

BANK BRADESCO  
Form 6-K  
May 12, 2016

---

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

---

**FORM 6-K**

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

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

---

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

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

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

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

---

## Table of Contents

### Table of Contents

|  |    |
|--|----|
| Highlights   | 4  |
| Main Information   | 6  |
| Book Net Income vs. Adjusted Net Income                                      | 8  |
| Summarized Analysis of Adjusted Income                                       | 8  |
| Capital Ratios - Basel III   | 19 |
| Economic Environment   | 20 |
| Main Economic Indicators   | 21 |
| Guidance   | 21 |
| Managerial Income vs. Adjusted Income Statement                              | 22 |
| <br>   |    |
| Consolidated Statement of Financial Position and Adjusted Income Statement   | 26 |
| Interest and Non-Interest Earning Portions                                   | 27 |
| – Interest Earning Portion   | 28 |
| • Interest Earning Portion of Credit Intermediation                          | 30 |
| • Interest Earning Portion of Securities/Other                               | 44 |
| • Interest Earning Portion of Insurance                                      | 44 |
| – Non-Interest Earning Portion   | 44 |
| Insurance, Pension Plans and Capitalization Bonds                            | 45 |
| – Bradesco Vida e Previdência  | 49 |
| – Bradesco Saúde e Mediservice   | 50 |
| – Bradesco Capitalização   | 51 |
| – Bradesco Auto/RE and Atlântica Companhia de Seguros                        | 52 |
| Fee and Commission Income  | 53 |
| Personnel and Administrative Expenses  | 57 |
| – Operating Coverage Ratio   | 58 |
| Tax Expenses   | 59 |
| Equity in the Earnings (Losses) of Affiliates                                | 59 |
| Non-Operating Income   | 59 |
| <br>   |    |
| Corporate Governance   | 62 |
| Investor Relations area – IR   | 62 |
| Sustainability   | 62 |
| Bradesco Shares  | 63 |
| Market Capitalization  | 65 |
| Main Indicators  | 66 |
| Dividends/Interest on Shareholders' Equity – JCP                             | 67 |
| Weight on Main Stock Indexes   | 67 |
| <br>   |    |
| Market Share of Products and Services  | 70 |
| Ratings  | 71 |
| Reserve Requirements   | 71 |
| Investments in Infrastructure, Information Technology and Telecommunications | 72 |
| Risk Management  | 73 |

Edgar Filing: BANK BRADESCO - Form 6-K

|  |    |
|--|----|
| Capital Management   | 73 |
| Basel Ratio  | 74 |
| Limited Assurance Report about Supplementary Accounting information included within the Economic and Financial Analysis Report | 76 |

**Bradesco** \_ \_

---

*Table of Contents*

**Forward-Looking Statements**

This Economic and Financial Analysis Report contains forward-looking statements related to our business. Such statements are based on management's current expectations, estimates and projections concerning future events and financial trends that may affect our business. Words such as "believe", "anticipate", "plan", "expect", "intend", "goal", "estimate", "forecast", "predict", "project", "guidelines", "should" and other similar expressions are used to indicate predicting statements. However, forward-looking statements are not guarantees of future performance and involve certain risks and uncertainties that may be beyond our control. In addition, some forward-looking statements are based on assumptions which, depending on future events, may prove not to be accurate. Therefore, actual results may differ significantly from the plans, goals, expectations, projections and intentions expressed or implied in such statements.

The factors that may impact the actual results include, among others, changes in regional, national and international trade and economic policies; inflation; an increased number of defaults by borrowers in loan operations, with a consequent increase in the allowance for losses from loan operations; loss of ability to receive deposits; loss of customers or revenues; our ability to sustain and improve performance; changes in interest rates which may, among other things, adversely affect our margins; competition in the banking industry, financial services, credit card services, insurance, asset management and other related industries; government regulation and fiscal affairs; disputes or adverse legal proceedings or regulations; and credit and other risks involved in lending and investment activities.

As a result, one should not rely excessively on these forward-looking statements. The statements are valid only for the date on which they were drafted. Except as required by applicable law, we do not assume any obligation to update these statements as a result of new information, future developments or any other matters which may arise.

Some numbers included in this Report have been subjected to rounding adjustments.

As a result, some amounts indicated as total amounts in some charts may not be the arithmetic sum  
of the preceding numbers.

**Economic and Financial Analysis Report - March 2016**

---



Press Release

**Highlights**

The main figures obtained by Bradesco in the first quarter of 2016 are presented below:

1. Adjusted Net Income<sup>(1)</sup> for the first quarter of 2016 stood at R\$4.113 billion (a 3.8% decrease compared to the R\$4.274 billion recorded in the same period of 2015), corresponding to earnings per share of R\$3.52 and Return on Average Adjusted Equity<sup>(2)</sup> of 17.5%<sup>(2)</sup>.
2. As for the source, the Adjusted Net Income is composed of R\$2.733 billion from financial activities, representing 66.4% of the total, and of R\$1.380 billion from insurance, pension plans and capitalization bonds operations, which together account for 33.6%.
3. In March 2016, Bradesco's market capitalization stood at R\$143.720 billion<sup>(3)</sup>.
4. Total Assets, in March 2016, stood at R\$1.102 trillion, an increase of 6.5% over the March 2015 balance. The return on Average Total Assets was 1.5%.
5. In March 2016, the Expanded Loan Portfolio<sup>(4)</sup> reached R\$463.208 billion, remaining almost stable over March 2015. Operations with individuals totaled R\$147.759 billion (an increase of 4.0% over March 2015), while corporate segment operations totaled R\$315.449 billion (1.8% decrease over March 2015).
6. Assets under Management stood at R\$1.589 trillion, an 11.1% increase over March 2015.
7. Shareholders' Equity totaled R\$93.330 billion in March 2016, 11.2% higher than in March 2015. Basel III Ratio, calculated based on the Prudential Conglomerate stood at 16.9% in March 2016, 12.9% of which was classified as Common Equity / Tier I.
9. The Interest Earning Portion of the Net Interest Income stood at R\$14.734 billion, an increase of 11.0% compared to the first quarter of 2015.
10. The Delinquency Ratio over 90 days stood at 4.2% in March 2016 (3.6% in March 2015).
11. The Operating Efficiency Ratio (ER)<sup>(5)</sup> in March 2016 was 37.2% (38.3% in March 2015), while in the "risk-adjusted" concept, it stood at 47.1% (46.9% in March 2015).
12. Insurance Written Premiums, Pension Plan Contributions and Capitalization Bond Income totaled R\$15.186 billion in the first quarter of 2016, up 11.4% when compared to the same period of 2015. Technical Reserves stood at R\$182.973 billion, an increase of 16.3% compared to the balance in March 2015.
13. Investments in infrastructure, information technology and telecommunications amounted to R\$1.390 billion in the first quarter of 2016, up 5.9% over the same period in the previous year.
14. Taxes and contributions paid or recorded in provision, including social security, totaled R\$10.039 billion, of which R\$2.675 billion were related to taxes withheld and collected from third parties, and R\$7.364 billion were calculated based on activities developed by Organização Bradesco, equivalent to 179.0% of the Adjusted Net Income<sup>(1)</sup>.
15. Bradesco has an extensive Customer Service Network in Brazil, with 4,509 Branches and 3,535 Service Points (PAs). Customers of Bradesco can also count on 739 ATMs located on a company's premises (PAEs), 41,953 Bradesco Espresso service points, 31,668 Bradesco ATMs, and 18,767 Banco24Horas Network ATMs.

8. A total of R\$1.451 billion was paid to shareholders as Interest on Shareholders' Equity and Dividends for the profit generated in the first quarter of 2016, of which R\$273.240 million were paid monthly in the period and R\$1.178 billion provisioned.

- Economic and Financial Analysis Report – March 2016

---



---

***Press Release***

## Highlights

16. Payroll, plus charges and benefits totaled R\$3.216 billion. Social benefits provided to all 91,395 employees of Organização Bradesco and their dependents amounted R\$820.601 million, while investments in education, training and development programs totaled R\$18.870 million.

17. In January 2016, Bradesco informed the market that Bacen approved the acquisition of 100% of the share capital of HSBC Bank Brasil S.A. – Banco Múltiplo and HSBC Serviços e Participações Ltda. ("HSBC"). The completion of the operation is subject to the approval of the other competent regulatory authorities and compliance with legal formalities.

18. In January 2016, Bradesco signed a non-binding Memorandum of Understanding with Banco do Brasil S.A., Banco Santander (Brasil) S.A., Caixa Econômica Federal and Itaú Unibanco S.A., in order to create a holding company of credit intelligence ("GIC"), which will develop a database with the goal of adding, reconciling and handling database and credit-related information, of individuals and legal entities, which expressly authorize their inclusion in the database, as required by the applicable rules.

19. Major Awards and Acknowledgments in the period:

- Most valuable brand in Brazil in the last 10 years, according to the ranking promoted by *IstoÉ Dinheiro* magazine in partnership with consultancy firm Kantar Vermeer, linked to the British group WPP;
- Bradesco BBI was awarded "The best investment bank of Brazil" in 2016 in the 17th edition of "Best Investment Banks of the world" (Global Finance magazine);

Organização Bradesco is fully committed to internationally recognized sustainability and corporate governance initiatives, particularly: Global Compact, PRI (Principles for Responsible Investment), and Equator Principles. We set our guidelines and strategies with a view to incorporating the best sustainability practices into our businesses, considering the context and the potential of each region, thus contributing to the generation of value in the Organization. Our management process adopts economic and socio-environmental indexes developed in Brazil and abroad, such as the Dow Jones Sustainability Index (DJSI), the Corporate Sustainability Index (ISE, of BM&FBovespa), and the Carbon Efficient Index (ICO2, also of BM&FBovespa), as well as the guidelines and indexes of the Global Reporting Initiative (GRI) and the Carbon Disclosure Project (CDP).

With a broad social and educational program in place for 59 years, Fundação Bradesco operates 40 schools across Brazil. In 2016, an estimated R\$593.360 million budget will benefit approximately 101,566 students enrolled in its schools at the following levels: basic education (from kindergarten to high school and higher secondary technical-professional education), youth and adult education; and preliminary and continuing vocational training, which focuses on creating jobs and income. In addition to being guaranteed free, quality education, the students enrolled in the Basic Education system, numbering approximately 43 thousand, also receive uniforms, school supplies, meals, and medical and dental assistance. With regard to the distance learning system (EaD), it is estimated that more than 550 thousand students will benefit from it, through its e-learning portal Escola Virtual (Virtual School). These students will conclude, at least, one of the various courses

## Edgar Filing: BANK BRADESCO - Form 6-K

- Considered the best Manager in short-term fund and shares (Fundação Getúlio Vargas (FGV)); and
- Leads the ranking for large companies most featured in editions of the yearbook "Valor Carreira", considered, 12 times out of the 14 editions on the workplace, the best in people management (Jornal Valor Econômico newspaper in partnership with Aon-Hewitt).

offered in its schedule, and another 21,490 students will benefit from projects and initiatives carried out in partnership with Centers for Digital Inclusion (CDIs), the Educa+Ação Program, and from Technology courses (Educar e Aprender – Educating and Learning).

(1) According to the non-recurring events described on page 8 of this Economic and Financial Analysis Report; (2) As of the first quarter of 2016, the annualized profitability has been calculated on a linear basis, (ROAE of 18.7% in the previous criterion, in the first quarter of 2016), and also, it excludes mark-to-market effect of Available-for-Sale Securities recorded under Shareholders' Equity; (3) Number of shares (excluding treasury shares) multiplied by the 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.

**Bradesco** \_ \_

---

Press Release**Main Information**

| R\$ million  | 1Q16             | 4Q15      | 3Q15      | 2Q15      | 1Q15      | 4Q14    |
|--|------------------|-----------|-----------|-----------|-----------|---------|
| <b>Income Statement for the Period</b>   |                  |           |           |           |           |         |
| Book Net Income  | <b>4,121</b>     | 4,353     | 4,120     | 4,473     | 4,244     | 3,9     |
| Adjusted Net Income  | <b>4,113</b>     | 4,562     | 4,533     | 4,504     | 4,274     | 4,1     |
| Total Net Interest Income  | <b>14,892</b>    | 14,512    | 13,735    | 13,541    | 13,599    | 12,9    |
| Gross Credit Intermediation Margin   | <b>11,486</b>    | 11,313    | 10,806    | 10,427    | 10,242    | 10,0    |
| Net Credit Intermediation Margin   | <b>6,038</b>     | 7,121     | 6,954     | 6,877     | 6,662     | 6,7     |
| Allowance for Loan Losses (ALL) Expenses   | <b>(5,448)</b>   | (4,192)   | (3,852)   | (3,550)   | (3,580)   | (3,3    |
| Fee and Commission Income  | <b>6,405</b>     | 6,597     | 6,380     | 6,118     | 5,744     | 5,8     |
| Administrative and Personnel Expenses  | <b>(7,870)</b>   | (8,413)   | (7,997)   | (7,544)   | (7,084)   | (7,8    |
| Insurance Written Premiums, Pension Plan Contributions and Capitalization Bond Income                              | <b>15,186</b>    | 19,130    | 15,125    | 16,723    | 13,634    | 17,8    |
| <b>Statement of Financial Position</b>   |                  |           |           |           |           |         |
| Total Assets <sup>(1)</sup>  | <b>1,101,763</b> | 1,079,755 | 1,050,983 | 1,029,762 | 1,034,815 | 1,032,0 |
| Securities   | <b>414,926</b>   | 407,584   | 364,472   | 356,115   | 344,430   | 346,3   |
| Loan Operations <sup>(2)</sup>   | <b>463,208</b>   | 474,027   | 474,488   | 463,406   | 463,305   | 455,1   |
| - Individuals  | <b>147,759</b>   | 147,749   | 145,234   | 143,461   | 142,051   | 141,4   |
| - Corporate  | <b>315,449</b>   | 326,278   | 329,253   | 319,945   | 321,254   | 313,6   |
| Allowance for Loan Losses (ALL) <sup>(3)</sup>   | <b>(30,497)</b>  | (29,499)  | (28,670)  | (23,801)  | (23,618)  | (23,1   |
| Total Deposits   | <b>189,192</b>   | 195,760   | 203,637   | 195,926   | 211,702   | 211,6   |
| Technical Reserves   | <b>182,973</b>   | 177,835   | 168,629   | 164,566   | 157,295   | 153,2   |
| Shareholders' Equity   | <b>93,330</b>    | 88,907    | 86,233    | 86,972    | 83,937    | 81,5    |
| Assets under Management  | <b>1,589,307</b> | 1,510,396 | 1,452,528 | 1,443,989 | 1,431,090 | 1,426,0 |
| <b>Performance Indicators (%)</b>  |                  |           |           |           |           |         |
| Adjusted Net Income per Share - R\$ <sup>(4) (5)</sup>   | <b>3.52</b>      | 3.55      | 3.47      | 3.35      | 3.21      | 3.      |
| Book Value per Common and Preferred Share - R\$ <sup>(5)</sup>   | <b>18.56</b>     | 17.68     | 17.14     | 17.28     | 16.67     | 16.     |
| Annualized Return on Average Equity <sup>(6) (7)</sup>   | <b>17.5</b>      | 20.5      | 20.7      | 20.8      | 20.6      | 20.     |
| Annualized Return on Average Assets <sup>(7)</sup>   | <b>1.5</b>       | 1.7       | 1.7       | 1.7       | 1.7       | 1.      |
| Average Rates - 12 months = (Adjusted Net Interest Income / Total Average Assets - Repos - Permanent Assets) (NIM) | <b>7.5</b>       | 7.5       | 7.6       | 7.6       | 7.5       | 7.      |
| Fixed Asset Ratio <sup>(13)</sup>  | <b>34.0</b>      | 35.2      | 38.6      | 39.6      | 47.9      | 47.     |
| Combined Ratio - Insurance <sup>(8)</sup>  | <b>86.1</b>      | 86.5      | 86.9      | 86.5      | 86.8      | 86.     |
| Efficiency Ratio (ER) <sup>(4)</sup>   | <b>37.2</b>      | 37.5      | 37.9      | 37.9      | 38.3      | 38.     |
| Coverage Ratio (Fee and Commission Income/Administrative and Personnel Expenses) <sup>(4)</sup>                    | <b>80.1</b>      | 80.0      | 79.1      | 78.7      | 77.4      | 77.     |
| Market Capitalization - R\$ million <sup>(9)</sup>   | <b>143,720</b>   | 100,044   | 113,288   | 142,098   | 150,532   | 145,5   |
| <b>Loan Portfolio Quality % <sup>(10)</sup></b>  |                  |           |           |           |           |         |
| ALL / Loan Portfolio <sup>(3)</sup>  | <b>8.6</b>       | 8.0       | 7.8       | 6.7       | 6.7       | 6.      |
| Non-performing Loans (> 60 days <sup>(11)</sup> / Loan Portfolio)  | <b>5.3</b>       | 5.0       | 4.7       | 4.6       | 4.5       | 4.      |
| Delinquency Ratio (> 90 days <sup>(11)</sup> / Loan Portfolio)   | <b>4.2</b>       | 4.1       | 3.8       | 3.7       | 3.6       | 3.      |

Edgar Filing: BANK BRADESCO - Form 6-K

|  |              |       |       |       |       |       |
|--|--------------|-------|-------|-------|-------|-------|
| Coverage Ratio (> 90 days <sup>(11)</sup> <sup>(3)</sup> ) | <b>204.2</b> | 198.0 | 205.7 | 180.4 | 187.0 | 183.0 |
| Coverage Ratio (> 60 days <sup>(11)</sup> <sup>(3)</sup> ) | <b>162.9</b> | 161.7 | 168.4 | 146.5 | 149.8 | 150.0 |
| <b>Operating Limits %</b>                                  |              |       |       |       |       |       |
| Basel Ratio - Total <sup>(12)</sup> <sup>(13)</sup>        | <b>16.9</b>  | 16.8  | 14.5  | 16.0  | 15.2  | 15.0  |
| Tier I Capital   | <b>12.9</b>  | 12.7  | 11.4  | 12.8  | 12.1  | 12.0  |
| - Common Equity  | <b>12.9</b>  | 12.7  | 11.4  | 12.8  | 12.1  | 12.0  |
| Tier II Capital  | <b>4.0</b>   | 4.1   | 3.0   | 3.2   | 3.1   | 3.0   |

Economic and Financial Analysis Report – March 2016

---

Press Release**Main Information**

|   | Mar16         | Dec15  | Sept15 | Jun15  | Mar15  | Dec14  | Sept14 | Jun14  | Variation<br>Mar16 Ma<br>x<br>Dec15 Ma |
|---|---------------|--------|--------|--------|--------|--------|--------|--------|--|
| <b>Structural Information - Units</b>                             |               |        |        |        |        |        |        |        |  |
| Service Points <sup>(14)</sup>                                    | <b>63,552</b> | 65,851 | 71,738 | 74,270 | 74,917 | 75,176 | 74,028 | 73,208 | (3.5)                                  |
| - Branches  | <b>4,509</b>  | 4,507  | 4,593  | 4,628  | 4,661  | 4,659  | 4,659  | 4,680  | 0.0                                    |
| - PAs <sup>(15)</sup>   | <b>3,535</b>  | 3,511  | 3,496  | 3,463  | 3,502  | 3,486  | 3,497  | 3,497  | 0.7                                    |
| - PAEs <sup>(15)</sup>  | <b>739</b>    | 736    | 845    | 980    | 1,135  | 1,145  | 1,159  | 1,175  | 0.4                                    |
| - External ATM Network - Bradesco <sup>(16)</sup> <sup>(17)</sup> | <b>435</b>    | 627    | 874    | 1,112  | 1,243  | 1,344  | 1,398  | 1,684  | (30.6)                                 |
| - Banco24Horas Network <sup>(16)</sup>                            | <b>11,298</b> | 11,721 | 11,917 | 12,127 | 12,268 | 12,450 | 12,213 | 12,023 | (3.6)                                  |
| - Bradesco Expresso (Correspondent Banks)                         | <b>41,953</b> | 43,560 | 48,175 | 50,042 | 50,043 | 50,006 | 49,020 | 48,186 | (3.7)                                  |
| - Bradesco Promotora de Vendas                                    | <b>1,069</b>  | 1,175  | 1,824  | 1,904  | 2,051  | 2,073  | 2,068  | 1,949  | (9.0)                                  |
| - Branches / Subsidiaries Abroad                                  | <b>14</b>     | 14     | 14     | 14     | 14     | 13     | 14     | 14     | -                                      |
| ATMs  | <b>50,435</b> | 50,467 | 50,113 | 49,410 | 48,941 | 48,682 | 48,053 | 47,612 | (0.1)                                  |
| - Bradesco Network  | <b>31,668</b> | 31,527 | 31,495 | 31,132 | 31,091 | 31,089 | 31,107 | 31,509 | 0.4                                    |
| - Banco24Horas Network  | <b>18,767</b> | 18,940 | 18,618 | 18,278 | 17,850 | 17,593 | 16,946 | 16,103 | (0.9)                                  |
| Employees <sup>(18)</sup>   | <b>91,395</b> | 92,861 | 93,696 | 93,902 | 94,976 | 95,520 | 98,849 | 99,027 | (1.6)                                  |
| Outsourced Employees and Interns                                  | <b>13,009</b> | 13,223 | 13,333 | 13,111 | 12,977 | 12,916 | 12,896 | 12,790 | (1.6)                                  |
| <b>Customers - in millions</b>                                    |               |        |        |        |        |        |        |        |  |
| Active Account Holders <sup>(19)</sup> <sup>(20)</sup>            | <b>25.6</b>   | 26.0   | 26.4   | 26.5   | 26.6   | 26.5   | 26.6   | 26.5   | (1.5)                                  |
| Savings Accounts <sup>(21)</sup>                                  | <b>55.7</b>   | 60.1   | 57.0   | 57.6   | 58.1   | 59.1   | 52.9   | 51.8   | (7.3)                                  |
| Insurance Group   | <b>50.6</b>   | 49.8   | 48.2   | 47.8   | 47.8   | 46.9   | 46.3   | 45.5   | 1.6                                    |
| - Policyholders   | <b>45.1</b>   | 44.2   | 42.5   | 42.0   | 42.0   | 41.1   | 40.5   | 39.6   | 2.0                                    |
| - Pension Plan Participants                                       | <b>2.4</b>    | 2.4    | 2.4    | 2.4    | 2.4    | 2.4    | 2.4    | 2.4    | -                                      |
| - Capitalization Bond Customers                                   | <b>3.1</b>    | 3.2    | 3.3    | 3.4    | 3.4    | 3.4    | 3.4    | 3.5    | (3.1)                                  |
| Bradesco Financiamentos <sup>(19)</sup>                           | <b>2.7</b>    | 2.8    | 2.8    | 2.9    | 3.0    | 3.1    | 3.1    | 3.2    | (3.6)                                  |

(1) For more information, please check note 4 – Statement of Financial Position and Statement of Managerial Income, in chapter 6 of this report;

(2) 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;

(3) Includes provision for guarantees provided, encompassing sureties, guarantees, letters of credit, and standby letter of credit, which comprises the concept of “excess” ALL. In the third quarter of 2015, includes an excess ALL/Worsening of Ratings, considered as an extraordinary event, totaling R\$3,704 million; This way, the balance of the excess ALL went from R\$4,004 million in June 2015 to R\$6,409 million in September 2015;

Edgar Filing: BANK BRADESCO - Form 6-K

- (4) In the last 12 months;
- (5) For comparison purposes, shares were adjusted in accordance with bonuses and stock splits;
- (6) Excluding mark-to-market effect of Available-for-Sale Securities recorded under Shareholders' Equity;
- (7) Year-to-Date Adjusted Net Income. As of the first quarter of 2016, the Annualized Returns have been calculated on a linear basis and for the best effect of comparability, the previous periods have been readjusted;
- (8) Excludes additional reserves;
- (9) Number of shares (excluding treasury shares) multiplied by the closing price for common and preferred shares on the period's last trading day;
- (10) As defined by the Brazilian Central Bank (Bacen);
- (11) Overdue loans;
- (12) Since October 2013, the Basel Ratio calculation has followed regulatory guidelines set forth in CMN Resolutions No. 4,192/13 and No. 4,193/13 (Basel III);
- (13) As of March 2015, the ratio calculated based on the Prudential Conglomerate is included, as set forth in CMN Resolution No. 4,192/13. It is important to note that the Prudential Conglomerate is calculated in accordance with the regulatory guidelines set forth in CMN Resolution No. 4,280/13;
- (14) The decrease as of March 2015 is related to (i) the migration of "External ATM Network– Bradesco" to "Banco24Horas Network"; (ii) the deactivation of ATMs from "Banco24Horas Network"; and (iii) the reduction of Bradesco Expresso correspondents;
- (15) PA (Service Branch): a result of the consolidation of PAB (Banking Service Branch), PAA (Advanced Service Branch) and Exchange Branches, according to CMN Resolution No. 4,072/12; and PAEs – ATMs located on a company's premises;
- (16) Including overlapping ATMs within the Bank's own network and the Banco24Horas Network;
- (17) This decrease is related to the sharing of external network ATMs by the Banco24Horas Network ATMs;
- (18) The decrease in the fourth quarter of 2014 includes, primarily, the transfer of 2,431 employees from Scopus Tecnologia to IBM Brasil;
- (19) Number of individual clients (National Registry of Legal Entities (CNPJ) and Individual Taxpayer Registry (CPF));
- (20) Refers to first and second checking account holders; and
- (21) Number of accounts.



Press Release**Book Net Income vs. Adjusted Net Income**

The main non-recurring events that affected Book Net Income in the periods below are presented in the following comparative chart:

|  |              |              |              |
|--|--------------|--------------|--------------|
| <b>Book Net Income</b>                           | <b>4,121</b> | <b>4,353</b> | <b>4,244</b> |
| <b>Non-recurring events (net of tax effects)</b> | <b>(8)</b>   | <b>209</b>   | <b>30</b>    |
| - Gains in the Partial Sale of Investments       | (90)         | -            | -            |
| - Reversal of technical reserves                 | -            | (276)        | -            |
| - Contingent Liabilities                         | 25           | 13           | 30           |
| - Impairment of assets <sup>(1)</sup>            | 57           | 472          | -            |
| <b>Adjusted Net Income</b>                       | <b>4,113</b> | <b>4,562</b> | <b>4,274</b> |

(1) In the first quarter of 2016, it refers to the impairment of Shares, in the amount of R\$57 million; and in the fourth quarter of 2015, it refers to the impairment of: (i) Permanent/Intangible Assets, in the amount of R\$234 million; and (ii) Shares, in the amount of R\$238 million.

**Summarized Analysis of Adjusted Income**

To provide for better understanding for and comparison purposes, in chapters 1 and 2 of this report we use the Adjusted Income Statement, obtained from adjustments made to the Managerial Income Statement, detailed at the end of this Press Release.

|  |                |               |              |              |                |               |              |              |
|--|----------------|---------------|--------------|--------------|----------------|---------------|--------------|--------------|
| <b>Net Interest Income</b>   | <b>14,892</b>  | 14,512        | 380          | 2.6          | <b>14,892</b>  | 13,599        | 1,293        | 9.5          |
| NII - Interest Earning Portion   | <b>14,734</b>  | 14,380        | 354          | 2.5          | <b>14,734</b>  | 13,273        | 1,461        | 11.0         |
| NII - Non-Interest Earning Portion   | <b>158</b>     | 132           | 26           | 19.7         | <b>158</b>     | 326           | (168)        | (51.5)       |
| ALL Expenses   | <b>(5,448)</b> | (4,192)       | (1,256)      | 30.0         | <b>(5,448)</b> | (3,580)       | (1,868)      | 52.2         |
| <b>Gross Income from Financial Intermediation</b>  | <b>9,444</b>   | <b>10,320</b> | <b>(876)</b> | <b>(8.5)</b> | <b>9,444</b>   | <b>10,019</b> | <b>(575)</b> | <b>(5.7)</b> |
| Income from Insurance Premiums, Pension Plans and Capitalization bonds, minus Variation of Technical Reserves, Retained Claims and others <sup>(1)</sup> | <b>1,625</b>   | 1,493         | 132          | 8.8          | <b>1,625</b>   | 1,211         | 414          | 34.2         |
| Fee and Commission Income  | <b>6,405</b>   | 6,597         | (192)        | (2.9)        | <b>6,405</b>   | 5,744         | 661          | 11.5         |
| Personnel Expenses   | <b>(3,754)</b> | (3,839)       | 85           | (2.2)        | <b>(3,754)</b> | (3,445)       | (309)        | 9.0          |
| Other Administrative Expenses  | <b>(4,116)</b> | (4,574)       | 458          | (10.0)       | <b>(4,116)</b> | (3,639)       | (477)        | 13.1         |



Edgar Filing: BANK BRADESCO - Form 6-K

|   |              |              |              |              |              |              |              |              |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Tax Expenses  | (1,418)      | (1,650)      | 232          | (14.1)       | (1,418)      | (1,309)      | (109)        | 8.3          |
| Equity in the Earnings (Losses) of<br>Unconsolidated<br>Companies | 40           | 93           | (53)         | (57.0)       | 40           | (20)         | 60           | -            |
| Other Operating Income/ (Expenses)                                | (1,669)      | (1,586)      | (83)         | 5.2          | (1,669)      | (1,912)      | 243          | (12.7)       |
| <b>Operating Result</b>   | <b>6,557</b> | <b>6,854</b> | <b>(297)</b> | <b>(4.3)</b> | <b>6,557</b> | <b>6,649</b> | <b>(92)</b>  | <b>(1.4)</b> |
| Non-Operating Result  | (87)         | (68)         | (19)         | 27.9         | (87)         | (68)         | (19)         | 27.9         |
| Income Tax / Social Contribution                                  | (2,311)      | (2,183)      | (128)        | 5.9          | (2,311)      | (2,275)      | (36)         | 1.6          |
| Non-controlling Interest  | (46)         | (41)         | (5)          | 12.2         | (46)         | (32)         | (14)         | 43.8         |
| <b>Adjusted Net Income</b>  | <b>4,113</b> | <b>4,562</b> | <b>(449)</b> | <b>(9.8)</b> | <b>4,113</b> | <b>4,274</b> | <b>(161)</b> | <b>(3.8)</b> |

(1) In "Others", it includes: Capitalization Bond Draws and Redemption – Insurance and Pension Plan and Capitalization Bond Sales Expenses.

Economic and Financial Analysis Report – March 2016

---

---

***Press Release***

**Summarized Analysis of Adjusted Income**

**Adjusted Net Income and Profitability**

The return on the Average Adjusted Shareholders' Equity (ROAE), which is calculated on a linear basis, registered 17.5% in March 2016. In this quarter, the reduction of the adjusted net income, which varied -9.8% in the quarterly comparison, and -3.8% in the annual comparison, impacted, largely, by the increase in allowance for loan losses expenses, as a result of: (i) the levelling of provisioning for corporate client operations, particularly a specific case, whose rating worsening had an impact of R\$836 million; and (ii) the effect of an increase in delinquency due to the economic slowdown.

The main events that affected adjusted net income are detailed below.

Adjusted net income reached R\$4,113 million in the first quarter of 2016, a decrease of R\$449 million compared to the previous quarter, mainly due to the increase in allowance for loan losses expenses, for the reasons detailed above. However, it is highlighted: (i) the decrease in administrative expenses; and the increment; (ii) the "interest-earning portion of the NII"; and (iii) the income of insurance premiums, pension and capitalization bonds.

In the comparison between the first quarter of 2016 and the same period in the previous year, the adjusted net income decreased R\$161 million, which reflects the highest revenues in (i) provision for doubtful debts, for the reasons detailed above; and (ii) personnel and administrative expenses. However, it is highlighted the increase of revenues

originated from: (i) the interest earning portion; (ii) the services provided; and (iii) the highest operating result of Insurance, Pension Plans and Capitalization Bonds, net of technical reserves, retained claims and others.

Shareholders' Equity totaled R\$93,330 million in March 2016, up 11.2% over March 2015. Basel III Ratio, calculated based on the Prudential Conglomerate, stood at 16.9%, 12.9% of which was classified as Common Equity / Tier I.

Total Assets registered R\$1.102 trillion in March 2016, a 6.5% increase over March 2015, driven by the increased turnover. Return on Average Assets (ROAA) reached 1.5%, calculated on a linear basis.

**Bradesco** \_\_\_\_\_

---

Press Release

## Summarized Analysis of Adjusted Income

### Operating Efficiency Ratio (ER)

The 12-month ER<sup>(1)</sup> reached 37.2% in the first quarter of 2016, once again registering the best historical level, showing improvement of 0.3 p.p. in comparison to the previous quarter, and 1.1 p.p. in comparison to the same period of the previous year, whereby the main variations were due to the increase in (i) the interest earning portion of the NII; (ii) fee and commission income; (iii) higher income from Insurance, Pension Plans and Capitalization Bonds, net of technical reserves, retained claims and others; offset, largely, by: (iv) the increase in operational expenses in the period.

The improvement of 3.0 p.p. in the quarterly ER, in the first quarter of 2016, was mainly, due to: (i) lower administrative expenses, arising, basically, (a) from the higher advertising and marketing expenses and (b) larger volumes of transactions and services, in the fourth quarter of 2015; combined with: (ii) the growth of interest-earning portion of the NII.

The risk adjusted ER, reflects the impact of the risk associated with loan operations<sup>(2)</sup> and reached 47.1%, impacted by 0.6 p.p., primarily due to levelling of provisions for corporate clients carried out in the first quarter of 2016.

(1)  $ER = (\text{Personnel Expenses} - \text{Employee Profit Sharing} + \text{Administrative Expenses}) / (\text{Net Interest Income} + \text{Fee and Commission Income} + \text{Income from Insurance} + \text{Equity in the Earnings (Losses) of Unconsolidated Companies} + \text{Other Operating Income} - \text{Other Operating Expenses})$ ; and

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

It is important to mention that the ER performance reflects the strategy of sustainable growth, which includes, among other things, (i) the availability of appropriate products and services for clients through the segmentation of the base and of digital channels, (ii) the optimization of points of service, and (iii) the strict control of operating expenses, arising from the actions of the Efficiency Committee and of investments in Information Technology, in the amount of R\$1.390 billion, in the first quarter of 2016.



Press Release**Summarized Analysis of Adjusted Income****NII (Net Interest Income)**

In the quarterly comparison, the R\$380 million, or 2.6%, increase was, mainly, due to: (i) the higher interest-earning portion of the NII, to the value of R\$354 million, with emphasis on "Securities/Other" and "Credit Intermediation", a result of an improved management in investment resources and funding operations; and (ii) non-interest-earning portion of the NII, in the amount of R\$26 million.

In the comparison between the first quarter of 2016 and the same period in the previous year, the net interest income increased by R\$1,293 million, or 9.5%, mainly due to: (i) a higher interest-earning portion of the NII, in the amount of R\$1,461 million, particularly in "Credit Intermediation"; and offset by: (ii) the non-interest-earning portion of the NII, in the amount of R\$168 million.

**NII - Interest Earning Portion – Average Rates in the last 12 months**

|                                       |               |          |             |               |          |             |
|---------------------------------------|---------------|----------|-------------|---------------|----------|-------------|
| Credit Intermediation                 | 11,486        | 370,414  | 12.0%       | 10,242        | 360,622  | 11.4%       |
| Insurance                             | 1,475         | 180,970  | 3.3%        | 1,420         | 155,920  | 3.2%        |
| Securities/Other                      | 1,773         | 411,992  | 1.6%        | 1,611         | 371,298  | 1.6%        |
| <b>NII - Interest Earning Portion</b> | <b>14,734</b> | <b>-</b> | <b>7.5%</b> | <b>13,273</b> | <b>-</b> | <b>7.3%</b> |

|                                       |               |          |             |               |          |             |
|---------------------------------------|---------------|----------|-------------|---------------|----------|-------------|
| Credit Intermediation                 | 11,486        | 370,414  | 12.0%       | 11,313        | 370,405  | 11.7%       |
| Insurance                             | 1,475         | 180,970  | 3.3%        | 1,523         | 174,030  | 3.4%        |
| Securities/Other                      | 1,773         | 411,992  | 1.6%        | 1,544         | 395,578  | 1.6%        |
| <b>NII - Interest Earning Portion</b> | <b>14,734</b> | <b>-</b> | <b>7.5%</b> | <b>14,380</b> | <b>-</b> | <b>7.5%</b> |

The average rate of the NII – interest-earning portion in the last 12 months was 7.5% in the first quarter of 2016. In the year-over-year comparison, the growth of 0.2 p.p. was the reflection of increased profits obtained in the interest earning portions of "Credit Intermediation" and "Insurance".



---

***Press Release***

**Summarized Analysis of Adjusted Income**

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

In March 2016, the expanded loan portfolio of Bradesco totaled R\$463.2 billion, a 2.3% decrease in comparison to December 2015, impacted, partially, by the exchange rate variation in the quarter. Micro, Small and Medium Sized Enterprises and Corporations presented a reduction of 6.5% and 1.7%, respectively, while the Individual remained stable in the period.

In relation to the last 12 months, the balance of the portfolio remained stable, focused on the growth of: (i) 4.0% in the Individual; and (ii) 2.9% in the Large Companies, favored by the exchange rate variation of the period.

For Individuals, the products that have the strongest growth in the last 12 months were: (i) real estate financing; and (ii) payroll-deductible loans. For the Corporate segment, the highlights were: (i) export financing; and (ii) operations bearing credit risk – commercial portfolio (debentures and promissory notes).

(1) In addition to Bacen loan portfolio, it includes sureties, guarantees, letters of credit, advances of credit card receivables, debentures, promissory notes, co-obligation in mortgage-backed receivables, and farm loans.

For more information, see Chapter 2 of this Report.

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

In the first quarter of 2016, allowance for loan losses expenses totaled R\$5,448 million, registering a variation of 30.0%, or R\$1,256 million, over the previous quarter, and a variation of 52.2%, or



R\$1,868 million, over the same quarter of 2015, mainly impacted by: (i) levelling of provisions for corporate clients, particularly a specific case, whose rating worsening had an impact of R\$ 836 million; and (ii) by the higher delinquency rate in the quarter, mainly due to the process of deceleration in economic activity. It is important to note that the balance in credit operations – Bacen concept remained stable in the year and presented a decrease of 3.6% in the quarter.

The effect in the growth of delinquency rates was mitigated by the reinforcement of the credit granting policies, quality of guarantees, as well as the improvement of the credit recovery processes. It is important to highlight that, from this quarter, the effect of an improvement in the guarantee management system, in terms of vehicle operations, did not produce any relevant effect on the allowance for loan losses expenses.

For more information, see Chapter 2 of this Report.

**.. Economic and Financial Analysis Report – March 2016**

---

---

**Press Release**

**Summarized Analysis of Adjusted Income**

**Delinquency Ratio<sup>(1) (2)</sup>**

**Delinquency over 90 days**

As expected, the total delinquency ratio, which refers to operations that are over 90 days past due, increased in the quarter, mainly due: (i) to the continuity of the unfavorable economic situation, which impacted the quality of the credit portfolio, mainly for the Individual and Micro, Small and Medium-Sized Enterprises; and (ii) by the reduction of the credit portfolio in the first quarter of 2016, also including Micro, Small and Medium Sized Enterprises.

**Delinquency from 15 to 90 days**

In the quarter, short-term delinquency, including operations past due between 15 and 90 days presented growth, impacted, in part, by: (i) seasonal issues of the beginning of the year; and (ii) the individual cases of corporate clients.

(1) As defined by Bacen; and

(2) Portfolios were not sold.

**Provisioning, Delinquency, ALL and Effective Coverage Ratio**

The assertiveness of the provisioning criteria adopted must be mentioned, which is proven by: (i) analyzing historical data on recorded allowances for loan losses; and (ii) effective losses in the subsequent 12-month period. When analyzed in

terms of net loss of recovery, for an existing provision of 6.7% of the portfolio<sup>(1)</sup> in March 2015, the net loss in the subsequent 12 months was 3.3%, that is, representing an effective coverage of 203.0%.

It should be highlighted that, considering the losses expected for one year (dotted part), which has a high correlation with E-H non-performing loans, there is an effective coverage of 220.5% for March 2016, which compares well with excess ALL, because it eliminates the effect of any sales of portfolios.

**Bradesco** \_ \_

---

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

In the comparison between the first quarter of 2016 and the same period of the previous year (R\$1.283 billion), the net income increased by 7.6%.

Net Income for the first quarter of 2016 totaled R\$1.380 billion (R\$1.405 billion in the first quarter of 2015), in line with the previous quarter, presenting an annualized return on Adjusted Shareholder's Equity of 24.9%<sup>(1)</sup>.

|  |                |         |         |         |         |         |       |
|--|----------------|---------|---------|---------|---------|---------|-------|
| <b>Net Income</b>  | <b>1,380</b>   | 1,405   | 1,317   | 1,284   | 1,283   | 1,236   | 1,0   |
| Insurance Written Premiums, Pension Plan Contributions and Capitalization Bond Income                                    | <b>15,186</b>  | 19,130  | 15,125  | 16,723  | 13,634  | 17,806  | 12,9  |
| Technical Reserves   | <b>182,973</b> | 177,835 | 168,629 | 164,566 | 157,295 | 153,267 | 145,9 |
| Financial Assets   | <b>200,016</b> | 191,921 | 182,391 | 179,129 | 170,395 | 166,022 | 158,2 |
| Claims Ratio (%)   | <b>72.1</b>    | 71.9    | 73.1    | 71.4    | 71.7    | 70.9    | 7     |
| Combined Ratio (%)   | <b>86.1</b>    | 86.5    | 86.9    | 86.5    | 86.8    | 85.9    | 8     |
| Policyholders / Participants and Customers (in thousands)  | <b>50,570</b>  | 49,806  | 48,185  | 47,758  | 47,789  | 46,956  | 46,3  |
| Employees  | <b>6,959</b>   | 7,023   | 7,052   | 7,074   | 7,082   | 7,113   | 7,1   |
| Market Share of Insurance Written Premiums, Pension Plan Contributions and Capitalization Bond Income (%) <sup>(3)</sup> | <b>25.3</b>    | 25.5    | 24.7    | 24.8    | 23.5    | 24.4    | 2     |

(1) Calculated on linear basis;

(2) Excluding additional provisions; and

(3) The first quarter of 2016 includes the latest data released by SUSEP (February/16).

Note: For comparability between the indexes in the periods demonstrated above, we disregarded extraordinary effects from the calculation.



---

***Press Release***

**Summarized Analysis of Adjusted Income**

**Income from Insurance, Pension Plans and Capitalization Bonds**

In the first quarter of 2016, the revenue showed an increase of 11.4% in comparison to the same period of the previous year, influenced by “Life and Pension Plans” and “Health Plans” products, which increased 13.6% and 16.8%, respectively.

Due to the concentration of private pension contributions, which occur historically in the last quarter of the financial year, the revenue did not present the same performance, in comparison to the fourth quarter of 2015.

The net income of the first quarter of 2016 remained in line with the results presented in the previous quarter, basically, due to: (i) a decrease of 0.5 p.p. in the commercialization index; (ii) the maintenance of the claims ratio and the administrative efficiency ratio, even considering the collective bargaining agreement in January 2016; partially offset by: (iii) a decrease in revenues; and (iv) a decrease in the financial and equity results.

**Minimum Capital Required – Grupo Bradesco Seguros**

According to CNSP Resolution No. 321/15, corporations should have adjusted shareholder’s equity (ASE) equal to or higher than the minimum capital required (MCR). MCR is equivalent to the highest value between the base capital and the risk capital. For companies regulated by the ANS, Normative Resolution No. 373/15 establishes that

The net income of the first quarter of 2016 was 7.6% higher than the results presented in the same period last year, basically due to: (i) the growth of 11.4% in revenues; (ii) the decrease of 0.5 p.p. in the commercialization index; (iii) the improvement in the financial and equity results; partially offset by: (iv) the increase of the Social Contribution rate (CSLL), that influenced the first quarter of 2016 results; and (v) the increase of 0.4 p.p. in the claims ratio.

The capital adjustment and management process is continuously monitored and aims to ensure that Grupo Bradesco Seguros keeps a solid capital base to support the development of activities and cope with the risks in any market situation, in compliance with regulatory requirements and/or Corporate Governance principles. Companies must permanently maintain a capital compatible with the risks for their activities and operations, according to the characteristics and peculiarities of each

corporations should have adjusted shareholder's equity (ASE) equal to or higher than the Solvency Margin.

company belonging to Grupo Bradesco Seguros, represented by adequate capital levels. Grupo Bradesco Seguros permanently observes the limits required by the respective regulatory entities. The Minimum Capital Required in February 2016 was R\$8,539 billion.

**Bradesco** \_ \_

---

Press Release

## Summarized Analysis of Adjusted Income

### Fee and Commission Income

In the comparison between the first quarter of 2016 and the same period of the previous year, the increase of R\$661 million, or 11.5%, in the revenues of provision of services, was mainly due to: (i) an increase in the volume of operations, which are arising from the continuous investments in service channels and in technology; and (ii) an advance in the client segmentation process for a better offer of products and services. It must be noted that the lines that have most contributed to this result derived from: (i) an increase in the checking account income, mainly due to an improvement in the client segmentation process; (ii) the good performance of the card business, as a result of (a) the increase in the financial volume traded; and (b) the highest volume of transactions performed; and evolution of revenue with: (iii) asset management; (iv) consortium management; and (v) loan operations, especially income from collaterals.

In the first quarter of 2016, fee and commission income totaled R\$6,405 million, showing a decrease of R\$192 million, or 2.9%, in comparison to the previous quarter, primarily due to the smaller volume of operations/billing, caused by the seasonality of the end of the year and the lower number of business days in the first quarter of 2016, which impacted the revenue generated with: (i) cards; (ii) credit operations; and (iii) checking accounts.

### Personnel Expenses

In the comparison between the first quarter of 2016 and the same period of the previous year, the increase of R\$309 million, or 9.0%, in personnel expenses, is mainly due to the variations in the following expenses: (i) structural portion due to the increase in expenses with payroll, social charges and benefits, impacted by higher salaries, in accordance with the 2015 collective bargaining agreement; and (ii) "non-structural", mainly due to higher expenses with profit sharing to management and employees (EPS) and provision for labor lawsuits.



In the first quarter of 2016<sup>(1)</sup>, the decrease of R\$85 million, or 2.2%, compared to the previous quarter is mainly composed of the variations in the following expenses:

- "structural" – reduction of R\$133 million originated, largely, from the higher concentration of vacation, characteristic of the first quarter of each year; and

- "non-structural" – increase of R\$48 million, basically as a consequence of the higher expenses with profit to management and employees (EPS).

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.

- **Economic and Financial Analysis Report – March 2016**

---

---

***Press Release***

## **Summarized Analysis of Adjusted Income**

### **Administrative Expenses**

In the comparison between the first quarter of 2016 and the same period of the previous year, the 13.1%, or R\$477 million increase in administrative expenses, was primarily due to an increase in expenses originated from: (i) higher business volume in the period; (ii) contractual adjustments; (iii) the effect of advertising and marketing actions; and offset by: (iv) the optimization of service channels.

In the first quarter of 2016, the decrease of 10.0%, or R\$458 million, over the previous quarter, was mainly due to: (i) the seasonal effect of greater expenses incurred in the fourth quarter of each year, especially in advertising and marketing, due to the higher concentration of actions related to the institutional campaign and to support the offer of products and services; combined with: (ii) the decrease in business volume, caused by the seasonality of the end of the year; and (iii) the fewer number of business days, resulting in less expenses with: (a) outsourced services; (b) asset maintenance; and (c) data processing.

(1) The decrease as of March 2015 is related to: (i) the migration of “External ATM Network – Bradesco” to “Banco24Horas Network”; (ii) the deactivation of ATMs from “Banco24Horas Network”; and (iii) the decrease of Bradesco Expresso correspondents.

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

In the first quarter of 2016, other operating expenses, net, totaled R\$1,669 million, a R\$243 million decrease over the same period of the previous year, primarily due to the constitution of tax provisions, in the first quarter of 2015, relating to the levy of pension plan contributions and IRPJ/CSLL on credit losses, in the amount of R\$475 million.

In the comparison between the first quarter of 2016 and the previous quarter, other operating expenses increased by R\$83 million, or 5.2%, primarily due to: (i) higher expenses with civil provisions; and (ii) higher operating expenses related to insurance activities and cards.

**Bradesco** \_ \_

---

---

***Press Release***

**Summarized Analysis of Adjusted Income**

**Income Tax and Social Contribution**

Income tax and social contribution expenses, in the quarterly comparison showed an increase of 5.9%, or R\$128 million, mainly due to the higher use of tax benefit in the constitution of interest on shareholder's equity in the fourth quarter of 2015.

In the comparison between the first quarter of 2016 and the same period of the previous year, the increase of 1.6%, or R\$36 million, is related to: (i) the increase in the CSLL (social contribution) rate; and partially offset by the: (ii) increase in the TJLP (from 5.5% in the first quarter of 2015 to 7.5% in the first quarter of 2016), which provided a reduction of the tax due to higher values in the constitution of interest on shareholder's equity in higher values in this quarter.

**Unrealized Gains**

Unrealized gains totaled R\$13,097 million at the end of the first quarter of 2016, an R\$5,997 million increase over the previous quarter. Such variation was mainly due to: (i) investments, highlighting the shares of Cielo, which appreciated 5.0%; and (ii) securities indexed to fixed income.

Press Release

## Capital Ratios - Basel III

### Basel Ratio

In March 2016, the Capital of the Prudential Conglomerate stood at R\$100,452 million, against risk-weighted assets totaling R\$595,757 million. The Basel Ratio presented an increase of 0.1 p.p., from 16.8% in December 2015 to 16.9% in March 2016, and the Common Equity Tier I ratio from 12.7% in December 2015 to 12.9% in March 2016.

The table below shows the main events that impacted the Common Equity Tier I ratio in the quarter:

It is important to highlight that the impact of the change in phase-in arrangements, from 40% in December 2015 to 60% in January 2016, as defined in CMN Resolution No. 4,192/13, was offset by: (i) an increase in results; (ii) decrease in the credit and market risk-weighted assets; and (iii) the improvement of the mark-to-market adjustments of available for sale securities.

### Full Impact – Basel III

We calculated a Basel III simulation, considering some of the main future adjustments, which include: (i) the 100% deductions according to the schedule of phase-in arrangements; (ii) the allocation of resources, obtained via payment of dividends, by our Insurance Group; (iii) the use of tax credits; (iv) the decrease in market and operational risk multiplier (early adoption), from 9.875% to 8%; and (v) the impact of the HSBC's acquisition of, reaching an 11.0% Common Equity ratio, which, added to funding obtained via subordinated debt, may reach a Common Equity Tier I ratio of approximately 12.5% in the end of 2018.

(1) Published (Schedule 60%);

(2) Effect of the full impact. Includes the allocation of resources, obtained via payment of dividends, by the Insurance Group;

(3) Considers the decrease in the market and operational risks multiplier (early adoption), from 9.875% to 8% in 2019;

(4) Under analysis by the Regulating Agencies;

(5) Refers to the minimum required. It is important to highlight that Bacen fixed at 0% the tranche of countercyclical capital required, which could reach up to 2.5% in 2019; and

(6) Considering a possible issuance of additional capital by 2018, according to the Management, depending on market conditions.

**Bradesco** \_ \_

---

Press Release

**Economic Environment**

The risks present in the international environment intensified at the turn of the year. The loss of the Chinese foreign exchange reserves and devaluation of the Chinese yuan brought back uncertainties regarding the economic conditions of the country. However, the timely action of the main central banks worldwide reduced the volatility of the markets at the end of the first quarter.

China promoted new monetary and fiscal stimuli, while the Japanese central bank adopted a negative interest rate for deposits and Europe intensified its program of purchase of sovereign bonds. At the same time, the Federal Reserve (Fed) signaled that it would reduce the rhythm of monetary normalization. As a result, the dollar lost strength in comparison to other currencies and the price of commodities showed some recovery.

The domestic economy maintained a trajectory of deceleration in the first quarter, although at a slower rate to that recorded in previous periods. The formal labor market should be highlighted, which showed a reduction in the rate of lay-offs. At the same time, the relief of global financial conditions and incipient signs of the decompression of inflation positively impacted the confidence of the local agents.

However, political uncertainties and the slowdown in economic activity continued to hinder the ongoing fiscal adjustment in the short term. Thus, actions to ensure fiscal sustainability in the medium term and the progress on the reform agenda have become even more relevant. Efforts in this direction are a necessary condition to maintain the economic predictability and to increase the level of trust of families and entrepreneurs, enabling the resumption of the trend to increase actual income and productive investments.

Additional actions of a structural nature that leverage future growth are also fundamental. The constant search for excellence in education is Brazil's front line in its struggle to become more competitive and to expedite its efforts to upgrade infrastructure. It is never too much to remember that, in the long term, the main source of economic growth is productivity, a theme that is even more relevant in a global context characterized by increased competition and an economic growth that is still fragile.

The investments tend to have an increasingly important role in the composition of growth in coming years, especially in the process of the recovery of economic activity. This should still be favored by greater participation of the capital market in the financing of these projects. At the same time, despite the cyclical retraction of the consumer market in some segments, structurally, the potential of domestic demand for goods and services is not exhausted.

Bradesco maintains a positive outlook towards Brazil, with favorable perspectives for its operating segments. Credit volume is evolving in sustainable and risk-compatible rates, even in the face of a cyclical upswing in delinquency rates, due to the retraction of the activity and the reduction of the employment level this year. The circumstances are still very promising for Brazilian banking and insurance sectors in the medium and long term.





Press Release**Main Economic Indicators**

|   |               |        |         |        |        |        |        |        |
|---|---------------|--------|---------|--------|--------|--------|--------|--------|
| Interbank Deposit Certificate (CDI)               | <b>3.27</b>   | 3.37   | 3.43    | 3.03   | 2.81   | 2.76   | 2.72   | 2.51   |
| Ibovespa  | <b>15.47</b>  | (3.79) | (15.11) | 3.77   | 2.29   | (7.59) | 1.78   | 5.46   |
| USD – Commercial Rate                             | <b>(8.86)</b> | (1.71) | 28.05   | (3.29) | 20.77  | 8.37   | 11.28  | (2.67) |
| General Price Index - Market (IGP-M)              | <b>2.96</b>   | 3.95   | 1.93    | 2.27   | 2.02   | 1.89   | (0.68) | (0.10) |
| Extended Consumer Price Index (IPCA)              | <b>2.62</b>   | 2.82   | 1.39    | 2.26   | 3.83   | 1.72   | 0.83   | 1.54   |
| Federal Government Long-Term Interest Rate (TJLP) | <b>1.82</b>   | 1.72   | 1.59    | 1.48   | 1.36   | 1.24   | 1.24   | 1.24   |
| Reference Interest Rate (TR)                      | <b>0.45</b>   | 0.53   | 0.61    | 0.40   | 0.23   | 0.26   | 0.25   | 0.15   |
| Savings Account                                   | <b>1.96</b>   | 2.05   | 2.13    | 1.92   | 1.75   | 1.77   | 1.76   | 1.66   |
| Business Days (number)                            | <b>61</b>     | 63     | 65      | 61     | 61     | 65     | 66     | 61     |
| USD – Commercial Selling Rate - (R\$)             | <b>3.5589</b> | 3.9048 | 3.9729  | 3.1026 | 3.2080 | 2.6562 | 2.4510 | 2.2025 |
| Euro - (R\$)                                      | <b>4.0539</b> | 4.2504 | 4.4349  | 3.4603 | 3.4457 | 3.2270 | 3.0954 | 3.0150 |
| Country Risk (points)                             | <b>409</b>    | 521    | 442     | 304    | 322    | 259    | 239    | 208    |
| Base Interest Rate - Selic (% p.a.)               | <b>14.25</b>  | 14.25  | 14.25   | 13.75  | 12.75  | 11.75  | 11.00  | 11.00  |
| BM&F Pre Fixed Rate - 1 year (% p.a.)             | <b>13.81</b>  | 15.86  | 15.56   | 14.27  | 13.52  | 12.96  | 11.77  | 10.91  |

**Projections up to 2018**

|  |        |       |      |
|--|--------|-------|------|
| USD - Commercial Rate (year-end) - R\$ | 3.60   | 3.60  | 3.60 |
| Extended Consumer Price Index (IPCA)   | 6.50   | 4.50  | 4.50 |
| General Price Index - Market (IGP-M)   | 6.10   | 4.85  | 5.00 |
| Selic (year-end)                       | 12.25  | 10.25 | 9.25 |
| Gross Domestic Product (GDP)           | (3.50) | 1.50  | 3.00 |

**Guidance****Bradesco's Perspective for 2016**

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 as of the date hereof.

**Loan Portfolio <sup>(1)</sup>****1 to 5%**

Edgar Filing: BANK BRADESCO - Form 6-K

|  |                                 |
|--|---------------------------------|
| Individuals                              | 4 to 8%                         |
| Companies                                | 0 to 4%                         |
| <b>NII - Interest Earning Portion</b>    | <b>6 to 10%</b>                 |
| <b>Fee and Commission Income</b>         | <b>7 to 11%</b>                 |
| <b>Operating Expenses <sup>(2)</sup></b> | <b>4.5 to 8.5%</b>              |
| <b>Insurance Premiums</b>                | <b>8 to 12%</b>                 |
| <b>ALL Expenses <sup>(3)</sup></b>       | <b>R\$16.5 bi to R\$18.5 bi</b> |

- (1) Expanded Loan Portfolio;
- (2) Administrative and Personnel Expenses; and
- (3) Includes incomes with credit recovery

Bradesco        

---

Press Release**Managerial Income vs. Adjusted Income Statement****Analytical Breakdown of Managerial Income<sup>(1)</sup> vs. Adjusted Income<sup>(3)</sup> Statement****First Quarter of 2016 and Fourth Quarter of 2015**

|   |               |                |            |          |
|---|---------------|----------------|------------|----------|
| <b>Net Interest Income</b>                                    | <b>20,397</b> | <b>(5,613)</b> | <b>108</b> | <b>1</b> |
| ALL   | (5,919)       | 471            | -          | (5)      |
| <b>Gross Income from Financial Intermediation</b>             | <b>14,478</b> | <b>(5,142)</b> | <b>108</b> |          |
| Income from Insurance, Pension Plans and Capitalization Bonds | 1,625         | -              | -          |          |
| Fee and Commission Income                                     | 6,404         | 1              | -          |          |
| Personnel Expenses  | (3,754)       | -              | -          | (3)      |
| Other Administrative Expenses                                 | (4,116)       | -              | -          | (4)      |
| Tax Expenses  | (1,829)       | 416            | (5)        | (1)      |
| Equity in the Earnings (Losses) of Unconsolidated Companies   | 40            | -              | -          |          |
| Other Operating Income/Expenses                               | (2,418)       | 704            | 45         | (1)      |
| <b>Operating Result</b>                                       | <b>10,430</b> | <b>(4,021)</b> | <b>148</b> |          |
| Non-Operating Result  | 92            | (16)           | (163)      |          |
| Income Tax / Social Contribution and Non-controlling Interest | (6,401)       | 4,037          | 7          | (2)      |
| <b>Net Income</b>   | <b>4,121</b>  | <b>-</b>       | <b>(8)</b> |          |

(1) For more information, please check note 4 – Statement of Financial Position and Managerial Income Statement, in chapter 6 of this report;

(2) Includes reclassifications in items from the income statement which do not affect the Net Income, but allow a better analysis of business items, particularly hedge adjustment, which represents the partial result of derivatives used for hedge investments abroad, which in terms of Net Income, simply cancels the tax effect (IR/CS and PIS/COFINS) of this hedge strategy, in the amount of R\$4,429 million in the first quarter of 2016 and R\$955 million in the fourth quarter of 2015; and

(3) It refers to Managerial Income Statement(1) with the reclassifications between lines, which do not affect the Net Income, and without the extraordinary events of the period.

