

BASE PROSPECTUS



Banco Bradesco S.A.,

acting through its principal office in Brazil

Banco Bradesco S.A.,

acting through its Grand Cayman branch

U.S.\$10,000,000,000 Global Medium-Term Note Program

Banco Bradesco S.A., acting through its principal office in Brazil, and Banco Bradesco S.A., acting through its Grand Cayman branch (each, an “**Issuer**” and, together, the “**Issuers**”), may from time to time issue Medium-Term Notes (the “**Notes**”) pursuant to the Global Medium-Term Note Program described herein (the “**Program**”) denominated in U.S. dollars or such other currencies or currency units as may be set forth in final terms (the “**Final Terms**”) to this Base Prospectus. The Notes will have maturities of one month or more from their date of issue as may be set forth in the applicable Final Terms, subject to all legal and regulatory requirements applicable to issuances in particular currencies. The maximum principal amount of all Notes from time to time outstanding will not exceed U.S.\$10,000,000,000 (or the equivalent, calculated as described herein, in other currencies or currency units), subject to any duly authorized increase. The Notes will bear interest on a fixed or floating rate basis, be issued on a fully discounted basis and not bear interest or be indexed or credit linked. The Notes may be issued in bearer or registered form. The Notes will be unsecured and unsubordinated obligations of the Issuers and will rank *pari passu* with all our other present and future unsecured and unsubordinated external debt, as the case may be.

All Notes denominated in the same currency, having the same maturity date, bearing interest, if any, on the same basis and at the same rate and the terms of which are otherwise identical, except for the issue date, interest commencement date and/or the issue price, will constitute a series (each, a “**Series**”). The aggregate nominal amount, any interest rate or interest calculation, the issue price, and any other terms and conditions not contained herein with respect to each Series of Notes will be established at the time of issuance and set forth in the applicable Final Terms.

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”) or any state securities laws. The Dealers may only offer Notes (i) in the United States to qualified institutional buyers (“**QIBs**”) (as defined in Rule 144A (“**Rule 144A**”) under the Securities Act of 1933, as amended (the “**Securities Act**”)) pursuant to Rule 144A or (ii) outside the United States to non-U.S. persons in reliance on and in accordance with Regulation S under the Securities Act (“**Regulation S**”) and in accordance with applicable laws. See “Subscription and Sale.”

The Notes may be offered by us through one or more of the dealers listed below and any other dealer appointed from time to time by us (each, a “**Dealer**”) on a continuous basis or through syndicated placements. The applicable Final Terms will specify the Dealer, Dealers or syndicate of Dealers through which the Notes of a particular Series will be offered. Notes may also be sold to a Dealer or Dealers as principal, at negotiated discounts or otherwise, and Notes may be sold to or through syndicates of financial institutions for which a Dealer will act as lead manager. We may also offer Notes directly to purchasers.

See “**Risk Factors**” beginning on page 12 of this Base Prospectus for a discussion of certain factors to be considered in connection with an investment in the Notes.

Application has been made for the Notes to be issued under the Program to be admitted for listing on the official list of the Luxembourg Stock Exchange and to be admitted to trading on the Euro MTF Market of the Luxembourg Stock Exchange (the “**Euro MTF Market**”). References in this document to Notes being “listed” (and all related references) mean that such Notes have been admitted to trading on the Euro MTF Market. However, Notes may be issued under the Program which will not be listed on the Euro MTF Market or any other stock exchange, and the Final Terms applicable to a Series will specify whether or not Notes of such Series have been listed on the Euro MTF Market or any other stock exchange. This document constitutes a prospectus for the purpose of the Luxembourg law of 16 July 2019 on prospectuses for securities and may be used in connection with listings on the official list of the Luxembourg Stock Exchange for a period of one year from the date hereof. This prospectus supersedes and replaces the prospectus dated August 18, 2020.

This Base Prospectus should be read and construed with any Final Terms in relation to a Series of Notes and, if applicable, any Base Prospectus Supplement.

Bradesco BBI

Arranger

Bradesco Grand Cayman

Dealer

The date of this Base Prospectus is June 14, 2021.

TABLE OF CONTENTS

This Base Prospectus, together with any supplement to this Base Prospectus, should be read as one document (the “Base Prospectus”). In relation to any offering of Notes, this Base Prospectus should be read and construed together with the relevant Final Terms prepared in connection with the offering of such Notes.

	<u>Page</u>
Forward-Looking Statements	1
Presentation of Financial and Other Information.....	3
Summary of the Program.....	5
General Description of the Program	11
Risk Factors	12
Enforceability of Civil Liabilities	41
Exchange Controls and Foreign Exchange Rates	43
Use of Proceeds	43
Capitalization.....	45
Selected Financial Information	46
Other Statistical and Financial Information	48
Management’s Discussion and Analysis of Financial Condition and Results of Operations	61
Business	98
The Issuers	155
Description of Bradesco Grand Cayman Branch.....	156
Brazilian Financial Services Industry and Regulations	157
Management	208
Principal Shareholders	225
Material Contracts	229
Certain Transactions with Related Parties	230
Terms and Conditions of the Notes	231
Additional Terms and Conditions for Credit Linked Notes.....	264
Book-Entry; Delivery and Form	339
Taxation	346
Subscription and Sale	361
Transfer Restrictions.....	369
Legal Matters.....	372
Independent Auditors	373
General Information	374
Differences Between Accounting Practices Adopted by Banks in Brazil and IFRS	376
Annex A Form of Final Terms	378
Annex B Form of Final Terms for Credit Linked Notes.....	390
Index to Financial Statements.....	403

THE NOTES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION OR OTHER REGULATORY AUTHORITY, AND NONE OF THE FOREGOING AUTHORITIES HAS CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS BASE PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

In connection with the issue of any series of Notes under the Program, the Dealer or Dealers (if any) specified in the relevant Final Terms as the stabilizing manager(s) (or any person acting for the stabilizing manager(s)) may over-allot Notes (any stabilization action or overallotment must be conducted by the relevant stabilizing manager(s) (or persons acting on behalf of any stabilizing manager(s)) in accordance with all applicable laws and rules) or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail for a limited period. However, there is no assurance that the stabilizing manager(s) (or any agent of the stabilizing manager) will undertake stabilization activity. Such stabilizing may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant series of Notes is made and, if commenced, may be discontinued at any time and must be brought to an end no later than the earlier of 30 days after the issue date of the relevant series of Notes and 60 days after the date of the allotment of the relevant series of Notes. Such stabilizing shall be in compliance with all applicable laws, regulations and rules.

