

BANK BRADESCO
Form 6-K
April 01, 2015

**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 March, 2015
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

Consolidated Financial Statements of the Prudential Conglomerate and Independent Auditors' Report

Consolidated Statement of Financial Position – Prudential Conglomerate *in thousands of Reals*

Assets	At December 31, 2014
Current assets	524,968,455
Cash and due from banks (Note 4)	14,503,056
Interbank investments (Notes 3d and 5)	201,633,491
Investments in federal funds sold and securities borrowed under agreements to resell	194,173,341
Interbank investments	7,488,540
Allowance for losses	(28,390)
Securities and derivative financial instruments (Notes 3e, 3f and 6)	56,794,829
Own portfolio	36,716,620
Subject to repurchase agreements	12,430,463
Derivative financial instruments (Notes 3f and 6e II)	2,926,768
Underlying guarantees provided	4,720,978
Interbank accounts	51,019,697
Unsettled payments and receipts	84,000
Reserve requirement (Note 7):	
- Reserve requirement - Brazilian Central Bank	50,924,906
- SFH	4,981
Correspondent banks	5,810
Interdepartmental accounts	394,602
Internal transfer of funds	394,602
Loans (Notes 3g and 8)	140,321,773
Loans:	
- Public sector	1,180,391
- Private sector	153,677,682
Loans Related Assignment	41,982
Allowance for loan losses (Notes 3g, 8f, 8g and 8h)	(14,578,282)
Leasing (Notes 3g and 8)	(83,450)
Leasing receivables:	
- Private sector	1,904,591
Unearned income from leasing	(1,831,672)
Allowance for leasing losses (Notes 3g, 8f, 8g and 8h)	(156,369)
Other receivables	58,366,922
Receivables on sureties and guarantees honored (Note 8a-3)	38,498
Foreign exchange portfolio (Note 9a)	11,774,294
Receivables	5,863,907
Securities trading	1,258,678
Specific receivables	4,179
Sundry (Note 9b)	40,275,323
Allowance for loan losses (Notes 3g, 8f, 8g and 8h)	(847,957)
Other assets (Note 10)	2,017,535
Other assets	1,674,387

Provision for losses	(687,694)
Prepaid expenses (Notes 3i and 10b)	1,030,842
Long-term receivables	286,504,982
Interbank investments (Notes 3d and 5)	772,794
Interbank investments	772,794
Securities and derivative financial instruments (Notes 3e, 3f and 6)	97,106,222
Own portfolio	60,863,148
Subject to repurchase agreements	32,471,873
Derivative financial instruments (Notes 3f and 6e II)	1,652,713
Subject to the Brazilian Central Bank	19,764
Privatization currencies	58,928
Underlying guarantees provided	1,709,960
Securities subject to unrestricted repurchase agreements	329,836
The accompanying notes are an integral part of these Consolidated Financial Statements of the Prudential Conglomerate.	

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Consolidated Financial Statements of the Prudential Conglomerate and Independent Auditors' Report

Consolidated Statement of Financial Position – Prudential Conglomerate *in thousands of Reals*

	At December 31, 2014
Assets	
Interbank accounts	617,154
Reserve requirement (Note 7):	
- SFH	617,154
Loans (Notes 3g and 8)	151,876,620
Loans:	
- Public sector	5,668,611
- Private sector	148,272,249
Loans related to assignment	4,911,791
Allowance for loan losses (Notes 3g, 8f, 8g and 8h)	(6,976,031)
Leasing (Notes 3g and 8)	(94,004)
Leasing receivables:	
- Private sector	2,175,968
Unearned income from leasing	(2,174,464)
Allowance for leasing losses (Notes 3g, 8f, 8g and 8h)	(95,508)
Other receivables	35,235,209
Receivables	55
Securities trading	398,032
Sundry (Note 9b)	34,848,622
Allowance for loan losses (Notes 3g, 8f, 8g and 8h)	(11,500)
Other assets (Note 10)	990,987
Prepaid expenses (Notes 3i and 10b)	990,987
Permanent assets	51,282,571
Investments (Notes 3j and 11)	33,974,874
Equity in the earnings (losses) of unconsolidated companies	
- In Brazil	33,697,571
- Foreign	229,879
Other investments	190,036
Allowance for losses	(142,612)
Premises and equipment (Notes 3k and 12)	3,045,176
Premises	189,028
Other assets	7,251,962
Accumulated depreciation	(4,395,814)
Leased assets (Note 12)	7,979,114
Leased goods	12,299,445
Accumulated depreciation	(4,320,331)
Deferred assets (Notes 3l and 13)	54,893
Organization and expansion expenses	1,731,266
Accumulated amortization	(1,676,373)
Intangible assets (Notes 3m and 14)	6,228,514
Intangible assets	11,135,185
Accumulated amortization	(4,906,671)

Total

862,756,008

The accompanying notes are an integral part of these Consolidated Financial Statements of the Prudential Conglomerate.

December 2014

Consolidated Financial Statements of the Prudential Conglomerate and Independent Auditors' Report

Consolidated Statement of Financial Position – Prudential Conglomerate *in thousands of Reals*

Liabilities	At December 31, 2014
Current liabilities	587,478,416
Deposits (Notes 3o and 15a)	167,136,545
Demand deposits	33,249,863
Savings deposits	92,154,815
Interbank deposits	400,999
Time deposits (Note 15a)	41,330,868
Federal funds purchased and securities sold under agreements to repurchase (Notes 3o and 15b)	272,189,887
Own portfolio	91,608,213
Third-party portfolio	179,742,904
Unrestricted portfolio	838,770
Funds from issuance of securities (Note 15c)	46,647,805
Mortgage and real estate notes, letters of credit and others	43,302,030
Securities issued abroad	3,182,337
Structured operations certificates	163,438
Interbank accounts	1,089,508
Receipts and payments pending settlement	20,797
Correspondent banks	1,068,711
Interdepartmental accounts	4,895,387
Third-party funds in transit	4,888,707
Internal transfer of funds	6,680
Borrowing (Note 16a)	13,117,246
Borrowing abroad	13,117,246
Onlending in Brazil - official institutions (Note 16b)	13,134,627
National treasury	151,096
BNDES	4,056,723
CEF	11,871
FINAME	8,913,365
Other institutions	1,572
Onlending abroad (Note 16b)	1,483,967
Onlending abroad	1,483,967
Derivative financial instruments (Notes 3f and 6e II)	2,168,809
Derivative financial instruments	2,168,809
Other liabilities	65,614,635
Payment of taxes and other contributions	342,167
Foreign exchange portfolio (Note 9a)	5,385,332
Social and statutory	3,062,691
Tax and social security (Note 19a)	4,343,970
Securities trading	2,746,334
Financial and development funds	2,214
Subordinated debts (Note 18)	2,884,804
Sundry (Note 19b)	46,847,123

Long-term liabilities	193,467,089
Deposits (Notes 3o and 15a)	45,370,731
Interbank deposits	245,285
Time deposits (Note 15a)	45,125,446

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Consolidated Financial Statements of the Prudential Conglomerate and Independent Auditors' Report

Consolidated Statement of Financial Position – Prudential Conglomerate *in thousands of Reals*

Liabilities	At December 31, 2014
Federal funds purchased and securities sold under agreements to repurchase (Notes 3o and 15b)	28,755,210
Own portfolio	28,755,210
Funds from issuance of securities (Note 15c)	43,053,711
Mortgage and real estate notes, letters of credit and others	37,359,623
Securities issued abroad	5,597,480
Structured operations certificates	96,608
Borrowing (Note 16a)	2,083,518
Borrowing abroad	2,083,518
Lending in Brazil - official institutions (Note 16b)	29,160,950
BNDES	8,216,720
CEF	8,262
FINAME	20,935,968
Derivative financial instruments (Notes 3f and 6e II)	1,144,298
Derivative financial instruments	1,144,298
Other liabilities	43,898,671
Social and statutory	191,631
Tax and social security (Note 19a)	7,083,525
Subordinated debts (Note 18)	32,959,551
Sundry (Note 19b)	3,663,964
Deferred income	289,334
Deferred income	289,334
Non-controlling interests in subsidiaries (Note 20)	12,919
Shareholders' equity (Note 21)	81,508,250
Capital:	
- Domiciled in Brazil	37,622,363
- Domiciled abroad	477,637
Capital reserves	11,441
Profit reserves	44,186,135
Asset valuation adjustments	(491,311)
Treasury shares (Note 21d)	(298,015)
Total	862,756,008

The accompanying notes are an integral part of these Consolidated Financial Statements of the Prudential Conglomerate.

