

BANK BRADESCO  
Form 6-K  
February 27, 2017

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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 February, 2017  
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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## Financial Statements of the Prudential Conglomerate and Independent Auditor's Report

**Statement of Financial Position of the Prudential Conglomerate on December 31** *-In thousands of Reais*

<b>Assets</b>	<b>2016</b>	<b>2015</b>
<b>Current assets</b>	<b>551,240,263</b>	<b>513,656,652</b>
<b>Cash and due from banks (Note 5)</b>	<b>14,580,321</b>	<b>17,313,901</b>
<b>Interbank investments (Notes 3d and 6)</b>	<b>176,787,528</b>	<b>139,829,814</b>
Securities purchased under agreements to resell	170,080,622	130,323,808
Interbank investments	6,706,906	9,540,841
Allowance for losses	-	(34,835)
<b>Securities and derivative financial instruments (Notes 3e, 3f and 7)</b>	<b>72,204,319</b>	<b>86,253,666</b>
Own portfolio	32,352,198	47,453,009
Subject to unrestricted repurchase agreements	14,899,855	10,760,409
Derivative financial instruments (Notes 3f and 7d II)	16,828,484	18,905,320
Given in guarantee	174,207	22,065
Given in guarantee to the Brazilian Central Bank	6,065,771	4,647,161
Subject to unrestricted repurchase agreements	1,883,804	4,465,702
<b>Interbank accounts</b>	<b>58,080,711</b>	<b>54,873,041</b>
Unsettled payments and receipts	22,015	73,764
Reserve requirement (Note 8):		
- Reserve requirement - Brazilian Central Bank	58,036,531	54,791,894
- SFH	14,388	5,357
Correspondent banks	7,777	2,026
<b>Interdepartmental accounts</b>	<b>157,089</b>	<b>248,484</b>
Internal transfer of funds	157,089	248,484
<b>Loans (Notes 3g and 9)</b>	<b>145,616,491</b>	<b>141,203,667</b>
Loans:		
- Public sector	424,233	2,426,506
- Private sector	167,534,650	157,407,596
Loans transferred under an assignment with recourse	806,649	120,130
Allowance for loan losses (Notes 3g, 9f, 9g and 9h)	(23,149,041)	(18,750,565)
<b>Leasing (Notes 3g and 9)</b>	<b>(67,777)</b>	<b>(17,102)</b>
Lease receivable operations:		
- Private sector	1,295,198	1,431,756
Unearned income from leasing	(1,245,088)	(1,333,300)
Allowance for leasing losses (Notes 3g, 9f, 9g and 9h)	(117,887)	(115,558)
<b>Other receivables</b>	<b>81,085,235</b>	<b>71,043,526</b>
Receivables on sureties and guarantees honored (Note 9a-3)	1,377,161	104,099
Foreign exchange portfolio (Note 10a)	17,620,910	14,369,499
Receivables	7,610,112	12,456,712
Securities trading	1,468,620	1,798,391
Specific receivables	13,339	7,251
Sundry (Note 10b)	56,134,599	43,557,389

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Allowance for other loan losses (Notes 3g, 9f, 9g and 9h)	(3,139,506)	(1,249,815)
<b>Other assets (Note 11)</b>	<b>2,796,346</b>	<b>2,907,655</b>
Other assets	2,739,048	2,053,188
Provision for losses	(1,246,403)	(860,237)
Prepaid expenses (Notes 3i and 11b)	1,303,701	1,714,704
<b>Long-term receivables</b>	<b>369,508,163</b>	<b>321,529,209</b>
<b>Interbank investments (Notes 3d and 6)</b>	<b>780,394</b>	<b>515,131</b>
Interbank investments	780,394	515,131
<b>Securities and derivative financial instruments (Notes 3e, 3f and 7)</b>	<b>146,937,312</b>	<b>103,070,305</b>
Own portfolio	86,796,721	68,608,356
Subject to unrestricted repurchase agreements	48,123,720	30,830,304
Derivative financial instruments (Notes 3f and 7d II)	112,912	137,324
Privatization rights	48,706	52,473
Given in guarantee	6,125,523	2,863,821
Subject to unrestricted repurchase agreements	5,729,730	578,027

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## Financial Statements of the Prudential Conglomerate and Independent Auditor's Report

**Statement of Financial Position of the Prudential Conglomerate on December 31** *In thousands of Reais*

<b>Assets</b>	<b>2016</b>	<b>2015</b>
<b>Interbank accounts</b>	<b>778,254</b>	<b>680,860</b>
Reserve requirement (Note 8):		
- SFH	778,254	680,860
<b>Loans (Notes 3g and 9)</b>	<b>164,779,473</b>	<b>162,168,357</b>
Loans:		
- Public sector	3,000,000	3,000,000
- Private sector	164,983,790	160,436,775
Loans transferred under an assignment with recourse	7,955,849	7,390,609
Allowance for loan losses (Notes 3g, 9f, 9g and 9h)	(11,160,166)	(8,659,027)
<b>Leasing (Notes 3g and 9)</b>	<b>(68,066)</b>	<b>(69,905)</b>
Leasing receivables:		
- Private sector	1,367,036	1,454,113
Unearned income from leasing	(1,366,395)	(1,453,228)
Allowance for leasing losses (Notes 3g, 9f, 9g and 9h)	(68,707)	(70,790)
<b>Other receivables</b>	<b>55,088,970</b>	<b>54,570,893</b>
Securities trading	478,290	1,067,781
Sundry (Note 10b)	54,627,457	53,549,037
Allowance for other loan losses (Notes 3g, 9f, 9g and 9h)	(16,777)	(45,925)
<b>Other assets (Note 11)</b>	<b>1,211,826</b>	<b>593,568</b>
Prepaid expenses (Notes 3i and 11b)	1,211,826	593,568
<b>Permanent assets</b>	<b>67,182,493</b>	<b>47,628,304</b>
<b>Investments (Notes 3j and 12)</b>	<b>39,564,074</b>	<b>28,760,260</b>
Equity in the earnings (losses) of Investments in Affiliates and Subsidiaries:		
- In Brazil	39,217,544	28,352,239
- Overseas	284,524	355,633
Other investments	193,278	177,357
Allowance for losses	(131,272)	(124,969)
<b>Premises and equipment (Notes 3k and 13)</b>	<b>4,857,637</b>	<b>3,437,687</b>
Premises	697,973	44,535
Other premises and equipment	9,235,434	8,112,598
Accumulated depreciation	(5,075,770)	(4,719,446)
<b>Leased assets (Note 13)</b>	<b>4,789,731</b>	<b>5,987,475</b>
Leased assets	8,146,218	9,224,420
Accumulated depreciation	(3,356,487)	(3,236,945)
<b>Deferred (Notes 3l and 14)</b>	<b>-</b>	<b>15,634</b>
Expenses with Organization and Expansion	-	1,502,125
Accumulated amortization	-	(1,486,491)
<b>Intangible assets (Notes 3m and 15)</b>	<b>17,971,051</b>	<b>9,427,248</b>
Intangible Assets	29,101,351	16,707,174

Accumulated amortization	(11,130,300)	(7,279,926)
<b>Total</b>	<b>987,930,919</b>	<b>882,814,165</b>

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

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## Financial Statements of the Prudential Conglomerate and Independent Auditor's Report

