<b>100.0</b>	<b>16,370,3</b>	
<b>9.1) Personnel</b>	<b>2,769,554</b>	<b>38.1</b>	<b>2,665,965</b>	<b>29.2</b>	<b>5,435,5</b>	
Payroll	1,476,967	20.3	1,435,716	15.8	2,912,6	
Benefits	654,054	9.0	657,366	7.2	1,311,4	
Government Severance Indemnity Fund for Employees (FGTS)	140,390	1.9	136,313	1.5	276,7	
Other	498,143	6.9	436,570	4.7	934,7	
<b>9.2) Tax, fees and contributions</b>	<b>1,314,560</b>	<b>18.1</b>	<b>3,282,011</b>	<b>36.1</b>	<b>4,596,5</b>	
Federal	1,154,155	15.9	3,127,667	34.4	4,281,8	
State	2,688	-	1,705	-	4,3	
Municipal	157,717	2.2	152,639	1.7	310,3	
<b>9.3) Value distributed to providers of capital</b>	<b>205,928</b>	<b>2.8</b>	<b>207,947</b>	<b>2.3</b>	<b>413,8</b>	
Rentals	203,295	2.8	205,283	2.3	408,5	
Asset leasing	2,633	-	2,664	-	5,2	
<b>9.4) Value distributed to shareholders</b>	<b>2,977,614</b>	<b>41.0</b>	<b>2,946,747</b>	<b>32.4</b>	<b>5,924,3</b>	
Interest on shareholders' equity/dividends	1,038,122	14.3	1,027,702	11.3	2,065,8	

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Retained earnings	1,910,597	26.3	1,891,417	20.8	3,802,0
Non-controlling interests in retained earnings	28,895	0.4	27,628	0.3	56,5

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

Bradesco \_\_\_\_\_

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

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

	<b>2<sup>nd</sup> Quarter</b>	<b>2013 1<sup>st</sup> Quarter</b>	<b>1<sup>st</sup> Half</b>	<b>2012 1<sup>st</sup> Half</b>
<b>Cash flow from operating activities:</b>				
<b>Net Income before income tax and social contribution</b>	<b>3,042,164</b>	<b>4,695,287</b>	<b>7,737,451</b>	<b>7,494,851</b>
<b>Adjustments to net income before income tax and social contribution</b>	<b>5,952,793</b>	<b>6,595,010</b>	<b>12,547,803</b>	<b>14,035,588</b>
Allowance for loan losses	3,607,925	3,475,063	7,082,988	6,948,680
Depreciation and amortization	706,599	723,939	1,430,538	1,328,551
Expenses with civil, labor and tax provisions	914,548	1,261,372	2,175,920	1,929,883
Expenses with adjustment for inflation and interest on technical reserves for insurance, pension plans and capitalization bonds	840,150	1,068,927	1,909,077	3,693,783
Equity in the earnings (losses) of unconsolidated companies	(11,888)	(3,332)	(15,220)	(58,777)
(Gain)/loss on sale of investments	(166,635)	69	(166,566)	(34,566)
(Gain)/loss on sale of fixed assets	4,967	6,786	11,753	6,538
(Gain)/loss on sale of foreclosed assets	48,031	38,475	86,506	95,469
Other	9,096	23,711	32,807	126,027
<b>Adjusted net income before taxes</b>	<b>8,994,957</b>	<b>11,290,297</b>	<b>20,285,254</b>	<b>21,530,439</b>
(Increase)/decrease in interbank investments	102,958,517	(42,290,917)	60,667,600	26,945,919
Decrease in trading securities and derivative financial instruments	1,260,439	29,271,951	30,532,390	12,985,346
(Increase)/decrease in interbank and interdepartmental accounts	579,902	(2,547,264)	(1,967,362)	(1,441,678)
(Increase) in loan and leasing	(9,431,490)	(11,476,303)	(20,907,793)	(15,325,511)
Increase in insurance and reinsurance receivables and reinsurance assets – technical reserves	(244,076)	(507,356)	(751,432)	(441,456)
Increase in technical reserves for insurance, pension plans and capitalization bonds	3,612,115	2,080,251	5,692,366	4,442,329
Increase/(decrease) in deferred income	28,484	(25,057)	3,427	(55,966)
(Increase)/decrease in other receivables and other assets	(5,227,708)	2,696,449	(2,531,259)	(9,462,919)
(Increase)/decrease in reserve requirement - Brazilian Central Bank	18,382	(2,313,011)	(2,294,629)	10,841,398
Increase/(decrease) in deposits	2,615,391	(5,987,390)	(3,371,999)	(354,293)
Increase/(decrease) in federal funds purchased and securities sold under agreements to repurchase	(14,220,000)	25,453,968	11,233,968	28,526,025
Increase/(decrease) in funds from issuance of securities	5,988,346	(3,527,043)	2,461,303	9,635,767

