

BANCO BRADESCO S.A.

Resolution Plan

Public Section

December 17, 2013



Bradesco

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¹ All figures embedded in this section of the Resolution Plan are listed on Annex A (see separate file).

I. INTRODUCTION

This plan (the “Plan”) of the U.S. operations of Banco Bradesco S.A. (“Bradesco”) is submitted pursuant to Section 165(d) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (“Dodd-Frank”), as implemented by the Federal Deposit Insurance Corporation (the “FDIC”) and the Board of Governors of the Federal Reserve System’s (the “Federal Reserve”) final rule (the “Final Rule”) at Regulation QQ of 76 Fed. Reg. 67323, 12 C.F.R. Part 243.

Bradesco is a foreign banking institution required to file this Plan pursuant to the Final Rule. This Plan is intended to describe the resolution strategy for Bradesco’s material entities and core business lines domiciled in the U.S. as well as provide an explanation of how resolution planning for U.S. entities is integrated into Bradesco’s overall resolution and contingency planning process. Bradesco submitted a notice of eligibility to file a “tailored” plan on March 22, 2013 and was notified by the FDIC on May 29, 2013 that it may choose to file such a plan by December 31, 2013

II. EXECUTIVE SUMMARY

Bradesco is a *sociedade anônima* organized under the laws of Brazil. Bradesco is a full-service financial institution providing, directly or through its subsidiaries, a full range of banking, financial, purchasing consortium management, asset management, insurance, investment banking, pension plan and capitalization bond services for all segments of the Brazilian market. Bradesco’s operations are based primarily in Brazil. However, Bradesco offers international services through branches and subsidiaries located in the United States, the United Kingdom, Cayman Islands, Argentina, Luxembourg, Japan, China and Mexico.

Bradesco’s U.S. presence consists of three entities, all of which are domiciled in New York City: (i) Bradesco, S.A., New York Branch (the “New York Branch”), (ii) Bradesco Securities Inc. (“Bradesco Securities” or “The Firm”), a subsidiary brokerage firm, and (iii) Bradesco North America LLC (“Bradesco North America”). Bradesco North America was organized in August 2011 under the laws of Delaware and is a holding company focused on Bradesco’s investments in non-banking-related businesses in the United States. As of December 31, 2012, the total assets of Bradesco North America were \$3,572,690.

This Plan will describe Bradesco’s resolution planning for the New York Branch and Bradesco Securities under two hypothetical material financial distress or failure scenarios: 1.) the U.S. operations only are under resolution; and 2.) Bradesco is also in resolution. Note that we have omitted from this strategic analysis any resolution plan that may involve an insolvency regime other than the U.S. bankruptcy laws, as no Material Entity (defined below) has \$50 billion or more in total assets or conducts a critical operation.

A. Material Entities.

Bradesco has two material entities (as defined in the Final Rule). These material entities are the following (the "Material Entities"):

1. Banco Bradesco S.A., New York Branch

The New York Branch is licensed by the Office of the Comptroller of the Currency (the "OCC"). The New York Branch is principally engaged in trade finance for Brazilian and U.S. companies. The New York Branch also engages in a de minimis amount of non-trade finance related lending to U.S. companies. The New York Branch is located at 450 Park Avenue, 32nd floor, New York, New York 10022-2605. As of December 31, 2012, the New York Branch had total assets of \$18.4 billion and a credit portfolio of \$4.6 billion.

2. Bradesco Securities Inc.

Bradesco Securities is a broker-dealer incorporated under the laws of the State of Delaware. It is registered with the Securities and Exchange Commission ("SEC") and has been a member of the Financial Industry Regulatory Authority ("FINRA") since March 23, 2001. Bradesco Securities is also a member of NASDAQ, obtaining membership status therewith on July 31, 2006. The main business function of Bradesco Securities is acting as an executing broker for major institutional clients. The Firm facilitates the purchases and sales of U.S. equities with an emphasis on Brazilian American Depository Receipts ("ADRs") and fixed income instruments with a focus on Brazilian corporate Eurobonds in U.S. dollar denominations. The clients of Bradesco Securities are fully introduced to the Firm's clearing agent and custodian, National Financial Services, L.L.C. ("NFS"). All securities transactions executed by the Firm are settled on a DVP/RVP basis between NFS and the client's custodian or prime broker. Bradesco Securities is not at any time in possession of a customer's funds or securities. Bradesco Securities is located at 450 Park Avenue, 32nd Floor, New York, New York 10022.

