BANK BRADESCO
Form 6-K
May 30, 2014

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, 2014
Commission File Number 1-15250

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

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

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

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

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes _______ No ___X____

Summary

1. Responsibility for the Form

1.1. Declaration and identification of persons responsible

Name of the person responsible for contents of the form: Luiz Carlos Trabuco Cappi

Position of person responsible: CEO

Name of the person responsible for contents of the form: Luiz Carlos Angelotti

Position of person responsible: Director of Investor Relations

The above mentioned directors declare that:

a) they have reviewed this reference form;

b) all information in the form complies with Brazilian Securities Commission (CVM) Instruction No. 480, in particular articles 14 to 19; and

c) the information herein provides a true, accurate and full picture of the issuer's financial situation and the risks inherent in its activities and its issue of securities.

2. Independent auditors

2.1/2.2 - Auditors – identification and compensation

Auditors – identification and compensation	
Has auditor?	Yes
CVM Code	418-9
Auditor type	National
Name/Business name	KPMG Auditores Independentes
Individuals/Legal entities No. (CPF/CNPJ)	57.755.217/0022-53
Period in which services rendered	03.21.2011
Description of services engaged	Works related to the year of 2013 include: (i) Audit of financial statements of companies and funds of Bradesco Organization; (ii) Statutory reports to meet Central Bank of Brazil and CVM requirements; And (iii) other services rendered by external auditors (pre-agreed procedures for review of financial information, sweepstakes, review and diagnosis of tax system and reviews). Works related to the year of 2012 include: (i) Audit of financial statements of companies and funds of Bradesco Organization; (ii) Statutory reports to meet Central Bank of Brazil and CVM requirements; And (iii) Other Services not represented by previously agreed procedures for review of financial and control information and assistance to meeting requirements related to fiscal matters, process diagnosis, technology and training. Audit work related to the review of the financial statements of the Bradesco Conglomerate companies for the 2011 fiscal year.
Total amount of remuneration of independent auditors segregated by service	Contracted works related to 2013 audit: R$29,836 thousand Other Services: R$926 thousand Total: R$30,762 thousand Contracted works related to 2012 audit: R$28,194 thousand

	Other Services: R$891 thousand Total: R$29,085 thousand Contracted works related to audit from 2011: R$30,674 thousand Other Services: R$1,402 thousand Total: R$32,076 thousand
Reason for replacement	Not applicable
Reason given by auditor in the event of disagreeing with issuer's reason	Not applicable
Period in which services rendered	03.21.2011
Name of technical person responsible	Cláudio Rogélio Sertório
Taxpayer No. (CPF)	094.367.598-78
Address	Av. Dionysia Alves Barreto, 500 - Conj. 1001, 10° andar, Centro, Osasco, SP, Brasil, CEP 06086050, Tel +55 (11) 2856-5300, e-mail: CSertorio@kpmg.com.br

2.3 - Other material information

There is no further information that we believe to be significant

3. Selected financial information

3.1 - Financial Information – Consolidated

(International Financial Reporting Standards - IFRS)	Fiscal year 12.31.2013	Fiscal year 12.31.2012	Fiscal year 12.31.2011
Shareholders' equity	72,102,926,000.00	71,346,390,000.00	59,382,094,000.00
Total assets	838,301,614,000.00	799,540,624,000.00	720,966,589,000.00
Net Rev./Fin. Med. Rev./Ins. Prem. Received	152,567,289,000.00	136,397,295,000.00	131,022,269,000.00
Gross earnings	14,319,169,000.00	15,441,448,000.00	14,611,242,000.00
Net earnings	12,486,138,000.00	11,351,694,000.00	11,089,442,000.00
Number shares excluding Treasury	4,196,509,159	3,817,372,781	3,817,841,181
Share equity value (Brazilian reais per unit)	17.180000	18.690000	15.550000
Net earnings per share	2.980000	2.970000	2.900000

3.2 - Non-accounting metrics

Non-accounting metrics were not disclosed in the course of the last fiscal year.

3.3 - Events subsequent to the most recent financial statements

On January 2, 2014, the corporate reorganization of Odontoprev S.A. was concluded, through which Bradesco by means of its indirect subsidiary, Bradesco Saúde S.A. (Bradesco Saúde), indirectly acquired interest representing 6.5% of the voting capital stock of Odontoprev held by Mr. Randal Luiz Zanetti (Mr. Randal). With this acquisition, Bradesco Saúde increased its interest in the total voting capital stock of Odontoprev from 43.5% to approximately 50.01%, remaining as its single controlling shareholder, and the Company's shareholders' agreement entered into between Bradesco Saúde and Mr. Randal was rescinded on that date.

3.4 - Policy for allocation of earnings

(R$ thousand)	**Allocation of earnings**		
	2013	**2012**	**2011**

A) Rules for Profit Retention

Legal reserve

Allocation of a portion of net profit to the legal reserve is determined by Article 193 of Law No. 6,404/76 in order to ensure the integrity of share capital, and may be used only to offset losses or increase capital.

Five percent (5%) of the period's net profit, before any other use, will be allocated to the legal reserve, which must not exceed twenty percent (20%) of share capital.

There is no requirement to allocate to the legal reserve in a year in which the balance of this reserve, plus capital reserves as per §1 of Article 182, exceeds thirty percent (30%) of share capital.

Statutory Reserves

Article 194 of Law No. 6,404/76 which governs the creation of statutory reserves states that the bylaws of the company may establish reserves on condition that in each case:

- Indicate, precisely and completely, the purpose;

- criteria are set to determine the annual portion of net profits that will be allocated to the statutory reserve; and

- the maximum amount of the reserve is stated.