Economic and Financial Analysis Report – March 2016

---

Press Release**Managerial Income vs. Adjusted Income Statement****Analytical Breakdown of Managerial Income<sup>(1)</sup> vs. Adjusted Income<sup>(3)</sup> Statement****First Quarter of 2016 and First Quarter of 2015**

|   |               |                |            |          |
|---|---------------|----------------|------------|----------|
| <b>Net Interest Income</b>                                    | <b>20,397</b> | <b>(5,613)</b> | <b>108</b> | <b>1</b> |
| ALL   | (5,919)       | 471            | -          | (5)      |
| <b>Gross Income from Financial Intermediation</b>             | <b>14,478</b> | <b>(5,142)</b> | <b>108</b> |          |
| Income from Insurance, Pension Plans and Capitalization Bonds | 1,625         | -              | -          |          |
| Fee and Commission Income                                     | 6,404         | 1              | -          |          |
| Personnel Expenses  | (3,754)       | -              | -          | (3)      |
| Other Administrative Expenses                                 | (4,116)       | -              | -          | (4)      |
| Tax Expenses  | (1,829)       | 416            | (5)        | (1)      |
| Equity in the Earnings (Losses) of Unconsolidated Companies   | 40            | -              | -          |          |
| Other Operating Income/Expenses                               | (2,418)       | 704            | 45         | (1)      |
| <b>Operating Result</b>                                       | <b>10,430</b> | <b>(4,021)</b> | <b>148</b> |          |
| Non-Operating Result  | 92            | (16)           | (163)      |          |
| Income Tax / Social Contribution and Non-controlling Interest | (6,401)       | 4,037          | 7          | (2)      |
| <b>Net Income</b>   | <b>4,121</b>  | <b>-</b>       | <b>(8)</b> |          |

(1) For more information, please check note 4 – Statement of Financial Position and Managerial Income Statement, in chapter 6 of this report;

(2) Includes reclassifications in items from the income statement which do not affect the Net Income, but allow a better analysis of business items, particularly hedge adjustment, which represents the partial result of derivatives used for hedge investments abroad, which in terms of Net Income, simply cancels the tax effect (IR/CS and PIS/COFINS) of this hedge strategy, in the amount of R\$4,429 million in the first quarter of 2016 and R\$5,398 million in the first quarter of 2015; and

(3) It refers to Managerial Income Statement<sup>(1)</sup> with the reclassifications between lines, which do not affect the Net Income, and without the extraordinary events of the period.

**Bradesco** \_\_\_\_\_

---

---

***Press Release***

(This page has been left blank intentionally)

---





Economic and Financial Analysis**Consolidated Statement of Financial Position and Adjusted Income Statement****Statement of Financial Position <sup>(1)</sup>****Assets**

|   |                  |                  |                  |                  |                |
|---|------------------|------------------|------------------|------------------|----------------|
| <b>Current and Long-Term Assets</b>             | <b>1,082,132</b> | <b>1,059,768</b> | <b>1,031,888</b> | <b>1,010,599</b> | <b>1,015,4</b> |
| Cash and Cash Equivalents                       | 18,660           | 17,457           | 12,917           | 11,677           | 13,6           |
| Interbank Investments                           | 165,523          | 140,457          | 153,370          | 176,268          | 195,7          |
| Securities and Derivative Financial Instruments | 414,926          | 407,584          | 364,472          | 356,115          | 344,4          |
| Interbank and Interdepartmental Accounts        | 51,474           | 55,728           | 54,179           | 50,800           | 48,4           |
| Loan and Leasing Operations                     | 320,417          | 333,854          | 336,628          | 326,204          | 324,4          |
| Allowance for Loan Losses (ALL) <sup>(2)</sup>  | (29,734)         | (28,805)         | (27,952)         | (23,290)         | (23,0          |
| Other Receivables and Assets                    | 140,866          | 133,493          | 138,274          | 112,825          | 111,6          |
| <b>Permanent Assets</b>                         | <b>19,631</b>    | <b>19,987</b>    | <b>19,095</b>    | <b>19,163</b>    | <b>19,3</b>    |
| Investments                                     | 1,520            | 1,587            | 1,710            | 1,669            | 1,6            |
| Premises and Leased Assets                      | 5,779            | 5,772            | 5,000            | 4,940            | 4,9            |
| Intangible Assets                               | 12,332           | 12,628           | 12,385           | 12,554           | 12,7           |
| <b>Total</b>                                    | <b>1,101,763</b> | <b>1,079,755</b> | <b>1,050,983</b> | <b>1,029,762</b> | <b>1,034,8</b> |

**Liabilities**

|   |                  |                  |                  |                  |                |
|---|------------------|------------------|------------------|------------------|----------------|
| <b>Current and Long-Term Liabilities</b>                                      | <b>1,006,426</b> | <b>988,833</b>   | <b>962,811</b>   | <b>940,910</b>   | <b>949,0</b>   |
| Deposits  | 189,192          | 195,760          | 203,637          | 195,926          | 211,7          |
| Federal Funds Purchased and Securities Sold under<br>Agreements to Repurchase | 297,350          | 279,726          | 257,847          | 293,730          | 303,7          |
| Funds from Issuance of Securities   | 112,617          | 109,547          | 110,987          | 95,387           | 88,2           |
| Interbank and Interdepartmental Accounts                                      | 5,181            | 6,384            | 5,463            | 4,578            | 4,2            |
| Borrowing and Onlending   | 62,849           | 70,338           | 69,654           | 61,369           | 62,3           |
| Derivative Financial Instruments  | 7,664            | 13,785           | 14,860           | 4,832            | 5,7            |
| Reserves for Insurance, Pension Plans and Capitalization Bonds                | 182,973          | 177,835          | 168,629          | 164,566          | 157,2          |
| Other Reserve Requirements  | 148,600          | 135,458          | 131,734          | 120,522          | 115,7          |
| <b>Deferred Income</b>  | <b>488</b>       | <b>529</b>       | <b>459</b>       | <b>399</b>       | <b>3</b>       |
| <b>Non-controlling Interest in Subsidiaries</b>                               | <b>1,519</b>     | <b>1,486</b>     | <b>1,480</b>     | <b>1,481</b>     | <b>1,5</b>     |
| <b>Shareholders' Equity</b>   | <b>93,330</b>    | <b>88,907</b>    | <b>86,233</b>    | <b>86,972</b>    | <b>83,9</b>    |
| <b>Total</b>  | <b>1,101,763</b> | <b>1,079,755</b> | <b>1,050,983</b> | <b>1,029,762</b> | <b>1,034,8</b> |

(1) For more information, please check note 4 – Statement of Financial Position and Managerial Statement, in chapter 6 of this report; and

(2) Includes the Allowance for Guarantees Provided, in March 2016, Allowance for Loan Losses (ALL) totaled R\$30,497 million, which comprises the concept of “excess” ALL. In the third quarter of 2015, includes

ALL Surplus/Deficit Rating, considered as an extraordinary event, totaling R\$3,704 million. Thus, the balance of the ALL – Surplus provision went from R\$4,004 million in June 2015 to R\$6,409 million in September 2015.

**Economic and Financial Analysis Report – March 2016**

---

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

|   |                |               |              |              |               |              |              |
|---|----------------|---------------|--------------|--------------|---------------|--------------|--------------|
| <b>Net Interest Income</b>  | <b>14,892</b>  | 14,512        | 13,735       | 13,541       | 13,599        | 12,986       | 12,281       |
| NII - Interest Earning Portion  | <b>14,734</b>  | 14,380        | 13,709       | 13,415       | 13,273        | 12,686       | 12,162       |
| NII - Non-Interest Earning Portion  | <b>158</b>     | 132           | 26           | 126          | 326           | 300          | 119          |
| ALL   | <b>(5,448)</b> | (4,192)       | (3,852)      | (3,550)      | (3,580)       | (3,307)      | (3,348)      |
| <b>Gross Income from Financial Intermediation</b>   | <b>9,444</b>   | <b>10,320</b> | <b>9,883</b> | <b>9,991</b> | <b>10,019</b> | <b>9,679</b> | <b>8,933</b> |
| Income from Insurance Premiums, Pension Plans and Capitalization bonds, minus Variation of Technical Reserves, Retained Claims and others (1) | <b>1,625</b>   | 1,493         | 1,411        | 1,311        | 1,211         | 1,363        | 1,170        |
| Fee and Commission Income   | <b>6,405</b>   | 6,597         | 6,380        | 6,118        | 5,744         | 5,839        | 5,639        |
| Personnel Expenses  | <b>(3,754)</b> | (3,839)       | (3,797)      | (3,618)      | (3,445)       | (3,676)      | (3,564)      |
| Other Administrative Expenses   | <b>(4,116)</b> | (4,574)       | (4,200)      | (3,926)      | (3,639)       | (4,159)      | (3,628)      |
| Tax Expenses  | <b>(1,418)</b> | (1,650)       | (1,330)      | (1,351)      | (1,309)       | (1,211)      | (1,182)      |
| Equity in the Earnings (Losses) of Unconsolidated Companies   | <b>40</b>      | 93            | 38           | 33           | (20)          | 57           | 43           |
| Other Operating Income/ (Expenses)  | <b>(1,669)</b> | (1,586)       | (1,604)      | (1,606)      | (1,912)       | (1,360)      | (1,311)      |
| <b>Operating Result</b>   | <b>6,557</b>   | <b>6,854</b>  | <b>6,781</b> | <b>6,952</b> | <b>6,649</b>  | <b>6,532</b> | <b>6,100</b> |
| Non-Operating Result  | <b>(87)</b>    | (68)          | (92)         | (55)         | (68)          | (68)         | (45)         |
| Income Tax and Social Contribution  | <b>(2,311)</b> | (2,183)       | (2,124)      | (2,351)      | (2,275)       | (2,308)      | (2,075)      |
| Non-controlling Interest  | <b>(46)</b>    | (41)          | (32)         | (42)         | (32)          | (24)         | (30)         |
| <b>Adjusted Net Income</b>  | <b>4,113</b>   | <b>4,562</b>  | <b>4,533</b> | <b>4,504</b> | <b>4,274</b>  | <b>4,132</b> | <b>3,950</b> |

(1) In "Others", it includes: Capitalization Bond Draws and Redemption; and Insurance, Pension Plan and Capitalization Expenses.

**Interest and Non-Interest Earning Portions****Earning Portion Breakdown**



## Economic and Financial Analysis

### Interest and Non-Interest Earning Portions

#### Average Earning Portion Rate

| R\$ million                          | 1Q16          | 4Q15          | 1Q15          | Variation<br>Quarter | 12M          |
|--------------------------------------|---------------|---------------|---------------|----------------------|--------------|
| <b>Net Interest Income</b>           |               |               |               |                      |              |
| Interest - due to volume             |               |               |               | 42                   | 228          |
| Interest - due to spread             |               |               |               | 312                  | 1,233        |
| - NII - Interest Earning Portion     | <b>14,734</b> | 14,380        | 13,273        | 354                  | 1,461        |
| - NII - Non-Interest Earning Portion | <b>158</b>    | 132           | 326           | 26                   | (168)        |
| <b>Net Interest Income</b>           | <b>14,892</b> | <b>14,512</b> | <b>13,599</b> | <b>380</b>           | <b>1,293</b> |
| <b>Average NIM <sup>(1)</sup></b>    | <b>7.5%</b>   | <b>7.5%</b>   | <b>7.5%</b>   |                      |              |

(1) Average Rate in 12 months = (Earning Portion / Total Average Assets – Repos – Permanent Assets)

In the comparison between the first quarter of 2016 and the previous quarter, the R\$380 million increase was due to: (i) the higher interest earning portion, totaling R\$354 million, due to the increase of average spread, in the amount of R\$312 million; and (ii) the non-interest earning portion increase in the amount of R\$26 million.

In the comparison between the first quarter of 2016 and the same period of the previous year, the earning portion increased R\$1,293 million, reflecting: (i) a R\$1,461 million growth in the result of interest earning operations, particularly "Credit Intermediation"; and offset by: (ii) the lower non-interest earning portion results, totaling R\$168 million.

### Interest Earning Portion

#### Interest Earning Portion – Breakdown

| R\$ million                                     | 1Q16          | 4Q15          | 1Q15          | Variation<br>Quarter | 12M          |
|---|---------------|---------------|---------------|----------------------|--------------|
| <b>NII - Interest Earning Portion Breakdown</b> |               |               |               |                      |              |
| Credit Intermediation                           | <b>11,486</b> | 11,313        | 10,242        | 173                  | 1,244        |
| Insurance                                       | <b>1,475</b>  | 1,523         | 1,420         | (48)                 | 55           |
| Securities/Other                                | <b>1,773</b>  | 1,544         | 1,611         | 229                  | 162          |
| <b>NII - Interest Earning Portion</b>           | <b>14,734</b> | <b>14,380</b> | <b>13,273</b> | <b>354</b>           | <b>1,461</b> |

The interest earning portion stood at R\$14,734 million in the first quarter of 2016, against R\$14,380 million recorded in the fourth quarter of 2015, accounting for an increase of R\$354 million. The business line that most contributed to this result was "Securities/Other".

In the comparison between the first quarter of 2016 and the same period in the previous year, the interest earning portion recorded a R\$1,461 million growth in the interest earning portion, particularly "Credit Intermediation".

**Economic and Financial Analysis Report – March 2016**

---

---

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

The interest earning portion rate in the last 12 months was 7.5% in the first quarter of 2016. In the comparison between the first quarter of 2016 and the same period in the previous year, the growth of 0.2 p.p. was the reflection of increased profits obtained in the interest earning portions of "Credit Intermediation" and "Insurance".

**Interest Earning Portion – Average Rates (12 months)**

|                                       |               |          |             |               |          |             |
|---------------------------------------|---------------|----------|-------------|---------------|----------|-------------|
| Credit Intermediation                 | 11,486        | 370,414  | 12.0%       | 10,242        | 360,622  | 11.4%       |
| Insurance                             | 1,475         | 180,970  | 3.3%        | 1,420         | 155,920  | 3.2%        |
| Securities/Other                      | 1,773         | 411,992  | 1.6%        | 1,611         | 371,298  | 1.6%        |
| <b>NII - Interest Earning Portion</b> | <b>14,734</b> | <b>-</b> | <b>7.5%</b> | <b>13,273</b> | <b>-</b> | <b>7.3%</b> |

|                                       |               |          |             |               |          |             |
|---------------------------------------|---------------|----------|-------------|---------------|----------|-------------|
| Credit Intermediation                 | 11,486        | 370,414  | 12.0%       | 11,313        | 370,405  | 11.7%       |
| Insurance                             | 1,475         | 180,970  | 3.3%        | 1,523         | 174,030  | 3.4%        |
| Securities/Other                      | 1,773         | 411,992  | 1.6%        | 1,544         | 395,578  | 1.6%        |
| <b>NII - Interest Earning Portion</b> | <b>14,734</b> | <b>-</b> | <b>7.5%</b> | <b>14,380</b> | <b>-</b> | <b>7.5%</b> |

---

**Bradesco**

## Economic and Financial Analysis

### Interest Earning Portion of Credit Intermediation

#### Earning Portion of Credit Intermediation – Breakdown

| R\$ million  | 1Q16          | 4Q15          | 1Q15          | Variation  |              |
|--|---------------|---------------|---------------|------------|--------------|
|  |               |               |               | Quarter    | 12 months    |
| <b>Net Interest Income - Credit Intermediation</b> |               |               |               |            |              |
| Interest - due to volume                           |               |               |               | -          | 101          |
| Interest - due to spread                           |               |               |               | 173        | 1,143        |
| <b>NII - Interest Earning Portion</b>              | <b>11,486</b> | <b>11,313</b> | <b>10,242</b> | <b>173</b> | <b>1,244</b> |

In the first quarter of 2016, interest earning portion of “Credit Intermediation” reached R\$11,486 million, up 1.5% or R\$173 million when compared to the fourth quarter of 2015. The variation is, mainly, the result of a R\$173 million increase in the average spread due to an improved management in investment resources and funding operations.

In the comparison between the first quarter of 2016 and the same period of the previous year, there was an increase of 12.1% or R\$1,244 million. The variation is the result of: (i) an increase in the average spread, amounting to R\$1,143 million, due to an improved management in investment resources and funding operations; and (ii) a R\$101 million increase in the volume of operations.

#### Net Earning Portion of Credit Intermediation

The graph beside presents a summary of Credit Intermediation activity. The Gross Margin line refers to interest income from loans, deducted from the client acquisition costs.

The curve relating to the ALL 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 others.

In the first quarter of 2016, the curve related to the net margin, which presents the result of the net revenue from credit interest of ALL, had a decrease

(1) Without effect of the levelling of provisioning from a specific corporate client; and

(2) If we ignore the effect of the levelling of provisioning from a specific corporate client, net margin, in the first quarter of 2016 would be R\$6,874 million.



of 15.2% in the quarterly comparison, and 9.4% in the comparison between the first quarter of 2016 and the same period of the previous year, primarily due to the higher delinquency rate in the period, mainly due to: (i) the levelling of provisioning for corporate client operations, particularly a specific client, whose rating worsening had an impact of R\$836 million; and (ii) the downturn in economic activities.

**Economic and Financial Analysis Report – March 2016**

---

## Economic and Financial Analysis

### Interest Earning Portion of Credit Intermediation

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

In March 2016, the expanded loan portfolio of Bradesco stood at R\$463.2 billion, representing a 2.3% decrease compared to December 2015, partially impacted, by the exchange variation in the quarter. Micro, Small and Medium Sized Enterprises and Corporate segment presented a reduction of 6.5% and 1.7%, respectively, while Individuals remained stable during the period.

| R\$ million                  | Mar16          | Dec15          | Mar15          | Variation %<br>Quarter | 12M          |
|------------------------------|----------------|----------------|----------------|------------------------|--------------|
| <b>Customer Profile</b>      |                |                |                |                        |              |
| <b>Individuals</b>           | <b>147,759</b> | <b>147,749</b> | <b>142,051</b> | -                      | <b>4.0</b>   |
| <b>Companies</b>             | <b>315,449</b> | <b>326,278</b> | <b>321,254</b> | <b>(3.3)</b>           | <b>(1.8)</b> |
| Corporations                 | <b>212,237</b> | 215,892        | 206,338        | (1.7)                  | 2.9          |
| SMEs                         | <b>103,212</b> | 110,386        | 114,916        | (6.5)                  | (10.2)       |
| <b>Total Loan Operations</b> | <b>463,208</b> | <b>474,027</b> | <b>463,305</b> | <b>(2.3)</b>           | -            |

(1) In addition to Bacen loan portfolio, it includes sureties, guarantees, letters of credit, advances of credit card receivables, debentures, promissory notes, co-obligation (receivables-backed investment funds, mortgage-backed receivables, and farm loans).

#### Expanded Loan Portfolio Breakdown by Product and Type of Client (Individuals and Corporate)

A breakdown of expanded loan portfolio products for the Individuals segment is presented below:

| R\$ million             | Mar16         | Dec15  | Mar15  | Variation %<br>Quarter | 12M    |
|-------------------------|---------------|--------|--------|------------------------|--------|
| <b>Individuals</b>      |               |        |        |                        |        |
| Payroll-deductible Loan | <b>35,503</b> | 34,565 | 31,497 | 2.7                    | 12.7   |
| Credit Card             | <b>27,566</b> | 28,592 | 24,586 | (3.6)                  | 12.1   |
| Real Estate Financing   | <b>23,839</b> | 22,781 | 18,778 | 4.6                    | 27.0   |
| CDC / Vehicle Leasing   | <b>20,654</b> | 21,689 | 23,953 | (4.8)                  | (13.8) |
| Personal Loans          | <b>15,219</b> | 15,201 | 15,882 | 0.1                    | (4.2)  |
| Rural Loans             | <b>8,045</b>  | 8,215  | 10,121 | (2.1)                  | (20.5) |
| BNDES/Finame Onlending  | <b>6,992</b>  | 7,029  | 7,324  | (0.5)                  | (4.5)  |
| Overdraft Facilities    | <b>4,409</b>  | 3,905  | 4,149  | 12.9                   | 6.3    |

Edgar Filing: BANK BRADESCO - Form 6-K

|                         |                |                |                |        |            |
|-------------------------|----------------|----------------|----------------|--------|------------|
| Sureties and Guarantees | <b>620</b>     | 707            | 557            | (12.3) | 11.3       |
| Other                   | <b>4,913</b>   | 5,065          | 5,204          | (3.0)  | (5.6)      |
| <b>Total</b>            | <b>147,759</b> | <b>147,749</b> | <b>142,051</b> | -      | <b>4.0</b> |

Individuals segment operations remained stable in the quarter and experienced a growth of 4.0% over the last 12 months. The lines highlighted in the quarter were: (i) real estate financing; (ii) payroll-deductible loan; and (iii) banking overdraft. In the last 12 months, the lines that presented significant growth were: (i) real estate financing; and (ii) payroll-deductible loan.

**Bradesco** \_ \_

---

## Economic and Financial Analysis

### Interest Earning Portion of Credit Intermediation

A breakdown of expanded loan portfolio products for the Corporate segment is presented below:

| R\$ million  | Mar16          | Dec15          | Mar15          | Variation %<br>Quarter | 12M          |
|--|----------------|----------------|----------------|------------------------|--------------|
| <b>Companies</b>   |                |                |                |                        |              |
| Operations Abroad  | <b>41,712</b>  | 48,453         | 42,139         | (13.9)                 | (1.0)        |
| Working Capital  | <b>40,052</b>  | 42,432         | 43,277         | (5.6)                  | (7.5)        |
| BNDES/Finame Onlending   | <b>28,719</b>  | 31,129         | 33,592         | (7.7)                  | (14.5)       |
| Real Estate Financing  | <b>26,630</b>  | 26,508         | 24,300         | 0.5                    | 9.6          |
| Export Financing   | <b>23,455</b>  | 23,158         | 16,841         | 1.3                    | 39.3         |
| Overdraft Account  | <b>9,901</b>   | 9,794          | 11,257         | 1.1                    | (12.0)       |
| CDC / Leasing  | <b>8,623</b>   | 9,666          | 11,789         | (10.8)                 | (26.9)       |
| Rural Loans  | <b>5,309</b>   | 5,404          | 6,451          | (1.8)                  | (17.7)       |
| Sureties and Guarantees  | <b>68,800</b>  | 69,176         | 73,006         | (0.5)                  | (5.8)        |
| Operations bearing Credit Risk - Commercial Portfolio <sup>(1)</sup> | <b>37,617</b>  | 34,319         | 33,913         | 9.6                    | 10.9         |
| Other  | <b>24,632</b>  | 26,238         | 24,689         | (6.1)                  | (0.2)        |
| <b>Total</b>   | <b>315,449</b> | <b>326,278</b> | <b>321,254</b> | <b>(3.3)</b>           | <b>(1.8)</b> |

(1) Includes debentures and promissory note operations.

Corporate segment operations decreased by 3.3% in the quarter and 1.8% in the last 12 months. In the quarter as well as in the last 12 months, the operations that showed significant growth were: (i) export financing; and (ii) operations with credit risk – commercial portfolio (debentures and promissory notes).

### Expanded Loan Portfolio – Consumer Financing<sup>(1)</sup>

The graph below shows the types of credit related to Consumer Financing of the Individuals segment, which stood at R\$98.9 billion in March 2016, representing a 1.1% decrease over the quarter and a 3.2% increase over the last 12 months.

The lines highlighted in March 2016 are: (i) personal loans, including payroll-deductible loans, totaling R\$50.7 billion; and (ii) credit card, totaling R\$27.6 billion. Together, these operations totaled R\$78.3 billion, accounting for 79.1% of the Consumer Financing balance.

(1) Includes vehicle CDC/Leasing, personal loans, revolving credit card and cash, and installment purchases at merchants operations.

**Economic and Financial Analysis Report – March 2016**

---

---

## **Economic and Financial Analysis**

### **Interest Earning Portion of Credit Intermediation**

#### **Payroll-deductible Loans**

In March 2016, payroll-deductible loans operations totaled R\$35,503 million, presenting an increase in the quarter-over-quarter comparative of R\$938 million, or 2.7%, and in comparison to the same period in the previous year an increase in the amount of R\$4,006 million, or 12.7%. The operations with the payroll-deductible loans represented, in March 2016, 70.0% of total personal loans operations.

#### **Real State Financing**

In the first quarter of 2016, the origination of real estate financing registered R\$3,031 million (R\$1,747 million by individuals and R\$1,284 million by builders), representing 13,155 properties.

Real state financing operations totaled R\$50,469 million in March 2016. The Individuals portfolio increased R\$1,058 million, or 4.6%, in the quarter, and R\$5,061 million, or 27.0%, in comparison with the same period of the previous year. Corporate operations increased R\$122 million, or 0.5%, in the quarter, and R\$2,330 million, or 9.6%, in comparison with the same period of the previous year.

#### **Vehicle financing**

The variations presented in the portfolio are the reflection of a reduced financing market and of

Bradesco's search for lower risk and more profitable operations, due to the demand for higher value of entry for these financing operations.

In March 2016, vehicle financing operations totaled R\$35,226 million, presenting a decrease both in the quarter-over-quarter comparison as well as in comparison with the same period of the previous year. Of the total vehicle portfolio, 75.3% corresponds to "CDC", 22.2% to "Finame", and 2.5% to "Leasing".

**Bradesco** \_ \_

---

## Economic and Financial Analysis

### Interest Earning Portion of Credit Intermediation

#### Expanded Loan Portfolio Concentration – By Sector

The expanded loan portfolio by economic activity sector remained stable in the share of the sectors that it comprises. In the quarter-over-quarter comparison, there is an increase in the participation of "Individuals" and "Services". In the last 12 months, the "Individuals" and "Public Sector" segments recorded the highest growth.

| R\$ million   | Mar16          | %            | Dec15          | %            | Mar15          | %            |
|---|----------------|--------------|----------------|--------------|----------------|--------------|
| <b>Activity Sector</b>  |                |              |                |              |                |              |
| <b>Public Sector</b>  | <b>13,130</b>  | <b>2.8</b>   | <b>12,806</b>  | <b>2.7</b>   | <b>8,749</b>   | <b>1.9</b>   |
| <b>Private Sector</b>   | <b>450,078</b> | <b>97.2</b>  | <b>461,221</b> | <b>97.3</b>  | <b>454,556</b> | <b>98.1</b>  |
| <b>Companies</b>  | <b>302,319</b> | <b>65.3</b>  | <b>313,472</b> | <b>66.1</b>  | <b>312,505</b> | <b>67.5</b>  |
| Industry  | <b>93,194</b>  | <b>20.1</b>  | 98,916         | 20.9         | 94,438         | 20.4         |
| Commerce  | <b>51,984</b>  | <b>11.2</b>  | 54,156         | 11.4         | 57,139         | 12.3         |
| Financial Intermediaries  | <b>6,756</b>   | <b>1.5</b>   | 7,562          | 1.6          | 6,931          | 1.5          |
| Services  | <b>147,075</b> | <b>31.8</b>  | 149,403        | 31.5         | 150,114        | 32.4         |
| Agriculture, Cattle Raising, Fishing, Forestry and Forest Exploration | <b>3,310</b>   | <b>0.7</b>   | 3,435          | 0.7          | 3,883          | 0.8          |
| <b>Individuals</b>  | <b>147,759</b> | <b>31.9</b>  | <b>147,749</b> | <b>31.2</b>  | <b>142,051</b> | <b>30.7</b>  |
| <b>Total</b>  | <b>463,208</b> | <b>100.0</b> | <b>474,027</b> | <b>100.0</b> | <b>463,305</b> | <b>100.0</b> |

#### Expanded Credit Portfolio – Distribution per Business Segment

In relation to the growth of the credit portfolio expanded per "Business Segment", we highlight the evolution of "Corporate" and "Prime" in the last 12 months. In the quarter, the highlight was the "Prime" segment.

| R\$ million                                | Mar16          | %            | Dec15          | %            | Mar15          | %            | Variation %<br>Quarter 12M |
|--|----------------|--------------|----------------|--------------|----------------|--------------|----------------------------|
| <b>Business Segments</b>                   |                |              |                |              |                |              |                            |
| Retail                                     | <b>127,893</b> | <b>27.6</b>  | 130,268        | 27.5         | 128,409        | 27.7         | (1.8) (0.4)                |
| Corporate                                  | <b>213,677</b> | <b>46.1</b>  | 217,298        | 45.8         | 207,340        | 44.7         | (1.7) 3.1                  |
| Middle Market                              | <b>45,399</b>  | <b>9.8</b>   | 48,855         | 10.3         | 50,409         | 10.9         | (7.1) (9.9)                |
| Prime                                      | <b>24,212</b>  | <b>5.2</b>   | 23,893         | 5.0          | 22,170         | 4.8          | 1.3 9.2                    |
| Other / Non-account Holders <sup>(1)</sup> | <b>52,026</b>  | <b>11.2</b>  | 53,714         | 11.3         | 54,976         | 11.9         | (3.1) (5.4)                |
| <b>Total</b>                               | <b>463,208</b> | <b>100.0</b> | <b>474,027</b> | <b>100.0</b> | <b>463,305</b> | <b>100.0</b> | <b>(2.3)</b> -             |

(1) It consists, mostly, of non-account holders, originating from the financing activities of vehicles, credit cards and payroll-deductible loans.



**Expanded Credit Portfolio – Per Currency**

The balance of loans and indexed on-lending and/or denominated in foreign currency (excluding ACCs) totaled R\$47.5 billion in March 2016, presenting a 14.3% decrease in the quarter, reflecting the devaluation of the dollar of 8.9%; and the 2.1% increase in the last 12 months.

In March 2016, the total of credit operations in reais reached R\$415.7 billion, representing a 0.7% decrease in the quarter-over-quarter comparison and a 0.2% increase in the last 12 months.

Disregarding the effect of the devaluation of the dollar, the expanded portfolio would have presented a 1.3% decrease in the quarter and 1.0% in the last 12 months.

***Economic and Financial Analysis Report – March 2016***

---

## Economic and Financial Analysis

### Interest Earning Portion of Credit Intermediation

#### Changes to the Expanded Loan Portfolio

New borrowers in the expanded loan portfolio were responsible for the R\$22.6 billion growth in the loan portfolio over the last 12 months, and accounted for 4.9% of the portfolio in March 2016.

(1) Includes new loans contracted in the last 12 months by clients since March 2015.

#### Changes in the Expanded Loan Portfolio – By Rating

The chart below shows that the vast majority of new borrowers and clients that have remained in the loan portfolio since March 2015 received ratings between AA and C, demonstrating the adequacy and consistency of the loan policy and processes (assignment and monitoring), as well as the quality of guarantees.

| <b>Rating</b> |                |              |               |              |                |              |
|---------------|----------------|--------------|---------------|--------------|----------------|--------------|
| AA - C        | <b>424,896</b> | <b>91.7</b>  | 21,405        | 94.6         | 403,491        | 91.6         |
| D             | <b>10,280</b>  | <b>2.2</b>   | 302           | 1.4          | 9,978          | 2.3          |
| E - H         | <b>28,032</b>  | <b>6.1</b>   | 910           | 4.0          | 27,122         | 6.1          |
| <b>Total</b>  | <b>463,208</b> | <b>100.0</b> | <b>22,617</b> | <b>100.0</b> | <b>440,591</b> | <b>100.0</b> |

#### Expanded Loan Portfolio – By Client Profile and Rating (%)

Although a decrease was registered in comparison to the previous years, the range represented by credits classified between AA and C remained in comfortable levels.

|              |             |            |            |      |     |     |      |     |     |
|--------------|-------------|------------|------------|------|-----|-----|------|-----|-----|
| Corporations | <b>95.7</b> | <b>1.5</b> | <b>2.8</b> | 96.5 | 2.0 | 1.5 | 97.5 | 0.7 | 1.7 |
|--------------|-------------|------------|------------|------|-----|-----|------|-----|-----|

Edgar Filing: BANK BRADESCO - Form 6-K

|              |             |            |             |             |            |            |             |            |            |
|--------------|-------------|------------|-------------|-------------|------------|------------|-------------|------------|------------|
| SMEs         | <b>86.1</b> | <b>3.9</b> | <b>10.0</b> | 87.4        | 3.6        | 9.0        | 89.7        | 3.1        | 7.3        |
| Individuals  | <b>90.0</b> | <b>2.0</b> | <b>8.0</b>  | 90.0        | 1.9        | 8.1        | 91.1        | 1.7        | 7.2        |
| <b>Total</b> | <b>91.7</b> | <b>2.2</b> | <b>6.1</b>  | <b>92.4</b> | <b>2.3</b> | <b>5.3</b> | <b>93.6</b> | <b>1.6</b> | <b>4.8</b> |

**Bradesco** \_ \_

---

## Economic and Financial Analysis

### Interest Earning Portion of Credit Intermediation

#### Expanded Loan Portfolio – By Debtor

The range of the hundred main debtors was more concentrated both in the last quarter and in the last 12 months, although the high quality of credit of these clients should be highlighted.

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

All operations bearing credit risk reached R\$495.1 billion, an increase of 0.6% in the last 12 months and a 2.9% decrease in the quarter.

| R\$ million  | Mar16          | Dec15          | Mar15          | Variation %<br>Quarter | 12M          |
|--|----------------|----------------|----------------|------------------------|--------------|
| Loans and Discounted Securities Financing                              | 171,475        | 179,044        | 171,516        | (4.2)                  | -            |
| Rural and Agribusiness Financing                                       | 125,614        | 130,894        | 125,197        | (4.0)                  | 0.3          |
| Leasing Operations   | 20,586         | 20,844         | 23,750         | (1.2)                  | (13.3)       |
| Advances on Exchange Contracts   | 2,742          | 3,073          | 4,015          | (10.8)                 | (31.7)       |
| Other Loans  | 9,087          | 7,647          | 7,036          | 18.8                   | 29.2         |
| <b>Subtotal Loan Operations <sup>(2)</sup></b>                         | <b>24,220</b>  | <b>25,493</b>  | <b>20,909</b>  | <b>(5.0)</b>           | <b>15.8</b>  |
| Sureties and Guarantees Granted (Memorandum Accounts)                  | 353,723        | 366,995        | 352,424        | (3.6)                  | 0.4          |
| Operations bearing Credit Risk - Commercial Portfolio <sup>(3)</sup>   | 69,420         | 69,883         | 73,563         | (0.7)                  | (5.6)        |
| Letters of Credit (Memorandum Accounts)                                | 37,617         | 34,319         | 33,913         | 9.6                    | 10.9         |
| Advances from Credit Card Receivables                                  | 179            | 286            | 502            | (37.4)                 | (64.3)       |
| Co-obligation in Loan Assignment CRI (Memorandum Accounts)             | 1,046          | 1,293          | 1,493          | (19.1)                 | (29.9)       |
| Co-obligation in Rural Loan Assignment (Memorandum Accounts)           | 1,128          | 1,160          | 1,308          | (2.8)                  | (13.8)       |
| <b>Subtotal of Operations bearing Credit Risk - Expanded Portfolio</b> | <b>93</b>      | <b>91</b>      | <b>102</b>     | <b>2.2</b>             | <b>(8.8)</b> |
| Other Operations Bearing Credit Risk <sup>(4)</sup>                    | 463,208        | 474,027        | 463,305        | (2.3)                  | -            |
| <b>Total Operations bearing Credit Risk</b>                            | <b>31,901</b>  | <b>36,083</b>  | <b>29,067</b>  | <b>(11.6)</b>          | <b>9.7</b>   |
|  | <b>495,108</b> | <b>510,109</b> | <b>492,372</b> | <b>(2.9)</b>           | <b>0.6</b>   |

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

(2) As defined by Bacen;

(3) Includes debentures and promissory note operations; and

(4) Includes CDI operations, rural DI, international treasury, swap, non-deliverable forward transaction and investments in FIDC, Certificate of Agribusiness Credit Rights (CDCA) and Certificates of Real Estate Receivables (CRI).

**Economic and Financial Analysis Report – March 2016**

---

Economic and Financial Analysis

**Interest Earning Portion of Credit Intermediation**

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

**Loan Portfolio<sup>(1)</sup> – By Flow of Maturities<sup>(2)</sup>**

The loan portfolio by flow of maturities of operations has, as one of its features, a longer profile, mainly due to the representativeness of real estate financing and payroll-deductible loans operations. It must be noted that, due to their guarantees and characteristics, these operations are not only exposed to lower risk, but they also provide favorable conditions to gain client loyalty.

**Loan Portfolio<sup>(1)</sup> – Delinquency**

**Delinquency over 90 days <sup>(2)</sup>**

As predicted, the delinquency ratio, comprising the balance of operations delayed for more than 90 days, showed an increase in the quarter, due to: (i) the continued unfavorable economic environment, with impact on the quality of the credit portfolio, mainly in, Micro, Small and Medium Sized Enterprises; and (ii) the decrease in loan portfolio in the first quarter of 2016, including in Micro, Small and Medium Sized Enterprises.

**Delinquency between 15 and 90 days**

In the quarter, short-term delinquency, including operations overdue by between 15 and 90 days, presented an increase, impacted, partially, by: (i) seasonal issues at the beginning of each year; and (ii) and the individual cases both in “Small and

Medium Sized Enterprises”, and in “Large Enterprises”, besides the effect of reduction of the credit portfolio in the period.

**Bradesco** \_ \_

---

## Economic and Financial Analysis

### **Interest Earning Portion of Credit Intermediation**

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

#### **Composition of the Provision**

Bradesco monitors the development of its loan portfolio, as well as respective risks, by internally applying the expanded portfolio concept. In addition to the allowance for loan losses required by Bacen, Bradesco has excess ALL to support potential stress scenarios, as well as other operations/commitments bearing credit risks.

Allowance for Loan Losses totaled R\$30.5 billion in March 2016, representing 8.6% of the total loan portfolio, comprising: (i) generic provision (client and/or operation rating), mainly, due to the levelling of provisioning of a specific corporate client, in the amount of R\$836 million; (ii) specific provision (non-performing loans); and (iii) excess provision (internal criteria, including provision for guarantees provided).

Provisioning levels are deemed appropriate and sufficient to support possible changes in scenarios, such as higher delinquency levels and/or changes in the loan portfolio profile.

#### **Net Loss of Recovery**

The assertiveness of the provisioning criteria adopted must be mentioned, which is proven by: (i) analyzing historical data on recorded allowances for loan losses; and (ii) effective losses in the subsequent 12-month period. When analyzed in



terms of net loss of recovery, for an existing provision of 6.7% of the portfolio<sup>(1)</sup> in March 2015, the net loss in the subsequent 12 months was 3.3%, representing an effective coverage of 203.0%.

It should be highlighted that, considering the losses expected for one year (dotted part), which has a high correlation with the operations of abnormal course of the E-H ratings, there is an effective coverage of 220.5% for March 2016, which is an index of good comparability of surplus provisions, because it eliminates the effect of any sales of portfolios.

(1) As defined by Bacen; and

(2) Includes provision for guarantees provided, encompassing sureties, guarantees, letters of credit and standby letters of credit, which comprises the concept of “excess” ALL. In the third quarter of 2015, includes the ALL Surplus/Deficit Rating, considered as an extraordinary event, totaling R\$3,704 million. Thus, the balance of the ALL – Surplus provision went from R\$4,004 million in June 2015 to R\$6,409 million in September 2015.

**Economic and Financial Analysis Report – March 2016**

---

## Economic and Financial Analysis

### Interest Earning Portion of Credit Intermediation

#### Coverage Ratio

The graph below presents the behavior of the ratios to cover the provision for doubtful accounts in relation to the default credits exceeding 60 and 90 days. In March 2016, these ratios have presented very comfortable levels, reaching a 162.9% and a 204.2% coverage, respectively.

Bradesco monitors its credit portfolio, as well as its respective risk, using the concept of expanded portfolio. Besides the provision for doubtful accounts required by Bacen, Bradesco has a surplus provision of R\$6.4 billion, to cover eventual situations of stress, as well as other operations/commitments with credit risk.

#### Loan Portfolio – Portfolio Indicators

With a view 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 %)   | Mar16          | Dec15          | Mar15          |
|--|----------------|----------------|----------------|
| <b>Total Loan Operations <sup>(1)</sup></b>                    | <b>353,723</b> | <b>366,995</b> | <b>352,424</b> |
| - Individuals  | 146,658        | 146,540        | 140,859        |
| - Companies  | 207,065        | 220,454        | 211,565        |
| <b>Total Provision <sup>(2)</sup></b>                          | <b>30,497</b>  | <b>29,499</b>  | <b>23,618</b>  |
| - Specific   | 14,365         | 14,274         | 12,325         |
| - Generic  | 9,725          | 8,815          | 7,285          |
| - Excess <sup>(2)</sup>  | 6,407          | 6,410          | 4,008          |
| Specific Provision / Total Provision (2) (%)                   | 47.1           | 48.4           | 52.2           |
| Total Provision (2) / Loan Operations (%)                      | 8.6            | 8.0            | 6.7            |
| AA - C Rated Loan Operations / Loan Operations (%)             | 90.0           | 90.6           | 92.1           |
| D Rated Operations under Risk Management / Loan Operations (%) | 2.4            | 2.7            | 1.9            |
| E - H Rated Loan Operations / Loan Operations (%)              | 7.6            | 6.6            | 6.1            |
| D Rated Loan Operations  | 8,587          | 10,027         | 6,655          |
| Provision for D-rated Operations                               | 2,311          | 2,432          | 1,872          |
| D Rated Provision / Loan Operations (%)                        | 26.9           | 24.3           | 28.1           |
| D - H Rated Non-Performing Loans                               | 21,495         | 20,775         | 17,926         |
| Total Provision (2) / D-to-H-rated Non-performing Loans (%)    | 141.9          | 142.0          | 131.7          |
| E - H Rated Loan Operations                                    | 26,842         | 24,383         | 21,356         |

Edgar Filing: BANK BRADESCO - Form 6-K

|   |               |        |        |
|---|---------------|--------|--------|
| Provision for E-to-H-rated Loan Operations                  | <b>22,928</b> | 21,327 | 17,965 |
| E - H Rated Provision / Loan Operations (%)                 | <b>85.4</b>   | 87.5   | 84.1   |
| E - H Rated Non-Performing Loans                            | <b>17,217</b> | 17,224 | 14,703 |
| Total Provision (2) / E-to-H-rated Non-performing Loans (%) | <b>177.1</b>  | 171.3  | 160.6  |

(1) As defined by Bacen; and

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

**Bradesco** \_ \_

---

## Economic and Financial Analysis

### Interest Earning Portion of Credit Intermediation

#### Loans vs. Funding

To analyze Loan Operations in relation to Funding, the following should be deducted from total client funding: (i) the amount committed to reserve requirements at Bacen, (ii) the amount of available funds held at customer service network, as well as, add (iii) funds from domestic and foreign lines of credit that finance the demand for loans.

Note that the use of funds provides a comfortable margin. It proves that Bradesco is capable of meeting demand for loaning funds through its own funding.

Bradesco presents low dependency on interbank deposits and foreign lines of credit, given its capacity to effectively obtain funding from clients. This is a result of: (i) the outstanding location of its Service Points; (ii) the broad diversity of products offered; and (iii) the market's confidence in the Bradesco brand.

| R\$ million  | Mar16          | Dec15          | Mar15          | Variation %<br>Quarter | 12M               |
|--|----------------|----------------|----------------|------------------------|-------------------|
| <b>Funding vs. Investments</b>   |                |                |                |                        |                   |
| Demand Deposits + Sundry Floating                                      | 27,716         | 24,421         | 36,794         | 13.5                   | (24.3)            |
| Savings Deposits   | 88,261         | 91,879         | 91,741         | (3.9)                  | (3.1)             |
| Time Deposits + Debentures <sup>(1)</sup>                              | 163,228        | 158,662        | 155,834        | 2.9                    | 4.1               |
| Funds from Financial Bills <sup>(2)</sup>                              | 103,696        | 100,070        | 80,171         | 3.6                    | 29.3              |
| <b>Customer Funds</b>  | <b>382,901</b> | <b>375,032</b> | <b>364,540</b> | <b>2.1</b>             | <b>5.6</b>        |
| (-) Reserve Requirements   | (49,921)       | (54,792)       | (46,889)       | (8.9)                  | (6.1)             |
| (-) Available Funds  | (8,116)        | (9,372)        | (10,549)       | (13.4)                 | (23.1)            |
| <b>Customer Funds Net of Reserve Requirements</b>                      | <b>324,864</b> | <b>310,868</b> | <b>307,102</b> | <b>4.5</b>             | <b>5.1</b>        |
| Onlending  | 39,228         | 42,101         | 42,605         | (6.8)                  | (7.1)             |
| Securities Abroad  | 8,921          | 9,477          | 8,076          | (5.9)                  | (10.1)            |
| Borrowing  | 23,621         | 28,237         | 19,764         | (16.3)                 | (19.1)            |
| Other (Subordinated Debt + Other Borrowers - Cards)                    | 68,667         | 69,736         | 54,712         | (1.5)                  | (29.1)            |
| <b>Total Funding (A)</b>   | <b>465,301</b> | <b>460,419</b> | <b>432,259</b> | <b>1.1</b>             | <b>7.1</b>        |
| <b>Expanded Loan Portfolio (Excluding Sureties and Guarantees) (B)</b> | <b>393,788</b> | <b>404,144</b> | <b>389,742</b> | <b>(2.6)</b>           | <b>1.1</b>        |
| <b>B/A (%)</b>   | <b>84.6</b>    | <b>87.8</b>    | <b>90.2</b>    | <b>(3.2) p.p.</b>      | <b>(5.6) p.p.</b> |

(1) Debentures mainly used to back repos; and

(2) Includes: Collateral Mortgage Notes, Mortgage Bonds, Letters of Credit for Agribusiness, Financial Bills and Structured Operations Certificate.

**Economic and Financial Analysis Report – March 2016**

---

## Economic and Financial Analysis

### Interest Earning Portion of Credit Intermediation

#### Main Funding Sources

The following table presents the changes in these sources:

| R\$ million                                      | Mar16          | Dec15          | Mar15          | Variation         |              | 12M           |            |
|--|----------------|----------------|----------------|-------------------|--------------|---------------|------------|
|  |                |                |                | Quarter<br>Amount | %            | Amount        | %          |
| Demand Deposits                                  | <b>22,590</b>  | 23,820         | 30,230         | (1,230)           | (5.2)        | (7,640)       | (25.3)     |
| Savings Deposits                                 | <b>88,261</b>  | 91,879         | 91,741         | (3,618)           | (3.9)        | (3,480)       | (3.8)      |
| Time Deposits                                    | <b>77,754</b>  | 79,595         | 89,276         | (1,841)           | (2.3)        | (11,522)      | (12.9)     |
| Debentures <sup>(1)</sup>                        | <b>85,474</b>  | 79,067         | 66,558         | 6,407             | 8.1          | 18,916        | 28.4       |
| Borrowing and Onlending                          | <b>62,849</b>  | 70,338         | 62,370         | (7,489)           | (10.6)       | 479           | 0.8        |
| Funds from Issuance of Securities <sup>(2)</sup> | <b>112,617</b> | 109,547        | 88,247         | 3,070             | 2.8          | 24,370        | 27.6       |
| Subordinated Debts                               | <b>50,184</b>  | 50,283         | 37,990         | (99)              | (0.2)        | 12,194        | 32.1       |
| <b>Total</b>                                     | <b>499,729</b> | <b>504,529</b> | <b>466,412</b> | <b>(4,800)</b>    | <b>(1.0)</b> | <b>33,317</b> | <b>7.1</b> |

(1) Considering mostly debentures used to back repos; and

(2) Includes: Financial Bills, in March 2016, totaling R\$72,612 million (R\$71,692 million in December 2015 and R\$55,146 million in March 2015).

#### Demand deposits

The reductions of R\$1,230 million, or 5.2%, in the first quarter of 2016 in comparison with the previous quarter, and of R\$7,640 million, or 25.3%, in comparison with the first quarter of the previous year, were mostly due to new business opportunities offered to clients, because of interest rate fluctuations in that period.

#### Savings Deposits

Savings deposits totaled R\$88,261 million in March 2016, showing a decrease of R\$3,618 million or 3.9% in comparison with the previous quarter and

R\$3,480 million or 3.8% in comparison with the same period of the previous year, mainly due to new business opportunities offered to clients, in virtue of the oscillations of interest rates occurring in the period.

**Bradesco** \_ \_

---

## Economic and Financial Analysis

### **Interest Earning Portion of Credit Intermediation**

#### **Time Deposits**

At the end of the first quarter of 2016, the balance of time deposits totaled R\$77,754 million, registering decreases both in the quarter-over-quarter comparison, of R\$1,841 million or 2.3%, and in comparison with the same period of the previous year, of R\$11,522 million or 12.9%.

This performance was primarily due to the oscillations of the interest rates occurring in the period and to the new investment alternatives available to clients.

#### **Debentures**

In March 2016, Bradesco's debentures balance totaled R\$85,474 million, registering an increase both in the quarter-over-quarter comparison, of R\$6,407 million, or 8.1%, and in comparison with the same period in the previous year of R\$18,916 million, or 28.4%.

Such variations refer mainly to the placement of these financial instruments, which are also used as ballast in committed transactions.

#### **Borrowing and On-lending**



In March 2016, balance of on-lending registered R\$62,849 million, a decrease of R\$7,489 million, or 10.6%, in comparison with the previous quarter, mainly due to (i) the decrease of R\$4,979 million in the obligations for loans and denominated and/or indexed on-lending in foreign currency; and (ii) the decrease in the volume of funding raised by borrowings and on-lending in the country, mainly through Finame operations and BNDES.

In the comparison between March 2016 and the same period of the previous year, the balance of borrowings and on-lending recorded an increase of R\$479 million, or 0.8%, essentially due to: (i) the increase of R\$5,727 million in borrowings and on-lending denominated and/or indexed in foreign currency, whose balance changed from R\$21,413 million in March 2015 to R\$27,140 million in March 2016, primarily due to the positive exchange rate variation of 10.9% in the period; offset by: (ii) the reduction of R\$5,248 million, or 12.8%, in the volume of resources captured by borrowings and on-lending in the country, mainly in the form of Finame operations.

Economic and Financial Analysis

**Interest Earning Portion of Credit Intermediation**

**Funds from Issuance of Securities**

Funds from Issuance of Securities totaled R\$112,617 million, presenting an increase of R\$3,070 million, or 2.8%, over the previous quarter, primarily due to the increase in the balance of: (i) Letters of Credit for Agribusiness operations, totaling R\$1,757 million; (ii) in Real Estate Loan Letters operations, totaling R\$956 million; and (iii) in Financial Bills, totaling R\$920 million.

In the comparison between March 2016 and the same period of the previous year, the increase of R\$24,370 million, or 27.6%, was mainly due to: (i) the increased inventory of Financial Bills, from R\$55,146 million in March 2015 to R\$72,612 million in March 2016, primarily due to the new issuances in the period; and (ii) the higher volume of Mortgage Bonds, in the amount of R\$6,879 million.

**Subordinated Debt**

Subordinated Debt totaled R\$50,184 million in March 2016 (R\$12,315 million abroad and R\$37,869 million in Brazil), presenting a decrease in the quarter-over-quarter comparison, of R\$99 million, or 0.2%. In comparison with the same period of the previous year, it presented an increase of R\$12,194 million, or 32.1%, mainly due to the issue of new subordinated debts in the

periods.

Bradesco \_ \_

---

## Economic and Financial Analysis

### Interest Earning Portion of Securities/Other

#### Earning Portion of Securities/Other – Breakdown

| R\$ million  | 1Q16         | 4Q15         | 1Q15         | Variation<br>Quarter | 12M        |
|--|--------------|--------------|--------------|----------------------|------------|
| <b>Securities/Other Margin - Interest Earning Operations</b> |              |              |              |                      |            |
| Interest - due to volume                                     |              |              |              | 23                   | 58         |
| Interest - due to spread                                     |              |              |              | 206                  | 104        |
| <b>NII - Interest Earning Portion</b>                        | <b>1,773</b> | <b>1,544</b> | <b>1,611</b> | <b>229</b>           | <b>162</b> |

In the comparison between the first quarter of 2016 and the previous quarter, there was an increase of R\$229 million in the interest earning portion of “Securities/Other”, which includes the assets and liabilities management (ALM). The change observed was primarily due to: (i) an increase in the average spread, benefitted by the positions in the pre-fixed portfolios, in the amount of R\$206 million; and (ii) an increase in the volume of operations, in the amount of R\$23 million.

In the comparison between the first quarter of 2016 and same period of the previous year, the interest earning portion of “Securities/Other”, recorded an increase of R\$162 million. This result was due to: (i) an increase of R\$104 million in the average spread; and (ii) an increase in the volume of operations, resulting in R\$58 million.

### Interest Earning Portion of Insurance

#### Earning Portion of Insurance – Breakdown

| R\$ million   | 1Q16         | 4Q15         | 1Q15         | Variation<br>Quarter | 12M       |
|---|--------------|--------------|--------------|----------------------|-----------|
| <b>Insurance Margin - Interest Earning Operations</b> |              |              |              |                      |           |
| Interest - due to volume                              |              |              |              | 19                   | 69        |
| Interest - due to spread                              |              |              |              | (67)                 | (14)      |
| <b>NII - Interest Earning Portion</b>                 | <b>1,475</b> | <b>1,523</b> | <b>1,420</b> | <b>(48)</b>          | <b>55</b> |

Comparing the first quarter of 2016 with the previous quarter, the interest earning portion of insurance operations recorded a R\$48 million decrease, or 3.2%, which was due to: (i) an R\$67

In the comparison between the first quarter of 2016 and the same period of the previous year, the interest earning portion presented an increase of 3.9%, or R\$55 million, due to: (i) a greater volume

million decrease in the average spread; offset by: of operations, in the amount of R\$69 million; offset  
(ii) an increase in the volume of operations, totaling by: (ii) the decrease of the average spread, in the  
R\$19 million. amount of R\$14 million.

## Non-Interest Earning Portion

### Non-Interest Earning Portion – Breakdown

| R\$ million                               | 1Q16       | 4Q15 | 1Q15 | Variation<br>Quarter | 12M   |
|---|------------|------|------|----------------------|-------|
| <b>NII - Non-Interest Earning Portion</b> | <b>158</b> | 132  | 326  | 26                   | (168) |

Non-interest earning portion stood at R\$158 million in the first quarter of 2016, showing a R\$26 million increase, due to higher gains with arbitration of markets. In the comparison between the first quarter of 2016 and the same period of the previous year, there was a decrease of R\$168 million in the non-interest earning portion.

### Economic and Financial Analysis Report – March 2016

---

## 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:

#### Consolidated Statement of Financial Position

R\$ million

|  | Mar16          | Dec15          | Mar15          | Mar16<br>x<br>Dec15 | Mar16<br>x<br>Mar15 |
|--|----------------|----------------|----------------|---------------------|---------------------|
| <b>Assets</b>  |                |                |                |                     |                     |
| <b>Current and Long-Term Assets</b>                                    | <b>212,967</b> | <b>205,167</b> | <b>182,053</b> | <b>3.8</b>          | <b>17.0</b>         |
| Securities   | 200,016        | 191,921        | 170,395        | 4.2                 | 17.4                |
| Insurance Premiums Receivable  | 3,227          | 3,329          | 2,991          | (3.1)               | 7.9                 |
| Other Loans  | 9,724          | 9,917          | 8,667          | (1.9)               | 12.2                |
| <b>Permanent Assets</b>  | <b>4,629</b>   | <b>5,040</b>   | <b>4,900</b>   | <b>(8.2)</b>        | <b>(5.5)</b>        |
| <b>Total</b>   | <b>217,595</b> | <b>210,207</b> | <b>186,953</b> | <b>3.5</b>          | <b>16.4</b>         |
| <b>Liabilities</b>   |                |                |                |                     |                     |
| <b>Current and Long-Term Liabilities</b>                               | <b>194,090</b> | <b>188,740</b> | <b>165,185</b> | <b>2.8</b>          | <b>17.5</b>         |
| Tax, Civil and Labor Contingencies                                     | 3,116          | 3,019          | 2,596          | 3.2                 | 20.0                |
| Payables on Insurance, Pension Plan and Capitalization Bond Operations | 523            | 533            | 536            | (1.9)               | (2.4)               |
| Other Reserve Requirements   | 7,478          | 7,352          | 4,758          | 1.7                 | 57.2                |
| Insurance Technical Reserves   | 13,574         | 13,341         | 13,052         | 1.7                 | 4.0                 |
| Life and Pension Plan Technical Reserves                               | 162,579        | 157,600        | 137,322        | 3.2                 | 18.4                |
| Capitalization Bond Technical Reserves                                 | 6,820          | 6,893          | 6,921          | (1.1)               | (1.5)               |
| <b>Non-controlling Interest</b>  | <b>671</b>     | <b>631</b>     | <b>631</b>     | <b>6.3</b>          | <b>6.3</b>          |
| <b>Shareholder's Equity <sup>(1)</sup></b>                             | <b>22,834</b>  | <b>20,837</b>  | <b>21,137</b>  | <b>9.6</b>          | <b>8.0</b>          |
| <b>Total</b>   | <b>217,595</b> | <b>210,207</b> | <b>186,953</b> | <b>3.5</b>          | <b>16.4</b>         |

(1) Considering the shareholders' equity of Bradesco Seguros S.A, which controls the operating companies (insurance, pension plans and capitalization bonds), it would amount to R\$14,335 million in March 2016.

#### Consolidated Income Statement

R\$ million

1Q16 4Q15 1Q15

Edgar Filing: BANK BRADESCO - Form 6-K

|   |                |              |              |
|---|----------------|--------------|--------------|
| Insurance Written Premiums, Pension Plan Contributions and Capitalization Bond Income | <b>15,186</b>  | 19,130       | 13,634       |
| Premiums Earned from Insurance, Pension Plan Contribution and Capitalization Bond     | <b>9,319</b>   | 9,396        | 8,421        |
| Financial Result from the Operation   | <b>1,441</b>   | 1,463        | 1,381        |
| Sundry Operating Income   | <b>287</b>     | 364          | 158          |
| Retained Claims   | <b>(5,614)</b> | (5,784)      | (5,078)      |
| Capitalization Bond Draws and Redemptions   | <b>(1,226)</b> | (1,255)      | (1,218)      |
| Selling Expenses  | <b>(833)</b>   | (815)        | (817)        |
| General and Administrative Expenses   | <b>(645)</b>   | (781)        | (553)        |
| Tax Expenses  | <b>(198)</b>   | (195)        | (173)        |
| Other Operating Income/Expenses   | <b>(274)</b>   | (194)        | (171)        |
| <b>Operating Result</b>   | <b>2,256</b>   | <b>2,197</b> | <b>1,950</b> |
| Equity Result   | <b>183</b>     | 233          | 134          |
| <b>Income before Taxes and Profit Sharing</b>   | <b>2,439</b>   | <b>2,431</b> | <b>2,084</b> |
| Income Tax and Contributions  | <b>(991)</b>   | (977)        | (739)        |
| Profit Sharing  | <b>(30)</b>    | (19)         | (26)         |
| Non-controlling Interest  | <b>(39)</b>    | (29)         | (36)         |
| <b>Net Income</b>   | <b>1,380</b>   | <b>1,405</b> | <b>1,283</b> |

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

**Bradesco** \_ \_

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

| R\$ million            | 1Q16         | 4Q15         | 3Q15         | 2Q15         | 1Q15         | 4Q14         | 3Q14         | 2Q14         |
|------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Life and Pension Plans | <b>725</b>   | 727          | 738          | 785          | 762          | 693          | 588          | 698          |
| Health                 | <b>208</b>   | 247          | 139          | 116          | 182          | 201          | 168          | 184          |
| Capitalization Bonds   | <b>133</b>   | 125          | 122          | 145          | 152          | 120          | 74           | 119          |
| Basic Lines and Other  | <b>313</b>   | 307          | 318          | 238          | 187          | 222          | 228          | 71           |
| <b>Total</b>           | <b>1,380</b> | <b>1,405</b> | <b>1,317</b> | <b>1,284</b> | <b>1,283</b> | <b>1,236</b> | <b>1,058</b> | <b>1,072</b> |

**Performance Ratios**

| %  | 1Q16        | 4Q15 | 3Q15 | 2Q15 | 1Q15 | 4Q14 | 3Q14 | 2Q14 |
|--|-------------|------|------|------|------|------|------|------|
| Claims Ratio <sup>(1)</sup>                  | <b>72.1</b> | 71.9 | 73.1 | 71.4 | 71.7 | 70.9 | 72.7 | 70.2 |
| Expense Ratio <sup>(2)</sup>                 | <b>9.9</b>  | 10.4 | 10.4 | 10.7 | 10.4 | 10.6 | 10.5 | 11.2 |
| Administrative Expenses Ratio <sup>(3)</sup> | <b>4.2</b>  | 4.1  | 4.3  | 4.0  | 4.1  | 4.0  | 4.6  | 4.0  |
| Combined Ratio <sup>(4) (5)</sup>            | <b>86.1</b> | 86.5 | 86.9 | 86.5 | 86.8 | 85.9 | 86.5 | 86.3 |

(1) Retained Claims/Earned Premiums;

(2) Sales Expenses/Earned Premiums;

(3) Administrative Expenses/Net Written Premiums;

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

(5) Excludes additional reserves.