December
2014

Consolidated Financial Statements of the Prudential Conglomerate and Independent Auditors' Report

Consolidated Income Statement – Prudential Conglomerate *In thousands of Reais*

	2014	
	2st Semester	December
Revenue from financial intermediation	52,501,074	101,351,804
Loans (Note 8j)	30,342,597	58,258,875
Leasing (Note 8j)	2,227,050	5,079,600
Operations with securities (Note 6h)	19,061,351	33,751,537
Derivative financial instruments (Note 6h)	(2,403,499)	(1,340,117)
Foreign exchange operations (Note 9a)	1,229,102	1,295,224
Reserve requirement (Note 7b)	2,089,173	4,310,921
Sale or transfer of financial assets	(44,700)	(4,236)
Financial intermediation expenses	46,766,068	76,084,626
Federal funds purchased and securities sold under agreements to repurchase (Note 15e)	27,022,210	48,593,707
Borrowing and onlending (Note 16c)	10,309,874	8,696,440
Leasing (Note 8j)	1,919,878	4,430,200
Allowance for loan losses (Notes 3g, 8g and 8h)	7,514,106	14,364,279
Gross income from financial intermediation	5,735,006	25,267,178
Other operating income (expenses)	588,908	(7,994,793)
Fee and commission income (Note 22)	9,710,180	18,626,754
Other fee and commission income	7,148,858	13,726,826
Income from banking fees	2,561,322	4,899,928
Payroll and related benefits (Note 23)	(6,638,323)	(12,337,008)
Other administrative expenses (Note 24)	(8,033,299)	(15,504,882)
Tax expenses (Note 25)	(1,356,329)	(3,170,409)
Equity in the earnings (losses) of unconsolidated companies (Note 11a)	8,398,236	9,202,443
Other operating income (Note 26)	4,323,284	6,433,274
Other operating expenses (Note 27)	(5,814,841)	(11,244,965)
Operating income	6,323,914	17,272,385
Non-operating income (loss) (Note 28)	(282,497)	(499,137)
Income before income tax and social contribution and non-controlling interests	6,041,417	16,773,248
Income tax and social contribution (Notes 32a and 32b)	1,832,065	(1,673,164)
Non-controlling interests in subsidiaries	(5,594)	(11,266)
Net income	7,867,888	15,088,818

The accompanying notes are an integral part of these Consolidated Financial Statements of the Prudential Conglomerate.

Consolidated Financial Statements of the Prudential Conglomerate and Independent Auditors' Report

Statement of Changes in Shareholders' Equity – In thousands of Reais

Events	Paid-in	Capital reserves Share premium	Profit reserves		Asset valuation adjustments		Treasury shares	Retained earnings (accumulated losses)
			Legal	Statutory	Bradesco	Subsidiaries		
Balance on June 30, 2014	38,100,000	11,441	4,800,072	34,176,857	(277,954)	287,877	(298,015)	
Asset valuation adjustments	-	-	-	-	(127,523)	(373,711)	-	
Net income	-	-	-	-	-	-	-	7,867,
Allocations:- Reserves	-	-	393,395	4,815,811	-	-	-	(5,209,2
- Interest on shareholders' equity paid	-	-	-	-	-	-	-	(2,028,1
- Interim Dividends Provisioned	-	-	-	-	-	-	-	(630,5
Balance on December 31, 2014	38,100,000	11,441	5,193,467	38,992,668	(405,477)	(85,834)	(298,015)	
Balance on December 31, 2013	38,100,000	11,441	4,439,025	29,712,872	(865,373)	(189,070)	(269,093)	- 70,93
Acquisition of treasury shares	-	-	-	-	-	(28,922)	-	(28
Asset valuation adjustments	-	-	-	-	459,896	103,236	-	- 56
Net income	-	-	-	-	-	-	-	15,088,818 15,08
Allocations:- Reserves	-	-	754,442	9,279,796	-	-	-	-(10,034,238)
- Interest on shareholders' equity paid and/or provisioned	-	-	-	-	-	-	-	(3,595,008) (3,595
- Interim Dividends Provisioned	-	-	-	-	-	-	-	(1,459.572) (1,459
Balance on December 31, 2014	38,100,000	11,441	5,193,467	38,992,668	(405,477)	(85,834)	(298,015)	- 81,50

The accompanying notes are an integral part of these Consolidated Financial Statements of the Prudential Conglomerate.

December 2014

Consolidated Financial Statements of the Prudential Conglomerate and Independent Auditors' Report

Consolidated Cash Flow Statement – Prudential Conglomerate *in thousands of Reais*

	2014	
	2st Semester	December
Cash flow from operating activities:		
Net Income before income tax and social contribution	6,041,417	16,773,248
Adjustments to net income before income tax and social contribution	3,745,336	13,983,969
Allowance for loan losses	7,514,106	14,364,279
Depreciation and amortization	1,094,648	2,559,486
Impairment charges	85,608	85,608
Expenses with civil, labor and tax provisions	670,197	1,990,160
Equity in the earnings (losses) of unconsolidated companies	(8,398,236)	(9,202,443)
Loss on sale of investments	45,053	45,053
Loss on sale of fixed assets	32,496	41,811
Loss on sale of foreclosed assets	164,005	311,468
Other	2,537,459	3,788,547
Adjusted net income before taxes	9,786,753	30,757,217
(Decrease)/increase in interbank investments	3,033,415	17,588,975
(Decrease)/increase in trading securities and derivative financial instruments	14,792,025	9,041,347
(Decrease)/increase in interbank and interdepartmental accounts	1,818,783	(370,832)
(Increase) in loan and leasing	(22,737,606)	(35,480,978)
Increase/(decrease) in deferred income	68,710	(298,353)
Increase in other receivables and other assets	(5,162,529)	(2,456,220)
(Decrease)/increase in reserve requirement - Brazilian Central Bank	2,576,919	4,456,083
(Decrease) in deposits	(1,734,586)	(6,516,152)
Increase in securities sold under agreements to repurchase	59,117,533	58,156,567
Increase in funds from issuance of securities	14,055,595	26,922,765
Increase in borrowings and on-lending	4,855,880	2,894,607
Increase in other liabilities	1,928,787	6,873,996
Income tax and social contribution paid	(1,320,065)	(3,502,280)
Net cash provided by/(used in) operating activities	81,079,614	108,066,742
Cash flow from investing activities:		
(Increase) in held-to-maturity securities	(1,982)	(9,141)
Sale of/maturity of and interests on available-for-sale securities	14,900,939	33,557,510
Proceeds from sale of foreclosed assets	375,794	643,799
Sale of investments	208,708	208,708
Sale of premises and equipment	609,115	1,056,330
Purchases of available-for-sale securities	(21,957,990)	(46,915,094)
Foreclosed assets received	(704,148)	(1,359,558)
Investment acquisitions	(2,463)	(20,845)
Purchase of premises and equipment	(1,881,835)	(3,352,886)
Intangible asset acquisitions	(674,831)	(891,580)

Dividends and interest on shareholders' equity received	52,744	159,632
Net cash provided by/(used in) investing activities	(9,075,949)	(16,923,125)
Cash flow from financing activities:		
Increase/(decrease) in subordinated debts	430,874	(74,361)
Dividends and interest on shareholders' equity paid	(1,326,329)	(3,921,650)
Non-controlling interest	(100,192)	(129,553)
Acquisition of own shares	-	(28,922)
Net cash provided by/(used in) financing activities	(995,647)	(4,154,486)
Net increase in cash and cash equivalents	71,008,018	86,989,131
Cash and cash equivalents - at the beginning of the period	133,661,125	117,680,012
Cash and cash equivalents - at the end of the period	204,669,143	204,669,143
Net increase in cash and cash equivalents	71,008,018	86,989,131

The accompanying notes are an integral part of these Consolidated Financial Statements of the Prudential Conglomerate.