**Statement of Financial Position of the Prudential Conglomerate on December 31** *In thousands of Reals*

	<b>2016</b>	<b>2015</b>
<b>Liabilities</b>		
<b>Current liabilities</b>	<b>621,937,275</b>	<b>550,668,941</b>
<b>Deposits (Notes 3o and 16a)</b>	<b>163,859,769</b>	<b>153,860,516</b>
Demand deposits	33,499,934	23,914,239
Savings deposits	97,088,828	91,878,816
Interbank deposits	527,754	423,549
Time deposits (Note 16a)	32,743,253	37,643,912
<b>Securities sold under agreements to repurchase (Notes 3o and 16b)</b>	<b>229,558,728</b>	<b>223,775,169</b>
Own portfolio	118,825,967	97,265,806
Third-party portfolio	101,791,581	121,626,991
Unrestricted portfolio	8,941,180	4,882,372
<b>Funds from issuance of securities (Note 16c)</b>	<b>92,432,728</b>	<b>53,138,708</b>
Mortgage and real estate notes, letters of credit and others	88,688,899	48,794,240
Securities issued overseas	3,331,680	3,981,183
Structured Operations Certificates	412,149	363,285
<b>Interbank accounts</b>	<b>1,267,282</b>	<b>1,296,190</b>
Unsettled payments and receipts	9,242	151,460
Correspondent banks	1,258,040	1,144,730
<b>Interdepartmental accounts</b>	<b>5,830,963</b>	<b>5,161,676</b>
Third-party funds in transit	5,830,963	5,161,659
Internal transfer of funds	-	17
<b>Borrowing (Note 17a)</b>	<b>19,815,545</b>	<b>25,079,363</b>
Borrowing overseas	19,815,545	25,079,363
<b>On-lending in Brazil - official institutions (Note 17b)</b>	<b>11,211,567</b>	<b>12,044,476</b>
National treasury	166,565	133,028
BNDES	3,800,239	3,801,626
FINAME	7,243,182	8,099,475
Other institutions	1,581	10,347
<b>On-lending overseas (Note 17b)</b>	<b>-</b>	<b>2,502</b>
On-lending overseas	-	2,502
<b>Derivative financial instruments (Notes 3f and 7d II)</b>	<b>13,213,495</b>	<b>19,246,588</b>
Derivative financial instruments	13,213,495	19,246,588
<b>Other liabilities</b>	<b>84,747,198</b>	<b>57,063,753</b>
Payment of taxes and other contributions	610,610	497,269
Foreign exchange portfolio (Note 10a)	8,749,458	5,617,070
Social and statutory	4,808,173	3,941,067
Tax and social security (Note 20a)	2,855,925	3,187,885
Securities trading	2,520,588	2,714,800
Financial and development funds	3,672	5,417
Subordinated debts (Note 19)	11,417,346	495,275

Sundry (Note 20b)	53,781,426	40,604,970
<b>Long-term liabilities</b>	<b>265,082,482</b>	<b>242,722,984</b>
<b>Deposits (Notes 3o and 16a)</b>	<b>71,588,609</b>	<b>43,175,356</b>
Interbank deposits	61,157	46,858
Time deposits (Note 16a)	71,527,452	43,128,498
<b>Securities sold under agreements to repurchase (Notes 3o and 16b)</b>	<b>28,179,776</b>	<b>26,319,943</b>
Own portfolio	28,179,776	26,319,943
<b>Funds from issuance of securities (Note 16c)</b>	<b>69,780,858</b>	<b>64,197,002</b>
Mortgage and real estate notes, letters of credit and others	67,235,735	58,535,515
Securities issued overseas	2,512,104	5,512,429
Structured Operations Certificates	33,019	149,058
<b>Borrowing (Note 17a)</b>	<b>2,354,029</b>	<b>7,049,946</b>
Borrowing overseas	2,354,029	7,049,946

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## Financial Statements of the Prudential Conglomerate and Independent Auditor's Report

**Statement of Financial Position of the Prudential Conglomerate on December 31** *In thousands of Reais*

	<b>2016</b>	<b>2015</b>
<b>Liabilities</b>		
<b>On-lending in Brazil - official institutions (Note 17b)</b>	<b>24,819,020</b>	<b>26,158,687</b>
BNDES	10,914,430	8,607,769
FINAME	13,904,590	17,550,918
<b>Derivative financial instruments (Notes 3f and 7d II)</b>	<b>192,892</b>	<b>98,888</b>
Derivative financial instruments	192,892	98,888
<b>Other liabilities</b>	<b>68,167,298</b>	<b>75,723,162</b>
Tax and social security (Note 20a)	8,935,000	8,444,075
Subordinated debts (Note 19)	26,251,948	38,370,136
Eligible Debt Capital Instruments (Note 19)	14,959,571	11,444,939
Sundry (Note 20b)	18,020,779	17,464,012
<b>Deferred income</b>	<b>452,085</b>	<b>501,399</b>
Deferred income	452,085	501,399
<b>Non-controlling interests in subsidiaries (Note 21)</b>	<b>16,664</b>	<b>14,197</b>
<b>Shareholders' equity (Note 22)</b>	<b>100,442,413</b>	<b>88,906,644</b>
Capital:		
- Domiciled in Brazil	50,461,644	45,521,283
- Domiciled overseas	638,356	578,717
Capital increase	-	(3,000,000)
Capital reserves	11,441	11,441
Profit reserves	50,448,602	50,340,806
Asset valuation adjustments	(677,116)	(4,114,555)
Treasury shares (Note 22d)	(440,514)	(431,048)
<b>Total</b>	<b>987,930,919</b>	<b>882,814,165</b>

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

December 2016

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## Financial Statements of the Prudential Conglomerate and Independent Auditor's Report

**Statement of Income of the Prudential Conglomerate on December 31 -In thousands of Reais**

	<b>2016</b>		<b>2015</b>
	<b>2<sup>nd</sup> Semester</b>	<b>Exercise</b>	<b>Exercise</b>
<b>Revenue from financial intermediation</b>	<b>72,754,053</b>	<b>140,475,388</b>	<b>113,312,114</b>
Loans (Note 9j)	40,984,862	75,627,989	67,254,431
Leasing (Note 9j)	1,406,571	2,519,763	2,939,075
Operations with securities (Note 7h)	23,631,123	44,090,454	40,612,388
Derivative financial instruments (Note 7h)	2,855,499	15,748,666	(7,035,751)
Foreign exchange operations (Note 10a)	836,690	(2,992,019)	5,332,710
Reserve requirement (Note 8b)	3,142,894	5,717,559	4,603,995
Sale or transfer of financial assets	(103,586)	(237,024)	(394,734)
<b>Financial intermediation expenses</b>	<b>56,406,620</b>	<b>87,776,202</b>	<b>111,121,537</b>
Retail and professional market funding (Note 16d)	38,507,489	69,639,328	58,980,188
Borrowing and on-lending (Note 17c)	2,973,890	(8,378,771)	28,990,869
Leasing (Note 9j)	1,187,687	2,140,135	2,433,893
Allowance for loan losses (Notes 3g, 9g and 9h)	13,737,554	24,375,510	20,716,587
<b>Gross income from financial intermediation</b>	<b>16,347,433</b>	<b>52,699,186</b>	<b>2,190,577</b>
<b>Other operating income (expenses)</b>	<b>(10,633,088)</b>	<b>(28,882,960)</b>	<b>3,543,293</b>
Fee and commission income (Note 23)	13,593,741	25,396,241	22,446,224
- Other fee and commission income	9,810,549	18,438,636	16,723,426
Income from banking fees	3,783,192	6,957,605	5,722,798
Payroll and related benefits (Note 24)	(9,325,874)	(16,048,285)	(13,177,550)
Other administrative expenses (Note 25)	(11,889,715)	(20,609,480)	(17,518,698)
Tax expenses (Note 26)	(2,609,015)	(5,595,155)	(4,073,601)
Equity in the Earnings (Losses) of Subsidiary and Affiliates (Note 12a)	4,343,131	(2,464,567)	23,662,901
Other operating income (Note 27)	3,809,952	6,915,319	5,855,879
Other operating expenses (Note 28)	(8,555,308)	(16,477,033)	(13,651,862)
<b>Operating income</b>	<b>5,714,345</b>	<b>23,816,226</b>	<b>5,733,870</b>
<b>Non-operating income (loss) (Note 29)</b>	<b>(778,788)</b>	<b>(830,715)</b>	<b>(448,798)</b>
<b>Income before income tax and social contribution and non-controlling interests</b>	<b>4,935,557</b>	<b>22,985,511</b>	<b>5,285,072</b>
<b>Income tax and social contribution (Notes 33a and 33b)</b>	<b>1,893,552</b>	<b>(7,899,035)</b>	<b>11,905,837</b>
<b>Non-controlling interests in subsidiaries</b>	<b>(840)</b>	<b>(2,898)</b>	<b>(1,274)</b>
<b>Net profit</b>	<b>6,828,269</b>	<b>15,083,578</b>	<b>17,189,635</b>