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

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



Due to the concentration of private pension contributions, which occurred historically in the last quarter of the year, the revenue of the first quarter of 2016 did not demonstrate the same performance, when compared with the fourth quarter of 2015.

In comparison with the same period of the previous year, the turnover presented a growth of 11.4%, influenced by the "Life and Pension" and "Health" products, which presented growths of 13.6% and 16.8%, respectively.

**Economic and Financial Analysis Report – March 2016**

---

\_\_\_\_\_ Economic and Financial Analysis

**Insurance, Pension Plans and Capitalization Bonds**

**Claims Ratio Indexes per Industry**

**Indexes of Commercialization of Insurance per Industry**

**Bradesco \_ \_**

---

---

**Economic and Financial Analysis**

**Insurance, Pension Plans and Capitalization Bonds**

**Efficiency Ratio**

General and Administrative Expenses / Billing.

The efficiency ratio of the first quarter of 2016 was in line with that presented both in the fourth quarter of 2015, as in the same period of the previous year, even with the seasonality of billing that occurs in the last quarter of every year and to the collective agreement of the category, which occurred in January 2016.

**Technical Reserves**

**Economic and Financial Analysis Report – March 2016**

---

## Economic and Financial Analysis

### Bradesco Vida e Previdência

|   | 1Q16           | 4Q15    | 3Q15    | 2Q15    | 1Q15    | 4Q14    | 3Q14    |
|---|----------------|---------|---------|---------|---------|---------|---------|
| Net Income  | <b>725</b>     | 727     | 738     | 785     | 762     | 693     | 693     |
| Premium and Contribution Income <sup>(1)</sup>                  | <b>7,175</b>   | 11,153  | 7,112   | 9,183   | 6,318   | 10,644  | 5,786   |
| - Income from Pension Plans and VGBL                            | <b>5,786</b>   | 9,744   | 5,739   | 7,921   | 5,081   | 9,371   | 4,786   |
| - Income from Life/Personal Accidents Insurance Premiums        | <b>1,389</b>   | 1,409   | 1,373   | 1,262   | 1,237   | 1,273   | 1,000   |
| Technical Reserves  | <b>162,579</b> | 157,600 | 148,321 | 144,337 | 137,322 | 133,857 | 126,579 |
| Investment Portfolio  | <b>168,992</b> | 162,686 | 155,526 | 152,035 | 144,426 | 140,704 | 132,992 |
| Claims Ratio  | <b>31.2</b>    | 38.9    | 35.8    | 34.4    | 35.3    | 35.0    | 35.0    |
| Expense Ratio   | <b>17.3</b>    | 17.6    | 18.7    | 17.0    | 18.6    | 18.7    | 18.7    |
| Combined Ratio  | <b>56.1</b>    | 63.6    | 61.5    | 59.7    | 61.1    | 61.8    | 61.8    |
| Participants / Policyholders (in thousands)                     | <b>33,070</b>  | 31,985  | 30,349  | 29,660  | 29,306  | 28,207  | 27,070  |
| Premium and Contribution Income Market Share (%) <sup>(2)</sup> | <b>27.1</b>    | 28.8    | 26.9    | 27.2    | 23.9    | 28.4    | 27.1    |
| Life/AP Market Share - Insurance Premiums (%) <sup>(2)</sup>    | <b>18.7</b>    | 17.7    | 17.6    | 17.2    | 17.7    | 17.3    | 17.3    |

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

(2) The first quarter of 2016 includes the latest data released by SUSEP (February/16).

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

The billing, which for the segment, is concentrated, historically, in the last quarter of the year, did not have the same performance in comparison with the fourth quarter of 2015. Net income for the first quarter of 2016 remained in line with that presented in the previous quarter, due to: (i) a decrease in the financial income; partially offset by: (ii) a decrease of 7.7 p.p. in the claims ratio; and (iii) a decrease of 0.3 p.p. in the commercialization index.

The revenue for the first quarter of 2016 showed a growth of 13.6% in comparison with the same period of the previous year. Net income for the first quarter of 2016 was 4.9% lower than the results calculated in the same period in the previous year, influenced by the increase of the aliquot of the Social Contribution (CSLL), that affected the quarter results; partially offset by: (i) a decrease of 4.1 p.p. in the claims ratio and (ii) a decrease of 1.3 p.p. in the commercialization index.

In March 2016, technical reserves for Bradesco Vida e Previdência stood at R\$162.6 billion, made up of R\$154.7 billion from "Pension Plans and VGBL" and R\$7.9 billion from "Life, Personal Accidents and Other Lines", resulting in an increase of 3.2% over December 2015.

The Pension Plan and VGBL Investment Portfolio accounted for 29.6% of market funds in February 2016 (source: Fenaprevi).

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

In March 2016, the number of Bradesco Vida e Previdência clients exceeded 2.3 million pension plan and VGBL participants, and 30.0 million life and personal accident policyholders. This significant growth was fueled by the strength of the Bradesco brand and the improvement in selling and management policies.

**Bradesco** \_ \_

---

## Economic and Financial Analysis

### Bradesco Saúde and Mediservice

| R\$ million (unless otherwise stated)            | 1Q16         | 4Q15  | 3Q15  | 2Q15  | 1Q15  | 4Q14  | 3Q14  | 2Q14  |
|--|--------------|-------|-------|-------|-------|-------|-------|-------|
| Net Income                                       | <b>208</b>   | 247   | 139   | 116   | 182   | 201   | 168   | 184   |
| Net Written Premiums                             | <b>4,909</b> | 4,864 | 4,621 | 4,376 | 4,186 | 4,078 | 3,851 | 3,509 |
| Technical Reserves                               | <b>7,031</b> | 6,848 | 6,806 | 6,785 | 6,665 | 6,453 | 6,226 | 6,149 |
| Claims Ratio                                     | <b>87.5</b>  | 85.7  | 89.9  | 89.7  | 88.5  | 87.7  | 87.6  | 86.1  |
| Expense Ratio                                    | <b>5.3</b>   | 5.2   | 5.3   | 5.4   | 5.3   | 5.1   | 4.8   | 4.6   |
| Combined Ratio                                   | <b>99.6</b>  | 99.7  | 102.3 | 102.9 | 101.5 | 99.5  | 98.1  | 97.7  |
| Policyholders (in thousands)                     | <b>4,394</b> | 4,444 | 4,461 | 4,472 | 4,478 | 4,525 | 4,475 | 4,360 |
| Written Premiums Market Share (%) <sup>(1)</sup> | <b>50.9</b>  | 49.3  | 49.3  | 48.6  | 48.0  | 46.1  | 45.8  | 45.2  |

(1) The first quarter of 2016 includes the latest data released by ANS (February/16).

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

Net income for the first quarter of 2016 decreased 15.8% over the results calculated for the previous quarter, mainly due to: (i) an increase of 1.8 p.p. in claims; partially offset by: (ii) an increase of 0.9% in billing; (iii) an improvement in the equity and financial results; and (iv) an improvement in the administrative efficiency ratio, even considering the collective agreement of the category, in January 2016.

Net income for the first quarter of 2016 showed a growth of 14.3% in comparison with the results calculated in the same period of the previous year, mainly due to: (i) the increase of 17.3% in billing; (ii) the decrease of 1.0 p.p. in the claims ratio; (iii) the maintenance of the commercialization index; (iv) the improvement of the equity and financial results; partially offset by: (v) the increase in the aliquot of the Social Contribution (CSLL), that affected the results of the quarter.

In March 2016, Bradesco Saúde and Mediservice maintained a strong market position in the corporate segment (source: ANS).

Approximately 136 thousand companies in Brazil have Bradesco Saúde insurance and Mediservice plans.

Of the 100 largest companies in Brazil in terms of billing, 49 are Bradesco Saúde and Mediservice customers (source: *Exame* magazine –“Melhores e Maiores” ranking, July 2015).

**Number of Bradesco Saúde and Mediservice Policyholders**

These two companies have a combined total of more than 4.3 million clients. The large share of corporate insurance in this portfolio (96.2% in March 2016) is proof of its high level of specialization and customization in the provision of group plans.

- Economic and Financial Analysis Report – March 2016

---

## Economic and Financial Analysis

### Bradesco Capitalização

| R\$ million (unless otherwise stated)          | 1Q16         | 4Q15  | 3Q15  | 2Q15  | 1Q15  | 4Q14  | 3Q14  | 2Q14  |
|--|--------------|-------|-------|-------|-------|-------|-------|-------|
| Net Income                                     | <b>133</b>   | 125   | 122   | 145   | 152   | 120   | 74    | 119   |
| Capitalization Bond Income                     | <b>1,343</b> | 1,369 | 1,477 | 1,323 | 1,338 | 1,432 | 1,416 | 1,290 |
| Technical Reserves                             | <b>6,820</b> | 6,893 | 6,985 | 6,968 | 6,921 | 6,708 | 6,502 | 6,267 |
| Customers (in thousands)                       | <b>3,076</b> | 3,190 | 3,287 | 3,349 | 3,393 | 3,433 | 3,436 | 3,456 |
| Premium Income Market Share (%) <sup>(1)</sup> | <b>27.4</b>  | 25.6  | 26.4  | 25.6  | 27.7  | 24.4  | 24.3  | 23.6  |

(1) The first quarter of 2016 includes the latest data released by SUSEP (February/16).

Net income for the first quarter of 2016 recorded an increase of 6.4% over the previous quarter, primarily due to: (i) an increase in financial income; and (ii) an improvement in the administrative efficiency ratio.

Net income in the first quarter of 2016 recorded a decrease of 12.5% over the same period in the previous year, primarily due to: (i) the decrease of financial income; (ii) the increase of the aliquot of the Social Contribution (CSLL) that affected the results of the quarter.

Bradesco Capitalização ended the first two months of 2016 in first place among the capitalization bond companies, showing 2.3% of growth in revenue in comparison with 2015, due to its policy of transparency and by adjusting its products based on potential consumer demand, consistent with the market changes.

Concerned with providing products that better fit the most varied profiles and budgets of its clients, Bradesco Capitalização has a product portfolio, which ranges in payment method (lump or monthly), contribution term, periodicity and value of premiums that meet the requirements and expectations of the clients.

Combining a pioneering spirit with a business-minded strategic view, Bradesco Capitalização has launched products onto the market concerned with socio-environmental

Bradesco Capitalização currently has partnerships with the following institutions: (i) Fundação SOS Mata Atlântica (which contributes to the preservation of biological and cultural diversity of the Atlantic Forest, stimulating social and environmental citizenship); (ii) Fundação Amazonas Sustentável (which contributes to the sustainable development, environmental preservation and improvement of the quality of life in communities that benefit from preservation centers in the state of Amazonas); (iii) Instituto Brasileiro de Controle do Câncer (the Brazilian Cancer Control Institute – which contributes to the prevention, early diagnosis and treatment of breast cancer in Brazil); (iv) Tamar Project (created to preserve sea turtles); and (v) Instituto Arara Azul (created to work on the preservation of Blue Macaws in their natural habitat).



causes, in which part of the revenue goes to projects with this purpose. In addition to offering clients the possibility of creating a financial reserve, Capitalization Bonds with the socio-environmental profile seek to raise client's awareness of the importance of this subject and allow them to participate in a noble cause that benefits society.

**Bradesco** \_ \_

---

## Economic and Financial Analysis

### Bradesco Auto/RE and Atlântica Companhia de Seguros

| R\$ million (unless otherwise stated)          | 1Q16  | 4Q15  | 3Q15  | 2Q15  | 1Q15  | 4Q14  | 3Q14  | 2Q14  |
|--|-------|-------|-------|-------|-------|-------|-------|-------|
| Net Income                                     | 46    | 52    | 87    | 73    | 42    | 60    | 37    | 38    |
| Net Written Premiums                           | 1,328 | 1,380 | 1,548 | 1,466 | 1,401 | 1,319 | 1,655 | 1,551 |
| Technical Reserves                             | 5,951 | 5,955 | 5,995 | 5,970 | 5,910 | 5,823 | 5,952 | 5,689 |
| Claims Ratio                                   | 58.4  | 56.9  | 56.3  | 57.3  | 61.2  | 62.1  | 62.8  | 62.5  |
| Expense Ratio                                  | 20.5  | 20.7  | 20.8  | 20.9  | 19.7  | 19.5  | 21.0  | 21.8  |
| Combined Ratio                                 | 106.5 | 105.1 | 102.6 | 103.7 | 107.3 | 106.4 | 105.4 | 107.6 |
| Policyholders (in thousands)                   | 3,674 | 3,781 | 3,762 | 3,971 | 4,285 | 4,480 | 4,536 | 3,690 |
| Premium Income Market Share (%) <sup>(1)</sup> | 9.2   | 9.5   | 9.7   | 10.0  | 9.9   | 10.1  | 10.6  | 10.6  |

(1) The first quarter of 2016 includes the latest data released by SUSEP (February/16).

Note: (i) we are considering Atlântica Companhia de Seguros as of the first quarter of 2014; and (ii) in August 2015, we transferred the investment in the IRB – Brasil Resseguro S.A. to Bradesco Seguros.

Net profit in the first quarter of 2016 was 11.5% lower than the results presented in the previous quarter, due to: (i) the increase of 1.5 p.p. in the claims ratio; (ii) the decrease in the financial results; partially offset by the: (iii) improvement in the administrative efficiency ratio, even considering the collective agreement of the category, in January 2016.

Net profit in the first quarter of 2016 presented a 9.5% increase in comparison with the same period of the previous year, mainly due to: (i) the decrease of 2.8 p.p. in the claims ratio index; partially offset by: (ii) the decrease in the financial results; and (iii) the increase of the aliquot of the Social Contribution (CSLL), that affected the results of the quarter.

In the Property Insurance field, we maintained the focus on large brokers and clients of the "Corporate" and "Companies" segments, which has provided renewals of the main accounts, either in leadership or through participation in co-insurance.

Aiming to provide a consistently better service, Bradesco Auto/RE celebrated nine years of network activity of automotive centers Bradesco Auto Center (BAC), which offer policyholders access to a varied range of services in a single place. Since 2007 there have been more than 500 thousand assistances, between claims, provision of spare cars, installation of anti-theft equipment, prior inspections performed and preventative maintenance checks and glass repairs.

#### Number of Policyholders at Auto/RE

Mass insurance targets individuals, self-employed professionals and SMEs.

It must be pointed out that the company continues with a strong strategy for the "home insurance" segment, totaling more than 1.5 million insured homes. Recently, were launched the "*Seguro Residencial Mensal*" (Monthly Home Insurance), a residential product with monthly billing by direct debit in the current account, and "*Bradesco Seguro*

In the "Aeronautical" and "Maritime Hulls" insurance, the interchange with the "Corporate" and "Companies" segments has been heavily used, leveraging the increment of market in the sale of new aircraft, as well as in the "Maritime" segment.

*Simpli Empresa*", an easily purchased corporate product is intended for commercial establishments and service providers, such as bakeries, *pousadas* (personalized hospitality), schools, academies, cafeterias, and beauty salons, among others.

Despite the strong competition in the field of "Auto/RCF", the insurance company has maintained its fleet of around 1.5 million items, guaranteed by the maintenance of competitiveness. Such a fact originated, mainly, from more refined and segmented pricing. Another important aspect refers to the improvement of current products and the creation of products intended for specific audiences. Among these, we can highlight the launch of the product "*Bradesco Seguro Auto Assistência Total*" (Auto Insurance Total Assistance), exclusively for account holders of Bradesco, which assists with *Assistência Dia e Noite* services (Day and Night assistance services), for vehicle and residence of insured persons.

**Economic and Financial Analysis Report – March 2016**

---

## Economic and Financial Analysis

### Fee and Commission Income

A breakdown of the variation in Fee and Commission Income for the respective periods is presented below:

#### Fee and Commission Income

|  |              |              |              |              |              |            |             |              |
|--|--------------|--------------|--------------|--------------|--------------|------------|-------------|--------------|
| Card Income                                | <b>2,421</b> | 2,583        | 2,208        | (162)        | (6.3)        | 213        | 9.6         | 37.8         |
| Checking Account                           | <b>1,364</b> | 1,376        | 1,072        | (12)         | (0.9)        | 292        | 27.2        | 21.3         |
| Fund Management                            | <b>674</b>   | 663          | 625          | 11           | 1.7          | 49         | 7.8         | 10.5         |
| Loan Operations                            | <b>656</b>   | 729          | 635          | (73)         | (10.0)       | 21         | 3.3         | 10.2         |
| Collection                                 | <b>399</b>   | 400          | 387          | (1)          | (0.2)        | 12         | 3.1         | 6.2          |
| Consortium Management                      | <b>278</b>   | 275          | 244          | 3            | 1.1          | 34         | 13.9        | 4.3          |
| Custody and Brokerage Services             | <b>150</b>   | 144          | 129          | 6            | 4.2          | 21         | 16.3        | 2.3          |
| Underwriting / Financial Advisory Services | <b>162</b>   | 137          | 149          | 25           | 18.2         | 13         | 8.7         | 2.5          |
| Payments                                   | <b>97</b>    | 97           | 102          | -            | -            | (5)        | (4.9)       | 1.5          |
| Other                                      | <b>204</b>   | 193          | 193          | 11           | 5.7          | 11         | 5.7         | 3.2          |
| <b>Total</b>                               | <b>6,405</b> | <b>6,597</b> | <b>5,744</b> | <b>(192)</b> | <b>(2.9)</b> | <b>661</b> | <b>11.5</b> | <b>100.0</b> |
| <b>Business Days</b>                       | <b>61</b>    | <b>63</b>    | <b>61</b>    | <b>(2)</b>   | <b>(3.2)</b> | <b>-</b>   | <b>-</b>    |              |

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

#### Card Income

Income from card fees totaled R\$2,421 million in the first quarter of 2016, a decrease of R\$162 million, or 6.3% over the previous quarter, basically due to: (i) the seasonality of purchases at the end of the year; and (ii) the lower number of business days in this quarter.

In the comparison between the first quarter of 2016 and the same period of the previous year, the

R\$213 million or 9.6% growth, is primarily due to:  
(i) the increase in the financial volume traded; and  
(ii) the increased amount of transactions carried out  
in the period.

Bradesco \_ \_

---

---

## **Economic and Financial Analysis**

### **Fee and Commission Income**

#### **Checking Account**

In the first quarter of 2016, the services revenues from checking accounts presented a slight reduction of 0.9% in comparison with the previous quarter, mainly influenced (i) by the seasonal effect of the fourth quarter of 2015, a period in which there was a substantial increase in the volume of services provided to our account holders; and (ii) by the lower number of business days in this quarter.

In the comparison between the first quarter of 2016 and the same period of the previous year, the income from current account services increased R\$292 million, or 27.2%, mainly due to: (i) the expansion of the portfolio of services rendered, with the adhesion of clients for the new segments “Classic” and “Exclusive”; and (ii) the increase in the volume of business.

#### **Loan Operations**

In the first quarter of 2016, revenues from loan operations totaled R\$656 million, which represents a R\$73 million, or 10.0%, decrease over the previous quarter, due to: (i) the lower number of business days in this quarter; and (ii) due to the low demand for credit products in the period.

In the comparison between the first quarter of 2016 and the same period of the previous year, the R\$21 million or 3.3% increase was substantially due to a higher income from collaterals, which increased

10.1% in the period.

**Economic and Financial Analysis Report – March 2016**

---

## Economic and Financial Analysis

### Fee and Commission Income

### Fund Management

In the first quarter of 2016, fund management income totaled R\$674 million, presenting an increase of R\$11 million, or 1.7%, compared with the previous quarter, mainly due to the 8.4% increase in the volume of funds raised and managed.

In the comparison between the first quarter of 2016 and the same period of the previous year, the increase of R\$49 million, or 7.8%, was basically due to the increase in the volume of funds raised and managed, which grew 21.1% in the period, highlighted investments in fixed income funds, with a growth of 24.0% in the period.

| R\$ million                            | Mar16          | Dec15          | Mar15          | Variation %<br>Quarter | 12M         |
|--|----------------|----------------|----------------|------------------------|-------------|
| <b>Shareholders' Equity</b>            |                |                |                |                        |             |
| Investment Funds                       | <b>550,387</b> | 506,420        | 450,815        | 8.7                    | 22.1        |
| Managed Portfolios                     | <b>40,400</b>  | 37,694         | 34,837         | 7.2                    | 16.0        |
| Third-Party Fund Quotas                | <b>5,653</b>   | 6,170          | 6,788          | (8.4)                  | (16.7)      |
| <b>Total</b>                           | <b>596,440</b> | <b>550,284</b> | <b>492,440</b> | <b>8.4</b>             | <b>21.1</b> |
| R\$ million                            | Mar16          | Dec15          | Mar15          | Variation %<br>Quarter | 12M         |
| <b>Distribution</b>                    |                |                |                |                        |             |
| Investment Funds – Fixed Income        | <b>527,264</b> | 485,125        | 425,218        | 8.7                    | 24.0        |
| Investment Funds – Equities            | <b>23,123</b>  | 21,295         | 25,597         | 8.6                    | (9.7)       |
| Investment Funds – Third-Party Funds   | <b>3,486</b>   | 3,923          | 4,887          | (11.1)                 | (28.7)      |
| <b>Total - Investment Funds</b>        | <b>553,873</b> | <b>510,343</b> | <b>455,702</b> | <b>8.5</b>             | <b>21.5</b> |
| Managed Portfolios - Fixed Income      | <b>34,427</b>  | 32,797         | 27,697         | 5.0                    | 24.3        |
| Managed Portfolios – Equities          | <b>5,973</b>   | 4,897          | 7,140          | 22.0                   | (16.3)      |
| Managed Portfolios - Third-Party Funds | <b>2,167</b>   | 2,247          | 1,901          | (3.6)                  | 14.0        |
| <b>Total - Managed Funds</b>           | <b>42,567</b>  | <b>39,941</b>  | <b>36,738</b>  | <b>6.6</b>             | <b>15.9</b> |
| Total Fixed Income                     | <b>561,691</b> | 517,922        | 452,915        | 8.5                    | 24.0        |
| Total Equities                         | <b>29,096</b>  | 26,192         | 32,737         | 11.1                   | (11.1)      |



|                         |                |                |                |            |             |
|-------------------------|----------------|----------------|----------------|------------|-------------|
| Total Third-Party Funds | 5,653          | 6,170          | 6,788          | (8.4)      | (16.7)      |
| <b>Overall Total</b>    | <b>596,440</b> | <b>550,284</b> | <b>492,440</b> | <b>8.4</b> | <b>21.1</b> |

### Cash Management Solutions (Payments and Collection)

In the first quarter of 2016, billing and collection income remained stable, compared with the previous quarter.

In the comparison between the first quarter of 2016 and the same period of the previous year, the increase of 1.4%, or R\$7 million, was due to the greater volume of processed documents, up from 549 million in the first quarter of 2015 and up to 562 million in the first quarter of 2016, resulting in an increase of 13 million processed documents during the period.

**Bradesco** \_ \_

---

## Economic and Financial Analysis

### **Fee and Commission Income**

#### **Consortium Management**

In the first quarter of 2016, income from consortium management increased by R\$3 million, or 1.1%, compared with the previous quarter, because of the sales made in that period. In March 2016, Bradesco had 1,212 thousand active quotas (1,194 thousand active quotas in December 2015), ensuring a leading position in all the segments in which it operates (real estate, auto and trucks/machinery and equipment).

In the comparison between the first quarter of 2016 and the same period of the previous year, the 13.9%, or R\$34 million, increase in income from consortium management was mainly driven by: (i) a higher volume of received bids; (ii) the increase in the average ticket; and (iii) the increase in billing on sales, ranging from 1,101 thousand active quotas, in March 2015, to 1,212 thousand active quotas in March 2016, generating an increment of 111 thousand net quotas.

#### **Custody and Brokerage Services**

In the first quarter of 2016, total earnings from custody and brokerage services presented an increase of R\$6 million, or 4.2%, compared with the previous quarter. This trend basically: (i) resulted from the higher volumes traded on BM&FBovespa; and (ii) of the increment of R\$72 billion in assets in custody, which had an impact on

the revenues with custody and brokerage.

In the comparison between the first quarter of 2016 and the same period of the previous year, the increase of R\$21 million, or 16.3%, in income from custody and brokerage services, reflected the increase in the average volume of assets under custody in the period.

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

The increase in the quarter-over-quarter comparison, in the amount of R\$25 million, or 18.2%, as well as in the comparison with the first quarter of the previous year, in the amount of R\$13 million, or 8.7%, refers, mainly, to the higher activity of the capital market in the first quarter of 2016.

It is important to note that variations recorded in this income derive from the volatile performance of the capital market.

## Economic and Financial Analysis

### Personnel and Administrative Expenses

#### Personnel Expenses

|  |              |              |              |              |              |            |             |             |
|--|--------------|--------------|--------------|--------------|--------------|------------|-------------|-------------|
| <b>Structural</b>                      | <b>3,025</b> | <b>3,159</b> | <b>2,813</b> | <b>(133)</b> | <b>(4.2)</b> | <b>212</b> | <b>7.5</b>  | <b>38.4</b> |
| Payroll/Social Charges                 | 2,212        | 2,309        | 2,063        | (97)         | (4.2)        | 149        | 7.2         | 28.1        |
| Benefits                               | 813          | 850          | 750          | (37)         | (4.4)        | 63         | 8.4         | 10.3        |
| <b>Non-Structural</b>                  | <b>728</b>   | <b>680</b>   | <b>632</b>   | <b>48</b>    | <b>7.1</b>   | <b>96</b>  | <b>15.2</b> | <b>9.3</b>  |
| Management and Employee Profit Sharing | 451          | 390          | 397          | 61           | 15.6         | 54         | 13.6        | 5.7         |
| Provision for Labor Claims             | 159          | 187          | 139          | (28)         | (15.0)       | 20         | 14.4        | 2.0         |
| Training                               | 19           | 44           | 23           | (25)         | (56.8)       | (4)        | (17.4)      | 0.2         |
| Termination Costs                      | 99           | 59           | 73           | 40           | 67.8         | 26         | 35.6        | 1.3         |
| <b>Total</b>                           | <b>3,754</b> | <b>3,839</b> | <b>3,445</b> | <b>(85)</b>  | <b>(2.2)</b> | <b>309</b> | <b>9.0</b>  | <b>47.7</b> |

#### Administrative Expenses

|  |               |               |               |                |               |                 |               |              |
|--|---------------|---------------|---------------|----------------|---------------|-----------------|---------------|--------------|
| Outsourced Services                                | 993           | 1,142         | 904           | (149)          | (13.0)        | 89              | 9.8           | 12.6         |
| Depreciation and Amortization                      | 566           | 559           | 506           | 7              | 1.3           | 60              | 11.9          | 7.2          |
| Data Processing                                    | 446           | 465           | 363           | (19)           | (4.1)         | 83              | 22.9          | 5.7          |
| Communication                                      | 419           | 416           | 391           | 3              | 0.7           | 28              | 7.2           | 5.3          |
| Rental   | 241           | 250           | 230           | (9)            | (3.6)         | 11              | 4.8           | 3.1          |
| Asset Maintenance                                  | 234           | 274           | 240           | (40)           | (14.6)        | (6)             | (2.5)         | 3.0          |
| Financial System Services                          | 228           | 228           | 198           | -              | -             | 30              | 15.2          | 2.9          |
| Advertising and Marketing                          | 221           | 406           | 133           | (185)          | (45.6)        | 88              | 66.2          | 2.8          |
| Transportation                                     | 166           | 171           | 157           | (5)            | (2.9)         | 9               | 5.7           | 2.1          |
| Security and Surveillance                          | 166           | 156           | 149           | 10             | 6.4           | 17              | 11.4          | 2.1          |
| Water, Electricity and Gas                         | 103           | 96            | 78            | 7              | 7.3           | 25              | 32.1          | 1.3          |
| Materials  | 79            | 86            | 78            | (7)            | (8.1)         | 1               | 1.3           | 1.0          |
| Trips  | 27            | 44            | 29            | (17)           | (38.6)        | (2)             | (6.9)         | 0.3          |
| Other  | 227           | 281           | 183           | (54)           | (19.2)        | 44              | 24.0          | 2.9          |
| <b>Total</b>                                       | <b>4,116</b>  | <b>4,574</b>  | <b>3,639</b>  | <b>(458)</b>   | <b>(10.0)</b> | <b>477</b>      | <b>13.1</b>   | <b>52.3</b>  |
| <b>Total Personnel and Administrative Expenses</b> | <b>7,870</b>  | <b>8,413</b>  | <b>7,084</b>  | <b>(543)</b>   | <b>(6.5)</b>  | <b>786</b>      | <b>11.1</b>   | <b>100.0</b> |
| <b>Employees</b>                                   | <b>91,395</b> | <b>92,861</b> | <b>94,976</b> | <b>(1,466)</b> | <b>(1.6)</b>  | <b>(3,581)</b>  | <b>(3.8)</b>  |              |
| <b>Service Points</b> <sup>(1)</sup>               | <b>63,552</b> | <b>65,851</b> | <b>74,917</b> | <b>(2,299)</b> | <b>(3.5)</b>  | <b>(11,365)</b> | <b>(15.2)</b> |              |

(1) The reduction refers to (i) the migration of “External ATM Network Points – Bradesco” to “Banco24Horas Network”; (ii) the deactivation of ATMs from “Assisted Banco24Horas Network Points”; and (iii) to the decrease of the Bradesco Espresso correspondents.

The total Personnel and Administrative Expenses amounted to R\$7,870 million in the first quarter of 2016, with a decrease of 6.5%, or R\$543 million, in comparison with the previous quarter. Compared with the same period of the previous year, total Personnel and Administrative Expenses presented a growth of 11.1%, or R\$786 million.

### **Personnel Expenses**

The total personnel expenses amounted to R\$3,754 million in the first quarter of 2016, demonstrating a decrease of 2.2%, or R\$85 million, in comparison to the previous quarter, due to the "structural" and "non-structural" portion variation. In the "structural" portion, the reduction of expenses by R\$133 million originated, to a large extent, from the higher concentration of vacation, characteristic of the first quarter of each year, with an impact in the amount of R\$102 million.

**Bradesco** \_ \_

---

## Economic and Financial Analysis

### Personnel and Administrative Expenses

In the "non-structural" portion, the increase of R\$48 million substantially reflects higher expenses with the profit sharing of the administrators and employees (PLR), in the amount of R\$61 million.

In the comparison between the first quarter of 2016 and the same period of the previous year, the increase of R\$309 million, or 9.0%, value that is below the levels of salary readjustments deriving from the collective agreement, was mainly due to: (i) the "structural" portion variation, related to the increase in expenses with payroll, social charges and benefits, totaling R\$212 million, that was impacted by higher salaries, in accordance with 2015 collective agreement; and (ii) the "non-structural" portion variation, in the amount of R\$96 million, mainly due to higher expenses in: (a) profit sharing of the administrators and employees (PLR), in the amount of R\$54 million; and (b) provision for labor lawsuits, in the amount of R\$20 million.

### Administrative Expenses

The administrative expenses totaled R\$4,116 million in the first quarter of 2016, presenting a decrease of R\$458 million, or 10.0%, compared with the previous quarter, mainly due to (i) the seasonal effect of higher expenses incurred in the fourth quarter of each year, highlighting advertising and publicity, in the amount of R\$185 million, due to the higher concentration of actions related to the Institutional Campaign and to support the offer of

### Increase in the Number of Employees

days, impacting in lower expenses with: (a) outsourced services, totaling R\$149 million; (b) maintenance and conservation of goods, totaling R\$40 million, and (c) data processing, totaling R\$19 million.

The 13.1% increase or R\$477 million in the comparison between the first quarter of 2016 and

products and services; combined (ii) lower volume of business and services, as a result of seasonality at the end of the year; and (iii) of the fewer number of business

the same period of the previous year, was due, mainly, to the increasing expenses with: (i) growth in business and services volumes in the period; (ii) contractual adjustments; (iii) the effect of the actions of advertising and publicity; and offset: (iv) by optimizing the Service Points.

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

In the quarter, the coverage ratio over the last 12 months remained practically stable in comparison with the previous quarter, mainly due to ongoing cost control efforts, including (a) the initiatives of our Efficiency Committee and (b) investments in Information Technology, which added up to R\$1.390 billion in the first quarter of 2016; and (c) measures applied to increase the offer of products and services to the entire client base.

## Economic and Financial Analysis

### **Tax Expenses**

Tax expenses totaled R\$1,418 million in the first quarter of 2016, presenting a decrease of R\$232 million, or 14.1% in relation to the previous quarter, basically, due to (i) the increase, in the fourth quarter of 2015, of the tax bases of PIS/Cofins, impacted, in part, by higher revenues generated by the receipt of interest on own capital from the companies of Organização Bradesco; and partially offset by: (ii) the increase of expenses with the IPTU due to the advanced payment of this tax.

In the comparison between the first quarter of 2016 and the same period of the previous year, such expenses increased R\$109 million, or 8.3%, basically due to the increase in expenses with PIS/Cofins/ISS, derived from the increase in taxable income in the period, mainly, of the fee and commission income and net interest income.

### **Equity in the earnings (losses) of affiliates**

In the first quarter of 2016, equity in the earnings (losses) of affiliates registered R\$40 million, a decrease of R\$53 million compared with the previous quarter, and an increase of R\$60 million compared with the same period of the previous year, basically due to the equity in the earnings (losses) obtained with the affiliated "IRB – Brasil



Resseguros".

### **Non-Operating Income**

In the first quarter of 2016, non-operating income posted a loss of R\$87 million, an increase of R\$19 million both in comparison with the previous quarter and the first quarter of 2015, essentially, due to greater non-operating expenses (such as losses on sale of foreclosed assets/other) in the period.

**Bradesco** \_ \_

---

Economic and Financial Analysis

(This page was left intentionally in blank)

Economic and Financial Analysis Report – March 2016

---



## Return to Shareholders

### Corporate Governance

Bradesco's Management is made up of the Board of Directors and the Board of Executive Officers, being the Board of Directors composed of eight members, of which seven external members, including the Chairman (Mr. Lázaro de Mello Brandão), and one internal member (the Chief Executive Officer, Mr. Luiz Carlos Trabuco Cappi), elected at the Annual Shareholders' Meeting and for whom re-election is eligible. The Board of Directors elects the members of the Board of Executive Officers.

The Board of Directors is advised in its activities, by six (6) Committees, being two (2) of which are Statutory Committees (Audit and Compensation) and four (4) of which are Non-Statutory Committees (Ethical Conduct, Internal Controls and Compliance, Integrated Risk Management and Capital Allocation and Sustainability). Several Executive Committees report to the Board of Executive Officers.

### Investor Relations area – RI

The commitment to transparency, the democratization of information, punctuality and search for better practices are essential factors and are constantly reinforced by Bradesco's Investor Relations area.

In the first quarter of 2016, there were 139 events promoted with national and international investors, through conferences, meetings, conference calls and institutional presentations, assisting over 1,500 investors.

Aligned to the best practices of Corporate Governance and seeking to innovate its reporting process, Bradesco launched this quarter, its first Integrated Report, referring to 2015.

As the main oversight agencies of its administrative/operational structure, in addition to the stated Audit Committee, Bradesco counts on the permanent Fiscal Council, elected by the shareholders, and with Internal Audit, subordinate to the Board of Directors.

In 2001, Bradesco voluntarily adhered to Level 1 Corporate Governance of BM&FBovespa, as well as 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.

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

The document presents institutional, business and financial information, besides the sustainability practices and initiatives in a single publication, also considering the transformations that have an impact on our business – the global megatrends, economy, sporting events, and the political scenario, among others – and Bradesco's prospects for the future.

The report follows the aspects proposed through the structure of the integrated report recommended by the International Integrated Reporting Council (IIRC) and advances in the Basic Principles and Elements of Content, for the effective integration of information. The publication is also aligned with the Global Reporting Initiative (GRI) for the 10th

consecutive year, considering the premises of the most current version (G4) of the structure for the process of drafting corporate reports. The document is available on the Investor Relations website ([www.bradesco.com.br/ri](http://www.bradesco.com.br/ri)).

## Sustainability

### *Dow Jones Sustainability Indexes (DJSI)*

As part of a continuous process of improvement, discussion of opportunities and innovations, we held for the 5th consecutive year, workshops for the internal public participating in the DJSI (Dow Jones Sustainability Indexes) process, with the coordination of a specialist from RobecoSAM, responsible for the evaluation of the corporate sustainability of companies that compose the indexes.

The themes addressed were: Attraction and Retention of Talents; Eco-efficiency; Fiscal Strategy; Risk and Crisis Management; and Risks and Business Opportunity. The occasion enabled an in-depth understanding of the themes, acknowledgment of the best practices of the companies composing the index, in addition to evaluating opportunities for improvement in our management.

---

### Economic and Financial Analysis Report - March 2016

---

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

|                                      |                  |                  |                  |
|--------------------------------------|------------------|------------------|------------------|
| Common Shares                        | 2,772,226        | 2,520,695        | 2,520,886        |
| Preferred Shares                     | 2,759,659        | 2,508,781        | 2,513,583        |
| <b>Subtotal – Outstanding Shares</b> | <b>5,531,885</b> | <b>5,029,476</b> | <b>5,034,469</b> |
| Treasury Shares                      | 21,717           | 19,253           | 14,260           |
| <b>Total</b>                         | <b>5,553,602</b> | <b>5,048,729</b> | <b>5,048,729</b> |

In March 2016, Bradesco's Capital Stock stood at R\$51.1 billion, composed of 5,553,602 thousand shares, made up of 2,776,801 thousand common shares and 2,776,801 thousand preferred shares, as book entries and without par value.

Cidade de Deus Cia. Comercial de Participações is Bradesco's largest shareholder, which directly holds 48.5% of voting capital and 24.3% of total capital.

Shareholders of Cidade de Deus Cia. Comercial de Participações belong to the Aguiar Family, Fundação Bradesco and another holding company, Nova Cidade de Deus Participações S.A., a company controlled by Fundação Bradesco and by the BBD Participações S.A., whose shareholders are the majority of the members of the Board of Directors of the Statutory Board of Executive Officers of Bradesco and more senior officers.

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

|                                     |                |              |              |                |              |              |
|-------------------------------------|----------------|--------------|--------------|----------------|--------------|--------------|
| Individuals                         | <b>326,146</b> | <b>89.9</b>  | <b>21.0</b>  | 322,482        | 89.7         | 21.6         |
| Companies                           | <b>35,744</b>  | <b>9.8</b>   | <b>45.0</b>  | 35,937         | 10.0         | 45.2         |
| <b>Subtotal Domiciled in Brazil</b> | <b>361,890</b> | <b>99.7</b>  | <b>66.0</b>  | <b>358,419</b> | <b>99.7</b>  | <b>66.8</b>  |
| Domiciled Abroad                    | <b>1,188</b>   | <b>0.3</b>   | <b>34.0</b>  | 1,250          | 0.3          | 33.2         |
| <b>Total</b>                        | <b>363,078</b> | <b>100.0</b> | <b>100.0</b> | <b>359,669</b> | <b>100.0</b> | <b>100.0</b> |

In March 2016 Bradesco had 363,078 shareholders, 361,890 residing in Brazil representing 99.7% of the total number of shareholders holders of 66.0% shares.

The amount of shareholders residing abroad was 1,188, representing 0.3% of the number of shareholders of 34.0% total shares.

**Average Daily Trading Volume of Shares**

Edgar Filing: BANK BRADESCO - Form 6-K

During the first three months of 2016, the average daily trading volume of our shares on the New York Stock Exchange (NYSE) and on BM&FBovespa reached R\$768 million, which is the highest value presented in the series below.

This amount was 18.7% higher than the average daily trading volume in the previous year, mainly due to the trading of Bradesco ADRs on the NYSE.

**Bradesco** \_ \_

---

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

The graph shows the change in Bradesco's preferred shares, taking into account the reinvestment of dividends (it includes Interest on the Stockholders' Equity), compared to the Ibovespa.

If, by late December 2005, R\$100 were invested, Bradesco's shares would be worth approximately R\$277 at the end of March 2016, which is a higher appreciation compared to that which was presented by Ibovespa within the same period.

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

|   |             |      |        |             |      |       |
|---|-------------|------|--------|-------------|------|-------|
| Adjusted Net Income per Share   | <b>0,82</b> | 0,91 | (9,9)  | <b>0,82</b> | 0,85 | (3,5) |
| Dividends/Interest on Shareholders' Equity – Common Share (after Income Tax)    | <b>0,23</b> | 0,27 | (14,8) | <b>0,23</b> | 0,24 | (4,2) |
| Dividends/Interest on Shareholders' Equity – Preferred Share (after Income Tax) | <b>0,26</b> | 0,30 | (13,3) | <b>0,26</b> | 0,26 | -     |

|  |                |         |      |                |         |        |
|--|----------------|---------|------|----------------|---------|--------|
| Book Value per Common and Preferred Share          | <b>18.21</b>   | 17.68   | 3.0  | <b>18.21</b>   | 16.67   | 9.2    |
| Last Trading Day Price – Common Shares             | <b>30.08</b>   | 20.50   | 46.7 | <b>30.08</b>   | 29.98   | 0.3    |
| Last Trading Day Price – Preferred Shares          | <b>27.07</b>   | 19.28   | 40.4 | <b>27.07</b>   | 29.52   | (8.3)  |
| Last Trading Day Price – ADR ON (US\$)             | <b>8.60</b>    | 5.22    | 64.8 | <b>8.60</b>    | 9.70    | (11.3) |
| Last Trading Day Price – ADR PN (US\$)             | <b>7.45</b>    | 4.81    | 54.9 | <b>7.45</b>    | 9.28    | (19.7) |
| Market Capitalization (R\$ million) <sup>(2)</sup> | <b>143,720</b> | 100,044 | 43.7 | <b>143,720</b> | 150,532 | (4.5)  |

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

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



**Economic and Financial Analysis Report - March 2016**

---

Return to Shareholders

**Bradesco Shares**

**Recommendation of Market Analysts – Target Price**

Market analysts issue periodical recommendations on Bradesco preferred shares (BBDC4). In April 2016, we analyzed six reports prepared by these analysts.

Their recommendations and a general consensus on the target price for March 2017 can be found below:

|                |             |                    |             |
|----------------|-------------|--------------------|-------------|
| Buy            | <b>50.0</b> | Average            | <b>28.2</b> |
| Keep           | <b>33.4</b> | Standard Deviation | <b>5.1</b>  |
| Sell           | <b>16.7</b> | Higher             | <b>37.0</b> |
| Under Analysis | -           | Lower              | <b>22.0</b> |

For more information on the target price and the recommendations of each market analyst that monitors the performance of Bradesco shares, go to our Shareholders Relationship website at: [www.bradescori.com.br](http://www.bradescori.com.br) > Information to Shareholders > Analysts' Consensus.

**Market Capitalization**

On March 31, 2016, Bradesco's market capitalization, considering the closing prices of It is worth mentioning that the Ibovespa index

Edgar Filing: BANK BRADESCO - Form 6-K

Common and Preferred shares, was R\$143.7 billion, increased 15.5% in the same period. an increase of 43.7% compared to December 2015.

**Bradesco** \_ \_

---

Return to Shareholders

**Main Indicators**

**Price/Earnings Ratio<sup>(1)</sup>:**

Indicates a possible number of years within which the investor would recover the capital invested, based on the closing prices of common and preferred shares.

**Price to Book Ratio:**

Indicates the multiple by which Bradesco's market capitalization exceeds its book value.

**Dividend Yield <sup>(1)</sup> <sup>(2)</sup>:**

It is 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 profit.

*- Economic and Financial Analysis Report - March 2016*

---

Return to Shareholders

**Dividends/Interest on Shareholders' Equity – JCP**

During the first three months of 2016, R\$1,451 million was assigned to shareholders as interest on shareholders' equity (JCP) and the total JCP assigned to shareholders accounted for 37.0% of the net profit for the 12-month period and, considering the income tax deduction and JCP assignments, it was equivalent to 32.3% of the net profit.

**Weight on Main Stock Indexes**

Bradesco shares are listed in Brazil's main stock indexes, including IBrX-50 and IBrX-100 (indexes that measure the total return of a theoretical portfolio composed of 50 and 100 shares, respectively, selected from among the most traded shares on BM&FBovespa), IBrA (Broad Brazil Index), IFNC (Financial Index, composed of banks, insurance companies and financial institutions), ISE (Corporate Sustainability Index), IGCX (Special Corporate Governance Stock Index), IGCT (Corporate Governance Trade Index), ITAG (Special Tag-Along Stock Index), ICO2 (index composed of shares of companies listed in the IBrX-50 index and that accepted taking part in this initiative by adopting transparent greenhouse gas emission practices) and the Mid-Large Cap Index – MLCX (which measures the return of a portfolio composed of the highest capitalization companies listed).

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

|          |             |
|----------|-------------|
| Ibovespa | <b>10.2</b> |
| IBrX-50  | <b>10.4</b> |
| IBrX-100 | <b>9.3</b>  |
| IBrA     | <b>9.1</b>  |

Edgar Filing: BANK BRADESCO - Form 6-K

|      |      |
|------|------|
| IFNC | 22.5 |
| ISE  | 6.7  |
| IGCX | 6.9  |
| IGCT | 11.4 |
| ITAG | 12.1 |
| ICO2 | 15.0 |
| MLCX | 10.0 |

Source: Bloomberg

(1) Represents the Bradesco shares' weight on Brazil's main stock indexes

**Bradesco**

---

Return to Shareholders

(This page was left intentionally in blank)

Economic and Financial Analysis Report - March 2016

---

---

---



Return to Shareholders**Market Share of Products and Services**

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

**Banks – Source : Brazilian Central Bank (Bacen)**

|  |              |          |      |      |
|--|--------------|----------|------|------|
| Demand Deposits  | N/A          | 7.2      | 12.2 | 12.9 |
| Savings Deposits                                       | N/A          | 13.8     | 14.0 | 13.8 |
| Time Deposits  | N/A          | 8.7      | 10.0 | 9.6  |
| Loan Operations  | 9.8 (1) (3)  | 9.9 (1)  | 10.1 | 10.3 |
| Loan Operations - Private Institutions                 | 22.5 (1) (3) | 22.3 (1) | 22.2 | 22.2 |
| Loan Operations - Vehicles Individuals (CDC + Leasing) | 13.2 (1) (3) | 13.3 (1) | 13.1 | 13.3 |
| Payroll-Deductible Loans                               | 12.7 (1) (3) | 12.6 (1) | 12.1 | 11.7 |
| Number of Branches                                     | 20.1         | 20.0     | 20.4 | 20.4 |

**Banks – Source: Social Security National Institute (INSS)/Dataprev**

|  |      |      |      |      |
|--|------|------|------|------|
| Benefit Payment to Retirees and Pensioners | 27.7 | 27.5 | 26.8 | 26.6 |
|--|------|------|------|------|

**Banks – Source: Anbima**

|   |      |      |      |      |
|---|------|------|------|------|
| Managed Investment Funds and Portfolios | 19.3 | 19.4 | 18.4 | 18.8 |
|---|------|------|------|------|

**Insurance, Pension Plans and Capitalization Bonds – Source: Insurance Superintendence (Susep) and National Agency for Supplementary Healthcare (ANS)**

|  |          |      |      |      |
|--|----------|------|------|------|
| Insurance, Pension Plan and Capitalization Bond Premiums                 | 25.3 (3) | 25.5 | 23.5 | 24.4 |
| Insurance Premiums (including Long-Term Life Insurance - VGBL)           | 24.9 (3) | 25.2 | 22.9 | 24.1 |
| Life Insurance and Personal Accident Premiums                            | 18.7 (3) | 17.7 | 17.7 | 17.3 |
| Auto/Basic Lines Insurance Premiums                                      | 9.2 (3)  | 9.5  | 9.9  | 10.1 |
| Auto/Optional Third-Party Liability (RCF) Insurance Premiums             | 11.0 (3) | 11.8 | 12.1 | 12.7 |
| Health Insurance Premiums  | 50.9 (3) | 49.3 | 48.0 | 46.2 |
| Income from Pension Plan Contributions (excluding VGBL)                  | 28.3 (3) | 29.5 | 28.5 | 30.2 |
| Capitalization Bond Income   | 27.4 (3) | 25.6 | 27.7 | 24.4 |
| Technical Reserves for Insurance, Pension Plans and Capitalization Bonds | 26.7 (3) | 26.8 | 26.9 | 27.3 |
| Income from VGBL Premiums  | 26.9 (3) | 28.7 | 23.2 | 28.1 |
| Income from Unrestricted Benefits Generating Plans (PGBL) Contributions  | 23.6 (3) | 25.5 | 23.9 | 24.1 |

**Insurance and Pension Plans – Source: National Federation of Life and Pension Plans (Fenaprevi)**

|   |          |      |      |      |
|---|----------|------|------|------|
| Pension Plan Investment Portfolios (including VGBL) | 28.8 (3) | 29.2 | 30.0 | 30.5 |
|---|----------|------|------|------|

**Leasing – Source: Brazilian Association of Leasing Companies (ABEL)**

|                    |          |      |      |      |
|--------------------|----------|------|------|------|
| Lending Operations | 17.1 (2) | 17.2 | 19.2 | 19.3 |
|--------------------|----------|------|------|------|

**Consortia – Source: Bacen**

|             |          |      |      |      |
|-------------|----------|------|------|------|
| Real Estate | 27.9 (3) | 28.7 | 27.7 | 27.7 |
| Auto        | 28.8 (3) | 28.5 | 27.7 | 27.4 |

|  |                            |      |      |      |
|--|----------------------------|------|------|------|
| Trucks, Tractors and Agricultural Implements | <b>17.5</b> <sup>(3)</sup> | 17.3 | 16.3 | 17.8 |
| <b>International Area – Source: Bacen</b>    |                            |      |      |      |
| Export Market                                | <b>16.0</b>                | 15.3 | 15.0 | 17.3 |
| Import Market                                | <b>11.5</b>                | 12.2 | 10.1 | 13.0 |

(1) SFN data is preliminary;

(2) Reference Date: Jan/16; and

(3) Reference Date: Feb/16.

N/A – Not available.

**Economic and Financial Analysis Report - March 2016**

---

Return to Shareholders

Market Share of Products and Services

Branch Network

|              |              |               |              |              |               |              |
|--------------|--------------|---------------|--------------|--------------|---------------|--------------|
| North        | 273          | 1,143         | 23.9%        | 276          | 1,137         | 24.3%        |
| Northeast    | 847          | 3,584         | 23.6%        | 846          | 3,630         | 23.3%        |
| Midwest      | 337          | 1,801         | 18.7%        | 345          | 1,821         | 18.9%        |
| Southeast    | 2,320        | 11,679        | 19.9%        | 2,421        | 11,907        | 20.3%        |
| South        | 732          | 4,235         | 17.3%        | 773          | 4,322         | 17.9%        |
| <b>Total</b> | <b>4,509</b> | <b>22,442</b> | <b>20.1%</b> | <b>4,661</b> | <b>22,817</b> | <b>20.4%</b> |

Ratings

|                  |                |                            |            |                         |            |                       |                 |
|------------------|----------------|----------------------------|------------|-------------------------|------------|-----------------------|-----------------|
| <b>Viability</b> | <b>Support</b> | <b>International Scale</b> |            | <b>Foreign Currency</b> |            | <b>Domestic Scale</b> |                 |
| <b>bbb-</b>      | <b>3</b>       | <b>Domestic Currency</b>   |            | <b>Foreign Currency</b> |            | <b>Domestic</b>       |                 |
|                  |                | Long Term                  | Short Term | Long Term               | Short Term | Long Term             | Short Term      |
|                  |                | <b>BBB-</b>                | <b>F3</b>  | <b>BBB-</b>             | <b>F3</b>  | <b>AAA(bra)</b>       | <b>F1+(bra)</b> |

|                                  |  |                            |  |                                 |            |                       |             |
|----------------------------------|--|----------------------------|--|---------------------------------|------------|-----------------------|-------------|
| <b>Domestic Currency Deposit</b> |  | <b>International Scale</b> |  | <b>Foreign Currency Deposit</b> |            | <b>Domestic Scale</b> |             |
| Long Term                        |  | Short Term                 |  | Long Term                       | Short Term | Long Term             | Short Term  |
| <b>Ba2</b>                       |  | <b>NP</b>                  |  | <b>Ba3</b>                      | <b>NP</b>  | <b>Aa2.br</b>         | <b>BR-1</b> |

|   |            |                          |            |                               |              |                             |                       |              |
|---|------------|--------------------------|------------|-------------------------------|--------------|-----------------------------|-----------------------|--------------|
| <b>International Scale - Issuer's Credit Rating</b> |            |                          |            | <b>Domestic Scale</b>         |              | <b>Corporate Governance</b> | <b>Domestic Scale</b> |              |
| <b>Foreign Currency</b>                             |            | <b>Domestic Currency</b> |            | <b>Issuer's Credit Rating</b> |              |                             | Long Term             | Short Term   |
| Long Term   | Short Term | Long Term                | Short Term | Long Term                     | Short Term   |                             | Long Term             | Short Term   |
| <b>BB</b>   | <b>B</b>   | <b>BB</b>                | <b>B</b>   | <b>brAA-</b>                  | <b>brA-1</b> | <b>AA+</b>                  | <b>brAAA</b>          | <b>brA-1</b> |

**Demand Deposits**

|                                     |           |    |    |    |    |    |    |    |
|-------------------------------------|-----------|----|----|----|----|----|----|----|
| Rate <sup>(1)</sup>                 | <b>45</b> | 45 | 45 | 45 | 45 | 45 | 45 | 45 |
| Reserve Requirements <sup>(3)</sup> | <b>34</b> | 34 | 34 | 34 | 34 | 34 | 34 | 34 |
| Reserve Requirements (Microfinance) | <b>2</b>  | 2  | 2  | 2  | 2  | 2  | 2  | 2  |
| Free                                | <b>19</b> | 19 | 19 | 19 | 19 | 19 | 19 | 19 |

**Savings Deposits**

|                           |             |      |      |      |    |    |    |    |
|---------------------------|-------------|------|------|------|----|----|----|----|
| Rate <sup>(4)</sup>       | <b>24.5</b> | 24.5 | 24.5 | 24.5 | 20 | 20 | 20 | 20 |
| Additional <sup>(2)</sup> | <b>5.5</b>  | 5.5  | 5.5  | 5.5  | 10 | 10 | 10 | 10 |
| Reserve Requirements      | <b>65</b>   | 65   | 65   | 65   | 65 | 65 | 65 | 65 |
| Free                      | <b>5</b>    | 5    | 5    | 5    | 5  | 5  | 5  | 5  |

**Time Deposits**

|                           |           |    |    |    |    |    |    |    |
|---------------------------|-----------|----|----|----|----|----|----|----|
| Rate <sup>(2) (5)</sup>   | <b>25</b> | 25 | 25 | 20 | 20 | 20 | 20 | 20 |
| Additional <sup>(2)</sup> | <b>11</b> | 11 | 11 | 11 | 11 | 11 | 11 | 11 |
| Free                      | <b>64</b> | 64 | 64 | 69 | 69 | 69 | 69 | 69 |

(1) Collected in cash and not remunerated;

(2) Collected in cash with the Special Clearance and Custody System (Selic) rate;

(3) At Bradesco, reserve requirements are applied to Rural Loans;

(4) Collected in cash with the Reference Interest Rate (TR) + interest of 6.17% p.a. for deposits made until 05/03/2012, and TR + 70% of the Selic rate for deposits made as of May 4, 2012, when the Selic rate is equal to or lower than 8.5% p.a.; and

(5) Amendment of the rate from the calculation period of August 31 to September 4, 2015, according to Circular No. 3,756/15 of the Central Bank.

**Bradesco** \_ \_ \_

## Return to Shareholders

---

### Investments in Infrastructure, Information Technology and Telecommunications

Bradesco, always focused on offering its clients convenience, autonomy and security, Bradesco continues investing in technologies that allow the launch of products and services increasingly appropriate to the needs of its various audiences. We highlight:

- Launched in 2015, the electronic service via voice command of Fone Fácil (telephone service) has been improved and now it is possible to carry out faster, more secure and simpler DOC and TED transactions, without having to speak to an attendant. The service is interactive and guides the service correctly, until it is completed;
- The Trading application of Bradesco also has novelties. Now, in addition to the services of monitoring orders and gaining access to indexes, indicators and currencies, you can check online quotes, the book of offers, important news on rises and falls in stocks, instant bank payment slip, among other improvements, which have become the most modern and interactive platform for clients interested in investing in shares, future markets and gold;
- Things have also gotten easier for Bradesco Seguros clients with the launch of two new services: the "Disk Portabilidade", a center that
- For hearing impaired clients, the ATMs provide a digital interpreter in Libras (Brazilian sign language), for withdrawals. The solution provides a step-by-step translation of the operation, from the beginning until its conclusion. The transaction in Libras at the ATM is a novelty in Brazil and is available in a similar form in few banks around the world;
- In addition to the launches, the period was also of consolidation. Bradesco surpassed the mark of 4 million clients with the cell phone Token, more than 38 million transactions without the use of a card and more than 630 thousand cards from other banks in ATMs;
- Envisaging this technological update, Bradesco has installed new connectivity equipment, used to interconnect the large computers that process the client transactions, with gains in performance and cost reduction in maintenance, electricity and physical space; and
- The equipment park for data storage was also updated, aiming to expand the installed capacity, using solid state technology that provides higher speed of access to data in the processing of client transactions. These initiatives assisted in the achievement, in this first quarter, of the highest rate of availability of the Central System in recent years.

As a prerequisite for its continuous expansion, Bradesco has invested R\$1,390 million in

Edgar Filing: BANK BRADESCO - Form 6-K

provides consultancy to Relationship Managers of branches with the objective of facilitating the process of migrating to a pension plan with Bradesco, and the service, via SMS, offered by Bradesco Saúde, which informs the insured on the progress of their reimbursement request;

Infrastructure, Information Technology and Telecommunications in the first quarter of 2016. The total amount invested over recent years, including infrastructure (facilities, restorations, improvements, furniture and fixtures), can be found below:

- Retirees and pensioners who receive their benefits from INSS through Bradesco and have already registered in the biometrics may use the Banco24Horas network with their INSS Bradesco account card. It is possible to withdraw, check the balance and prove you are still alive;

|   |              |              |              |              |              |
|---|--------------|--------------|--------------|--------------|--------------|
| Infrastructure                                | <b>259</b>   | 1,268        | 1,049        | 501          | 718          |
| Information Technology and Telecommunications | <b>1,131</b> | 4,452        | 3,949        | 4,341        | 3,690        |
| <b>Total</b>                                  | <b>1,390</b> | <b>5,720</b> | <b>4,998</b> | <b>4,842</b> | <b>4,408</b> |

**Economic and Financial Analysis Report - March 2016**

---

## Return to Shareholders

---

### **Risk Management**

Risk management activity is highly strategic due to the increasing complexity of services and products and the globalization of Bradesco's business. The dynamism of the market forces Bradesco to engage in the continuous improvement of this activity in pursuit of better practices, which has allowed Bradesco to use its internal market risk models, which were already in force, to calculate regulatory capital, since January 2013.