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Consolidated Financial Statements of the Prudential Conglomerate and Independent Auditors' Report

Notes to the Financial Statements of the Prudential Conglomerate Index

Notes to Bradesco's Consolidated Financial Statements of the Prudential Conglomerate are as follows:

	Page
1) OPERATIONS	11
2) PRESENTATION OF THE FINANCIAL STATEMENTS	11
3) SIGNIFICANT ACCOUNTING PRACTICES	13
4) CASH AND CASH EQUIVALENTS	19
5) INTERBANK INVESTMENTS	20
6) SECURITIES AND DERIVATIVE FINANCIAL INSTRUMENTS	21
7) INTERBANK ACCOUNTS - RESERVE REQUIREMENT	29
8) LOANS	31
9) OTHER RECEIVABLES	41
10) OTHER ASSETS	43
11) INVESTMENTS	44
12) PREMISES, EQUIPMENT AND LEASING	45
13) DEFERED ASSETS	45
14) INTANGIBLE ASSETS	46
15) DEPOSITS, FEDERAL FUNDS PURCHASED AND SECURITIES SOLD UNDER AGREEMENTS TO REPURCHASE AND FUNDS FROM ISSUANCE OF SECURITIES	46
16) BORROWING AND ONLENDING	48
17) PROVISIONS, CONTINGENT ASSETS AND LIABILITIES AND LEGAL LIABILITIES - TAX AND SOCIAL SECURITY	49
18) SUBORDINATED DEBT	52
19) OTHER LIABILITIES	53
20) NON-CONTROLLING INTERESTS IN SUBSIDIARIES	54
21) SHAREHOLDERS' EQUITY (PARENT COMPANY)	54
22) FEE AND COMMISSION INCOME	56
23) PAYROLL AND RELATED BENEFITS	56
24) OTHER ADMINISTRATIVE EXPENSES	56
25) TAX EXPENSES	57
26) OTHER OPERATING INCOME	57

27) OTHER OPERATING EXPENSES	57
28) NON-OPERATING INCOME (LOSS)	57
29) RELATED-PARTY TRANSACTIONS (DIRECT AND INDIRECT)	58
30) FINANCIAL INSTRUMENTS	60
31) EMPLOYEE BENEFITS	66
32) INCOME TAX AND SOCIAL CONTRIBUTION	67
33) OTHER INFORMATION	69

December 2014

Consolidated Financial Statements of the Prudential Conglomerate and Independent Auditors' Report

Notes to the Consolidated Financial Statements of the Prudential Conglomerate

1) OPERATIONS

Banco Bradesco S.A. (Bradesco) is a private-sector publicly traded company and universal bank that through its commercial, foreign exchange, consumer financing and housing loan portfolios carries out all the types of banking activities that it is so authorized to do. 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, working together in an integrated fashion in the market.

2) PRESENTATION OF THE FINANCIAL STATEMENTS

The consolidated financial statements of the prudential conglomerate have been prepared to comply with the requirements of Resolution nº 4280/13, of the National Monetary Council (CMN) and supplementary regulations of the Central Bank of Brazil (Bacen). This way, specific requirements were observed in the consolidation and/or combination of entities listed in Resolution nº 4280/13 determined by CMN and Bacen, which are not necessarily the same established by Brazilian corporate law and by CMN or Bacen for other types of consolidation. In this sense, the financial statements of Banco Bradesco, its foreign branch, controlled companies and investment funds are included as required by Resolution nº 4280/13.

Bradesco has chosen the option provided in paragraph 2º of Art. 10, of the Circular nº 3701/14, of Bacen, and are not presenting the comparative information of the consolidated financial statements of the prudential conglomerate. These financial statements are expressed in thousands of reais.

In the preparation of these consolidated financial statements of the prudential conglomerate, intercompany transactions, including investments, assets and liabilities, revenue, expenses and unrealized profit were eliminated and net income and shareholders' equity attributable to the non-controlling interests were accounted for in a separate line. For jointly-controlled investments with other shareholders, assets, liabilities and income and loss were proportionally consolidated in the consolidated financial statements according to the interest held in the shareholders' equity of each investee. 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 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, 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 of the prudential conglomerate were approved by the Board Directors on March 31, 2015.

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Consolidated Financial Statements of the Prudential Conglomerate and Independent Auditors' Report

Notes to the Consolidated Financial Statements of the Prudential Conglomerate

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

	Activity	December 31, 2014 Equity Interest
Financial Institutions		
Banco Bradesco S.A.	Banking	Controller
Banco Alvorada S.A.	Banking	99.99%
Banco Bradesco Financiamentos S.A.	Banking	100.00%
BMC Asset Management - DTVM Ltda.	Asset management	100.00%
Banco Bradesco BBI S.A.	Investment bank	99.80%
Banco Boavista Interatlântico S.A.	Banking	100.00%
Banco CBSS S.A.	Banking	100.00%
Banco Bradesco Cartões S.A.	Cards	100.00%
Banco Bradesco BERJ S.A.	Banking	100.00%
Bradesco Leasing S.A. Arrendamento Mercantil	Leasing	100.00%
Bradesco S.A. Corretora de Títulos e Valores Mobiliários	Brokerage	100.00%
BEC - Distribuidora de Títulos e Valores Mobiliários Ltda.	Asset management	100.00%
BEM - Distribuidora de Títulos e Valores Mobiliários Ltda.	Asset management	100.00%
BRAM - Bradesco Asset Management S.A. DTVM	Asset management	100.00%
Ágora Corretora de Títulos e Valores Mobiliários S.A.	Brokerage	100.00%
Banco Bradescard S.A.	Cards	100.00%
Crediare S.A. - Crédito, Financiamento e Investimento	Banking	50.00%
Cidade Capital Markets Limited	Banking	100.00%
Everest Leasing S.A. Arrendamento Mercantil	Leasing	100.00%
Tibre Distribuidora de Títulos e Valores Mobiliários Ltda.	Asset management	100.00%
Banco Bradesco Argentina S.A.	Banking	99.99%
Banco Bradesco Europa S.A.	Banking	100.00%
Banco Bradesco S.A. Grand Cayman Branch (1)	Banking	100.00%
Banco Bradesco New York Branch	Banking	100.00%
Bradesco Securities, Inc.	Brokerage	100.00%
Bradesco Securities, UK.	Brokerage	100.00%
Bradesco Securities Hong Kong	Brokerage	100.00%
Bradescard México, Sociedad de Responsabilidad Limitada	Cards	100.00%
Administradora de Consórcios		
Bradesco Administradora de Consórcios Ltda.	Consortium management	100.00%
Instituições de Pagamento		
Cielo S.A. (2)	Services	28.65%
Cia. Brasileira de Soluções e Serviços - Alelo (2)	Services	50.01%
Securitizadoras		
Cia. Securitizadora de Créditos Financeiros Rubi	Purchase of credits	100.00%
Alvorada Cia. Securitizadora de Créditos Financeiros	Purchase of credits	100.00%
Promosec Cia. Securitizadora de Créditos	Purchase of credits	100.00%

Fundos de Investimentos

Bradesco FI MULT Cred. Priv. Inv. Exterior Pioneiro	Investment funds	100.00%
Bradesco F.I.C. F.I. Referenciado DI Galáxia	Investment funds	100.00%
Bradesco FI Multimercado Cred. Privado Apolo	Investment funds	100.00%
F II - Fundo de Investimento RF Cred. Privado	Investment funds	100.00%
FIDC Hiper	Investment funds	100.00%
FIP Multisetorial Plus	Investment funds	100.00%
Bradesco FI Referenciado DI União	Investment funds	94.82%
Bradesco F.I. Referenciado DI Performance	Investment funds	100.00%
BRAD FI Mult. Cred. Priv. Inv. Exterior Andromeda	Investment funds	100.00%
Strong Fundo de Inv. em Cotas FUN Inv. Multimercado	Investment funds	100.00%
FIP Multisetorial Plus II	Investment funds	100.00%
Bradesco FIC Fundo Inv. Referenciado DI Carnaúba	Investment funds	50.01%

(1) The special purpose entity International Diversified Payment Rights Company is being consolidated. The company takes part in the securitization operation of future flow of payment orders received from overseas (Note 15d); and

(2) Company proportionally consolidated, pursuant to CMN Resolution nº 2723/00 and CVM Rule nº 247/96.

December 2014

Consolidated Financial Statements of the Prudential Conglomerate and Independent Auditors' Report

Notes to the Consolidated Financial Statements of the Prudential Conglomerate

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 transactions are recorded at their redemption value with the income or expense relating to future periods being recorded as a deduction from the corresponding asset or liability. Finance income and costs are prorated daily and calculated 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 or foreign-currency-indexed transactions are adjusted for inflation and foreign exchange rates respectively at the end of the reporting period.

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 4.

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 5.

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 cashflows or similar techniques to determine the fair value and may require judgment or significant estimates by Management.

Consolidated Financial Statements of the Prudential Conglomerate and Independent Auditors' Report

Notes to the Consolidated Financial Statements of the Prudential Conglomerate

Classification, breakdown and segmentation of securities are presented in Note 6 (a to d).

f) Derivative financial instruments (assets and liabilities)

Derivate instruments are classified based on the intent of the underlying instrument 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. Gains and losses are recorded in the income or expenses accounts of the respective financial instruments.