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

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## Financial Statements of the Prudential Conglomerate and Independent Auditor's Report

**Statement of Changes in Shareholders' Equity** -In thousands of Reais

	Capital		Capital reserves	Profit reserves		Asset valuation adjustment		Treasu
	Paid in Capital	Unpaid Capital	Share premium	Legal	Statutory	Bradesco	Subsidiaries	share
<b>Balance on June 30, 2016</b>	<b>51,100,000</b>	-	<b>11,441</b>	<b>6,465,714</b>	<b>41,224,046</b>	<b>(775,080)</b>	<b>(1,227,721)</b>	<b>(440,51</b>
Asset valuation adjustments	-	-	-	-	-	371,920	953,765	-
Net income	-	-	-	-	-	-	-	-
Allocations:- Reserves	-	-	-	341,414	2,417,428	-	-	-
- Interest on Shareholders' Equity Paid and/or provisioned	-	-	-	-	-	-	-	-
<b>Balance on December 31, 2016</b>	<b>51,100,000</b>	-	<b>11,441</b>	<b>6,807,128</b>	<b>43,641,474</b>	<b>(403,160)</b>	<b>(273,956)</b>	<b>(440,51</b>
<b>Balance on December 31, 2014</b>	<b>38,100,000</b>	-	<b>11,441</b>	<b>5,193,467</b>	<b>38,992,668</b>	<b>(405,477)</b>	<b>(85,834)</b>	<b>(298,01</b>
Capital Increase by Subscription of Shares	3,000,000	(3,000,000)	-	-	-	-	-	-
Capital increase with reserves	5,000,000	-	-	-	(5,000,000)	-	-	-
Acquisition of treasury shares	-	-	-	-	-	-	-	(133,03
Asset valuation adjustments	-	-	-	-	-	(826,126)	(2,797,118)	-
Net income	-	-	-	-	-	-	-	-
Allocations:- Reserves	-	-	-	859,482	10,295,189	-	-	-
- Interest on Shareholders' Equity Paid	-	-	-	-	-	-	-	-
- Interim Dividends Paid	-	-	-	-	-	-	-	-
<b>Balance on December 31, 2015</b>	<b>46,100,000</b>	<b>(3,000,000)</b>	<b>11,441</b>	<b>6,052,949</b>	<b>44,287,857</b>	<b>(1,231,603)</b>	<b>(2,882,952)</b>	<b>(431,04</b>
Cancellation of Capital Increase by Subscription of Shares	(3,000,000)	3,000,000	-	-	-	-	-	-
	8,000,000	-	-	-	(8,000,000)	-	-	-



Capital increase with reserves								
Acquisition of treasury shares	-	-	-	-	-	-	-	(9,46)
Asset valuation adjustments	-	-	-	-	-	828,443	2,608,996	
Net income	-	-	-	-	-	-	-	-
Allocations:- Reserves	-	-	-	754,179	7,353,617	-	-	-
- Interest on Shareholders' Equity Paid and/or provisioned	-	-	-	-	-	-	-	-
<b>Balance on December 31, 2016</b>	<b>51,100,000</b>	<b>-</b>	<b>11,4416,807,128</b>	<b>43,641,474</b>	<b>(403,160)</b>	<b>(273,956)</b>	<b>(440,51)</b>	

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

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## Financial Statements of the Prudential Conglomerate and Independent Auditor's Report

**Cash Flow Statement of the Prudential Conglomerate on December 31 – In thousands of Reais**

	2016	2015	
	2 Semester	Exercise	
	Exercise	Exercise	
<b>Cash flow from operating activities:</b>			
<b>Net profit before income tax and social contribution</b>	<b>4,935,557</b>	<b>22,985,511</b>	<b>5,285,072</b>
<b>Adjustments to net profit before income tax and social contribution</b>	<b>13,638,941</b>	<b>33,354,609</b>	<b>15,334,496</b>
Effect of Changes in Exchange Rates in Cash and Cash equivalents	(663,965)	5,381,080	(3,163,366)
Allowance for loan losses	13,737,554	24,375,510	20,716,587
Depreciation and amortization	2,259,795	3,627,856	3,059,101
Write-offs through Impairment	1,518,780	1,627,074	361,916
Expenses with civil, labor and tax provisions	840,857	2,782,639	3,142,673
Equity in the (earnings/losses) of Investments in Affiliates and Subsidiaries	(4,343,130)	2,464,567	(23,662,901)
(Gain)/loss on sale of investments	23,197	(139,468)	18,979
(Gain)/loss on sale of fixed assets	(224,216)	(204,837)	48,803
(Gain)/loss on sale of foreclosed assets	403,923	556,216	284,334
Foreign exchange variation of assets and liabilities overseas/Other	86,147	(7,116,028)	14,528,370
<b>Adjusted net profit before taxes</b>	<b>18,574,498</b>	<b>56,340,121</b>	<b>20,619,568</b>
(Increase)/decrease in interbank investments	3,861,560	6,046,089	1,856,807
(Increase)/decrease in trading securities and derivative financial instruments	(31,305,495)	(40,092,604)	5,279,139
(Increase)/decrease in interbank and interdepartmental accounts	17,283,458	14,817,210	569,026
(Increase)/decrease in loan and leasing	3,562,300	17,842,542	(32,537,887)
(Increase)/decrease in other receivables and other assets	54,832,010	5,347,785	(17,956,210)
(Increase)/decrease in reserve requirement - Brazilian Central Bank	(9,210,075)	(2,582,533)	(3,866,988)
(Increase)/decrease in deposits	(2,823,934)	(19,735,050)	(15,471,405)
(Increase)/decrease in securities sold under agreements to repurchase	11,816,073	6,113,637	(50,849,984)
(Increase)/decrease in funds from issuance of securities	855,265	4,690,772	27,634,193
(Increase)/decrease in borrowings and on-lending	(4,787,855)	(17,593,445)	11,354,666
(Increase)/decrease in other liabilities	(53,738,105)	1,071,351	6,886,357
Increase/(decrease) in deferred income	(28,738)	(49,314)	212,066
Income tax and social contribution paid	(2,650,493)	(5,823,532)	(3,921,842)
<b>Net cash provided by/(used in) by operating activities</b>	<b>6,240,469</b>	<b>26,393,028</b>	<b>(50,192,494)</b>
<b>Cash flow from investing activities:</b>			

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(Increase)/decrease in held-to-maturity securities	(37,789)	(165,779)	(62,368)
Sale of/maturity of and interests on available-for-sale securities	70,488,334	119,557,680	39,995,437
Proceeds from sale of foreclosed assets	217,368	516,835	604,404
Sale of investments	713,225	875,890	2,808,706
Sale of premises and equipment of use	2,233,635	3,459,737	2,486,890
Purchases of available-for-sale securities	(7,188,659)	(7,188,659)	-
Foreclosed assets received	(47,390,955)	(91,872,765)	(64,666,556)
Investment acquisitions	(2,550,232)	(2,821,353)	(165,228)
Sale of premises and equipment of use	(3,528,545)	(4,677,835)	(3,781,862)
Intangible asset acquisitions	(355,965)	(1,094,026)	(5,471,840)
Dividends and interest on shareholders' equity received	4,286,849	5,133,847	8,324,614
<b>Net cash provided by/(used in) investing activities</b>	<b>16,887,266</b>	<b>21,723,572</b>	<b>(19,927,803)</b>
<b>Cash flow from financing activities:</b>			
Increase/(decrease) in subordinated debts	(3,807,881)	(3,145,964)	14,465,996
Dividends and interest on shareholders' equity paid	(1,473,597)	(5,561,036)	(4,775,728)
Non-controlling interest	1,558	(1,882)	6,010
Acquisition of own shares	-	(9,466)	(133,034)
<b>Net cash provided by/(used in) financing activities</b>	<b>(5,279,920)</b>	<b>(8,718,348)</b>	<b>9,563,244</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>17,847,815</b>	<b>39,398,252</b>	<b>(60,557,053)</b>
Cash and cash equivalents - at the beginning of the period	162,780,848	147,275,456	204,669,143
Effect of Changes in Exchange Rates in Cash and Cash equivalents	663,965	(5,381,080)	3,163,366
Cash and cash equivalents - at the end of the period	181,292,627	181,292,627	147,275,456
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>17,847,815</b>	<b>39,398,252</b>	<b>(60,557,053)</b>

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

Bradesco

## Financial Statements of the Prudential Conglomerate and Independent Auditor's Report

**Index Notes**

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Financial Statements of the Prudential Conglomerate and Independent Auditor's Report

***Notes to the Financial Statements of the Prudential Conglomerate***

**1) OPERATIONS**

Banco Bradesco S.A. (Bradesco) is a private-sector publicly traded company and universal bank that, through its commercial, foreign exchange, consumer financing and housing loan portfolios, carries out all the types of banking activities for which it has authorization. The Bank is involved in a number of other activities, either directly or indirectly, through its subsidiaries, specifically leasing, investment banking, brokerage, consortium management, credit cards, real estate projects, insurance, pension plans and capitalization bonds. All these activities are undertaken by the various companies in the Bradesco Organization (Organization), working together in an integrated manner in the market.