In this Base Prospectus, unless the context otherwise requires: (i) references to “we,” “our,” “us” or to “Banco Bradesco” mean Banco Bradesco S.A. and its consolidated subsidiaries, and (ii) with respect to any Note, references to the “**Issuer**” are to either Banco Bradesco S.A., acting through its principal office in Brazil or to Banco Bradesco S.A., acting through its Grand Cayman branch, as applicable.

References in this Base Prospectus to the “**Arranger**” are to Banco Bradesco BBI S.A. and references to the “**Dealers**” are to (i) the Arranger, (ii) Banco Bradesco S.A., acting through its Grand Cayman branch, and (iii) any additional Dealers appointed by the Issuers in accordance with the Amended and Restated Dealership Agreement dated May 29, 2019 (the “**Dealership Agreement**”).

The Notes of any Series may be redeemed prior to maturity to the extent specified in the applicable Final Terms, subject to any laws or regulations applicable to the relevant currency. See “Terms and Conditions of the Notes.” If specified in the applicable Final Terms, all payments in respect of the Notes of any Series will be made after withholding or deduction for or on account of taxes, if any, imposed by the Federative Republic of Brazil (“**Brazil**”) or the Cayman Islands (with respect to Notes issued by our Grand Cayman branch). If specified in the applicable Final Terms, the relevant Issuer will, subject to certain exceptions and limitations, pay additional amounts (as described herein) in respect of such withholding or deduction so that the holder receives the net amount due, as set forth under “Terms and Conditions of the Notes.”

Each purchaser of Notes that bear a restrictive legend which is a U.S. person (other than certain U.S. persons buying for the account of non-U.S. persons) will be deemed to (i) represent that it is purchasing the Notes for its own account or for the benefit of an account with respect to which it exercises sole investment discretion and that it or such account is a QIB and (ii) acknowledge that the Notes have not been and will not be registered under the Securities Act and may not be reoffered, resold, pledged or otherwise transferred, except (A) in compliance with Rule 144A to a person who the seller reasonably believes is a QIB, (B) pursuant to an exemption from registration under the Securities Act provided by Rule 144 thereunder (if available and upon delivery of an opinion of counsel to that effect in a form satisfactory to the Issuer) or (C) outside the United States in compliance with Rule 903 or 904 of Regulation S, in each case in accordance with any applicable securities laws of any State of the United States. Each purchaser of Notes sold outside the United States in reliance on Regulation S will be deemed to have represented that it is not purchasing the Notes with a view to the resale, distribution or other disposition thereof to a U.S. person or in the United States. Except as otherwise indicated, terms used in this paragraph have the meanings given to them in Regulation S. For a description of these and certain further restrictions on offers and sales of the Notes and distribution of this Base Prospectus, see “Subscription and Sale.”

Notes offered hereby may be issued in registered form, without interest coupons (“**Registered Notes**”), or in bearer form, with or without interest coupons (“**Bearer Notes**”), as specified in the applicable Final Terms. Notes initially sold to QIBs will, unless otherwise specified, be available only in book-entry form, and will be represented by a

Registered Note in the form of a restricted global note certificate (the “**Restricted Global Note Certificate**”) deposited on or about the issue date as specified in the applicable Final Terms with or on behalf of The Depository Trust Company (“**DTC**”) and will be registered in the name of its nominee. Registered Notes sold outside the United States in reliance on Regulation S will, unless otherwise specified, be available only in book-entry form and will be represented by either (i) an unrestricted global note certificate (an “**Unrestricted Global Note Certificate**”) deposited on or about the issue date as specified in the applicable Final Terms with or on behalf of DTC for the accounts of its direct and indirect participants, including the Euroclear Bank S.A./N.V., as operator for the Euroclear System (“**Euroclear**”), and Clearstream Banking, *société anonyme*, Luxembourg (“**Clearstream, Luxembourg**,” previously, Cedelbank) or (ii) an international global note certificate (an “**International Global Note Certificate**”) deposited with a common depositary located outside the United States (a “**Common Depositary**”) for Euroclear and Clearstream, Luxembourg. On or prior to the 40th day after the later of the commencement of the offering and the date of delivery of the Notes of each Series, beneficial interests in an Unrestricted Global Note Certificate or an International Global Note Certificate representing Notes of such Series may be held only through Euroclear or Clearstream, Luxembourg. Bearer Notes will, unless otherwise specified, only be sold outside the United States to non-U.S. persons in reliance on Regulation S and will, unless otherwise specified, initially be represented by a temporary global Note (a “**Temporary Global Note**”) without interest coupons, deposited with or on behalf of a Common Depositary for Euroclear and Clearstream, Luxembourg. Beneficial interests in such Temporary Global Note shall be exchangeable for beneficial interests in a Permanent Global Note (as defined herein) in bearer form in an equal aggregate principal amount, not earlier than the 40th day after the applicable closing date upon certification in the form required by U.S. tax laws. See “Book-Entry; Delivery and Form—Bearer Notes.”

Our obligations in respect of the Notes are not in any way guaranteed by, or otherwise backed by the credit of, any government or any agency or political subdivision thereof.

The Dealers make no representation or warranty as to the accuracy or completeness of the information contained in this Base Prospectus.

We have not authorized the making or provision of any representation or information regarding ourselves or the Notes other than as contained in this Base Prospectus, the Trust Deed (as defined herein), the Dealership Agreement (as defined herein), the Paying Agency Agreement (as defined herein) or any Final Terms, or as approved for such purpose by us. Any such representation or information should not be relied upon as having been authorized by us or the Dealers. Neither the delivery of this Base Prospectus, and any supplement hereto and any Final Terms nor any sale made hereunder shall, in any circumstance, create any implication that there has been no change in our affairs since the date hereof or that the information contained herein is correct as of any date subsequent to the date as of which it is given herein.