B. Core Business Lines. Bradesco's core business lines (as defined in the Final Rule) which are domiciled in the United States (or conducted in whole or material part in the United States) are the following two business lines:

1. New York Branch: Trade Financing, consisting of loans and letters of credit extended to Brazilian and U.S. companies.
2. Bradesco Securities: (a) Trading, consisting of trading as a riskless principal, executing transactions in equity and fixed income securities on behalf of its clients and affiliates, and (b) Placement Agent - acting as a placement agent for IPOs on behalf of other affiliates. As a placement agent, Bradesco Securities has no capital commitment and all financial risk remains with the affiliates or issuers.

C. Critical Operations. Bradesco does not have any critical operations as such term is defined in the Final Rule.

III. FINANCIAL INFORMATION

A. Financial Information.

Attached, as Annex B hereto, is an unconsolidated balance sheet for Bradesco, together with consolidating schedules for each Material Entity that is subject to consolidation with Bradesco.

B. Assets and Liabilities of Material Entities.

The New York Branch's assets consist of cash and other cash items, loans made to affiliates, loans made abroad, loans and other amounts due from other banking institutions and capital equivalency deposits pledged to the OCC. The New York Branch's material liabilities include debt owed to third-party banking institutions in connection with its outstanding working capital and trade finance loan facilities. As of December 31, 2012, debt outstanding to such third-party banks equaled \$356,436,000. Payments required to service such debt are required at maturity, with interest, at various maturity dates not exceeding one year. The New York Branch also has material liabilities consisting of inter-company loans payable to affiliates, time deposits and certificates of deposits and customer and affiliate deposit accounts, including money market and savings accounts. The inter-company loans payable to affiliates generally have maturities ranging from 1 to 7 years and are unsecured obligations of the New York Branch. The maturities are always matched with assets of the New York Branch.

The New York Branch generally has little reliance on credit sensitive funding (due to the high credit quality of its loan portfolio and absence of complex funding structures). Its \$5 billion Yankee CD program (the "Yankee CD Program") has been utilized since its inception in September 2010 as a source of funding and is an unsecured and unsubordinated instrument. There are no secured or subordinated debt instruments issued by the New York Branch and/or any other complex debt instruments utilized as sources of funding for the New York Branch.

The liabilities of the New York Branch are matched to the maturity of its assets. Funding obtained and having a tenor up to 7 days is kept with the Federal Reserve Bank (e.g., sight cash deposited by customers through money market, demand deposit accounts, and overnight and time deposits). The New York Branch's capitalization consists of \$490.6 million, including long-term funding from Bradesco. As of December 31, 2012, the New York Branch's net due to position was \$1.048 billion (equivalent to 18.27% of the New York Branch's total liabilities). Such amounts, together with the New York Branch's equity, amount to 35.4% of the New York Branch's third-party loan portfolio.

Bradesco Securities' assets consist of \$29,997,278. Bradesco Securities' material liabilities consist of accrued operating expenses of \$3,512,919. None of these material liabilities consist of secured obligations. As of December 31, 2012, Bradesco Securities reported net capital in the amount of \$7.5 million, which amount exceeds the Firm's minimum net capital requirement of \$235,000.

C. Capital and Funding Sources.

The New York Branch receives its funding for operating expenses largely from its deposit-taking activities, in the form of corporate time deposits, direct-deposit accounts, escrow account, money market accounts and through its Yankee CD Program. Further, the New York Branch receives loans from third-party banks (consisting of both foreign and domestic banks). As of December 31, 2012, debt outstanding to such third-party banks equaled \$356,436,000. Finally, the New York Branch also borrows certain amounts from Bradesco's Cayman Islands branch. As of December 31, 2012, amounts outstanding owed to the Cayman Islands branch equaled \$13,075,200.