Pursuant to the legislation, Article 28 of the Bylaws, states that after all statutory allocations have been made, a proposal for the allocation or use of any net income remaining shall be made by the executive board, to be approved by the board of directors and decided by General Meeting, and such income may be allocated one hundred percent (100%) to "Income Reserves - Statutory" in order to maintain an operational margin consistent with the development of the Company's active operations up to the limit of ninety-five percent (95%) of paid-up share capital.

If the board's proposal for use of net income from the period contains provision for distributing dividends and/or payment of interest on own capital

		in an amount greater than the mandatory dividend pursuant to Article 27, item III of the bylaws, and/or retained earnings under Article 196 of Law No. 6,404/76, the balance of net income for making this reserve will be determined after deducting these allocations in full.		
Profit Retention (R$ thousand)	Net income for the year	12,011,028	11,381,244	11,028,265
	Legal reserve	600,551	569,062	551,413
	Statutory Reserves	7,332,569	6,917,184	6,736,518
	Interest on shareholder equity	3,224,050	3,261,307	2,933,987
	Dividends	853,858	633,691	806,348

B) Rules for distribution of dividends

With the introduction of Law No. 9,249/95, which came into force on January 1, 1996, companies may pay interest on own capital to their shareholders, to be imputed, net of income tax at source, to the amount of the minimum mandatory dividend.

Minimum Mandatory Dividend

Pursuant to item III of Article 27 of Bradesco's Bylaws, shareholders are assured thirty percent (30%) of net income, each year, as a minimum mandatory dividend, adjusted for any decrease or increase of the amounts specified in items I, II and III of Article 202 of Law No. 6,404/76 (Law of Joint Stock Corporations).

Thus the minimum of thirty percent (30%) stipulated in the bylaws is greater than the minimum of twenty-five percent (25%) set forth in §2 of Article 202 of Law No. 6,404/76.

Shareholders Holding Preferred Shares

Preferred shares confer on their holders dividends ten percent (10%) higher than those paid on common shares (item "b", §2, Article 6 of the Bylaws).

Reinvestment of Dividends or Interest on Own Capital

Reinvestment of dividends or interest on own capital is a product that enables a shareholder and account holder registered with Bradesco Corretora (brokerage), personal or corporate, to invest the amount received and credited to current account in new shares (currently only for preferred shares), thereby increasing their shareholding.

Shareholders have the option of reinvesting monthly and/or special (supplementary or intermediate) dividends. There is no upper limit for

	reinvesting and the minimum must be enough to purchase at least one (1) share. Bradesco has distributed dividends monthly since 1970, and became the first Brazilian financial institution to adopt this practice.
C) Periodicity of dividend distributions	**Interim Dividends** The Executive Board, on approval of the Board of Directors, is authorized to declare and pay out interim dividends, semiannual or monthly, from existing earnings, or profit reserve accounts (§1, Article 27 of the bylaws). It may also authorize payment of Interest on Own Capital in total or partial substitution of interim dividends (§2, Article 27 of the Bylaws). **Monthly Payment of Interest on Own Capital** For the purposes set forth in Article 205 of Law No. 6,404/76, beneficiaries are shareholders registered with the Company on declaration dates, which are on the first day of each month. Payments are made on the first business day of the following month, as monthly advances on the mandatory dividend by crediting the account informed by the shareholder or made available to the Company.
D) Any restrictions on dividend payments imposed by special laws or regulations applicable to the issuer, as well as contracts, court decisions, administrative or arbitration court rulings	There are no restrictions on the distribution of dividends.

3.5 - Distribution of dividends and retention of net income

	Fiscal year 12.31.2013	Fiscal year 12.31.2012	Fiscal year 12.31.2011
Adjusted net income	11,410,476,390.24	10,812,182,236.32	10,476,852,079.21
Dividend distributed / adjusted net income	35.738276	36.024165	35.700900
Issuer's return on shareholders' equity	16.931296	16.247905	19.841482
Total dividend distributed	4,077,907,507.89	3,894,998,325.77	3,740,334,802.89
Retained earnings	7,933,120,271.31	7,486,246,133.50	7,287,930,543.63
Date retention approved	03.10.2014	03.11.2013	03.09.2012

Retained earnings	Amount	Dividend payment	Amount	Dividend payment	Amount	Dividend payment
Mandatory dividend						
Common	407,103,274.12	03.07.2014				
Preferred	446,754,600.73	03.07.2014				
Common			27,772,166.00	02.01.2012		
Common			27,771,118.66	03.01.2012		
Common			27,771,119.15	04.02.2012		
Common			30,548,122.94	05.02.2012		
Common			30,548,123.58	06.01.2012		
Common			30,548,156.16	07.02.2012		
Common			126,971,801.08	03.07.2013		
Preferred			30,515,138.11	02.01.2012		
Preferred			30,515,139.12	03.01.2012		
Preferred			30,515,131.95	04.02.2012		
Preferred			33,567,653.04	05.02.2012		
Preferred			33,567,652.34	06.01.2012		
Preferred			33,567,909.69	07.02.2012		
Preferred			139,511,611.04	03.07.2013		
Common					25,247,389.20	07.01.2011
Common					25,247,388.96	05.02.2011
Common					24,861,250.94	03.01.2011
Common					27,772,166.02	01.02.2012
Common					27,772,165.12	11.01.2011
Common					25,247,389.92	09.01.2011
Common					24,851,147.97	04.01.2011
Common					24,861,251.19	02.01.2011
Common					27,772,165.05	10.03.2011
Common					25,247,389.17	06.01.2011
Common					25,247,389.64	08.01.2011
Common					27,772,165.67	12.01.2011
Common					72,082,284.38	03.08.2012
Preferred					27,807,137.67	08.01.2011
Preferred					27,353,832.76	04.01.2011
Preferred					27,353,820.55	03.01.2011
Preferred					27,807,128.78	05.02.2011
Preferred					27,807,133.25	07.01.2011
Preferred					27,807,138.03	09.01.2011
Preferred					30,515,124.90	11.01.2011
Preferred					30,515,135.44	01.02.2012
Preferred					27,807,129.89	06.01.2011
Preferred					30,515,126.46	10.03.2011
Preferred					27,353,834.83	02.01.2011
Preferred					79,208,336.64	03.08.2012
Preferred					30,515,134.31	12.01.2011