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 and are classified according to their nature:

- Market risk hedge: the gains and losses, realized or not, of the financial instruments classified in this category as well as the financial assets and liabilities, that are the object of the hedge, are 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 6 (e 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 n° 2682/99, 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 to rate customer risk as per CMN Resolution n° 2682/99, as follows:

Past-due period (1)	Customer rating
• 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 n° 2682/99.

Interest and inflation adjustments on past-due transactions are only recognized in the Income Statement up to the 59th day that they are past due. As from the 60th day, they are recognized 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.

_____ December 2014

Consolidated Financial Statements of the Prudential Conglomerate and Independent Auditors' Report

Notes to the Consolidated Financial Statements of the Prudential Conglomerate

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.

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 8.

Leasing

The leasing portfolio consists of contracts registered under Portaria 140/84, of the Ministry of Finance, which contains clauses: a) non cancellation; b) put option; and c) accrual based on floating or prefixed rates and accounted in accordance to the standards established by Bacen, as follows:

I- Receivable Leases

Reflect the balance of receivable counter installments, updated according to the indexes and criteria established contractually.

II- Lease deferred income and Guaranteed Residual Value (VRG)

Recorded at contract value, in contrast to the lease deferred income accounts and residual Value to be balanced, both presented by agreed conditions. The VRG received in advance is recorded in Other Liabilities – Lenders by Anticipation of the Residual Value, up to the maturity date of the contract. The present value adjustment of counter installments and receivable VRG of financial leasing operations is recognized as excess/insufficient depreciation on leased assets, aiming to align accounting practices. For operations that are 60 or more days past due, the appropriation to the income statements occurs when contractual installments are received, according to the CMN Resolution nº 2682/99.

III- Leased assets

Are stated at acquisition cost, net of accumulated depreciation. Depreciation is calculated by the straight-line method, with the benefit of 30% reduction on the normal useful life of the asset, provided in the existing legislation. The main annual rates of depreciation used, which are the basis for this reduction, are as follows: vehicles and related, 20%; furniture and utensils, 10%; machinery and equipment, 10%; and other assets, 10% and 20%.

IV- Losses on lease

The losses recorded in the sale of leased assets are deferred and amortized over the remaining term of the normal useful life of the assets, being demonstrated along with the Leased Asset (Note 8k).

V- Excess (insufficiency) of depreciation

The accounting records of the leasing operations are maintained in accordance with legal requirements, specific to this type of operation. The procedures adopted and summarized in "II" to "IV" above differ from accounting practices provided in Brazilian corporate legislation, especially with regards to the accrual basis of accounting on recording revenue and expenses related to leasing contracts. As a result, according to Circular Bacen nº 1429/89, the present value of the open counter installments has been calculated, using the internal rate of return of each contract, registering a revenue or expense of leasing, in contrast to excess or insufficiency of depreciation accounts, respectively, recorded in the Permanent Asset, aiming to suit leasing operations to an accrual basis of accounting (Note 8k).

Consolidated Financial Statements of the Prudential Conglomerate and Independent Auditors' Report

Notes to the Consolidated Financial Statements of the Prudential Conglomerate

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

Deferred income tax and social contribution 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) and mark-to-market adjustments on securities are recorded in "Other Liabilities - Tax and Social Security".

Deferred tax assets on temporary differences are realized when the corresponding provision is used and/or reversed. Deferred tax assets on income tax and social contribution losses are used 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. Social contribution on net income is calculated at 15% for financial institutions and insurance companies and at 9% for other companies.

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

Pursuant to Law n° 11941/09, changes in the criteria to recognize revenue, costs and expenses included in the net income for the period, enacted by Law n° 11638/07 and by Articles n° 37 and n° 38 of Law n° 11941/09, shall not affect taxable income, and, for tax purposes, accounting methods and criteria in force on December 31, 2007 are used. For accounting purposes, the tax effects of adopting the aforementioned laws are recorded in the corresponding deferred tax assets and liabilities.

The breakdown of income tax and social contribution, showing the calculations, the origin and expected use of deferred tax assets, as well as unrecorded deferred tax assets, are presented in Note 32.

i) Prepaid expenses

Prepaid expenses are represented by 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.

Prepaid expenses are shown in detail in Note 10b.

j) Investments

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

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

Subsidiaries and jointly-controlled entities are consolidated - the composition of the main companies can be found in Note 2. The composition of unconsolidated companies, as well as other investments, can be found in Note 11.

k) Premises and equipment

Relates to the tangible assets used by the Bank in its activities, including those resulting from transactions which 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; furniture and utensils and machinery and equipment - 10% per annum; transport systems - 20% per annum; and data-processing systems - 20% to 50% per annum, and adjusted for impairment, when applicable.

December 2014

Consolidated Financial Statements of the Prudential Conglomerate and Independent Auditors' Report

Notes to the Consolidated Financial Statements of the Prudential Conglomerate

The breakdown of asset costs and their corresponding depreciation, as well as the unrecorded surplus value for real estate and fixed asset ratios, is presented in Note 12.

l) Deferred assets

It is stated at a cost of acquisition or net formation of their accumulated depreciation of 20% per annum, calculated by the straight-line method. From December, 2008, the new operations have been recorded in intangible assets in accordance with the Circular Letter in 3,357/08 of Bacen.

The values composition of the assets costs and their depreciation are presented in Note 13.

m) Intangible assets

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

Intangible assets comprise:

- Future profitability/acquired client portfolio and acquisition of right to provide banking services: they are 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% to 50% 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.

Goodwill and other intangible assets, including their changes by class, are presented in Note 14.

n) Impairment

Financial and non-financial assets are tested for impairment.

Impairment evidence may comprise the non-payment or payment delay by the debtor, possible bankruptcy process or the significant or extended decline in an asset value.

An impairment loss of a financial or non-financial asset is recognized in the profit or loss for the period if the book value of an asset or cash-generating unit exceeds its recoverable value.

Impairment losses are presented in Notes 6d(10).

o) Securities sold under agreements to repurchase

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

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.

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 3823/09 and CVM Resolution nº 594/09:

Bradesco _____

Consolidated Financial Statements of the Prudential Conglomerate and Independent Auditors' Report

Notes to the Consolidated Financial Statements of the Prudential Conglomerate

- **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, classifying the gain as practically certain by confirming the expectation of receipt or compensation against another liability. Contingent assets with a chance of probable success are disclosed in the notes to the financial statements;
- **Provisions:** these are recorded taking into consideration the opinion of legal counsel, the nature of the lawsuits, similarity with previous lawsuits, complexity and positioning of the courts, whenever the loss is deemed probable 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 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 are recognized in the profit or loss over the term of the transaction and reduces the corresponding liability. 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 33.

December 2014

Consolidated Financial Statements of the Prudential Conglomerate and Independent Auditors' Report

Notes to the Consolidated Financial Statements of the Prudential Conglomerate

4) CASH AND CASH EQUIVALENTS

	December 31, 2014 -
	R\$ thousand
Cash and due from banks in domestic currency	10,816,977
Cash and due from banks in foreign currency	3,685,973
Investments in gold	106
Total cash and due from banks	14,503,056
Interbank investments (1)	190,166,087
Total cash and cash equivalents	204,669,143

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

Bradesco _____

Consolidated Financial Statements of the Prudential Conglomerate and Independent Auditors' Report

Notes to the Consolidated Financial Statements of the Prudential Conglomerate

5) INTERBANK INVESTMENTS

a) Breakdown and maturity

	1 to 30 days
Investments in federal funds purchased and securities sold under agreements to repurchase:	
Own portfolio position	11,818,123
• Financial treasury bills	9,789,740
• National treasury notes	5,389,740
• National treasury bills	6,358,099
• Other	60,499
Funded position	181,115,139
• Financial treasury bills	22,241,077
• National treasury notes	105,283,214
• National treasury bills	53,590,848
Short position	735,882
• National treasury bills	735,882
Subtotal	193,669,144
Interest-earning deposits in other banks:	
• Interest-earning deposits in other banks	2,320,390
• Provision for losses	(2,528)
Subtotal	2,317,862
Grand total	195,987,006
%	96.8

b) Income from interbank investments

Classified in the income statement as income on securities transactions.