Bradesco controls corporative risk management in an integrated and independent manner, preserving and valuing the Board's decisions, developing and implementing methodologies, models, and measurement and control tools. It also provides training to employees from every level of the organization, from the business areas to the Board of Directors.

The management process allows the risks to be proactively identified, measured, mitigated, monitored and reported, which is necessary in view of Bradesco's complex financial products and activity profile.

Detailed information on the risk management process, Capital, as well as Bradesco's risk exposure, can be found in the Risk Management Report, available on the Investor Relations website: [www.bradescori.com.br](http://www.bradescori.com.br)

### **Capital Management**

The Capital Management structure aims to provide conditions for capital monitoring and control, contributing to the achievement of goals set in the strategic objectives defined by Bradesco, through an adequate capital sufficiency planning. This structure is comprised of Executive Committees and one Non-Statutory Committee, which assist the Board of Directors and Board of Executive Officers in the decision-making process.

In addition to the Committee structure, Bradesco has a department responsible for the capital management centralization, named Capital

With the implementation of the capital management structure, an internal process has been established to assess capital adequacy (ICAAP), which provides conditions to assess capital sufficiency in accordance with the base and stress scenarios, in a prospective outlook to identify capital and contingency actions to be taken in the respective scenarios. Capital adequacy and sufficiency information represent essential tools to manage and support the decision-making process.

Additional information on the capital management structure is available in the Risk Management

Management and Internal Capital Adequacy Assessment Process (ICAAP), subordinated to the Department of Planning, Budget and Control, which acts jointly with the Integrated Risk Control Department, associated companies, business areas and the Bradesco's supporting areas.

Report – Pillar 3, and in the Integrated Report, on the Investor Relations website: [www.bradesco.com.br](http://www.bradesco.com.br)

On an annual basis, it is devised the capital plan which is approved by the Board of Executive Officers and Board of Directors. It is also aligned with the strategic plan and encompasses a prospective outlook of at least three years. The process of developing this plan considers threats and opportunities, market share and development goals, capital requirement projections based on risks, as well as capital held by Bradesco. Such projections are constantly monitored and controlled by the capital management area.

**Bradesco**

---



Return to Shareholders**Basel Ratio**

In March 2016, the Capital of the Prudential Conglomerate reached the amount of R\$100,452 million, compared to assets weighted by the risk of R\$595,757 million. The total Basel ratio, in the Prudential Conglomerate, presented an increase of 0.1 p.p., from 16.8% in December 2015 to 16.9% in March 2016, and the Principal Capital from 12.7% in December 2015 to 12.9% in March 2016, impacted, basically due to: (i) the increase of Shareholder's Equity, due to the increment of the results in the quarter; (ii) the decrease of assets weighted by the credit and market risk; and offset: (iii) the increase of prudential adjustments, from R\$11,400 million in December 2015, to R\$ 16,626 million in March 2016, due to changes in the application of prudential adjustments defined by CMN Resolution No. 4,192/13, from 40% in December 2015 to 60% as of January 2016.

Additionally, it is important to stress that in the first quarter of 2016, Central Bank authorized the use of Subordinated Letters of Credit to compose Tier II, the amount (with interest) of which restated on March 31, 2016 reached R\$996 million.

**Calculation Basis**

|   |                 |                |                |                |                |                |
|---|-----------------|----------------|----------------|----------------|----------------|----------------|
| <b>Capital</b>  | <b>100,452</b>  | <b>102,825</b> | <b>93,090</b>  | <b>97,016</b>  | <b>93,608</b>  | <b>93,608</b>  |
| <b>Tier I</b>   | <b>76,704</b>   | <b>77,507</b>  | <b>73,577</b>  | <b>77,503</b>  | <b>74,095</b>  | <b>74,095</b>  |
| <b>Common Equity</b>  | <b>76,704</b>   | <b>77,507</b>  | <b>73,577</b>  | <b>77,503</b>  | <b>74,095</b>  | <b>74,095</b>  |
| Shareholders' Equity  | <b>93,330</b>   | 88,907         | 86,233         | 86,972         | 83,937         | 83,937         |
| Prudential Adjustments provided for in CMN Resolution 4,192/13 <sup>(2)</sup> | <b>(16,626)</b> | (11,400)       | (12,656)       | (9,469)        | (9,842)        | (9,842)        |
| <b>Tier II</b>  | <b>23,748</b>   | <b>25,318</b>  | <b>19,513</b>  | <b>19,513</b>  | <b>19,513</b>  | <b>19,513</b>  |
| Subordinated debt (before CMN Resolution nº 4,192/13)                         | <b>16,725</b>   | 19,513         | 19,513         | 19,513         | 19,513         | 19,513         |
| Subordinated debt (according to CMN Resolution nº 4,192/13) <sup>(3)</sup>    | <b>7,023</b>    | 5,805          | -              | -              | -              | -              |
| <b>Risk-Weighted Assets (RWA)</b>   | <b>595,757</b>  | <b>612,217</b> | <b>643,924</b> | <b>607,226</b> | <b>614,577</b> | <b>614,577</b> |
| Credit Risk   | <b>543,260</b>  | 556,441        | 585,507        | 552,852        | 557,018        | 557,018        |
| Operating Risk  | <b>38,502</b>   | 37,107         | 37,107         | 39,117         | 39,117         | 39,117         |
| Market Risk   | <b>13,996</b>   | 18,670         | 21,310         | 15,257         | 18,442         | 18,442         |
| <b>Total Ratio</b>  | <b>16.9%</b>    | <b>16.8%</b>   | <b>14.5%</b>   | <b>16.0%</b>   | <b>15.2%</b>   | <b>15.2%</b>   |

|  |              |       |       |       |       |   |
|--|--------------|-------|-------|-------|-------|---|
| <b>Tier I Capital</b>  | <b>12.9%</b> | 12.7% | 11.4% | 12.8% | 12.1% | 1 |
| <b>Common Equity</b>   | <b>12.9%</b> | 12.7% | 11.4% | 12.8% | 12.1% | 1 |
| <b>Tier II Capital</b>   | <b>4.0%</b>  | 4.1%  | 3.0%  | 3.2%  | 3.1%  |   |
| Subordinated debt (before CMN Resolution nº 4,192/13)                      | <b>2.8%</b>  | 3.2%  | 3.0%  | 3.2%  | 3.1%  |   |
| Subordinated debt (according to CMN Resolution nº 4,192/13) <sup>(3)</sup> | <b>1.2%</b>  | 0.9%  | -     | -     | -     |   |

(1) From October 2013, the Capital started being calculated based on CMN Resolution No. 4,192/13, which establishes that the determination is done based on the Conglomerate Financial Results until December 2014 and the Prudential Conglomerate Results as per January 2015;

(2) Criteria used, as of October 2013 by CMN Resolution No. 4,192/13 (including subsequent amendment); and

(3) In March 2016, the Central Bank authorized the use of Subordinated Letters of Credit to compose Tier II.

**Economic and Financial Analysis Report - March 2016**

---



Independent Auditors' Report

**Limited Assurance Report about Supplementary Accounting information included within the Economic and Financial Analysis Report**

To

Directors of

Banco Bradesco S.A.

Osasco – SP

We were engaged by Banco Bradesco S.A. ("Bradesco") to report on the consolidated supplementary accounting information of Banco Bradesco S.A. as of March 31, 2016 and for the three-month period ended as of March 31, 2016, in the form of a limited assurance conclusion if, based on our engagement performed, nothing has come to our attention that causes us to believe that the supplementary accounting information included within the Economic and Financial Analysis Report are not presented, in all material respects, based on the information referred to in the "Criteria for preparing the supplementary accounting information" paragraph.

**Responsibilities of the Management of Bradesco**

Management of Bradesco is responsible for preparing and adequately presenting the consolidated supplementary accounting information included within the Economic and Financial Analysis Report based on the criteria for the preparation of the supplementary accounting information described below, and for other information contained within this report, as well as the design, implementation and maintenance of internal controls that management determined as necessary to allow for such information that is free from material misstatement, whether due to fraud or error.

**Independent Auditor's Responsibility**

Our responsibility is to review the supplementary accounting information included within the Economic and Financial Analysis Report prepared by Bradesco and to report thereon in the form of a limited assurance conclusion based on the evidence obtained. We conducted our engagement in accordance with the NBC TO 3000 - Assurance Engagement Other than Audit and Review (ISAE 3000). That standard requires that we comply with ethical requirements, including independence requirements, and plan and perform our procedures to obtain a meaningful level of limited assurance about whether we did not become aware of any fact that could lead us to believe that the supplementary accounting information included within the

Economic and Financial Analysis Report are not presented, in all material respects, to the information referred to in the “Criteria for preparing the supplementary accounting information” paragraph.

The procedures selected were based on our understanding of the consolidated supplementary accounting information included within the Economic and Financial Analysis Report, as well as other circumstances of our work and our consideration of other areas that may contain material misstatements.

Limited assurance is less than absolute assurance and reasonable assurance. Procedures to gather information to a limited assurance engagement are more limited than to a reasonable assurance engagement and, therefore, we obtain less assurance than a reasonable assurance engagement; consequently, we do not express neither an audit opinion nor a reasonable assurance over the supplementary accounting information included within the Economic and Financial Analysis Report.

Our conclusion does not contemplate aspects related to any prospective information contained within the Economic and Financial Analysis Report, nor offers any guarantee if the assumptions used by Management to provide a reasonable basis for the projections presented. Therefore, our report does not offer any type of assurance on the scope of future information (such as goals, expectations and ambitions) and descriptive information that is subject to subjective assessment.

- Report on Economic and Financial Analysis – March 2016

---

**Limited Assurance Report about Supplementary Accounting information included within the Economic and Financial Analysis Report**

**Criteria for preparing the supplementary accounting information**

The consolidated supplementary accounting information disclosed within the Economic and Financial Analysis Report, as of March 31, 2016 and for the three-month period ended as of March 31, 2016 has been prepared by the Management of Bradesco, based on the information contained in the March 31, 2016 consolidated financial statements and the accounting criteria described within the Economic and Financial Analysis Report, in order to facilitate additional analysis, without, however, being part of the consolidated financial statements disclosed on this date.

**Conclusion**

Our conclusion has been formed on the basis of, and is limited to the matters outlined in this report.

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

Osasco, April 27, 2016

*Original report in Portuguese signed by*

KPMG Auditores Independentes

CRC 2SP028567/O-1 F SP

Edgar Filing: BANK BRADESCO - Form 6-K

Rodrigo de Mattos Lia

Accountant CRC 1SP252418/O-3

Bradesco \_ \_

---

\_\_\_\_\_ *Independent Auditors' Report*

(This page has been left blank intentionally)

- \_ Report on Economic and Financial Analysis – March 2016

---





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

**Management Report**

Dear Shareholders,

We hereby present the Consolidated Financial Statements of Banco Bradesco S.A related to the period ended March 31, 2016, in accordance with the accounting practices adopted in Brazil and applicable to institutions authorized to operate by the Brazilian Central Bank.

The risks present in the world economy remain significant, sustaining expansionist monetary policies by the main central banks. The international deflationary scenario and the weakening of the dollar in relation to other currencies, in conjunction with the slowdown in domestic demand, must contribute to the gradual deceleration of inflation in Brazil. The contraction of the GDP was given more moderately in the first quarter of 2016. The adjustment in the external accounts continues, while the balance of the public accounts remains the main challenge for long-term fiscal sustainability.

The Organization, always committed to the economic and social growth of Brazil, develops its activities with the highest levels of efficiency and transparency, seeking to democratize the banking services, apply the most updated practices of Corporate Governance and achieve the best results, so as to provide greater return to shareholders and investors.

Bradesco recorded, in the quarter, Net Profit of R\$4.121 billion, equivalent to R\$0.82 per share and profitability of 17.5% over the average Shareholders' Equity(\*). The return on Average Total Assets was 1.6%.

In gross values, regarding Interest on Own Capital, the shareholders received R\$1.451 billion, in the

Based on the calculation of the price of its shares, the Market Value of Bradesco, on March 31, 2016, reached R\$143.720 billion, equivalent to 1.5 times the Accounting Shareholders' Equity.

Please note that the Managed Shareholders' Equity is equivalent to 9.2% of the Consolidated Assets, which add up to R\$1.024 trillion, with a growth of 6.6% on March 2015. Thus, the index of solvency reached 16.9%, higher, than the minimum of 10.5% established by Resolution No. 4,193/13 of the National Monetary Council, in compliance with the Basel Committee. At the end of the quarter, the immobilization index, regarding the Reference Equity, was of 34.0%, in the Prudential Consolidation, therefore falling into the maximum limit of 50%.

In compliance with Article 8 of Brazilian Central Bank Circular Letter No. 3,068/01, Bradesco declares that it has the financial capacity and the intention of holding to maturity those securities classified under "held-to-maturity securities".

In the Organization, on March 31, 2016, the total resources captured and administered totaled R\$1.516 trillion, 10.9% higher in comparison to the previous year, thus distributed:

R\$413.276 billion in Demand Deposits, Time Deposits, Interbank Deposits, Savings Accounts and Securities Sold Under Agreements to Repurchase;

R\$596.440 billion in assets under management, comprising Investment Funds, Managed Portfolios and Third-Party Fund Quotas, a 21.1% increase;

R\$274.927 billion in the Exchange Portfolio, Borrowings and On-lendings in Brazil, Working

period from January to March 2016, whereby R\$273.240 million was paid in the form of monthly payments and R\$1.178 billion in provisioned payments.

The taxes and contributions, including pensions, paid or provisioned, added up to R\$10.039 billion in the period, whereby R\$2.675 billion was related to withheld taxes and collected from third parties and R\$7.364 billion calculated based on the activities developed by the Organization, equivalent to 178.7% of the Net Profit.

At the end of the quarter, the realized Capital Stock was of R\$51.100 billion, which included the increase of R\$8 billion, with a bonus of 10% in shares, through the use of part of the account balance "Reserves from Profits – Statutory Reserve", deliberated in the Extraordinary General Meeting held on March 10, 2016 and approved by the Brazilian Central Bank on April 4. With this, the monthly interest on own capital related to the month of May/2016, to be paid on June 1, 2016, will be incremented by 10%. In the same Meeting, the cancellation of the increase of the share capital by the private subscription of shares deliberated in the Extraordinary General Meeting of December 17, 2015 was ratified, in the amount of R\$3 billion. Added to the Equity Reserves of R\$42.230 billion, it resulted in a Shareholders' Equity of R\$93.330 billion, with a growth of 11.2% in the same period of the previous year, corresponding to the equity value of R\$18.56 per share.

Capital, Tax Payments and Collection and Related Charges, Funds From Issuance of Securities in Brazil, and Subordinated Debt in Brazil, a 21.4% increase;

R\$182.973 billion in Technical Reserves for Insurance, Pension Plans and Capitalization Bonds, up by 16.3%; and

R\$48.376 billion in Foreign Funding, through public and private issues, Subordinated Debt Overseas, Securitization of Future Financial Flows and Borrowings and On-lendings Overseas, equivalent to US\$13.593 billion.

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

**Management Report**

In the expanded concept, the consolidated credit operations, at the end of the quarter, totaled R\$462,475 billion, including in this amount:

R\$98.686 billion in Consumption Finance, which includes R\$17.540 billion of credit receivables from Credit Cards;

R\$69.420 billion of Guarantees and Sureties;

R\$29.079 billion related to operations of transfer of internal and external resources, originating mainly from the BNDES - Banco Nacional de Desenvolvimento Econômico e Social (National Bank for Social and Economic Development), excelling as one of the main distributing agent of loans;

R\$20.586 billion in business in the Rural Area;

R\$9.087 billion in Advances on Exchange Contracts, for an Export Financing portfolio total of US\$10.776 billion.

R\$2.742 billion in Commercial Lease; and

US\$2.390 billion in Import Finance in Foreign Currency operations.

For the activities in Real Estate Loans, the Organization, in the quarter, destined resources to the total of R\$3.031 billion for the construction and acquisition of home-ownership, comprising 13,155 properties.

Bradesco BBI, investment bank of the Organization, advises clients on issuing shares, merger and acquisition operations, structuring and distribution of debt instruments, including debentures, promissory notes, CRIs, real estate

8,044 Branches and PAs (Service Branches) in Brazil (Branches: Bradesco 4,503, Banco Bradesco Cartões 1, Banco Bradesco Financiamentos 2, Banco Bradesco BBI 1, Banco Bradesco BERJ 1, Banco Alvorada 1; and PAs: 3,535);

3 Branches abroad, with one in New York and one in Grand Cayman of Bradesco and one in London of the subsidiary Banco Bradesco Europa;

11 Overseas Subsidiaries (Banco Bradesco Argentina S.A. in Buenos Aires; Banco Bradesco Europa S.A. in Luxembourg; Bradesco North America LLC, Bradesco Securities, Inc., and BRAM US LLC 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);

1,069 Correspondents of Bradesco Promotora, in the segment of consigned credit;

41,953 Bradesco Espresso service points;

739 PAEs – in-company electronic service branches;

435 External Terminals in the Bradesco Network; and

11,298 ATMs in the Banco24Horas Network, with 224 terminals shared by both networks.

In accordance with Instruction No. 381/03 of the Brazilian Securities and Exchange Commission, the Organization, in the quarter, neither contracted from nor had services provided by KPMG Auditores

funds, FIDCs and bonds, in Brazil and Abroad, besides structured corporate finance operations and the financing of projects under the modality of Project Finance. In the quarter, transactions were made with a volume of over R\$25.877 billion.

Reaffirming their prominent position in the market in the areas of Insurance, Capitalization and Open Supplementary Pension Plans, Grupo Bradesco Seguros recorded, on March 31, 2016, a Net Profit of R\$1.380 billion and a Shareholders' Equity of R\$22.834 billion. The net insurance premiums issued, pension contributions and income from capitalization reached a total of R\$15.186 billion, an increase of 11.4% in comparison to the same period last year.

The Organization's Customer Service Network, present in all the regions of Brazil and in various cities Abroad, on March 31, 2016, with 63,552 points, equipped simultaneously with 31,668 machines of the Rede de Autoatendimento Bradesco (Bradesco Customer Service Network), of which 31,178 operate also on weekends and bank holidays, besides 18,767 machines of the Rede Banco24Horas (24-Hour Auto Teller Machines), available to clients for operations of cash withdrawals, issuing statements, checking balances, requesting loans, payments and transfers between accounts. In the auto segment, with the presence of Bradesco Financiamentos, it counted on 11,181 retail points:

Independentes that were not related to the external audit, at a level greater than 5% of the total fees related to external audit services. Other services provided by the external auditors were the previously-agreed procedures for reviews of, substantially, financial, fiscal and actuarial information. The Bank's policy is in line with the principles of preserving the auditors' independence, which are based on generally accepted international criteria, i.e. the auditors should not audit their own work, perform managerial duties for their clients or promote their customers' interests. It is noteworthy that any eventual services not related to the external audit are submitted prior to the authorization of the Audit Committee.

Bradesco

---

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

**Management Report**

In the area of Human Resources, the Organization emphasizes the evolution of the training programs of UNIBRAD – Universidade Corporativa Bradesco (Bradesco Corporate University), for the professional qualification and development of its employees, so they are in permanent harmony with the market, which is becoming increasingly more demanding and competitive. In the quarter, 483 courses were given, with 54,481 participations. At the end of the period, the welfare benefits comprised 200,292 people, ensuring the well-being, improvement of the quality of life and safety of employees and their dependents.

The social action of the Organization is mainly focused on educational and assistance programs developed through Fundação Bradesco, which maintains 40 own Schools installed as a priority in regions of accentuated socio-economical deprivation, in all the Brazilian States and in the Federal District. This year, its budget is predicted to be R\$593.360 million, whereby R\$506.257 million destined to cover Expenses of the Activities and R\$87.103 million to the investments in Infrastructure and Educational Technology, that allows the institution to offer free education and of quality to: a) 101,566 students enrolled in its schools in the following levels: Basic Education (Kindergarten to High School) and Vocational Training (High School level); Youth and Adult Education; and Preliminary and Continuing Vocational Training, focused on creating jobs and income; b) 550 thousand students who will complete at least one of the distance-learning courses on offer (EaD) through its e-learning portal; and c) 21,490 people who will benefit through partnership projects and initiatives, including the Digital Inclusion Centers (CIDs), the *Educa+Ação* program and Technology courses (*Educar e Aprender*). Alimony, medical-dental assistance,

- **Best manager in short-term funds and shares**, according to the research carried out by Fundação Getúlio Vargas; and

- **Bradesco BBI was recognized as the best investment bank of Brazil in 2016** in the 17<sup>th</sup> edition of Best Investment Banks of the World of the *Global Finance* magazine.

The results achieved reaffirm the effort of Bradesco to exceed expectations and always offer the best. For the results obtained, we thank the support and trust of our shareholders and clients and for the dedicated work of our employees and other collaborators.

Cidade de Deus, April 27, 2016

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

(\*) Excluding mark-to-market effect of Available-for-sale Securities recorded under Shareholders' Equity.

school materials and uniform are ensured free-of-charge to the more than 43 thousand students of Basic Education.

The Bradesco Esportes e Educação Program (Sports and Education), in the Municipal District of Osasco, SP, the Program has Qualification and Specialist Centers to teach the modalities of Women's Volleyball and Basketball. The activities occur in their own Sports Development Center, in the Fundação Bradesco schools, in Municipal Sports Centers, in private schools and in a leisure club. Currently, two thousand girls are assisted, from the age of eight, reaffirming the social commitment and valuation of talent and plain exercise of citizenship, with actions of education, sports and health.

We recorded, in the quarter, important recognitions of Bradesco:

- **Most valuable brand in Brazil in the last 10 years**, according to the ranking promoted by the *IstoÉ Dinheiro* magazine in partnership with consultancy firm Kantar Vermeer, linked to the British group WPP;

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

**Consolidated Statement of Financial Position on March 31 - in thousands of Reals**

| <b>Assets</b>  | <b>2016</b>        | <b>2015</b>        |
|--|--------------------|--------------------|
| <b>Current assets</b>  | <b>667,917,945</b> | <b>627,919,066</b> |
| <b>Cash and due from banks (Note 5)</b>  | <b>18,527,203</b>  | <b>13,353,553</b>  |
| <b>Interbank investments (Notes 3d and 6)</b>                                    | <b>165,338,697</b> | <b>195,114,953</b> |
| Securities purchased under agreements to resell                                  | 155,733,284        | 188,689,518        |
| Interbank investments  | 9,622,604          | 6,453,037          |
| Allowance for losses   | (17,191)           | (27,602)           |
| <b>Securities and derivative financial instruments (Notes 3e, 3f, 7 and 31b)</b> | <b>223,433,839</b> | <b>164,867,181</b> |
| Own portfolio  | 187,108,058        | 143,668,997        |
| Subject to unrestricted repurchase agreements                                    | 15,106,592         | 4,233,822          |
| Derivative financial instruments (Notes 3f, 7d II and 31b)                       | 12,696,499         | 6,374,151          |
| Given in guarantee to the Brazilian Central Bank                                 | 64,227             | 4,917,855          |
| Given in guarantee   | 8,386,067          | 5,397,703          |
| Subject to unrestricted repurchase agreements                                    | 72,396             | 274,653            |
| <b>Interbank accounts</b>  | <b>50,670,568</b>  | <b>47,661,775</b>  |
| Unsettled payments and receipts  | 694,148            | 713,903            |
| Reserve requirement (Note 8):  |                    |                    |
| - Reserve requirement - Brazilian Central Bank                                   | 49,920,036         | 46,889,291         |
| - SFH  | 6,486              | 7,707              |
| Correspondent banks  | 49,898             | 50,874             |
| <b>Interdepartmental accounts</b>  | <b>99,513</b>      | <b>180,000</b>     |
| Internal transfer of funds   | 99,513             | 180,000            |
| <b>Loans (Notes 3g, 9 and 31b)</b>   | <b>133,630,283</b> | <b>145,404,135</b> |
| Loans:   |                    |                    |
| - Public sector  | 1,722,207          | 1,373,418          |
| - Private sector   | 150,440,425        | 158,995,793        |
| Loans transferred under an assignment with recourse                              | 720,441            | 88,210             |
| Allowance for loan losses (Notes 3g, 9f, 9g and 9h)                              | (19,252,790)       | (15,053,286)       |
| <b>Leasing (Notes 2, 3g, 9 and 31b)</b>  | <b>1,377,758</b>   | <b>1,875,566</b>   |
| Leasing receivables:   |                    |                    |
| - Private sector   | 2,684,085          | 3,722,150          |
| Unearned income from leasing   | (1,204,893)        | (1,697,420)        |
| Allowance for leasing losses (Notes 3g, 9f, 9g and 9h)                           | (101,434)          | (149,164)          |
| <b>Other receivables</b>   | <b>70,565,517</b>  | <b>56,056,898</b>  |
| Receivables on sureties and guarantees honored (Note 9a-3)                       | 166,703            | 89,170             |
| Foreign exchange portfolio (Note 10a)  | 26,533,077         | 13,132,021         |
| Receivables  | 1,067,496          | 907,726            |
| Securities trading   | 1,940,777          | 886,739            |
| Specific receivables   | 7,156              | 4,948              |
|  | 4,479,902          | 4,053,536          |



|   |                    |                    |
|---|--------------------|--------------------|
| Insurance and reinsurance receivables and reinsurance assets – technical provisions |                    |                    |
| Sundry (Note 10b)   | 37,467,821         | 37,824,236         |
| Allowance for other loan losses (Notes 3g, 9f, 9g and 9h)                           | (1,097,415)        | (841,478)          |
| <b>Other assets (Note 11)</b>   | <b>4,274,567</b>   | <b>3,405,005</b>   |
| Other assets  | 2,354,342          | 1,790,481          |
| Provision for losses  | (926,476)          | (669,360)          |
| Prepaid expenses (Notes 3i and 11b)   | 2,846,701          | 2,283,884          |
| <b>Long-term receivables</b>  | <b>337,473,737</b> | <b>315,863,145</b> |
| <b>Interbank investments (Notes 3d and 6)</b>                                       | <b>384,858</b>     | <b>726,960</b>     |
| Interbank investments   | 384,858            | 726,960            |

Bradesco

---

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

**Consolidated Statement of Financial Position on March 31 - in thousands of Reais**

| <b>Assets</b>  | <b>2016</b>        | <b>2015</b>        |
|--|--------------------|--------------------|
| <b>Securities and derivative financial instruments (Notes 3e, 3f, 7 and 31b)</b> | <b>120,143,281</b> | <b>113,240,990</b> |
| Own portfolio  | 110,734,402        | 72,271,310         |
| Subject to unrestricted repurchase agreements                                    | 7,154,834          | 37,095,456         |
| Derivative financial instruments (Notes 3f, 7d II and 31b)                       | 103,536            | 111,710            |
| Given in guarantee to the Brazilian Central Bank                                 | -                  | 1,050,140          |
| Privatization rights   | 51,517             | 56,524             |
| Given in guarantee   | 1,286,593          | 2,591,958          |
| Subject to unrestricted repurchase agreements                                    | 812,399            | 63,892             |
| <b>Interbank accounts</b>  | <b>703,669</b>     | <b>622,313</b>     |
| Reserve requirement (Note 8):  |                    |                    |
| - SFH  | 703,669            | 622,313            |
| <b>Loans (Notes 3g, 9 and 31b)</b>   | <b>155,155,548</b> | <b>152,860,263</b> |
| Loans:   |                    |                    |
| - Public sector  | 1,055,400          | 869,381            |
| - Private sector   | 156,260,561        | 153,606,796        |
| Loans transferred under an assignment with recourse                              | 6,901,266          | 5,182,438          |
| Allowance for loan losses (Notes 3g, 9f, 9g and 9h)                              | (9,061,679)        | (6,798,352)        |
| <b>Leasing (Notes 2, 3g, 9 and 31b)</b>  | <b>1,204,550</b>   | <b>1,900,942</b>   |
| Leasing receivables:   |                    |                    |
| - Private sector   | 2,524,671          | 4,012,198          |
| Unearned income from leasing   | (1,261,416)        | (2,022,056)        |
| Allowance for leasing losses (Notes 3g, 9f, 9g and 9h)                           | (58,705)           | (89,200)           |
| <b>Other receivables</b>   | <b>58,671,531</b>  | <b>44,970,443</b>  |
| Receivables  | 14,092             | 10,250             |
| Securities trading   | 708,666            | 878,782            |
| Sundry (Note 10b)  | 57,970,953         | 44,093,826         |
| Allowance for other loan losses (Notes 3g, 9f, 9g and 9h)                        | (22,180)           | (12,415)           |
| <b>Other assets (Note 11)</b>  | <b>1,210,300</b>   | <b>1,541,234</b>   |
| Prepaid expenses (Notes 3i and 11b)  | 1,210,300          | 1,541,234          |
| <b>Permanent assets</b>  | <b>18,582,556</b>  | <b>17,243,769</b>  |
| <b>Investments (Notes 3j, 12 and 31b)</b>  | <b>6,174,390</b>   | <b>5,424,315</b>   |
| Earnings (Losses) of Unconsolidated and Jointly Controlled Subsidiaries:         |                    |                    |
| - In Brazil  | 6,031,866          | 5,282,872          |
| - Overseas   | 2,816              | 2,391              |
| Other investments  | 390,792            | 412,777            |
| Allowance for losses   | (251,084)          | (273,725)          |
| <b>Premises and equipment (Notes 3k and 13)</b>                                  | <b>5,522,537</b>   | <b>4,701,602</b>   |
| Premises   | 1,896,427          | 1,499,659          |

|  |                      |                    |
|--|----------------------|--------------------|
| Other premises and equipment               | 10,488,024           | 10,337,694         |
| Accumulated depreciation                   | (6,861,914)          | (7,135,751)        |
| <b>Intangible assets (Notes 3I and 14)</b> | <b>6,885,629</b>     | <b>7,117,852</b>   |
| Intangible Assets                          | 16,262,352           | 15,373,420         |
| Accumulated amortization                   | (9,376,723)          | (8,255,568)        |
| <b>Total</b>                               | <b>1,023,974,238</b> | <b>961,025,980</b> |

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

Economic and Financial Analysis Report – March 2016

---

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

**Consolidated Statement of Financial Position on March 31** *— in thousands of Reais*

|   | <b>2016</b>        | <b>2015</b>        |
|---|--------------------|--------------------|
| <b>Liabilities</b>  |                    |                    |
| <b>Current liabilities</b>  | <b>660,273,647</b> | <b>667,408,308</b> |
| <b>Deposits (Notes 3n and 15a)</b>  | <b>146,829,202</b> | <b>168,405,979</b> |
| Demand deposits   | 22,590,729         | 30,092,587         |
| Savings deposits  | 88,261,256         | 91,741,025         |
| Interbank deposits  | 543,806            | 225,600            |
| Time deposits (Notes 15a and 31b)   | 35,433,411         | 46,346,767         |
| <b>Securities sold under agreements to repurchase (Notes 3n and 15b)</b>                            | <b>185,831,083</b> | <b>221,652,549</b> |
| Own portfolio   | 69,905,479         | 90,504,818         |
| Third-party portfolio   | 114,955,640        | 130,579,281        |
| Unrestricted portfolio  | 969,964            | 568,450            |
| <b>Funds from issuance of securities (Notes 15c and 31b)</b>  | <b>58,139,460</b>  | <b>50,280,080</b>  |
| Mortgage and real estate notes, letters of credit and others  | 52,057,741         | 48,261,329         |
| Securities issued overseas  | 5,657,815          | 1,874,486          |
| Structured Operations Certificates  | 423,904            | 144,265            |
| <b>Interbank accounts</b>   | <b>965,790</b>     | <b>1,119,911</b>   |
| Correspondent banks   | 965,790            | 1,119,911          |
| <b>Interdepartmental accounts</b>   | <b>4,215,354</b>   | <b>3,127,482</b>   |
| Third-party funds in transit  | 4,215,354          | 3,127,482          |
| <b>Borrowing (Notes 16a and 31b)</b>  | <b>19,537,394</b>  | <b>16,730,459</b>  |
| Borrowing in Brazil - other institutions  | 9,266              | 8,459              |
| Borrowing overseas  | 19,528,128         | 16,722,000         |
| <b>On-lending in Brazil - official institutions (Notes 16b and 31b)</b>                             | <b>10,901,417</b>  | <b>13,610,287</b>  |
| National treasury   | 80,766             | 52,086             |
| BNDES   | 2,894,652          | 4,760,258          |
| FINAME  | 7,918,808          | 8,785,068          |
| Other institutions  | 7,191              | 12,875             |
| <b>On-lending overseas (Notes 16b and 31b)</b>  | <b>2,203,520</b>   | <b>1,671,809</b>   |
| On-lending overseas   | 2,203,520          | 1,671,809          |
| <b>Derivative financial instruments (Notes 3f, 7d II and 31b)</b>                                   | <b>10,279,658</b>  | <b>5,742,803</b>   |
| Derivative financial instruments  | 10,279,658         | 5,742,803          |
| <b>Technical provisions for insurance, pension plans and capitalization bonds (Notes 3o and 20)</b> | <b>157,123,342</b> | <b>133,614,178</b> |
| <b>Other liabilities</b>  | <b>64,247,427</b>  | <b>51,452,771</b>  |
| Payment of taxes and other contributions  | 5,125,998          | 6,563,356          |
| Foreign exchange portfolio (Note 10a)   | 17,358,002         | 4,686,469          |
| Social and statutory  | 1,387,906          | 1,440,441          |

Edgar Filing: BANK BRADESCO - Form 6-K

|  |                    |                    |
|--|--------------------|--------------------|
| Tax and social security (Note 19a)                                       | 2,704,784          | 3,248,110          |
| Securities trading   | 2,994,666          | 2,095,221          |
| Financial and development funds  | 1,270              | 1,279              |
| Subordinated debts (Notes 18 and 31b)                                    | 2,204,294          | 2,843,260          |
| Sundry (Note 19b)  | 32,470,507         | 30,574,635         |
| <b>Long-term liabilities</b>   | <b>269,460,963</b> | <b>208,955,941</b> |
| <b>Deposits (Notes 3n and 15a)</b>                                       | <b>42,381,690</b>  | <b>43,300,388</b>  |
| Interbank deposits   | 42,707             | 229,321            |
| Time deposits (Notes 15a and 31b)  | 42,338,983         | 43,071,067         |
| <b>Securities sold under agreements to repurchase (Notes 3n and 15b)</b> | <b>38,233,741</b>  | <b>16,523,964</b>  |
| Own portfolio  | 38,233,741         | 16,523,964         |

Bradesco

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

**Consolidated Statement of Financial Position on March 31** ~~in~~ thousands of Reals

| <b>Liabilities</b>  | <b>2016</b>          | <b>2015</b>        |
|---|----------------------|--------------------|
| <b>Funds from issuance of securities (Notes 15c and 31b)</b>  | <b>54,477,668</b>    | <b>37,967,210</b>  |
| Mortgage and real estate notes, letters of credit and others  | 51,132,505           | 31,655,861         |
| Securities issued overseas  | 3,263,347            | 6,201,245          |
| Structured Operations Certificates  | 81,816               | 110,104            |
| <b>Borrowing (Notes 16a and 31b)</b>  | <b>4,083,331</b>     | <b>3,033,075</b>   |
| Borrowing in Brazil - other institutions  | 9,181                | 14,038             |
| Borrowing overseas  | 4,074,150            | 3,019,037          |
| <b>On-lending in Brazil - official institutions (Notes 16b and 31b)</b>                             | <b>24,789,068</b>    | <b>27,323,254</b>  |
| BNDES   | 8,463,873            | 7,248,033          |
| FINAME  | 16,325,195           | 20,069,610         |
| Other institutions  | -                    | 5,611              |
| <b>On-lending overseas (Notes 16b and 31b)</b>  | <b>1,334,395</b>     | <b>-</b>           |
| On-lending overseas   | 1,334,395            | -                  |
| <b>Derivative financial instruments (Notes 3f, 7d II and 31b)</b>                                   | <b>115,702</b>       | <b>178,495</b>     |
| Derivative financial instruments  | 115,702              | 178,495            |
| <b>Technical provisions for insurance, pension plans and capitalization bonds (Notes 3o and 20)</b> | <b>25,849,586</b>    | <b>23,680,579</b>  |
| <b>Other liabilities</b>  | <b>78,195,782</b>    | <b>56,948,976</b>  |
| Tax and social security (Note 19a)  | 14,812,349           | 9,995,425          |
| Subordinated debts (Notes 18 and 31b)   | 35,566,258           | 35,146,366         |
| Eligible Debt Capital Instruments (Notes 18 and 31b)  | 12,413,000           | -                  |
| Sundry (Note 19b)   | 15,404,175           | 11,807,185         |
| <b>Deferred income</b>  | <b>487,785</b>       | <b>309,218</b>     |
| Deferred income   | 487,785              | 309,218            |
| <b>Non-controlling interests in subsidiaries (Note 21)</b>  | <b>421,715</b>       | <b>415,037</b>     |
| <b>Shareholders' equity (Note 22)</b>   | <b>93,330,128</b>    | <b>83,937,476</b>  |
| Capital:  |                      |                    |
| - Domiciled in Brazil   | 50,460,629           | 42,559,695         |
| - Domiciled overseas  | 639,371              | 540,305            |
| Capital reserves  | 11,441               | 11,441             |
| Profit reserves   | 45,011,238           | 41,935,988         |
| Asset valuation adjustments   | (2,352,037)          | (811,938)          |
| Treasury shares (Notes 22c and 31b)   | (440,514)            | (298,015)          |
| <b>Attributable to equity holders of the Parent Company</b>   | <b>93,751,843</b>    | <b>84,352,513</b>  |
| <b>Total</b>  | <b>1,023,974,238</b> | <b>961,025,980</b> |

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

Economic and Financial Analysis Report – March 2016

---

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

**Consolidated Statement of Accumulated Income on March 31** *-in thousands of Reais*

|  | <b>2016</b>        | <b>2015</b>        |
|--|--------------------|--------------------|
| <b>Revenue from financial intermediation</b>   | <b>37,541,259</b>  | <b>31,897,648</b>  |
| Loans (Note 9j)  | 17,089,433         | 15,628,336         |
| Leasing (Note 9j)  | 82,449             | 141,750            |
| Operations with securities (Note 7h)   | 9,818,045          | 10,594,563         |
| Financial income from insurance, pension plans and capitalization bonds (Note 7h)  | 8,745,312          | 3,654,969          |
| Derivative financial instruments (Note 7h)   | 2,405,084          | (224,279)          |
| Foreign exchange operations (Note 10a)   | (1,920,030)        | 1,165,618          |
| Reserve requirement (Note 8b)  | 1,371,642          | 988,710            |
| Sale or transfer of financial assets   | (50,676)           | (52,019)           |
| <b>Financial intermediation expenses</b>   | <b>22,704,481</b>  | <b>26,109,354</b>  |
| Retail and professional market funding (Note 15d)  | 14,282,354         | 12,411,920         |
| Adjustment for inflation and interest on technical provisions for insurance, pension plans and capitalization bonds (Note 15d) | 5,413,999          | 3,584,192          |
| Borrowing and on-lending (Note 16c)  | (2,875,467)        | 6,283,765          |
| Allowance for loan losses (Notes 3g, 9g and 9h)  | 5,883,595          | 3,829,477          |
| <b>Gross income from financial intermediation</b>  | <b>14,836,778</b>  | <b>5,788,294</b>   |
| <b>Other operating income (expenses)</b>   | <b>(4,598,822)</b> | <b>(4,494,224)</b> |
| Fee and commission income (Note 23)  | 4,912,817          | 4,481,778          |
| - Other fee and commission income  | 3,351,744          | 3,215,755          |
| Income from banking fees   | 1,561,073          | 1,266,023          |
| Retained premium from insurance, pension plans and capitalization bonds (Notes 3o and 20c)                                     | 15,112,091         | 13,574,642         |
| - Net premiums written   | 15,185,588         | 13,634,448         |
| - Reinsurance premiums paid  | (73,497)           | (59,806)           |
| Variation in technical provisions for insurance, pension plans and capitalization bonds (Note 3o)                              | (5,788,949)        | (5,251,460)        |
| Retained claims (Note 3o)  | (5,617,094)        | (5,077,100)        |
| Capitalization bond prize draws and redemptions (Note 3o)  | (1,225,561)        | (1,217,928)        |
| Selling expenses from insurance, pension plans and capitalization bonds (Note 3o)  | (856,172)          | (816,653)          |
| Payroll and related benefits (Note 24)   | (3,583,135)        | (3,296,010)        |
| Other administrative expenses (Note 25)  | (3,903,882)        | (3,503,544)        |



Edgar Filing: BANK BRADESCO - Form 6-K

|  |                    |                  |
|--|--------------------|------------------|
| Tax expenses (Note 26)   | (1,705,229)        | (919,791)        |
| Equity in the earnings (losses) of unconsolidated and jointly controlled subsidiaries (Note 12b) | 405,665            | 300,459          |
| Other operating income (Note 27)   | 1,447,024          | 1,394,256        |
| Other operating expenses (Note 28)   | (3,796,397)        | (4,162,873)      |
| <b>Operating income</b>  | <b>10,237,956</b>  | <b>1,294,070</b> |
| <b>Non-operating income (loss) (Note 29)</b>   | <b>95,692</b>      | <b>(33,943)</b>  |
| <b>Income before income tax and social contribution and non-controlling interests</b>            | <b>10,333,648</b>  | <b>1,260,127</b> |
| <b>Income tax and social contribution (Notes 33a and 33b)</b>                                    | <b>(6,178,026)</b> | <b>3,012,535</b> |
| Provision for income tax   | (3,121,596)        | (1,119,713)      |
| Provision for Social Contribution  | (2,440,035)        | (607,679)        |
| Deferred Tax Asset   | (616,395)          | 4,739,927        |
| <b>Non-controlling interests in subsidiaries</b>   | <b>(34,211)</b>    | <b>(28,676)</b>  |
| <b>Net profit</b>  | <b>4,121,411</b>   | <b>4,243,986</b> |

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

Bradesco

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

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

| Events   | Capital           |                    | Capital reserves | Profit reserves  |                   | Asset valuation adjustment |                    | Treasury shares  |
|--|-------------------|--------------------|------------------|------------------|-------------------|----------------------------|--------------------|------------------|
|  | Paid in Capital   | Unpaid Capital     | Share premium    | Legal            | Statutory         | Bradesco                   | Subsidiaries       |                  |
| <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>(298,010)</b> |
| Acquisition of treasury shares                             | 5,000,000         | -                  | -                | -                | -(5,000,000)      | -                          | -                  | -                |
| Asset valuation adjustments                                | -                 | -                  | -                | -                | -                 | (283,107)                  | (37,520)           | -                |
| Net profit   | -                 | -                  | -                | -                | -                 | -                          | -                  | -                |
| Allocations: - Reserves                                    | -                 | -                  | -                | 212,199          | 2,537,654         | -                          | -                  | -                |
| - Interest on Shareholders' Equity Paid                    | -                 | -                  | -                | -                | -                 | -                          | -                  | -                |
| <b>Balance on March 31, 2015</b>                           | <b>43,100,000</b> | -                  | <b>11,441</b>    | <b>5,405,666</b> | <b>36,530,322</b> | <b>(688,584)</b>           | <b>(123,354)</b>   | <b>(298,010)</b> |
| <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>(431,040)</b> |
| Cancellation of Capital Increase by Subscription of Shares | (3,000,000)       | 3,000,000          | -                | -                | -                 | -                          | -                  | -                |
| Increase of capital stock with reserves                    | 8,000,000         | -                  | -                | -                | -(8,000,000)      | -                          | -                  | -                |
| Acquisition of treasury shares                             | -                 | -                  | -                | -                | -                 | -                          | -                  | (9,460)          |
| Asset valuation adjustments                                | -                 | -                  | -                | -                | -                 | 448,725                    | 1,313,793          | -                |
| Net profit   | -                 | -                  | -                | -                | -                 | -                          | -                  | -                |
| Allocations: - Reserves                                    | -                 | -                  | -                | 206,070          | 2,464,362         | -                          | -                  | -                |
| - Interest on Shareholders' Equity Paid and/or provisioned | -                 | -                  | -                | -                | -                 | -                          | -                  | -                |
| <b>Balance on March 31, 2016</b>                           | <b>51,100,000</b> | -                  | <b>11,441</b>    | <b>6,259,019</b> | <b>38,752,219</b> | <b>(782,878)</b>           | <b>(1,569,159)</b> | <b>(440,510)</b> |

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

Economic and Financial Analysis Report – March 2016

---

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

**Consolidated Statement of Added Value Accumulated on March 31 -In thousands of Reais**

| Description  | 2016                | %              | 2015              |
|--|---------------------|----------------|-------------------|
| <b>1 – Revenue</b>   | <b>36,202,162</b>   | <b>228.5</b>   | <b>31,206,6</b>   |
| <b>1.1) Financial intermediation</b>   | <b>37,541,259</b>   | <b>236.9</b>   | <b>31,897,6</b>   |
| <b>1.2) Fees and commissions</b>   | <b>4,912,817</b>    | <b>31.0</b>    | <b>4,481,7</b>    |
| <b>1.3) Allowance for loan losses</b>  | <b>(5,883,595)</b>  | <b>(37.1)</b>  | <b>(3,829,47</b>  |
| <b>1.4) Other</b>  | <b>(368,319)</b>    | <b>(2.3)</b>   | <b>(1,343,27</b>  |
| <b>2 – Financial intermediation expenses</b>                                       | <b>(16,820,886)</b> | <b>(106.1)</b> | <b>(22,279,87</b> |
| <b>3 – Inputs acquired from third-parties</b>                                      | <b>(3,140,759)</b>  | <b>(19.9)</b>  | <b>(2,778,88</b>  |
| Outsourced services  | (1,048,819)         | (6.6)          | (948,46           |
| Communication  | (372,182)           | (2.3)          | (345,85           |
| Data processing  | (337,840)           | (2.1)          | (279,32           |
| Financial system services  | (235,479)           | (1.5)          | (205,04           |
| Asset maintenance  | (206,717)           | (1.3)          | (216,73           |
| Advertising and marketing  | (191,097)           | (1.2)          | (113,06           |
| Material, water, electricity and gas   | (171,930)           | (1.1)          | (150,98           |
| Security and surveillance  | (165,024)           | (1.0)          | (148,69           |
| Transport  | (163,758)           | (1.0)          | (154,91           |
| Travel   | (25,621)            | (0.3)          | (26,83            |
| Other  | (222,292)           | (1.5)          | (188,94           |
| <b>4 – Gross value added (1-2-3)</b>   | <b>16,240,517</b>   | <b>102.5</b>   | <b>6,147,9</b>    |
| <b>5 – Depreciation and amortization</b>   | <b>(797,639)</b>    | <b>(5.0)</b>   | <b>(751,33</b>    |
| <b>6 – Net value added produced by the entity (4-5)</b>                            | <b>15,442,878</b>   | <b>97.5</b>    | <b>5,396,5</b>    |
| <b>7 – Value added received through transfer</b>                                   | <b>405,665</b>      | <b>2.5</b>     | <b>300,4</b>      |
| Equity in the earnings (losses) of unconsolidated and jointly controlled companies | 405,665             | 2.5            | 300,4             |
| <b>8 – Value added to distribute (6+7)</b>   | <b>15,848,543</b>   | <b>100.0</b>   | <b>5,697,0</b>    |
| <b>9 – Value added distributed</b>   | <b>15,848,543</b>   | <b>100.0</b>   | <b>5,697,0</b>    |
| <b>9.1) Personnel</b>  | <b>3,154,829</b>    | <b>20.0</b>    | <b>2,865,9</b>    |
| Salaries   | 1,668,606           | 10.5           | 1,514,3           |
| Benefits   | 788,425             | 5.0            | 723,1             |
| Government Severance Indemnity Fund for Employees (FGTS)                           | 167,325             | 1.1            | 143,1             |
| Other  | 530,473             | 3.4            | 485,4             |
| <b>9.2) Tax, fees and contributions</b>  | <b>8,311,561</b>    | <b>52.4</b>    | <b>(1,662,73</b>  |
| Federal  | 8,100,901           | 51.1           | (1,841,03         |
| State  | 5,394               | -              | 4,1               |
| Municipal  | 205,266             | 1.3            | 174,1             |
| <b>9.3) Remuneration for providers of capital</b>                                  | <b>226,531</b>      | <b>1.4</b>     | <b>221,1</b>      |
| Rental   | 223,577             | 1.4            | 215,8             |
| Asset leasing  | 2,954               | -              | 5,2               |
| <b>9.4) Value distributed to shareholders</b>                                      | <b>4,155,622</b>    | <b>26.2</b>    | <b>4,272,6</b>    |
| Interest on shareholders' equity   | 1,450,979           | 9.2            | 1,494,1           |
| Retained earnings  | 2,670,432           | 16.8           | 2,749,8           |

|  |        |     |      |
|--|--------|-----|------|
| Non-controlling interests in retained earnings | 34,211 | 0.2 | 28,6 |
|--|--------|-----|------|

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

Bradesco

---

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

**Consolidated Cash Flow Statement on March 31** *-In thousands of Reais*

|   | 2016              | 2015             |
|---|-------------------|------------------|
| <b>Cash flow from operating activities:</b>   |                   |                  |
| <b>Net profit before income tax and social contribution</b>   | <b>10,333,648</b> | <b>1,260,127</b> |
| <b>Adjustments to net profit before income tax and social contribution</b>  | <b>17,282,365</b> | <b>6,350,720</b> |
| Effect of Changes in Exchange Rates in Cash and Cash equivalents  | 3,362,849         | (273,627)        |
| Allowance for loan losses   | 5,883,595         | 3,829,477        |
| Depreciation and amortization   | 797,639           | 751,330          |
| Write-offs through Impairment   | 108,294           | -                |
| Expenses with civil, labor and tax provisions   | 802,730           | 1,053,645        |
| Expenses with adjustment for inflation and interest on technical provisions for insurance, pension plans and capitalization bonds | 5,413,999         | 3,584,192        |
| Equity in the (earnings/losses) of unconsolidated and jointly controlled subsidiaries   | (405,665)         | (300,459)        |
| (Gain)/loss on sale of investments  | (162,665)         | -                |
| (Gain)/loss on sale of fixed assets   | 8,774             | 4,773            |
| (Gain)/loss on sale of foreclosed assets  | 54,983            | 65,871           |
| Foreign exchange variation of assets and liabilities overseas/Other   | 1,417,832         | (2,364,482)      |
| <b>Adjusted net profit before taxes</b>   | <b>27,616,013</b> | <b>7,610,847</b> |
| (Increase)/decrease in interbank investments  | 602,732           | 4,234,236        |
| (Increase)/decrease in trading securities and derivative financial instruments  | (15,868,267)      | (26,296,984)     |
| (Increase)/decrease in interbank and interdepartmental accounts   | (1,819,946)       | (2,205,752)      |
| (Increase)/decrease in loan and leasing   | 8,855,918         | (9,769,699)      |
| (Increase)/decrease in insurance and reinsurance receivables and reinsurance assets   | 202               | 2,714            |
| (Increase)/decrease in other receivables and other assets   | (9,444,609)       | (25,963)         |
| (Increase)/decrease in reserve requirement - Central Bank   | 4,871,858         | 4,035,615        |
| Increase/(decrease) in deposits   | (6,573,359)       | 69,951           |
| Increase/(Decrease) in securities sold under agreements to repurchase   | 1,787,048         | 18,823,484       |
| Increase/(Decrease) in funds from issuance of securities  | 3,070,580         | 3,421,857        |
| Increase/(Decrease) in borrowings and on-lending  | (7,488,759)       | 3,370,748        |
| Increase/(Decrease) in technical provisions for insurance, pension plans and capitalization bonds                                 | (275,494)         | 443,482          |
| Increase/(Decrease) in other liabilities  | 13,526,357        | 3,172,580        |
| Increase/(Decrease) in deferred income  | (35,760)          | 20,488           |
| Income tax and social contribution paid   | (3,072,503)       | (4,090,534)      |
| <b>Net cash provided by/(used in) by operating activities</b>   | <b>15,752,011</b> | <b>2,817,070</b> |
| <b>Cash flow from investing activities:</b>   |                   |                  |
| (Increase)/Decrease in held-to-maturity securities  | (742,999)         | (534,739)        |
| Sale of/maturity of and interests on available-for-sale securities  | 32,403,676        | 15,479,649       |
| Proceeds from sale of foreclosed assets   | 129,879           | 161,028          |

|  |                    |                    |
|--|--------------------|--------------------|
| Sale of investments  | 67,452             | -                  |
| Sale of premises and equipment                                   | 325,861            | 96,281             |
| Purchases of available-for-sale securities                       | (12,507,676)       | (18,907,722)       |
| Foreclosed assets received                                       | (416,986)          | (313,591)          |
| Investment acquisitions  | -                  | (961,883)          |
| Purchase of premises and equipment                               | (553,059)          | (419,644)          |
| Intangible asset acquisitions                                    | (405,166)          | (311,072)          |
| Dividends and interest on shareholders' equity received          | 140,751            | 192,717            |
| <b>Net cash provided by/(used in) investing activities</b>       | <b>18,441,733</b>  | <b>(5,518,976)</b> |
| <b>Cash flow from financing activities:</b>                      |                    |                    |
| Increase/(decrease) in subordinated debts                        | (99,384)           | 2,167,959          |
| Dividends and interest on shareholders' equity paid              | (3,805,108)        | (3,151,529)        |
| Non-controlling interest   | (7,574)            | (6,195)            |
| Acquisition of own shares  | (9,466)            | -                  |
| <b>Net cash provided by/(used in) financing activities</b>       | <b>(3,921,532)</b> | <b>(989,765)</b>   |
| <b>Net increase/(decrease) in cash and cash equivalents</b>      | <b>30,272,212</b>  | <b>(3,691,671)</b> |
| Cash and cash equivalents - at the beginning of the period       | 147,261,434        | 204,504,469        |
| Effect of Changes in Exchange Rates in Cash and Cash equivalents | (3,362,849)        | 273,627            |
| Cash and cash equivalents - at the end of the period             | 174,170,797        | 201,086,425        |
| <b>Net increase/(decrease) in cash and cash equivalents</b>      | <b>30,272,212</b>  | <b>(3,691,671)</b> |

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

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

***Index of Notes to the Consolidated Financial Statements***

Notes to Bradesco's Consolidated Financial Statements are as follows:

- 1) **OPERATIONS**
- 2) **PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS**
- 3) **SIGNIFICANT ACCOUNTING PRACTICES**
- 4) **FINANCIAL STATEMENT AND MANAGERIAL INCOME STATEMENT BY OPERATING SEGMENT**
- 5) **CASH AND CASH EQUIVALENTS**
- 6) **INTERBANK INVESTMENTS**
- 7) **SECURITIES AND DERIVATIVE FINANCIAL INSTRUMENTS**
- 8) **INTERBANK ACCOUNTS RESERVE REQUIREMENT**
- 9) **LOANS**
- 10) **OTHER RECEIVABLES**
- 11) **OTHER ASSETS**
- 12) **INVESTMENTS**
- 13) **PREMISES AND EQUIPMENT**
- 14) **INTANGIBLE ASSETS**
- 15) **DEPOSITS, SECURITIES SOLD UNDER AGREEMENTS TO REPURCHASE AND FUNDS FROM ISSUANCE**



- 16) **BORROWING AND ON-LENDING**
- 17) **PROVISIONS, CONTINGENT ASSETS AND LIABILITIES AND LEGAL LIABILITIES TAX AND SOCIAL S**
- 18) **SUBORDINATED DEBT**
- 19) **OTHER LIABILITIES**
- 20) **INSURANCE, PENSION PLANS AND CAPITALIZATION BONDS**
- 21) **NON-CONTROLLING INTERESTS IN SUBSIDIARIES**
- 22) **SHAREHOLDERS EQUITY (PARENT COMPANY)**
- 23) **FEE AND COMMISSION INCOME**
- 24) **PAYROLL AND RELATED BENEFITS**
- 25) **OTHER ADMINISTRATIVE EXPENSES**
- 26) **TAX EXPENSES**
- 27) **OTHER OPERATING INCOME**
- 28) **OTHER OPERATING EXPENSES**
- 29) **NON-OPERATING INCOME (LOSS)**
- 30) **RELATED-PARTY TRANSACTIONS (DIRECT AND INDIRECT)**
- 31) **FINANCIAL INSTRUMENTS**
- 32) **EMPLOYEE BENEFITS**
- 33) **INCOME TAX AND SOCIAL CONTRIBUTION**
- 34) **OTHER INFORMATION**

Bradesco

---

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

**Notes to the Consolidated Financial Statements**

**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 that it is authorized to do so. 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 fashion in the market.

**2) PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS**

Bradesco's consolidated financial statements include the financial statements for Banco Bradesco, its foreign branches and subsidiaries, in Brazil and overseas and SPEs (Special Purpose Entities). These statements were prepared using accounting practices in compliance with Laws No. 4,595/64 (Brazilian Financial System Law) and No. 6,404/76 (Brazilian Corporate Law), including amendments introduced by Laws No. 11,638/07 and No. 11,941/09, as they relate to the accounting for operations, complemented by the 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 the leasing companies included in the consolidated financial statements were prepared using the finance lease method, under which the book value of leased fixed assets less the residual value paid in advance.

For each quarter until September 30, 2015, the consolidated financial statements were prepared in accordance with the specific procedures established by Article 3 of the CMN Resolution No. 2,723/00, in force until March 31, 2015, and other provisions of the Accounting Plan of Financial Institutions – ("Cosif"), having as objective (i) to demonstrate the basis of information used by the Management to evaluate the performance and make decisions regarding the allocation of resources for investments and other purposes, among the Organization's companies of, as well as (ii) to maintain consistency based on information that was required by the regulator and already disclosed in previous periods. Starting December 31, 2015, for the purposes of preparing the consolidated financial statements, in addition to the provisions of the Accounting Plan of Financial Institutions – ("Cosif"), the consolidation procedures established by Technical Pronouncement CPC 36 were applied, which has certain different criteria from the consolidation previously used, although resulting in the same values of net income and shareholders' equity and without resulting in other relevant effects on the financial statements as a whole. For the purpose of comparability, the balances of 2014, previously presented in Note 4 according to the CPC 23, are being reclassified and

presented in the column "Balance Sheet and Statement of Managerial Income". The investment funds are consolidated where companies of the Organization are the main beneficiaries or detain the main obligations. Intercompany transactions, including investments, assets and liabilities, revenue, expenses and unrealized profit were eliminated and net profit and shareholders' equity attributable to the non-controlling interests were accounted for in a separate line. Goodwill on the acquisition of investments in subsidiary/associate companies or jointly controlled entities is presented in the investments and intangible assets lines (Note 14a). The foreign exchange variation from foreign branches and investments, is presented in the income statement accounts used for changes in the value of the derivative financial instrument and borrowing and on-lending operations in order to offset these results with the hedges of these investments.

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 securities and non-financial assets; the calculation of technical provisions for insurance, pension plans and capitalization bonds; and the determination of the useful life of specific assets. Actual results may differ from those based on estimates and assumptions.

Bradesco's consolidated financial statements were approved by the Board of Directors on April 27, 2016.