Retained earnings	Amount	Dividend payment	Amount	Dividend payment	Amount	Dividend payment
Interest on own capital						
Common	35,937,603.64	02.01.2013				
Common	35,937,604.14	03.01.2013				
Common	35,937,604.07	04.01.2013				
Common	197,735,649.57	07.18.2013				
Common	39,530,680.64	05.02.2013				
Common	39,530,680.64	06.03.2013				
Common	39,530,680.64	07.01.2013				
Common	197,735,649.57	07.18.2013				
Common	39,530,680.64	08.01.2013				
Common	39,530,680.64	09.02.2013				
Common	39,530,680.64	10.01.2013				
Common	39,530,680.64	11.01.2013				
Common	39,530,680.64	12.02.2013				
Common	39,530,157.18	01.02.2014				
Common	677,648,939.80	03.07.2014				
Preferred	39,486,014.49	02.01.2013				
Preferred	39,486,024.39	03.01.2013				
Preferred	39,486,019.68	04.01.2013				
Preferred	217,263,210.87	07.18.2013				
Preferred	43,434,852.74	05.02.2013				
Preferred	43,434,852.74	06.03.2013				
Preferred	43,434,852.74	07.01.2013				
Preferred	217,263,210.87	07.18.2013				
Preferred	43,434,852.74	08.01.2013				
Preferred	43,422,952.43	09.02.2013				
Preferred	43,385,899.80	10.01.2013				
Preferred	43,385,899.80	11.01.2013				
Preferred	43,385,899.80	12.02.2013				
Preferred	43,385,376.64	02.01.2014				
Preferred	743,651,060.20	03.07.2014				
Common			359,402,230.90	07.18.2012		
Common			35,939,033.05	08.01.2012		
Common			35,938,920.88	09.03.2012		
Common			35,938,921.36	10.01.2012		
Common			35,937,602.29	11.01.2012		
Common			35,937,602.69	12.03.2012		
Common			35,937,602.90	01.02.2013		
Common			978,863,434.93	03.07.2013		
Preferred			394,946,918.22	07.18.2012		
Preferred			39,492,623.41	08.01.2012		
Preferred			39,491,173.57	09.03.2012		
Preferred			39,486,815.71	10.01.2012		
Preferred			39,486,014.43	11.01.2012		
Preferred			39,486,006.57	12.03.2012		

Preferred	39,486,016.92	01.02.2013		
Preferred	1,075,536,565.08	03.07.2013		
Common			297,042,984.87	07.18.2011
Common			364,988,308.02	03.08.2012
Common			80,494,777.98	03.08.2012
Common			380,068,651.60	03.08.2012
Common			274,398,412.08	03.08.2012
Preferred			88,659,544.93	03.08.2012
Preferred			301,525,430.04	03.08.2012
Preferred			327,157,015.15	07.18.2011
Preferred			402,009,895.54	03.08.2012
Preferred			417,642,225.94	03.08.2012

3.6 - Declaration of dividends charged to the retained earnings account or reserves

In relation to the previous three (3) fiscal years, no dividends were declared or charged to the retained earnings account or reserves established in prior fiscal years.

3.7 - Level of indebtedness

Fiscal year *	Total debt of all types	Type of index	Level of indebtedness	Description of other index and reason for using it
12.31.2013	766,198,688,000.00	Level of indebtedness	10.6300000	-

* International Financial Reporting Standards - IFRS

3.8 - Obligations by nature and due date

Type of debt	Less than one year	From one to three years	From three to five years	Over five years	Total
Unsecured	560,048,573,000.00	152,187,653,000.00	33,669,151,000.00	20,293,311,000.00	766,198,688,000.00
Total	560,048,573,000.00	152,187,653,000.00	33,669,151,000.00	20,293,311,000.00	766,198,688,000.00

3.9 - Other material information

The selected financial information in this item refers to the consolidated accounting statements.

Note Item 3.1: Breakdown of Net Income – Consolidated in R$

Composition (International Financial Reporting Standards - IFRS)	**2013**	**2012**	**2011**
Financial intermediation income	90,682,625,000.00	83,031,854,000.00	82,152,096,000.00
Service income	14,535,723,000.00	12,757,131,000.00	10,932,237,000.00
Premiums retained – insurance and pension plans	44,887,215,000.00	40,176,745,000.00	34,315,543,000.00
Income from equity interests in affiliates	1,062,687,000.00	980,212,000.00	803,820,000.00
Other operating income	4,895,583,000.00	2,903,630,000.00	5,842,513,000.00
Tax / social contribution (Cofins)	(2,557,543,000.00)	(2,586,727,000.00)	(2,263,740,000.00)
Tax on services of any type (ISS)	(489,559,000.00)	(438,987,000.00)	(381,356,000.00)
Tax / social contribution (PIS)	(449,442,000.00)	(426,563,000.00)	(378,844,000.00)
TOTAL	**152,567,289,000.00**	**136,397,295,000.00**	**131,022,269,000.00**

Up to December 31, 2012, the Organization proportionally consolidated its interest in jointly-controlled entities (joint venture), in compliance with IAS 31. As of January 1, 2013, the Organization adopted IFRS 11 – “Joint Arrangements”, thus changing the accounting policy of interest in joint ventures to the equity accounting method. The effects of the adoption of IFRS 11 did not generate material impacts on the financial statements of the Organization and are reflected in all the periods.