Year ended December 31,
2014 - R\$ thousand

Income from investments in purchase and sale commitments:

•Own portfolio position	292,618
•Funded position	14,927,863
•Short position	416,333
Subtotal	15,636,814
Income from interest-earning deposits in other banks	591,243
Total (Note 6h)	16,228,057

December 2014

Consolidated Financial Statements of the Prudential Conglomerate and Independent Auditors' Report

Notes to the Consolidated Financial Statements of the Prudential Conglomerate**6) 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

	December 31, 2014 - R\$ thousand	
	Financial	%
Trading securities (5)	39,354,163	25.6
- Government securities	19,027,995	12.4
- Corporate securities	15,746,687	10.2
- Derivative financial instruments (1) (9)	4,579,481	3.0
Available-for-sale securities (5)	114,447,667	74.4
- Government securities	59,327,749	38.6
- Corporate securities	55,119,918	35.8
Held-to-maturity securities (4)	38,874	-
- Government securities	38,874	-
Subtotal	153,840,704	100.0
Purchase and sale commitments (2)	60,347	
Grand total	153,901,051	
- Government securities	78,394,618	51.0
- Corporate securities	75,446,086	49.0
Subtotal	153,840,704	100.0
Purchase and sale commitments (2)	60,347	-
Grand total	153,901,051	

 Bradesco

Consolidated Financial Statements of the Prudential Conglomerate and Independent Auditors' Report

Notes to the Consolidated Financial Statements of the Prudential Conglomerate**b) Breakdown of the consolidated portfolio by issuer**

Securities (3)	1 to 30 days	31 to 180 days	181 to 360 days	More than 360 days	December 31, 2014 - R\$ thousand		
					Fair/book value (6) (7) (8)	Original amortized cost	Market value
Government securities	5,036,664	5,544,349	1,479,311	66,334,294	78,394,618	79,122,002	(72,000)
Financial treasury bills	37,990	721,378	1,458,860	3,047,344	5,265,572	5,266,105	
National treasury bills	3,822,677	2,462,067	20,383	16,254,039	22,559,166	23,323,986	(76,820)
National treasury notes	119,608	2,284,446	-	46,284,643	48,688,697	48,649,176	39,521
Brazilian foreign debt notes	22,056	8,061	-	689,218	719,335	733,070	(13,735)
Privatization currencies	-	-	-	58,928	58,928	48,784	10,144
Other	1,034,333	68,397	68	122	1,102,920	1,100,881	2,039
Private securities	12,760,093	5,070,305	2,644,095	54,971,593	75,446,086	75,376,091	(70,000)
Bank deposit certificates	41,727	599,070	-	58,584	699,381	699,381	
Shares	3,418,512	-	-	-	3,418,512	3,368,304	50,208
Debentures	280,682	2,185,102	1,075,572	29,196,477	32,737,833	32,909,387	(171,554)
Promissory notes	118,066	519,183	-	549	637,798	643,274	(5,476)
Foreign corporate securities	1,867,364	44,158	74,605	9,429,607	11,415,734	12,033,719	(618,000)
Derivative financial instruments (1) (9)	2,541,245	194,751	190,772	1,652,713	4,579,481	3,623,689	955,792
Certificates of Real Estate Receivables	285	1,225	3,240	11,764,106	11,768,856	11,905,203	(136,347)
Financial bills	315,916	1,212,163	1,274,682	2,414,708	5,217,469	5,231,991	(14,522)
Other	4,176,296	314,653	25,224	454,849	4,971,022	4,961,143	9,879
Subtotal	17,796,757	10,614,654	4,123,406	121,305,887	153,840,704	154,498,093	(65,000)
Purchase and sale commitments (2)	60,347	-	-	-	60,347	60,347	
Hedge - cash flow (Note 6g)	-	-	-	-	-	-	3
Grand total	17,857,104	10,614,654	4,123,406	121,305,887	153,901,051	154,558,440	(34,000)

December
2014

Consolidated Financial Statements of the Prudential Conglomerate and Independent Auditors' Report

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

Securities (3)	1 to 30 days	31 to 180 days	181 to 360 days	More than 360 days	December 31, 2014 -		Original amortiz cost
					Fair/book value (6)	(7) (8)	
- Financial (5)	8,447,642	6,844,143	3,069,410	20,992,968	39,354,163	38,391,1	
National treasury bills	521,093	1,976,145	20,383	346,965	2,864,586	2,870,7	
Financial treasury bills	26,154	546,407	1,458,860	2,730,561	4,761,982	4,762,3	
Bank deposit certificates	40,835	599,070	-	27,670	667,575	667,5	
Derivative financial instruments (1) (9)	2,541,245	194,751	190,772	1,652,713	4,579,481	3,623,6	
Debentures	163,390	432,292	72,104	3,477,408	4,145,194	4,207,8	
National treasury notes	110,822	1,492,204	-	9,311,244	10,914,270	10,802,6	
Financial bills	315,916	1,212,163	1,274,682	2,362,500	5,165,261	5,179,2	
Other	4,728,187	391,111	52,609	1,083,907	6,255,814	6,277,0	
Subtotal	8,447,642	6,844,143	3,069,410	20,992,968	39,354,163	38,391,1	
Purchase and sale commitments (2)	60,347	-	-	-	60,347	60,3	
Grand total	8,507,989	6,844,143	3,069,410	20,992,968	39,414,510	38,451,4	
Derivative financial instruments (liabilities) (9)	(1,584,487)	(336,613)	(247,709)	(1,144,298)	(3,313,107)	(2,871,4	

Bradesco

Consolidated Financial Statements of the Prudential Conglomerate and Independent Auditors' Report

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

Securities (3) (10)	1 to 30 days	31 to 180 days	181 to 360 days	More than 360 days	December 31, 2014 - R\$ thousand		Mark ma
					Fair/book value (6) (7) (8)	Original amortized cost	
- Financial (5)	9,349,115	3,770,511	1,053,996	100,274,045	114,447,667	116,068,114	(1,620,000)
National treasury bills	3,301,583	485,921	-	15,907,073	19,694,577	20,453,280	(750,000)
Brazilian foreign debt notes	8,858	-	-	253,042	261,900	272,701	(10,000)
Foreign corporate securities	1,797,743	44,158	47,288	9,155,338	11,044,527	11,651,082	(600,000)
National treasury notes	8,786	792,242	-	36,973,398	37,774,426	37,846,531	(70,000)
Financial treasury bills	11,835	174,971	-	316,783	503,589	503,769	-
Bank deposit certificates	892	-	-	30,914	31,806	31,806	-
Debentures	117,292	1,752,809	1,003,468	25,719,069	28,592,638	28,701,567	(100,000)
Shares	1,701,618	-	-	-	1,701,618	1,650,913	50,000
Certificates of Real Estate Receivables	285	1,225	3,240	11,714,868	11,719,618	11,857,286	(130,000)
Other	2,400,223	519,185	-	203,560	3,122,968	3,099,179	20,000
Subtotal	9,349,115	3,770,511	1,053,996	100,274,045	114,447,667	116,068,114	(1,620,000)
Hedge - cash flow (Note 6g)	-	-	-	-	-	-	31,000
Grand total	9,349,115	3,770,511	1,053,996	100,274,045	114,447,667	116,068,114	(1,300,000)

III) Held-to-maturity securities

Securities	December 31, 2014 - R\$ thousand					Original amortized cost (5) (6)
	1 to 30 days	31 to 180 days	181 to 360 days	More than 360 days		
Financial	-	-	-	38,874	38,874	
Brazilian foreign debt notes	-	-	-	38,874	38,874	
Grand total (4)	-	-	-	38,874	38,874	

December 2014

Consolidated Financial Statements of the Prudential Conglomerate and Independent Auditors' Report