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

**Notes to the Consolidated Financial Statements**

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

|   | Activity               | On March 31<br>Equity interest |         |
|---|------------------------|--------------------------------|---------|
|   |                        | 2016                           | 2015    |
| <b>Financial Sector – Brazil</b>                              |                        |                                |         |
| Banco Alvorada S.A.   | Banking                | 99.99%                         | 99.99%  |
| Banco Bradesco Financiamentos S.A.                            | Banking                | 100.00%                        | 100.00% |
| Banco Bradesco BBI S.A.                                       | Investment bank        | 99.80%                         | 99.80%  |
| Banco Boavista Interatlântico S.A.                            | Banking                | 100.00%                        | 100.00% |
| Banco Bradesco Cartões S.A.                                   | Cards                  | 100.00%                        | 100.00% |
| Bradesco Administradora de Consórcios Ltda.                   | Consortium management  | 100.00%                        | 100.00% |
| Banco Bradesco BERJ S.A.                                      | Banking                | 100.00%                        | 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% |
| BRAM - Bradesco Asset Management S.A. DTVM                    | Asset management       | 100.00%                        | 100.00% |
| Ágora Corretora de Títulos e Valores Mobiliários S.A.         | Brokerage              | 100.00%                        | 100.00% |
| Banco Bradescard S.A.   | Cards                  | 100.00%                        | 100.00% |
| Tempo Serviços Ltda.  | Services               | 100.00%                        | 100.00% |
| <b>Financial Sector – Overseas</b>                            |                        |                                |         |
| Banco Bradesco Argentina S.A.                                 | Banking                | 99.99%                         | 99.99%  |
| Banco Bradesco Europa S.A.                                    | Banking                | 100.00%                        | 100.00% |
| Banco Bradesco S.A. Grand Cayman Branch (1)                   | Banking                | 100.00%                        | 100.00% |
| Banco Bradesco New York Branch                                | Banking                | 100.00%                        | 100.00% |
| Bradesco Securities, Inc.                                     | Brokerage              | 100.00%                        | 100.00% |
| Bradesco Securities, UK.                                      | Brokerage              | 100.00%                        | 100.00% |
| <b>Insurance, Pension Plan and Capitalization Bond Sector</b> |                        |                                |         |
| Bradesco Argentina de Seguros S.A.                            | Insurance              | 99.92%                         | 99.92%  |
| Bradesco Auto/RE Companhia de Seguros                         | Insurance              | 100.00%                        | 100.00% |
| Bradesco Capitalização S.A.                                   | Capitalization bonds   | 100.00%                        | 100.00% |
| Bradesco Saúde S.A.   | Insurance/health       | 100.00%                        | 100.00% |
| Odontoprev S.A.   | Dental care            | 50.01%                         | 50.01%  |
| Bradesco Seguros S.A.   | Insurance              | 100.00%                        | 100.00% |
| Bradesco Vida e Previdência S.A.                              | Pension plan/insurance | 100.00%                        | 100.00% |
| Atlântica Companhia de Seguros                                | Insurance              | 100.00%                        | 100.00% |
| <b>Other Activities</b>                                       |                        |                                |         |
| Andorra Holdings S.A.   | Holding                | 100.00%                        | 100.00% |
| Bradseg Participações S.A.                                    | Holding                | 100.00%                        | 100.00% |

Edgar Filing: BANK BRADESCO - Form 6-K

|   |                     |         |         |
|---|---------------------|---------|---------|
| Bradescor Corretora de Seguros Ltda.              | Insurance brokerage | 100.00% | 100.00% |
| Bradesplan Participações Ltda.                    | Holding             | 100.00% | 100.00% |
| BSP Empreendimentos Imobiliários S.A.             | Real estate         | 100.00% | 100.00% |
| Cia. Securitizadora de Créditos Financeiros Rubi  | Credit acquisition  | 100.00% | 100.00% |
| Columbus Holdings S.A.                            | Holding             | 100.00% | 100.00% |
| Nova Paiol Participações Ltda.                    | Holding             | 100.00% | 100.00% |
| União Participações Ltda.                         | Holding             | 100.00% | 100.00% |
| <b>Investment Funds (2)</b>                       |                     |         |         |
| Bradesco FI RF Master Previdência                 | Investment Fund     | 99.59%  | 100.00% |
| Bradesco FI RF Master II Previdência              | Investment Fund     | 99.81%  | 100.00% |
| Bradesco FI RF Master III Previdência             | Investment Fund     | 94.10%  | 100.00% |
| Bradesco FI Referenciado DI União                 | Investment Fund     | 99.74%  | 99.98%  |
| Bradesco FI Referenciado DI Master                | Investment Fund     | 98.90%  | 100.00% |
| Bradesco FI Referenciado DI Performance           | Investment Fund     | 100.00% | 100.00% |
| Bradesco FI RF Crédito Privado Master             | Investment Fund     | 96.24%  | 100.00% |
| Bradesco <i>Private</i> FIC FI RF PGBL/VGBL Ativo | Investment Fund     | 100.00% | 100.00% |
| Bradesco F.I.C.F.I. R.F. VGBL F10                 | Investment Fund     | 100.00% | 100.00% |
| Bradesco F.I.C.F.I. R.F. VGBL Fix                 | Investment Fund     | 100.00% | 100.00% |

(1) 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; and

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

Bradesco

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

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

**3) SIGNIFICANT ACCOUNTING PRACTICES**

**a) Functional and presentation currencies**

Consolidated financial statements are presented in Brazilian reais, which is also Bradesco's functional currency. Foreign branches and subsidiaries are mainly a continuation of activities in Brazil, and, therefore, assets, liabilities and profit or loss are translated into Brazilian reais using the appropriate currency exchange rate, to comply with accounting practices adopted in Brazil. Foreign currency translation gains and losses arising are recognized in the period's income statement 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 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 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 end of the reporting period.

Insurance and coinsurance premiums, net of premiums paid for coinsurance and related commissions, are recorded upon the issue of the related policies/certificates/endorsements and invoices, or upon the beginning of the exposure to risk in cases in which the risk begins before the issue, and recognized on a

straight-line basis over the policies' effective period through the upfront recognition and subsequent reversal through the income statement of the unearned premium reserve and the deferred acquisition costs. Revenues from premiums and the corresponding deferred acquisition costs, relating to existing risk for which no policy has been issued, are recorded in the income statement at the beginning of the risk exposure, based on estimated figures.

Recognition of health insurance premiums commences with the effectiveness of the corresponding insurance policy, and is recognized in proportion to the portion of the term elapsed.

Income and expenses arising from Mandatory Insurance For Personal Injury Caused by Motor Vehicles (DPVAT) insurance operations are recorded based on information provided by Seguradora Líder dos Consórcios do Seguro DPVAT S.A.

Accepted coinsurance and retrocession operations are recorded based on the information received from other insurers and IRB - Brasil Resseguros S.A. (IRB), respectively.

Reinsurance operations are recorded based on the premium and claims information provided which is subject to the analysis of the re-insurers. The deductions of reinsurance premiums granted are consistent with the recognition of the corresponding insurance premium and/or terms of the reinsurance contract.

Acquisition costs, relative to the insurance commission, are deferred and recognized in profit or loss in proportion to the amount of premium recognized.

Contributions and agency fees are deferred and recognized in the income statement on a straight-line basis over a period of 24 months for health insurance operations, and 12 months for other operations.

Pension plan contributions and life insurance premiums with survival coverage are recognized in the income statement as they are received.

The revenue of the capitalization plans are recognized in the month in which they are issued, according to the types of collection, which may be in monthly payments or in a single payment. Each security has a nominal value, which is restated monetarily by the Reference Rate (TR) + 0.5% interest per month. Technical provisions are recorded when the respective revenues are recognized.



Economic and Financial Analysis Report – March 2016

---

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

**Notes to the Consolidated Financial Statements**

The revenues arising from prescribed capitalization plans are recognized after the prescription period, that is, until November 2003, up to 20 years and five years after this date, for securities and non-redeemed draws. The expenses with commercialization of capitalization plans are classified as "Acquisition Costs" and are recognized in the income statement as incurred.

**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, 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.

**e) Securities – Classification**

- Trading securities – securities acquired for the purpose of being actively and frequently traded. They are recorded at cost, plus income earned and adjusted to fair value with movements recognized 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 fair value with movements recognized in shareholders' equity, net of tax, which will be transferred to the Income Statement 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 recorded at cost, plus income earned recognized in the Income Statement 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 recorded in profit or loss or shareholders' equity accounts.

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:

Bradesco

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

**Notes to the Consolidated Financial Statements**

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

A breakdown of amounts included as derivative financial instruments, in the balance sheet 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:

| <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 Income Statement 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 Income Statement when received.

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 recorded in off-balance-sheet accounts, are rated as level "H" and any possible gains derived from their renegotiation are recognized only when they are effectively received. When there is a significant repayment on the operation or when new material facts justify a change in the level of risk, the operation may be reclassified to a lower risk category.

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

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

**Notes to the Consolidated Financial Statements**

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.

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

Deferred tax assets, calculated on income tax losses, social contribution losses and temporary differences, are recorded in "Other Receivables - Sundry" and the deferred tax liabilities on tax differences in leasing depreciation (applicable only for income tax), mark-to-market adjustments on securities, restatement of judicial deposits, among others, are recorded in "Other Liabilities - Tax and Social Security".

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 recorded 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 traded 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% in January 2019. For the other companies, the social contribution is calculated considering the rate of 9%.

Due to the amendment of the rate, the Organization constituted, in September 2015, a supplement to the tax credit of social contribution, considering the annual expectations of achievement and their respective rates in force in each period, according to the technical study conducted.

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

The changes enacted by Law No. 11,638/07 and subsequent amendments in revenue recognition criteria and costs and expenses included in the net profit for the period, were made fiscally by the new taxation rules in force, as instituted by Law No. 12,973/14.

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

**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 recorded in the Income Statement according to the terms and the amount of expected benefits and directly written-off in the Income Statement 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 to the banking correspondents related to credit operations originated during the years 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.

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

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

**j) Investments**

Investments in unconsolidated and jointly controlled subsidiaries, 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 can be found in Note 2. The composition of unconsolidated and jointly controlled subsidiaries, as well as other investments, can be found 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% per annum, and adjusted for impairment, when applicable.

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



## **l) Intangible assets**

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

Intangible assets comprise of:

- Future profitability/acquired client portfolio and acquisition of right to provide banking services: they are recorded 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
- 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 14.

## **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 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 book value of an asset or cash-generating unit exceeds its recoverable value. Impairment losses are presented in Note 7c(6).

**n) 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.

Economic and Financial Analysis Report – March 2016

---

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

**Notes to the Consolidated Financial Statements**

A breakdown of the contracts recorded in deposits 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 15.

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

- Damage, health and group insurance lines, except life insurance with survival coverage:
  - The unearned premium reserve (PPNG) is calculated on a daily pro-rata basis, using premiums net of coinsurance, but including amounts ceded through reinsurance, and is comprised of the portion corresponding to the remaining period of coverage less initial contracting costs, except for health and personal insurance. The portion of these reserves corresponding to the estimate for risks in effect but not yet contracted is designated 'PPNG-RVNE';
  - The unearned premium or contribution reserve (PPCNG) is calculated on a daily pro-rata basis based on the portion of health insurance premiums corresponding to the remaining period of coverage, of the currently effective contracts;
  - The mathematical reserve for unvested benefits (PMBaC) is calculated as the difference between the current value of future benefits and the current value of future contributions, on obligations already assumed by Bradesco;
  - The mathematical reserve for unvested benefits (PMBaC) relates to the individual health care plan portfolio and covers the risk related to the cover for the holder's dependents for five years following the death of the holder. It is calculated using a 5.2% annual discount rate, the time holders are expected to remain in the plan up to their death, and the projected costs of the five-year-period cover, excluding payment of premiums;

- The mathematical reserve of benefits granted (PMBC) is constituted by the obligations arising from the contractual clauses of remittance of installments, regarding the coverage of health assistance and by the premiums paid by insured participating in the Bradesco Saúde Insurance Plan - "GBS Plan" considering a discount rate of 5.2% per annum;
  
- For health insurance, the reserve for claims incurred but not reported (IBNR) is calculated from the final estimate of claims already incurred and still not reported, based on the run-off triangles, monthly that consider the historical development of claims advised in the last 12 months to establish a future projection per period of occurrence;
  
- For non-life insurance, the reserve for 'incurred but not reported' (IBNR) claims is calculated based on incurred but not paid' (IBNP) claims less the balance of the reserve for 'unsettled' claims (PSL) on the calculation date. A final estimate of IBNP is calculated using semi-annual run-off triangles. The run-off triangles consider the historical development of claims paid in the previous 10 half-year periods to determine a future projection per occurrence period, and considers the estimated claims 'incurred but not sufficient' reported (IBNER), reflecting the changing expectation of the amount provisioned along the regulatory process;
  
- For other life insurance, the reserve for 'incurred but not reported' (IBNR) claims is calculated based on incurred but not paid (IBNP) claims less the reserve for unsettled claims (PSL) on the calculation date. A final estimate of IBNP claims is calculated using semi-annual run-off triangles. The run-off triangles consider the historical development of claims paid in the previous 16 half-year periods to determine a future projection per occurrence period;
  
- The reserve for unsettled claims (PSL), for life and health insurance, considers all claim notifications received up to the end of the reporting period, including the legal claims and monetarily restated related costs;

Bradesco

---

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

**Notes to the Consolidated Financial Statements**

- For non-life insurance, the reserve for unsettled claims (PSL) is determined based on the indemnity payment estimates, considering all administrative and judicial claims existing at the reporting date, net of the expected payments to be received;
  
- The reserve for related expenses (PDR) is recorded to cover expenses related to estimated claims and benefits. For products structured in self-funding and partial regimes, the reserve covers claims incurred. For plans structured under a capitalization regime, the reserve is made to cover the expected expenses related to incurred claims and also claims expected to be incurred in the future;
  
- For damage insurance, the reserve for related expenses (PDR) is calculated on a monthly basis to cover the expenses related to indemnity payment, and it covers the expenses allocated individually to each claim, as well as expenses related to claims that have not been itemized, that is, those at the level of the portfolio;
  
- The reserve for redemptions and other amounts to be settled (PVR) comprises figures related to redemptions to settle, premium refunds owed and portability (transfer-outs) requested but not yet transferred to the recipient insurer;
  
- The reserve for technical surplus (PET) corresponds to the difference between the expected and the observed amounts for events in the period for personal insurance that have a technical surplus participation clause;
  
- The complementary reserve for coverage (PCC) refers to the amount necessary to complement technical provisions, as calculated in the Liability Adequacy Test (LAT), which is prepared using statistical and actuarial methods based on realistic assumptions, taking into account the biometric table BR-EMS of both genders, improvement of G Scale and forward interest rate curves (ETTJ) free from risk as 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 reserves are recorded for the individual health portfolio to address the differences between the expected present value of future premiums and the expected present value of indemnities and related expenses, using an annual discount rate of 5.2%.
  
- Pension plans and life insurance with survival coverage:
  - The unearned premium reserve (PPNG) is calculated on a daily prorated basis using net premiums, and is comprised of the portion corresponding to the remaining period of coverage and includes an estimate for risks covered but not yet issued (RVNE);
  
  - The mathematical reserve for unvested benefits (PMBaC) is recorded for participants who have not yet received any benefit. In defined benefit pension plans, the reserve represents the difference between the present value of future benefits and the present 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 (PMBaC) related to life insurance and unrestricted benefit pension plans (VGBl and PGBL), as well as the defined contribution plans, shows the value of participant contributions, net of costs and other contractual charges, plus income from investment in specially constituted investment funds (FIE);
  
  - The reserve for redemptions and other amounts to be settled (PVR) comprises figures related to redemptions to settle, premium refunds owed and portability requested but not yet transferred to the recipient insurer;
  
  - The mathematical reserve for vested benefits (PMBC) is recognized for participants already receiving benefits and corresponds to the present value of future obligations related to the payment of those on-going benefits;

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

**Notes to the Consolidated Financial Statements**

- The complementary reserve for coverage (PCC) refers to the amount necessary to complement technical provisions, as calculated in the Liability Adequacy Test (LAT), which is prepared semi-annually using statistical and actuarial methods based on realistic assumptions, taking into account the biometric table BR-EMS of both genders, improvement of G Scale and forward interest rate curves (ETTJ) free from risk as 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 expenses related to estimated claims and benefits. For products structured in self-funding and partially regimes, the reserve covers claims incurred. For plans structured under a capitalization regime, the reserve is made to cover the expected expenses related to incurred claims and also claims expected to be incurred in the future;
  
  - The reserve for financial surplus (PEF) corresponds to the portion of income from investment of reserves that exceeds the minimum returns due to policyholders of pension plans that have a profit share clause;
  
  - The reserve for incurred and not reported (IBNR) events is constituted for claims incurred but not reported and is based on run-off triangles, which consider the loss development of claims in the previous 96 months to set forth a future projection by occurrence period; and
  
  - The reserve for unsettled claims (PSL) considers all loss notices received up to the end of the reporting period. The provision is updated for inflation and includes all claims in litigation.
- Capitalization bonds:
    - The mathematical reserve for capitalization bond (PMC) is recorded for each active or suspended capitalization bond over the term set forth in the general conditions of the plan, and is calculated using the

capitalization percentage, applicable to each payments made, plus the monthly accrual calculated using the inflation index and the interest rate established in the plan until the bond is redeemed or canceled;

- The reserve for redemption (PR) comprises the values of matured and early-terminated capitalization bonds and is calculated by updating the balance of bonds whose terms have expired or canceled using the inflation index until the holder receives the redemption payment;

- Reserve for 'draws to be held' (PSR) is recorded to cover premiums for future prize draws, and the balance represents the present value of the draws that have already been funded but have not yet been held. The calculation methodology consists of the accumulation of the prize draw percentage applicable to each payment, as established in the plan, less the amounts related to prize draws that have already occurred. The percentages of payments designated for the prize draws is defined in advance in the actuarial technical note, and is not modified during the term of the bond;

- Reserve for draws payable (PSP) consists of the value of unpaid prize draw amounts, adjusted for inflation for the period between the date of the drawing and its effective settlement; and

- Reserve for administrative expense (PDA) is recorded to cover the cost of maintaining the single payment (PU) capitalization bonds.

Technical provisions shown by account, product and segment, as well as amounts and details of plan assets covering these technical provisions, are shown in Note 20.

**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:

---

Bradesco



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

**Notes to the Consolidated Financial Statements**

- **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 confirmation of the capacity of the counterparty to pay or the ability of Bradesco to realize the asset via compensation against another liability upon which the gain is considered practically certain. 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, it requires a probable outflow of funds 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 recorded 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 recorded, by type, are presented in Note 17.

**q) Funding expenses**

Expenses related to funding transactions involving the issuance of securities reduce the corresponding liability and are recognized in the profit or loss over the term of the transaction. They are presented in Notes 15c and 18.

**r) 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).

**s) 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.

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

**Notes to the Consolidated Financial Statements****4) FINANCIAL STATEMENT AND MANAGERIAL INCOME STATEMENT BY OPERATING SEGMENT****a) Conciliation of the Balance Sheet and Statement of Income – Accountings. Managerial <sup>(1)</sup>**

Management uses a variety of information, including those from financial statements, in accordance with accounting practices adopted in Brazil applicable to institutions authorized to operate by the Central Bank, prepared by consolidation criteria that differ in part from the criteria of CPC 36, as described in Note 2.

The main differences of consolidation criteria are shown below, through the Conciliation of the Balance Sheet and the Statement of Income – Accountings. Managerial:

|   | On March 31, 2016              |                                  |   |                                |                             |
|---|--------------------------------|----------------------------------|---|--------------------------------|-----------------------------|
|   | Accounting<br>Balance<br>Sheet | Proportional<br>Companies<br>(2) | Adjustments<br>of<br>Consolidation<br>(3) | Managerial<br>Balance<br>Sheet | Account<br>Balance<br>Sheet |
| <b>Assets</b>                                   |                                |                                  |   |                                |                             |
| <b>Current and long-term assets</b>             | <b>1,005,391,682</b>           | <b>6,455,113</b>                 | <b>70,284,113</b>                         | <b>1,082,130,908</b>           | <b>943,782,</b>             |
| Funds available                                 | 18,527,203                     | 132,425                          | -   | 18,659,628                     | 13,353,                     |
| Interbank investments                           | 165,723,555                    | 366,504                          | (567,539)                                 | 165,522,520                    | 195,841,                    |
| Securities and derivative financial instruments | 343,577,120                    | 479,298                          | 70,869,766                                | 414,926,184                    | 278,108,                    |
| Interbank and interdepartmental accounts        | 51,473,750                     | -                                | -   | 51,473,750                     | 48,464,                     |
| Loan and leasing                                | 319,842,747                    | 574,323                          | -   | 320,417,070                    | 324,130,                    |
| Allowance for Loan Losses (ALL)                 | (29,594,203)                   | (139,568)                        | -   | (29,733,771)                   | (22,943,8                   |
| Other receivables and assets                    | 135,841,510                    | 5,042,131                        | (18,114)                                  | 140,865,527                    | 106,827,                    |
| <b>Fixed Assets</b>                             | <b>18,582,556</b>              | <b>1,049,190</b>                 | <b>-</b>                                  | <b>19,631,746</b>              | <b>17,243,</b>              |
| Investments                                     | 6,174,390                      | (4,654,370)                      | -   | 1,520,020                      | 5,424,                      |
| Premises and equipment                          | 5,522,537                      | 256,785                          | -   | 5,779,322                      | 4,701,                      |
| Intangible assets                               | 6,885,629                      | 5,446,775                        | -   | 12,332,404                     | 7,117,                      |
| <b>Total</b>                                    | <b>1,023,974,238</b>           | <b>7,504,303</b>                 | <b>70,284,113</b>                         | <b>1,101,762,654</b>           | <b>961,025,</b>             |

Bradesco \_\_\_\_\_

---

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

**Notes to the Consolidated Financial Statements**

|  | On March 31, 2016              |                                  |   | On March 31, 2015              |                                |                                  |   |
|--|--------------------------------|----------------------------------|---|--------------------------------|--------------------------------|----------------------------------|---|
|  | Accounting<br>Balance<br>Sheet | Proportional<br>Companies<br>(2) | Adjustments<br>of<br>Consolidation<br>(3) | Managerial<br>Balance<br>Sheet | Accounting<br>Balance<br>Sheet | Proportional<br>Companies<br>(2) | Adjustments<br>of<br>Consolidation<br>(3) |
| <b>Liabilities</b>   |                                |                                  |   |                                |                                |                                  |   |
| <b>Current and long-term liabilities</b>                         | <b>929,734,610</b>             | <b>6,406,744</b>                 | <b>70,284,113</b>                         | <b>1,006,425,467</b>           | <b>876,364,249</b>             | <b>7,529,485</b>                 | <b>65,171</b>                             |
| Deposits   | 189,210,892                    | (19,414)                         | -   | 189,191,478                    | 211,706,367                    | (3,881)                          |   |
| Securities sold under agreements to repurchase                   | 224,064,824                    | -                                | 73,285,656                                | 297,350,480                    | 238,176,513                    | -                                | 65,563                                    |
| Funds from Issuance of Securities                                | 112,617,128                    | -                                | -   | 112,617,128                    | 88,247,290                     | -                                |   |
| Interbank and interdepartmental accounts                         | 5,181,144                      | -                                | -   | 5,181,144                      | 4,247,393                      | -                                |   |
| Borrowing and on-lending   | 62,849,125                     | -                                | -   | 62,849,125                     | 62,368,884                     | -                                |   |
| Derivative financial instruments                                 | 10,395,360                     | -                                | (2,731,548)                               | 7,663,812                      | 5,921,298                      | -                                | (210,000)                                 |
| Provisions for insurance, pension plans and capitalization bonds | 182,972,928                    | -                                | -   | 182,972,928                    | 157,294,757                    | -                                |   |
| Other liabilities  | 142,443,209                    | 6,426,158                        | (269,995)                                 | 148,599,372                    | 108,401,747                    | 7,533,366                        | (181,000)                                 |
| <b>Deferred income</b>   | <b>487,785</b>                 | <b>-</b>                         | <b>-</b>                                  | <b>487,785</b>                 | <b>309,218</b>                 | <b>3,220</b>                     |   |
| <b>Non-controlling interests in subsidiaries</b>                 | <b>421,715</b>                 | <b>1,097,559</b>                 | <b>-</b>                                  | <b>1,519,274</b>               | <b>415,037</b>                 | <b>1,084,503</b>                 |   |
| <b>Shareholders' equity</b>                                      | <b>93,330,128</b>              | <b>-</b>                         | <b>-</b>                                  | <b>93,330,128</b>              | <b>83,937,476</b>              | <b>-</b>                         |   |
| <b>Total</b>   | <b>1,023,974,238</b>           | <b>7,504,303</b>                 | <b>70,284,113</b>                         | <b>1,101,762,654</b>           | <b>961,025,980</b>             | <b>8,617,208</b>                 | <b>65,171</b>                             |

Economic and Financial Analysis Report – March 2016

---

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

**Notes to the Consolidated Financial Statements**

|   | Accrued on March 31, 2016 |                                  |   | Accrued on March 31, 2015 |                   |                                  |   |
|---|---------------------------|----------------------------------|---|---------------------------|-------------------|----------------------------------|---|
|   | Accounting<br>DRE         | Proportional<br>Companies<br>(2) | Adjustments<br>of<br>Consolidation<br>(3) | Managerial<br>DRE         | Accounting<br>DRE | Proportional<br>Companies<br>(2) | Adjustments<br>of<br>Consolidation<br>(3) |
| Revenue from financial intermediation   | 37,541,259                | 107,912                          | 1,024,411                                 | 38,673,582                | 31,897,648        | 98,984                           | 1,691,110                                 |
| Financial intermediation expenses   | (16,820,886)              | -                                | (1,455,079)                               | (18,275,965)              | (22,279,877)      | -                                | (2,126,977)                               |
| <b>Net Interest Income</b>  | <b>20,720,373</b>         | <b>107,912</b>                   | <b>(430,668)</b>                          | <b>20,397,617</b>         | <b>9,617,771</b>  | <b>98,984</b>                    | <b>(435,867)</b>                          |
| ALL   | (5,883,595)               | (35,769)                         | -   | (5,919,364)               | (3,829,477)       | (23,586)                         | -   |
| <b>Gross Income from financial intermediation</b>                                 | <b>14,836,778</b>         | <b>72,143</b>                    | <b>(430,668)</b>                          | <b>14,478,253</b>         | <b>5,788,294</b>  | <b>75,398</b>                    | <b>(435,867)</b>                          |
| Income from Insurance, Pension Plans and Capitalization Bonds                     | 1,624,315                 | -                                | -   | 1,624,315                 | 1,211,500         | -                                | -   |
| Fee and Commission Income   | 4,912,817                 | 1,046,602                        | 445,312                                   | 6,404,731                 | 4,481,778         | 815,599                          | 403,304                                   |
| Personnel Expenses  | (3,583,135)               | (170,564)                        | -   | (3,753,699)               | (3,296,010)       | (149,076)                        | -   |
| Other administrative expenses   | (3,903,882)               | (326,886)                        | 114,518                                   | (4,116,250)               | (3,503,544)       | (244,929)                        | 67,452                                    |
| Tax expenses  | (1,705,229)               | (124,018)                        | -   | (1,829,247)               | (919,791)         | (96,920)                         | -   |
| Equity in the Earnings (Losses) of Affiliates and jointly controlled subsidiaries | 405,665                   | (366,112)                        | -   | 39,553                    | 300,459           | (320,197)                        | -   |
| Other Operating Income /  | (2,349,373)               | 60,927                           | (129,162)                                 | (2,417,608)               | (2,768,616)       | 71,104                           | (34,889)                                  |

|  |                   |                |          |                   |                  |                |
|--|-------------------|----------------|----------|-------------------|------------------|----------------|
| Expenses   |                   |                |          |                   |                  |                |
| <b>Operating Income</b>  | <b>10,237,956</b> | <b>192,092</b> | <b>-</b> | <b>10,430,048</b> | <b>1,294,070</b> | <b>150,979</b> |
| Non-Operating Income   | 95,692            | (3,337)        | -        | 92,355            | (33,943)         | (1,678)        |
| IT/SC (Income Tax/Soc. Contrib.) and Non-controlling interests | (6,212,237)       | (188,755)      | -        | (6,400,992)       | 2,983,859        | (149,301)      |
| <b>Net Profit</b>  | <b>4,121,411</b>  | <b>-</b>       | <b>-</b> | <b>4,121,411</b>  | <b>4,243,986</b> | <b>-</b>       |

(1) With respect to the Cash-flow Statement, the figures related to the first quarter of 2015 do not differ from those previously submitted;

(2) Refers to the effects of the consolidation adjustments arising from the undertakings consolidated proportionally (Grupo Cielo, Grupo Alelo, Crediare, Leader Card, etc.);

(3) Refers basically to the effects of the consolidation adjustments arising from the "non-consolidation" of the exclusive funds; and

(4) For the purpose of comparability, the balances concerning the period of March 31, 2015 are being presented again in the column "Management Balance Sheet" and also the balances related to the first quarter of 2015, as required by CPC 23.

Bradesco \_\_\_\_\_



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

**Notes to the Consolidated Financial Statements****b) Balance sheet and statement of income by segment – Managerial**

In line with CPC 22 (IFRS 8), the managerial information, hereinafter, was prepared based on reports available to the Management to evaluate the performance and make decisions regarding the allocation of resources for investments and other purposes.

|   | On March 31 - R\$ thousand |                    |                     |              |                  |                      |                      |
|---|----------------------------|--------------------|---------------------|--------------|------------------|----------------------|----------------------|
|   | Financial (1) (2)          |                    | Insurance Group (2) |              | Other            | Eliminations         | Managerial           |
|   | Brazil                     | Overseas           | Brazil              | Overseas     | Activities       | (4)                  | Consolidated         |
|   |                            |                    | (3)                 |              | (2)              |                      |                      |
| <b>Assets</b>                                   |                            |                    |                     |              |                  |                      |                      |
| <b>Current and long-term assets</b>             | <b>820,252,349</b>         | <b>140,475,465</b> | <b>213,197,154</b>  | <b>2,502</b> | <b>2,276,359</b> | <b>(94,072,921)</b>  | <b>1,082,130,908</b> |
| Funds available                                 | 28,001,062                 | 9,766,200          | 248,840             | 999          | 113,062          | (19,470,535)         | 18,659,628           |
| Interbank investments                           | 161,856,159                | 3,666,361          | -                   | -            | -                | -                    | 165,522,520          |
| Securities and derivative financial instruments | 199,578,954                | 16,852,980         | 199,704,925         | 1,299        | 1,041,803        | (2,253,777)          | 414,926,184          |
| Interbank and interdepartmental accounts        | 51,473,750                 | -                  | -                   | -            | -                | -                    | 51,473,750           |
| Loan and leasing                                | 277,508,609                | 109,695,323        | -                   | -            | -                | (66,786,862)         | 320,417,070          |
| Allowance for Loan Losses (ALL)                 | (28,108,810)               | (1,624,961)        | -                   | -            | -                | -                    | (29,733,771)         |
| Other receivables and assets                    | 129,942,625                | 2,119,562          | 13,243,389          | 204          | 1,121,494        | (5,561,747)          | 140,865,527          |
| <b>Permanent assets</b>                         | <b>91,015,536</b>          | <b>48,527</b>      | <b>4,383,657</b>    | <b>8</b>     | <b>1,070,057</b> | <b>(76,886,039)</b>  | <b>19,631,746</b>    |
| Investments                                     | 76,981,867                 | (5)                | 1,200,976           | -            | 223,221          | (76,886,039)         | 1,520,020            |
| Premises and equipment                          | 4,092,886                  | 24,326             | 1,634,827           | 8            | 27,275           | -                    | 5,779,322            |
| Intangible assets                               | 9,940,783                  | 24,206             | 1,547,854           | -            | 819,561          | -                    | 12,332,404           |
| <b>Total in 2016</b>                            | <b>911,267,885</b>         | <b>140,523,992</b> | <b>217,580,811</b>  | <b>2,510</b> | <b>3,346,416</b> | <b>(170,958,960)</b> | <b>1,101,762,654</b> |
| <b>Total in 2015</b>                            | <b>855,828,919</b>         | <b>128,240,927</b> | <b>186,473,525</b>  | <b>3,591</b> | <b>3,191,296</b> | <b>(138,923,806)</b> | <b>1,034,814,452</b> |
| <b>Liabilities</b>                              |                            |                    |                     |              |                  |                      |                      |
| <b>Current and long-term</b>                    | <b>813,438,835</b>         | <b>91,844,678</b>  | <b>194,073,866</b>  | <b>1,201</b> | <b>1,045,251</b> | <b>(93,978,364)</b>  | <b>1,006,425,467</b> |

**liabilities**

|  |                    |                    |                    |              |                  |                      |                      |
|--|--------------------|--------------------|--------------------|--------------|------------------|----------------------|----------------------|
| Deposits   | 164,686,271        | 44,425,055         | -                  | -            | -                | (19,919,848)         | 189,191,478          |
| Securities sold<br>under agreements<br>to repurchase                                       | 294,353,706        | 3,508,499          | -                  | -            | -                | (511,725)            | 297,350,480          |
| Funds from<br>issuance of<br>securities  | 105,949,044        | 8,921,162          | -                  | -            | -                | (2,253,078)          | 112,617,128          |
| Interbank and<br>interdepartmental<br>accounts   | 5,181,144          | -                  | -                  | -            | -                | -                    | 5,181,144            |
| Borrowing and<br>on-lending  | 108,461,292        | 21,174,695         | -                  | -            | -                | (66,786,862)         | 62,849,125           |
| Derivative<br>financial<br>instruments   | 6,888,317          | 775,495            | -                  | -            | -                | -                    | 7,663,812            |
| Technical<br>provisions from<br>insurance,<br>pension plans and<br>capitalization<br>bonds | -                  | -182,972,131       | 797                | -            | -                | -                    | 182,972,928          |
| Other liabilities  | 127,919,061        | 13,039,772         | 11,101,735         | 404          | 1,045,251        | (4,506,851)          | 148,599,372          |
| <b>Deferred income</b>   | <b>560,196</b>     | <b>-</b>           | <b>22,146</b>      | <b>-</b>     | <b>-</b>         | <b>(94,557)</b>      | <b>487,785</b>       |
| <b>Non-controlling<br/>interests in<br/>subsidiaries</b>                                   | <b>3,938,726</b>   | <b>48,679,314</b>  | <b>23,484,799</b>  | <b>1,309</b> | <b>2,301,165</b> | <b>(76,886,039)</b>  | <b>1,519,274</b>     |
| <b>Shareholders'<br/>equity</b>  | <b>93,330,128</b>  | <b>-</b>           | <b>-</b>           | <b>-</b>     | <b>-</b>         | <b>-</b>             | <b>93,330,128</b>    |
| <b>Total in 2016</b>   | <b>911,267,885</b> | <b>140,523,992</b> | <b>217,580,811</b> | <b>2,510</b> | <b>3,346,416</b> | <b>(170,958,960)</b> | <b>1,101,762,654</b> |
| <b>Total in 2015</b>   | <b>855,828,919</b> | <b>128,240,927</b> | <b>186,473,525</b> | <b>3,591</b> | <b>3,191,296</b> | <b>(138,923,806)</b> | <b>1,034,814,452</b> |

---

Economic and Financial Analysis Report – March 2016

---

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

**Notes to the Consolidated Financial Statements**

|   | Financial (1) (2) |                  | Insurance (3)    |
|---|-------------------|------------------|------------------|
|   | Brazil            | Overseas         | Brazil           |
| Revenue from financial intermediation   | 31,024,394        | 976,069          | 6,875,263        |
| Financial intermediation expenses   | (12,716,892)      | (397,240)        | (5,413,999)      |
| <b>Net Interest Income</b>  | <b>18,307,502</b> | <b>578,829</b>   | <b>1,461,264</b> |
| ALL   | (5,015,261)       | (904,103)        | -                |
| <b>Gross Income from financial intermediation</b>                                 | <b>13,292,241</b> | <b>(325,274)</b> | <b>1,461,264</b> |
| Income from Insurance, Pension Plans and Capitalization Bonds                     | -                 | -                | 1,624,336        |
| Fee and Commission Income   | 5,955,418         | 75,142           | 407,865          |
| Personnel Expenses  | (3,353,889)       | (45,920)         | (305,004)        |
| Other administrative expenses   | (3,839,485)       | (90,510)         | (354,389)        |
| Tax expenses  | (1,558,261)       | (8,141)          | (245,653)        |
| Equity in the Earnings (Losses) of Affiliates and jointly controlled subsidiaries | 3,428             | -                | 39,142           |
| Other Operating Income / Expenses   | (2,072,312)       | (37,415)         | (240,902)        |
| <b>Operating Income</b>   | <b>8,427,140</b>  | <b>(432,118)</b> | <b>2,386,659</b> |
| Non-Operating Income  | 62,011            | 3,377            | 26,686           |
| IT/SC (Income Tax/Soc. Contrib.) and Non-controlling interests                    | (5,344,542)       | (11,231)         | (1,033,668)      |
| <b>Net Profit in 2016</b>   | <b>3,144,609</b>  | <b>(439,972)</b> | <b>1,379,677</b> |
| <b>Net Profit in 2015</b>   | <b>3,280,784</b>  | <b>(354,823)</b> | <b>1,282,666</b> |

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

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

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

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

**5) CASH AND CASH EQUIVALENTS**

|  | On March 31 - R\$ thousand |                    |
|--|----------------------------|--------------------|
|  | <b>2016</b>                | <b>2015</b>        |
| Cash and due from banks in domestic currency | 7,982,996                  | 10,219,579         |
| Cash and due from banks in foreign currency  | 10,544,003                 | 3,133,845          |
| Investments in gold                          | 204                        | 129                |
| <b>Total cash and due from banks</b>         | <b>18,527,203</b>          | <b>13,353,553</b>  |
| Interbank investments (1)                    | 155,643,594                | 187,732,872        |
| <b>Total cash and cash equivalents</b>       | <b>174,170,797</b>         | <b>201,086,425</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.

Bradesco \_\_\_\_\_

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

**Notes to the Consolidated Financial Statements****6) INTERBANK INVESTMENTS****a) Breakdown and maturity**

|   | On March 31 - R\$ thousand |                   |                       |                             |                     |                    |
|---|----------------------------|-------------------|-----------------------|-----------------------------|---------------------|--------------------|
|   | 1 to 30<br>days            | 31 to 180<br>days | 181 to<br>360<br>days | More<br>than<br>360<br>days | 2016                | 2015               |
| <b>Securities purchased under agreements to resell:</b> |                            |                   |                       |                             |                     |                    |
| <b>Own portfolio position</b>                           | <b>44,798,417</b>          | -                 | -                     | -                           | <b>44,798,417</b>   | <b>56,300,000</b>  |
| Financial treasury bills                                | 3,910,440                  | -                 | -                     | -                           | 3,910,440           | 3,910,440          |
| National treasury notes                                 | 25,079,888                 | -                 | -                     | -                           | 25,079,888          | 54,800,000         |
| National treasury bills                                 | 15,431,187                 | -                 | -                     | -                           | 15,431,187          | 1,400,000          |
| Debentures  | 374,469                    | -                 | -                     | -                           | 374,469             | -                  |
| Other   | 2,433                      | -                 | -                     | -                           | 2,433               | -                  |
| <b>Funded position</b>                                  | <b>109,337,424</b>         | <b>932,394</b>    | -                     | -                           | <b>-110,269,818</b> | <b>131,800,000</b> |
| Financial treasury bills                                | 6,767,293                  | -                 | -                     | -                           | 6,767,293           | -                  |
| National treasury notes                                 | 60,520,402                 | 777,461           | -                     | -                           | 61,297,863          | 108,500,000        |
| National treasury bills                                 | 42,049,729                 | 154,933           | -                     | -                           | 42,204,662          | 23,100,000         |
| <b>Short position</b>                                   | <b>200,169</b>             | <b>464,880</b>    | -                     | -                           | <b>665,049</b>      | <b>500,000</b>     |
| National treasury bills                                 | 200,169                    | 464,880           | -                     | -                           | 665,049             | 500,000            |
| <b>Subtotal</b>   | <b>154,336,010</b>         | <b>1,397,274</b>  | -                     | -                           | <b>-155,733,284</b> | <b>188,600,000</b> |
| <b>Interest-earning deposits in other banks:</b>        |                            |                   |                       |                             |                     |                    |
| Interest-earning deposits in other banks:               | 4,567,843                  | 4,509,387         | 545,374               | 384,858                     | 10,007,462          | 7,100,000          |
| Provision for losses                                    | (3,734)                    | (11,213)          | (2,244)               | -                           | (17,191)            | (2,000,000)        |
| <b>Subtotal</b>   | <b>4,564,109</b>           | <b>4,498,174</b>  | <b>543,130</b>        | <b>384,858</b>              | <b>9,990,271</b>    | <b>7,100,000</b>   |
| <b>Total in 2016</b>                                    | <b>158,900,119</b>         | <b>1,895,448</b>  | <b>543,130</b>        | <b>384,858</b>              | <b>165,723,555</b>  | <b>195,700,000</b> |
| <b>%</b>  | <b>95.9</b>                | <b>3.6</b>        | <b>0.3</b>            | <b>0.2</b>                  | <b>100.0</b>        |                    |
| <b>Total in 2015</b>                                    | <b>190,366,205</b>         | <b>2,843,852</b>  | <b>1,904,896</b>      | <b>726,960</b>              |                     | <b>195,800,000</b> |
| <b>%</b>  | <b>97.2</b>                | <b>1.4</b>        | <b>1.0</b>            | <b>0.4</b>                  |                     |                    |

**b) Income from interbank investments**

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

|  | Accrued on March 31 - R\$ thousand |                  |
|--|------------------------------------|------------------|
|  | 2016                               | 2015             |
| <b>Income from investments in purchase and sale commitments:</b> |                                    |                  |
| •Own portfolio position  | 132,856                            | 66,811           |
| •Funded position   | 4,547,260                          | 5,220,869        |
| •Short position  | 65,268                             | 79,736           |
| <b>Subtotal</b>  | <b>4,745,384</b>                   | <b>5,367,416</b> |
| <b>Income from interest-earning deposits in other banks</b>      | <b>248,556</b>                     | <b>133,296</b>   |
| <b>Total (Note 7h)</b>   | <b>4,993,940</b>                   | <b>5,500,712</b> |

Economic and Financial Analysis Report – March 2016

---

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

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

|  | On March 31 - R\$ thousand |   |                    |                     |                    |              |                    |              |
|--|----------------------------|---|--------------------|---------------------|--------------------|--------------|--------------------|--------------|
|  | Financial                  | Insurance<br>and<br>Capitalization<br>bonds | Pension<br>plans   | Other<br>Activities | 2016               | %            | 2015               | %            |
| <b>Trading securities</b>                  | <b>40,222,681</b>          | <b>13,203,484</b>                           | <b>116,571,602</b> | <b>568,593</b>      | <b>170,566,360</b> | <b>49.5</b>  | <b>112,070,898</b> | <b>40.3</b>  |
| - Government securities                    | 17,207,403                 | 7,475,365                                   | 85,854,831         | 41,986              | 110,579,585        | 32.1         | 59,842,071         | 21.5         |
| - Corporate securities                     | 10,466,223                 | 5,728,119                                   | 30,465,791         | 526,607             | 47,186,740         | 13.7         | 45,742,966         | 16.4         |
| - Derivative financial instruments (1) (5) | 12,549,055                 | -   | 250,980            | -                   | 12,800,035         | 3.7          | 6,485,861          | 2.4          |
| <b>Available-for-sale securities (2)</b>   | <b>109,065,247</b>         | <b>11,925,136</b>                           | <b>11,271,322</b>  | <b>5,349</b>        | <b>132,267,054</b> | <b>38.5</b>  | <b>140,432,525</b> | <b>50.5</b>  |
| - Government securities                    | 53,090,159                 | 10,820,944                                  | 9,905,907          | -                   | 73,817,010         | 21.5         | 80,158,326         | 28.8         |
| - Corporate securities                     | 55,975,088                 | 1,104,192                                   | 1,365,415          | 5,349               | 58,450,044         | 17.0         | 60,274,199         | 21.7         |
| <b>Held-to-maturity securities (2)</b>     | <b>12,675,862</b>          | <b>4,801,149</b>                            | <b>23,266,695</b>  | <b>-</b>            | <b>40,743,706</b>  | <b>12.0</b>  | <b>25,604,748</b>  | <b>9.2</b>   |
| - Government securities                    | 29,023                     | 4,801,149                                   | 23,266,695         | -                   | 28,096,867         | 8.3          | 25,604,748         | 9.2          |
| - Corporate securities                     | 12,646,839                 | -   | -                  | -                   | 12,646,839         | 3.7          | -                  | -            |
| <b>Grand total</b>                         | <b>161,963,790</b>         | <b>29,929,769</b>                           | <b>151,109,619</b> | <b>573,942</b>      | <b>343,577,120</b> | <b>100.0</b> | <b>278,108,171</b> | <b>100.0</b> |
| - Government securities                    | 70,326,585                 | 23,097,458                                  | 119,027,433        | 41,986              | 212,493,462        | 61.8         | 165,605,145        | 59.5         |
| - Corporate securities                     | 91,637,205                 | 6,832,311                                   | 32,082,186         | 531,956             | 131,083,658        | 38.2         | 112,503,026        | 40.5         |

**Grand total**      **161,963,790**    **29,929,769** **151,109,619**    **573,942** **343,577,120** **100.0** **278,108,171** **100.0**

Bradesco      \_\_\_\_\_

---



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

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

| Securities  | 2016              |                  |                  |                    | Fair/book value<br>(3) (4) | Original amount<br>cost |
|---|-------------------|------------------|------------------|--------------------|----------------------------|-------------------------|
|   | 1 to 30 days      | 31 to 180 days   | 181 to 360 days  | More than 360 days |                            |                         |
| <b>- Financial</b>                                    | <b>13,513,010</b> | <b>2,243,018</b> | <b>3,746,518</b> | <b>20,720,135</b>  | <b>40,222,681</b>          | <b>50,7</b>             |
| National treasury bills                               | 136,445           | 75,522           | 98,644           | 326,635            | 637,246                    | 6                       |
| Financial treasury bills                              | -                 | 9,258            | 1,835            | 9,306,704          | 9,317,797                  | 9,3                     |
| Bank deposit certificates                             | 178,340           | 339,030          | -                | -                  | 517,370                    | 5                       |
| Derivative financial instruments (1) (5)              | 11,791,435        | 462,589          | 191,288          | 103,743            | 12,549,055                 | 23,0                    |
| Debentures  | 36,361            | 36,612           | 234,506          | 2,390,718          | 2,698,197                  | 2,8                     |
| National treasury notes                               | -                 | 138,441          | 11,119           | 5,648,640          | 5,798,200                  | 5,6                     |
| Financial bills                                       | -                 | 876,592          | 1,314,607        | 2,319,790          | 4,510,989                  | 4,5                     |
| Foreign corporate securities                          | -                 | 203,873          | 675,223          | 38,715             | 917,811                    | 9                       |
| Brazilian foreign debt notes                          | -                 | -                | 1,034,876        | 4,257              | 1,039,133                  | 1,0                     |
| Foreign government bonds                              | 45,225            | 12,181           | -                | 356,831            | 414,237                    | 4                       |
| Other   | 1,325,204         | 88,920           | 184,420          | 224,102            | 1,822,646                  | 1,8                     |
| <b>- Insurance companies and capitalization bonds</b> | <b>4,883,304</b>  | <b>186,059</b>   | <b>52,292</b>    | <b>8,081,829</b>   | <b>13,203,484</b>          | <b>13,2</b>             |
| Financial treasury bills                              | -                 | 13,027           | -                | 7,462,331          | 7,475,358                  | 7,4                     |
| Bank deposit certificates                             | 17,868            | 10,246           | 6,129            | 14,223             | 48,466                     |                         |
| Debentures  | -                 | -                | -                | 86,987             | 86,987                     |                         |
| Financial bills                                       | -                 | 162,786          | 46,163           | 427,678            | 636,627                    | 6                       |
| Other   | 4,865,436         | -                | -                | 90,610             | 4,956,046                  | 4,9                     |
| <b>- Pension plans</b>                                | <b>18,945,910</b> | <b>3,892,081</b> | <b>2,877,744</b> | <b>90,855,867</b>  | <b>116,571,602</b>         | <b>116,5</b>            |
| Financial treasury bills                              | 21,920            | -                | -                | 47,043,811         | 47,065,731                 | 47,0                    |
| National treasury notes                               | 42,382            | 113,719          | 256,232          | 22,479,778         | 22,892,111                 | 22,8                    |
| National treasury bills                               | 949,494           | 2,366,593        | 3,627            | 12,577,276         | 15,896,990                 | 15,8                    |

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

**Notes to the Consolidated Financial Statements**

| Securities  | 2016               |                   |                    |                       | Fair/book<br>value<br>(3) (4) | Orig<br>amor<br>co |
|---|--------------------|-------------------|--------------------|-----------------------|-------------------------------|--------------------|
|   | 1 to 30<br>days    | 31 to 180<br>days | 181 to<br>360 days | More than<br>360 days |                               |                    |
| Financial bills   | -                  | 1,251,628         | 1,217,662          | 6,015,402             | 8,484,692                     | 8,484,692          |
| Bank deposit certificates                                 | 64,955             | 159,436           | 1,390,183          | -                     | 1,614,574                     | 1,614,574          |
| Debentures  | 8,750              | 622               | 9,916              | 2,354,316             | 2,373,604                     | 2,373,604          |
| Other   | 17,858,409         | 83                | 124                | 385,284               | 18,243,900                    | 18,243,900         |
| <b>- Other activities</b>                                 | <b>526,607</b>     | -                 | -                  | <b>41,986</b>         | <b>568,593</b>                | <b>568,593</b>     |
| Financial treasury bills                                  | -                  | -                 | -                  | 41,986                | 41,986                        | 41,986             |
| Other   | 526,607            | -                 | -                  | -                     | 526,607                       | 526,607            |
| <b>Grand total</b>  | <b>37,868,831</b>  | <b>16,321,158</b> | <b>6,676,554</b>   | <b>119,699,817</b>    | <b>170,566,360</b>            | <b>181,100,000</b> |
| <b>Derivative financial instruments (liabilities) (5)</b> | <b>(9,797,664)</b> | <b>(332,914)</b>  | <b>(149,080)</b>   | <b>(115,702)</b>      | <b>(10,395,360)</b>           | <b>(8,490,000)</b> |

Bradesco

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

**Notes to the Consolidated Financial Statements****II) Available-for-sale securities**

| Securities (6)  | 2016              |                   |                    |                       |                    | Fair/book value<br>(3) (4) | Original<br>amortized<br>cost | Mark-to-market     | Fair/book<br>value<br>(3) (4) | On March |
|---|-------------------|-------------------|--------------------|-----------------------|--------------------|----------------------------|-------------------------------|--------------------|-------------------------------|----------|
|   | 1 to 30<br>days   | 31 to 180<br>days | 181 to 360<br>days | More than<br>360 days |                    |                            |                               |                    |                               |          |
| <b>- Financial (2)</b>  | <b>14,623,016</b> | <b>5,414,267</b>  | <b>10,619,070</b>  | <b>78,408,894</b>     | <b>109,065,247</b> | <b>112,854,462</b>         |                               | <b>(3,789,215)</b> | <b>118,879,19</b>             |          |
| National<br>treasury bills  | 5,896,855         | 2,246,558         | 5,739,810          | 1,144,752             | 15,027,975         | 14,990,719                 |                               | 37,256             | 19,300,91                     |          |
| Foreign<br>corporate<br>securities                                    | 46,100            | 132,709           | 81,555             | 11,121,936            | 11,382,300         | 13,725,130                 |                               | (2,342,830)        | 11,236,95                     |          |
| National<br>treasury notes  | -                 | 384,822           | 2,125,749          | 33,032,425            | 35,542,996         | 36,034,179                 |                               | (491,183)          | 40,026,83                     |          |
| Debentures  | 120,778           | 1,752,000         | 208,668            | 31,117,054            | 33,198,500         | 33,821,221                 |                               | (622,721)          | 29,358,07                     |          |
| Shares  | 7,167,672         | -                 | -                  | -                     | 7,167,672          | 7,322,129                  |                               | (154,457)          | 3,057,73                      |          |
| Certificates of<br>real estate<br>receivables                         | -                 | 21,355            | -                  | 1,042,057             | 1,063,412          | 1,274,049                  |                               | (210,637)          | 11,853,93                     |          |
| Foreign<br>government<br>bonds  | -                 | -                 | 1,831,642          | -                     | 1,831,642          | 1,872,776                  |                               | (41,134)           | 1,344,38                      |          |
| Promissory<br>Notes   | 205,216           | 813,102           | 631,646            | 192,472               | 1,842,436          | 1,833,423                  |                               | 9,013              | 559,63                        |          |
| Other   | 1,186,395         | 63,721            | -                  | 758,198               | 2,008,314          | 1,980,836                  |                               | 27,478             | 2,140,72                      |          |
| <b>- Insurance<br/>companies and<br/>capitalization<br/>bonds (2)</b> | <b>1,655,024</b>  | <b>1,915,694</b>  | <b>1,327,369</b>   | <b>7,027,049</b>      | <b>11,925,136</b>  | <b>12,538,657</b>          |                               | <b>(613,521)</b>   | <b>11,879,40</b>              |          |
| National<br>treasury notes  | -                 | 234,973           | 499,105            | 6,661,066             | 7,395,144          | 8,224,483                  |                               | (829,339)          | 7,654,57                      |          |
| Shares  | 1,050,964         | -                 | -                  | -                     | 1,050,964          | 807,572                    |                               | 243,392            | 1,355,42                      |          |
| National<br>treasury bills  | 599,680           | 1,680,721         | 828,264            | 301,394               | 3,410,059          | 3,417,202                  |                               | (7,143)            | 2,795,52                      |          |
| Other   | 4,380             | -                 | -                  | 64,589                | 68,969             | 89,400                     |                               | (20,431)           | 73,88                         |          |

**- Pension plans**

|                    |                   |                  |                   |                   |                    |                    |                    |                    |
|--------------------|-------------------|------------------|-------------------|-------------------|--------------------|--------------------|--------------------|--------------------|
| <b>(2)</b>         | <b>1,275,286</b>  | -                | -                 | <b>9,996,036</b>  | <b>11,271,322</b>  | <b>10,890,611</b>  | <b>380,711</b>     | <b>9,603,400</b>   |
| Shares             | 1,265,740         | -                | -                 | -                 | 1,265,740          | 1,195,420          | 70,320             | 1,323,050          |
| National           |                   |                  |                   |                   |                    |                    |                    |                    |
| treasury notes     | -                 | -                | -                 | 9,526,726         | 9,526,726          | 9,205,674          | 321,052            | 8,118,020          |
| Debentures         | -                 | -                | -                 | 90,130            | 90,130             | 92,898             | (2,768)            | 98,520             |
| Other              | 9,546             | -                | -                 | 379,180           | 388,726            | 396,619            | (7,893)            | 63,800             |
| <b>- Other</b>     |                   |                  |                   |                   |                    |                    |                    |                    |
| <b>activities</b>  | <b>5,349</b>      | -                | -                 | -                 | <b>5,349</b>       | <b>18</b>          | <b>5,331</b>       | <b>70,520</b>      |
| Other              | 5,349             | -                | -                 | -                 | 5,349              | 18                 | 5,331              | 70,520             |
| <b>Subtotal</b>    | <b>17,558,675</b> | <b>7,329,961</b> | <b>11,946,439</b> | <b>95,431,979</b> | <b>132,267,054</b> | <b>136,283,748</b> | <b>(4,016,694)</b> | <b>140,432,520</b> |
| Hedge - cash       |                   |                  |                   |                   |                    |                    |                    |                    |
| flow (Note 7f)     | -                 | -                | -                 | -                 | -                  | -                  | 209,125            |                    |
| Securities         |                   |                  |                   |                   |                    |                    |                    |                    |
| reclassified to    |                   |                  |                   |                   |                    |                    |                    |                    |
| "Held-to-maturity  |                   |                  |                   |                   |                    |                    |                    |                    |
| securities" (2)    | -                 | -                | -                 | -                 | -                  | -                  | (123,358)          |                    |
| <b>Grand total</b> | <b>17,558,675</b> | <b>7,329,961</b> | <b>11,946,439</b> | <b>95,431,979</b> | <b>132,267,054</b> | <b>136,283,748</b> | <b>(3,930,927)</b> | <b>140,432,520</b> |

Economic and Financial Analysis Report – March 2016

---

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

**Notes to the Consolidated Financial Statements****III) Held-to-maturity securities**

| Securities  | 2016         |                |                 |                    |                             | Market Value | Gain (loss) not accounted for | On March 31 - 2016          |            |
|---|--------------|----------------|-----------------|--------------------|-----------------------------|--------------|-------------------------------|-----------------------------|------------|
|   | 1 to 30 days | 31 to 180 days | 181 to 360 days | More than 360 days | Original amortized cost (3) |              |                               | Original amortized cost (4) |            |
| <b>- Financial</b>                                    | -            | 967            | -               | 12,674,895         | 12,675,862                  | 10,601,639   | (2,074,223)                   | 39,066                      | 39,066     |
| Brazilian foreign debt notes                          | -            | -              | -               | 29,023             | 29,023                      | 33,226       | 4,203                         | 39,066                      | 39,066     |
| Certificates of real estate receivables (2)           | -            | 967            | -               | 12,645,872         | 12,646,839                  | 10,568,413   | (2,078,426)                   |                             |            |
| <b>- Insurance companies and capitalization bonds</b> | -            | -              | -               | 4,801,149          | 4,801,149                   | 4,807,366    | 6,217                         | 4,335,166                   | 4,335,166  |
| National treasury notes                               | -            | -              | -               | 4,801,149          | 4,801,149                   | 4,807,366    | 6,217                         | 4,335,166                   | 4,335,166  |
| <b>- Pension plans</b>                                | -            | -              | -               | 23,266,695         | 23,266,695                  | 24,999,638   | 1,732,943                     | 21,230,521                  | 21,230,521 |
| National treasury notes                               | -            | -              | -               | 23,266,695         | 23,266,695                  | 24,999,638   | 1,732,943                     | 21,230,521                  | 21,230,521 |
| <b>Grand total</b>                                    | -            | 967            | -               | 40,742,739         | 40,743,706                  | 40,408,643   | (335,063)                     | 25,604,744                  | 25,604,744 |

Bradesco

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

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

| Securities                                       | On March 31 - R\$ th |                   |                    |                       |                    | Total in<br>2016<br>(3) (4) | To<br>2<br>(3) |
|--|----------------------|-------------------|--------------------|-----------------------|--------------------|-----------------------------|----------------|
|  | 1 to 30<br>days      | 31 to 180<br>days | 181 to 360<br>days | More than<br>360 days |                    |                             |                |
| <b>Own portfolio</b>                             | <b>37,349,830</b>    | <b>12,309,114</b> | <b>14,969,878</b>  | <b>233,213,638</b>    | <b>297,842,460</b> | <b>215,915,915</b>          |                |
| <b>Fixed income securities</b>                   | <b>27,701,547</b>    | <b>12,309,114</b> | <b>14,969,878</b>  | <b>233,213,638</b>    | <b>288,194,177</b> | <b>209,915,915</b>          |                |
| Financial treasury bills                         | 21,920               | 21,672            | 787                | 62,339,236            | 62,383,615         | 33,915,915                  |                |
| National treasury notes                          | 42,382               | 871,955           | 2,740,960          | 89,555,872            | 93,211,169         | 55,915,915                  |                |
| Brazilian foreign debt securities                | -                    | -                 | 1,034,876          | 36,831                | 1,071,707          | 1,071,707                   |                |
| Bank deposit certificates                        | 261,162              | 508,712           | 1,396,312          | 14,223                | 2,180,409          | 4,071,707                   |                |
| National treasury bills                          | 1,549,174            | 5,489,707         | 3,360,943          | 14,209,421            | 24,609,245         | 26,071,707                  |                |
| Foreign corporate securities                     | 46,100               | 336,582           | 756,778            | 7,193,076             | 8,332,536          | 3,071,707                   |                |
| Debentures                                       | 165,889              | 1,789,234         | 453,091            | 36,082,756            | 38,490,970         | 36,071,707                  |                |
| Financial bills                                  | -                    | 2,354,727         | 2,578,433          | 8,762,870             | 13,696,030         | 18,071,707                  |                |
| Certificates of real estate receivables          | 735                  | 22,322            | -                  | 13,892,189            | 13,915,246         | 12,071,707                  |                |
| Foreign government bonds                         | 45,225               | 12,181            | 1,831,642          | 356,831               | 2,245,879          | 1,071,707                   |                |
| Promissory Notes                                 | 205,216              | 813,102           | 631,638            | 192,472               | 1,842,428          | 9,071,707                   |                |
| Other  | 25,363,744           | 88,920            | 184,418            | 577,861               | 26,214,943         | 14,071,707                  |                |
| <b>Equity securities</b>                         | <b>9,648,283</b>     | -                 | -                  | -                     | <b>9,648,283</b>   | <b>6,071,707</b>            |                |
| Shares of listed companies (technical provision) | 1,268,007            | -                 | -                  | -                     | 1,268,007          | 1,268,007                   |                |
| Shares of listed companies (other)               | 8,380,276            | -                 | -                  | -                     | 8,380,276          | 4,803,700                   |                |
| <b>Restricted securities</b>                     | <b>6,035,261</b>     | <b>807,904</b>    | <b>3,461,703</b>   | <b>21,744,962</b>     | <b>32,049,830</b>  | <b>55,915,915</b>           |                |
| <b>Repurchase agreements</b>                     | <b>6,033,300</b>     | <b>643,429</b>    | <b>1,130,891</b>   | <b>14,453,806</b>     | <b>22,261,426</b>  | <b>41,915,915</b>           |                |
| National treasury bills                          | 6,033,300            | 643,429           | 1,123,989          | 47,593                | 7,848,311          | 2,915,915                   |                |
| Financial treasury bills                         | -                    | -                 | -                  | 270,165               | 270,165            | -                           |                |
| National treasury notes                          | -                    | -                 | 6,902              | 10,168,473            | 10,175,375         | 29,071,707                  |                |
| Foreign corporate securities                     | -                    | -                 | -                  | 3,967,575             | 3,967,575          | 8,071,707                   |                |
| <b>Brazilian Central Bank</b>                    | -                    | <b>113</b>        | <b>64,114</b>      | -                     | <b>64,227</b>      | <b>5,915,915</b>            |                |
| National treasury bills                          | -                    | 113               | 64,114             | -                     | 64,227             | 4,071,707                   |                |
| National treasury notes                          | -                    | -                 | -                  | -                     | -                  | 1,844,208                   |                |
| <b>Privatization rights</b>                      | -                    | -                 | -                  | <b>51,517</b>         | <b>51,517</b>      | -                           |                |



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

**Notes to the Consolidated Financial Statements**

| Securities  | 1 to 30           | 31 to 180         | 181 to 360        | More than          | On Ma       |
|---|-------------------|-------------------|-------------------|--------------------|-------------|
|   | days              | days              | days              | 360 days           | To          |
| <b>Guarantees provided</b>                                      | <b>1,961</b>      | <b>164,362</b>    | <b>2,266,698</b>  | <b>7,239,639</b>   | <b>9,</b>   |
| · National treasury bills                                       | -                 | 163,750           | 2,121,300         | 29,674             | 2,          |
| · Financial treasury bills                                      | -                 | 612               | 1,055             | 1,935,636          | 1,          |
| · National treasury notes                                       | -                 | -                 | 144,343           | 5,267,399          | 5,          |
| · Other   | 1,961             | -                 | -                 | 6,930              | (           |
| <b>Derivative financial instruments (1) (5)</b>                 | <b>12,042,415</b> | <b>462,672</b>    | <b>191,412</b>    | <b>103,536</b>     | <b>12,</b>  |
| <b>Securities subject to unrestricted repurchase agreements</b> | <b>-</b>          | <b>72,396</b>     | <b>-</b>          | <b>812,399</b>     |             |
| · National treasury bills                                       | -                 | 72,396            | -                 | 387,657            |             |
| · National treasury notes                                       | -                 | -                 | -                 | 424,742            |             |
| <b>Grand total</b>  | <b>55,427,506</b> | <b>13,652,086</b> | <b>18,622,993</b> | <b>255,874,535</b> | <b>343,</b> |
| <b>%</b>  | <b>16.1</b>       | <b>4.0</b>        | <b>5.4</b>        | <b>74.5</b>        |             |

(1) Consistent with the criteria in Bacen Circular Letter No. 3,068/01 and due to the characteristics of the securities, we are classifying the derivative financial instruments, except those considered as cash flow hedges in the category Trading Securities;

(2) In compliance with Article 8 of Bacen Circular Letter No. 3,068/01, Bradesco declares that it has the financial capacity and intention to maintain held-to-maturity securities until their maturity dates. The mark-to-market of securities, which were transferred from the category "Securities Available for Sale" to the category of "Securities Held to Maturity", in June 2015 and in December 2013, was maintained in the shareholders' equity and will be recognized in the results for the remaining term of these securities, according to Bacen Circular No. 3,068/01;

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

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



(5) Includes hedge for protection of assets and liabilities, denominated in or indexed to foreign currency, primarily, arising from foreign investments, eliminating the effects of exchange variation of these assets and liabilities. For a better analysis of these items, consider the net exposure (Note 7d II); and

(6) In the first quarter of 2016, there were losses through impairment in the amount of R\$108,294 thousand, related to the heading "Variable Income Securities".