Bradesco Securities obtains its working capital for operating expenses from its Parent by means of a Transfer Pricing Agreement. Bradesco Securities does not borrow any amounts from any third-party lenders. Accordingly, subject to liquidity reserves being utilized for the continued operations of the U.S. Material Entities, the resolution of Bradesco would also likely have a negative impact on the liquidity needs of the Material Entities and their core business lines.

D. Material Hedges/Hedging Strategies.

Neither the New York Branch nor Bradesco Securities engages in any material hedges. However, the New York Branch engages in certain ordinary course FX forwards in connection with loans made by the New York Branch in alternative currencies.

E. Booking of Trading and Derivatives Activities.

The trading activities of Bradesco Securities are booked through one of its electronic order management systems, (i) Bloomberg Sell-Side Execution & Order Management Solutions ("SSEOMS") for equity orders and (ii) Bloomberg Trade Order Management Solutions ("TOMS") for fixed income orders. These systems, with the assistance of the Operations Department of the Firm, feed directly into the system of the Firm's clearing agent, FBSI. Order tickets and confirmations are created and maintained in accordance with all applicable SEC and FINRA requirements. Although not currently dealing with any derivatives, the New York Branch is considering engaging in swap transactions for hedging purposes in the near future.

A. Membership in Trading, Payment, Clearing Systems.

Bradesco Securities is an SEC registered broker-dealer and member of FINRA and NASDAQ. The Firm executes equity transactions using Electronic Communication Networks ("ECNs") or brokers on the NYSE floor. The Firm uses Bloomberg L.P.'s electronic order management systems, SSEOMS and TOMS, for all of its orders. Bradesco Securities has engaged NFS to serve as the Firm's custodian and clearing firm and the entity to which the Firm's clients are introduced. All transactions are settled on a DVP/RVP basis between NFS and the client's custodian or prime broker. Bradesco Securities does not hold client funds or securities at any time and it does not conduct trading for its own proprietary account.

IV. ORGANIZATIONAL STRUCTURE/FOREIGN OPERATIONS

Bradesco is a *sociedade anônima* organized under the laws of Brazil. Bradesco North America is a direct, wholly-owned subsidiary of Bradesco, and is incorporated under the laws of Delaware. Bradesco Securities is also a direct, wholly-owned subsidiary of Bradesco. The New York Branch is a branch of Bradesco.

Figure 1 – Key Management and Principal Officers

Key Management and Principal Officers

1. Bradesco Securities:

Name	Title
Marcelo Cabral	Chief Executive Officer
Isabela Behar	Chief Compliance Officer

2. New York Branch:

Name	Title
Bruno Boetger	General Manager
Sheico Pimenta	Deputy General Manager
Amir da Silva	Operations Manager
Edward Majkowski	Controller
Rafeek Gafur	Compliance Officer
John Christie	IT Manager

3. Bradesco North America

Name	Title
Bruno Boetger	Managing Director

4. Banco Bradesco S.A.

Name	Title
Luiz Carlos Trabuco Cappi	Chief Executive Officer
Julio de Siqueira Carvalho de Araujo	Executive Vice President
Sergio Alexandre Figueiredo Clemente	Executive Vice President

V. MATERIAL SUPERVISORY AUTHORITIES

A. The New York Branch is supervised by the following entities (other than federal banking agencies):

1. Office of the Comptroller of the Currency

400 7th Street SW, Suite 3E-218
Washington, D.C. 20219
Telephone: 202-649-6800

B. Bradesco Securities is supervised by the following entities:

1. The Securities and Exchange Commission

100 F Street, NE
Washington, DC 20549
Telephone: (202) 942-8088

2. Financial Industry Regulatory Authority

1735 K Street
Washington DC, 20006
Telephone: (301) 590-6500

C. The Brazilian agencies or authorities responsible for resolving Bradesco and critical operations or core business lines of Bradesco are:

1. Central Bank of Brazil

Av. Paulista, 1804
São Paulo, SP 01310-922
Brazil
Telephone: 55 11 (3491-6122)

VI. CORPORATE GOVERNANCE

The National Monetary Board, in its Act no. 3988 (2011) (the “Act no. 3988”), issued regulations for the implementation of a compliance structure for all financial institutions in the Brazilian financial system. “Capital management” was defined therein as the ongoing process of monitoring and control of capital held by the institution, evaluating capital requirements to cover risks to which the institution is exposed and the planning of targets for capital taking into account the institution’s strategic objectives. In managing their capital, the Act no. 3988 requires institutions to adopt a forward looking perspective, anticipating capital requirements deriving from potential changes in market conditions.