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

Securities	December 31, 2014 - R\$ thousand				
	1 to 30 days	31 to 180 days	181 to 360 days	More than 360 days	Total
Own portfolio	15,190,990	5,366,129	3,253,982	73,768,667	97,583,768
Fixed income securities	11,772,478	5,366,129	3,253,982	73,768,667	94,161,256
• Financial treasury bills	37,990	75,055	800,591	1,749,880	2,663,516
• National treasury notes	119,608	201	-	21,152,066	21,271,875
• Brazilian foreign debt securities	22,056	8,061	-	689,218	719,335
• Bank deposit certificates	41,727	599,070	-	58,584	641,381
• National treasury bills	3,822,677	338,861	-	4,262,652	8,424,190
• Foreign corporate securities	1,750,567	44,158	74,605	2,025,456	3,894,786
• Debentures	280,682	2,185,102	1,075,572	29,196,477	32,737,833
• Certificates of Real Estate Receivables	285	1,225	3,240	11,764,106	11,768,856
• Financial bills	315,916	1,212,163	1,274,682	2,414,708	5,217,469
• Purchase and sale commitments (2)	60,347	-	-	-	60,347
• Other	5,320,623	902,233	25,292	455,520	6,703,678
Equity securities	3,418,512	-	-	-	3,418,512
• Shares of listed companies	3,418,512	-	-	-	3,418,512
Restricted securities	124,869	5,053,774	678,652	45,554,671	51,411,966
Repurchase agreements	116,797	4,420,748	65,203	40,299,588	44,902,336
• National treasury bills	-	2,113,008	20,383	9,890,419	12,023,810
• Financial treasury bills	-	23,495	44,820	358,861	477,176
• National treasury notes	-	2,284,245	-	22,646,157	24,930,402
• Foreign corporate securities	116,797	-	-	7,404,151	7,520,948
Brazilian Central Bank	-	-	-	19,764	19,764
• National treasury bills	-	-	-	19,764	19,764
Privatization currencies	-	-	-	58,928	58,928
Guarantees provided	8,072	633,026	613,449	5,176,391	6,430,938
• National treasury bills	-	10,198	-	1,751,368	1,761,566
• Financial treasury bills	-	622,828	613,449	938,603	2,175,280
• National treasury notes	-	-	-	2,486,420	2,486,420
• Other	8,072	-	-	-	8,072
Derivative financial instruments (1) (9)	2,541,245	194,751	190,772	1,652,713	4,589,481
Securities subject to unrestricted repurchase agreements	-	-	-	329,836	329,836
• National treasury bills	-	-	-	329,836	329,836
Grand total	17,857,104	10,614,654	4,123,406	121,305,887	153,901,051
%	11.6	6.9	2.7	78.8	

Consolidated Financial Statements of the Prudential Conglomerate and Independent Auditors' Report

Notes to the Consolidated Financial Statements of the Prudential Conglomerate

- (1) Consistent with the criteria in Bacen Circular Letter n^o 3068/01 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) These refer to investment fund and managed portfolio resources invested in purchase contracts with a commitment to re sale with Bradesco, whose owners are consolidated subsidiaries, included in the consolidated financial statements;
- (3) The investment fund quotas are presented according to the instruments comprising their portfolios and maintaining the classification used in the fund;
- (4) In compliance with Article 8 of Bacen Circular Letter n^o 3068/01, Bradesco declares that it has the financial capacity and intention to maintain held-to-maturity securities until their maturity dates. This financial capacity is disclosed in Note 30a, which presents the maturity of asset and liability operations;
- (5) On December 2014, the amount of R\$ 17,003 thousand was reclassified from "Held-for-trading securities" to "Available-for-sale securities";
- (6) The number of days to maturity was based on the maturity of the instruments, regardless of their accounting classification;
- (7) This column reflects book value after mark-to-market accounting in accordance with item (7), except for held-to-maturity instruments, whose fair value is higher than the original amortized cost for the amount of R\$ 5,402 thousand;
- (8) 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. For investment funds, the original amortized cost reflects the fair value of the respective quotas;
- (9) For a better analysis of these items, consider the net exposure (Note 6e II); and
- (10) In the year ended December 31, 2014, there were no losses by impairment under the heading "equity securities", for the securities classified under the category "Available-for-sale securities".

e) Derivative financial instruments

Bradesco carries out transactions involving derivative financial instruments, which are recorded in the statement of financial position or in off-balance-sheet accounts, to meet its own needs in managing its

global exposure, as well as to meet its customer's requests, in order to manage their exposure. These operations involve a 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 at the stock 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.

December 2014

Consolidated Financial Statements of the Prudential Conglomerate and Independent Auditors' Report

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

	December 31, 2014 - R\$ thousand	
	Grand total amount	Net amount
Futures contracts		
Purchase commitments:	75,980,704	-
- Interbank market	56,612,540	-
- Foreign currency	16,145,870	-
- Other	3,222,294	2,984,059
Sale commitments:	130,338,720	-
- Interbank market (1)	104,058,738	47,446,198
- Foreign currency (2)	26,041,747	9,895,877
- Other	238,235	-
Option contracts		
Purchase commitments:	26,201,474	-
- Interbank market	23,572,355	-
- Foreign currency	2,190,621	479,247
- Other	438,498	314,801
Sale commitments:	32,429,075	-
- Interbank market	30,594,004	7,021,649
- Foreign currency	1,711,374	-
- Other	123,697	-
Forward contracts		
Purchase commitments:	8,164,817	-
- Foreign currency	8,053,377	-
- Other	111,440	-
Sale commitments:	9,697,207	-
- Foreign currency	9,280,704	1,227,327
- Other	416,503	305,063
Swap contracts		
Assets (long position):	54,224,000	-
- Interbank market	12,238,607	307,432
- Fixed rate	6,315,588	1,459,415
- Foreign currency	29,305,345	37,596
- IGPM	1,654,190	-
- Other	4,710,270	-
Liabilities (short position):	53,486,392	-

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- Interbank market	11,931,175	-
- Fixed rate	4,856,173	-
- Foreign currency	29,267,749	-
- IGPM	2,190,829	536,639
- Other	5,240,466	530,196

Derivatives include operations maturing in D+1.

(1) Includes cash flow hedges to protect CDI-related funding, totaling R\$ 21,107,308 thousand (Note 6g); and

(2) Includes specific hedges to protect foreign investments totaling R\$ 37,598,682 thousand.

To obtain greater payment assurance for operations with financial institutions and customers, Bradesco established compensation and settlement agreements for liabilities within the National Financial System, in accordance with CMN Resolution nº 3263/05.

December 2014

Consolidated Financial Statements of the Prudential Conglomerate and Independent Auditors' Report

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

	December 31, 2014 - R\$ thousand		
	Original amortized cost	Mark-to-market adjustment	Fair value
Adjustment receivables - swaps	1,952,660	922,950	2,875,610
Adjustment receivables - futures	17,545	-	17,545
Receivable forward purchases	1,038,259	-	1,038,259
Receivable forward sales	320,519	-	320,519
Premiums on exercisable options	294,706	32,842	327,548
Total assets (A)	3,623,689	955,792	4,579,481
Adjustment payables - swaps	(1,697,878)	(440,124)	(2,138,002)
Adjustment payables - futures	(29,231)	-	(29,231)
Payable forward purchases	(461,901)	-	(461,901)
Payable forward sales	(550,877)	-	(550,877)
Premiums on written options	(131,567)	(1,529)	(133,096)
Total liabilities (B)	(2,871,454)	(441,653)	(3,313,107)
Net Effect (A-B)	752,235	514,139	1,266,374

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

	December 31, 2014 - R\$ thousand				
	1 to 90 days	91 to 180 days	181 to 360 days	More than 360 days	Total on December
Futures contracts	120,858,857	2,954,498	40,828,613	41,677,456	206,319,424
Option contracts	35,763,128	21,705,331	410,019	752,071	58,630,549
Forward contracts	10,702,927	3,431,977	2,275,924	1,451,196	17,862,024
Swap contracts	9,481,542	16,660,353	5,610,074	19,596,422	51,348,391
Total	176,806,454	44,752,159	49,124,630	63,477,145	334,160,388

IV) Types of margin offered in guarantee of derivative financial instruments, mainly futures contracts

December 31, 2014 - R\$ thousand

Government securities

National treasury notes	2,736,940
Financial treasury bills	5,426
National treasury bills	50,002
Total	2,792,368

V) Revenues and expenses, net

Year ended December 31, 2014 - R\$ thousand

Swap contracts	(167,951)
Forward contracts	(915,802)
Option contracts	152,934
Futures contracts	(409,298)
Total	(1,340,117)

December 2014

Consolidated Financial Statements of the Prudential Conglomerate and Independent Auditors' Report

Notes to the Consolidated Financial Statements of the Prudential Conglomerate**VI) Total value of derivative financial instruments, by trading location and counterparties**

	December 31, 2014 - R\$ thousand
Cetip (over-the-counter)	50,104,746
BM&FBOVESPA (stock exchange)	248,466,850
Overseas (over-the-counter) (1)	22,088,743
Overseas (stock exchange) (1)	13,500,049
Total	334,160,388

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

As of December 31, 2014, a total of 92.7% of counterparties are corporate entities and 7.3% are financial institutions.

f) Credit Default Swaps (CDS)

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

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

On December 31, 2014, Bradesco had credit default swaps (CDS) with the following characteristics: (i) the amount of risk transferred under credit swaps whose underlying assets are "Brazilian government securities" is R\$ (1,326,900) thousand; and (ii) the risk received in credit swaps whose underlying assets are "derivative with companies" is R\$ 13,281 thousand, amounting to a total net credit risk value of R\$ (1,313,619) thousand, with an effect on the calculation of required shareholders' equity of R\$ (71,519) thousand.