Bradesco —

---

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

**Notes to the Consolidated Financial Statements**

**d) Derivative financial instruments**

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

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

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

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

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

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

Economic and Financial Analysis Report – March 2016

---

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

**Notes to the Consolidated Financial Statements****l) Amount of derivative financial instruments recorded in off-balance-sheet accounts**

|                                | On March 31 - R\$ thousand |            |                   |            |
|--------------------------------|----------------------------|------------|-------------------|------------|
|                                | 2016                       |            | 2015              |            |
|                                | Reference value            | Net amount | Reference value   | Net amount |
| <b>Futures contracts</b>       |                            |            |                   |            |
| <b>Purchase commitments:</b>   | <b>95,106,049</b>          | -          | <b>96,716,862</b> | -          |
| - Interbank market             | 60,181,739                 | 24,901,379 | 72,689,751        | 37,559,676 |
| - Foreign currency (1)         | 34,899,405                 | -          | 23,729,952        | -          |
| - Other                        | 24,905                     | -          | 297,159           | -          |
| <b>Sale commitments:</b>       | <b>75,114,949</b>          | -          | <b>65,424,013</b> | -          |
| - Interbank market (2)         | 35,280,360                 | -          | 35,130,075        | -          |
| - Foreign currency (3)         | 39,341,918                 | 4,442,513  | 29,972,922        | 6,242,970  |
| - Other                        | 492,671                    | 467,766    | 321,016           | 23,857     |
| <b>Option contracts</b>        |                            |            |                   |            |
| <b>Purchase commitments:</b>   | <b>17,318,975</b>          | -          | <b>10,309,154</b> | -          |
| - Interbank market             | 12,249,804                 | 288,309    | 9,251,981         | -          |
| - Foreign currency             | 5,054,044                  | -          | 1,050,312         | -          |
| - Other                        | 15,127                     | -          | 6,861             | -          |
| <b>Sale commitments:</b>       | <b>22,294,666</b>          | -          | <b>24,810,225</b> | -          |
| - Interbank market             | 11,961,495                 | -          | 18,069,695        | 8,817,714  |
| - Foreign currency             | 10,310,981                 | 5,256,937  | 6,697,148         | 5,646,836  |
| - Other                        | 22,190                     | 7,063      | 43,382            | 36,521     |
| <b>Forward contracts</b>       |                            |            |                   |            |
| <b>Purchase commitments:</b>   | <b>9,709,781</b>           | -          | <b>14,223,330</b> | -          |
| - Foreign currency             | 9,389,926                  | -          | 13,987,766        | 3,451,496  |
| - Other                        | 319,855                    | -          | 235,564           | -          |
| <b>Sale commitments:</b>       | <b>14,735,671</b>          | -          | <b>10,791,629</b> | -          |
| - Foreign currency             | 14,415,588                 | 5,025,662  | 10,536,270        | -          |
| - Other                        | 320,083                    | 228        | 255,359           | 19,795     |
| <b>Swap contracts</b>          |                            |            |                   |            |
| <b>Assets (long position):</b> | <b>104,084,917</b>         | -          | <b>59,040,167</b> | -          |

Edgar Filing: BANK BRADESCO - Form 6-K

|                                      |                   |            |                   |            |
|--------------------------------------|-------------------|------------|-------------------|------------|
| - Interbank market                   | 30,716,219        | 5,789,406  | 17,870,642        | 1,233,303  |
| - Fixed rate                         | 44,202,808        | 32,711,443 | 20,864,707        | 10,346,042 |
| - Foreign currency                   | 25,441,088        | 12,038,211 | 16,546,903        | 2,380,177  |
| - IGPM                               | 1,336,950         | -          | 1,001,200         | -          |
| - Other                              | 2,387,852         | -          | 2,756,715         | 166,428    |
| <b>Liabilities (short position):</b> | <b>53,956,297</b> | -          | <b>45,357,517</b> | -          |
| - Interbank market                   | 24,926,813        | -          | 16,637,339        | -          |
| - Fixed rate                         | 11,491,365        | -          | 10,518,665        | -          |
| - Foreign currency (3)               | 13,402,877        | -          | 14,166,726        | -          |
| - IGPM                               | 1,445,500         | 108,550    | 1,444,500         | 443,300    |
| - Other                              | 2,689,742         | 301,890    | 2,590,287         | -          |

Derivatives include operations maturing in D+1.

(1) Includes, on March 31, 2016, the hedging of the firm commitment concerning the purchase and sale of shares agreement, to the sum of R\$18,456,455 thousand (Note 34f);

(2) Includes cash flow hedges to protect CDI-related funding, totaling R\$1,133,572 thousand (R\$20,674,324 thousand in 2015) (Note 7f); and

(3) Includes specific hedges to protect assets and liabilities, arising from foreign investments, totaling R\$50,099,860 thousand (R\$44,912,277 thousand in 2015).

Bradesco      -

---

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

**Notes to the Consolidated Financial Statements****II) Breakdown of derivative financial instruments (assets and liabilities) shown at original amortized cost and fair value**

|                                  | 2016                          |                              |                     | On March 31 - R\$ thousand<br>2015 |                              |                    |
|----------------------------------|-------------------------------|------------------------------|---------------------|------------------------------------|------------------------------|--------------------|
|                                  | Original<br>amortized<br>cost | Mark-to-market<br>adjustment | Fair value          | Original<br>amortized<br>cost      | Mark-to-market<br>adjustment | Fair value         |
| Adjustment receivable - swaps(1) | 20,795,347                    | (10,514,559)                 | 10,280,788          | 8,876,761                          | (4,436,530)                  | 4,440,231          |
| Adjustment receivable - future   | 263,371                       | -                            | 263,371             | 8,366                              | -                            | 8,366              |
| Receivable forward purchases     | 440,868                       | -                            | 440,868             | 1,645,910                          | -                            | 1,645,910          |
| Receivable forward sales         | 1,471,423                     | -                            | 1,471,423           | 56,258                             | -                            | 56,258             |
| Premiums on exercisable options  | 353,180                       | (9,595)                      | 343,585             | 260,478                            | 74,618                       | 335,096            |
| <b>Total assets (A)</b>          | <b>23,324,189</b>             | <b>(10,524,154)</b>          | <b>12,800,035</b>   | <b>10,847,773</b>                  | <b>(4,361,912)</b>           | <b>6,485,861</b>   |
| Adjustment payables - swaps      | (6,833,005)                   | (1,920,245)                  | (8,753,250)         | (3,523,885)                        | (362,259)                    | (3,886,144)        |
| Adjustment payables - future     | (7,914)                       | -                            | (7,914)             | (33,081)                           | -                            | (33,081)           |
| Payable forward purchases        | (746,025)                     | -                            | (746,025)           | (1,072,400)                        | -                            | (1,072,400)        |
| Payable forward sales/other      | (766,818)                     | -                            | (766,818)           | (758,555)                          | -                            | (758,555)          |
| Premiums on written options      | (145,821)                     | 24,468                       | (121,353)           | (104,907)                          | (66,211)                     | (171,118)          |
| <b>Total liabilities (B)</b>     | <b>(8,499,583)</b>            | <b>(1,895,777)</b>           | <b>(10,395,360)</b> | <b>(5,492,828)</b>                 | <b>(428,470)</b>             | <b>(5,921,298)</b> |
| <b>Net Effect (A-B)</b>          | <b>14,824,606</b>             | <b>(12,419,931)</b>          | <b>2,404,675</b>    | <b>5,354,945</b>                   | <b>(4,790,382)</b>           | <b>564,563</b>     |

(1) Includes receivable adjustments relating to hedge of assets and liabilities, designated and/or indexed in foreign currency, primarily, arising from foreign investments, eliminating the effects of exchange variation of these assets and liabilities.

**III) Futures, options, forward and swap contracts – (Reference Value)**

|         |           |            |                       | On March 31 - R\$ thousand |      |
|---------|-----------|------------|-----------------------|----------------------------|------|
| 1 to 90 | 91 to 180 | 181 to 360 | More than<br>360 days | 2016                       | 2015 |

|                           | <b>days</b>        | <b>days</b>       | <b>days</b>       |                    |                    |                    |
|---------------------------|--------------------|-------------------|-------------------|--------------------|--------------------|--------------------|
| Futures contracts (1) (2) | 88,654,590         | 13,439,781        | 52,222,791        | 15,903,836         | 170,220,998        | 162,140,875        |
| Option contracts          | 21,674,672         | 13,308,195        | 2,227,010         | 2,403,764          | 39,613,641         | 35,119,379         |
| Forward contracts         | 15,175,218         | 3,887,795         | 4,022,510         | 1,359,929          | 24,445,452         | 25,014,959         |
| Swap contracts (1)        | 56,609,351         | 11,609,541        | 6,951,795         | 82,870,527         | 158,041,214        | 104,397,684        |
| <b>Total in 2016</b>      | <b>182,113,831</b> | <b>42,245,312</b> | <b>65,424,106</b> | <b>102,538,056</b> | <b>392,321,305</b> |                    |
| <b>Total in 2015</b>      | <b>141,347,253</b> | <b>43,476,063</b> | <b>73,471,560</b> | <b>68,378,021</b>  |                    | <b>326,672,897</b> |

(1) Includes contracts relating to hedges for the protection of assets and liabilities, designated and/or indexed in foreign currency, primarily, arising from foreign investments, eliminating the effects of exchange variation of these assets and liabilities; and

(2) Includes, on March 31, 2016, contract related to the hedge of the firm commitment, concerning the purchase and sale of shares agreement (Note 34f).

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

**Notes to the Consolidated Financial Statements****IV) Types of margin offered in guarantee of derivative financial instruments, mainly futures contracts**

|                              | On March 31 - R\$ thousand |                  |
|------------------------------|----------------------------|------------------|
|                              | 2016                       | 2015             |
| <b>Government securities</b> |                            |                  |
| National treasury notes      | 2,994,294                  | 3,692,070        |
| Financial treasury bills     | -                          | 5,579            |
| <b>Total</b>                 | <b>2,994,294</b>           | <b>3,697,649</b> |

**V) Revenues and expenses, net**

|   | Accrued on March 31 - R\$ thousand |                  |
|---|------------------------------------|------------------|
|   | 2016                               | 2015             |
| Swap contracts (1)  | 855,421                            | 144,796          |
| Forward contracts   | 215,948                            | (102,461)        |
| Option contracts  | 63,134                             | (761)            |
| Futures contracts (1) (2)                                     | 3,129,300                          | (2,150,465)      |
| Foreign exchange variation of assets and liabilities overseas | (1,858,719)                        | 1,884,612        |
| <b>Total (Note 7h)</b>  | <b>2,405,084</b>                   | <b>(224,279)</b> |

(1) Includes the gain (loss) and the respective adjustment to the market capitalization of the hedge for protection of the assets and liabilities, designated and/or indexed in foreign currency, primarily, arising from foreign investments; and

(2) Includes, on March 31, 2016, the results and respective adjustment to the market value of the hedge of the firm commitment, concerning the purchase and sale of shares agreement, which was offset, completely, by the adjustment of the market value of the hedge object (Nota 34f).

**VI) Reference values of derivative financial instruments, by trading location and counterparts**



|                                 | On March 31 - R\$ thousand |                    |
|---------------------------------|----------------------------|--------------------|
|                                 | 2016                       | 2015               |
| CETIP (over-the-counter)        | 138,599,874                | 81,351,838         |
| BM&FBOVESPA (stock exchange)    | 215,827,247                | 205,043,870        |
| Overseas (over-the-counter) (1) | 13,811,484                 | 25,234,451         |
| Overseas (stock exchange) (1)   | 24,082,700                 | 15,042,738         |
| <b>Total</b>                    | <b>392,321,305</b>         | <b>326,672,897</b> |

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

#### e) Credit Default Swaps (CDS)

On March 31, 2016, Bradesco had credit default swaps (CDS) with the following characteristics: the risk received in credit swaps whose underlying assets are "debt securities issued by companies" is R\$124,562 thousand (2015 – (i) the amount of risk transferred under credit swaps whose underlying assets are "securities – securities of foreign government debt" is negative R\$(1,326,900) thousand; and (ii) the risk received in credit swaps whose underlying assets are "derivative with companies" is R\$16,040 thousand, amounting to a total net credit risk value of negative R\$(1,310,860) thousand), with an effect on the calculation of required shareholders' equity of negative R\$(13,702) thousand ((R\$71,215) thousand in 2015). The contracts related to credit derivatives transactions described above are due in 2020. The mark-to-market of the protection rates that remunerates the counterparty that received the risk totaled R\$38 thousand. There were no credit events, as defined in the agreements, during the period.

Bradesco —

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

**Notes to the Consolidated Financial Statements**

**f) Cash flow hedge**

Bradesco uses cash flow hedges to protect its cash flows from payment of interest rates on funds, which have a floating interest rate - the Interbank Deposit Rate (DI Cetip), thus converting them to fixed cash flows.

Bradesco has traded DI Future contracts on BM&FBOVESPA since 2009, using them as cash flow hedges totaling R\$1,133,572 thousand (R\$20,674,324 thousand in 2015), having as object of hedge captures linked to DI, totaling R\$1,197,070 thousand (R\$20,908,816 thousand in 2015). The adjustment to market value of these operations recorded in the net worth is R\$3,227 thousand (R\$308,820 thousand in 2015), net of tax effects is R\$1,936 thousand (R\$185,292 thousand in 2015).

The effectiveness of the hedge portfolio was assessed in accordance with Bacen Circular Letter No. 3,082/02.

**g) Hedge against market risk**

Bradesco constituted a hedge against market risk using the futures contracts, which generated (R\$1,831,125 thousand), for protection from the effects of the exchange rate variation of the firm commitment, related to the contract for the purchase and sale of shares (Note 34e), which produced an adjustment at market value of R\$1,793,837 thousand. The effect of these operations resulted in the revenue of (R\$37,288 thousand).

The effectiveness of the hedge portfolio was assessed in accordance with Bacen Circular Letter No. 3,082/02.

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

|   | Accrued on March 31 - R\$ thousand |                   |
|---|------------------------------------|-------------------|
|   | <b>2016</b>                        | <b>2015</b>       |
| Fixed income securities                                       | 5,165,614                          | 5,088,590         |
| Interbank investments (Note 6b)                               | 4,993,940                          | 5,500,712         |
| Equity securities (1)   | (341,509)                          | 5,261             |
| <b>Subtotal</b>   | <b>9,818,045</b>                   | <b>10,594,563</b> |
| Income from insurance, pension plans and capitalization bonds | 8,745,312                          | 3,654,969         |
| Income from derivative financial instruments (Note 7d V)      | 2,405,084                          | (224,279)         |
| <b>Total</b>  | <b>20,968,441</b>                  | <b>14,025,253</b> |

(1) In the first quarter of 2016, it includes the losses through impairment to the sum of R\$108,294 thousand.

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

**Notes to the Consolidated Financial Statements****8) INTERBANK ACCOUNTS – RESERVE REQUIREMENT****a) Reserve requirement**

|   |  | On March 31 - R\$ thousand |                   |
|---|--|----------------------------|-------------------|
|   |  | <b>2016</b>                | <b>2015</b>       |
| Reserve requirement – demand deposits             | <b>Remuneration</b><br>not remunerated | 4,428,714                  | 5,421,563         |
| Reserve requirement – savings deposits            | savings index                          | 17,711,556                 | 18,167,137        |
| Reserve requirement – time deposits               | Selic rate                             | 14,081,761                 | 6,489,620         |
| Additional reserve requirement – savings deposits | Selic rate                             | 4,848,858                  | 9,083,568         |
| Additional reserve requirement – time deposits    | Selic rate                             | 8,849,147                  | 7,727,403         |
| Reserve requirement – SFH                         | TR + interest rate                     | 710,155                    | 630,020           |
| <b>Total</b>                                      |  | <b>50,630,191</b>          | <b>47,519,311</b> |

**b) Revenue from reserve requirement**

|                             |  | Accrued on March 31 - R\$ thousand |                |
|-----------------------------|--|------------------------------------|----------------|
|                             |  | <b>2016</b>                        | <b>2015</b>    |
| Reserve requirement – Bacen |  | 1,360,415                          | 983,539        |
| Reserve requirement – SFH   |  | 11,227                             | 5,171          |
| <b>Total</b>                |  | <b>1,371,642</b>                   | <b>988,710</b> |

---

Bradesco            –

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

**Notes to the Consolidated Financial Statements****9) LOANS**

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

**a) By type and maturity**

|  | Performing loans  |                   |                   |                   |                   |                    | On March 31 - R\$ thousand |             |                    |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|--------------------|----------------------------|-------------|--------------------|
|  | 1 to 30           | 31 to 60          | 61 to 90          | 91 to 180         | 181 to 360        | More than          | Total in                   | Total in    |                    |
|  | days              | days              | days              | days              | days              | 360 days           | 2016 (A)                   | 2015 (A)    |                    |
| Discounted trade receivables and loans (1) | 21,522,308        | 14,693,360        | 9,449,715         | 16,646,130        | 23,715,250        | 63,352,965         | 149,379,728                | 37.8        | 152,305,537        |
| Financing                                  | 4,063,383         | 3,678,338         | 5,277,120         | 8,665,755         | 14,104,432        | 83,479,400         | 119,268,428                | 30.1        | 119,354,537        |
| Agricultural and agribusiness loans        | 627,665           | 860,408           | 799,696           | 4,469,278         | 4,449,530         | 8,888,559          | 20,095,136                 | 5.1         | 23,334,568         |
| <b>Subtotal</b>                            | <b>26,213,356</b> | <b>19,232,106</b> | <b>15,526,531</b> | <b>29,781,163</b> | <b>42,269,212</b> | <b>155,720,924</b> | <b>288,743,292</b>         | <b>73.0</b> | <b>294,994,642</b> |
| Leasing                                    | 143,377           | 173,091           | 127,260           | 337,852           | 550,222           | 1,199,093          | 2,530,895                  | 0.6         | 3,681,505          |
| Advances on foreign exchange contracts (2) | 1,356,205         | 993,995           | 1,467,470         | 2,628,683         | 2,348,758         | 271,590            | 9,066,701                  | 2.3         | 7,000,908          |
| <b>Subtotal</b>                            | <b>27,712,938</b> | <b>20,399,192</b> | <b>17,121,261</b> | <b>32,747,698</b> | <b>45,168,192</b> | <b>157,191,607</b> | <b>300,340,888</b>         | <b>75.9</b> | <b>305,677,055</b> |
| Other receivables (3)                      | 7,999,435         | 5,308,145         | 1,999,143         | 3,866,628         | 3,252,598         | 1,451,365          | 23,877,314                 | 6.0         | 20,713,573         |
| <b>Total loans</b>                         | <b>35,712,373</b> | <b>25,707,337</b> | <b>19,120,404</b> | <b>36,614,326</b> | <b>48,420,790</b> | <b>158,642,972</b> | <b>324,218,202</b>         | <b>81.9</b> | <b>326,390,628</b> |
| Sureties and guarantees (4)                | 3,126,363         | 475,855           | 1,260,811         | 5,143,052         | 10,255,735        | 49,157,753         | 69,419,569                 | 17.5        | 73,562,843         |
| Loan assignment - real estate receivables  | 45,844            | 45,843            | 45,840            | 131,930           | 196,892           | 661,966            | 1,128,315                  | 0.3         | 1,308,229          |

|  |                   |                   |                   |                   |                   |                    |                    |              |                    |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|--------------------|--------------------|--------------|--------------------|
| certificate<br>Co-obligation<br>from<br>assignment<br>of rural loan<br>(4) | -                 | -                 | -                 | -                 | -                 | 92,910             | 92,910             | -            | 102,254            |
| Loans<br>available for<br>import (4)                                       | 39,712            | 43,419            | 4,628             | 7,766             | 23,752            | -                  | 119,277            | -            | 424,303            |
| Confirmed<br>exports loans<br>(4)  | 1,956             | 269               | 561               | 6,001             | 42,875            | 8,518              | 60,180             | -            | 77,359             |
| Acquisition of<br>credit card<br>receivables                               | 990,751           | 11,305            | 13,531            | 23,358            | 7,481             | -                  | 1,046,426          | 0.3          | 1,493,082          |
| <b>Grand total<br/>in 2016</b>   | <b>39,916,999</b> | <b>26,284,028</b> | <b>20,445,775</b> | <b>41,926,433</b> | <b>58,947,525</b> | <b>208,564,119</b> | <b>396,084,879</b> | <b>100.0</b> |                    |
| <b>Grand total<br/>in 2015</b>   | <b>38,959,787</b> | <b>26,219,869</b> | <b>19,461,220</b> | <b>46,101,483</b> | <b>64,044,631</b> | <b>208,571,708</b> |                    |              | <b>403,358,698</b> |

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

**Notes to the Consolidated Financial Statements**

|  | Non-performing loans<br>Past-due installments |                  |                  |                  |                  |                   | Total in     | On March 31, 2016 |
|--|---|------------------|------------------|------------------|------------------|-------------------|--------------|-------------------|
|  | 1 to 30                                       | 31 to 60         | 61 to 90         | 91 to 180        | 181 to 540       |                   | % (5)        |                   |
|  | days  | days             | days             | days             | days             | 2016 (B)          |              |                   |
| Discounted trade receivables and loans (1) | 1,710,768                                     | 1,443,300        | 1,164,716        | 2,465,052        | 3,675,336        | 10,459,172        | 88.3         |                   |
| Financing                                  | 263,264                                       | 210,499          | 128,089          | 193,706          | 143,393          | 938,951           | 7.9          |                   |
| Agricultural and agribusiness loans        | 24,886  | 53,252           | 11,885           | 72,549           | 53,359           | 215,931           | 1.8          |                   |
| <b>Subtotal</b>                            | <b>1,998,918</b>                              | <b>1,707,051</b> | <b>1,304,690</b> | <b>2,731,307</b> | <b>3,872,088</b> | <b>11,614,054</b> | <b>98.0</b>  |                   |
| Leasing                                    | 11,113  | 9,655            | 6,685            | 12,368           | 8,861            | 48,682            | 0.4          |                   |
| Advances on foreign exchange contracts (2) | 12,057  | 5,006            | 1,951            | 745              | 205              | 19,964            | 0.2          |                   |
| <b>Subtotal</b>                            | <b>2,022,088</b>                              | <b>1,721,712</b> | <b>1,313,326</b> | <b>2,744,420</b> | <b>3,881,154</b> | <b>11,682,700</b> | <b>98.6</b>  |                   |
| Other receivables (3)                      | 47,252  | 14,558           | 16,288           | 27,772           | 65,385           | 171,255           | 1.4          |                   |
| <b>Grand total in 2016</b>                 | <b>2,069,340</b>                              | <b>1,736,270</b> | <b>1,329,614</b> | <b>2,772,192</b> | <b>3,946,539</b> | <b>11,853,955</b> | <b>100.0</b> |                   |
| <b>Grand total in 2015</b>                 | <b>2,978,747</b>                              | <b>1,466,901</b> | <b>1,399,687</b> | <b>2,285,979</b> | <b>3,059,743</b> |                   |              |                   |

|  | Non-performing loans<br>Installments not yet due |                |                |                  |                  |                  | Total in          | On March 31, 2016 |
|--|--|----------------|----------------|------------------|------------------|------------------|-------------------|-------------------|
|  | 1 to 30  | 31 to 60       | 61 to 90       | 91 to 180        | 181 to 360       | More than 360    | % (5)             |                   |
|  | days   | days           | days           | days             | days             | days             | 2016 (C)          |                   |
| Discounted trade receivables and loans (1) | 831,589  | 718,370        | 623,536        | 1,484,083        | 2,279,519        | 5,225,390        | 11,162,487        |                   |
| Financing                                  | 237,029  | 222,202        | 206,455        | 593,884          | 987,501          | 3,058,826        | 5,305,897         |                   |
| Agricultural and agribusiness loans        | 1,437  | 3,616          | 2,110          | 9,331            | 45,989           | 212,087          | 274,570           |                   |
| <b>Subtotal</b>                            | <b>1,070,055</b>                                 | <b>944,188</b> | <b>832,101</b> | <b>2,087,298</b> | <b>3,313,009</b> | <b>8,496,303</b> | <b>16,742,954</b> |                   |
| Leasing                                    | 10,872   | 10,270         | 9,719          | 26,430           | 41,417           | 64,162           | 162,870           |                   |
| <b>Subtotal</b>                            | <b>1,080,927</b>                                 | <b>954,458</b> | <b>841,820</b> | <b>2,113,728</b> | <b>3,354,426</b> | <b>8,560,465</b> | <b>16,905,824</b> |                   |
| Other receivables (3)                      | 574  | 559            | 504            | 1,495            | 2,475            | 7,098            | 12,705            |                   |
| <b>Grand total in 2016</b>                 | <b>1,081,501</b>                                 | <b>955,017</b> | <b>842,324</b> | <b>2,115,223</b> | <b>3,356,901</b> | <b>8,567,563</b> | <b>16,918,529</b> |                   |
| <b>Grand total in 2015</b>                 | <b>925,672</b>                                   | <b>828,760</b> | <b>715,146</b> | <b>1,832,205</b> | <b>2,851,228</b> | <b>7,284,074</b> |                   |                   |





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

**Notes to the Consolidated Financial Statements**

|   | On March 31 - R\$ thousand |              |                              |              |
|---|----------------------------|--------------|------------------------------|--------------|
|   | Total in 2016              | % (5)        | Grand total<br>Total in 2015 | % (5)        |
|   | (A+B+C)                    |              | (A+B+C)                      |              |
| Discounted trade receivables and loans (1)            | 171,001,387                | 40.3         | 171,279,740                  | 40.0         |
| Financing   | 125,513,276                | 29.6         | 125,085,829                  | 29.3         |
| Agricultural and agribusiness loans                   | 20,585,637                 | 4.8          | 23,750,467                   | 5.5          |
| <b>Subtotal</b>                                       | <b>317,100,300</b>         | <b>74.7</b>  | <b>320,116,036</b>           | <b>74.8</b>  |
| Leasing   | 2,742,447                  | 0.6          | 4,014,872                    | 0.9          |
| Advances on foreign exchange contracts (2) (Note 10a) | 9,086,665                  | 2.1          | 7,035,908                    | 1.6          |
| <b>Subtotal</b>                                       | <b>328,929,412</b>         | <b>77.4</b>  | <b>331,166,816</b>           | <b>77.3</b>  |
| Other receivables (3)                                 | 24,061,274                 | 5.7          | 20,851,954                   | 4.9          |
| <b>Total loans</b>                                    | <b>352,990,686</b>         | <b>83.1</b>  | <b>352,018,770</b>           | <b>82.2</b>  |
| Sureties and guarantees (4)                           | 69,419,569                 | 16.4         | 73,562,843                   | 17.1         |
| Loan assignment - real estate receivables certificate | 1,128,315                  | 0.3          | 1,308,229                    | 0.3          |
| Co-obligation from assignment of rural loan (4)       | 92,910                     | -            | 102,254                      | -            |
| Loans available for import (4)                        | 119,277                    | -            | 424,303                      | 0.1          |
| Confirmed exports loans (4)                           | 60,180                     | -            | 77,359                       | -            |
| Acquisition of credit card receivables                | 1,046,426                  | 0.2          | 1,493,082                    | 0.3          |
| <b>Grand total in 2016</b>                            | <b>424,857,363</b>         | <b>100.0</b> |                              |              |
| <b>Grand total in 2015</b>                            |                            |              | <b>428,986,840</b>           | <b>100.0</b> |

(1) Including credit card loans and advances on credit card receivables of R\$16,195,342 thousand (R\$16,205,685 thousand in 2015);

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

(3) The item "Other Receivables" comprises receivables on sureties and guarantees honored, receivables on sale of assets, securities and credits receivable, income receivable from foreign exchange contracts and export contracts and credit card receivables (cash and installment purchases at merchants) totaling R\$19,385,920 thousand (R\$17,769,719 thousand in 2015);

(4) Recorded in off-balance sheet accounts; and

(5) Percentage of each type in relation to the total loan portfolio, including sureties and guarantee, loan assignment and acquisition of receivables.



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

**Notes to the Consolidated Financial Statements****b) By type and levels of risk**

|  | Levels of risk    |                    |                   |                   |                  |                  |                  |                  |                   |
|--|-------------------|--------------------|-------------------|-------------------|------------------|------------------|------------------|------------------|-------------------|
|  | AA                | A                  | B                 | C                 | D                | E                | F                | G                | H                 |
| Discounted trade receivables and loans     | 28,330,384        | 79,021,127         | 10,138,184        | 24,957,251        | 6,250,932        | 3,758,200        | 2,647,892        | 3,308,130        | 12,589,287        |
| Financing                                  | 58,073,943        | 18,743,541         | 35,809,840        | 8,548,849         | 1,362,437        | 613,235          | 380,966          | 323,221          | 1,657,244         |
| Agricultural and agribusiness loans        | 2,637,648         | 2,715,482          | 8,394,896         | 5,817,013         | 526,828          | 269,511          | 44,891           | 40,224           | 139,144           |
| <b>Subtotal</b>                            | <b>89,041,975</b> | <b>100,480,150</b> | <b>54,342,920</b> | <b>39,323,113</b> | <b>8,140,197</b> | <b>4,640,946</b> | <b>3,073,749</b> | <b>3,671,575</b> | <b>14,385,675</b> |
| Leasing                                    | 490,440           | 400,554            | 1,555,153         | 62,865            | 60,829           | 31,271           | 28,392           | 12,804           | 100,139           |
| Advances on foreign exchange contracts (2) | 4,410,758         | 3,006,438          | 607,336           | 939,941           | 67,180           | 29,532           | 2,041            | 10,556           | 12,883            |
| <b>Subtotal</b>                            | <b>93,943,173</b> | <b>103,887,142</b> | <b>56,505,409</b> | <b>40,325,919</b> | <b>8,268,206</b> | <b>4,701,749</b> | <b>3,104,182</b> | <b>3,694,935</b> | <b>14,498,697</b> |
| Other receivables                          | 2,764,071         | 15,685,320         | 1,760,639         | 2,884,312         | 294,290          | 74,748           | 57,539           | 73,380           | 466,975           |
| <b>Grand total in 2016</b>                 | <b>96,707,244</b> | <b>119,572,462</b> | <b>58,266,048</b> | <b>43,210,231</b> | <b>8,562,496</b> | <b>4,776,497</b> | <b>3,161,721</b> | <b>3,768,315</b> | <b>14,965,672</b> |
| <b>%</b>                                   | <b>27.4</b>       | <b>33.9</b>        | <b>16.5</b>       | <b>12.2</b>       | <b>2.4</b>       | <b>1.4</b>       | <b>0.9</b>       | <b>1.1</b>       | <b>4.2</b>        |
| <b>Grand total in 2015</b>                 | <b>73,118,182</b> | <b>139,591,457</b> | <b>65,328,204</b> | <b>46,061,582</b> | <b>6,641,023</b> | <b>3,830,580</b> | <b>3,668,230</b> | <b>2,053,513</b> | <b>11,725,999</b> |
| <b>%</b>                                   | <b>20.8</b>       | <b>39.7</b>        | <b>18.5</b>       | <b>13.1</b>       | <b>1.9</b>       | <b>1.1</b>       | <b>1.0</b>       | <b>0.6</b>       | <b>3.3</b>        |

(1) Percentage of each type in relation to the total loan portfolio, excluding sureties and guarantees, loan assignments, acquisition of receivables and co-obligation in rural loan assignments; and

(2) See Note 10a.



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

**Notes to the Consolidated Financial Statements****c) Maturity ranges and levels of risk**

On March 31 -

|  | Levels of risk |           |           |           |         |           |           |            | Total in<br>2016 | % (1) | To<br>2 |
|--|----------------|-----------|-----------|-----------|---------|-----------|-----------|------------|------------------|-------|---------|
|  | AAA            | B         | C         | D         | E       | F         | G         | H          |                  |       |         |
| <b>Installments<br/>not yet due</b>      | -              | -         | -         | -         | -       | -         | -         | -          | -                | -     | -       |
| 1 to 30                                  | -              | 171,501   | 275,259   | 153,235   | 82,430  | 66,989    | 55,299    | 276,788    | 1,081,501        | 6.4   | 9       |
| 31 to 60                                 | -              | 130,642   | 233,209   | 133,872   | 76,045  | 62,449    | 55,821    | 262,979    | 955,017          | 5.7   | 8       |
| 61 to 90                                 | -              | 131,339   | 180,032   | 119,545   | 80,817  | 54,549    | 47,249    | 228,793    | 842,324          | 5.0   | 7       |
| 91 to 180                                | -              | 206,853   | 445,945   | 325,312   | 230,018 | 153,562   | 125,334   | 628,199    | 2,115,223        | 12.5  | 1,8     |
| 181 to 360                               | -              | 304,580   | 682,306   | 592,250   | 318,785 | 259,389   | 205,956   | 993,635    | 3,356,901        | 19.8  | 2,8     |
| More than 360                            | -              | 1,065,556 | 1,652,741 | 1,609,876 | 800,662 | 627,497   | 505,346   | 2,305,885  | 8,567,563        | 50.6  | 7,2     |
| <b>Past-due<br/>installments<br/>(2)</b> | -              | -         | -         | -         | -       | -         | -         | -          | -                | -     | -       |
| 1 to 14                                  | -              | 12,140    | 104,314   | 125,947   | 41,326  | 98,824    | 23,024    | 123,952    | 529,527          | 4.5   | 1,7     |
| 15 to 30                                 | -              | 652,828   | 344,880   | 215,865   | 72,724  | 41,647    | 33,111    | 178,758    | 1,539,813        | 13.0  | 1,2     |
| 31 to 60                                 | -              | 14,799    | 824,733   | 313,657   | 147,050 | 87,270    | 57,470    | 291,291    | 1,736,270        | 14.6  | 1,4     |
| 61 to 90                                 | -              | -         | 12,703    | 633,303   | 208,841 | 112,583   | 65,684    | 296,500    | 1,329,614        | 11.2  | 1,3     |
| 91 to 180                                | -              | -         | 4,478     | 35,320    | 471,370 | 608,831   | 618,005   | 1,034,188  | 2,772,192        | 23.4  | 2,2     |
| 181 to 360                               | -              | -         | -         | -         | 9,517   | 21,417    | 18,924    | 3,821,938  | 3,871,796        | 32.7  | 2,9     |
| More than 360                            | -              | -         | -         | -         | -       | -         | -         | 74,743     | 74,743           | 0.6   | 1       |
| <b>Subtotal</b>                          | -              | -         | -         | -         | -       | -         | -         | -          | -                | -     | -       |
| Specific<br>provision                    | -              | 26,903    | 142,818   | 425,818   | 761,875 | 1,097,503 | 1,267,857 | 10,517,649 | 14,240,423       | 12.2  | 1,2     |

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

(2) For transactions with terms of more than 36 months, past-due periods are doubled, as permitted by CMN Resolution No. 2,682/99.



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

**Notes to the Consolidated Financial Statements**

|                                | Levels of risk<br>Performing loans |                    |                   |                   |                  |                  |                  |                  |                   |
|--------------------------------|------------------------------------|--------------------|-------------------|-------------------|------------------|------------------|------------------|------------------|-------------------|
|                                | AA                                 | A                  | B                 | C                 | D                | E                | F                | G                | H                 |
| <b>Installments</b>            |                                    |                    |                   |                   |                  |                  |                  |                  |                   |
| <b>not yet due</b>             | <b>96,707,244</b>                  | <b>119,572,462</b> | <b>55,575,810</b> | <b>38,449,631</b> | <b>4,304,314</b> | <b>2,236,912</b> | <b>966,714</b>   | <b>1,957,092</b> | <b>4,448,023</b>  |
| 1 to 30                        | 8,003,040                          | 17,585,240         | 3,131,721         | 5,598,312         | 452,638          | 131,618          | 96,417           | 228,699          | 484,688           |
| 31 to 60                       | 5,811,684                          | 11,182,556         | 2,489,524         | 4,092,037         | 245,550          | 177,766          | 51,409           | 1,373,749        | 283,062           |
| 61 to 90                       | 7,334,587                          | 6,673,685          | 1,866,611         | 2,722,690         | 200,977          | 77,138           | 35,660           | 25,464           | 183,592           |
| 91 to 180                      | 11,089,429                         | 13,373,755         | 4,591,970         | 6,203,319         | 508,790          | 292,927          | 121,123          | 99,873           | 333,140           |
| 181 to 360                     | 14,661,949                         | 18,182,464         | 6,499,801         | 6,500,927         | 573,548          | 314,594          | 101,305          | 66,155           | 1,520,047         |
| More than 360                  | 49,806,555                         | 52,574,762         | 36,996,183        | 13,332,346        | 2,322,811        | 1,242,869        | 560,800          | 163,152          | 1,643,494         |
| Generic provision              | -                                  | 598,143            | 555,886           | 1,153,571         | 430,441          | 671,096          | 483,357          | 1,369,964        | 4,448,023         |
| <b>Grand total in 2016 (2)</b> | <b>96,707,244</b>                  | <b>119,572,462</b> | <b>58,266,048</b> | <b>43,210,231</b> | <b>8,562,496</b> | <b>4,776,497</b> | <b>3,161,721</b> | <b>3,768,315</b> | <b>14,965,672</b> |
| Existing provision             | -                                  | 730,420            | 667,535           | 3,601,160         | 2,537,188        | 2,331,414        | 2,188,102        | 3,335,582        | 14,965,672        |
| Minimum required provision     | -                                  | 598,143            | 582,789           | 1,296,389         | 856,259          | 1,432,971        | 1,580,860        | 2,637,821        | 14,965,672        |
| Excess provision (3)           | -                                  | 132,277            | 84,746            | 2,304,771         | 1,680,929        | 898,443          | 607,242          | 697,761          | -                 |
| <b>Grand total in 2015 (2)</b> | <b>73,118,182</b>                  | <b>139,591,457</b> | <b>65,328,204</b> | <b>46,061,582</b> | <b>6,641,023</b> | <b>3,830,580</b> | <b>3,668,230</b> | <b>2,053,513</b> | <b>11,725,999</b> |
| Existing provision             | -                                  | 744,658            | 717,435           | 2,136,986         | 1,890,129        | 1,840,362        | 2,458,956        | 2,036,565        | 11,725,999        |
| Minimum required provision     | -                                  | 698,015            | 653,313           | 1,381,877         | 664,132          | 1,149,203        | 1,834,146        | 1,437,489        | 11,725,999        |
| Excess provision (3)           | -                                  | 46,643             | 64,122            | 755,109           | 1,225,997        | 691,159          | 624,810          | 599,076          | -                 |

(1) Percentage of maturities by type of installment;

(2) The grand total includes performing loans of R\$324,218,202 thousand (R\$326,390,628 thousand in 2015) and non-performing loans of R\$28,772,484 thousand (R\$25,628,142 thousand in 2015); and

(3) On March 31, 2016, it includes a provision for guarantees provided, comprising sureties, letters of credit and standby letter of credit, which is presented here within the balance for the excess provision, and totals R\$762,870 thousand (R\$607,195 thousand in 2015) (Note 19b).

Bradesco —

---



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

**Notes to the Consolidated Financial Statements****d) Concentration of loans**

|                       | On March 31 - R\$ thousand |              |             |              |
|-----------------------|----------------------------|--------------|-------------|--------------|
|                       | <b>2016</b>                | <b>% (1)</b> | <b>2015</b> | <b>% (1)</b> |
| Largest borrower      | 10,393,700                 | 2.9          | 7,496,522   | 2.1          |
| 10 largest borrowers  | 32,434,092                 | 9.2          | 27,157,144  | 7.7          |
| 20 largest borrowers  | 47,766,867                 | 13.5         | 40,968,276  | 11.6         |
| 50 largest borrowers  | 69,261,950                 | 19.6         | 60,546,037  | 17.2         |
| 100 largest borrowers | 84,738,678                 | 24.0         | 74,572,128  | 21.2         |

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

**e) By economic sector**

|  | On March 31 - R\$ thousand |             |                    |             |
|--|----------------------------|-------------|--------------------|-------------|
|  | <b>2016</b>                | <b>%</b>    | <b>2015</b>        | <b>%</b>    |
| <b>Public sector</b>                         | <b>10,399,314</b>          | <b>2.9</b>  | <b>7,513,447</b>   | <b>2.1</b>  |
| <b>Federal government</b>                    | <b>10,393,700</b>          | <b>2.9</b>  | <b>7,496,522</b>   | <b>2.1</b>  |
| Petrochemical                                | 10,393,700                 | 2.9         | 7,496,522          | 2.1         |
| <b>State government</b>                      | <b>5,614</b>               | <b>-</b>    | <b>16,925</b>      | <b>-</b>    |
| Production and distribution of electricity   | 5,614                      | -           | 16,925             | -           |
| <b>Private sector</b>                        | <b>342,591,372</b>         | <b>97.1</b> | <b>344,505,323</b> | <b>97.9</b> |
| <b>Manufacturing</b>                         | <b>59,411,974</b>          | <b>16.8</b> | <b>59,167,397</b>  | <b>16.8</b> |
| Food products and beverages                  | 12,456,172                 | 3.5         | 13,307,370         | 3.8         |
| Steel, metallurgy and mechanics              | 10,360,903                 | 2.9         | 10,111,197         | 2.9         |
| Light and heavy vehicles                     | 7,944,170                  | 2.3         | 5,919,850          | 1.7         |
| Pulp and paper                               | 4,431,581                  | 1.3         | 4,276,609          | 1.2         |
| Chemical                                     | 4,063,322                  | 1.2         | 4,810,379          | 1.4         |
| Textiles and apparel                         | 2,632,757                  | 0.8         | 3,204,695          | 0.9         |
| Rubber and plastic articles                  | 2,628,403                  | 0.7         | 2,887,802          | 0.8         |
| Extraction of metallic and non-metallic ores | 2,597,763                  | 0.7         | 1,757,544          | 0.5         |
| Automotive parts and accessories             | 2,101,859                  | 0.6         | 2,107,816          | 0.6         |
| Furniture and wood products                  | 1,916,616                  | 0.5         | 2,161,238          | 0.6         |
| Non-metallic materials                       | 1,822,809                  | 0.5         | 2,118,705          | 0.6         |
| Oil refining and production of alcohol       | 1,472,020                  | 0.4         | 1,727,944          | 0.5         |
| Electric and electronic products             | 979,442                    | 0.3         | 1,304,360          | 0.4         |
| Leather articles                             | 974,863                    | 0.3         | 813,458            | 0.2         |
| Publishing, printing and reproduction        | 513,583                    | 0.1         | 567,724            | 0.2         |

Edgar Filing: BANK BRADESCO - Form 6-K

|  |                   |             |                   |             |
|--|-------------------|-------------|-------------------|-------------|
| Other industries                             | 2,515,711         | 0.7         | 2,090,706         | 0.5         |
| <b>Commerce</b>                              | <b>38,401,034</b> | <b>11.0</b> | <b>42,354,705</b> | <b>12.0</b> |
| Merchandise in specialty stores              | 7,026,575         | 2.0         | 8,166,095         | 2.3         |
| Non-specialized retailer                     | 5,568,735         | 1.6         | 5,306,610         | 1.5         |
| Food products, beverages and tobacco         | 4,497,885         | 1.3         | 5,135,086         | 1.4         |
| Waste and scrap                              | 3,087,894         | 0.9         | 3,934,468         | 1.1         |
| Clothing and footwear                        | 2,937,143         | 0.8         | 3,020,703         | 0.9         |
| Automobile                                   | 2,682,477         | 0.8         | 3,415,286         | 1.0         |
| Motor vehicle repairs, parts and accessories | 2,659,185         | 0.8         | 2,963,463         | 0.8         |
| Agricultural products                        | 1,872,460         | 0.5         | 2,371,394         | 0.7         |
| Grooming and household articles              | 1,843,982         | 0.5         | 2,178,220         | 0.6         |
| Fuel   | 1,761,768         | 0.5         | 1,953,602         | 0.6         |

Economic and Financial Analysis Report – March 2016

---

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

**Notes to the Consolidated Financial Statements**

|   | On March 31 - R\$ thousand |              |                    |              |
|---|----------------------------|--------------|--------------------|--------------|
|   | 2016                       | %            | 2015               | %            |
| Wholesale of goods in general   | 1,038,611                  | 0.3          | 1,057,551          | 0.3          |
| Trading intermediary  | 882,754                    | 0.3          | 918,721            | 0.3          |
| Other commerce  | 2,541,565                  | 0.7          | 1,933,506          | 0.5          |
| <b>Financial intermediaries</b>   | <b>3,505,291</b>           | <b>1.0</b>   | <b>3,956,583</b>   | <b>1.1</b>   |
| <b>Services</b>   | <b>92,346,402</b>          | <b>26.1</b>  | <b>94,958,325</b>  | <b>27.0</b>  |
| Civil construction  | 22,689,972                 | 6.4          | 23,858,082         | 6.8          |
| Transportation and storage  | 16,397,911                 | 4.6          | 18,132,263         | 5.1          |
| Real estate activities, rentals and corporate services                    | 12,497,441                 | 3.5          | 13,137,425         | 3.7          |
| Holding companies, legal, accounting and business advisory services       | 6,888,017                  | 2.0          | 7,289,209          | 2.1          |
| Clubs, leisure, cultural and sport activities                             | 5,334,000                  | 1.5          | 4,755,328          | 1.3          |
| Production and distribution of electric power, gas and water              | 4,653,882                  | 1.3          | 4,657,443          | 1.3          |
| Social services, education, health, defense and social security           | 3,066,698                  | 0.9          | 3,010,166          | 0.9          |
| Hotels and catering   | 2,750,170                  | 0.8          | 2,924,319          | 0.8          |
| Telecommunications  | 422,730                    | 0.1          | 753,786            | 0.2          |
| Other services  | 17,645,581                 | 5.0          | 16,440,304         | 4.8          |
| <b>Agriculture, cattle raising, fishing, forestry and timber industry</b> | <b>3,001,312</b>           | <b>0.9</b>   | <b>3,614,291</b>   | <b>1.0</b>   |
| <b>Individuals</b>  | <b>145,925,359</b>         | <b>41.3</b>  | <b>140,454,022</b> | <b>40.0</b>  |
| <b>Total</b>  | <b>352,990,686</b>         | <b>100.0</b> | <b>352,018,770</b> | <b>100.0</b> |

Bradesco

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

**Notes to the Consolidated Financial Statements****f) Breakdown of loans and allowance for loan losses**

On March 31 - R\$ thousand

| Level of risk              | Non-performing loans  |                          | Portfolio balance            |                    | Total              | %            | %     | %     |
|----------------------------|-----------------------|--------------------------|------------------------------|--------------------|--------------------|--------------|-------|-------|
|                            | Installments past due | Installments not yet due | Total - non-performing loans | Performing loans   |                    |              |       |       |
| AA                         | -                     | -                        | -                            | 96,707,244         | 96,707,244         | 27.4         | 27.4  | 20.8  |
| A                          | -                     | -                        | -                            | 119,572,462        | 119,572,462        | 33.9         | 61.3  | 60.5  |
| B                          | 679,767               | 2,010,471                | 2,690,238                    | 55,575,810         | 58,266,048         | 16.5         | 77.8  | 79.0  |
| C                          | 1,291,108             | 3,469,492                | 4,760,600                    | 38,449,631         | 43,210,231         | 12.2         | 90.0  | 92.1  |
| <b>Subtotal</b>            | <b>1,970,875</b>      | <b>5,479,963</b>         | <b>7,450,838</b>             | <b>310,305,147</b> | <b>317,755,985</b> | <b>90.0</b>  |       |       |
| D                          | 1,324,092             | 2,934,090                | 4,258,182                    | 4,304,314          | 8,562,496          | 2.4          | 92.4  | 94.0  |
| E                          | 950,828               | 1,588,757                | 2,539,585                    | 2,236,912          | 4,776,497          | 1.4          | 93.8  | 95.1  |
| F                          | 970,572               | 1,224,435                | 2,195,007                    | 966,714            | 3,161,721          | 0.9          | 94.7  | 96.1  |
| G                          | 816,218               | 995,005                  | 1,811,223                    | 1,957,092          | 3,768,315          | 1.1          | 95.8  | 96.7  |
| H                          | 5,821,370             | 4,696,279                | 10,517,649                   | 4,448,023          | 14,965,672         | 4.2          | 100.0 | 100.0 |
| <b>Subtotal</b>            | <b>9,883,080</b>      | <b>11,438,566</b>        | <b>21,321,646</b>            | <b>13,913,055</b>  | <b>35,234,701</b>  | <b>10.0</b>  |       |       |
| <b>Grand total in 2016</b> | <b>11,853,955</b>     | <b>16,918,529</b>        | <b>28,772,484</b>            | <b>324,218,202</b> | <b>352,990,686</b> | <b>100.0</b> |       |       |
| <b>%</b>                   | <b>3.4</b>            | <b>4.8</b>               | <b>8.2</b>                   | <b>91.8</b>        | <b>100.0</b>       |              |       |       |
| <b>Grand total in 2015</b> | <b>11,191,057</b>     | <b>14,437,085</b>        | <b>25,628,142</b>            | <b>326,390,628</b> | <b>352,018,770</b> |              |       |       |
| <b>%</b>                   | <b>3.2</b>            | <b>4.1</b>               | <b>7.3</b>                   | <b>92.7</b>        | <b>100.0</b>       |              |       |       |

(1) Percentage of level of risk in relation to the total portfolio; and

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

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

**Notes to the Consolidated Financial Statements**

| Level of risk              | % Minimum provisioning required | Minimum required      |                                   | Provision         |                  |                   | Excess (2)       | Existing          | 2016 |
|----------------------------|---------------------------------|-----------------------|-----------------------------------|-------------------|------------------|-------------------|------------------|-------------------|------|
|                            |                                 | Installments past due | Specific Installments not yet due | Total specific    | Generic          | Total             |                  |                   |      |
| AA                         | -                               | -                     | -                                 | -                 | -                | -                 | -                | -                 | -    |
| A                          | 0.5                             | -                     | -                                 | -                 | 598,143          | 598,143           | 132,277          | 730,420           |      |
| B                          | 1.0                             | 6,798                 | 20,105                            | 26,903            | 555,886          | 582,789           | 84,746           | 667,535           |      |
| C                          | 3.0                             | 38,733                | 104,085                           | 142,818           | 1,153,571        | 1,296,389         | 2,304,771        | 3,601,160         |      |
| <b>Subtotal</b>            |                                 | <b>45,531</b>         | <b>124,190</b>                    | <b>169,721</b>    | <b>2,307,600</b> | <b>2,477,321</b>  | <b>2,521,794</b> | <b>4,999,115</b>  |      |
| D                          | 10.0                            | 132,409               | 293,409                           | 425,818           | 430,441          | 856,259           | 1,680,929        | 2,537,188         |      |
| E                          | 30.0                            | 285,248               | 476,627                           | 761,875           | 671,096          | 1,432,971         | 898,443          | 2,331,414         |      |
| F                          | 50.0                            | 485,286               | 612,217                           | 1,097,503         | 483,357          | 1,580,860         | 607,242          | 2,188,102         |      |
| G                          | 70.0                            | 571,353               | 696,504                           | 1,267,857         | 1,369,964        | 2,637,821         | 697,761          | 3,335,582         |      |
| H                          | 100.0                           | 5,821,370             | 4,696,279                         | 10,517,649        | 4,448,023        | 14,965,672        | -                | 14,965,672        |      |
| <b>Subtotal</b>            |                                 | <b>7,295,666</b>      | <b>6,775,036</b>                  | <b>14,070,702</b> | <b>7,402,881</b> | <b>21,473,583</b> | <b>3,884,375</b> | <b>25,357,958</b> |      |
| <b>Grand total in 2016</b> |                                 | <b>7,341,197</b>      | <b>6,899,226</b>                  | <b>14,240,423</b> | <b>9,710,481</b> | <b>23,950,904</b> | <b>6,406,169</b> | <b>30,357,073</b> |      |
| <b>%</b>                   |                                 | <b>24.2</b>           | <b>22.7</b>                       | <b>46.9</b>       | <b>32.0</b>      | <b>78.9</b>       | <b>21.1</b>      | <b>100.0</b>      |      |
| <b>Grand total in 2015</b> |                                 | <b>6,349,849</b>      | <b>5,912,393</b>                  | <b>12,262,242</b> | <b>7,281,932</b> | <b>19,544,174</b> | <b>4,006,916</b> | <b>23,551,090</b> |      |
| <b>%</b>                   |                                 | <b>27.0</b>           | <b>25.1</b>                       | <b>52.1</b>       | <b>30.9</b>      | <b>83.0</b>       | <b>17.0</b>      | <b>100.0</b>      |      |

(1) Percentage of existing provision in relation to total portfolio, by level of risk; and

(2) On March 31, 2016, it includes a provision for guarantees provided, comprising sureties, letters of credit and standby letter of credit, which is presented here within the balance for excess provision, and totals R\$762,870 thousand (R\$607,195 thousand in 2015) (Note 19b).

Bradesco      -

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

**Notes to the Consolidated Financial Statements****g) Changes in allowance for loan losses**

|                              | Accrued on March 31 - R\$ thousand |                    |
|------------------------------|------------------------------------|--------------------|
|                              | 2016                               | 2015               |
| <b>Opening balance</b>       | <b>29,416,600</b>                  | <b>23,068,867</b>  |
| - Specific provision (1)     | 14,196,821                         | 11,931,414         |
| - Generic provision (2)      | 8,811,051                          | 7,131,452          |
| - Excess provision (3) (4)   | 6,408,728                          | 4,006,001          |
| <b>Additions (Note 9h-1)</b> | <b>5,952,282</b>                   | <b>4,015,076</b>   |
| <b>Net write-offs</b>        | <b>(5,011,809)</b>                 | <b>(3,532,853)</b> |
| <b>Closing balance</b>       | <b>30,357,073</b>                  | <b>23,551,090</b>  |
| - Specific provision (1)     | 14,240,423                         | 12,262,242         |
| - Generic provision (2)      | 9,710,481                          | 7,281,932          |
| - Excess provision (3) (4)   | 6,406,169                          | 4,006,916          |

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

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

(3) The additional provision is recorded based on Management's experience and the expectation in relation to the loan portfolio, to determine the total provision deemed sufficient to cover specific and general credit risk, when considered together with the provision calculated based on levels of risk and the corresponding minimum percentage in the provision established by Resolution No. 2,682/99. The excess provision per customer was classified according to the level of risk in Note 9f; and

(4) On March 31, 2016, it includes the provision for guarantees provided, comprising sureties, letters of credit and standby letter of credit, which is presented here within the balance for excess provision, and totals R\$762,870 thousand (R\$607,195 thousand in 2015) (Note 19b).