Pursuant to the Act no. 3988, the capital management structure calls upon institutions to define a capital plan in conformity with the institution’s strategic planning, including projections for at least 3 years. Current regulations require the following considerations to be included in preparation of such capital plan: targets, projections and capital sufficiency for the base

scenarios and stress scenarios. Capital plans shall also identify the institution's main sources of capital and the actions to be considered in the capital contingency plan.

For Bradesco, the capital plan and capital contingency plan are considered to comprise part of the bank's capital management structure. In this context, capital management is performed through participatory decisions made in corporate governance forums that include executive management, with all hierarchical levels of Bradesco participating in order to optimize the institution's performance and protect all interested parties. The meetings are held at least quarterly and more frequently if necessary.

The capital plan and capital contingency plan consider a consolidated view of all the economic-financial conglomerate companies, including foreign branches. The plans are prepared by the Planning, Budget and Control Department. The processes and procedures established by the Planning, Budget and Control Department include the participation of several other departments and business units, including: Integrated Risk Control, Internal Control and Compliance and Internal Audit and "Grupo Bradesco de Seguros e Previdência" (Bradesco's subsidiary group of insurance and pension).

The policies and strategies for capital management and contingency plan are validated by the Integrated Risk Management and Allocation of Capital Committee and approved annually by the Board of Directors. In addition to the capital management policy, Bradesco has specific rules that govern the capital management process, which rules are reviewed at least annually by the Planning, Budget and Control Department.

Executive management receives monthly reports containing the capital risk position, the principal ratios (including Basel, liquidity, VaR, etc.), trial balance, and financial results versus the plans included in the budget. Any deviations or exposures in excess of the predetermined values (alert triggers) are immediately reported to management, the forums and/or the Board of Directors pursuant to prevailing policies. The identities and positions of the senior management officials who are primarily responsible for overseeing the development, maintenance, implementation and filing of this Plan and compliance therewith are as follows:

Figure 2 – Banco Bradesco S.A. Senior Management

Banco Bradesco S.A. Senior Management Officials responsible for overseeing the development, maintenance, implementation and filing of this Plan:

Name	Title
Julio de Siqueira Carvalho de Araujo	Executive Vice President
Aurélio Conrado Boni	Executive Vice President
Domingos Figueiredo de Abreu	Executive Vice President
José Alcides Munhoz	Executive Vice President
Marco Antônio Rossi	Executive Vice President
Sérgio Alexandre Figueiredo Clemente	Executive Vice President
Alexandre da Silva Glüher	Managing Director
Alfredo Antônio Lima de Menezes	Executive Managing Director
Luiz Carlos Angelotti	Executive Managing Director
Roberto Sobral Holander	Department Director
Marlos Francisco de Souza Araújo	Department Director

Reports regarding the development, maintenance and implementation of the capital and contingency plans are delivered to such individuals monthly.

Risk Management

Risk management at Bradesco is governed by statutory and executive committees, responsible for assisting the Board of Directors in making strategic decisions. The statutory committee, the Integrated Risk Management and Capital Allocation Committee, advises the Board of Directors on the performance of its role in managing and controlling risks and capital.

The statutory committee is assisted by five executive risk management committees: (i) Credit, (ii) Market and Liquidity, (iii) Operational, (iv) "Grupo Bradesco de Seguros e Previdência" and (v) Basel II Implementation.

Credit risk is conducted on an institution-wide basis, with the credit risk governance policy and limits being validated by the Integrated Risk Management and Capital Allocation Committee and submitted to the Board of Directors for approval at least once a year. Trade finance loans disbursed by the New York Branch are subject to credit approval by Bradesco's head office. Such loans must comply with the global policy on exposure limits to single borrowers, with maximum exposure to any one client being up to 10% of Bradesco's shareholder equity.