This Base Prospectus does not constitute an offer to sell or an offer to buy in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction, nor does this Base Prospectus constitute an invitation to purchase any Notes and should not be considered as a recommendation by us or the Dealers that any recipient of this Base Prospectus should purchase any Notes. The distribution of this Base Prospectus or any part of it, including any Final Terms, and the offer and sale of the Notes in certain jurisdictions may be restricted by law. This Base Prospectus may only be used for the purpose for which it is published. Persons into whose possession this Base Prospectus comes are required by us and the Dealers to inform themselves about and to observe any such restrictions. For a description of certain further restrictions on offers and sales of Notes and on distribution of this Base Prospectus and other offering material relating to the Notes, see “Subscription and Sale.”

The Notes have not been and will not be issued nor placed, distributed, offered or negotiated in the Brazilian capital markets. The issuance of the Notes has not been nor will be registered with the Brazilian Securities Commission (*Comissão de Valores Mobiliários*) (“**CVM**”). Any public offering or distribution, as defined under Brazilian laws and regulations, of the Notes in Brazil is not legal without prior registration under Law No. 6,385, of December 7, 1976, as amended, and Instruction No. 400, issued by the CVM on December 29, 2003, as amended, or issued in accordance with Instruction No. 476, issued by the CVM on January 16, 2009, as amended. Documents relating to the offering of the Notes, as well as information contained therein, may not be supplied to the public in Brazil (as the offering of the Notes is not a public offering of securities in Brazil), nor be used in connection with any offer for subscription or sale of the Notes to the public in Brazil. Each of the Dealers named under “Subscription and Sale” has represented, warranted and agreed that it has not offered or sold, and will not offer or sell, the Notes in Brazil,

except in circumstances which do not constitute a public offering, placement, distribution or negotiation of securities in the Brazilian capital markets regulated by Brazilian legislation.

IMPORTANT – EEA RETAIL INVESTORS If the Final Terms in respect of any Notes includes a legend entitled “Prohibition of Sales to EEA Retail Investors,” the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“EEA”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “**MiFID II**”); or (ii) a customer within the meaning of Directive 2016/97/EU (as amended, the “**Insurance Distribution Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (the “**Prospectus Regulation**”). Consequently no key information document required by Regulation (EU) No 1286/2014 (the “**PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

IMPORTANT – UK RETAIL INVESTORS If the Final Terms in respect of any Notes includes a legend entitled “Prohibition of Sales to UK Retail Investors,” the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (“UK”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (“**EUWA**”); or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the “**FSMA**”) and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the “**UK PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

MiFID II PRODUCT GOVERNANCE / TARGET MARKET – The Final Terms in respect of any Notes may include a legend entitled “**MiFID II Product Governance/ Professional investors and ECPs only target market**,” which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a “**distributor**”) should take into consideration the target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels. A determination will be made in relation to each issuance about whether, for the purpose of the Product Governance rules under EU Delegated Directive 2017/593 (the “**MiFID Product Governance Rules**”), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

UK MiFIR PRODUCT GOVERNANCE / TARGET MARKET – The Final Terms in respect of any Notes may include a legend entitled “**UK MiFIR Product Governance/ Professional investors and ECPs only target market**,” which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subject to the UK MiFIR product governance rules set out in the FCA Handbook Product Intervention and Product Governance Sourcebook (the “**UK MiFIR Product Governance Rules**”). Any distributor should take into consideration the target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the “**UK MiFIR Product Governance Rules**”) is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issuance about whether, for the purpose of the UK MiFIR Product Governance Rules, any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise

neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the UK MIFIR Product Governance Rules.

This document is only being distributed to and is only directed at (i) persons who are outside the UK; or (ii) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “**Order**”); or (iii) high net worth entities, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (e) of the Order (all such persons together being referred to as “**relevant persons**”). Any Notes will only be available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such Notes will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

Persons wishing to offer or acquire the Notes within Brazil should consult with their own counsel as to the applicability of registration requirements or any exemption therefrom.

None of the Dealers or their affiliates assumes any obligation to purchase any Notes or to make a market in the Notes, and no assurances can be given that a liquid market for the Notes will exist.

Having made all reasonable inquiries, we confirm that this Base Prospectus contains all information which is material in the context of the issue of the Notes, that such information contained in this Base Prospectus is true and accurate in all material respects and is not misleading, that any opinions and intentions expressed in this Base Prospectus are honestly held and that there are no other facts the omission of which makes this Base Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect. We accept responsibility accordingly.

Certain information on Brazil and the Brazilian banking industry contained in this Base Prospectus is based upon publicly available information which we have not independently verified, and we make no representation or warranty in relation thereto, except that we accept responsibility for its accurate extraction and reproduction and confirm that as far as we are aware and are able to ascertain from information published by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Notwithstanding any provision herein, any person (and each employee, representative, or other agent of such person) may disclose to any and all other persons, without limitation of any kind, the U.S. tax treatment and U.S. tax structure of the transaction and all materials of any kind (including opinions or other tax analyses) that are provided to such person relating to such U.S. tax treatment and U.S. tax structure.

Responsibility Statement

We accept responsibility for the information contained in this Base Prospectus. To the best of our knowledge, having taken all reasonable care to ensure that such is the case, the information contained in this Base Prospectus is in accordance with the facts and contains no omission likely to affect the import of such information.

Documents Incorporated By Reference

Our consolidated financial statements as of and for the three-month period ended March 31, 2021 are incorporated by reference herein and are available on the Luxembourg Stock Exchange website at www.bourse.lu. No other information available on the website of the Luxembourg Stock Exchange at www.bourse.lu is incorporated by reference herein.