**2) PRESENTATION OF THE FINANCIAL STATEMENTS**

The Financial Statements of the Prudential Conglomerate were prepared to comply with the requirements of Resolution No. 4,280/13, of the National Monetary Council (CMN) and additional rules of the Brazilian Central Bank (Bacen). Thus, specific requirements in the consolidation and/or combination of the entities listed in Resolution No. 4,280/13 determined by the CMN and Bacen were observed, which are not necessarily the same established by the corporate law and by the CMN or Bacen for other types of consolidation. In this sense, they cover the financial statements of Bradesco, and foreign branches, subsidiaries and investment funds, as requested in Resolution No. 4,280/13.

For the preparation of these consolidated financial statements, the intercompany transactions, balances of equity accounts, revenue, expenses and unrealized profits were eliminated and net income and shareholders' equity attributable to the non-controlling interests were accounted for in a separate line. For jointly controlled investments with other shareholders, assets, liabilities and income and loss were included in the consolidated financial statements of the Prudential Conglomerate according to the interest held in the shareholders' equity of each investee. Goodwill on the acquisition of investments in subsidiary/associate companies or jointly controlled companies is presented in the investments and intangible assets lines (Note 15a).

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

impairment losses of securities classified as available-for-sale and held-to-maturity securities and non-financial assets; and the determination of the useful life of specific assets. Actual results may differ from those based on estimates and assumptions.

Bradesco's financial statements of the Prudential Conglomerate were approved by the Board of Executive Officers on February 24, 2017.

Below are the significant directly and indirectly owned companies and investment funds included in the financial statements of the Prudential Conglomerate:

	Activity	On December 31	
		Equity interest 2016	2015
<b>Financial Institutions</b>			
Ágora Corretora de Títulos e Valores Mobiliários S.A.	Brokerage	100.00%	100.00%
Banco Alvorada S.A.	Banking	99.99%	99.99%
Banco Boavista Interatlântico S.A.	Banking	100.00%	100.00%
Banco Bradescard S.A.	Cards	100.00%	100.00%
Banco Bradesco Argentina S.A.	Banking	99.99%	99.99%
Banco Bradesco BBI S.A. (1)	Investment bank	99.81%	99.80%
Banco Bradesco BERJ S.A.	Banking	100.00%	100.00%
Banco Bradesco Cartões S.A.	Cards	100.00%	100.00%
Banco Bradesco Europa S.A.	Banking	100.00%	100.00%
Banco Bradesco Financiamentos S.A.	Banking	100.00%	100.00%
Banco Bradesco New York Branch	Banking	100.00%	100.00%
Banco Bradesco S.A. Grand Cayman Branch (2)	Banking	100.00%	100.00%
		<u>Bradesco</u>	<u>_____</u>

## Financial Statements of the Prudential Conglomerate and Independent Auditor's Report

**Notes to the Financial Statements of the Prudential Conglomerate**

	Activity	On December 31	
		Equity interest 2016	2015
Banco Losango S.A. (5)	Banking	100.00%	-
Bradesco Leasing S.A. Arrendamento Mercantil	Leasing	100.00%	100.00%
Bradesco S.A. Corretora de Títulos e Valores Mobiliários	Brokerage	100.00%	100.00%
Bradesco Securities Hong Kong	Brokerage	100.00%	100.00%
Bradesco Securities, Inc.	Brokerage	100.00%	100.00%
Bradesco Securities, UK.	Brokerage	100.00%	100.00%
Bradescard México, Sociedad de Responsabilidad Limitada	Cards	100.00%	100.00%
Banco CBSS S.A. (3)	Banking	50.01%	100.00%
BRAM - Bradesco Asset Management S.A. DTVM	Fees and commissions	100.00%	100.00%
BEC - Distribuidora de Títulos e Valores Mobiliários Ltda.	Fees and commissions	100.00%	100.00%
BEM - Distribuidora de Títulos e Valores Mobiliários Ltda.	Fees and commissions	100.00%	100.00%
BMC Asset Management - DTVM Ltda.	Fees and commissions	100.00%	100.00%
Crediare S.A. - Crédito, Financiamento e Investimento (3)	Banking	50.00%	50.00%
Everest Leasing S.A. Arrendamento Mercantil	Leasing	100.00%	100.00%
Kirton Bank Brasil S.A. (5) (6)	Banking	100.00%	-
Kirton Corretora de Títulos e Valores Mobiliários S.A. (5)	Brokerage	99.97%	-
Tibre Distribuidora de Títulos e Valores Mobiliários Ltda.	Fees and commissions	100.00%	100.00%
<b>Consortium Management</b>			
Bradesco Administradora de Consórcios Ltda.	Consortium management	100.00%	100.00%
Kirton Administradora de Consórcios Ltda. (5)	Consortium management	100.00%	-
<b>Payment Institutions</b>			
Alvorada Administradora de Cartões Ltda.	Fees and commissions	100.00%	100.00%
Braspag – Tecnologia em Pagamentos (3)	Fees and commissions	30.06%	30.06%
Cateno Gestão de Contas de Pagamentos S.A.(3)	Fees and commissions	21.04%	21.04%
Cia. Brasileira de Soluções e Serviços - Alelo (3)	Fees and commissions	50.01%	50.01%
Cidade Capital Markets Limited	Banking	100.00%	100.00%
Cielo Inc. (3)	Fees and commissions	30.06%	30.06%
Cielo S.A. (3)	Fees and commissions	30.06%	30.06%
Elo Holding Financeira S.A. (3)	Fees and commissions	50.01%	50.01%
Farly Participações Ltda. (3)	Fees and commissions	50.01%	50.01%
IBI Promotora de Vendas Ltda. (3)	Fees and commissions	50.01%	50.01%
Leader S.A. Administradora de Cartões de Crédito (7)	Fees and commissions	-	50.00%
Merchant E-Solutions (3)	Fees and commissions	30.06%	30.06%
MPO Processadora de Pagamentos Móveis S.A. (3)	Fees and commissions	50.00%	50.00%
Paggo Soluções e Meios de Pagamentos S.A. (3)	Fees and commissions	15.03%	15.03%
Stelo S.A. (3)	Fees and commissions	44.02%	44.02%



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Tempo Serviços Ltda.	Fees and commissions	100.00%	100.00%
<b>Securitization Companies</b>			
Alvorada Cia. Securitizadora de Créditos Financeiros	Credit acquisition	100.00%	100.00%
Alvorada Serviços e Negócios Ltda.	Credit acquisition	100.00%	100.00%
BCN – Consultoria, Adm. Bens, Serv. e Publicidade Ltda.	Credit acquisition	100.00%	100.00%
Cia. Securitizadora de Créditos Financeiros Rubi	Credit acquisition	100.00%	100.00%
Promosec Cia. Securitizadora de Créditos	Credit acquisition	100.00%	100.00%
<b>Investment Fund (4)</b>			
Bradesco FI Mult. Cred. Priv. Inv. Exterior Andromeda	Investment Fund	100.00%	100.00%
Bradesco FI Mult. Cred. Priv. Inv. Exterior Pioneiro	Investment Fund	100.00%	100.00%
Bradesco FI Referenciado DI Performance	Investment Fund	100.00%	100.00%
Bradesco FI Referenciado DI União (8)	Investment Fund	99.94%	99.78%
Bradesco FIC FI Mult Inv. Exterior Tellus (9)	Investment Fund	100.00%	-
Bradesco FIC FI Referenciado DI Carnaúba	Investment Fund	50.01%	50.01%