Increase/(decrease) in borrowings and onlending	2,911,743	2,023,117	4,934,860	(5,352,660)
Increase/(decrease) in other liabilities	(809,084)	(2,030,736)	(2,839,820)	10,203,704
Income tax and social contribution paid	(794,197)	(3,642,291)	(4,436,488)	(4,427,684)
<b>Net cash provided by/(used in) operating activities</b>	<b>98,241,721</b>	<b>(1,531,335)</b>	<b>96,710,386</b>	<b>88,248,760</b>
<b>Cash flow from investing activities:</b>				
(Purchases)/proceeds from held-to-maturity securities	217,907	(27,944)	189,963	(618,474)
Sale of available-for-sale securities <sup>(1)</sup>	6,689,094	21,269,839	27,958,933	20,121,655
Proceeds from sale of foreclosed assets	128,631	75,980	204,611	57,219
Sale of investments	196,375	2,060	198,435	116,216
Proceeds from the sale of premises and equipment and operating leased assets	128,471	135,827	264,298	264,612
Purchases of available-for-sale securities <sup>(1)</sup>	(21,348,433)	(39,529,437)	(60,877,870)	(81,784,928)
Foreclosed asset acquisitions	(309,936)	(218,629)	(528,565)	(362,023)
Investment acquisitions	(75,111)	(1,331)	(76,442)	(2,233)
Premises and equipment and operating leased asset acquisitions	(231,470)	(345,975)	(577,445)	(895,310)
Intangible asset acquisitions	(709,957)	(1,013,263)	(1,723,220)	(842,560)
Dividends and interest on shareholders' equity received	143,873	36,118	179,991	54,332
<b>Net cash provided by/(used in) investing activities</b>	<b>(15,170,556)</b>	<b>(19,616,755)</b>	<b>(34,787,311)</b>	<b>(63,891,494)</b>
<b>Cash flow from financing activities:</b>				
Increase in subordinated debts	1,164,768	205,624	1,370,392	7,181,029
Dividends and interest on shareholders' equity paid	(241,354)	(2,547,149)	(2,788,503)	(2,550,793)
Non-controlling interest	(51,495)	(11,220)	(62,715)	(62,130)
Acquisition of own shares	-	-	-	(1,826)
<b>Net cash provided by/(used in) financing activities</b>	<b>871,919</b>	<b>(2,352,745)</b>	<b>(1,480,826)</b>	<b>4,566,280</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>83,943,084</b>	<b>(23,500,835)</b>	<b>60,442,249</b>	<b>28,923,546</b>
Cash and cash equivalents - at the beginning of the period	24,054,234	47,555,069	47,555,069	36,860,152
Cash and cash equivalents - at the end of the period	107,997,318	24,054,234	107,997,318	65,783,698
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>83,943,084</b>	<b>(23,500,835)</b>	<b>60,442,249</b>	<b>28,923,546</b>

(1) Sale of Securities - In addition to the charge-off of original amortized cost due to sale of securities, it includes the charge-offs due to maturities of securities and of income/interest received. There were no sales of securities in the second quarter of 2013. Purchase of Securities – Purchase of securities at market price; and additionally, includes the effect of the transfer of securities from own portfolio to restricted portfolio and from restricted portfolio to own portfolio.

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

Financial Statements, Independent Auditors' Report, Summary of the Audit Committee's 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 July 19, 2013.