Bradesco utilizes a credit score evaluation system for each loan that is approved. This system analyzes the profile and economic-capacity of the borrower, guarantors, as well as specific information regarding the loan. The following loan classification table is used by Bradesco for purposes of classifying existing loans (including loans made by the New York Branch):

Figure 3 – Loan Classification Table

Loan Classification Table

"AA" (Excellent)	These are loans paying as agreed and are supported by the customer's capacity to repay and /or support of cosigners / endorsers, and/or guarantors. Premium company/group, with size, tradition and market leadership, with excellent reputation and economic and financial position.
"A" (Very Good)	These are loans paying as agreed and are supported by the customer's capacity to repay and /or support of cosigners / endorsers, and/or guarantors. Company/group, with size, sound economic and financial position, acting in markets with good prospects and/or potential for expansion.
"B" (Good)	These are loans paying as agreed and are supported by the customer's capacity to repay and /or support of cosigners / endorsers, and/or guarantors. Company/group that, regardless of size, has a good economic/financial position.
"C" (Acceptable)	These are loans paying as agreed and are supported by the customer's capacity to repay and /or support of cosigners / endorsers, and/or guarantors. Company/group with a satisfactory economic and financial situation, but with performance subject to economic scenario variations.

Global market risk management processes also incorporate the market risk of the New York Branch and Bradesco Securities, through Value at Risk measurements, Economic Value of Equity, stress testing and sensitivity analysis, and limits for earnings management and financial exposure. All such risk measurement methodologies are set forth in a global Market and Liquidity Risk Management Policy, reviewed annually by the Board of Directors. For the Bradesco Securities' trading portfolio, the global market risk management policy requires the business unit to monitor the following limits: risk, stress, results and financial exposure. For the

New York Branch's banking portfolio, the global policy requires the branch to monitor interest rate risk limits. In addition to daily risk reports, global market risk exposures are discussed weekly by an Executive Committee, which assesses results and risks and discusses and validates strategies for the coming weeks. This governance process and the limits are validated by both the Board of Directors and the Integrated Risk Management and Capital Allocation Committee at least once a year.

Communications with Regulators

The New York Branch communicates credit risk exposures to its regulators through the following reports:

- (1) Call report as of the end of each quarter to the Federal Reserve and OCC
Report of Assets and Liabilities of U.S. Branches and Agencies of Foreign Banks—FFIEC 002
Schedule C reports total Third Party loans
Schedule N reports Past Due, Nonaccrual, and Restructured Loans.
Schedule L reports letters of credit and loan commitments
Schedule M reports all related assets & liabilities
- (2) Country Exposure Report for U.S. Branches and Agencies of Foreign Banks—FFIEC 019 at the end of each quarter to the Federal Reserve and OCC. This reports direct and indirect claims by country that amount in the aggregate to more than \$20 million.
- (3) Shared National Credit Review Report at year end to the OCC. This report lists all loan participations where the New York Branch is the lead bank.

Moreover, Bradesco informs the Central Bank of Brazil of the credit exposure of the Bank. The following reports are sent monthly to the Central Bank of Brazil:

- (1) SCR: Information Credit System of the Central Bank. It is a tool for recording and query information about loans, guarantees and credit limits granted by financial institutions to individuals and companies in the country. The SCR is the main tool used for banking supervision to monitor the portfolios of financial institutions.
- (2) DLO: Operating Limits Report. It delivers information about credit, market and operational risks according to Basel requirements. It must be sent by financial institutions in two levels of consolidation: financial conglomerate and the economic financial group.