Bradesco carries out operations involving credit derivatives to better manage its risk exposure and its assets. The contracts related to credit derivatives transactions described above are due in 2019. The mark-to-market of the protection rates that remunerates the counterparty that received the risk totaled R\$ (4,434) thousand. There were no credit events, as defined in the agreements, during the year.

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

	December 31, 2014 - R\$ thousand
DI Future with maturity between 2015 and 2017	21,107,308
Funding indexed to CDI	19,969,423
Mark-to-market adjustment recorded in shareholders' equity (1)	311,683
Ineffective fair value recorded in profit or loss	19,374

(1) The adjustment in shareholders' equity is R\$ 187,010 thousand, net of taxes.

The effectiveness of the hedge portfolio was assessed in accordance with Bacen Circular Letter nº 3082/02.

Bradesco _____

Consolidated Financial Statements of the Prudential Conglomerate and Independent Auditors' Report

Notes to the Consolidated Financial Statements of the Prudential Conglomerate**h) Income from securities, insurance, pension plans and capitalization bonds and derivative financial instruments**

Year ended December 31, 2014 - R\$ thousand

Fixed income securities	17,538,254
Interbank investments (Note 5b)	16,228,057
Equity securities	(14,774)
Subtotal	33,751,537
Income from derivative financial instruments (Note 6e V)	(1,340,117)
Total	32,411,420

7) INTERBANK ACCOUNTS - RESERVE REQUIREMENT**a) Reserve requirement**

	Remuneration	R\$ thousand December 31, 2014
Reserve requirement – demand deposits	not remunerated	6,663,664
Reserve requirement – savings deposits	savings index	18,141,287
Reserve requirement – time deposits	Selic rate	7,175,649
Additional reserve requirement		18,944,306
• Savings deposits	Selic rate	9,070,643
• Time deposits	Selic rate	9,873,663
Reserve requirement – SFH	TR + interest rate	622,135
Total (1)		51,547,041

(1) For further information regarding new rules on reserve requirement, see Note 33c.

b) Revenue from reserve requirement

Year ended December 31, 2014 - R\$ thousand

Reserve requirement – Bacen	4,277,352
Reserve requirement – SFH	33,569
Total	4,310,921

December 2014

Consolidated Financial Statements of the Prudential Conglomerate and Independent Auditors' Report

Notes to the Consolidated Financial Statements of the Prudential Conglomerate**8) 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					Decem
	1 to 30 days	31 to 60 days	61 to 90 days	91 to 180 days	181 to 360 days	36
Discounted trade receivables and loans (1)	21,385,919	15,188,523	10,182,486	18,672,728	22,823,861	60
Financing	3,724,961	3,656,652	3,706,563	9,584,205	16,107,488	82
Agricultural and agribusiness loans	661,056	1,166,236	661,416	3,163,639	8,836,657	9
Subtotal	25,771,936	20,011,411	14,550,465	31,420,572	47,768,006	152
Leasing	214,615	211,006	178,015	518,201	841,026	2
Advances on foreign exchange contracts (2)	722,207	807,097	798,145	2,003,000	1,534,167	
Subtotal	26,708,758	21,029,514	15,526,625	33,941,773	50,143,199	154
Other receivables (3)	7,332,698	5,323,485	1,866,206	3,595,877	3,059,236	1
Total loans	34,041,456	26,352,999	17,392,831	37,537,650	53,202,435	155
Sureties and guarantees (4)	3,331,136	1,051,912	754,954	4,479,051	8,829,945	53
Loan assignment - real estate receivables certificate	54,878	54,876	54,873	157,925	235,689	
Co-obligation in rural loan assignment (4)	-	-	-	-	-	
Loans available for import (4)	93,565	75,801	52,950	48,562	28,397	
Confirmed exports loans (4)	24,889	1,780	3,690	709	398	
Acquisition of credit card receivables	384,011	171,261	121,994	317,426	359,427	
Grand total	37,929,935	27,708,629	18,381,292	42,541,323	62,656,291	210

Bradesco _____

Consolidated Financial Statements of the Prudential Conglomerate and Independent Auditors' Report

Notes to the Consolidated Financial Statements of the Prudential Conglomerate

	December 31, 2014 - R\$ thousand						Total on December (B)	%
	Non-performing loans Past-due installments							
	1 to 30 days	31 to 60 days	61 to 90 days	91 to 180 days	181 to 540 days			
Discounted trade receivables and loans (1)	1,156,444	1,015,091	875,653	1,952,688	2,983,461	7,983,337	8	
Financing	216,286	199,155	90,241	152,354	147,352	805,388		
Agricultural and agribusiness loans	17,295	22,350	56,121	34,735	16,705	147,206		
Subtotal	1,390,025	1,236,596	1,022,015	2,139,777	3,147,518	8,935,931	9	
Leasing	17,024	14,914	9,578	17,944	13,533	72,993		
Advances on foreign exchange contracts (2)	4,005	1,765	1,116	713	-	7,599		
Subtotal	1,411,054	1,253,275	1,032,709	2,158,434	3,161,051	9,016,523	9	
Other receivables (3)	8,784	2,861	8,403	14,333	50,067	84,448		
Grand total	1,419,838	1,256,136	1,041,112	2,172,767	3,211,118	9,100,971	10	

	December 31, 2014 - R\$ thousand						Total on December (C)	%
	Non-performing loans Outstanding installments							
	1 to 30 days	31 to 60 days	61 to 90 days	91 to 180 days	181 to 360 days	More than 360 days		
Discounted trade receivables and loans (1)	672,710	535,248	448,384	1,103,037	1,716,703	4,041,911	8,517,999	
Financing	194,085	193,640	177,703	503,727	849,909	2,367,662	4,286,722	
Agricultural and agribusiness loans	582	1,075	1,256	6,697	36,978	209,134	255,722	
Subtotal	867,377	729,963	627,343	1,613,461	2,603,590	6,618,707	13,060,443	14
Leasing	16,454	16,752	14,536	40,529	64,677	114,297	267,242	
Subtotal	883,831	746,715	641,879	1,653,990	2,668,267	6,733,004	13,327,685	14
Other receivables (3)	438	453	421	1,051	1,425	3,145	6,933	
Grand total	884,269	747,168	642,300	1,655,041	2,669,692	6,736,149	13,334,618	14

December 2014

Consolidated Financial Statements of the Prudential Conglomerate and Independent Auditors' Report

Notes to the Consolidated Financial Statements of the Prudential Conglomerate

	December 31, 2014 - R\$ thousand	
	Total on December	%
	(A+B+C)	(5)
Discounted trade receivables and loans (1)	165,077,145	39.2
Financing	124,592,608	29.6
Agricultural and agribusiness loans	24,082,953	5.7
Subtotal	313,752,706	74.5
Leasing	4,319,149	1.0
Advances on foreign exchange contracts (2) (Note 9a)	5,875,694	1.4
Subtotal	323,947,549	76.9
Other receivables (3)	22,491,797	5.3
Total loans	346,439,346	82.2
Sureties and guarantees (4)	72,069,547	17.1
Loan assignment - real estate receivables certificate	1,350,643	0.3
Co-obligation in rural loan assignment (4)	100,919	-
Loans available for import (4)	304,917	0.1
Confirmed exports loans (4)	31,466	-
Acquisition of credit card receivables	1,441,024	0.3
Grand total	421,737,862	100.0

(1) Including credit card loans and advances on credit card receivables of R\$ 17,422,034 thousand;

(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\$ 19,594,184 thousand;

(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 of the Prudential Conglomerate and Independent Auditors' Report

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

	Levels of risk					
	AA	A	B	C	D	E
Discounted trade receivables and loans	30,335,848	77,122,876	10,432,216	25,411,656	4,787,270	3,648,202
Financing	29,932,904	43,783,722	40,492,524	7,079,464	767,175	631,228
Agricultural and agribusiness loans	3,358,528	3,397,431	9,392,709	7,158,815	268,691	375,886
Subtotal	63,627,280	124,304,029	60,317,449	39,649,935	5,823,136	4,655,316
Leasing	97,135	571,415	3,238,383	68,191	73,964	34,998
Advances on foreign exchange contracts (2)	2,610,889	1,847,725	650,716	684,014	47,585	28,128
Subtotal	66,335,304	126,723,169	64,206,548	40,402,140	5,944,685	4,718,442
Other receivables	1,205,717	16,616,233	1,366,725	2,628,674	123,318	49,103
Grand total	67,541,021	143,339,402	65,573,273	43,030,814	6,068,003	4,767,545
%	19.5	41.4	18.9	12.4	1.7	1.4

(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 9a.