FORWARD-LOOKING STATEMENTS

This Base Prospectus includes certain forward-looking statements. These forward-looking statements are based principally on our current expectations and on projections of future events and financial trends that currently affect or might affect our business. In addition to the items discussed in other sections of this Base Prospectus, there are many significant factors that would cause our financial condition and results of operation to differ materially from those set out in our forward-looking statements, including, but not limited to, factors such as:

- the current instability in Brazilian macroeconomic conditions, together with the related political, economic and business uncertainties;
- global economic conditions, including disruptions and volatility in the global financial markets;
- the economic effects and duration of the 2019 coronavirus (“**COVID-19**”) pandemic or pandemics of other or similar diseases, which could adversely affect our future results of operations and may continue to impact the market price of any Notes issued under this Program;
- our ability to implement, in a timely and efficient manner, any measure necessary to respond to, or reduce the impacts of, the COVID-19 pandemic on our business, operations, cash flow, prospects, liquidity and financial condition;
- inflation, depreciation or appreciation of the *real*, and/or interest rate fluctuations, which may adversely affect our margins;
- risks of lending, credit, investments and our activities;
- our level of capitalization;
- cost and availability of funding;
- increases in defaults by borrowers and other loan delinquencies, which result in increases in loan loss allowances;
- customer losses or losses of other sources of revenues;
- our ability to execute our strategies and capital expenditure plans and to maintain and improve our operating performance;
- the effectiveness of our risk management policies;
- increases in compulsory deposits and reserve requirements;
- our revenues from new products and businesses;
- adverse legal or regulatory disputes or proceedings;
- competitive conditions in the banking, financial services, credit card services, asset management and insurance sectors and related industries;
- any failures in, or breaches of, our operational, security or technology systems and any failure to protect personal data;
- effects from socio-environmental issues, including new and/or more stringent regulations relating to these issues;

Presentation of Financial and Other Information

- the fair value of securities, particularly Brazilian government securities; and
- changes in laws and regulations, including by the Central Bank of Brazil (“**Central Bank**”), applicable to us and our activities, and including, among others, those affecting tax matters.

The words “believe,” “expect,” “continue,” “understand,” “estimate,” “will,” “may,” “anticipate,” “should,” “intend” and other similar expressions are intended to identify forward-looking statements. Such statements refer only to the date on which they were expressed, and we assume no obligation to publicly update or revise any forward-looking statements as a result of new information or any other events. In light of these risks and uncertainties, the forward-looking statements, events and circumstances discussed in this Base Prospectus may not be accurate and our actual results and performance could differ materially from those anticipated in our forward-looking statements. Investors should not make an investment decision based solely on the forward-looking statements in this Base Prospectus.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Financial Information in this Base Prospectus

Our operations are based primarily in Brazil and our audited consolidated financial statements as of and for the years ended December 31, 2020 and 2019 and as of and for the years ended December 31, 2019 and 2018 included elsewhere in this Base Prospectus have been prepared in accordance with accounting practices adopted by banks in Brazil. These audited consolidated financial statements have been prepared in conformity with accounting practices adopted in Brazil applicable to institutions authorized to operate by the Central Bank, and are in conformity with accounting guidelines included in Laws No. 4,595/64 (“**Brazilian Financial System Law**”) and No. 6,404/76 (“**Brazilian Corporate Law**”), including amendments introduced by Laws No. 11,638/07 and No. 11,941/09, as they relate to the accounting for operations, complemented by, where applicable, the rules and instructions of the National Monetary Council (*Conselho Monetário Nacional*) (“**CMN**”), the Central Bank, the Brazilian Securities and Exchange Commission (“**CVM**”), the National Private Insurance Council (“**CNSP**”), the Insurance Superintendence (*Superintendência de Seguros Privados*) (“**SUSEP**”), the National Supplementary Healthcare Agency (*Agencia Nacional de Saúde Suplementar*) (“**ANS**”) and by the accounting pronouncements committee (*Comitê de Pronunciamentos Contábeis*) (“**CPC**”), together with the principles prescribed by the Brazilian Corporate Law, are referred to as “**Accounting Practices Adopted by Banks in Brazil**”. Our audited consolidated financial statements as of and for the years ended December 31, 2020, 2019 and 2018 included elsewhere in this Base Prospectus are presented in reais in accordance with the Accounting Practices Adopted by Banks in Brazil.

In addition, we have reflected the changes arising from the adoption of CMN Resolution No. 4,720/19 and Central Bank Circular No. 3,959/19 in our audited consolidated financial statements as of and for the years ended December 31, 2020 and 2019. The main objective of these standards is to promote consistency with the guidelines for the presentation of financial statements in accordance with International Financial Reporting Standards (“**IFRS**”). The main changes implemented were: to present the statement of financial position in order of liquidity and enforceability; to present the balances in the statement of financial position for the period in comparison with the end of the fiscal year immediately prior and to compare the remaining statements with the same periods of the previous fiscal year; and the inclusion of the Statement of Comprehensive Income. The changes implemented by the new standards did not impact Net Income or Shareholders’ Equity.

The financial information as of December 31, 2018 and for the year then ended was derived from our audited consolidated financial statements, including the notes thereto, as of and for the year ended December 31, 2019, which were not retrospectively adjusted to reflect CMN Resolution No. 4,720/19 and Central Bank Circular No. 3,959/19. As a result, the financial information as of December 31, 2020 and 2019 and for the years then ended is not directly comparable to the financial information as of December 31, 2018 and for the year then ended.

Accounting Practices Adopted by Banks in Brazil differ from United States generally accepted accounting principles (“**U.S. GAAP**”) and IFRS as issued by the International Accounting Standards Board (including any International Financial Reporting Interpretations Committee and the Standing Interpretations Committee interpretations) (“**IASB**”). As required by CMN Resolution No. 4,776/2020 and Central Bank Circular No. 3,472/2009, we prepare consolidated financial statements in accordance with IFRS as issued by IASB. However, these financial statements are not included in, or incorporated into, this Base Prospectus.

Information not recognized under U.S. GAAP, IFRS or Accounting Practices Adopted by Banks in Brazil

To be consistent with industry practice, we include certain items which are not defined under U.S. GAAP, IFRS or Accounting Practices Adopted by Banks in Brazil as part of our financial disclosure, including “Financial Margin,” “Return on Average Equity,” “Return on Average Assets,” “Claims Ratio” and “Selling Ratio.” These items are not recognized under U.S. GAAP, IFRS or Accounting Practices Adopted by Banks in Brazil. Accordingly, these items do not have standardized meanings and may not be directly comparable to similarly-titled items adopted by other entities. Potential investors should not rely on information not recognized under U.S. GAAP, IFRS or Accounting Practices Adopted by Banks in Brazil in making an investment decision.