**h) Allowance for Loan Losses expense net of amounts recovered**

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

|   | Accrued on March 31 - R\$ thousand |                  |
|---|------------------------------------|------------------|
|   | 2016                               | 2015             |
| Amount recorded (1)   | 5,952,282                          | 4,015,076        |
| Amount recovered (2)  | (1,044,635)                        | (850,356)        |
| <b>Allowance for Loan Losses expense net of amounts recovered</b> | <b>4,907,647</b>                   | <b>3,164,720</b> |

(1) In the first quarter of 2016, includes amount recorded of the provision of guarantees offered, comprising sureties, guarantees, letters of credit and standby letter of credit, which are presented in the "excess" provision, totaling R\$68,687 thousand (R\$185,599 thousand in 2015); and

(2) Classified in income from loans (Note 9j).

#### i) Changes in the renegotiated portfolio

|                                      | Accrued on March 31 - R\$ thousand |                   |
|--------------------------------------|------------------------------------|-------------------|
|                                      | 2016                               | 2015              |
| <b>Opening balance</b>               | <b>12,728,723</b>                  | <b>10,775,621</b> |
| Amount renegotiated                  | 3,499,449                          | 2,943,653         |
| Amount received                      | (1,835,622)                        | (1,656,458)       |
| Write-offs                           | (1,314,324)                        | (962,730)         |
| <b>Closing balance</b>               | <b>13,078,226</b>                  | <b>11,100,086</b> |
| Allowance for loan losses            | 8,598,990                          | 7,029,082         |
| Percentage on renegotiated portfolio | 65.8%                              | 63.3%             |

---

Economic and Financial Analysis Report – March 2016

---

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

**Notes to the Consolidated Financial Statements****j) Income from loans and leasing**

|   | Accrued on March 31 - R\$ thousand |                   |
|---|------------------------------------|-------------------|
|   | <b>2016</b>                        | <b>2015</b>       |
| Discounted trade receivables and loans    | 11,779,971                         | 10,697,866        |
| Financing                                 | 3,804,280                          | 3,724,667         |
| Agricultural and agribusiness loans       | 460,547                            | 355,447           |
| <b>Subtotal</b>                           | <b>16,044,798</b>                  | <b>14,777,980</b> |
| Recovery of credits charged-off as losses | 1,044,635                          | 850,356           |
| <b>Subtotal</b>                           | <b>17,089,433</b>                  | <b>15,628,336</b> |
| Leasing, net of expenses                  | 82,449                             | 141,750           |
| <b>Total</b>                              | <b>17,171,882</b>                  | <b>15,770,086</b> |

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

|  | On March 31 - R\$ thousand |                   |
|--|----------------------------|-------------------|
|  | <b>2016</b>                | <b>2015</b>       |
| <b>Assets – other receivables</b>          |                            |                   |
| Exchange purchases pending settlement      | 13,585,102                 | 10,775,255        |
| Exchange sale receivables                  | 13,098,550                 | 2,595,211         |
| (-) Advances in domestic currency received | (265,065)                  | (323,028)         |
| Income receivable on advances granted      | 114,490                    | 84,583            |
| <b>Total</b>                               | <b>26,533,077</b>          | <b>13,132,021</b> |
| <b>Liabilities – other liabilities</b>     |                            |                   |
| Exchange sales pending settlement          | 12,690,769                 | 2,717,521         |
| Exchange purchase payables                 | 13,743,337                 | 8,999,754         |
| (-) Advances on foreign exchange contracts | (9,086,665)                | (7,035,908)       |
| Other                                      | 10,561                     | 5,102             |
| <b>Total</b>                               | <b>17,358,002</b>          | <b>4,686,469</b>  |
| <b>Net foreign exchange portfolio</b>      | <b>9,175,075</b>           | <b>8,445,552</b>  |



**Off-balance-sheet accounts:**

|                              |         |         |
|------------------------------|---------|---------|
| - Loans available for import | 119,277 | 424,303 |
| - Confirmed exports loans    | 60,180  | 77,359  |

Bradesco \_\_\_\_\_

---

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

**Notes to the Consolidated Financial Statements****Foreign exchange results****Adjusted foreign exchange results for presentation purposes**

|   | Accrued on March 31 - R\$ thousand |                  |
|---|------------------------------------|------------------|
|   | <b>2016</b>                        | <b>2015</b>      |
| <b>Foreign exchange income</b>                                | <b>(1,920,030)</b>                 | <b>1,165,618</b> |
| <b>Adjustments:</b>   |                                    |                  |
| - Income on foreign currency financing (1)                    | 38,579                             | 129,222          |
| - Income on export financing (1)                              | 490,303                            | 407,639          |
| - Income on foreign investments (2)                           | 1,074                              | 27,161           |
| - Expenses of liabilities with foreign bankers (3) (Note 16c) | 32,679                             | (942,382)        |
| - Funding expenses (4)  | (400,005)                          | (191,560)        |
| - Other (5)   | 2,127,371                          | (329,633)        |
| <b>Total adjustments</b>                                      | <b>2,290,001</b>                   | <b>(899,553)</b> |
| <b>Adjusted foreign exchange income</b>                       | <b>369,971</b>                     | <b>266,065</b>   |

(1) Recognized in "Income from loans";

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

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

(4) Refers to funding expenses of investments in foreign exchange; and

(5) Basically includes the exchange rate variations of resources invested in foreign currency.

**b) Sundry**

|                                  | On March 31 - R\$ thousand |                   |
|----------------------------------|----------------------------|-------------------|
|                                  | <b>2016</b>                | <b>2015</b>       |
| Deferred tax assets (Note 33c)   | 48,013,193                 | 37,121,358        |
| Credit card operations           | 20,432,346                 | 19,262,801        |
| Debtors for escrow deposits      | 12,758,859                 | 11,546,450        |
| Prepaid taxes                    | 5,737,972                  | 5,924,322         |
| Trade and credit receivables (1) | 5,107,531                  | 3,273,027         |
| Other debtors                    | 2,292,546                  | 3,745,606         |
| Payments to be reimbursed        | 743,513                    | 742,647           |
| Receivables from sale of assets  | 95,835                     | 87,720            |
| Other                            | 256,979                    | 214,131           |
| <b>Total</b>                     | <b>95,438,774</b>          | <b>81,918,062</b> |

(1) Primarily includes receivables from the acquisition of loans without substantial transfer of risks and benefits.

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

**Notes to the Consolidated Financial Statements****11) OTHER ASSETS****a) Foreclosed assets/other**

|                                     | <b>Cost</b>      | <b>Provision<br/>for losses</b> | <b>On March 31 - R\$ thousand<br/>Cost net of provision</b> |                  |
|-------------------------------------|------------------|---------------------------------|---|------------------|
|                                     |                  |                                 | <b>2016</b>   | <b>2015</b>      |
| Real estate                         | 1,239,383        | (203,723)                       | 1,035,660   | 782,450          |
| Vehicles and similar                | 680,014          | (358,777)                       | 321,237   | 259,064          |
| Goods subject to special conditions | 328,542          | (328,542)                       | -   | -                |
| Inventories/warehouse               | 54,451           | -                               | 54,451  | 65,214           |
| Machinery and equipment             | 25,379           | (16,309)                        | 9,070   | 8,519            |
| Other                               | 26,573           | (19,125)                        | 7,448   | 5,874            |
| <b>Total in 2016</b>                | <b>2,354,342</b> | <b>(926,476)</b>                | <b>1,427,866</b>  |                  |
| <b>Total in 2015</b>                | <b>1,790,481</b> | <b>(669,360)</b>                |   | <b>1,121,121</b> |

**b) Prepaid expenses**

|  | <b>On March 31 - R\$ thousand</b> |                  |
|--|-----------------------------------|------------------|
|  | <b>2016</b>                       | <b>2015</b>      |
| Deferred insurance acquisition costs (1)               | 2,030,926                         | 1,961,970        |
| Commission on the placement of loans and financing (2) | 701,321                           | 1,251,319        |
| Advertising and marketing expenses (3)                 | 200,835                           | 193,603          |
| Other (4)  | 1,123,919                         | 418,226          |
| <b>Total</b>   | <b>4,057,001</b>                  | <b>3,825,118</b> |

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

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

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

(4) It includes, principally, (i) anticipation of commissions concerning the operational agreement to offer credit cards and other products and (ii) card issue costs.

**12) INVESTMENTS****a) Composition of investments in the consolidated financial statements**

|  | On Mar           |
|--|------------------|
| <b>Affiliates and Jointly Controlled Subsidiaries</b>  |                  |
|  | <b>2016</b>      |
| - Cielo S.A.   | 3,399,201        |
| - Elo Participações S.A.   | 829,330          |
| - IRB-Brasil Resseguros S.A.   | 589,784          |
| - Fleury S.A.  | 515,309          |
| - Fidelity Processadora e Serviços S.A. (1)  | -                |
| - Aquarius Participações S.A. (1)  | 264,103          |
| - Haitong Banco de Investimento do Brasil S.A.   | 131,307          |
| - Integritas Participações S.A. (2)  | -                |
| - Others   | 305,648          |
| <b>Total investment in Unconsolidated and Jointly Controlled Subsidiaries – in Brazil and Overseas</b> | <b>6,034,682</b> |
| - Tax incentives   | 234,717          |
| - Other investments  | 156,075          |
| Provision for:   |                  |
| - Tax incentives   | (207,933)        |
| - Other investments  | (43,151)         |
| <b>Grand total investments</b>   | <b>6,174,390</b> |

(1) In January 2016, Aquarius Participações S.A. was endowed with the contribution of the investment of Fidelity Processadora e Serviços S.A.; and

(2) Company incorporated by Bradseg Participações S.A. in October 2015.

Bradesco -

---

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

**Notes to the Consolidated Financial Statements**

b) The income/expense from the equity method accounting of investments was recorded in the income statement, under "Equity in the Earnings (Losses) of Unconsolidated and Jointly Controlled Subsidiaries", and correspond in 2016 to R\$405,665 thousand (R\$300,459 thousand in 2015).

| Companies  | Capital Stock | Shareholders' equity adjusted | Number of shares/ quotas held |        | Equity interest consolidated on capital stock | Adjusted income | R\$ thousand Equity accounting adjustments (1) |                |
|--|---------------|-------------------------------|-------------------------------|--------|---|-----------------|--|----------------|
|  |               |                               | (in thousands)                |        |   |                 | 2016   | 2015           |
|  |               |                               | ON                            | PN     |   |                 |  |                |
| - Elo Participações S.A. (2)   | 800,227       | 1,658,328                     | 372                           | -      | 50.01%  | 116,487         | 58,255   | 56,393         |
| - IRB-Brasil Resseguros S.A. (3)   | 1,453,080     | 2,875,592                     | 63,727                        | -      | 20.51%  | 181,994         | 37,327   | (8,913)        |
| - Aquarius Participações S.A. (4)  | 647,671       | 538,986                       | 317,351                       | -      | 49.00%  | 19,014          | 9,317  | -              |
| - Haitong Banco de Investimento do Brasil S.A.   | 420,000       | 656,535                       | 12,734                        | 12,734 | 20.00%  | 9,345           | 1,869  | (6,574)        |
| - Fidelity Processadora e Serviços S.A. (4)  | -             | -                             | -                             | -      | -   | -               | -  | 13,635         |
| - Integritas Participações S.A. (3)  | -             | -                             | -                             | -      | -   | -               | -  | (196)          |
| - Others (6)   | -             | -                             | -                             | -      | -   | -               | 298,897  | 246,114        |
| <b>Equity in the earnings (losses) of unconsolidated and jointly controlled subsidiaries</b> |               |                               |                               |        |   |                 | <b>405,665</b>                                 | <b>300,459</b> |

(1) The adjustment considers income calculated periodically by the companies and includes equity variations recorded by the investees not recognized in profit or loss, as well as alignment of accounting practice adjustments, where applicable;

(2) Investment in jointly controlled subsidiaries;

(3) Based on financial information from the previous month;

(4) In January 2016, Aquarius Participações S.A. was endowed with the contribution of the investment of Fidelity Processadora e Serviços S.A.;

(5) Company incorporated by Bradseg Participações S.A. in October 2015; and

(6) Includes, primarily, the adjustments resulting from the assessment by the equity equivalence method in public companies (Cielo S.A. and Fleury S.A.).

### 13) PREMISES AND EQUIPMENT

|  | Annual rate | Cost              | Depreciation       | On March 31 - R\$ thousand    |                  |
|--|-------------|-------------------|--------------------|-------------------------------|------------------|
|  |             |                   |                    | Cost net of depreciation 2016 | 2015             |
| Property and equipment:                          |             |                   |                    |                               |                  |
| - Buildings                                      | 4%          | 1,448,347         | (519,310)          | 929,037                       | 667,369          |
| - Land   | -           | 448,080           | -                  | 448,080                       | 370,995          |
| Facilities, furniture and premises and equipment | 10%         | 4,456,201         | (2,228,143)        | 2,228,058                     | 1,868,912        |
| Security and communication systems               | 10%         | 270,396           | (178,309)          | 92,087                        | 69,295           |
| Data processing systems                          | 20 to 50%   | 5,572,961         | (3,900,040)        | 1,672,921                     | 1,333,274        |
| Transportation systems                           | 20%         | 102,548           | (36,112)           | 66,436                        | 48,491           |
| Fixed Assets in course                           | -           | 85,918            | -                  | 85,918                        | 343,266          |
| <b>Total in 2016</b>                             |             | <b>12,384,451</b> | <b>(6,861,914)</b> | <b>5,522,537</b>              |                  |
| <b>Total in 2015</b>                             |             | <b>11,837,353</b> | <b>(7,135,751)</b> |                               | <b>4,701,602</b> |

The fixed assets to net worth ratio is 34.0% when considering only the companies and payment institutions within the economic group (the "Prudential Conglomerate"), where the maximum limit is 50.0%.

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

**Notes to the Consolidated Financial Statements****14) INTANGIBLE ASSETS****a) Goodwill**

The goodwill recorded from investment acquisitions totaled R\$2,636,095 thousand, net of accumulated amortization, as applicable, of which: (i) R\$1,574,161 thousand recorded in 'Permanent Assets – Investments' represents the acquisition of shares of affiliates and of jointly controlled subsidiaries (Cielo/Fleury), which will be amortized as realized; and (ii) R\$1,061,934 thousand represented by the acquisition of shares of subsidiaries/shared control, represented by the future profitability/client portfolio, which is amortized in up to twenty years, net of accrued amortizations, if applicable, recorded in the Fixed Assets – Intangible Assets.

In the first quarter of 2016, goodwill was amortized totaling R\$32,530 thousand (R\$32,528 thousand in 2015) (Note 28).

**b) Intangible assets**

Acquired intangible assets consist of:

|  | Rate of<br>Amortization<br>(1) | Cost              | Amortization       | On March 31 - R\$ thousand          |                  |
|--|--------------------------------|-------------------|--------------------|-------------------------------------|------------------|
|  |                                |                   |                    | Cost net of<br>amortization<br>2016 | 2015             |
| Acquisition of financial services rights   | Contract (4)                   | 4,496,467         | (2,409,019)        | 2,087,448                           | 1,852,204        |
| Software (2)                               | 20%                            | 9,280,033         | (5,606,777)        | 3,673,256                           | 3,701,723        |
| Future profitability/ client portfolio (3) | Up to 20%                      | 1,851,610         | (789,676)          | 1,061,934                           | 1,185,196        |
| Other                                      | Contract                       | 634,242           | (571,251)          | 62,991                              | 378,729          |
| <b>Total in 2016</b>                       |                                | <b>16,262,352</b> | <b>(9,376,723)</b> | <b>6,885,629</b>                    |                  |
| <b>Total in 2015</b>                       |                                | <b>15,373,420</b> | <b>(8,255,568)</b> |                                     | <b>7,117,852</b> |



- (1) Intangible assets are amortized over an estimated period of economic benefit and recognized in “other administrative expenses” and “other operating expenses”, where applicable;
- (2) Software acquired and/or developed by specialized companies;
- (3) Mainly composed of goodwill on the acquisition of equity interest in Banco Bradescard - R\$688,871 thousand, Odontoprev - R\$159,033 thousand, Bradescard Mexico - R\$19,193 thousand, Europ Assistance Serviços de Assistência Personalizados - R\$8,981 thousand and Banco Bradesco BBI S.A. - R\$141,276 thousand; and
- (4) Based on the pay-back of each agreement.

Bradesco \_\_\_\_\_

---

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

**Notes to the Consolidated Financial Statements****c) Changes in intangible assets by type**

|                             | Acquisition<br>of financial<br>services<br>rights | Software         | Future<br>profitability/<br>customer<br>portfolio | Accrued on March 31 - R\$ thousand |                  |                  |
|-----------------------------|---|------------------|---|------------------------------------|------------------|------------------|
|                             |   |                  |   | Others                             | 2016             | 2015             |
| <b>Initial balance</b>      | <b>2,260,033</b>                                  | <b>3,639,824</b> | <b>1,095,877</b>                                  | <b>76,788</b>                      | <b>7,072,522</b> | <b>7,272,161</b> |
| Additions (reductions)      | 55,932  | 289,504          | (1,413)   | 33,241                             | 377,264          | 221,699          |
| Amortization for the period | (228,517)   | (256,072)        | (32,530)  | (47,038)                           | (564,157)        | (376,008)        |
| <b>Closing balance</b>      | <b>2,087,448</b>                                  | <b>3,673,256</b> | <b>1,061,934</b>                                  | <b>62,991</b>                      | <b>6,885,629</b> | <b>7,117,852</b> |

**15) DEPOSITS, SECURITIES SOLD UNDER AGREEMENTS TO REPURCHASE AND FUNDS FROM ISSUANCE OF SECURITIES****a) Deposits**

|                            | On March 31 - R\$ thousand |                   |                    |                       |   | 2016               | 2015               |
|----------------------------|----------------------------|-------------------|--------------------|-----------------------|---|--------------------|--------------------|
|                            | 1 to 30<br>days            | 31 to 180<br>days | 181 to 360<br>days | More than<br>360 days |   |                    |                    |
| Demand deposits (1)        | 22,590,729                 | -                 | -                  | -                     | - | <b>22,590,729</b>  | <b>30,092,587</b>  |
| Savings deposits (1)       | 88,261,256                 | -                 | -                  | -                     | - | <b>88,261,256</b>  | <b>91,741,025</b>  |
| Interbank deposits         | 378,777                    | 164,969           | 60                 | 42,707                |   | <b>586,513</b>     | <b>454,921</b>     |
| Time deposits (2)          | 11,841,520                 | 14,446,159        | 9,145,732          | 42,338,983            |   | <b>77,772,394</b>  | <b>89,417,834</b>  |
| <b>Grand total in 2016</b> | <b>123,072,282</b>         | <b>14,611,128</b> | <b>9,145,792</b>   | <b>42,381,690</b>     |   | <b>189,210,892</b> |                    |
| %                          | <b>65.1</b>                | <b>7.7</b>        | <b>4.8</b>         | <b>22.4</b>           |   | <b>100.0</b>       |                    |
| <b>Grand total in 2015</b> | <b>142,838,839</b>         | <b>19,550,054</b> | <b>6,017,086</b>   | <b>43,300,388</b>     |   |                    | <b>211,706,367</b> |
| %                          | <b>67.5</b>                | <b>9.2</b>        | <b>2.8</b>         | <b>20.5</b>           |   |                    | <b>100.0</b>       |

(1) Classified as "1 to 30 days", not considering average historical turnover; and

(2) Considers the actual maturities of investments.



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

**Notes to the Consolidated Financial Statements****b) Securities sold under agreements to repurchase**

|                                   | On March 31 - R\$ thousand |                   |                    |                       |                     |                    |
|-----------------------------------|----------------------------|-------------------|--------------------|-----------------------|---------------------|--------------------|
|                                   | 1 to 30<br>days            | 31 to 180<br>days | 181 to 360<br>days | More than<br>360 days | 2016                | 2015               |
| <b>Own portfolio</b>              | <b>22,755,522</b>          | <b>39,368,385</b> | <b>7,781,572</b>   | <b>38,233,741</b>     | <b>108,139,220</b>  | <b>107,028,782</b> |
| Government securities             | 18,172,864                 | 234,603           | 23,260             | 4,655                 | 18,435,382          | 32,622,853         |
| Debentures of own issuance        | 2,402,764                  | 39,133,782        | 7,758,312          | 36,900,481            | 86,195,339          | 66,674,866         |
| Foreign                           | 2,179,894                  | -                 | -                  | 1,328,605             | 3,508,499           | 7,731,063          |
| <b>Third-party portfolio (1)</b>  | <b>114,955,640</b>         | <b>-</b>          | <b>-</b>           | <b>-</b>              | <b>-114,955,640</b> | <b>130,579,281</b> |
| <b>Unrestricted portfolio (1)</b> | <b>494,683</b>             | <b>475,281</b>    | <b>-</b>           | <b>-</b>              | <b>969,964</b>      | <b>568,450</b>     |
| <b>Grand total in 2016</b>        | <b>138,205,845</b>         | <b>39,843,666</b> | <b>7,781,572</b>   | <b>38,233,741</b>     | <b>224,064,824</b>  |                    |
| %                                 | 61.6                       | 17.8              | 3.5                | 17.1                  | 100.0               |                    |
| <b>Grand total in 2015</b>        | <b>173,038,483</b>         | <b>31,878,554</b> | <b>16,735,512</b>  | <b>16,523,964</b>     |                     | <b>238,176,513</b> |
| %                                 | 72.7                       | 13.4              | 7.0                | 6.9                   |                     | 100.0              |

(1) Represented by government securities.

**c) Funds from issuance of securities**

|  | On March 31 - R\$ thousand |                   |                    |                       |                    |                   |
|--|----------------------------|-------------------|--------------------|-----------------------|--------------------|-------------------|
|  | 1 to 30<br>days            | 31 to 180<br>days | 181 to 360<br>days | More than<br>360 days | 2016               | 2015              |
| <b>Securities – Brazil:</b>  |                            |                   |                    |                       |                    |                   |
| - Mortgage bonds   | -                          | -                 | -                  | -                     | -                  | 334,571           |
| - Letters of credit for real estate                                    | 1,305,506                  | 6,723,007         | 5,561,646          | 7,589,365             | 21,179,524         | 14,299,643        |
| - Letters of credit for agribusiness                                   | 532,579                    | 4,723,320         | 2,462,457          | 1,680,761             | 9,399,117          | 10,136,738        |
| - Financial bills  | 4,099,708                  | 6,928,424         | 19,721,094         | 41,862,379            | 72,611,605         | 55,146,238        |
| <b>Subtotal</b>  | <b>5,937,793</b>           | <b>18,374,751</b> | <b>27,745,197</b>  | <b>51,132,505</b>     | <b>103,190,246</b> | <b>79,917,190</b> |
| <b>Securities – Overseas:</b>  |                            |                   |                    |                       |                    |                   |
| - MTN Program Issues (1)   | 130,163                    | 1,535,590         | 2,919,909          | 237,641               | 4,823,303          | 5,323,721         |
| - Securitization of future flow of money orders received from overseas | 9,300                      | 531,427           | 531,426            | 3,062,824             | 4,134,977          | 2,767,351         |
| - Issuance costs   | -                          | -                 | -                  | (37,118)              | (37,118)           | (15,341)          |

|   |                  |                   |                   |                   |                    |                   |
|---|------------------|-------------------|-------------------|-------------------|--------------------|-------------------|
| <b>Subtotal</b>                           | <b>139,463</b>   | <b>2,067,017</b>  | <b>3,451,335</b>  | <b>3,263,347</b>  | <b>8,921,162</b>   | <b>8,075,731</b>  |
| <b>Structured operations certificates</b> | <b>29,817</b>    | <b>167,375</b>    | <b>226,712</b>    | <b>81,816</b>     | <b>505,720</b>     | <b>254,369</b>    |
| <b>Grand total in 2016</b>                | <b>6,107,073</b> | <b>20,609,143</b> | <b>31,423,244</b> | <b>54,477,668</b> | <b>112,617,128</b> |                   |
| <b>%</b>                                  | <b>5.4</b>       | <b>18.3</b>       | <b>27.9</b>       | <b>48.4</b>       | <b>100.0</b>       |                   |
| <b>Grand total in 2015</b>                | <b>4,852,387</b> | <b>24,260,020</b> | <b>21,167,673</b> | <b>37,967,210</b> |                    | <b>88,247,290</b> |
| <b>%</b>                                  | <b>5.5</b>       | <b>27.5</b>       | <b>24.0</b>       | <b>43.0</b>       |                    | <b>100.0</b>      |

(1) Issuance of securities on the international market to invest in foreign exchange transactions, pre-export financing, import financing and working capital financing, predominately in the medium and long term.

Bradesco -

---

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

**Notes to the Consolidated Financial Statements****d) Cost for market funding and inflation and interest adjustments of technical provisions for insurance, pension plans and capitalization bonds**

|  | Accrued on March 31 - R\$ thousand |                   |
|--|------------------------------------|-------------------|
|  | <b>2016</b>                        | <b>2015</b>       |
| Savings deposits   | 1,606,048                          | 1,479,138         |
| Time deposits  | 1,570,269                          | 2,309,400         |
| Securities sold under agreements to repurchase   | 6,212,048                          | 5,721,249         |
| Funds from issuance of securities  | 4,783,537                          | 2,785,227         |
| Other funding expenses   | 110,452                            | 116,906           |
| <b>Subtotal</b>  | <b>14,282,354</b>                  | <b>12,411,920</b> |
| <b>Cost for inflation and interest adjustment of technical provisions of insurance, pension plans and capitalization bonds</b> | <b>5,413,999</b>                   | <b>3,584,192</b>  |
| <b>Total</b>   | <b>19,696,353</b>                  | <b>15,996,112</b> |

**16) BORROWING AND ON-LENDING****a) Borrowing**

|                                       | On March 31 - R\$ thousand |                   |                   |                  |                   |                   |
|---------------------------------------|----------------------------|-------------------|-------------------|------------------|-------------------|-------------------|
|                                       | <b>1 to 30</b>             | <b>31 to 180</b>  | <b>181 to 360</b> | <b>More than</b> | <b>2016</b>       | <b>2015</b>       |
|                                       | <b>days</b>                | <b>days</b>       | <b>days</b>       | <b>360 days</b>  |                   |                   |
| <b>In Brazil – Other Institutions</b> | <b>9,266</b>               | <b>-</b>          | <b>-</b>          | <b>9,181</b>     | <b>18,447</b>     | <b>22,497</b>     |
| <b>Overseas</b>                       | <b>2,879,181</b>           | <b>10,297,377</b> | <b>6,351,570</b>  | <b>4,074,150</b> | <b>23,602,278</b> | <b>19,741,037</b> |
| <b>Grand total in 2016</b>            | <b>2,888,447</b>           | <b>10,297,377</b> | <b>6,351,570</b>  | <b>4,083,331</b> | <b>23,620,725</b> |                   |
| <b>%</b>                              | <b>12.2</b>                | <b>43.6</b>       | <b>26.9</b>       | <b>17.3</b>      | <b>100.0</b>      |                   |
| <b>Grand total in 2015</b>            | <b>1,553,943</b>           | <b>9,876,050</b>  | <b>5,300,466</b>  | <b>3,033,075</b> |                   | <b>19,763,534</b> |
| <b>%</b>                              | <b>7.9</b>                 | <b>50.0</b>       | <b>26.8</b>       | <b>15.3</b>      |                   | <b>100.0</b>      |

**b) On-lending**

|  | On March 31 - R\$ thousand |                  |                   |                  |             |             |
|--|----------------------------|------------------|-------------------|------------------|-------------|-------------|
|  | <b>1 to 30</b>             | <b>31 to 180</b> | <b>181 to 360</b> | <b>More than</b> | <b>2016</b> | <b>2015</b> |
|  | <b>days</b>                | <b>days</b>      | <b>days</b>       | <b>360 days</b>  |             |             |

|                            |                  |                  |                  |                   |                   |                   |
|----------------------------|------------------|------------------|------------------|-------------------|-------------------|-------------------|
| <b>In Brazil</b>           | <b>1,177,674</b> | <b>4,845,359</b> | <b>4,878,384</b> | <b>24,789,068</b> | <b>35,690,485</b> | <b>40,933,541</b> |
| - National Treasury        | -                | -                | 80,766           | -                 | 80,766            | 52,086            |
| - BNDES                    | 434,483          | 1,298,091        | 1,162,078        | 8,463,873         | 11,358,525        | 12,008,291        |
| - FINAME                   | 741,946          | 3,542,614        | 3,634,248        | 16,325,195        | 24,244,003        | 28,854,678        |
| - Other institutions       | 1,245            | 4,654            | 1,292            | -                 | 7,191             | 18,486            |
| <b>Overseas</b>            | <b>34,988</b>    | <b>1,210</b>     | <b>2,167,322</b> | <b>1,334,395</b>  | <b>3,537,915</b>  | <b>1,671,809</b>  |
| <b>Grand total in 2016</b> | <b>1,212,662</b> | <b>4,846,569</b> | <b>7,045,706</b> | <b>26,123,463</b> | <b>39,228,400</b> |                   |
| <b>%</b>                   | <b>3.1</b>       | <b>12.4</b>      | <b>18.0</b>      | <b>66.5</b>       | <b>100.0</b>      |                   |
| <b>Grand total in 2015</b> | <b>1,186,047</b> | <b>6,023,213</b> | <b>8,072,836</b> | <b>27,323,254</b> |                   | <b>42,605,350</b> |
| <b>%</b>                   | <b>2.8</b>       | <b>14.1</b>      | <b>18.9</b>      | <b>64.2</b>       |                   | <b>100.0</b>      |

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

**Notes to the Consolidated Financial Statements****c) Borrowing and on-lending expenses**

|   | Accrued on March 31 – R\$ thousand |                  |
|---|------------------------------------|------------------|
|   | 2016                               | 2015             |
| <b>Borrowing:</b>   |                                    |                  |
| - In Brazil   | 2,144                              | 6,546            |
| - Overseas  | 89,476                             | 52,239           |
| <b>Subtotal borrowing</b>                                 | <b>91,620</b>                      | <b>58,785</b>    |
| <b>On-lending in Brazil:</b>                              |                                    |                  |
| - National Treasury                                       | 1,830                              | 1,802            |
| - BNDES   | 226,308                            | 187,993          |
| - FINAME  | 138,744                            | 237,404          |
| - Other institutions                                      | 226                                | 400              |
| <b>On-lending overseas:</b>                               |                                    |                  |
| - Payables to foreign bankers (Note 10a)                  | (32,679)                           | 942,382          |
| - Other expenses with foreign on-lending                  | (6,326,459)                        | 10,654,034       |
| - Exchange variation from assets and liabilities overseas | 3,024,943                          | (5,799,035)      |
| <b>Subtotal on-lending</b>                                | <b>(2,967,087)</b>                 | <b>6,224,980</b> |
| <b>Total</b>  | <b>(2,875,467)</b>                 | <b>6,283,765</b> |

**17) PROVISIONS, CONTINGENT ASSETS AND LIABILITIES AND LEGAL LIABILITIES – TAX AND SOCIAL SECURITY****a) Contingent assets**

Contingent assets are not recognized in the financial statements. However, there are ongoing proceedings where the chance of success is considered probable, such as: a) Social Integration Program (PIS), claiming to offset PIS against Gross Operating Income, paid under Decree-Laws No. 2,445/88 and No. 2,449/88, regarding the payment that exceeded the amount due under Supplementary Law No. 07/70 (PIS Repique); and b) other taxes, the legality and/or constitutionality of which is being challenged, where the decision may lead to reimbursement of amounts paid.

**b) Provisions classified as probable losses and legal obligations – tax and social security**

The Organization is a party to a number of labor, civil and tax lawsuits, arising from the normal course of business.



Management recorded provisions where, based on their opinion and that of their legal counsel, the nature of the lawsuit, similarity to previous lawsuits, complexity and the courts standing, the loss is deemed probable.

Management considers that the provision is sufficient to cover the future losses generated by the respective lawsuits.

Provisions related to legal obligations are maintained until the conclusion of the lawsuit, represented by judicial decisions with no further appeals or due to the statute of limitation.

**I - Labor claims**

These are claims brought by former employees and outsourced employees seeking indemnifications, most significantly for unpaid "overtime", pursuant to Article 224 of the Consolidation of Labor Laws (CLT). In proceedings in which a judicial deposit is used to guarantee the execution of the judgment, the labor provision is made considering the estimated loss of these deposits. For proceedings with similar characteristics and for which there has been no official court rule, the provision is recorded based on the average calculated value of payments made for labor complaints settled in the past 12 months; and for proceedings originating from acquired banks, with unique characteristics, the calculation and assessment of the required balance is conducted periodically, based on the updated recent loss history.

Bradesco \_\_\_\_\_

---

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

**Notes to the Consolidated Financial Statements**

Overtime is monitored by using electronic time cards and paid regularly during the employment contract and, accordingly, the claims filed by former employees do not represent significant amounts.

**II - Civil claims**

These are claims for pain and suffering and property damages, mainly relating to protests, returned checks, the inclusion of information about debtors in the credit restriction registry and the replacement of inflation adjustments excluded as a result of government economic plans. These lawsuits are individually controlled using a computer-based system and provisioned whenever the loss is deemed as probable, considering the opinion of Management and their legal counsel, the nature of the lawsuits, similarity with previous lawsuits, complexity and positioning of the courts.

Most of these lawsuits are brought to the Special Civil Court (JEC), in which the claims are limited to 40 times the minimum wage and do not have a significant impact on Organization Bradesco's financial position.

There are a significant number of legal claims pleading alleged differences in adjustment for inflation on savings account balances due to the implementation of economic plans that were part of the federal government's economic policy to reduce inflation in the '80s and '90s.

Although Bradesco complied with the law and regulation in force at the time, these lawsuits have been recorded in provisions, taking into consideration the claims where the Bank is the defendant and the perspective of loss, which is considered after the analysis of each demand, based on the current decision of the Superior Court of Justice (STJ).

Note that, regarding disputes relating to economic plans, the Federal Supreme Court (STF) suspended the prosecution of all lawsuits at the cognizance stage, until the Court issues a final decision on the right under litigation.

**III - Legal obligations – provision for tax risks**

The Organization is disputing the legality and constitutionality of certain taxes and contributions in court, for which provisions have been recorded in full, although there is a good chance of a favorable outcome, based on the opinion of Management and their legal counsel. The processing of these legal obligations and the provisions for cases for which the risk of loss is deemed as probable is regularly monitored in the legal

court. During or after the conclusion of each case, a favorable outcome may arise for the Organization, resulting in the reversal of the related provisions.

The main cases are:

- PIS and COFINS – R\$2,179,158 thousand (R\$1,963,859 thousand in 2015): a request for authorization to calculate and pay PIS and COFINS based on effective billing, as set forth in Article 2 of Supplementary Law No. 70/91, removing from the calculation base the unconstitutional inclusion of other revenues other than those billed;
- INSS of the Self-employed – R\$1,852,851 thousand (R\$1,591,091 thousand in 2015): discussing the charging of social security contribution on remunerations paid to third-party service providers, established by Supplementary Law No. 84/96 and subsequent regulations/amendments, at 20.0% with an additional 2.5%, on the grounds that services are not provided to insurance companies but to policyholders, thus being outside the scope of such a contribution as provided for in item I, Article 22 of Law No. 8,212/91, as new wording in Law No. 9,876/99;

Economic and Financial Analysis Report – March 2016

---

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

**Notes to the Consolidated Financial Statements**

- IRPJ/CSLL on losses of credits – R\$1,895,099 thousand (R\$2,069,323 thousand in 2015): we are requesting to deduct from income tax and social contributions payable (IRPJ and CSLL, respectively) amounts of actual and definite loan losses related to unconditional discounts granted during collections, regardless of compliance with the terms and conditions provided for in Articles 9 to 14 of Law No. 9,430/96 that only apply to temporary losses;
- PIS – EC 17/97 - R\$235,699 thousand (R\$227,259 thousand in 2015): for the period from July 1997 to February 1998, request to calculate and pay PIS contributions as established by LC 07/70 (PIS Repique) and not as established by EC 17/97 (PIS on Gross Operating Income);
- PIS – R\$329,297 thousand (R\$315,880 thousand in 2015): we are requesting the authorization to offset overpaid amounts in 1994 and 1995 as PIS contribution, corresponding to the surplus paid over that calculated on the tax base established in the Constitution, i.e., gross operating income, as defined in the income tax legislation set out in Article 44 of Law No. 4,506/64, which excludes interest income; and
- Pension Contributions – R\$1,102,264 thousand (R\$920,790 thousand in 2015): official notifications related to the pension contributions on financial contributions in private pension plans, considered by the fiscalization as compensatory sums subject to the incidence of such financial contributions and isolated fine for not withholding tax of the IRRF on the related financial contributions.

In general, the provisions relating to lawsuits are considered as long-term, due to the unpredictable time of duration of the proceedings in the Brazilian justice system, the reason by which the estimate has not been disclosed with relation to the specific year in which these lawsuits will be closed.

**IV - Provisions by nature**

|                             | On March 31 - R\$ thousand |                   |
|-----------------------------|----------------------------|-------------------|
|                             | <b>2016</b>                | <b>2015</b>       |
| Labor claims                | 3,069,356                  | 2,655,454         |
| Civil claims                | 4,192,052                  | 4,044,829         |
| <b>Subtotal (1)</b>         | <b>7,261,408</b>           | <b>6,700,283</b>  |
| Provision for tax risks (2) | 8,267,684                  | 7,835,221         |
| <b>Total</b>                | <b>15,529,092</b>          | <b>14,535,504</b> |

(1) Note 19b; and

(2) Classified under "Other liabilities - tax and social security" (Note 19a).

**V - Changes in provisions**

|   |                  |                       | R\$ thousand     |
|---|------------------|-----------------------|------------------|
|   | <b>Labor</b>     | <b>2016<br/>Civil</b> | <b>Tax (1)</b>   |
| <b>Balance on December 31, 2015</b>         | <b>3,048,442</b> | <b>4,202,950</b>      | <b>8,112,925</b> |
| Adjustment for inflation                    | 102,210          | 94,208                | 170,112          |
| Provisions, net of reversals and write-offs | 141,393          | 272,984               | 21,823           |
| Payments                                    | (222,689)        | (378,090)             | (37,176)         |
| <b>Balance on March 31, 2016</b>            | <b>3,069,356</b> | <b>4,192,052</b>      | <b>8,267,684</b> |

(1) Mainly include legal liabilities.

**c) Contingent liabilities classified as possible losses**

The Organization maintains a system to monitor all administrative and judicial proceedings in which the institution is plaintiff or defendant and, based on the opinion of legal counsel, classifies the lawsuits according to the expectation of loss. Case law trends are periodically analyzed and, if necessary, the related risk is reclassified. In this respect, contingent lawsuits deemed to have a possible risk of loss are not recorded as a liability in the financial statements. The main proceedings in this category are the following: a) leasing companies' Tax on Services of any Nature (ISSQN), total lawsuits correspond to R\$1,942,279 thousand (R\$1,884,046 thousand in 2015) which relates to the municipal tax demands from municipalities other than those in which the company is located and where, under law, tax is collected; b) 2006 to 2010 income tax and social contribution, relating to goodwill amortization being disallowed on the acquisition of investments, for the amount of R\$5,307,025 thousand (R\$4,281,045 thousand in 2015); c) IRPJ and CSLL deficiency notice relating to the disallowance of loan loss deductions, for the amount of R\$1,225,277 thousand (R\$979,460 thousand in 2015); d) IRPJ and CSLL deficiency note relating to disallowance of exclusions of revenues from the mark-to-market of securities from 2007 to 2010, and differences in depreciation and operating expenses and income, amounting to R\$928,066 thousand (R\$1,247,006 thousand in 2015); and e) IRPJ and CSLL deficiency note, amounting to R\$430,502 thousand (R\$384,621 thousand in 2015) relating to profit of subsidiaries based overseas, for the calendar years of 2008 and 2009.

Bradesco —

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

**Notes to the Consolidated Financial Statements****18) SUBORDINATED DEBT**

|                          |               |               | On March 31 - R\$ thousand |           |
|--------------------------|---------------|---------------|----------------------------|-----------|
|                          | Original term | Amount of     | 2016                       | 2015      |
|                          | in years      | the operation |                            |           |
| <b>In Brazil:</b>        |               |               |                            |           |
| <b>Subordinated CDB:</b> |               |               |                            |           |
| 2015 (1)                 | 6             | -             | -                          | 2,785,967 |
| 2016 (4)                 | 6             | -             | -                          | 1,005     |
| 2019                     | 10            | 20,000        | 51,239                     | 43,305    |
| <b>Financial bills:</b>  |               |               |                            |           |
| 2016                     | 6             | 102,018       | 202,822                    | 173,673   |
| 2017                     | 6             | 8,630,999     | 10,463,760                 | 9,892,785 |
| 2018                     | 6             | 8,262,799     | 9,608,992                  | 9,170,267 |
| 2019                     | 6             | 21,858        | 30,924                     | 27,146    |
| 2017                     | 7             | 40,100        | 87,419                     | 75,483    |
| 2018                     | 7             | 141,050       | 268,258                    | 225,801   |
| 2019                     | 7             | 3,172,835     | 3,487,504                  | 3,397,832 |
| 2020                     | 7             | 1,700         | 2,442                      | 2,134     |
| 2022 (2)                 | 7             | 4,305,011     | 4,559,612                  | -         |
| 2023 (5) (6)             | 7             | 364,152       | 377,213                    | -         |
| 2018                     | 8             | 50,000        | 102,172                    | 85,420    |
| 2019                     | 8             | 12,735        | 23,034                     | 20,080    |
| 2020                     | 8             | 28,556        | 45,232                     | 39,220    |
| 2021                     | 8             | 1,236         | 1,776                      | 1,555     |
| 2023 (2)                 | 8             | 1,706,846     | 1,799,480                  | -         |
| 2024 (5) (6)             | 8             | 5,641         | 5,801                      | -         |
| 2021                     | 9             | 7,000         | 10,584                     | 9,176     |
| 2024 (2)                 | 9             | 4,924         | 5,184                      | -         |
| 2025 (2)                 | 9             | 18,956        | 19,465                     | -         |
| 2021                     | 10            | 19,200        | 34,250                     | 29,324    |
| 2022                     | 10            | 54,143        | 84,349                     | 73,457    |
| 2023                     | 10            | 688,064       | 950,631                    | 840,524   |
| 2025 (2)                 | 10            | 284,137       | 306,981                    | -         |
| 2026 (5) (6)             | 10            | 112,252       | 114,288                    | -         |
| 2026 (2)                 | 11            | 3,400         | 3,594                      | -         |

|                             |   |           |                   |                   |
|-----------------------------|---|-----------|-------------------|-------------------|
| Perpetual (2)               | - | 5,000,000 | 5,221,380         | -                 |
| <b>CDB pegged to loans:</b> |   |           |                   |                   |
| 2016                        | 1 | 396       | 599               | 2,633             |
| <b>Subtotal in Brazil</b>   |   |           | <b>37,868,985</b> | <b>26,896,787</b> |

Economic and Financial Analysis Report – March 2016

---

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

**Notes to the Consolidated Financial Statements**

|                           |               |               | On March 31 - R\$ thousand |                   |
|---------------------------|---------------|---------------|----------------------------|-------------------|
|                           | Original term | Amount of     | 2016                       | 2015              |
|                           | in years      | the operation |                            |                   |
| <b>Overseas:</b>          |               |               |                            |                   |
| 2019                      | 10            | 1,333,575     | 2,670,176                  | 2,406,451         |
| 2021                      | 11            | 2,766,650     | 5,745,627                  | 5,178,667         |
| 2022                      | 11            | 1,886,720     | 3,922,431                  | 3,533,990         |
| Issuance costs on funding |               |               | (23,667)                   | (26,269)          |
| <b>Subtotal overseas</b>  |               |               | <b>12,314,567</b>          | <b>11,092,839</b> |
| <b>Grand total (3)</b>    |               |               | <b>50,183,552</b>          | <b>37,989,626</b> |

(1) Subordinated debt transactions that matured in 2015;

(2) New issues of financial letters in October, November and December 2015, referring to subordinate debts were recorded under the heading "Debt Capital Instruments";

(3) It includes the amount of R\$12,413,000 thousand, referring to subordinate debts recorded in "Eligible Debt Capital Instruments";

(4) Maturity of operations of subordinate debts in January 2016;

(5) New issues of financial letters in January and February 2016, referring to subordinate debts were recorded under the heading "Debt Capital Instruments"; and

(6) New issues of financial letters in March 2016, referring to subordinate debts were recorded under the heading "Debt Capital Instruments".

**19) OTHER LIABILITIES****a) Tax and social security**

| On March 31 - R\$ thousand |      |
|----------------------------|------|
| 2016                       | 2015 |



Edgar Filing: BANK BRADESCO - Form 6-K

|  |                   |                   |
|--|-------------------|-------------------|
| Provision for tax risk (Note 17b IV)         | 8,267,684         | 7,835,221         |
| Provision for deferred income tax (Note 33f) | 3,533,713         | 3,278,955         |
| Taxes and contributions on profit payable    | 4,184,378         | 1,112,431         |
| Taxes and contributions payable              | 1,531,358         | 1,016,928         |
| <b>Total</b>                                 | <b>17,517,133</b> | <b>13,243,535</b> |

**b) Sundry**

|  | On March 31 - R\$ thousand |                   |
|--|----------------------------|-------------------|
|  | <b>2016</b>                | <b>2015</b>       |
| Credit card operations                           | 18,483,031                 | 16,722,075        |
| Loan assignment obligations                      | 7,621,089                  | 5,263,871         |
| Civil and labor provisions (Note 17b IV)         | 7,261,408                  | 6,700,283         |
| Provision for payments                           | 5,140,721                  | 5,088,519         |
| Sundry creditors                                 | 4,797,679                  | 4,757,796         |
| Liabilities for acquisition of assets and rights | 765,756                    | 1,166,220         |
| Obligations by quotas of investment funds        | 787,811                    | 7,392             |
| Other (1)  | 3,017,187                  | 2,675,664         |
| <b>Total</b>                                     | <b>47,874,682</b>          | <b>42,381,820</b> |

(1) Includes provision for guarantees provided, comprising sureties, letters of credit and standby letter of credit, which is registered in this account but also presented within the excess provision, totaling R\$762,870 thousand (R\$607,195 thousand in 2015) (Note 9g).

Bradesco -

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

**Notes to the Consolidated Financial Statements****20) INSURANCE, PENSION PLANS AND CAPITALIZATION BONDS****a) Technical provisions by account**

|   | On March 31 - R\$ thousand |           |                            |             |                      |           |              |             |
|---|----------------------------|-----------|----------------------------|-------------|----------------------|-----------|--------------|-------------|
|   | Insurance (1)              |           | Life and pension plans (2) |             | Capitalization bonds |           | Total        |             |
|   | 2016                       | 2015      | 2016                       | 2015        | 2016                 | 2015      | 2016         | 2015        |
| <b>Current and long-term liabilities</b>            |                            |           |                            |             |                      |           |              |             |
| Mathematical reserve for unvested benefits          | 866,645                    | 833,607   | 148,303,708                | 123,982,286 | -                    | -         | -149,170,353 | 124,815,893 |
| Mathematical reserve for vested benefits            | 192,709                    | 171,741   | 8,002,247                  | 7,166,605   | -                    | -         | 8,194,956    | 7,338,346   |
| Mathematical reserve for capitalization bonds       | -                          | -         | -                          | -           | -5,965,026           | 6,136,379 | 5,965,026    | 6,136,379   |
| Reserve for claims incurred but not reported (IBNR) | 2,609,201                  | 1,850,688 | 1,079,499                  | 1,056,088   | -                    | -         | 3,688,700    | 2,906,776   |
| Unearned premium reserve                            | 4,108,886                  | 4,057,340 | 358,203                    | 290,985     | -                    | -         | 4,467,089    | 4,348,325   |
| Complementary reserve for coverage                  | -                          | -         | 961,710                    | 1,632,451   | -                    | -         | 961,710      | 1,632,451   |
| Reserve for unsettled claims                        | 4,425,016                  | 4,303,460 | 1,475,646                  | 1,174,711   | -                    | -         | 5,900,662    | 5,478,171   |
|   | -                          | -         | 531,032                    | 454,891     | -                    | -         | 531,032      | 454,891     |

|   |                   |                   |                    |                    |                  |                  |                    |                    |  |
|---|-------------------|-------------------|--------------------|--------------------|------------------|------------------|--------------------|--------------------|--|
| Reserve for<br>financial<br>surplus     |                   |                   |                    |                    |                  |                  |                    |                    |  |
| Reserve for<br>draws and<br>redemptions | -                 | -                 | -                  | -                  | 765,204          | 687,482          | <b>765,204</b>     | <b>687,482</b>     |  |
| Other reserves                          | 1,371,280         | 1,834,144         | 1,866,691          | 1,564,342          | 90,225           | 97,557           | <b>3,328,196</b>   | <b>3,496,043</b>   |  |
| <b>Total reserves</b>                   | <b>13,573,737</b> | <b>13,050,980</b> | <b>162,578,736</b> | <b>137,322,359</b> | <b>6,820,455</b> | <b>6,921,418</b> | <b>182,972,928</b> | <b>157,294,757</b> |  |

Economic and Financial Analysis Report – March 2016

---

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

**Notes to the Consolidated Financial Statements****b) Guarantees for technical provisions**

|   | Insurance         |                   | Life and pension plans |                    | Capitaliz<br>bond |
|---|-------------------|-------------------|------------------------|--------------------|-------------------|
|   | 2016              | 2015              | 2016                   | 2015               | 2016              |
| <b>Total technical provisions</b>                   | <b>13,573,737</b> | <b>13,050,980</b> | <b>162,578,736</b>     | <b>137,322,359</b> | <b>6,820,455</b>  |
| (-) Commercialization surcharge – extended warranty | (259,715)         | (286,928)         | -                      | -                  | -                 |
| (-) Portion corresponding to contracted reinsurance | (985,211)         | (870,003)         | (28,599)               | (12,944)           | -                 |
| (-) Deposits retained at IRB and court deposits     | (2,318)           | (2,318)           | -                      | -                  | -                 |
| (-) Receivables                                     | (880,766)         | (915,249)         | -                      | -                  | -                 |
| (-) Unearned premium reserve – Health Insurance (3) | (1,112,112)       | (981,963)         | -                      | -                  | -                 |
| (-) Reserves from DPVAT agreements                  | (383,289)         | (287,601)         | -                      | -                  | -                 |
| <b>To be insured</b>                                | <b>9,950,326</b>  | <b>9,706,918</b>  | <b>162,550,137</b>     | <b>137,309,415</b> | <b>6,820,455</b>  |
| Investment fund quotas (VGBL and PGBL)              | -                 | -                 | -133,015,815           | 110,601,228        | -                 |
| Investment fund quotas (excluding VGBL and PGBL)    | 6,476,488         | 6,308,777         | 19,805,820             | 18,342,297         | 1,356,959         |
| Government securities                               | 5,473,658         | 5,273,440         | 14,650,874             | 12,122,597         | 5,848,249         |
| Private securities                                  | 110,562           | 104,672           | 163,527                | 170,740            | 43,804            |
| Shares  | 2,267             | 2,196             | 1,265,740              | 1,323,053          | -                 |
| <b>Total technical provision guarantees</b>         | <b>12,062,975</b> | <b>11,689,085</b> | <b>168,901,776</b>     | <b>142,559,915</b> | <b>7,249,012</b>  |

(1) “Other reserves” - Insurance primarily refers to technical provisions of the “personal health” portfolio;

(2) “Other reserves” - Life and Pension Plan mainly includes the “Reserve for redemption and other amounts to be settled”, “Reserve for related expenses”; and

(3) Deduction set forth in Article 4 of ANS Normative Resolution No. 314/12.

Bradesco \_\_\_\_\_

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

**Notes to the Consolidated Financial Statements****c) Insurance, pension plan contribution and capitalization bond retained premiums**

|  | Accrued on March 31 - R\$<br>thousand |                   |
|--|---------------------------------------|-------------------|
|  | <b>2016</b>                           | <b>2015</b>       |
| Written premiums   | 8,136,853                             | 7,293,480         |
| Pension plan contributions (including VGBL)                              | 5,785,569                             | 5,080,665         |
| Capitalization bond income   | 1,343,005                             | 1,337,693         |
| Granted coinsurance premiums   | (20,500)                              | (24,021)          |
| Refunded premiums  | (59,339)                              | (53,369)          |
| <b>Net written premiums</b>  | <b>15,185,588</b>                     | <b>13,634,448</b> |
| Reinsurance premiums   | (73,497)                              | (59,806)          |
| <b>Insurance, pension plan and capitalization bond retained premiums</b> | <b>15,112,091</b>                     | <b>13,574,642</b> |

**21) NON-CONTROLLING INTERESTS IN SUBSIDIARIES**

|                         | On March 31 - R\$ thousand |                |
|-------------------------|----------------------------|----------------|
|                         | <b>2016</b>                | <b>2015</b>    |
| Banco Bradesco BBI S.A. | 14,216                     | 13,094         |
| Other (1)               | 407,499                    | 401,943        |
| <b>Total</b>            | <b>421,715</b>             | <b>415,037</b> |

(1) Mainly related to the non-controlling interest in the subsidiary Odontoprev.

**22) SHAREHOLDERS' EQUITY (PARENT COMPANY)****a) Capital stock in number of shares**

Fully subscribed and paid-in capital stock comprises non-par, registered, book-entry shares.

|                                 | <b>2016 (1)</b>      | On March 31<br><b>2015</b> |
|---------------------------------|----------------------|----------------------------|
| Common shares                   | 2,776,801,011        | 2,524,364,555              |
| Preferred shares                | 2,776,800,721        | 2,524,364,292              |
| <b>Subtotal</b>                 | <b>5,553,601,732</b> | <b>5,048,728,847</b>       |
| Treasury (common shares)        | (4,575,045)          | (3,478,332)                |
| Treasury (preferred shares)     | (17,141,588)         | (10,781,844)               |
| <b>Total outstanding shares</b> | <b>5,531,885,099</b> | <b>5,034,468,671</b>       |

(1) Considers bonus of shares of 10%.

In the Extraordinary General Meeting of March 10, 2015, a deliberation was made to increase the Capital Stock by R\$5,000,000 thousand, increasing it from R\$38,100,000 thousand to R\$43,100,000 thousand. This was effected through the capitalization of part of the balance of the account "Profit Reserves - Statutory Reserve", in compliance with the provisions in Article 169 of Law No. 6,404/76, with a stock-split of 20% in shares, by issuing 841,454,808 new nominative-book entry shares, with no nominal value, of which 420,727,426 were common shares and 420,727,382 were preferred shares. These were attributed free-of-charge to the shareholders registered on March 26, 2015 as bonus, in the ratio of two (2) new shares for every ten (10) shares of the same type that they own.

In the Extraordinary General Meeting of December 17, 2015, a decision was made to increase the share capital in the amount of R\$3,000,000 thousand, raising it from R\$43,100,000 thousand to R\$46,100,000 thousand. On February 3, 2016, the Board of Directors decided to cancel the Capital Increase by subscription of shares, deliberated in the Extraordinary General Meeting of December 17, 2015, in the amount of R\$3,000,000 thousand. The decision was due to the volatility of international and national stock markets, with impacts on the price of quotation of the shares on the Stock Exchange. This cancellation was ratified by the shareholders in the Extraordinary General Meeting on March 10, 2016.

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

**Notes to the Consolidated Financial Statements**

In the Extraordinary General Meeting of March 10, 2016, the approval was proposed by the Board of Directors to increase the capital stock by R\$8,000,000 thousand, increasing it from R\$43,100,000 thousand to R\$51,100,000 thousand, with a bonus in shares, through the capitalization of part of the balance of the account "Profit Reserves - Statutory Reserve", in compliance with the provisions in Article 169 of Law No. 6,404/76, by issuing 504,872,885 new nominative-book entry shares, with no nominal value, whereby 252,436,456 are common and 252,436,429 are preferred shares, attributed free-of-charge to the shareholders as bonus, to the ratio of 1 new share for every 10 shares of the same type that they own on the base date.

**b) Interest on shareholders' equity/dividends**

Bradesco's capital remuneration policy aims to distribute interest on shareholders' equity at the maximum amount calculated under current legislation, and this is included, net of Withholding Income Tax, in the calculation for mandatory dividends for the year under the Company's Bylaws.

Interest on shareholders' equity for the period ended March 31, 2016, is calculated as follows:

|   | R\$<br>thousand  | % (1)        |
|---|------------------|--------------|
| Net profit for the period   | 4,121,411        |              |
| (-) Legal reserve   | 206,070          |              |
| <b>Adjusted calculation basis</b>   | <b>3,915,341</b> |              |
| Monthly and supplementary interest on shareholders' equity (gross), paid and/or provisioned | 1,450,979        |              |
| Withholding income tax on interest on shareholders' equity                                  | (217,647)        |              |
| <b>Interest on own capital (net) accumulated in 2016</b>                                    | <b>1,233,332</b> | <b>31.50</b> |
| <b>Interest on own capital (net) accumulated in 2015</b>                                    | <b>1,270,013</b> | <b>31.50</b> |
| (1) Percentage of interest on shareholders' equity/dividends after adjustments.             |                  |              |

Interest on shareholders' equity and dividends were paid or recorded in provisions, as follows:

| Description  | Per share (gross) |                  | Gross amount paid/recorded in provision | Withholding Income Tax (IRRF) (15%) | R\$ thousand                          |
|--|-------------------|------------------|---|-------------------------------------|---------------------------------------|
|  | Common shares     | Preferred shares |   |                                     | Net amount paid/recorded in provision |
| Monthly interest on shareholders' equity paid              | 0.056454          | 0.062099         | 248,666                                 | 37,300                              | 211,366                               |
| Supplementary interest paid on own capital                 | 0.235624          | 0.259186         | 1,245,467                               | 186,820                             | 1,058,647                             |
| <b>Total accrued on March 31, 2015</b>                     | <b>0.292078</b>   | <b>0.321285</b>  | <b>1,494,133</b>                        | <b>224,120</b>                      | <b>1,270,013</b>                      |
| Monthly interest on shareholders' equity paid              | 0.051749          | 0.056924         | 273,240                                 | 40,986                              | 232,254                               |
| Supplementary interest on shareholders' equity provisioned | 0.223062          | 0.245369         | 1,177,739                               | 176,661                             | 1,001,078                             |
| <b>Total accrued on March 31, 2016</b>                     | <b>0.274811</b>   | <b>0.302293</b>  | <b>1,450,979</b>                        | <b>217,647</b>                      | <b>1,233,332</b>                      |

### c) Treasury shares

A total of 4,575,045 common shares and 17,141,588 preferred shares, with the stock dividend effect of 10%, had been acquired, totaling R\$440,514 thousand until March 31, 2016, and remain in treasury. The minimum, average and maximum cost per common share is R\$19.34962, R\$24.55863 and R\$27.14350, and per preferred share is R\$19.37456, R\$26.98306 and R\$33.12855, respectively. The fair value was R\$30.08 per common share and R\$27.07 per preferred share on March 31, 2016.