Report on Economic and Financial Analysis – June 2013

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**Notes to the Consolidated Financial Statements**

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

	Activity	Equity interest		
		2013 June 30	March 31	2012 June 30
<b>Financial Area - Brazil</b>				
Alvorada Cartões, Crédito, Financiamento e Investimento S.A.	Banking	100.00%	100.00%	100.00%
Banco Alvorada S.A. (1)	Banking	99.99%	99.99%	99.95%
Banco Bradesco Financiamentos S.A.	Banking	100.00%	100.00%	100.00%
Banco Bankpar S.A.	Banking	100.00%	100.00%	100.00%
Banco Bradesco BBI S.A.	Investment bank	98.35%	98.35%	98.35%
Banco Boavista Interatlântico S.A.	Banking	100.00%	100.00%	100.00%
Bankpar Arrendamento Mercantil S.A.	Leasing	100.00%	100.00%	100.00%
Banco Bradesco Cartões S.A.	Cards	100.00%	100.00%	100.00%
Bradesco Administradora de Consórcios Ltda.	Consortium management	100.00%	100.00%	100.00%
Banco BERJ S.A.	Banking	100.00%	100.00%	100.00%
Bradesco Leasing S.A. Arrendamento Mercantil	Leasing	100.00%	100.00%	100.00%
Bradesco S.A. Corretora de Títulos e Valores Mobiliários	Brokerage	100.00%	100.00%	100.00%
BRAM - Bradesco Asset Management S.A. DTVM	Asset management	100.00%	100.00%	100.00%
Ágora Corretora de Títulos e Valores Mobiliários S.A.	Brokerage	100.00%	100.00%	100.00%
Banco Bradescard S.A.	Cards	100.00%	100.00%	100.00%
Cielo S.A. (2)	Services	28.65%	28.65%	28.65%
Cia. Brasileira de Soluções e Serviços - Alelo (2)	Services	50.01%	50.01%	50.01%
Tempo Serviços Ltda.	Services	100.00%	100.00%	100.00%
<b>Financial Area - Abroad</b>				
Banco Bradesco Argentina S.A.	Banking	99.99%	99.99%	99.99%
Banco Bradesco Europa S.A.	Banking	100.00%	100.00%	100.00%
Banco Bradesco S.A. Grand Cayman Branch (3)	Banking	100.00%	100.00%	100.00%
Banco Bradesco New York Branch	Banking	100.00%	100.00%	100.00%
Bradesco Securities, Inc.	Brokerage	100.00%	100.00%	100.00%
Bradesco Securities, UK.	Brokerage	100.00%	100.00%	100.00%
<b>Insurance, Pension Plan and Capitalization Bond Area</b>				
Atlântica Capitalização S.A. (4)	Capitalization bonds	-	-	100.00%
Bradesco Argentina de Seguros S.A.	Insurance	99.90%	99.90%	99.90%
Bradesco Auto/RE Companhia de Seguros	Insurance	100.00%	100.00%	100.00%
Bradesco Capitalização S.A.	Capitalization bonds	100.00%	100.00%	100.00%
Bradesco Saúde S.A.	Insurance/health	100.00%	100.00%	100.00%
Odontoprev S.A.	Dental care	43.50%	43.50%	43.50%
Bradesco Seguros S.A.	Insurance	100.00%	100.00%	100.00%
Bradesco Vida e Previdência S.A.	Pension plan/insurance	100.00%	100.00%	100.00%

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

(1) Increase in equity interest through share acquisition in February 2013;

(2) Company proportionally consolidated, pursuant to CMN Resolution 2723/00 and CVM Rule 247/96;

(3) 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

(4) Company merged into Bradesco Capitalização in October 2012.

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***Notes to the Consolidated Financial Statements***

**3) SIGNIFICANT ACCOUNTING PRACTICES**

**a) Functional and Presentation Currencies**

Consolidated financial statements are presented in Brazilian reais, which is also Bradesco's functional currency. Foreign branches and subsidiaries are mainly a continuation of activities in Brazil, and, therefore, assets, liabilities and profit or 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 reinsurance and corresponding commissions, are 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 with IRB are recorded based on operating and financial transactions sent by IRB whereas operations with other reinsurance companies 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 over a 12-month period on a straight-line basis.

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.