Presentation of Financial and Other Information

Filings with the United States Securities and Exchange Commission

We are a reporting company under Section 13 or Section 15(d) of the U.S. Securities Exchange Act of 1934, as amended (the “**Exchange Act**”) and we file and/or furnish periodic reports with the SEC. However, those reports do not form part of, and are not included elsewhere in, this Base Prospectus. You should rely only on the information contained in this Base Prospectus in making an investment decision in relation to the Notes. You should note in particular that our annual report on Form 20-F, which we are required to file with the SEC each year, contains different information from that contained in this Base Prospectus.

Other Data

This Base Prospectus contains statements about our competitive position and market share in, and the market size of, the Brazilian banking industry and market for financial services. We have made these statements on the basis of statistics and other information from third party sources that we believe are reliable. We derive this third party information principally from publicly available reports published by the Central Bank. Although we have no reason to believe any of the above described information or reports is inaccurate in any material respect, neither we nor the Dealers have independently verified the competitive position, market share, market size or market growth data provided by third parties or by industry or general publications.

In this Base Prospectus, the terms “*real*” and “*reais*” and the symbol “R\$” refer to the legal currency of Brazil. The terms “U.S. dollar” and “U.S. dollars” and the symbol “U.S.\$” refer to the legal currency of the United States of America. The term “sterling” and the symbol “£” refer to the legal currency of the United Kingdom. The symbol “EUR” refers to the legal currency of the Eurozone. The term “Brazil” refers to the Federative Republic of Brazil and the phrase “Brazilian government” refers to the federal government of Brazil.

Certain figures included in this Base Prospectus have been subject to rounding adjustments; accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

SUMMARY OF THE PROGRAM

This summary does not contain all the information that may be important to prospective investors and must be read as an introduction to this Base Prospectus and any decision to invest in the Notes should be based on a consideration of the Base Prospectus as a whole, including any documents included elsewhere. Prospective Investors should read this entire Base Prospectus carefully.

- Issuers:** We believe that we are one of the largest private-sector (non-government controlled) banks in Brazil in terms of total assets as of December 31, 2020. We provide a wide range of banking and financial products and services to individuals, small to mid-sized companies in Brazil and abroad and major local and international corporations and institutions. As of December 31, 2020, Banco Bradesco S.A. had, on a consolidated basis, R\$1.6 trillion in total assets, a R\$509.3 billion credit portfolio, R\$551.4 billion in total deposits and R\$143.7 billion in shareholders' equity. Banco Bradesco S.A.'s registered office is Cidade de Deus, Vila Yara, 06029-900, Osasco, São Paulo, Brazil (telephone +55 11 3847 9611).
- Our Grand Cayman branch was established principally for the purpose of obtaining funding to finance Brazilian trade-related transactions. This branch is currently engaged in the business of sourcing funds from banks and the international banking and capital markets. The majority of these funds are on-lent to Banco Bradesco's principal office in Brazil and extended to customers. The branch also takes deposits in foreign currencies from corporate and individual customers who are not resident in the Cayman Islands and extends credit to Brazilian and non-Brazilian customers. The registered office of this branch is at DMS House (3rd Floor), 20 Genesis Close, P.O. Box 1818, Grand Cayman, Cayman Islands KY1-1109 (telephone +1 345 945 1200).
- Arranger:** Banco Bradesco BBI S.A.
- Dealers:** Banco Bradesco BBI S.A. and Banco Bradesco S.A., Grand Cayman branch; and any other dealer appointed from time to time by the Issuers.
- Program Amount:** U.S.\$10,000,000,000 (or its equivalent as of the respective dates of issue in other currencies) in aggregate principal amount of Notes outstanding at any time, subject to any duly authorized increase.
- Offering:** Notes will be offered (i) in the United States only to QIBs pursuant to Rule 144A and (ii) outside the United States to non-U.S. persons in reliance on Regulation S. See "Subscription and Sale."
- Issue Price:** Notes may be issued at par or at a discount or premium to par. The issue price for each issue of Notes shall be as set forth in the applicable Final Terms.
- Specified Currencies:** Notes may be denominated in any currency as may be agreed between us and the applicable Dealer or Dealers in the relevant Final Terms, subject to applicable regulation.
- Maturities:** The Notes may be issued with maturities of one month or more from their date of issue, subject to all legal and regulatory requirements applicable to us or the applicable Specified Currency.
- Where Notes have a maturity of less than one year and either (i) the issue proceeds are received by the Issuer in the United Kingdom or (ii) the activity of issuing the Notes is carried on from an establishment maintained by the Issuer in

Summary of the Program

the United Kingdom, such Notes must: (a) have a minimum redemption value of £100,000 (or its equivalent in other currencies) and be issued only to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses; or (b) be issued in other circumstances which do not constitute a contravention of section 19 of the Financial Services and Markets Act 2000 (the “FSMA”) by the Issuer.

Interest: Notes may (i) bear interest on a fixed rate or floating rate basis (determined by reference to one or more base rates), (ii) be issued on a fully discounted basis and not bear interest, (iii) be indexed, or (iv) be credit linked (the “**Credit Linked Notes**”), in each case as specified and described more fully in the applicable Final Terms.

Final Terms: The Final Terms for each issue of Notes shall set forth, among other things, certain information about the terms and conditions of such Notes and the offering and sale thereof. Such information may differ from that set forth herein and, in all cases, shall supplement and, to the extent inconsistent herewith, supersede the information herein.

Withholding Tax: Unless otherwise specified in the applicable Final Terms, payments in respect of the Notes will be made without withholding or deduction in respect of any taxes, duties, assessments or governmental charges imposed in Brazil or the Cayman Islands (with respect to Notes issued by our Grand Cayman branch), or any political subdivision or taxing authority thereof or therein. If specified in the applicable Final Terms, the relevant Issuer will, subject to certain exceptions and limitations, pay additional amounts (as described herein) in respect of such withholding or deduction so that the holder of the Notes (the “**Noteholder**”) receives the net amount due, although the relevant Issuer may have the option to redeem the Notes in such an event if so specified in the applicable Final Terms. See “Terms and Conditions of the Notes — Condition 12.”

Form of Notes: Notes may be issued in registered form, without interest coupons (“**Registered Notes**”), or in bearer form, with or without interest coupons (“**Bearer Notes**”).