Bradesco -

---



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

**Notes to the Consolidated Financial Statements****23) FEE AND COMMISSION INCOME**

|   | Accrued on March 31 - R\$ thousand |                  |
|---|------------------------------------|------------------|
|   | <b>2016</b>                        | <b>2015</b>      |
| Credit card income                        | 1,457,213                          | 1,406,423        |
| Checking account                          | 1,362,939                          | 1,070,765        |
| Loans                                     | 655,517                            | 634,944          |
| Collections                               | 399,448                            | 386,775          |
| Consortium management                     | 277,756                            | 243,630          |
| Asset management                          | 234,038                            | 227,035          |
| Underwriting/ Financial Advisory Services | 162,328                            | 149,166          |
| Custody and brokerage services            | 135,958                            | 125,823          |
| Payments                                  | 96,770                             | 101,458          |
| Other                                     | 130,850                            | 135,759          |
| <b>Total</b>                              | <b>4,912,817</b>                   | <b>4,481,778</b> |

**24) PAYROLL AND RELATED BENEFITS**

|                            | Accrued on March 31 - R\$ thousand |                  |
|----------------------------|------------------------------------|------------------|
|                            | <b>2016</b>                        | <b>2015</b>      |
| Salaries                   | 1,668,606                          | 1,514,319        |
| Benefits                   | 788,425                            | 723,154          |
| Social security charges    | 595,631                            | 573,123          |
| Employee profit sharing    | 356,734                            | 328,278          |
| Provision for labor claims | 157,205                            | 136,327          |
| Training                   | 16,534                             | 20,809           |
| <b>Total</b>               | <b>3,583,135</b>                   | <b>3,296,010</b> |

**25) OTHER ADMINISTRATIVE EXPENSES**

Accrued on March 31 - R\$ thousand

|                               | <b>2016</b>      | <b>2015</b>      |
|-------------------------------|------------------|------------------|
| Outsourced services           | 1,048,819        | 948,468          |
| Depreciation and amortization | 536,592          | 503,549          |
| Communication                 | 372,182          | 345,859          |
| Data processing               | 337,840          | 279,325          |
| Financial system services     | 235,479          | 205,045          |
| Rental                        | 223,577          | 215,892          |
| Asset maintenance             | 206,717          | 216,736          |
| Advertising and marketing     | 191,097          | 113,065          |
| Security and surveillance     | 165,024          | 148,699          |
| Transport                     | 163,758          | 154,912          |
| Water, electricity and gas    | 101,379          | 76,231           |
| Supplies                      | 70,551           | 74,757           |
| Travel                        | 25,621           | 26,836           |
| Other                         | 225,246          | 194,170          |
| <b>Total</b>                  | <b>3,903,882</b> | <b>3,503,544</b> |

Economic and Financial Analysis Report – March 2016

---

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

**Notes to the Consolidated Financial Statements****26) TAX EXPENSES**

|   | Accrued on March 31 - R\$ thousand |                |
|---|------------------------------------|----------------|
|   | <b>2016</b>                        | <b>2015</b>    |
| Contribution for Social Security Financing (COFINS) | 1,214,791                          | 600,151        |
| Social Integration Program (PIS) contribution       | 199,494                            | 100,090        |
| Tax on Services (ISSQN)                             | 145,331                            | 128,121        |
| Municipal Real Estate Tax (IPTU) expenses           | 47,167                             | 35,963         |
| Other   | 98,446                             | 55,466         |
| <b>Total</b>  | <b>1,705,229</b>                   | <b>919,791</b> |

**27) OTHER OPERATING INCOME**

|  | Accrued on March 31 - R\$ thousand |                  |
|--|------------------------------------|------------------|
|  | <b>2016</b>                        | <b>2015</b>      |
| Other interest income                          | 619,063                            | 539,471          |
| Reversal of other operating provisions         | 245,999                            | 195,496          |
| Revenues from recovery of charges and expenses | 44,103                             | 43,483           |
| Gains on sale of goods                         | 1,783                              | 896              |
| Other  | 536,076                            | 614,910          |
| <b>Total</b>                                   | <b>1,447,024</b>                   | <b>1,394,256</b> |

**28) OTHER OPERATING EXPENSES**

|                                    | Accrued on March 31 - R\$ thousand |             |
|------------------------------------|------------------------------------|-------------|
|                                    | <b>2016</b>                        | <b>2015</b> |
| Other finance costs                | 1,236,218                          | 1,096,026   |
| Sundry losses                      | 422,716                            | 406,431     |
| Discount granted                   | 341,232                            | 306,901     |
| Commissions on loans and financing | 287,331                            | 380,277     |
| Intangible assets amortization     | 228,517                            | 215,253     |

|                                  |                  |                  |
|----------------------------------|------------------|------------------|
| Goodwill amortization (Note 14a) | 32,530           | 32,528           |
| Other (1)                        | 1,247,853        | 1,725,457        |
| <b>Total</b>                     | <b>3,796,397</b> | <b>4,162,873</b> |

(1) In the first quarter of 2016, it basically includes: (i) constitution of provision for guarantees provided, encompassing guarantees, sureties, letters of credit and standby letter of credit, which was highlighted from the provision surplus, to the sum of R\$68,687 thousand (R\$185,599 thousand in 2015) (Note 9h); and (ii) in the first quarter of 2015, includes provision for tax contingency, to the amount of R\$475,703 thousand (Note 17b (v)).

## 29) NON-OPERATING INCOME (LOSS)

|   | Accrued on March 31 - R\$ thousand |                 |
|---|------------------------------------|-----------------|
|   | 2016                               | 2015            |
| Gain/loss on sale and write-off of assets and investments (1) | 98,908                             | (70,644)        |
| Recording/reversal of non-operating provisions                | (59,714)                           | 19,165          |
| Other   | 56,498                             | 17,536          |
| <b>Total</b>  | <b>95,692</b>                      | <b>(33,943)</b> |

(1) In the first quarter of 2016, it includes, basically, the result in partial divestiture of the shares of the investment in Banco CBSS S.A., in the amount of R\$162,665 thousand.

Bradesco      \_

---

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

**Notes to the Consolidated Financial Statements****30) RELATED-PARTY TRANSACTIONS (DIRECT AND INDIRECT)**

a) Related party transactions (direct and indirect) are carried out under conditions and at rates consistent with those entered into with third parties, when applicable, and effective on the dates of the operations. The transactions are as follows:

|  | On March 31 - R\$ thousand |         |  |         |                              |         |           |           |
|--|----------------------------|---------|--|---------|------------------------------|---------|-----------|-----------|
|  | Controllers (1)            |         | Joint control and affiliated companies (2) |         | Key management personnel (3) |         | Total     |           |
|  | 2016                       | 2015    | 2016                                       | 2015    | 2016                         | 2015    | 2016      | 2015      |
| <b>Assets</b>                                  |                            |         |  |         |                              |         |           |           |
| Interbank investments                          | -                          | -       | 386,106                                    | 202,600 | -                            | -       | 386,106   | 202,600   |
| Values receivable from affiliated companies    | -                          | -       | 2,429                                      | 3,262   | -                            | -       | 2,429     | 3,262     |
| Other assets                                   | -                          | -       | 7,040                                      | 7,195   | -                            | -       | 7,040     | 7,195     |
| <b>Liabilities</b>                             |                            |         |  |         |                              |         |           |           |
| Demand deposits/Savings accounts               | 45                         | 20      | 5,396                                      | 2,875   | 14,651                       | 19,638  | 20,092    | 22,533    |
| Time deposits                                  | 106,015                    | 59,779  | 42,393                                     | 10,288  | 86,522                       | 85,169  | 234,930   | 155,236   |
| Securities sold under agreements to repurchase | 1,574,878                  | 811,502 | 1,477,833                                  | 241,375 | 23,701                       | 54,169  | 3,076,412 | 1,107,046 |
| Funds from issuance of securities              | 5,412,063                  | -       | -  | -       | 665,203                      | 650,036 | 6,077,266 | 650,036   |
| Interest on own capital and dividends payable  | 455,889                    | 410,764 | -  | -       | -                            | -       | 455,889   | 410,764   |
| Other liabilities                              | -                          | -       | 11,064                                     | 7,107   | -                            | -       | 11,064    | 7,107     |

|                                       | Accrued on March 31 - R\$ thousand |          |  |         |                              |          |           |          |
|---------------------------------------|------------------------------------|----------|--|---------|------------------------------|----------|-----------|----------|
|                                       | Controllers (1)                    |          | Joint control and affiliated companies (2) |         | Key management personnel (3) |          | Total     |          |
|                                       | 2016                               | 2015     | 2016                                       | 2015    | 2016                         | 2015     | 2016      | 2015     |
| Revenue from financial intermediation | -                                  | -        | 12,742                                     | 5,789   | -                            | -        | 12,742    | 5,789    |
| Financial intermediation expenses     | (250,853)                          | (11,583) | (24,175)                                   | (8,713) | (22,912)                     | (21,890) | (297,940) | (44,093) |

Edgar Filing: BANK BRADESCO - Form 6-K

|  |       |       |          |          |   |   |          |          |
|--|-------|-------|----------|----------|---|---|----------|----------|
| Income from services provided                  | -     | -     | 81,514   | 77,332   | - | - | 81,514   | 77,332   |
| Other expenses net of other operating revenues | (598) | (540) | (62,417) | (60,760) | - | - | (63,015) | (60,760) |

(1) Cidade de Deus Cia. Cial. de Participações, Fundação Bradesco, NCF Participações S.A., Titanium Holdings S.A., BBD Participações S.A. and Nova Cidade de Deus Participações S.A.;

(2) Companies listed in Note 2; and

(3) Members of the Board of Directors and Executive Board.

Economic and Financial Analysis Report – March 2016

---

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

**Notes to the Consolidated Financial Statements**

**b) Compensation for Key Management Personnel**

Each year, the Annual Shareholders' Meeting approves:

- The annual grand total amount of Management compensation, set forth at the Board of Directors Meetings, to be paid to board members and members of the Board of Executive Officers, as determined by the Company's Bylaws; and
- The amount allocated to finance Management pension plans, within the Employee and Management pension plan of the Organization.

For 2016, the maximum amount of R\$439,700 thousand was set for Management compensation and R\$247,700 thousand to finance defined contribution pension plans.

The current policy on Management compensation sets forth that 50% of net variable compensation, if any, must be allocated to the acquisition of preferred shares of Banco Bradesco S.A., which vest in three equal, annual and successive installments, the first of which is in the year following the payment date. This procedure complies with CMN Resolution No. 3,921/10, which sets forth a management compensation policy for financial institutions.

**Short-term Management benefits**

|                    | Accrued on March 31 - R\$ thousand |               |
|--------------------|------------------------------------|---------------|
|                    | <b>2016</b>                        | <b>2015</b>   |
| Salaries           | 109,615                            | 78,566        |
| INSS contributions | 24,605                             | 17,640        |
| <b>Total</b>       | <b>134,220</b>                     | <b>96,206</b> |

**Post-employment benefits**

|  | Accrued on March 31 - R\$ thousand |               |
|--|------------------------------------|---------------|
|  | <b>2016</b>                        | <b>2015</b>   |
| Defined contribution supplementary pension plans | 54,306                             | 81,785        |
| <b>Total</b>                                     | <b>54,306</b>                      | <b>81,785</b> |

Bradesco does not offer its Key Management Personnel long-term benefits related to severance pay or share-based compensation, pursuant to CPC 10 – Share-Based Payment, approved by CMN Resolution No. 3,989/11.

**Shareholding**

Together, members of the Board of Directors and Board of Executive Officers had the following shareholding in Bradesco:

|                  | <b>2016</b> | On March 31<br><b>2015</b> |
|------------------|-------------|----------------------------|
| Common shares    | 0.60%       | 0.72%                      |
| Preferred shares | 1.08%       | 1.05%                      |
| Total shares (1) | 0.84%       | 0.89%                      |

(1) On March 31, 2016, direct and indirect shareholding of the members of Bradesco's Board of Directors and Board of Executive Officers amounted to 2.92% of common shares, 1.12% of preferred shares and 2.02% of all shares.

Bradesco —



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

**Notes to the Consolidated Financial Statements****31) FINANCIAL INSTRUMENTS**

Below is the statement of financial position by currency

|   | On March 31 -        |                    |                   |
|---|----------------------|--------------------|-------------------|
|   | <b>2016</b>          |                    | <b>Foreign</b>    |
|   | <b>Balance</b>       | <b>Local</b>       | <b>(1) (2)</b>    |
| <b>Assets</b>   |                      |                    |                   |
| <b>Current and long-term assets</b>                                       | <b>1,005,391,682</b> | <b>916,465,552</b> | <b>88,926,130</b> |
| Funds available   | 18,527,203           | 7,983,201          | 10,544,002        |
| Interbank investments   | 165,723,555          | 162,380,159        | 3,343,396         |
| Securities and derivative financial instruments                           | 343,577,120          | 326,671,493        | 16,905,627        |
| Interbank and interdepartmental accounts                                  | 51,473,750           | 51,473,750         | -                 |
| Loan and leasing  | 291,368,139          | 248,925,289        | 42,442,850        |
| Other receivables and assets  | 134,721,915          | 119,031,660        | 15,690,255        |
| <b>Permanent assets</b>   | <b>18,582,556</b>    | <b>18,518,977</b>  | <b>63,579</b>     |
| Investments   | 6,174,390            | 6,159,350          | 15,040            |
| Premises and equipment and leased assets                                  | 5,522,537            | 5,498,204          | 24,333            |
| Intangible assets   | 6,885,629            | 6,861,423          | 24,206            |
| <b>Total</b>  | <b>1,023,974,238</b> | <b>934,984,529</b> | <b>88,989,709</b> |
| <b>Liabilities</b>  |                      |                    |                   |
| <b>Current and long-term liabilities</b>                                  | <b>929,734,610</b>   | <b>835,465,456</b> | <b>94,269,154</b> |
| Deposits  | 189,210,892          | 164,522,042        | 24,688,850        |
| Securities sold under agreements to repurchase                            | 224,064,824          | 220,556,325        | 3,508,499         |
| Funds from issuance of securities   | 112,617,128          | 103,695,966        | 8,921,162         |
| Interbank and interdepartmental accounts                                  | 5,181,144            | 2,159,055          | 3,022,089         |
| Borrowing and on-lending  | 62,849,125           | 35,261,811         | 27,587,314        |
| Derivative financial instruments  | 10,395,360           | 9,499,724          | 895,636           |
| Technical provision for insurance, pension plans and capitalization bonds | 182,972,928          | 182,972,131        | 797               |
| Other liabilities:  |                      |                    |                   |
| - Subordinated debts  | 50,183,552           | 37,868,985         | 12,314,567        |
| - Other   | 92,259,657           | 78,929,417         | 13,330,240        |
| <b>Deferred income</b>  | <b>487,785</b>       | <b>487,785</b>     | <b>-</b>          |
| <b>Non-controlling interests in subsidiaries</b>                          | <b>421,715</b>       | <b>421,715</b>     | <b>-</b>          |
| <b>Shareholders' equity</b>   | <b>93,330,128</b>    | <b>93,330,128</b>  | <b>-</b>          |
| <b>Total</b>  | <b>1,023,974,238</b> | <b>929,705,084</b> | <b>94,269,154</b> |

**Net position of assets and liabilities**

Net position of derivatives (2)

Other net off-balance-sheet accounts (3)

**Net exchange position (liability)**

(1) Amounts originally recorded and/or indexed mainly in USD;

(2) Excluding operations maturing in D+1, to be settled at the rate on the last day of the month; and

(3) Other commitments recorded in off-balance-sheet accounts.

**(5,279,445)**

(45,753,512)

103,956

**(50,929,001)**

Economic and Financial Analysis Report – March 2016

---

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

**Notes to the Consolidated Financial Statements****VaR Internal Model – Trading Portfolio**

The Trading Portfolio is composed of all the operations made with financial instruments, including derivatives, detained for negotiation or destined to hedge other instruments of the portfolio itself, and that are not subject to the limitation of their negotiability. The operations detained for negotiation are those destined for resale, to obtain benefits based on the variation of effective or expected prices, or for arbitrage.

Below is the 1-day VaR:

| Risk factors                       | On March 31 - R\$ thousand |               |
|------------------------------------|----------------------------|---------------|
|                                    | 2016                       | 2015          |
| Fixed rates                        | 13,145                     | 17,302        |
| IGPM/IPCA                          | 1,114                      | 1,828         |
| Exchange coupon                    | 924                        | 2,124         |
| Foreign currency                   | 1,874                      | 3,799         |
| Sovereign/Eurobonds and Treasuries | 3,947                      | 3,892         |
| Other                              | 7                          | 1,591         |
| Correlation/diversification effect | (4,808)                    | (12,323)      |
| <b>VaR (Value at Risk)</b>         | <b>16,203</b>              | <b>18,213</b> |
| Amounts net of tax.                |                            |               |

**Sensitivity analysis**

The Trading Portfolio is also monitored through daily sensitivity analyses that measure the effect of market movements and price curves on our positions. Furthermore, a sensitivity analysis of the Organization's financial exposures (Trading and Banking Portfolio) is performed on a quarterly basis, in compliance with CVM Rule No. 475/08.

Sensitivity analyses were carried out based on scenarios prepared at the respective dates, always considering market data at the time and scenarios that would adversely affect our positions, according to the examples below:

**Scenario 1:** Based on market information (BM&FBOVESPA, Anbima, etc.), stresses were applied for 1 basis point on the interest rate and 1.0% variation on prices. For example: for a Real/US dollar exchange rate of R\$3.62 a scenario of R\$3.66 was used, while for a 1-year fixed interest rate of 13.62%, a 13.63% scenario was applied;

**Scenario 2:** 25.0% stresses were determined based on market information. For example: for a Real/US dollar exchange rate of R\$3.62 a scenario of R\$4.53 was used, while for a 1-year fixed interest rate of 13.62%, a 17.03% scenario was applied. The scenarios for other risk factors also accounted for 25.0% stresses in the respective curves or prices; and

**Scenario 3:** 50.0% stresses were determined based on market information. For example: for a Real/US dollar quote of R\$3.62 a scenario of R\$5.43 was used, while for a 1-year fixed interest rate of 13.62%, a 20.44% scenario was applied. The scenarios for other risk factors also account for 50.0% stresses in the respective curves or prices.

The results presented reveal the impacts for each scenario in a static position of the portfolio. The dynamism of the market and portfolios means that these positions change continuously and do not necessarily reflect the position demonstrated here. In addition, the Organization has a continuous market risk management process, which is always searching for ways to mitigate the associated risks, according to the strategy determined by Top Management. Therefore, where there are indicators of deterioration in certain positions, proactive measures are taken to minimize any potential negative impact and maximize the risk/return ratio for the Organization.

---

Bradesco —

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

**Notes to the Consolidated Financial Statements****Sensitivity Analysis – Trading Portfolio**

|  |  | On March 31 - R\$ thousand |                  |                  |                |                  |                  |
|--|--|----------------------------|------------------|------------------|----------------|------------------|------------------|
|  |  | Trading Portfolio (1)      |                  |                  |                |                  |                  |
|  |  | 2016                       |                  |                  | 2015           |                  |                  |
|  |  | Scenarios                  |                  |                  | Scenarios      |                  |                  |
|  |  | 1                          | 2                | 3                | 1              | 2                | 3                |
| Interest rate in Reais                             | Exposure subject to variations in fixed interest rates and interest rate coupons                     | (536)                      | (179,590)        | (349,928)        | (988)          | (322,750)        | (630,289)        |
| Price indexes                                      | Exposure subject to variations in price index coupon rates   | (42)                       | (6,317)          | (11,955)         | (71)           | (10,331)         | (18,812)         |
| Exchange coupon                                    | Exposure subject to variations in foreign currency coupon rates                                      | (18)                       | (1,578)          | (3,116)          | (68)           | (4,234)          | (8,430)          |
| Foreign currency                                   | Exposure subject to exchange rate variations   | (661)                      | (16,529)         | (33,059)         | (1,188)        | (29,702)         | (59,404)         |
| Sovereign/Eurobonds and Treasuries                 | Exposure subject to variations in the interest rate of securities traded on the international market | (122)                      | (4,051)          | (8,085)          | (292)          | (5,437)          | (10,860)         |
| Other  | Exposure not classified in other definitions   | -                          | -                | (1)              | (1,063)        | (26,564)         | (53,128)         |
| <b>Total excluding correlation of risk factors</b> |  | <b>(1,379)</b>             | <b>(208,065)</b> | <b>(406,144)</b> | <b>(3,670)</b> | <b>(399,018)</b> | <b>(780,923)</b> |
| <b>Total including correlation of risk factors</b> |  | <b>(652)</b>               | <b>(172,109)</b> | <b>(335,149)</b> | <b>(2,494)</b> | <b>(353,426)</b> | <b>(690,371)</b> |

(1) Amounts net of tax.

We have demonstrated below the impacts of the financial exposures also considering the Banking Portfolio (composed of operations not classified in the Trading Portfolio, originating from other business of the Organization and their respective hedges).

**Sensitivity Analysis – Trading and Banking Portfolios**

|  |  | On March 31 - R\$ thousand |                    |                    |                       |                    |                    |
|--|--|----------------------------|--------------------|--------------------|-----------------------|--------------------|--------------------|
|  |  | Trading portfolio (1)      |                    |                    | Trading portfolio (1) |                    |                    |
|  |  | 2016                       |                    |                    | 2015                  |                    |                    |
|  |  | Scenarios                  |                    |                    | Scenarios             |                    |                    |
|  |  | 1                          | 2                  | 3                  | 1                     | 2                  | 3                  |
| Interest rate in Reais                             | Exposure subject to variations in fixed interest rates and interest rate coupons                     | (4,505)                    | (1,428,765)        | (2,828,529)        | (6,395)               | (2,073,480)        | (4,042,867)        |
| Price indexes                                      | Exposure subject to variations in price index coupon rates   | (8,901)                    | (1,355,405)        | (2,532,483)        | (10,594)              | (1,441,100)        | (2,741,006)        |
| Exchange coupon                                    | Exposure subject to variations in foreign currency coupon rates                                      | (655)                      | (86,350)           | (160,283)          | (340)                 | (31,632)           | (59,379)           |
| Foreign currency                                   | Exposure subject to exchange rate variations   | (3,153)                    | (78,815)           | (157,629)          | (3,186)               | (85,863)           | (174,632)          |
| Equities   | Exposure subject to variation in stock prices  | (12,399)                   | (309,972)          | (619,945)          | (18,602)              | (465,045)          | (930,090)          |
| Sovereign/Eurobonds and Treasuries                 | Exposure subject to variations in the interest rate of securities traded on the international market | (1,992)                    | (59,991)           | (118,201)          | (971)                 | (37,666)           | (74,188)           |
| Other  | Exposure not classified in other definitions   | (851)                      | (21,265)           | (42,531)           | (1,168)               | (29,205)           | (58,409)           |
| <b>Total excluding correlation of risk factors</b> |  | <b>(32,456)</b>            | <b>(3,340,563)</b> | <b>(6,459,601)</b> | <b>(41,256)</b>       | <b>(4,163,991)</b> | <b>(8,080,571)</b> |
| <b>Total including correlation of risk factors</b> |  | <b>(19,473)</b>            | <b>(2,693,363)</b> | <b>(5,211,388)</b> | <b>(28,279)</b>       | <b>(3,513,513)</b> | <b>(6,807,285)</b> |

(1) Amounts net of tax.

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

**Notes to the Consolidated Financial Statements**

The statement of financial position by maturity is as follows:

|  | 1 to 30            | 31 to 180         | 181 to 360        | More than          | On March 31        |
|--|--------------------|-------------------|-------------------|--------------------|--------------------|
|  | days               | days              | days              | 360                | Maturity           |
|  |                    |                   |                   | days               | not                |
|  |                    |                   |                   |                    | stated             |
| <b>Assets</b>  |                    |                   |                   |                    |                    |
| <b>Current and long-term assets</b>  | <b>533,391,512</b> | <b>84,685,777</b> | <b>55,642,935</b> | <b>331,671,458</b> | -                  |
| Funds available  | 18,527,203         | -                 | -                 | -                  | -                  |
| Interbank investments (1)  | 159,832,513        | 4,963,053         | 543,131           | 384,858            | -                  |
| Securities and derivative financial instruments (1) (2)                        | 220,337,689        | 3,697,154         | 5,201,275         | 114,341,002        | -                  |
| Interbank and interdepartmental accounts                                       | 50,770,081         | -                 | -                 | 703,669            | -                  |
| Loan and leasing   | 28,363,739         | 63,694,718        | 42,949,584        | 156,360,098        | -                  |
| Other receivables and assets   | 55,560,287         | 12,330,852        | 6,948,945         | 59,881,831         | -                  |
| <b>Permanent assets</b>  | <b>240,541</b>     | <b>1,202,946</b>  | <b>1,300,483</b>  | <b>9,216,116</b>   | <b>6,622,470</b>   |
| Investments  | -                  | -                 | -                 | -                  | 6,174,390          |
| Premises and equipment   | 73,047             | 365,241           | 438,289           | 4,197,880          | 448,080            |
| Intangible assets  | 167,494            | 837,705           | 862,194           | 5,018,236          | -                  |
| <b>Total in 2016</b>   | <b>533,632,053</b> | <b>85,888,723</b> | <b>56,943,418</b> | <b>340,887,574</b> | <b>6,622,470</b>   |
| <b>Total in 2015</b>   | <b>520,204,323</b> | <b>86,189,076</b> | <b>75,221,895</b> | <b>272,281,802</b> | <b>7,128,884</b>   |
| <b>Liabilities</b>   |                    |                   |                   |                    |                    |
| <b>Current and long-term liabilities</b>                                       | <b>496,717,490</b> | <b>95,819,544</b> | <b>67,736,613</b> | <b>269,460,963</b> | -                  |
| Deposits (3)   | 123,072,282        | 14,611,128        | 9,145,792         | 42,381,690         | -                  |
| Securities sold under agreements to repurchase (1)                             | 138,205,845        | 39,843,666        | 7,781,572         | 38,233,741         | -                  |
| Funds from issuance of securities  | 6,107,073          | 20,609,143        | 31,423,244        | 54,477,668         | -                  |
| Interbank and interdepartmental accounts                                       | 5,181,144          | -                 | -                 | -                  | -                  |
| Borrowing and on-lending   | 4,101,109          | 15,143,946        | 13,397,276        | 30,206,794         | -                  |
| Derivative financial instruments   | 9,797,665          | 332,914           | 149,079           | 115,702            | -                  |
| Technical provisions for insurance, pension plans and capitalization bonds (3) | 150,794,579        | 4,480,365         | 1,848,398         | 25,849,586         | -                  |
| Other liabilities:   | <b>59,457,793</b>  | <b>798,382</b>    | <b>3,991,252</b>  | <b>78,195,782</b>  | -                  |
| - Subordinated debts   | 65,671             | 37,718            | 2,100,905         | 47,979,258         | -                  |
| - Other  | 59,392,122         | 760,664           | 1,890,347         | 30,216,524         | -                  |
| <b>Deferred income</b>   | <b>487,785</b>     | -                 | -                 | -                  | -                  |
| <b>Non-controlling interests in subsidiaries</b>                               | -                  | -                 | -                 | -                  | <b>421,715</b>     |
| <b>Shareholders' equity</b>  | -                  | -                 | -                 | -                  | <b>-93,330,128</b> |
| <b>Total in 2016</b>   | <b>497,205,275</b> | <b>95,819,544</b> | <b>67,736,613</b> | <b>269,460,963</b> | <b>93,751,843</b>  |

|                               |                    |                   |                   |                    |                   |
|-------------------------------|--------------------|-------------------|-------------------|--------------------|-------------------|
| <b>Total in 2015</b>          | <b>503,607,633</b> | <b>99,977,487</b> | <b>61,402,096</b> | <b>211,686,251</b> | <b>84,352,513</b> |
| <b>Net assets in 2016 YTD</b> | <b>36,426,778</b>  | <b>26,495,957</b> | <b>15,702,762</b> | <b>87,129,373</b>  |                   |
| <b>Net assets in 2015 YTD</b> | <b>13,866,381</b>  | <b>77,969</b>     | <b>13,897,768</b> | <b>77,223,629</b>  |                   |

- (1) Repurchase agreements are classified according to the maturity of the transactions;
- (2) Investments in investment funds are classified as 1 to 30 days; and
- (3) Demand and savings deposits and technical provisions for insurance, pension plans and capitalization bonds comprising "VGBL" and "PGBL" products are classified as 1 to 30 days, without considering average historical turnover.

Bradesco -

---



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

**Notes to the Consolidated Financial Statements****Below is the Basel Ratio:**

| Calculation basis - Basel Ratio                               | On March 31 - R\$ thousand      |                    |
|---|---------------------------------|--------------------|
|   | Prudential Conglomerate<br>2016 | 2015               |
| <b>Tier I capital</b>   | <b>76,704,327</b>               | <b>74,094,585</b>  |
| <b>Common equity</b>  | <b>76,704,327</b>               | <b>74,094,585</b>  |
| Shareholders' equity  | 93,330,127                      | 83,937,476         |
| Prudential adjustments (1)                                    | (16,625,800)                    | (9,842,891)        |
| <b>Tier II capital</b>  | <b>23,748,161</b>               | <b>19,513,015</b>  |
| Subordinated debts (CMN Resolution No. 4,192/13)              | 7,022,720                       | -                  |
| Subordinated debts ( previous to CMN Resolution No. 4,192/13) | 16,725,441                      | 19,513,015         |
| <b>Capital (a)</b>  | <b>100,452,488</b>              | <b>93,607,600</b>  |
| - Credit risk   | 543,259,586                     | 557,015,231        |
| - Market risk   | 13,995,855                      | 18,441,507         |
| - Operational risk  | 38,501,528                      | 39,117,366         |
| <b>Risk-weighted assets – RWA (b)</b>                         | <b>595,756,969</b>              | <b>614,574,104</b> |
| <b>Basel ratio (a/b)</b>                                      | <b>16.9%</b>                    | <b>15.2%</b>       |
| <b>Tier I capital</b>   | <b>12.9%</b>                    | <b>12.1%</b>       |
| - Principal capital   | 12.9%                           | 12.1%              |
| <b>Tier II capital</b>  | <b>4.0%</b>                     | <b>3.1%</b>        |

(1) As per January 2016, the factor applied to prudential adjustments went from 40% to 60%, according to the timeline for application of deductions of prudential adjustments, defined in Article 11 of CMN Resolution No. 4,192/13.

**a) Capital Management**

The internal process of assessing capital adequacy is carried out so as to ensure that the Organization has a Reference Equity base composition to support the development of activities and provide sufficient protection against risks, whether in normal or in extreme market conditions, as well as meeting managerial and regulatory requirements in relation to capital management.



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

**Notes to the Consolidated Financial Statements****b) Fair value**

The book value, net of loss provisions of the principal financial instruments is shown below:

| Portfolio  | Unrealized gain/(loss) without tax effect |             |                     |                   | On March          |
|--|---|-------------|---------------------|-------------------|-------------------|
|  | Book value                                | Fair value  | In income statement |                   | In                |
|  | 2016                                      |             | 2016                | 2015              | 2016              |
| Securities and derivative financial instruments (Notes 3e, 3f and 7) | 343,577,120                               | 343,242,057 | (4,265,990)         | 286,799           | (33,000)          |
| - Adjustment of available-for-sale securities (Note 8bII)            |   |             | (3,930,927)         | (1,353,458)       |                   |
| - Adjustment of held-to-maturity securities (Note 7c item 8)         |   |             | (335,063)           | 1,640,257         | (33,000)          |
| Loan and leasing (Notes 2, 3g and 9) (1)                             | 352,990,686                               | 346,956,440 | (6,034,246)         | (1,927,255)       | (6,034,246)       |
| Investments (Notes 3j and 12) (2)                                    | 6,174,390                                 | 29,234,058  | 23,059,668          | 21,052,478        | 23,059,668        |
| Treasury shares (Note 22c)   | 440,514                                   | 546,946     | -                   | -                 | 106,432           |
| Time deposits (Notes 3n and 15a)                                     | 77,772,394                                | 77,262,194  | 510,200             | 433,953           | 510,200           |
| Funds from issuance of securities (Note 15c)                         | 112,617,128                               | 112,822,317 | (205,189)           | (52,414)          | (205,189)         |
| Borrowing and on-lending (Notes 16a and 16b)                         | 62,849,125                                | 62,226,103  | 623,022             | 48,289            | 623,022           |
| Subordinated debts (Note 18)   | 50,183,552                                | 50,773,926  | (590,374)           | (26,372)          | (590,374)         |
| <b>Unrealized gains excluding tax</b>                                |   |             | <b>13,097,091</b>   | <b>19,815,478</b> | <b>17,130,000</b> |

(1) Includes advances on foreign exchange contracts, leases and other receivables with lending characteristics; and

(2) Primarily includes the surplus of interest in subsidiaries, affiliates and jointly controlled subsidiaries (Cielo, Odontoprev and Fleury).

**Determination of the fair value of financial instruments:**

- Securities and derivative financial instruments, investments, subordinated debts and treasury shares are based on the market price at the reporting date. If no quoted market price is available, amounts are estimated based on the dealer quotations, pricing models, quotation models or quotations for instruments with similar characteristics;

- Fixed rate loans were determined by discounting estimated cash flows, using interest rates applied by the Organization for new contracts with similar features. These rates are consistent with the market at the reporting date; and

- Time deposits, funds from issuance of securities, borrowing and on lending were calculated by discounting the difference between the cash flows under the contract terms and our prevailing market rates for the same product at the reporting date.

Bradesco -

---

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

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

**32) EMPLOYEE BENEFITS**

Bradesco and its subsidiaries sponsor a private defined contribution pension for employees and directors, that allows financial resources to be accumulated by participants throughout their careers by means of employee and employer contributions and invested in an Exclusive Investment Fund (FIE). The Plan is managed by Bradesco Vida e Previdência S.A. and BRAM – Bradesco Asset Management S.A. DTVM is responsible for the financial management of the FIEs funds.

The Supplementary Pension Plan counts on contributions from employees and administrators of Bradesco and its subsidiaries equivalent to at least 4% of the salary by employees and 5% of the salary, plus the percentage allocated to covers of risk benefits (invalidity and death), by the company. Actuarial obligations of the defined contribution plan are fully covered by the plan assets of the corresponding FIE. In addition to the plan, in 2001, participants who chose to migrate from the defined benefit plan are guaranteed a proportional deferred benefit, corresponding to their accumulated rights in that plan. For the active participants, retirees and pensioners of the defined benefit plan, in extinction, the present value of the actuarial obligations of the plan is completely secured by collateral assets.

Banco Alvorada S.A. (successor from the spin-off of Banco Baneb S.A.) maintains defined contribution and defined benefit retirement plans, through Fundação Baneb de Seguridade Social - Bases (related to the former employees of Baneb).

Banco Bradesco's sponsors both defined benefit and defined contribution retirement plans, through Caixa de Assistência e Aposentadoria dos Funcionários do Banco do Estado do Maranhão (Capof), especially to employees originating from Banco BEM S.A.

Bradesco sponsors a defined benefit plan through Caixa de Previdência Privada Bec - Cabec, exclusively for former employees of Banco do Estado do Ceará S.A.

Expenses related to contributions made in the first quarter of 2016, totaled R\$137,171 thousand (R\$154,226 thousand in 2015).

In addition to this benefit, Bradesco and its subsidiaries offer other benefits to their employees and administrators, including health insurance, dental care, life and personal accident insurance, and professional training. These expenses, including the aforementioned contributions, totaled R\$804,959 thousand in the first quarter of 2016 (R\$743,963 thousand in 2015).

### 33) INCOME TAX AND SOCIAL CONTRIBUTION

#### a) Calculation of income tax and social contribution charges

|   | Accrued on March 31 - R\$ thousand |                  |
|---|------------------------------------|------------------|
|   | 2016                               | 2015             |
| <b>Income before income tax and social contribution</b>                     | <b>10,333,648</b>                  | <b>1,260,127</b> |
| Total burden of income tax and social contribution at the current rates (1) | (4,650,142)                        | (504,051)        |
| <b>Effect on the tax calculation:</b>                                       |                                    |                  |
| Earnings (losses) of affiliates and jointly controlled subsidiaries         | 182,549                            | 120,184          |
| Net non-deductible expenses of nontaxable income                            | (22,814)                           | (31,267)         |
| Interest on shareholders' equity (paid and payable)                         | 652,941                            | 441,983          |
| Other amounts (2)   | (2,340,560)                        | 2,985,686        |
| <b>Income tax and social contribution for the period</b>                    | <b>(6,178,026)</b>                 | <b>3,012,535</b> |

(1) Current rates: (i) 25% for income tax; (ii) of 15% for the social contribution to financial and companies traded as such, and of the insurance industry, and of 20%, from September 2015 to December 2018, in accordance with Law No. 13,169/15; and (iii) of 9% for the other companies (Note 3h); and

(2) Primarily, includes, (i) the exchange rate variation of assets and liabilities, derived from investments abroad; (ii) the equalization of the effective rate of social contribution in relation to the rate (45%) shown; and (iii) the deduction incentives.

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

**Notes to the Consolidated Financial Statements****b) Breakdown of income tax and social contribution in the income statement**

|   | Accrued on March 31 - R\$ thousand |                    |
|---|------------------------------------|--------------------|
|   | 2016                               | 2015               |
| <b>Current taxes:</b>   |                                    |                    |
| <b>Income tax and social contribution payable</b>               | <b>(5,561,631)</b>                 | <b>(1,727,392)</b> |
| <b>Deferred taxes:</b>  |                                    |                    |
| Amount recorded/realized in the period on temporary differences | 663,850                            | 3,448,043          |
| <b>Use of opening balances of:</b>                              |                                    |                    |
| Social contribution loss  | (742,318)                          | (50,587)           |
| Income tax loss   | (956,005)                          | (41,222)           |
| <b>Constitution in the period on:</b>                           |                                    |                    |
| Social contribution loss  | 178,667                            | 517,023            |
| Income tax loss   | 239,411                            | 866,670            |
| <b>Total deferred tax assets</b>                                | <b>(616,395)</b>                   | <b>4,739,927</b>   |
| <b>Income tax and social contribution for the period</b>        | <b>(6,178,026)</b>                 | <b>3,012,535</b>   |

**c) Deferred income tax and social contribution**

|   | R\$ thousand                       |                    |                    |                                    |
|---|------------------------------------|--------------------|--------------------|------------------------------------|
|   | Balance<br>on<br><b>12.31.2015</b> | Amount<br>recorded | Amount<br>realized | Balance<br>on<br><b>03.31.2016</b> |
| Allowance for loan losses                               | 24,012,539                         | 2,519,220          | 1,389,094          | 25,142,665                         |
| Civil provisions  | 1,849,816                          | 295,111            | 302,195            | 1,842,732                          |
| Tax provisions  | 2,582,217                          | 150,016            | 28,091             | 2,704,142                          |
| Labor provisions  | 1,288,565                          | 121,377            | 112,457            | 1,297,485                          |
| Provision for devaluation of securities and investments | 442,287                            | 8,958              | 16,035             | 435,210                            |
| Provision for devaluation of foreclosed assets          | 382,672                            | 50,872             | 26,597             | 406,947                            |
| Adjustment to fair value of trading securities          | 6,648,651                          | 11,776             | 1,094,767          | 5,565,660                          |
| Amortization of goodwill                                | 240,052                            | 3,609              | 2,104              | 241,557                            |
| Provision for interest on own capital (1)               | -                                  | 529,976            | -                  | 529,976                            |
| Other   | 3,118,766                          | 480,898            | 536,623            | 3,063,041                          |
| <b>Total deductible taxes on temporary differences</b>  | <b>40,565,565</b>                  | <b>4,171,813</b>   | <b>3,507,963</b>   | <b>41,229,415</b>                  |

|  |                   |                  |                  |                   |
|--|-------------------|------------------|------------------|-------------------|
| Income tax and social contribution losses in Brazil and overseas | 5,765,368         | 418,078          | 1,698,323        | 4,485,123         |
| <b>Subtotal (2) (3)</b>  | <b>46,330,933</b> | <b>4,589,891</b> | <b>5,206,286</b> | <b>45,714,538</b> |
| Adjustment to fair value of available-for-sale securities (3)    | 2,983,663         | 100,481          | 899,272          | 2,184,872         |
| Social contribution - Provisional Measure No. 2,158-35/01        | 113,783           | -                | -                | 113,783           |
| <b>Total deferred tax assets (Note 10b)</b>                      | <b>49,428,379</b> | <b>4,690,372</b> | <b>6,105,558</b> | <b>48,013,193</b> |
| <b>Deferred tax liabilities (Note 33f)</b>                       | <b>2,840,341</b>  | <b>867,468</b>   | <b>174,096</b>   | <b>3,533,713</b>  |
| <b>Deferred tax assets, net of deferred tax liabilities</b>      | <b>46,588,038</b> | <b>3,822,904</b> | <b>5,931,462</b> | <b>44,479,480</b> |
| - Percentage of net deferred tax assets on capital (Note 31)     | 45.3%             |                  |                  | 44.3%             |
| - Percentage of net deferred tax assets over total assets        | 4.6%              |                  |                  | 4.3%              |

(1) The tax credit on the interest on own capital is counted up to the allowed tax limit;

(2) By being framed in the condition established by art. 1, subparagraph I of CMN Resolution No. 3,059/02, with amendments introduced by CMN Resolution No. 4,441/15, Banco Bradesco registered with the Bacen, an authorization request for maintenance of inventory and constitution of new tax credits; and

(3) Deferred tax assets from financial companies and similar companies, and insurance companies were established considering the increase in the social contribution rate, determined by Law No. 11,727/08 and Law No. 13,169/15 (Note 3h).

Bradesco \_\_\_\_\_



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

**Notes to the Consolidated Financial Statements****d) Expected realization of deferred tax assets on temporary differences, tax loss and negative basis of social contribution and deferred social contribution – Provisional Measure No. 2,158-35**

|              | Temporary differences |                     | Income tax and social contribution losses |                     | Social contribution - Provisional Measure No. 2,158-35 | Total             |
|--------------|-----------------------|---------------------|---|---------------------|--|-------------------|
|              | Income tax            | Social contribution | Income tax                                | Social contribution |  |                   |
| 2016         | 2,417,489             | 1,829,223           | 47,727                                    | 40,019              | 106,097  | 4,440,555         |
| 2017         | 3,689,317             | 2,948,507           | 206,453                                   | 248,766             | -  | 7,093,043         |
| 2018         | 3,941,512             | 3,066,254           | 577,895                                   | 424,815             | -  | 8,010,476         |
| 2019         | 3,837,649             | 2,342,703           | 501,274                                   | 292,278             | -  | 6,973,904         |
| 2020         | 4,742,816             | 2,800,462           | 261,512                                   | 151,319             | 7,686  | 7,963,795         |
| After 2020   | 6,022,247             | 3,591,236           | 803,778                                   | 929,287             | -  | 11,346,548        |
| <b>Total</b> | <b>24,651,030</b>     | <b>16,578,385</b>   | <b>2,398,639</b>                          | <b>2,086,484</b>    | <b>113,783</b>   | <b>45,828,321</b> |

R\$ thousand

The projected realization of deferred tax assets is an estimate and it is not directly related to the expected accounting income.

The present value of deferred tax assets, calculated based on the average funding interest rate, net of tax effects, amounts to R\$40,620,012 thousand (R\$32,966,470 thousand in 2015), of which R\$36,637,386 thousand (R\$27,511,998 thousand in 2015) relates to temporary differences, R\$3,872,045 thousand (R\$5,343,390 thousand in 2015) to tax losses and negative basis of social contribution and R\$110,581 thousand (R\$111,082 thousand in 2015) to deferred social contribution, Provisional Measure No. 2,158-35.

**e) Unrecognized deferred tax assets**

On March 31, 2016, deferred tax assets of R\$19,631 thousand (R\$1,927 thousand in 2015) were not recognized, and will only be registered when they meet the regulatory requirements and/or present prospects of realization according to technical studies and analyses prepared by the Management and in

accordance with Bacen regulations.

**f) Deferred tax liabilities**

|  | On March 31 - R\$ thousand |                  |
|--|----------------------------|------------------|
|  | <b>2016</b>                | <b>2015</b>      |
| Mark-to-market adjustment to securities and derivative financial instruments | 1,048,345                  | 971,513          |
| Difference in depreciation   | 560,938                    | 738,827          |
| Judicial deposit and others  | 1,924,430                  | 1,568,615        |
| <b>Total</b>   | <b>3,533,713</b>           | <b>3,278,955</b> |

The deferred tax liabilities of companies in the financial and insurance sectors were established considering the increased social contribution rate, established by Law No. 11,727/08 and Law No. 13,169/15 (Note 3h).

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

**Notes to the Consolidated Financial Statements****34) OTHER INFORMATION**

**a)** The Organization manages investment funds and portfolios with net assets which, on March 31, 2016, amounted to R\$596,439,933 thousand (R\$492,439,837 thousand in 2015).

**b) Consortium funds**

|  | On March 31 - R\$ thousand |             |
|--|----------------------------|-------------|
|  | <b>2016</b>                | <b>2015</b> |
| Monthly estimate of funds receivable from consortium members | 504,804                    | 450,660     |
| Contributions payable by the group                           | 24,265,997                 | 21,678,694  |
| Consortium members - assets to be included                   | 21,804,335                 | 19,548,333  |
| Credits available to consortium members                      | 4,648,826                  | 4,347,271   |

  

|                                     | In units    |             |
|-------------------------------------|-------------|-------------|
|                                     | <b>2016</b> | <b>2015</b> |
| Number of groups managed            | 3,579       | 3,491       |
| Number of active consortium members | 1,212,290   | 1,100,513   |
| Number of assets to be included     | 575,237     | 529,214     |

**c)** As part of the convergence process with international accounting standards, the Brazilian Accounting Pronouncements Committee (CPC) issued several accounting pronouncements, as well as their interpretations and guidelines, which are applicable to financial institutions only after approval by CMN. The accounting standards which have been approved by CMN include the following:

- Resolution No. 3,566/08 – Impairment of Assets (CPC 01);
- Resolution No. 3,604/08 – Statement of Cash Flows (CPC 03);
- Resolution No. 3,750/09 – Related Party Disclosures (CPC 05);

- Resolution No. 3,823/09 – Provisions, Contingent Liabilities and Contingent Assets (CPC 25);
- Resolution No. 3,973/11 – Subsequent Event (CPC 24);
- Resolution No. 3,989/11 – Share-based Payment (CPC 10);
- Resolution No. 4,007/11 – Accounting Policies, Changes in Estimates and Error Correction (CPC 23);
- Resolution No. 4,144/12 – Conceptual Framework for Preparing and Presenting Financial Statements;  
and
- Resolution No. 4,424/15 – Employee Benefits (CPC 33).

Presently, it is not possible to estimate when the CMN will approve the other CPC pronouncements or if they will be applied prospectively or retrospectively.

CMN Resolution No. 3,786/09 and Bacen Circular Letters No. 3,472/09 and No. 3,516/10 establish that financial institutions and other entities authorized by Bacen to operate, which are publicly-held companies or which are required to establish an Audit Committee shall, since December 31, 2010, annually prepare and publish in up to 90 days after the reference date of December 31 their consolidated financial statements, prepared under the International Financial Reporting Standards (IFRS), in compliance with standards issued by the International Accounting Standards Board (IASB). As required by CMN Resolution, on March 7, 2016, Bradesco published its consolidated financial statements for December 31, 2014 and 2015 on its website, in accordance with IFRS standards. The net profit and shareholders' equity of the financial statements disclosed in IFRS were not substantially different from those presented in the financial statements prepared in accordance with the accounting practices adopted in Brazil and applicable to institutions authorized to operate by the Brazilian Central Bank (Bacen).

**d)** In the first quarter of 2016, Bacen has changed some rules of compulsory collection, however there were no relevant effects for Bradesco.

Bradesco -

---

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

**Notes to the Consolidated Financial Statements**

- e)** In August 2015, Bradesco informed the market that it had signed the Purchase and Sale of Shares Agreement with HSBC Latin America Holdings Limited for the acquisition of 100% of the share capital of HSBC Bank Brasil S.A. - Banco Múltiplo and HSBC Serviços e Participações Ltda. ("HSBC"), for the value of US\$5.2 billion. With the acquisition, Bradesco will assume all operations of HSBC in Brazil, including retail, insurance and asset management, as well as all the branches and clients. In January 2016, Bradesco communicated to the market that the Central Bank approved the acquisition of 100% of the capital share of HSBC Bank Brasil S.A. – Banco Múltiplo and of HSBC Serviços e Participações Ltda ("HSBC"). The conclusion of the operation is subject to approval by the other competent regulatory agencies and fulfillment of the legal formalities.
- f)** In January 2016, Bradesco signed a non-binding Memorandum of Understanding with Banco do Brasil S.A., Banco Santander (Brasil) S.A., Caixa Econômica Federal and Itaú Unibanco S.A., in order to create a holding company of credit intelligence ("GIC"), which will develop a database with the goal of adding, reconciling and handling database and credit-related information, of individuals and legal entities, which expressly authorize their inclusion in the database, as required by the applicable rules.
- g)** There were no subsequent events that need to be adjusted or disclosed in the individual financial statements as of March 31, 2016.

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

**Management Bodies**

**Reference Date: April 11, 2016**

**Board of Directors**

**Chairman**

Lázaro de Mello Brandão

**Vice-Chairman**

Luiz Carlos Trabuco Cappi

**Members**

Denise Aguiar Alvarez  
João Aguiar Alvarez  
Carlos Alberto Rodrigues Guilherme  
Milton Matsumoto  
José Alcides Munhoz  
Aurélio Conrado Boni

**Board of Executive Officers  
Executive Officers**

**Chief Executive Officer**

Luiz Carlos Trabuco Cappi

**Executive Vice-Presidents**

Domingos Figueiredo de Abreu  
Sérgio Alexandre Figueiredo Clemente

Alexandre da Silva Glüher  
Josué Augusto Pancini  
Maurício Machado de Minas  
Marcelo de Araújo Noronha

**Managing Directors**

André Rodrigues Cano

**Department Directors (continued)**

Layette Lamartine Azevedo Júnior  
Lucio Rideki Takahama  
Luiz Carlos Brandão Cavalcanti Junior  
Marcelo Frontini  
Marcelo Santos Dall'Occo  
Marcos Aparecido Galende

Marcos Daré  
Marlos Francisco de Souza Araujo  
Octavio Manoel Rodrigues de Barros  
Paulo Aparecido dos Santos  
Pedro Bosquiero Junior  
Roberto de Jesus Paris  
Rogério Pedro Câmara  
Waldemar Ruggiero Júnior

Wilson Reginaldo Martins

**Directors**

Antonio Chinellato Neto  
Antonio Daissuke Tokuriki

Jefferson Ricardo Romon  
Marcio Henrique Araujo Parizotto  
Paulo Eduardo Waack  
Paulo Manuel Taveira de Oliveira Ferreira

**Regional Officers**

Alex Silva Braga  
Almir Rocha

Altair Naumann  
Amadeu Emilio Suter Neto

André Ferreira Gomes

**Ethical Conduct Commitment**

Milton Matsumoto - Coordinator  
Carlos Alberto Rodrigues Guilherme  
Domingos Figueiredo de Abreu  
Sérgio Alexandre Figueiredo  
Alexandre da Silva Glüher  
Josué Augusto Pancini

Maurício Machado de Minas  
Marcelo de Araújo Noronha  
André Rodrigues Cano  
Moacir Nachbar Junior  
Octavio de Lazari Junior  
Marlene Morán Millan  
Clayton Camacho  
Frederico William Wolf

Glaucimar Peticov  
Joel Antonio Scalabrini  
Nairo José Martinelli Vidal

**Integrated Risk Management**

**and Capital Allocation Committee**  
Alexandre da Silva Glüher  
Domingos Figueiredo de Abreu  
Sérgio Alexandre Figueiredo

Josué Augusto Pancini  
Maurício Machado de Minas  
Marcelo de Araújo Noronha  
Luiz Carlos Angelotti

Moacir Nachbar Junior  
Gedson Oliveira Santos

Luiz Carlos Angelotti  
 Nilton Pelegriano Nogueira  
 André Marcelo da Silva Prado  
 Altair Antônio de Souza  
 Denise Pauli Pavarina  
 Moacir Nachbar Junior  
 Octavio de Lazari Junior

**Deputy Directors**

Cassiano Ricardo Scarpelli  
 Eurico Ramos Fabri

Marlene Morán Millan  
 Renato Ejnisman  
 Walkiria Schirrmeister Marchetti

**Department Directors**

Alexandre Rappaport  
 Amilton Nieto  
 André Bernardino da Cruz Filho  
 Antonio Carlos Melhado  
 Antonio Gualberto Diniz  
 Antonio José da Barbara  
 Aurélio Guido Pagani

Bruno D'Avila Melo Boetger

Carlos Wagner Firetti  
 Clayton Camacho  
 Edilson Wiggers  
 Edson Marcelo Moreto  
 Fernando Antônio Tenório  
 Frederico William Wolf  
 Gedson Oliveira Santos  
 Glaucimar Peticov

Guilherme Muller Leal  
 Hélio Vivaldo Domingues Dias  
 Hiroshi Obuchi  
 João Albino Winkelmann  
 João Carlos Gomes da Silva  
 Joel Antonio Scalabrini  
 Johan Albino Ribeiro

José Luis Elias

José Ramos Rocha Neto

Antonio Piovesan  
 Carlos Alberto Alástico  
 Delvair Fidêncio de Lima  
 Francisco Aquilino Pontes Gadelha  
 Francisco Assis da Silveira Junior  
 Geraldo Dias Pacheco  
 João Alexandre Silva

José Flávio Ferreira Clemente  
 Leandro José Diniz  
 Luis Carlos Furquim Vermieiro  
 Osmar Sanches Biscuola

**Audit Committee**

Milton Matsumoto - Coordinator

Oswaldo Watanabe  
 Paulo Roberto Simões da Cunha

**Compensation Committee**

Lázaro de Mello Brandão - Coordinator  
 Luiz Carlos Trabuco Cappi  
 Carlos Alberto Rodrigues Guilherme  
 Milton Matsumoto  
 Valdirene Soares Secato (non-Manager)

**Compliance and Internal Control Committee**

Milton Matsumoto - Coordinator  
 Carlos Alberto Rodrigues Guilherme  
 Aurélio Conrado Boni  
 Domingos Figueiredo de Abreu  
 Sérgio Alexandre Figueiredo Clemente  
 Alexandre da Silva Glüher  
 Josué Augusto Pancini

Maurício Machado de Minas  
 Marcelo de Araújo Noronha  
 Moacir Nachbar Junior  
 Frederico William Wolf  
 Gedson Oliveira Santos  
 Joel Antonio Scalabrini  
 Johan Albino Ribeiro

**Sustainability Committee**

Luiz Carlos Angelotti - Co  
 Carlos Alberto Rodrigues C  
 Milton Matsumoto  
 Domingos Figueiredo de A  
 Aurélio Conrado Boni  
 Sérgio Alexandre Figueirec

Alexandre da Silva Glüher  
 Josué Augusto Pancini  
 Maurício Machado de Mina  
 Moacir Nachbar Junior

**Executive Disclosure Com**

Luiz Carlos Angelotti - Co

Domingos Figueiredo de A  
 Alexandre da Silva Glüher

Moacir Nachbar Junior  
 Marlene Morán Millan  
 Antonio José da Barbara  
 Carlos Wagner Firetti  
 Marcelo Santos Dall'Occo  
 Marcos Aparecido Galende  
 Marlos Francisco de Souza

Haydewaldo R. Chamberla

**Fiscal Council**

**Sitting Members**

Luiz Carlos de Freitas - Co  
 Domingos Aparecido Maia  
 José Maria Soares Nunes  
 Ariovaldo Pereira  
 João Carlos de Oliveira

**Deputy Members**

João Batistela Biazon  
 Nilson Pinhal  
 Renaud Roberto Teixeira  
 Jorge Tadeu Pinto de Figu  
 Oswaldo de Moura Silveira

**General Accounting Department**

Marcos Aparecido Galende  
Accountant - CRC 1SP201309/O-6

**Ombudsman Department**

Nairo José Martinelli Vidal

Bradesco -

---



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

***Report on the review of interim consolidated financial information***

To the Board of Directors and Shareholders of

Banco Bradesco S.A.

Osasco - SP

**Introduction**

We have reviewed the consolidated statement of financial position of Banco Bradesco S.A. ("Bradesco") as of March 31, 2016 and the related consolidated statements of income, changes in shareholders' equity and cash flows for the three-month period then ended, as well as the summary of significant accounting policies and other explanatory notes ("the interim consolidated financial information").

Management is responsible for the preparation and fair presentation of this interim consolidated financial information in accordance with accounting practices adopted in Brazil, applicable to financial institutions authorized to operate by the Central Bank of Brazil. Our responsibility is to express a conclusion on this interim consolidated financial information based on our review.

**Scope of review**

We conducted our review in accordance with Brazilian and International Standards on Review of Interim Financial Information (NBC TR 2410 - *Revisão de Informações Intermediárias Executada pelo Auditor da Entidade* and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Therefore, we do not express an audit opinion.

## **Conclusion**

Based on our review, we are not aware of any facts that would lead us to believe that the interim consolidated financial information mentioned above were not prepared, in all material aspects, in accordance with accounting practices adopted in Brazil applicable to financial institutions authorized to operate by the Central Bank of Brazil.

## **Other matters**

### **Interim statement of value added**

We also reviewed the interim consolidated statement of value added (DVA) for the three-month period ended as of March 31, 2016, which was prepared under Bradesco's Management responsibility and which presentation is required under the rules issued by the Securities and Exchange Commission of Brazil (CVM) and is considered a supplementary information in accordance with accounting practices adopted in Brazil applicable to financial institutions authorized to operate by the Central Bank of Brazil that do not require the disclosure of the DVA. This statement was subject to the same review procedures described above and based on our review, we are not aware of any facts that would lead us to believe it was not prepared, in all material respects, consistently with the financial information taken as a whole.

Osasco, April 27, 2016

KPMG Auditores Independentes

CRC 2SP028567/O-1 F

*Original report in Portuguese signed by*

Rodrigo de Mattos Lia

Accountant CRC 1SP252418/O-3

Economic and Financial Analysis Report – March 2016

---

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

***Fiscal Council's Report***

The members of the Fiscal Council, in the exercise of their legal and statutory attributes, have examined the Management Report and the Financial Statements of Banco Bradesco S.A. (Bradesco), for first quarter of 2016, and the technical feasibility study for generation of taxable profits, restated at their present value, which has as objective the achievement of the Active Deferred Tax in accordance with CVM Instruction No. 371/02, Resolution No. 3,059/02 of the National Monetary Council, and Circular No. 3,171/02 of the Central Bank of Brazil, and in view of the report of KPMG Auditores Independentes, presented without reservations, are of the opinion that the cited parts, examined in the light of accounting practices adopted in Brazil, applicable to institutions authorized to operate by the Central Bank of Brazil, reflect adequately the equity status and financial situation of the Company.

Cidade de Deus, Osasco, SP, April 27, 2016.

Luiz Carlos de Freitas

Domingos Aparecido Maia

José Maria Soares Nunes

Arioaldo Pereira

João Carlos de Oliveira

Bradesco —

## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: May 9, 2016

BANCO BRADESCO S.A.

By:

/S/ Luiz Carlos Angelotti

---

**Luiz Carlos Angelotti**  
**Executive Managing Officer and**  
**Investor Relations Officer**

## FORWARD-LOOKING STATEMENTS

This press release may contain forward-looking statements. These statements are statements that are not historical facts, and are based on management's current view and estimates of future economic circumstances, industry conditions, company performance and financial results. The words "anticipates", "believes", "estimates", "expects", "plans" and similar expressions, as they relate to the company, are intended to identify forward-looking statements. Statements regarding the declaration or payment of dividends, the implementation of principal operating and financing strategies and capital expenditure plans, the direction of future operations and the factors or trends affecting financial condition, liquidity or results of operations are examples of forward-looking statements. Such statements reflect the current views of management and are subject to a number of risks and uncertainties. There is no guarantee that the expected events, trends or results will actually occur. The statements are based on many assumptions and factors, including general economic and market conditions, industry conditions, and operating factors. Any changes in such assumptions or factors could cause actual results to differ materially from current expectations.

---