Distribution of dividends and retention of net income

Note that the accounting statements used policy for use of income and distribution of dividends and interest on own capital as per items 3.4 and 3.5, respectively, were prepared in accordance with accounting practices adopted in Brazil and applicable to institutions authorized to operate by the Central Bank of Brazil.

4. Risk factors

4.1 - Description of risk factors

Macroeconomic risks

Our business and results of operations are materially affected by conditions in the global financial markets.

There has been extreme volatility in the global capital and credit markets since 2008. This volatility has resulted in reduced liquidity and increased credit risk premiums for many market participants, in addition to a reduction in the availability and/or increased costs of financing, both for financial institutions and their customers. Increasing or high interest rates and/or widening credit spreads have created a less favorable environment for most of our businesses and may impair the ability of some of our customers to repay debt that they owe to us, and reduce our flexibility in planning for, or reacting to, changes in its operations and the financial industry overall. Accordingly, even though the Brazilian and global economies started to recover since the first half of 2009, our results of operations are likely to continue to be affected by conditions in the global financial markets as long as they remain volatile and subject to disruption and uncertainty.

Since 2008, the continuation of the economic crisis in Europe, particularly in Greece, Spain, Italy, Ireland and Portugal, has continued to reduce investor confidence globally, as has the downgrade of the U.S. long-term sovereign credit rating by Standard & Poor's on August 6, 2011. These ongoing events could negatively affect our ability and the ability of other Brazilian financial institutions to obtain financing in the global capital markets, as well as weakening the recovery and growth of the Brazilian and/or foreign economies and cause volatility in the Brazilian capital markets. We do not have exposure to sovereign debt issued by the countries known as "PIIGS": Portugal, Ireland, Italy, Greece, and Spain.

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

Our financial condition and results of operations are substantially dependent on Brazil’s economy, which in the past has been characterized by frequent and occasionally drastic intervention by the Brazilian government and volatile economic cycles.

In the past, the Brazilian government has often changed monetary, fiscal, taxation and other policies to influence the course of Brazil’s economy. We have no control over, and cannot predict, what measures or policies the Brazilian government may take in response to the current or future Brazilian economic situation or how Brazilian government intervention and government policies will affect the Brazilian economy and, both directly and indirectly, our operations and revenues.

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

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

• other political, diplomatic, social and economic developments within and outside of Brazil that affect the country.

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

Our business is impacted by fluctuations in the value of the real. Since October 2002, and more intensively since June 2004, the real has gained value against the dollar, with rare moments of depreciation (reaching R$1.5593 per US$1.00 on August 1, 2008). In 2009, the real was again appreciating against the U.S. dollar (reaching R$1.7412/US$1.00 at the end of the year). In 2010, the real continued to appreciate against the U.S. dollar to reach R$1.6662/US$1.00 at the end of the year. In 2011, the *real* continued to appreciate until the middle of the year, reaching a nominal level of R$1.5345 per U.S. dollar on July 26, 2011. Since then, due to the deterioration of global economic conditions and the decision of the Central Bank Committee on Monetary Policy or "COPOM" in August (in which the previous cycle of monetary tightening was reversed), this trend was reversed, and the real began to depreciate and ended 2011 at R$1.8758 per U.S. dollar. In 2012, reflecting persisting risk aversion in the international markets and the continuing reduction in interest rates in Brazil throughout the first half of 2012, the real maintained a weakening trend, reaching R$2.0904 per U.S. dollar on June 28, 2012. The exchange rate remained fairly stable during the remainder of the year, ending 2012 at R$2.0435 per U.S. dollar. During 2013, the real depreciated sharply to R$2.3426 per US dollar as of December 31, 2013, as compared to R$2.0435 as of December 31, 2012. This depreciation was accompanied by a rise in the base interest rate, which went from 7.25% in January 2013 to 10.0% at the end of November 2013, remaining at this level as of December 31, 2013.

As of December 31, 2013, the net balance of our assets and liabilities denominated in, or indexed to, foreign currencies (primarily U.S. dollars) was 2.9% of our total assets. When the Brazilian currency is devalued or if it depreciates, we incur losses on our liabilities denominated in, or indexed to, foreign currencies, such as our U.S. dollar denominated long term debt and foreign currency loans, and experience gains on our monetary assets denominated in or indexed to foreign currencies, as the liabilities and assets are translated into reais. Therefore, if our liabilities denominated in, or indexed to, foreign currencies significantly exceed our monetary assets denominated in, or indexed to, foreign currencies, including any financial instruments entered into for hedging purposes, a large devaluation or depreciation of the Brazilian currency could materially and adversely affect our financial results and the market price of our preferred and common shares, even if the value of the liabilities has not changed in their original currency. In addition, our lending operations depend significantly on our capacity to match the cost of funds indexed to the U.S. dollar with the rates charged to our customers. A significant devaluation or depreciation of the U.S. dollar may affect our ability to attract customers on such terms or to charge rates indexed to the U.S. dollar.

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

If Brazil experiences substantial inflation in the future, our revenues and our ability to access foreign financial markets may be reduced.

Brazil has, in the past, experienced extremely high rates of inflation. Inflation and governmental measures to combat inflation, which have in the past had significant negative effects on the Brazilian economy and contributed to increased economic uncertainty in Brazil and heightened volatility in the Brazilian securities markets, may have an adverse effect on us.