In the case of Registered Notes, the relevant Issuer will deliver (i) an Unrestricted Global Note Certificate (as defined below) and a Restricted Global Note Certificate (as defined below) or (ii) an International Global Note Certificate (as defined below), as specified in the relevant Final Terms.

Notes initially sold to QIBs in reliance on Rule 144A will, unless otherwise specified in the applicable Final Terms, be available only in book-entry form, and will be represented by a restricted global note certificate (a “**Restricted Global Note Certificate**”) deposited with or on behalf of DTC and registered in the name of its nominee.

Summary of the Program

Registered Notes sold outside the United States to non-U.S. persons in reliance on Regulation S will, unless otherwise specified in the applicable Final Terms, be available only in book-entry form and will be represented by an unrestricted global note certificate (an “**Unrestricted Global Note Certificate**”) deposited on or about the issue date as specified in the applicable Final Terms (i) with or on behalf of DTC for the accounts of its direct or indirect participants, including Euroclear and Clearstream, Luxembourg or (ii) with a Common Depositary for Euroclear or Clearstream, Luxembourg.

Beneficial interests in the Restricted Global Note Certificates and Unrestricted Global Note Certificates will be shown on, and transfers thereof will be effected only through, records maintained by DTC and its direct or indirect participants (including Euroclear and Clearstream, Luxembourg). Except as described herein, Individual Note Certificates (as defined herein) will not be issued in exchange for beneficial interests in Registered Global Note Certificates. See “Book-Entry; Delivery and Form.”

Registered Notes sold outside the United States in reliance on Regulation S, which are not part of a Series which is also offered in the United States, may be represented, in whole or in part, by an international global note certificate (an “**International Global Note Certificate**”) that is deposited with or on behalf of the Common Depositary for Euroclear and Clearstream, Luxembourg, or a nominee thereof, outside the United States for credit to the respective accounts of beneficial owners of the Notes represented thereby.

Bearer Notes will, unless otherwise specified, only be sold outside the United States to non-U.S. persons in reliance on Regulation S and will, unless otherwise specified in the applicable Final Terms, initially be represented by a Temporary Global Note without interest coupons attached, deposited with or on behalf of a Common Depositary located outside the United States for Euroclear and Clearstream, Luxembourg. Interests in a Temporary Global Note will be exchangeable (i) for interests in a permanent Global Note in bearer form, without coupons (a “**Permanent Global Note**”), (ii) in whole but not in part for definitive Notes in bearer form (each, a “**Definitive Bearer Note**”) or (iii) directly for interests in a Registered Global Note Certificate, following certification of non-U.S. beneficial ownership as required by U.S. Treasury regulations. In relation to any issue of Notes which have a denomination consisting of the minimum Specified Denomination plus a higher integral multiple of another smaller amount, it is possible that the Notes may be traded in amounts in excess of EUR100,000 (or its equivalent) that are not integral multiples of EUR100,000 (or its equivalent). In such a case a Noteholder who, as a result of trading such amounts, holds a principal amount of less than the minimum Specified Denomination may not receive a Definitive Note in respect of such holding (should Definitive Notes be printed) and would need to purchase a principal amount of Notes such that its holding amounts to a Specified Denomination. Bearer Notes may be exchangeable for Registered Global Note Certificates. Registered Notes will not be exchangeable for Bearer Notes. See “Terms and Conditions of the Notes — Condition 2” and “Book-Entry; Delivery and Form.”

Specified Denominations:

Each Series of Notes will be in such denominations as may be specified in the relevant Final Terms, save that (i) in the case of any Notes which are to be admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the European Economic Area in

Summary of the Program

circumstances which require the publication of a prospectus under the Prospectus Regulation (2017/1129) (and amendments thereto), the minimum denomination shall be EUR100,000 (or its equivalent in any other currency as at the date of issue of the Notes); and (ii) unless otherwise permitted by then current laws and regulations, Notes (including Notes denominated in sterling) which have a maturity of less than one year and in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of section 19 of the Financial Services and Markets Act 2000 will have a minimum denomination of £100,000 (or its equivalent in other currencies).

Use of Proceeds:	The net proceeds from the sale of each Series of Notes issued under the Program will be used by us for general corporate purposes or as set forth in the Final Terms applicable to each Series.
Redemption:	The Final Terms relating to each Series of Notes will specify if such Notes can be redeemed prior to their stated maturity (whether for taxation reasons, following an Event of Default (as defined herein) or otherwise) or if such Notes will be redeemable at par or at such other redemption amount as specified. See “Terms and Conditions of the Notes—Condition 10.”
Tax Redemption:	If specified in the applicable Final Terms, the Notes will be redeemable at the Issuer’s option, in whole (but not in part), at par, plus accrued interest, in the event the Issuer is obligated to pay any additional amounts in respect of, among other things, Brazilian (in the case of our principal office in Brazil) or Cayman Islands (in the case of our Grand Cayman branch) withholding or other taxes as a result of a change in tax laws or regulations in Brazil or the Cayman Islands, as the case may be, or in the interpretation thereof. See “Terms and Conditions of the Notes — Condition 10.”
Ranking:	The Notes will be unsecured and unsubordinated obligations and will rank <i>pari passu</i> in priority of payment with all our other present and future unsecured and unsubordinated debt (save for certain mandatory exceptions provided by law).
Negative Pledge:	Subject to certain exceptions described herein and so long as any Note remains outstanding, the Issuer will not create, or allow to be created, any security interest upon any of its present or future properties to secure indebtedness for borrowed money, unless the Notes are also secured equally and ratably therewith. See “Terms and Conditions of the Notes—Condition 5.”
Listing and Trading:	Application has been made for Notes to be issued under the Program to be admitted for listing on the official list of the Luxembourg Stock Exchange and to be admitted to trading on the Euro MTF Market of the Luxembourg Stock Exchange. However, Notes may be issued under the Program which will not be listed on the Euro MTF Market or any other stock exchange, and the Final Terms applicable to a Series will specify whether or not Notes of such Series will be listed on the Euro MTF Market or any other stock exchange. This Base Prospectus constitutes a prospectus for the purpose of the of the Luxembourg law of 16 July 2019 on prospectuses for securities and may be used in connection with listings on the official list of the Luxembourg Stock Exchange for a period of one year from the date hereof. See “General Information.”
Terms and Conditions:	The terms and conditions applicable to each Series of Notes will be as agreed between the relevant Issuer and the relevant Dealers or purchasers at or prior to