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## Financial Statements of the Prudential Conglomerate and Independent Auditor's Report

**Notes to the Financial Statements of the Prudential Conglomerate**

	Activity	On December 31	
		Equity interest 2016	2015
Bradesco FIC FI Referenciado DI Galáxia	Investment Fund	100.00%	100.00%
FII - FI RF Cred. Privado	Investment Fund	100.00%	100.00%
FIP Mult. Plus	Investment Fund	100.00%	100.00%
FII - FI RF DI GJ (9)	Investment Fund	100.00%	-

(1) Increased participation through the subscription of shares in June 2016;

(2) The special purpose entity International Diversified Payment Rights Company is being consolidated. The company is part of a structure set up for the securitization of the future flow of payment orders received overseas;

(3) Proportionally consolidated companies accordance with CMN Resolution No. 4,280/13;

(4) The investment funds in which Bradesco assumes or substantially retains the risks and benefits were consolidated;

(5) Companies originating from the acquisition, in July 2016, of HSBC Brasil (Note 34f);

(6) New name of HSBC Brasil (Kirton Bank);

(7) Incorporated by Banco Bradescard S.A. in December 2016;

(8) Increase in participation in 2016; and

(9) Funds originated from the acquisition, in July 2016, of HSBC Brasil.

**3) SIGNIFICANT ACCOUNTING PRACTICES****a) Functional and presentation currencies**

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

**b) Income and expense recognition**

Income and expenses are recognized on an accrual basis in order to determine the net income for the period to which they relate, regardless of when the funds are received or paid.

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

Floating rate and foreign-currency-indexed contracts are adjusted for interest and foreign exchange rates applicable at the reporting date.

**c) Cash and cash equivalents**

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

Cash and cash equivalents detailed balances are presented in Note 5.

**d) Interbank investments**

Unrestricted repurchase and reverse repurchase agreements are stated at their fair value. All other interbank 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 6.

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Financial Statements of the Prudential Conglomerate and Independent Auditor's Report

***Notes to the Financial Statements of the Prudential Conglomerate***

**e) Securities – Classification**

- Trading securities – securities acquired for the purpose of being actively and frequently traded. They are recognized at cost, plus income earned and adjusted to fair value with changes recognized in the Statement of Income for the period;
- Available-for-sale securities – securities that are not specifically intended for trading purposes or to be held to maturity. They are recognized at cost, plus income earned, which is recognized in profit or loss in the period and adjusted to fair value with changes recognized in shareholders' equity, net of tax, which will be transferred to the Statement of Income only when effectively realized; and
- Held-to-maturity securities – securities for which there is positive intent and financial capacity to hold to maturity. They are recognized at cost, plus income earned recognized in the Statement of Income for the period.

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

Classification, breakdown and segmentation of securities are presented in Note 7 (a to c).

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

Derivative instruments are classified based on the objective for which the underlying instrument was acquired at the date of purchase, taking into consideration its use for possible hedging purposes.

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. The gains or losses are recognized in the statement of income or shareholders' equity.

Derivative financial instruments used to mitigate risk deriving from exposure to variations in the fair value of financial assets and liabilities are designated as hedges when they meet the criteria for hedge accounting and are classified according to their nature:

- Market risk hedge: the gains and losses, realized or not, of the financial instruments classified in this category as well as the financial assets and liabilities, that are the object of the hedge, are recognized in the Statement of Income; and
- Cash flow hedge: the effective portion of valuation or devaluation of the financial instruments classified in this category is recognized, net of taxes, in a specific account in shareholders' equity. The ineffective portion of the hedge is recognized directly in the Statement of Income.

A breakdown of amounts included as derivative financial instruments, in the statement of financial position and off-balance-sheet accounts, is disclosed in Note 7 (d to g).

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

Loans and leasing, advances on foreign exchange contracts and other receivables with credit characteristics are classified by risk level, based on: (i) the parameters established by CMN Resolution No. 2,682/99, which requires risk ratings to have nine levels, from "AA" (minimum risk) to "H" (maximum risk); and (ii) Management's assessment of the risk level. This assessment, which is carried out regularly, considers current economic conditions and past experience with loan losses, as well as specific and general risks relating to operations, debtors and guarantors. Moreover, the days-past-due is also considered in the rating of customer risk as per CMN Resolution No. 2,682/99, as follows:

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Financial Statements of the Prudential Conglomerate and Independent Auditor's Report

**Notes to the Financial Statements of the Prudential Conglomerate**

<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 permitted by CMN Resolution No. 2,682/99.

Interest and inflation adjustments on past-due transactions are only recognized in the Statement of Income 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 off-balance sheet accounts and are only recognized in the Statement of Income when received.

Renegotiated transactions are held, at least, at the same rating as they were classified.

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

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

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

Type, values, terms, levels of risk, concentration, economic sector of client's 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 9.

## **Leasing**

The portfolio of leasing operations consists of contracts firmed with the support of Decree No. 140/84, of the Ministry of Finance, which contains clauses of: (a) non-cancellation; (b) purchase option; and (c) post-fixed or fixed restatement and are accounted for in accordance with the standards established by Bacen, as follows:

### **I- Leases receivable**

Reflect the balance of installments receivable, restated according to the indexes and criteria established by contractual agreement.

### **II- Unearned income from leasing and Guaranteed Residual Value (GRV)**

Recorded at the contractual amount, conversely to adjusted accounts of unearned revenues from leasing and Residual value to balance, both submitted through negotiated conditions. The GRV received in advance is recorded in Other Liabilities – Creditors by Anticipation of the Residual Value until the date of contractual termination. The adjustment at present value of the lease payments and the GRV receivable from the financial leasing operations is recognized as excessive/insufficient depreciation on leased assets, in order to reconcile the accounting practices. In operations whose delays are equal to or greater than 60 days, the appropriation to the result occurs upon receipt of contractual installments, in accordance with CMN Resolution No. 2,682/99.

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Financial Statements of the Prudential Conglomerate and Independent Auditor's Report

***Notes to the Financial Statements of the Prudential Conglomerate***

**III- Leased fixed assets**

It is recorded at acquisition cost, minus the accrued depreciations. The depreciation is calculated using the linear method, with the benefit of a 30% reduction in the normal life cycle of the asset, provisioned in the current legislation. The main annual rates of depreciation used, as base for this reduction, are the following: vehicles and the like, 20%; furniture and utensils, 10%; machinery and equipment, 10%; and other assets, 10% and 20%.

**IV- Losses on leases**

The losses recorded in the sale of leased assets are deferred and amortized over the remaining normal life cycle of assets, and are shown along with the Leased Fixed Assets (Note 9k).

**V- Excessive (insufficient) depreciation**

The accounting records of leasing operations are maintained as legal requirements, specific for this type of operation. The procedures adopted and summarized in items "II" to "IV" above differ from the accounting practices provisioned in Brazilian corporate law, especially concerning the regime of competence in the record of revenues and expenses related to lease contracts. As a result, in accordance with Bacen Circular No. 1,429/89, the present value of outstanding leasing installments was calculated, using the internal rate of return of each contract, recording a leasing revenue or expenditure, conversely to the entries of excessive or insufficient depreciation, respectively, recorded in Permanent Assets, with the objective of adapting the leasing operations to the regime of competence (Note 9k).

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

Deferred tax assets, calculated on income tax losses, social contribution losses and temporary differences, are recognized in "Other Receivables - Sundry" and the deferred tax liabilities on tax differences in leasing depreciation (applicable only for income tax), fair value adjustments on securities, monetary update of judicial deposits, among others, are recognized in "Other Liabilities - Tax and Social Security", in which for the differences in leasing depreciation only the income tax rate is applied.