Additionally, Bradesco (and other banks having assets of more than 100 billion reals) is required to submit an ICAAP (Internal Evaluation of Capital Adequacy Process) report to Brazilian regulators annually. Bradesco Securities does not have credit risk exposure to be reported to regulators. As required of all FINRA-member broker-dealers, Bradesco Securities files a Financial and Operational Combined Uniform Single (“FOCUS”) Report with FINRA monthly and at the end of each fiscal year to report the Firm's aggregate indebtedness and its net capital

computation. As of December 31, 2012, Bradesco Securities reported an excess of net capital in the amount of \$7.5 million, well above the Firm's required minimum net capital of \$235,000. In addition, the Firm is required to file Form 17-H (Risk Assessment Report for Broker and Dealers) with the SEC quarterly and at the end of each fiscal year. Finally, the Firm must file annually audited financial data with the SEC and FINRA as well as a Securities Investor Protection Corporation ("SIPC") computation with SIPC.

VII. MANAGEMENT INFORMATION SYSTEMS

The New York Branch must comply with Bradesco's anti-money laundering policy and procedures. Such procedures require the Compliance Department to analyze "account activity reports" for money laundering in a daily basis. Further when warranted, the New York Branch will file SAR/CTR reports with its regulators. The firm also has an electronic OFAC system, which will notify branch representatives if a customer opening an account is on an OFAC list.

A. Daily Liquidity Ratio/Capital Ratio Reports

All Daily Liquidity Ratio/Capital Ratio Reports are prepared by the Controller of the New York Branch, and submitted to senior management on a daily basis and also to the ALCO (Assets and Liabilities Committee) at their monthly meetings. The controller uses the e-IBS System (discussed below) to obtain the information needed for these reports and then compiles the information into Microsoft Excel spreadsheets.

B. Data Pro (eIBS System)

The eIBS system is a comprehensive banking software solution that was targeted to a customer base of small banks along with the U.S. Branches of large foreign financial institutions. This product was developed by Datapro, Inc. of Miami, FL and its initial release was in the mid-1980s.

The system was designed with a modulated concept that can support many of the financial activities that are associated with both retail and wholesale banking. These activities include retail accounts, lending, trade finance, credit facilities, branch administration, etc. and supporting these activities is a core system that registers the customer information and produces the financial statements of the bank. Another capability of the system is the ability to interface with external payment systems to process wire transfers with other banks. Also, some other notable features of the system are the support for handling multiple currencies and being capable of processing multiple branches or banks all within the same host system.

The New York Branch licensed the eIBS system in 1999 to be used as the central data processing system for all branch transactions with each branch employee including management interacting in some form with the system to process these transactions. This system also generates a wide range of reports that are intended for various levels of employees, beginning at the department level, supervisor and ultimately the senior management of the New York Branch. The eIBS system produces customer notifications and generates the financial balances for official reporting. This system

also maintains a historical database for several years that is readily available for customer and transaction statements.

On a daily basis the eIBS banking system produces a comprehensive set of reports that presents the branch's financial activities and balances from both the customer and financial product perspective. These reports include various financial statements that provide details of the balance sheet and off-balance sheet ledgers, along with a profit and loss statement. There are also a supporting setoff customer reports that detail the balances and transaction activities for all customer accounts, and reports on the position of all financial transactions that are registered within the branch, including each and every asset, liability and contingent that composes the branch's financial statement. Management has the ability to check reports that validate the balances of financial products with the positions of the financial ledgers and serve as an absolute integrity check on the financial statements of the branch. These reports are kept on file for future reference, audits and historical research.

C. Order Management Systems

Bradesco Securities utilizes two of Bloomberg L.P.'s ("Bloomberg") order management systems, SSEOMS and TOMS, to enter securities transaction orders on behalf of its clients. Use of such systems is governed by a contractual agreement with Bloomberg. Under such contractual agreement, Bloomberg is required to provide technical support and address any technical difficulties with the systems. To date, no material deficiencies with Bloomberg's order management systems have been identified by Bradesco Securities. Other than these Bloomberg systems, Bradesco Securities does not use any other key management information system.

Through the use of the Bloomberg order management systems or through its clearing firm, Bradesco Securities has the ability to obtain daily, weekly and monthly activity reports. These activity reports can be sorted by security, client, date or by transaction. Any discrepancies will be reported in a timely manner to the compliance department and management and if necessary, to the Board of Directors. All data underlying the resolution plan may also be obtained through the Firm's financial reports.