Summary of the Program

	the date of issue of such Series and will be specified in the Final Terms prepared in respect of such Series of Notes. The terms and conditions applicable to each Series will accordingly be those set out in this Base Prospectus as supplemented, modified or replaced by the relevant Final Terms.
Enforcement of Notes Represented by the Global Notes:	In the case of Notes represented by the Global Notes, individual investors' rights will be governed by a trust deed (the " Trust Deed ") entered into by each of us and The Bank of New York Mellon, as trustee, a copy of which is available for inspection at the specified offices of the trustee, the registrar, our registered office and the Listing Agent.
Trustee:	The Bank of New York Mellon.
Principal Paying Agent:	Bank of Tokyo-Mitsubishi UFJ, Ltd., London Branch or The Bank of New York Mellon, London Branch, as specified in the relevant Final Terms in relation to each Series of Notes.
Paying Agent:	The Bank of New York Mellon.
Transfer Agents:	The Bank of New York Mellon and Bank of Tokyo-Mitsubishi UFJ, Ltd., London Branch.
Registrar:	The Bank of New York Mellon.
Listing Agent:	The Bank of New York Mellon (Luxembourg) S.A.
Selling Restrictions:	The offer and sale of Notes will be subject to selling restrictions including, in particular, those of the United States of America, the United Kingdom, Germany, Japan, Brazil, and the Cayman Islands. Each issue of Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements in effect at the time of such issuance. See "Subscription and Sale." Any further restrictions that may apply to a particular issue of Notes will be specified in the applicable Final Terms.
Further Issuances:	Each Issuer reserves the right, with respect to any Series of Notes, from time to time without the consent of the holders of the Notes, to issue additional Notes of a Series so that the same shall be consolidated with, form a single issue with, and increase the aggregate principal amount of, such Series of Notes.
Substitution:	The Issuer may, without the consent of any holder, substitute for itself any other entity organized in any country in the world as the debtor in respect of the Notes and the Trust Deed (the " Substituted Debtor ") if it complies with specified requirements. In connection with such substitution, the Issuer will at its option, either continue to be an obligor of the applicable Notes together with the Substituted Debtor or be released from its obligations as obligor as long as it has agreed to guarantee the obligations of the Substituted Debtor in relation to the applicable outstanding Notes.
Governing Law:	The Notes and any non-contractual obligations arising out of or in connection with the Notes are governed by, and shall be construed in accordance with, English law.

Summary of the Program

Clearance and Settlement:

Notes shall be accepted for clearing through one or more clearing systems as specified in the applicable Final Terms. These systems shall include, in the United States, the system operated by DTC and, outside the United States, the systems operated by Euroclear and Clearstream, Luxembourg.

Notes that are intended to be sold in both the United States and the Euro markets will clear through DTC. Notes that are intended to be sold primarily outside the United States will clear through Euroclear, Clearstream, Luxembourg and/or any other clearing system specified in the applicable Final Terms.

Risk Factors:

An investment in the Notes involves risks. See “Risk Factors” and the other information included in this Base Prospectus for a discussion of the factors you should consider before deciding to invest in the Notes.

GENERAL DESCRIPTION OF THE PROGRAM

The Program is a U.S.\$10,000,000,000 Global Medium-Term Note Program under which any Issuer may from time to time issue Medium-Term Notes in accordance with and subject to all applicable laws and regulations and denominated in U.S. dollars or such other currencies or currency units as may be set forth in the Final Terms. The applicable terms of any Notes will be agreed between the relevant Issuer and the relevant Dealer prior to the issue of the Notes and will be set out in the Terms and Conditions of the Notes endorsed on, or attached to, or incorporated by reference into, the Notes, as modified and supplemented by the applicable Final Terms attached to, or endorsed on, such Notes, as more fully described under “Book-Entry, Delivery and Form.”

RISK FACTORS

Investing in the Notes involves risks. Before making an investment decision, you should carefully consider all the information in this Base Prospectus. Our business, financial condition and results of operations may be materially adversely affected by any of these risks. The trading price of the Notes may decrease as a result of any of these risks, and the occurrence of any of these risks could affect our ability to pay interest or repay principal on the Notes. The risks described below are those that we currently believe may materially affect us. The occurrence of one or more of the circumstances described below could lead to a material and long-term decline in the price of the Notes or, in extreme cases, to a loss of the value of the Noteholders' entire investment or part of it, as the case may be.

Risks Relating to Brazil

Macroeconomic Risks

We are constantly monitoring our exposure to macroeconomic risks that may adversely affect our business, financial condition and results of operations. These risks are assessed through consistent processes and what we believe to be a sound governance structure.

Domestic Environment

Our financial and operating performance may be adversely affected by epidemics, natural disasters and other catastrophes, such as the current COVID-19 pandemic, which had a significant impact on our 2020 results from the end of the first quarter.

The COVID-19 pandemic has generated great challenges and uncertainties worldwide, and Brazil has been strongly affected both in terms of the number of cases and deaths. In the economic sphere, government stimuli used throughout 2020, in scope and magnitude not seen before, contributed to the resumption of growth in the second half of 2020. Direct transfers of income, temporary suspension of certain taxes, incentives for the expansion of loans and the renegotiation of debts and subsidies, were instruments used to mitigate the economic impacts of the pandemic. Due to the economic impact of the COVID-19 pandemic, the Central Bank reduced the basic interest rate from 4.5% per annum at the end of 2019 to 2.0% per annum at the end of 2020, the lowest historical level. This process has been corroborated by the increase of idleness in the goods and labor markets and by the deceleration of inflation. At the end of 2020, price pressures on electrical energy and food prices accelerated consumer inflation: the *Índice Nacional de Preços ao Consumidor Amplo* (the Consumer Price Index) (“**IPCA**”) ended 2020 with a 4.52% increase, above the center of the target determined by the CMN as 4.0% - although still within the range of tolerance. For 2021, a process of reducing part of the monetary stimulus is expected, in the context of economic recovery. Meanwhile, gross debt increased from 74% of GDP at the end of 2019, to 89% at the end of 2020. As soon as the challenges posed by the pandemic are overcome, the fiscal decline is expected to be reversed, which is fundamental for the expected gradual normalization of monetary policy; however, we cannot guarantee that this will be the case.