Deferred tax assets on temporary differences are realized when the difference between the accounting treatment and the income tax treatment reverses. Deferred tax assets on income tax and social contribution losses are realizable when taxable income is generated, up to the 30% limit of the taxable profit for the period. Deferred tax assets are recognized based on current expectations of realization 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. For financial companies, for companies considered as such and for the insurance industry, the social contribution on the profit was calculated until August 2015, considering the rate of 15%. For the period between September 2015 and December 2018, the rate was changed to 20%, according to Law No. 13,169/15. The rate will revert to 15% from January 2019. For the other companies, the social contribution is calculated considering the rate of 9%.

Due to the amendment of the rate, Bradesco Organization recognized, in September 2015, an incremental amount to the deferred tax of social contribution, considering the annual expectations of realization and their respective rates in force in each period, according to the technical study produced.

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

The breakdown of income tax and social contribution, showing the calculations, the origin and expected use of deferred tax assets, as well as unrecognized deferred tax assets, is presented in Note 33.

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Financial Statements of the Prudential Conglomerate and Independent Auditor's Report

***Notes to the Financial Statements of the Prudential Conglomerate***

**i) Prepaid expenses**

Prepaid expenses consist of funds already disbursed for future benefits or services, which are recognized in the profit or loss on an accrual basis.

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

In the case of the remuneration paid for the origination of credit operations or leasing to the banking correspondents related to credit operations originated during 2015 and 2016, Bradesco opted to recognize part of the total value of compensation, pursuant to the provisions of Bacen Circular No. 3,738/14.

Prepaid expenses are shown in detail in Note 11b.

**j) Investments**

Investments in unconsolidated and jointly controlled companies, where Bradesco has significant influence over the investee or holds at least 20% of the voting rights, are accounted for using the equity method.

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

Subsidiaries are consolidated – the composition of the main companies are disclosed in Note 2. The composition of unconsolidated and jointly controlled companies, as well as other investments, are disclosed in Note 12.

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

Relates to the tangible assets used by the Bank in its activities, including those resulting from transactions that transfer risks, benefits and control of the assets to the Bank.

Premises and equipment are stated at acquisition cost, net of accumulated depreciation, calculated by the straight-line method based on the assets' estimated economic useful life, using the following rates: real estate – 4% per annum; installations, furniture, equipment for use, security systems and communications – 10% per annum; transport systems – 20% per annum; and data-processing systems – 20% to 40% per annum, and adjusted for impairment, when applicable.

The breakdown of asset costs and their corresponding depreciation, as well as the unrecognized surplus value for real estate and the fixed asset ratios, are disclosed in Note 13.

#### **l) Deferred assets**

According to CMN Resolution No. 4,534/16 and Circular Letter No. 3,791/16 to the Central Bank, in November 2016, the deferred charges item was excluded from the accounting plan and the balances were reclassified to the intangible asset. Until these standards came into force, they were recorded at cost of acquisition or formation, net of accumulated depreciation of 20% per year, calculated using the straight-line method, and since December 2008, new operations were already being recorded as intangible assets, in accordance with Bacen Circular Letter No. 3,357/08.

The composition of deferred assets is shown in Note 14.

#### **m) Intangible assets**

Relates to the right over intangible assets used by the Bank in its activities.

Intangible assets comprise:

- Future profitability/acquired client portfolio and acquisition of right to provide banking services: they are recognized and amortized over the period in which the asset will directly and indirectly contribute to future cash flows and adjusted for impairment, where applicable; and

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Financial Statements of the Prudential Conglomerate and Independent Auditor's Report

***Notes to the Financial Statements of the Prudential Conglomerate***

- Software: stated at cost less amortization calculated on a straight-line basis over the estimated useful life (20% p.a.), from the date it is available for use and adjusted for impairment, where applicable. Internal software development costs are recognized as an intangible asset when it is possible to show the intent and ability to complete and use the software, as well as to reliably measure costs directly attributable to the intangible asset. These costs are amortized during the software's estimated useful life, considering the expected future economic benefits.

Intangible assets and the movement in these balances by class, are presented in Note 15.

**n) 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 the significant or extended decline in an asset value.

An impairment loss of a financial or non-financial asset is recognized in the profit or loss for the period if the carrying amount of an asset or cash-generating unit exceeds its recoverable value. Impairment losses are presented in Note 7c(7), 7h, 12, 13 e 15b.

**o) 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, calculated on a daily pro-rata basis.

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

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

Provisions, contingent assets and liabilities, and legal obligations, as defined below, are recognized, measured and disclosed in accordance with the criteria set out in CPC 25, approved by CMN Resolution No. 3,823/09 and CVM Resolution No. 594/09:

- **Contingent Assets:** these are not recognized in the financial statements, except to the extent that there are real guarantees or favorable judicial decisions, to which no further appeals are applicable, and it is considered virtually certain that cash inflows will flow to Bradesco. Contingent assets with a chance of probable success are disclosed in the notes to the financial statements;
- **Provisions:** these are recognized taking into consideration the opinion of legal counsel, the nature of the lawsuits, similarity with previous lawsuits, complexity and positioning of the courts, whenever an entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and when the amount 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 do not meet the criteria for recognition because they are considered as possible losses should only be disclosed in the notes when relevant. Obligations deemed remote are not recognized as a provision nor disclosed; and
- **Legal Obligations – Provision for Tax Risks:** results from judicial proceedings, which contest the applicability of tax laws on the grounds of legality or constitutionality, which, regardless of the assessment of the probability of success, are fully provided for in the financial statements.

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

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Financial Statements of the Prudential Conglomerate and Independent Auditor's Report

***Notes to the Financial Statements of the Prudential Conglomerate***

**q) Other assets and liabilities**

Assets are stated at their realizable amounts, including, when applicable, related income and inflation 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 inflation and exchange variations (on a daily prorated basis).

**r) Subsequent events**

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

They comprise the following:

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

Subsequent events, if any, are described in Note 34.

**4) INFORMATION FOR THE PURPOSE OF COMPARABILITY**

From July 2016, Bradesco began consolidating the consolidated financial statements of HSBC Bank Brasil S.A. and its subsidiaries (Note 34f). We presented the main balances of the statement of financial position as of September 30, 2016 and statements of income for the period from July 1, 2016 to September 30, 2016:

	R\$ thousand <b>HSBC Brasil (1)</b>
<b>Assets</b>	
<b>Current and long-term assets</b>	<b>139,665,906</b>
Funds available	2,244,736
Interbank investments	17,455,233
Securities and derivative financial instruments	26,646,956
Interbank and interdepartmental accounts	17,041,653
Loan and leasing	45,196,618
Other receivables	30,851,968
Other assets	228,742
<b>Permanent</b>	<b>3,249,876</b>
- Investments	1,618,744
- Premises and equipment	1,169,562
- Intangible assets	461,570
<b>Total</b>	<b>142,915,782</b>
<b>Liabilities</b>	
<b>Current and long-term liabilities</b>	<b>135,139,274</b>
Demand, term and other deposits	65,015,924
Securities sold under agreements to repurchase	1,988,820
Funds from Acceptances and Issue of Securities	37,570,595
Interbank and interdepartmental accounts	1,261,678
Borrowing and on-lending	5,699,929
Derivative financial instruments	2,659,164
Other liabilities	20,943,164
<b>Non-controlling interests in associated and controlled companies</b>	<b>107</b>
<b>Shareholders' equity</b>	<b>7,776,401</b>
<b>Total</b>	<b>142,915,782</b>

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## Financial Statements of the Prudential Conglomerate and Independent Auditor's Report

**Notes to the Financial Statements of the Prudential Conglomerate**

	R\$ thousand
	<b>HSBC Brasil</b>
Income from financial intermediation	6,358,992
Expenses from financial intermediation	(3,756,811)
<b>Financial margin</b>	<b>2,602,181</b>
Allowance for Loan Losses (ALL)	(1,187,495)
<b>Gross Income from financial intermediation</b>	<b>1,414,686</b>
Fee and commission income	632,211
Personnel expenses	(1,069,833)
Other administrative expenses	(918,944)
Tax expenses	(219,069)
Equity in associated and jointly controlled companies	156,931
Other operating income / expenses	15,640
<b>Operating income</b>	<b>11,622</b>
Non-operating expense	(66,409)
IT/SC (Income Tax/Soc. Contrib.) and non-controlling interests	144,609
<b>Net income</b>	<b>89,822</b>

(1) Considers the companies that make up the consolidated Prudential.