December 2014

Consolidated Financial Statements of the Prudential Conglomerate and Independent Auditors' Report

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

	December 31, 2014 - R\$ th								
	Levels of risk Non-performing loans								
	AAA	B	C	D	E	F	G	H	Total
Outstanding installments	-	-1,449,604	2,671,329	2,014,650	1,366,066	949,610	751,746	4,131,614	13,334,610
1 to 30	-	136,569	246,335	112,479	69,129	51,801	42,440	225,516	884,260
31 to 60	-	111,311	164,565	98,943	64,914	50,200	40,716	216,519	747,160
61 to 90	-	91,383	135,371	88,107	57,572	44,450	35,703	189,714	642,300
91 to 180	-	188,197	332,173	239,909	157,735	119,651	96,409	520,967	1,655,040
181 to 360	-	278,851	536,451	405,230	258,678	196,523	156,622	837,337	2,669,690
More than 360	-	643,293	1,256,434	1,069,982	758,038	486,985	379,856	2,141,561	6,736,140
Past-due installments (2)	-	-349,679	857,217	805,082	786,433	679,585	666,736	4,956,239	9,100,970
1 to 14	-	7,690	79,471	51,295	26,034	19,317	51,403	232,970	468,180
15 to 30	-	329,764	259,127	101,803	61,426	30,839	24,854	143,845	951,650
31 to 60	-	12,225	504,116	209,138	155,248	61,892	43,830	269,687	1,256,130
61 to 90	-	-	10,675	420,311	154,015	98,903	57,253	299,955	1,041,110
91 to 180	-	-	3,828	22,535	379,974	453,726	472,936	839,768	2,172,760
181 to 360	-	-	-	-	9,736	14,908	16,460	3,057,597	3,098,700
More than 360	-	-	-	-	-	-	-	112,417	112,410
Subtotal	-	-1,799,283	3,528,546	2,819,732	2,152,499	1,629,195	1,418,482	9,087,853	22,435,590
Specific provision	-	17,993	105,857	281,973	645,750	814,597	992,937	9,087,853	11,946,960

(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 n^o 2682/99.

Bradesco _____

Consolidated Financial Statements of the Prudential Conglomerate and Independent Auditors' Report

Notes to the Consolidated Financial Statements of the Prudential Conglomerate

	Levels of risk Performing loans							G
	AA	A	B	C	D	E	F	
Outstanding installments	67,541,021	143,339,402	63,773,990	39,502,268	3,248,271	2,615,046	693,324	505,660
1 to 30	5,486,357	18,916,779	2,947,066	5,170,331	355,608	351,533	83,184	221,690
31 to 60	4,781,276	13,369,406	2,623,406	4,050,470	187,992	970,238	50,592	29,460
61 to 90	3,645,263	8,119,910	2,182,714	3,000,452	149,740	82,024	33,432	19,770
91 to 180	7,203,093	17,674,549	5,800,771	5,797,917	395,124	136,376	156,133	44,380
181 to 360	10,180,511	23,665,146	8,983,055	9,104,426	541,527	151,872	116,904	56,380
More than 360	36,244,521	61,593,612	41,236,978	12,378,672	1,618,280	923,003	253,079	133,950
Generic provision	-	716,697	637,740	1,185,068	324,827	784,514	346,662	353,960
Grand total (2)	67,541,021	143,339,402	65,573,273	43,030,814	6,068,003	4,767,545	2,322,519	1,924,140
Existing provision	-	788,032	785,920	2,253,467	1,735,447	2,139,802	1,589,696	1,922,250
Minimum required provision	-	716,697	655,733	1,290,925	606,800	1,430,264	1,161,259	1,346,900
Excess provision (3)	-	71,335	130,187	962,542	1,128,647	709,538	428,437	575,350

(1) Percentage of maturities by type of installment;

(2) The grand total includes performing loans of R\$ 324,003,756 thousand and non-performing loans of R\$ 22,435,590 thousand; and

(3) On December 31, 2014, it includes provision for guarantees provided, comprising sureties, letters of credit and standby letter of credit, which was identified within the excess provision, and totals R\$ 421,596 thousand (Note 19b).

December 2014

Consolidated Financial Statements of the Prudential Conglomerate and Independent Auditors' Report

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

	December 31, 2014	R\$ thousand % (1)
Largest borrower	6,828,851	2.0
10 largest borrowers	24,043,751	6.9
20 largest borrowers	35,072,065	10.1
50 largest borrowers	49,656,653	14.3
100 largest borrowers	62,286,978	18.0

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

e) By economic sector

	December 31, 2014	R\$ thousand %
Public sector	6,849,002	2.0
Federal government	6,828,851	2.0
Petrochemical	6,828,851	2.0
State government	20,151	-
Production and distribution of electricity	20,151	-
Private sector	339,590,344	98.0
Manufacturing	56,650,811	16.3
Food products and beverages	13,640,472	3.9
Steel, metallurgy and mechanics	10,092,436	2.9
Light and heavy vehicles	5,353,212	1.5
Chemical	4,521,503	1.3
Pulp and paper	3,886,237	1.1
Textiles and apparel	3,138,214	0.9
Rubber and plastic articles	2,810,330	0.8
Furniture and wood products	2,205,150	0.7
Non-metallic materials	2,081,481	0.6
Automotive parts and accessories	1,998,093	0.6
Oil refining and production of alcohol	1,816,990	0.5
Financial		67

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Electric and electronic products	1,237,125	0.4
Extraction of metallic and non-metallic ores	1,166,969	0.3
Leather articles	791,083	0.2
Publishing, printing and reproduction	578,718	0.2
Other industries	1,332,798	0.4
Commerce	42,849,384	12.5
Merchandise in specialty stores	8,317,266	2.4
Food products, beverages and tobacco	5,553,398	1.6
Non-specialized retailer	5,405,122	1.5
Waste and scrap	3,679,167	1.1
Automobile	3,364,449	1.0
Clothing and footwear	3,079,345	0.9
Motor vehicle repairs, parts and accessories	3,065,933	0.9
Agricultural products	2,285,594	0.7
Grooming and household articles	2,211,096	0.6
Fuel	1,970,667	0.6
Trading intermediary	967,834	0.3
Wholesale of goods in general	942,695	0.3
Other commerce	2,006,818	0.6
Financial intermediaries	3,736,254	1.1
Services	92,782,420	26.6
Civil construction	24,567,839	7.1
Transportation and storage	18,319,498	5.3
Real estate activities, rentals and corporate services	12,482,679	3.6
Holding companies, legal, accounting and business advisory services	6,758,937	1.8
Clubs, leisure, cultural and sport activities	4,826,010	1.4
Production and distribution of electric power, gas and water	4,616,014	1.3
Social services, education, health, defense and social security	3,112,357	0.9
Hotels and catering	2,919,739	0.8
Telecommunications	774,953	0.2
Other services	14,404,394	4.2
Agriculture, cattle raising, fishing, forestry and timber industry	3,461,945	1.0
Individuals	140,109,530	40.5
Total	346,439,346	100.0

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Consolidated Financial Statements of the Prudential Conglomerate and Independent Auditors' Report

Notes to the Consolidated Financial Statements of the Prudential Conglomerate**f) Breakdown of loans and allowance for loan losses**

Level of risk	December 31, 2014 - R\$ thousand						%	%	
	Non-performing loans			Portfolio balance		Total			Accumulated
	Past due	Outstanding	Total - non-performing loans	Performing loans	Total				
					(1)	(2)			
AA	-	-	-	67,541,021	67,541,021	19.5	19.5		
A	-	-	-	143,339,402	143,339,402	41.4	60.9		
B	349,679	1,449,604	1,799,283	63,773,990	65,573,273	18.9	79.8		
C	857,217	2,671,329	3,528,546	39,502,268	43,030,814	12.4	92.2		
Subtotal	1,206,896	4,120,933	5,327,829	314,156,681	319,484,510	92.2			
D	805,082	2,014,650	2,819,732	3,248,271	6,068,003	1.7	93.9		
E	786,433	1,366,066	2,152,499	2,615,046	4,767,545	1.4	95.3		
F	679,585	949,610	1,629,195	693,324	2,322,519	0.7	96.0		
G	666,736	751,746	1,418,482	505,663	1,924,145	0.6	96.6		
H	4,956,239	4,131,614	9,087,853	2,784,771	11,872,624	3.4	100.0		
Subtotal	7,894,075								