Notwithstanding the monetary stability achieved in mid-1990s, which became stronger after 1999 upon the adoption of inflation target regime, inflation memory and potentiality remain present. There are still concerns that inflation levels might rise again in the future. The current system is a monetary regime which the Central Bank oversees in order to assure that the effective rate of inflation keeps in line with a predetermined target, previously announced to the public. Brazil's rates of inflation, as measured by the IGP-DI – Índice Geral de Preços Disponibilidade Interna (General Price Index – Domestic Availability), reached 5.0%, 8.1% and 5.5% in 2011, 2012 and 2013, respectively.

Government measures to combat inflation have often included maintaining a tight monetary policy with high interest rates, thereby restricting the availability of credit and reducing economic growth. As a result, interest rates have fluctuated significantly. Increases in the base interest rate set by the COPOM (SELIC) may have an adverse effect on us by reducing demand for our credit, and increasing our cost of funds, domestic debt expense and the risk of customer default. Decreases in the base interest rate may also have an adverse effect on us by decreasing the interest income we earn on our interest-earning assets and lowering our revenues and margins.

Future Brazilian government actions, including the imposition of more taxes, intervention in the foreign exchange market and actions to adjust or fix the value of the real, as well as any GDP growth beyond expected levels may trigger increases in inflation. If Brazil experiences fluctuations in rates of inflation in the future, our costs and net margins may be affected and, if investor confidence lags, the price of our securities may fall. Inflationary pressures may also affect our ability to access foreign financial markets and may lead to counter-inflationary policies that may have an adverse effect on our business, financial condition, results of operations and the market value of our preferred and common shares.

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

The COPOM establishes the base interest rates for the Brazilian banking system (SELIC). The base interest rate was 11.0%, 7.25% and 10.0% per annum as of December 31, 2011, 2012 and 2013, respectively. Changes in the base interest rate may adversely affect our results of operations because:

- high base interest rates increase our domestic debt expense and may increase the likelihood of customer defaults; and

- low base interest rates may diminish our interest income.

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

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

The market value of securities of Brazilian companies is affected to varying degrees by economic and market conditions in other countries, including other Latin American and emerging market countries.

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

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

Risks relating to Bradesco and the Brazilian banking industry

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

Our loans and advances portfolio has grown substantially since 2004, primarily as a result of the expansion of the Brazilian economy. Any corresponding increase in our level of non-performing loans and advances may lag behind the rate of loan growth, as loans typically do not become due within a short period of time after their origination. Levels of past due loans are higher among our individual customers than our corporate customers. From 2011 to 2013, our portfolio of loans and advances to customers increased by 23.3% and our level of impairment of loans and advances increased by 13.1%, basically driven by increases in the number of individual customers.

Beginning in mid-2008, weakening economic conditions in Brazil impacted particularly our individual customers as unemployment rates in Brazil began to rise and led to increases in our level of delinquency ratios. This trend worsened in 2009. In 2010, as a result of the improvement in Brazilian economic conditions, we experienced a decrease in our delinquency ratios, which led to a slight decrease in our impairment. In 2011, with the global economic slowdown, delinquency ratios showed a slight increase compared to 2010. This increase continued during 2012 mostly for operations with individuals and SMEs (small and medium enterprises). In 2013, delinquency ratios fell due to the tightening of Brazilian monetary policy to control inflation. In 2013, our impairment of loans and advances increased 0.3% compared to 2011, while our portfolio of loans and advances to customers grew by 12.1% over that same period.

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

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

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

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

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

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

Additionally, Brazilian regulations raise limited barriers to market entry and do not differentiate between local or foreign commercial and investment banks and insurance companies. As a result, the presence of foreign banks and insurance companies in Brazil, some of which have greater resources than us, has grown and competition both in the banking and insurance sectors generally and in markets for specific products has increased. The privatization of publicly owned banks has also made the Brazilian markets for banking and other financial services more competitive.

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

- limiting our ability to increase our customer base and expand our operations;
- reducing our profit margins on the banking, insurance, leasing and other services and products offered by us; and
- increasing competition for foreign investment opportunities.

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

The value of certain of our investments in financial assets may decline significantly due to volatile financial markets and may fluctuate over short periods of time. As of December 31, 2013, investments in financial assets represented 19.6% of our assets, and realized investment gains and losses have had and will continue to have a significant impact on the results of our operations. The amounts of such gains and losses, which we record when investments in financial assets are sold, or in certain limited circumstances where they are marked to market or recognized at fair value, may fluctuate considerably from period to period. The level of fluctuation depends, in part, upon the market value of the financial assets, which in turn may vary considerably, and our investment policies. We cannot predict the amount of realized gain or loss for any future period, and our management believes that variations from period to period have no practical analytical value. Furthermore, any gains on our investment portfolio may not continue to contribute to net income at levels consistent with recent periods or at all, and we may not successfully realize the appreciation now existing in our consolidated investment portfolio or any portion thereof.

We may incur losses associated with counterparty exposures.

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

Our trading activities and derivatives transactions may produce material losses.

We engage in the trading of securities, buying debt and equity securities principally to sell them in the near term with the objective of generating profits on short-term differences in price. These investments could expose us to the possibility of material financial losses in the future, as securities are subject to fluctuations in value, which may generate losses. In addition, we enter into derivatives transactions to manage our exposure to interest rate and exchange rate risk. Such derivatives transactions are designed to protect us against increases in exchange rates or interest rates or against decreases in such rates, but not both. If we have entered into derivatives transactions to protect against, for example, decreases in the value of the real or in interest rates and the real instead increases in value or interest rates increase, we may incur financial losses. Such losses could materially and adversely affect our future results of operations and cash flow.