In October 2016, approval was granted in an Extraordinary General Meeting for the partial spin-off of HSBC Brasil, through the absorption of portions of its equity by companies of the Organization, enabling progress with the integration of operational and technological platforms, resulting in the replacement of the HSBC brand in its service network, becoming Bradesco. Thus, Bradesco began to operate with a unified platform (branches, ATMs, and systems), to which all clients have access to. From now on, Bradesco will add to the products and services already offered to HSBC Brasil clients, a nationwide service network, a state-of-the-art technology platform, and an even more extensive portfolio of products and services

**5) CASH AND CASH EQUIVALENTS**

On December 31 - R\$ thousand  
**2016**                      **2015**

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Cash and due from banks in domestic currency	12,508,225	9,243,959
Cash and due from banks in foreign currency	2,071,916	8,069,800
Investments in gold	180	142
<b>Total cash and due from banks</b>	<b>14,580,321</b>	<b>17,313,901</b>
Interbank investments (1)	166,712,306	129,961,555
<b>Total cash and cash equivalents</b>	<b>181,292,627</b>	<b>147,275,456</b>

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

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## Financial Statements of the Prudential Conglomerate and Independent Auditor's Report

**Notes to the Financial Statements of the Prudential Conglomerate****6) INTERBANK INVESTMENTS****a) Breakdown and maturity**

	On December 31 - R\$ thousand				
	1 to 30	31 to 180	181 to	More	
	days	days	360	than	2016
			days	360	2015
				days	
<b>Securities purchased under agreements to resell:</b>					
<b>Own portfolio position</b>	<b>68,566,345</b>	-	-	-	<b>68,566,345</b>
Financial treasury bills	33,116,017	-	-	-	33,116,017
National treasury notes	21,782,551	-	-	-	21,782,551
National treasury bills	13,211,887	-	-	-	13,211,887
Bank deposit certificates	240,455	-	-	-	240,455
Debentures	208,986	-	-	-	208,986
Other	6,449	-	-	-	6,449
<b>Funded position</b>	<b>99,329,484</b>	<b>1,081,498</b>	-	-	<b>100,410,982</b>
Financial treasury bills	46,235,731	1,031,173	-	-	47,266,904
National treasury notes	29,552,172	50,325	-	-	29,602,497
National treasury bills	23,541,581	-	-	-	23,541,581
<b>Short position</b>	<b>978,509</b>	<b>124,786</b>	-	-	<b>1,103,295</b>
National treasury bills	978,509	124,786	-	-	1,103,295
<b>Subtotal</b>	<b>168,874,338</b>	<b>1,206,284</b>	-	-	<b>170,080,622</b>
<b>Interest-earning deposits in other banks:</b>					
Interest-earning deposits in other banks:	3,344,920	1,613,652	1,748,334	780,394	7,487,300
Provision for losses	-	-	-	-	-
<b>Subtotal</b>	<b>3,344,920</b>	<b>1,613,652</b>	<b>1,748,334</b>	<b>780,394</b>	<b>7,487,300</b>
<b>Total in 2016</b>	<b>172,219,258</b>	<b>2,819,936</b>	<b>1,748,334</b>	<b>780,394</b>	<b>177,567,922</b>
%	97.0	1.6	1.0	0.4	100.0
<b>Total in 2015</b>	<b>134,390,227</b>	<b>4,196,705</b>	<b>1,242,882</b>	<b>515,131</b>	<b>140,344,945</b>
%	95.8	3.0	0.9	0.3	100.0

**b) Income from interbank investments**

Classified in the statement of income as income from operations with securities.

	December 31 YTD - R\$ thousand	
	2016	2015
<b>Income from investments in purchase and sale commitments:</b>		
•Own portfolio position	1,108,738	347,648
•Funded position	20,720,128	19,708,089
•Short position	283,547	382,362
<b>Subtotal</b>	<b>22,112,413</b>	<b>20,438,099</b>
<b>Income from interest-earning deposits in other banks</b>	<b>651,103</b>	<b>508,590</b>
<b>Total (Note 7h)</b>	<b>22,763,516</b>	<b>20,946,689</b>

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## Financial Statements of the Prudential Conglomerate and Independent Auditor's Report

**Notes to the Financial Statements of the Prudential Conglomerate****7) 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**

	2016			On December 31 - R\$ thousand 2015		
	Financial	Other Activities	Total	%	Total	%
<b>Trading securities</b>	<b>53,160,117</b>	<b>56</b>	<b>53,160,173</b>	<b>37.4</b>	<b>48,115,797</b>	<b>25.5</b>
- Government securities	20,560,248	-	20,560,248	22.6	15,009,209	8.0
- Corporate securities	15,658,473	56	15,658,529	7.1	14,063,944	7.4
- Derivative financial instruments (1)						
(6)	16,941,396	-	16,941,396	7.7	19,042,644	10.1
<b>Available-for-sale securities (3)</b>	<b>153,099,549</b>	<b>4,803</b>	<b>153,104,352</b>	<b>56.8</b>	<b>128,530,119</b>	<b>67.9</b>
- Government securities	93,487,733	1,659	93,489,392	29.6	75,782,762	40.0
- Corporate securities	59,611,816	3,144	59,614,960	27.2	52,747,357	27.9
<b>Held-to-maturity securities (3)</b>	<b>12,772,270</b>	<b>-</b>	<b>12,772,270</b>	<b>5.8</b>	<b>12,598,538</b>	<b>6.6</b>
- Government securities	33,083	-	33,083	-	41,092	-
- Corporate securities	12,739,187	-	12,739,187	5.8	12,557,446	6.6
<b>Subtotal</b>	<b>219,031,936</b>	<b>4,859</b>	<b>219,036,795</b>	<b>100.0</b>	<b>189,244,454</b>	<b>100.0</b>
Purchase and sale commitments						
(2)	104,836	-	104,836	-	79,517	-
<b>Grand total</b>	<b>219,136,772</b>	<b>4,859</b>	<b>219,141,631</b>	<b>100.0</b>	<b>189,323,971</b>	<b>100.0</b>
- Government securities	114,081,064	1,659	114,082,723	52.2	90,833,063	48.0
- Corporate securities	104,950,872	3,200	104,954,072	47.8	98,411,391	52.0
<b>Subtotal</b>	<b>219,031,936</b>	<b>4,859</b>	<b>219,036,795</b>	<b>100.0</b>	<b>189,244,454</b>	<b>100.0</b>
Purchase and sale commitments						
(2)	104,836	-	104,836	-	79,517	-
<b>Grand total</b>	<b>219,136,772</b>	<b>4,859</b>	<b>219,141,631</b>	<b>100.0</b>	<b>189,323,971</b>	<b>100.0</b>

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## Financial Statements of the Prudential Conglomerate and Independent Auditor's Report

**Notes to the Financial Statements of the Prudential Conglomerate****b) Consolidated classification by category, maturity and operating segment****l) Trading securities**