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### ***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 in the income statement 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 entered into 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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**Notes to the Consolidated Financial Statements**

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

A breakdown of amounts included in derivative financial instruments, in the balance sheet and memorandum 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 memorandum 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 memorandum 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 the profit or loss according to the terms and the amount of expected benefits and directly written-off in the 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 has at least 20% of the voting rights, 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.

Fixed assets 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% per annum), 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). This reserve also includes risks not yet effective and already issued;
  - The mathematical reserve for unvested benefits (PMBaC) is calculated by the difference between the current value of future benefits and the current value of future contributions, corresponding to assumed obligations;
  - The reserve for unvested benefits relating to the individual health care plan portfolio covers the holder's dependents for five years upon death, and it is calculated based on the time dependents are expected to remain in the plan up to the end of this five-year period; after this, it is calculated based on



costs on the five-year-period plan, excluding payment of premiums;

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- 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 Normative Resolution 75/04 of ANS;
- 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 half-yearly 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 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). This reserve also includes risks not yet effective and already issued;

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

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

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**Notes to the Consolidated Financial Statements**

- 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) refers to 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 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
  
  - 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.

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***Notes to the Consolidated Financial Statements***

**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.

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.

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***Notes to the Consolidated Financial Statements***

There were no subsequent events that need to be adjusted or disclosed for these consolidated financial statements as of June 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 June 30, 2013.

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**Notes to the Consolidated Financial Statements**

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

**a) Statement of financial position**

	Financial (1) (2)		Insurance (2)
	Brazil	Abroad	Brazil
<b>Assets</b>			
<b>Current and long-term assets</b>	<b>690,695,682</b>	<b>90,103,443</b>	<b>152,453,331</b>
Cash and due from banks	16,946,794	3,956,479	194,300
Interbank investments	146,108,071	1,376,588	
Securities and derivative financial instruments	156,137,864	11,562,116	141,783,000
Interbank and interdepartmental accounts	52,149,319	-	
Loan and leasing	234,567,785	72,484,576	
Other receivables and other assets	84,785,849	723,684	10,475,900
<b>Permanent assets</b>	<b>54,010,516</b>	<b>44,790</b>	<b>3,249,780</b>
Investments	43,017,175	3,209	1,288,100
Premises and equipment	3,578,531	15,217	827,800
Intangible assets	7,414,810	26,364	1,133,800
<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 March 31, 2013</b>	<b>743,837,668</b>	<b>81,644,667</b>	<b>154,411,300</b>
<b>Total on June 30, 2012</b>	<b>692,501,903</b>	<b>79,331,988</b>	<b>140,310,300</b>
<b>Liabilities</b>			
<b>Current and long-term liabilities</b>	<b>677,202,845</b>	<b>65,244,281</b>	<b>139,429,000</b>
Deposits	184,779,943	28,755,809	
Federal funds purchased and securities sold under agreements to repurchase	262,464,928	4,394,514	
Funds from issuance of securities	42,900,547	12,120,585	
Interbank and interdepartmental accounts	3,792,153	379	
Borrowing and onlending	84,941,585	9,587,962	
Derivative financial instruments	3,013,854	126,719	
Technical reserves from insurance, pension plans and capitalization bonds	-	-	131,817,700
Other liabilities:			
- Subordinated debts	26,673,698	9,548,408	
- Other	68,636,137	709,905	7,611,300
<b>Deferred income</b>	<b>656,546</b>	<b>-</b>	<b>-</b>
<b>Non-controlling interests in subsidiaries</b>	<b>819,294</b>	<b>24,903,952</b>	<b>16,274,000</b>
<b>Shareholders' equity</b>	<b>66,027,513</b>	<b>-</b>	<b>-</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 March 31, 2013**  
**Total on June 30, 2012**