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

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

- minimum capital requirements;
- compulsory deposit/reserve requirements;
- investment requirements in fixed assets;
- lending limits and other credit restrictions;
- accounting and statistical requirements;
- minimum coverage; and

- mandatory provisioning policies.

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

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

A majority of our common shares are held by one shareholder, whose interests may conflict with our other investors' interests.

As of December 31, 2013, Fundação Bradesco directly and indirectly held 56.46% of our common shares. As a result, Fundação Bradesco has the power, among other things, to prevent a change in control of our company, even if a transaction of that nature would be beneficial to our other shareholders, as well as to approve related party transactions or corporate reorganizations. It also has the power to approve related-party transactions or corporate reorganizations. Under the terms of Fundação Bradesco's Bylaws, members of our Board of Executive Officers, or of our Statutory Board, and departmental officers that have been working at the Organization for more than ten years serve as members of the Board of Trustees of Fundação Bradesco. The Board of Trustees has no other members. Decisions in relation to our policy towards acquisitions, divestitures, financings or other transactions could be made by Fundação Bradesco which may be contrary to the interests of holders of common shares, and which may have a negative impact on the interests of holders of common shares.

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

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

In May 2012 the Central Bank changed the rules related to the reserve requirement amounts, enabling the deduction of the balance of loan operations for financing and leasing of automobiles and light commercial vehicles from the amount of compulsory deposits to be reserved, as a way to encourage the granting of financing for acquisition of these assets. In June, September and November 2013, the rules related to the payment of reserve requirement were again changed, aiming at adjusting the criterion for defining the amount subject to reserve requirement and additional liabilities, as well as for remunerating the reserve account and the criteria applicable to the eligibility of institutions in order to deduct amounts subject to the reserve requirement.

In December 2012, the Central Bank established the possibility of deducting demand amounts subject to the reserve requirement in certain specified circumstances, as a way to encourage banks to grant credit for the acquisition of certain assets.

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

- a portion of our compulsory deposits do not bear interest of Central Bank;
- a portion of our compulsory deposits must be held in Brazilian government securities; and

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

The standards related to compulsory payment have been changed by the Central Bank from time to time. As of December 31, 2013, our compulsory deposits in connection with demand, savings and time deposits and additional compulsory deposits were R$55.4 billion. Reserve requirements have been used by the Central Bank to control liquidity as part of monetary policy in the past, and we have no control over their imposition. Any increase in the compulsory deposit requirements may reduce our ability to lend funds and to make other investments and, as a result, may adversely affect us.

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

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

The Brazilian constitution used to establish a ceiling on loan interest rates, including bank loan interest rates, and the impact of the subsequent legislation regulating the subject is uncertain.

Article 192 of the Brazilian Constitution, enacted in 1988, established a 12% per annum ceiling on bank loan interest rates. However, since the enactment of the Constitution, this rate had not been enforced, as the regulation regarding the ceiling was pending. The understanding that this ceiling is not yet in force has been recently confirmed by Binding Precedent No. 7, a final binding decision enacted in 2008 by the Brazilian Supreme Court in accordance with such Court's prior understanding on this matter. Since 1988, several attempts were made to regulate the limitation on loan interest, and especially bank loan interest rates, but none of them were implemented nor have been confirmed by Brazilian superior courts.

On May 29, 2003, Constitutional Amendment No. 40 ("EC 40/03") was enacted and revoked all subsections and paragraphs of Article 192 of the Brazilian constitution. This amendment allows the Brazilian Financial System, to be regulated by specific laws for each sector of the system rather than by a single law relating to the system as a whole.

With the enactment of the new Civil Code (or Law No. 10,406/02), as amended, unless the parties to a loan have agreed to use a different rate, in principle the interest rate ceiling has been related to the base rate charged by the National Treasury. Today, that basic interest rate is the Special Settlement and Custody System rate known as "SELIC," which is a basic interest rate established by the Monetary Policy Committee of the Central Bank ("COPOM") that, in March 2014, was 11.00% per annum. However, there is presently some uncertainty as to whether the base interest rate would be the SELIC rate or the 12% per annum interest rate established in the Brazilian Tax Code should apply.

The impact of EC 40/03 and the provisions of the New Civil Code are uncertain at this time but any substantial increase or decrease in the interest rate ceiling could have a material effect on the financial condition, results of operations or prospects of Brazilian financial institutions, including us.

Additionally, certain Brazilian courts have issued decisions in the past limiting interest rates on consumer financing transactions that are considered abusive or excessively onerous in comparison with market practice. Brazilian courts' future decisions as well as changes in legislation and regulations restricting interest rates charged by financial institutions could have an adverse effect on our business.

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

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

If our actual losses exceed our provisions on risks that we underwrite, we could be adversely affected.

Our results of operations and financial condition depend upon our ability to accurately assess the actual losses associated with the risks that we underwrite. Our current provisions are based on estimates that rely on then-available information and that involve a number of features including recent loss experience, current economic conditions, internal risk rating, actuarial and statistical projections of our expectations of the cost of the ultimate settlement of claims, such as estimates of future trends in claims severity and frequency, judicial theories of liability, the levels of and/or timing of receipt or payment of premiums and rates of retirement, mortality, morbidity and persistency, among others. Accordingly, the establishment of provisions is inherently uncertain and our actual losses usually deviate, sometimes substantially, from such estimates. Deviations occur for a variety of reasons. For example, if we record our impairment of loans and advances based on estimates of incurred losses, it might not be sufficient to cover losses; an increased number of claims; or our costs could be higher than the costs we estimated. If actual losses materially exceed our provisions, we could be adversely affected.

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

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

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

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

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

The Brazilian Supreme Court and Brazilian Superior Court of Justice are currently deciding cases relating to the application of inflation adjustments which may increase our costs and cause losses.