Securities	2016				Fair/book value (4) (5)	Original amortization cost
	1 to 30 days	31 to 180 days	181 to 360 days	More than 360 days		
<b>- Financial</b>	<b>26,285,206</b>	<b>3,006,221</b>	<b>2,906,223</b>	<b>20,962,467</b>	<b>53,160,117</b>	<b>62,511,117</b>
Financial treasury bills	48,694	2,144	267,713	10,294,603	10,613,154	10,613,154
National treasury notes	63,523	200,946	14,761	5,867,052	6,146,282	5,867,052
Financial bills	222,584	1,308,336	2,056,795	263,707	3,851,422	3,851,422
National treasury bills	224,850	40,605	241,845	1,566,514	2,073,814	2,073,814
Debentures	39,488	16,499	189,039	1,583,753	1,828,779	2,000,000
Brazilian foreign debt securities	1,307,266	-	-	50,759	1,358,025	1,358,025
Derivative financial instruments (1) (6)	15,734,634	973,846	120,004	112,912	16,941,396	26,285,206
Other	8,644,167	463,845	16,066	1,223,167	10,347,245	10,417,245
<b>- Other activities</b>	<b>56</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>56</b>	<b>56</b>
Other	56	-	-	-	56	56
<b>Subtotal</b>	<b>26,285,262</b>	<b>3,006,221</b>	<b>2,906,223</b>	<b>20,962,467</b>	<b>53,160,173</b>	<b>62,511,173</b>
Purchase and sale commitments - Financial (2)	104,836	-	-	-	104,836	104,836
<b>Grand total</b>	<b>26,390,098</b>	<b>3,006,221</b>	<b>2,906,223</b>	<b>20,962,467</b>	<b>53,265,009</b>	<b>62,616,009</b>
<b>Derivative financial instruments (liabilities) (6)</b>	<b>(12,399,309)</b>	<b>(534,524)</b>	<b>(279,662)</b>	<b>(192,892)</b>	<b>(13,406,387)</b>	<b>(11,670,000)</b>

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## Financial Statements of the Prudential Conglomerate and Independent Auditor's Report

**Notes to the Financial Statements of the Prudential Conglomerate****II) Available-for-sale securities**

Securities (7)	2016				Fair/book value (4) (5)
	1 to 30 days	31 to 180 days	181 to 360 days	More than 360 days	
<b>Financial</b>	<b>10,783,859</b>	<b>7,632,308</b>	<b>2,320,671</b>	<b>132,362,711</b>	<b>153,099,549</b>
National treasury bills	120,042	3,416,175	1,560,524	52,049,807	57,146,548
Debentures	407,659	1,162,184	496,636	36,667,559	38,734,038
National treasury notes	2,729,317	2,085,988	-	28,650,163	33,465,468
Foreign corporate securities	1,657	37,211	50,188	10,995,554	11,084,610
Shares	6,233,670	-	-	-	6,233,670
Financial treasury bills	129,924	42,210	11,498	2,139,330	2,322,962
Promissory Notes	97,300	512,489	201,825	297,669	1,109,283
Certificates of real estate receivables	21,468	-	-	865,209	886,677
Other	1,042,822	376,051	-	697,420	2,116,293
<b>- Other activities</b>	<b>3,144</b>	<b>-</b>	<b>-</b>	<b>1,659</b>	<b>4,803</b>
Other	3,144	-	-	1,659	4,803
<b>Subtotal</b>	<b>10,787,003</b>	<b>7,632,308</b>	<b>2,320,671</b>	<b>132,364,370</b>	<b>153,104,352</b>
Hedge - cash flow (Note 7f)	-	-	-	-	-
Securities reclassified to "Held-to-maturity securities" (3)	-	-	-	-	-
<b>Grand total</b>	<b>10,787,003</b>	<b>7,632,308</b>	<b>2,320,671</b>	<b>132,364,370</b>	<b>153,104,352</b>

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

Securities (3)	2016				Fair Value (5)	Gain (loss) not accounted for	Amortized cost (4)	On December 31 - R\$ 2015
	1 to 30 days	31 to 180 days	181 to 360 days	More than 360 days				
<b>- Financial</b>	-	-	-12,772,270	12,772,270	11,443,461	(1,328,809)	12,598,538	(1)
Certificates of real estate receivables	-	-	-12,739,187	12,739,187	11,379,323	(1,359,864)	12,557,446	(1)
Others	-	-	- 33,083	33,083	64,138	31,055	41,092	
<b>Total</b>	-	-	<b>-12,772,270</b>	<b>12,772,270</b>	<b>11,443,461</b>	<b>(1,328,809)</b>	<b>12,598,538</b>	<b>(1)</b>

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## Financial Statements of the Prudential Conglomerate and Independent Auditor's Report

**Notes to the Financial Statements of the Prudential Conglomerate****c) Breakdown of the portfolios by financial statement classification**

Securities	On December 31 - R\$ thousand					
	1 to 30	31 to 180	181 to 360	More than	Total in	Total in
	days	days	days	360 days	(4) (5)	(4) (5)
<b>Own portfolio</b>	<b>21,319,266</b>	<b>7,292,917</b>	<b>3,203,601</b>	<b>87,333,135</b>	<b>119,148,919</b>	<b>116,061,365</b>
<b>Fixed income securities</b>	<b>13,520,507</b>	<b>7,292,917</b>	<b>3,203,601</b>	<b>87,333,135</b>	<b>111,350,160</b>	<b>108,694,627</b>
• Debentures	447,147	1,178,683	685,675	38,251,312	40,562,817	32,924,295
• National treasury bills	344,892	3,416,175	-	-14,067,254	17,828,321	20,316,107
• Certificates of real estate receivables	21,468	-	-	-13,672,096	13,693,564	13,687,790
• National treasury notes	2,792,840	-	-	-10,202,365	12,995,205	11,220,945
• Financial treasury bills	55,546	127	193,052	6,452,335	6,701,060	5,698,562
• Financial bills	248,467	1,684,387	2,056,795	263,705	4,253,354	5,143,744
• Foreign corporate securities	173,516	140,743	66,180	2,611,497	2,991,936	8,252,434
• Foreign corporate securities	1,307,266	-	-	472,868	1,780,134	1,472,300
• Promissory Notes	97,300	512,489	201,825	297,669	1,109,283	1,558,616
• Bank deposit certificates	37,926	360,313	-	15,335	413,574	601,915
• Foreign government securities	42,777	-	-	325,455	368,232	2,220,799
• Compromised transactions (2)	104,836	-	-	-	104,836	79,517
• Other	7,846,526	-	74	701,244	8,547,844	5,517,603
<b>Equity securities</b>	<b>7,798,759</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,798,759</b>	<b>7,366,738</b>
• Shares of listed companies	7,798,759	-	-	-	7,798,759	7,366,738
<b>Restricted securities</b>	<b>123,201</b>	<b>2,371,766</b>	<b>1,708,266</b>	<b>71,234,549</b>	<b>75,437,782</b>	<b>49,176,233</b>
<b>Repurchase agreements</b>	<b>-</b>	<b>-2,312,436</b>	<b>1,604,486</b>	<b>59,106,653</b>	<b>63,023,575</b>	<b>41,590,713</b>
• National treasury bills	-	-1,568,156	28,838,611	30,406,767	11,156,098	11,156,098
• National treasury notes	-	-2,286,932	14,761	19,338,428	21,640,121	24,587,596
• Foreign corporate securities	-	-	-	8,642,151	8,642,151	4,306,897
• Financial treasury bills	-	25,504	21,569	2,184,622	2,231,695	1,540,122
• Other	-	-	-	102,841	102,841	-
<b>Brazilian Central Bank</b>	<b>120,363</b>	<b>-</b>	<b>461</b>	<b>53,383</b>	<b>174,207</b>	<b>22,065</b>
• Financial treasury bills	120,363	-	-	-	120,363	-
• National treasury notes	-	-	461	53,383	53,844	22,065

## Financial Statements of the Prudential Conglomerate and Independent Auditor's Report

**Notes to the Financial Statements of the Prudential Conglomerate**

Securities	On December 31 - R\$ thousand					
	1 to 30 days	31 to 180 days	181 to 360 days	More than 360 days	Total in 2016 (4) (5)	Total in 2015 (4) (5)
<b>Privatization rights</b>	-	-	-	48,706	48,706	52,473
<b>Guarantees provided</b>	<b>2,838</b>	<b>59,330</b>	<b>103,319</b>	<b>12,025,807</b>	<b>12,191,294</b>	<b>7,510,982</b>
• National treasury bills	-	40,605	38,729	4,917,102	4,996,436	2,516,854
• National treasury notes	-	-	-	4,059,976	4,059,976	3,141,485
• Financial treasury bills	2,709	18,725	64,590	3,048,729	3,134,753	1,843,172
• Other	129	-	-	-	-	-