**743,837,668 81,644,667 154,411,32**  
**692,501,903 79,331,988 140,310,33**

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

	Financial (1) (2)		Insurance Group		Other Activities (2)	Elimina (4)
	Brazil	Abroad	(2) (3)			
			Brazil	Abroad		
Revenues from financial intermediation	39,195,135	1,764,788	3,746,666	-	17,988	(360)
Expenses from financial intermediation	27,105,234	860,301	1,909,077	-	-	(360)
<b>Gross income from financial intermediation</b>	<b>12,089,901</b>	<b>904,487</b>	<b>1,837,589</b>	<b>-</b>	<b>17,988</b>	
Other operating income/expenses	(8,385,361)	(41,719)	1,245,640	(899)	51,692	
<b>Operating income</b>	<b>3,704,540</b>	<b>862,768</b>	<b>3,083,229</b>	<b>(899)</b>	<b>69,680</b>	
Non-operating income	34,806	3,266	(19,963)	-	24	
<b>Income before taxes and non-controlling interest</b>	<b>3,739,346</b>	<b>866,034</b>	<b>3,063,266</b>	<b>(899)</b>	<b>69,704</b>	
Income tax and social contribution	(636,578)	(7,939)	(1,149,904)	(468)	(18,201)	
Non-controlling interests in subsidiaries	(5,177)	-	(51,283)	-	(63)	
<b>Net income for the first half of 2013</b>	<b>3,097,591</b>	<b>858,095</b>	<b>1,862,079</b>	<b>(1,367)</b>	<b>51,440</b>	
<b>Net income for the first half of 2012</b>	<b>3,749,195</b>	<b>50,654</b>	<b>1,785,872</b>	<b>(214)</b>	<b>39,997</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>	
<b>Net income for the first quarter of 2013</b>	<b>1,726,362</b>	<b>226,772</b>	<b>929,616</b>	<b>3</b>	<b>36,366</b>	

(1) The financial segment is comprised of: financial institutions; holding companies (which are mainly responsible for managing financial resources); as well as 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) Related 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
	June 30	March 31	June 30
Cash and due from banks in domestic currency	11,618,039	8,228,583	9,320,776
Cash and due from banks in foreign currency	4,561,643	3,118,369	4,676,339
Investments in gold	93	109	109
<b>Total cash and due from banks</b>	<b>16,179,775</b>	<b>11,347,061</b>	<b>13,997,224</b>
Interbank investments (1)	91,817,543	12,707,173	51,786,474
<b>Total cash and cash equivalents</b>	<b>107,997,318</b>	<b>24,054,234</b>	<b>65,783,698</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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**Notes to the Consolidated Financial Statements**

**7) INTERBANK INVESTMENTS**

**a) Breakdown and maturity**

	2013				R\$ thousand 2012		
	1 to 30 days	31 to 180 days	181 to 360 days	More than 360 days	June 30	March 31	June 30
<b>Investments in federal funds purchased and securities sold under agreements to repurchase:</b>							
<b>Own portfolio position</b>	<b>6,860,120</b>	<b>661,768</b>	-	-	<b>7,521,888</b>	<b>3,059,713</b>	<b>10,559,899</b>
National treasury notes	34,943	-	-	-	34,943	1,495,868	6,647,183
National treasury bills	6,798,078	661,768	-	-	7,459,846	1,547,714	3,911,788
Other	27,099	-	-	-	27,099	16,131	928
<b>Funded position</b>	<b>99,304,669</b>	<b>13,133,832</b>	-	-	<b>-112,438,501</b>	<b>134,623,393</b>	<b>65,680,676</b>
Financial treasury bills	656,670	-	-	-	656,670	52,178	128,443
National treasury notes	87,466,353	8,539,588	-	-	96,005,941	90,464,501	44,552,134
National treasury bills	11,181,646	4,594,244	-	-	15,775,890	44,106,714	21,000,099
<b>Short position</b>	<b>16,728,915</b>	<b>3,100,608</b>	-	-	<b>-19,829,523</b>	<b>26,186,170</b>	<b>6,014,718</b>
National treasury bills	16,728,915	3,100,608	-	-	19,829,523	26,186,170	6,014,718
<b>Subtotal</b>	<b>122,893,704</b>	<b>16,896,208</b>	-	-	<b>-139,789,912</b>	<b>163,869,276</b>	<b>82,255,293</b>
<b>Interest-earning deposits in other banks:</b>							
Interest-earning deposits in other	3,523,883	2,053,725	1,025,028	1,093,041	7,695,677	7,465,033	10,603,336