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

In addition, the Superior Court of Justice (*Superior Tribunal de Justiça,* or "STJ"), which is the highest court responsible for deciding on federal laws, and is analyzing the initial date in respect of which compensatory interest relating to possible indemnification of account holders would accrued.

We cannot predict the outcome of these cases. However, depending on the decisions by the Brazilian Supreme Court and Superior Court of Justice, banks (including ourselves) might incur material costs which could case losses for us.

4.2 - Comments on expected alterations of exposure to risk factors

No reduction or increase in the issuer's exposure is expected in relation to risks mentioned in item 4.1.

4.3 - Non-confidential significant judicial, administrative or arbitration proceedings

In terms of assessing materiality, Bradesco has found that there are no cases that could materially damage its image or pose legal risks. Cases relating to this item were obtained from a materiality of R$479 million, which represents 0.5% of the issuer's reference equity (R$95,804 million). Therefore, we selected cases whose financial impacts exceed this material amount. Any differences between the cases shown below and the values shown in Notes refer to processes that individually involve amounts below the level we consider material.

Bradesco is a party in judicial proceedings involving labor, civil-liability and tax claims arising in the normal course of its business.

Provisions were made taking into account: The opinion of legal advisors, the nature of the actions, similarity with previous cases, complexity and positioning of the courts, whenever loss is rated probable.

Management believes that provision is sufficient to cover any losses arising from these cases.

Liabilities related to legal obligation currently in litigation is maintained until as case is conclusively won, which means favorable legal decisions that may no longer be appealed, or falls due to prescription.

Labor proceedings

These are legal proceedings brought by former employees and third parties to claim indemnities, in particular the payment of overtime, in light of the interpretation of Article 224 of the Labor Law (CLT). In cases in which judicial deposit is required to guarantee the execution, the amount of the labor contingency is made presuming loss of these deposits. For the other cases, provision is based on the average value of payments made in cases judged in the last 12 months.

Actually, overtime is controlled by an "electronic timecard system" and paid in the regular course of the employment agreement, and therefore the shares from former employees of the Organization have no relevant prices.

On December 31, 2013, our provision for labor-claim related liabilities rated "probable" reached R$2,509,323 thousand.

There are no individually material cases based on the above-mentioned criterion.

Civil claims

These claims for moral and property damages mostly relate to protests for non-payment, returned checks, debtor details recorded in credit restriction databases, and repayment of amounts reduced by inflation rate adjustments resulting from economic plans. These actions are controlled individually through our computerized system and provisioned whenever loss is rated "probable", based on the opinions of legal advisors, the nature of actions, similarity with previous cases, complexity and positioning of the courts.

Most of these actions involve petty claims courts, or Special Civil Courts (JECs), in which claims are limited to 40 times the minimum wage, and are not events that could significantly impact the Organization’s financial result.

We point out the expressive number of lawsuits claiming alleged differences of monetary restatement of the balances of savings accounts, resulting from the implementation of the economic plans, which were part of the Federal Government’s economic policy to curb inflation in the 80’s and 90’s.

Although the Organization had complied with the legislation and regulation in force at that time, these lawsuits have been accrued, considering those in which the Organization is cited and the corresponding likelihood of losses, considered after the analysis of each claim, in view of the current jurisprudence of the Superior Court of Justice (STJ).

We point out that, in regard to these litigations of economic plans, the Supreme Federal Court (STF) suspended the progress of all the lawsuits which were at the discovery phase, up to the definitive pronouncement of that Court, in regard to the right discussed.

On December 31, 2013, our provision for liabilities relating to civil-law actions rated "probable" reached R$3,813,571 thousand.

There are no individually material cases based on the above-mentioned criterion.

Note that repetitive or related civil liability cases based on similar facts or causes, which are considered material as a whole, are listed in item 4.6.

Fiscal and social security obligations

The Organization is discussing in court the legality and constitutionality of certain taxes and contributions, which are fully accrued, despite the good chances of success in the medium and long terms, in accordance with legal counsel's opinion. These legal obligations and the provisions, considered of probable risk, have regular monitoring of their evolutions in the Judiciary branch, and during or at the closing of each lawsuit, they may result in favorable conditions to the Organization, with reversal of the respective provisions.

On December 31, 2013, our provision for tax and social security contingencies totaled R$7,429,683 thousand.

Based on our assessment of materiality, the cases shown below involve tax and social security issues and the chances of losing were rated "remote or possible":

Judicial Proceedings:	MS 1999.61.00.009282-1
a. court	Federal
b. jurisdiction	Federal Supreme Court
c. date brought	03.04.1999
d. parties to the proceedings	Defendant: Banco BMC SA (current Banco Bradesco Financiamentos S/A) Plaintiff: Special Representative of the Financial Institutions in SP.
e. sums, goods or rights involved	R$1,378,530,752.10
f. principal facts	Legal Proceedings, where there is a plea to calculate and collect the Cofins, as per February 1999, on the effective turnover, whose concept is stated in article 2 of LC No. 70/91, moving away from the unconstitutional expansion of the calculation basis intended by paragraph 1 of article 3 of Law No. 9,718/98. In July 2006 the company obtained a final decision, where the right to calculate and collect the COFINS on the effective turnover has been recognized, understood as the income earned with the sales of merchandise, merchandise and services, and services of any nature, in the terms of article 2 of LC No. 70/91. Despite the favorable decision to the company, in Feb/ 2010 PGFN decided to transfer the amount to the tax authorities as payment of the income tax for part of the period discussed, whose plea was deferred by the judge on 10/27/2009. Against this deferment, on 11.24.2009 the company filled a Bill of Review which granted a suspension on 11.26.2009 and the appeal given on 12.04.2009. The Federal Treasury filed Special and Extraordinary Appeals against that decision, both of which were dismissed. The Federal Treasury filed an Appeal, which was challenged by the company. Both are waiting for distribution.
g. chance of losing (probable, possible or remote)	The prospect of losing the case is rated “remote”. Provision was made because we believe this is a legal obligation
h. analysis of impact if case is lost	If the case is lost, the amounts provisioned will have to be paid by converting the realized judicial deposit amount into income to the Federal Government.
i. amount provisioned (if applicable)	R$1,378,530,752.10