banks							
Provision for losses	(720)	(210)	-	-	(930)	(1,503)	(500)
<b>Subtotal</b>	<b>3,523,163</b>	<b>2,053,515</b>	<b>1,025,028</b>	<b>1,093,041</b>	<b>7,694,747</b>	<b>7,463,530</b>	<b>10,602,836</b>
<b>Total on June 30, 2013</b>	<b>126,416,867</b>	<b>18,949,723</b>	<b>1,025,028</b>	<b>1,093,041</b>	<b>147,484,659</b>		
%	85.8	12.8	0.7	0.7	100.0		
<b>Total on March 31, 2013</b>	<b>48,268,268</b>	<b>120,600,633</b>	<b>1,403,834</b>	<b>1,060,071</b>		<b>171,332,806</b>	
%	28.2	70.4	0.8	0.6		100.0	
<b>Total on June 30, 2012</b>	<b>73,109,897</b>	<b>15,818,559</b>	<b>1,950,885</b>	<b>1,978,788</b>			<b>92,858,129</b>
%	78.8	17.0	2.1	2.1			100.0

### b) Income from interbank investments

Classified in the income statement as income on securities transactions.

	2 <sup>nd</sup> Quarter	2013 1 <sup>st</sup> Quarter	1 <sup>st</sup> Half	R\$ thousand 2012 1 <sup>st</sup> Half
<b>Income from investments in purchase and sale commitments:</b>				
• Own portfolio position	148,376	198,610	346,986	785,165
• Funded position	1,943,522	2,082,369	4,025,891	2,880,852
• Short position	2,470,294	1,018,240	3,488,534	444,365
<b>Subtotal</b>	<b>4,562,192</b>	<b>3,299,219</b>	<b>7,861,411</b>	<b>4,110,382</b>
<b>Income from interest-earning deposits in other banks</b>	<b>130,758</b>	<b>126,209</b>	<b>256,967</b>	<b>441,650</b>
<b>Total (Note 8h)</b>	<b>4,692,950</b>	<b>3,425,428</b>	<b>8,118,378</b>	<b>4,552,032</b>

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**Notes to the Consolidated Financial Statements**

**8) SECURITIES AND DERIVATIVE FINANCIAL INSTRUMENTS**

Information on securities and derivative financial instruments is as follows:

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

	2013				June 30		March 31		June 2012	
	Financial	Insurance/ capitalization bonds	Pension plans	Other activities		%		%		%
<b>Trading securities</b>	<b>60,697,211</b>	<b>3,897,427</b>	<b>43,864,766</b>	<b>378,062</b>	<b>108,837,466</b>	<b>44.9</b>	<b>106,055,710</b>	<b>46.2</b>	<b>161,157,000</b>	<b>46.2</b>
- Government securities	19,117,524	1,258,862	15,347	184,086	20,575,819	8.5	21,621,780	9.4	78,083,000	19.1
- Corporate securities	38,342,054	2,638,565	728,573	193,976	41,903,168	17.3	41,111,720	17.9	38,280,000	9.7
- Derivative financial instruments (1)	3,237,633	-	-	-	3,237,633	1.3	1,543,567	0.7	3,150,000	0.8
- PGBL/VGBL restricted bonds	-	-	43,120,846	-	43,120,846	17.8	41,778,643	18.2	41,640,000	10.7
<b>Available-for-sale securities</b>	<b>88,678,564</b>	<b>14,877,373</b>	<b>26,329,512</b>	<b>12,375</b>	<b>129,897,824</b>	<b>53.6</b>	<b>119,715,319</b>	<b>52.1</b>	<b>114,870,000</b>	<b>29.7</b>
- Government securities	70,549,260	13,164,438	24,687,790	-	108,401,488	44.7	98,740,804	43.0	94,680,000	23.9
- Corporate securities	18,129,304	1,712,935	1,641,722	12,375	21,496,336	8.9	20,974,515	9.1	20,190,000	5.1
<b>Held-to-maturity securities (4)</b>	<b>46,086</b>	<b>-</b>	<b>3,747,045</b>	<b>-</b>	<b>3,793,131</b>	<b>1.5</b>	<b>4,011,038</b>	<b>1.7</b>	<b>3,940,000</b>	<b>1.0</b>
- Government securities	46,086	-	3,747,045	-	3,793,131	1.5	4,011,038	1.7	3,940,000	1.0
<b>Subtotal</b>										