Judicial Proceedings:	MS 2006.61.00.027475-9
a. court	Federal
b. jurisdiction	TRF 3rd Region – 3rd Bench
c. date brought	12.14.2006
d. parties to the proceedings	Defendant: Banco IBI S.A - Banco Múltiplo Plaintiff: Representative of the Financial Institutions in São Paulo
e. sums, goods or rights involved	R$831,354,286.65
f. principal facts	Legal Proceedings, in which a plea was made since January/2007: (i) to recognize and declare the non-enforceability of the COFINS and of the contribution to the PIS, in the modality required by Law No. 9,718/98, preventing it, because its incidence on income earned is inconsistent with the concept of turnover (product of the sales of merchandise and of services provided); (ii) to recognize and declare the non-enforceability of the COFINS levied at 3%, maintaining the levy at 2%; and (iii) to recognize the existence of amount inappropriately collected as PIS (basis of calculation) and of COFINS (basis of calculation and levy) and the consequent credit rights and authorize the compensation of the values in reference against the installments due of taxes and contributions managed by the Brazilian Federal Revenue Office. On 03.23.2007, a partial injuction was obtained, moving away only from the requirement of the collection of the PIS and COFINS on the basis of calculation as determined by Law No. 9,718/98. In 11/23/2007 the sentence was given as unfounded, re-establishing the Injunction following the favorable decision obtained through a bill of review. On 01.21.2011, judgment was given as partially favorable, declaring as unconstitutional the incidence of the PIS and COFINS of Law No. 9,718/98 for other income that is not of turnover. Pending judgment is the Amendment of Judgment required in order to clarify if in the concept of turnover the financial income included. A judicial deposit of the full amount was made of the values involved. The company filed special and extraordinary appeals in the STJ and STF, which await examination of admissibility.
g. chance of losing (probable, possible or remote)	The prospect of losing the case is rated “possible”. Provision was made because we believe this is a legal obligation
h. analysis of impact if case is lost	If the case is lost, the amounts provisioned will have to be paid by converting the realized judicial deposit amount into income to the Federal Government. R$831,354,286.65

i. amount provisioned (if applicable)

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Judicial Proceedings:	16327.000190/2011-83
a. court	Administrative
b. jurisdiction	First Instance – Federal Revenue Service Office Judgment (local acronym DRJ)
c. date brought	12.14.2011
d. parties to the proceedings	Defendant: Federal Authority (Brazil's Federal Revenue) Plaintiff: Banco Bradesco S/A
e. sums, goods or rights involved	R$2,508,941,465.85
f. principal facts	Administrative Procedure No. 16327.000190/2011-83 – Credit of COFINS resulting from the success in AO 2006.61.00.003422-0 (expansion of the calculation basis – Law No. 9,718/98), whose qualification was denied by the RFB in 2011, however the compensation also made in 2011 was undeferred. After being judged as favorable, in the ordinary proceedings, on 06.30.2011 the company filed a request for credit qualification, which was deferred on 08.22.2011. Therefore, the company started using the credit recognized by the RFB, however on 12.14.2011 the company was informed of the decision that denied the compensations made. With this undeferment, the company presented a manifestation of non-conformity which is waiting to be judged by the DRJ. With the presentation of the manifestation of non-conformity against the decision, the collection of the amounts involved have been suspended.
g. chance of losing (probable, possible or remote)	Remote
h. analysis of impact if case is lost	If the proceedings at the administrative level end in a loss, the case will go to the courts, where the prospects of loss is also remote given the factual and legal grounds involved. In the remote hypothesis of loss after any future legal proceedings, the amount involved will have to be paid, which will sensitize the period's earnings.
i. amount provisioned (if applicable)	There is no contingency provision, since the prospect of losing the case is remote.

Administrative Proceeding:	10970.720351/2011-88
a. court	Administrative
b. jurisdiction	Second Instance - Administrative Council for Fiscal Appeals - CARF

c. date brought	11.30.2011
d. parties to the proceedings	Defendant: Federal Authority (Brazil's Federal Revenue) Plaintiff: Tempo Serviços Ltda.
e. sums, goods or rights involved	R$629,835,288.39 Administrative Procedure – Fine of IRPJ and CSLL related to the gloss of expense of the premium amortization paid in the acquisition of the investment.
f. principal facts	Given the contestation and the further appeal to the Administrative Council for Fiscal Appeals - CARF, the demand for the relevant amount is suspended.
g. chance of losing (probable, possible or remote)	R$234,046,793.05 - remote R$395,788,495.34 - possible R$629,835,288.39
h. analysis of impact if case is lost	If the case is lost in the administrative sphere, it will be discussed in court, where there is a good chance of success due to the grounds of fact and of right involved. In the hypothesis of loss after any future legal proceedings, the amount involved will have to be paid, which will sensitize the year's earnings.
i. amount provisioned (if applicable)	There are no provisions for contingency, as the perspective of process failure is both possible and remote.

Tax Execution:	405.01.2011.018268-0
a. court	Municipal
b. jurisdiction	Court of Justice of São Paulo
c. date brought	05.02.2011