At the end of 2020 and beginning of 2021, the resurgence of the COVID-19 pandemic, in Brazil and globally, increased short-term risks to economic activity. Although the baseline scenario is an acceleration of the population's immunization in the coming months, a possible worsening of the COVID-19 pandemic could have negative impacts on businesses (especially in the service sector), employment, income and banking delinquency with possible adverse effects on our results of operations and financial condition. In March 2020, Congress approved a new round of emergency aid (in the form of a direct income transfer to those most in need), expected to minimize some of these impacts. An economic stimuli program has been proposed (PEC Emergencial), which has raised fiscal concerns at a time when public spending is growing above established limits. However, the immunization program for the Brazilian population is in progress and the potential to resume economic activity over the subsequent quarters remains to be realized. A fundamental aspect for the materialization of this scenario is an improvement in the public perception, mainly in relation to fiscal policy, in an environment of increasing demand from society for an increase in public expenditure.

Risk Factors

The various government economic stimuli adopted throughout 2020 contributed to the expansion of our loan portfolio. The highlight was the growth in our corporate loans portfolio. For 2021, we expect a change in the composition of the portfolios we expect to grow, with expected growth in loans for families and a slight deceleration in the growth of the loans to legal entities. However, the prospects remain favorable, with the institutions that integrate the National Financial System (SFN) remaining well capitalized and liquid.

Our delinquency ratio over 90 days decreased to 2.2% as of December 31, 2020 from 3.3% as of December 31, 2019, mainly due to the credit relief measures we granted to our customers to provide them with more liquidity during the COVID-19 pandemic. We cannot assure that our delinquency ratios will remain at these levels as the impacts of the COVID-19 pandemic remain highly uncertain and unpredictable and depend on several factors that are beyond our control, including the possibility of additional outbreaks, further mutations of the virus and the intensity of the economic downturn resulting from actions taken, or to be taken, by government authorities and the scientific community in response to the COVID-19 pandemic, including in relation to the availability and efficiency of vaccines and other treatments. Provision expenses increased in 2020, reaching total provisions of R\$25.8 billion, of which R\$9.1 billion were in connection with the adverse economic scenario resulting from the COVID-19 pandemic. However, as we cannot guarantee the duration, future impacts or measures implemented by the government to combat the economic effects of the COVID-19 pandemic, we cannot assure that our financial and operating performance will not be adversely affected in the future.

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

Abrupt changes in the conduct of monetary or fiscal policies, not justified by changes in the economic scenario, can generate uncertainties about economic policy, leading to deterioration of expectations, increasing volatility and negatively impacting prices of domestic assets. Accordingly, economic policy actions and signals that are credible and transparent tend to keep macroeconomic volatility at low levels.

Historically, Brazil's political situation has influenced the performance of the Brazilian economy and political crises have affected the confidence of investors and the general public. This has resulted in economic deceleration and heightened volatility in the price of securities issued abroad by Brazilian companies.

Until the COVID-19 pandemic, the current government had been conducting an economic agenda with actions to reduce government spending, open the economy to international competition, improve the business environment and promote privatizations and infrastructure concessions. However, due to the material economic effects of the COVID-19 pandemic, most structural reforms have been halted.

Any of the above factors may create additional political uncertainty, which could harm the Brazilian economy and, consequently, our business, results of operations and financial condition. In addition, uncertainties about the current Brazilian government can influence market perception of risk of foreign investment in Brazil, which in turn may adversely affect the market value of our securities. For example, the market value of Brazilian companies experienced volatility during the recent presidential elections. See “—The current weakness in Brazilian macroeconomic conditions and market perception of certain economic and political risks and uncertainties relating to Brazil, including high-profile anti-corruption investigations, may have a material adverse effect on our financial condition and results of operations.”

Brazil continues to experience political instability and macroeconomic recession, which may adversely affect us.

Brazil showed signs of incipient recovery from a recent prolonged economic recession at the beginning of 2020 when the severe economic consequences of the COVID-19 pandemic plummeted the economy back into recession, with material weaknesses and imbalances continuing to threaten macroeconomic stability and the future prospects of the Brazilian economy. The persistence or intensification of the economic crisis in Brazil and the uncertainty as to whether the Brazilian government will be willing and able to implement changes in policy or regulation in order to address the current economic challenges could adversely affect us. Uncertainty regarding whether the Brazilian government will implement policy and regulatory changes may be compounded by political instability.

Risk Factors

Since 2014, Brazil has experienced amplified economic and political instability derived from various currently ongoing investigations into allegations of money laundering and corruption, including the largest such investigation, known as *Lava Jato*, which have negatively impacted the Brazilian economy and political environment and contributed to a decline in market confidence in Brazil.

Brazilian markets face increased volatility due to the uncertainties related to the ongoing corruption scandals, which are being investigated by the Brazilian Federal Police in *Lava Jato*, *Zelotes*, *Greenfield*, *Estrela Cadente* operations, among others, and to the impact of these scandals in the Brazilian economy and political environment. Members of the Federal Government and legislative branch, in addition to senior managers of large companies, are being prosecuted for crimes of corruption. In addition, politicians and other public officials are being investigated for illegal and unethical conducts identified during the *Lava Jato*, *Zelotes*, *Greenfield*, *Estrela Cadente* operations, among others.

As a result of these investigations, a number of senior politicians, including members of Congress, and high-ranking executive officers of major corporations and state-owned companies in Brazil, have been arrested and convicted of various charges relating to corruption, entered into plea agreements with federal prosecutors and/or have resigned or been removed from their positions. The individuals involved in the *Lava Jato* investigations are alleged to have accepted bribes by means of kickbacks on contracts granted by the government to several infrastructure, oil and gas and construction companies. The profits of these kickbacks allegedly financed the political campaigns of political parties, which funds were unaccounted for or not publicly disclosed. These funds were also allegedly destined toward the personal enrichment of certain individuals.

The potential outcome of *Lava Jato* as well as other ongoing corruption-related investigations is uncertain, but they have already had an adverse impact on the image and reputation of those companies that have been implicated, as well as on the general market perception of the Brazilian economy, political environment and the Brazilian capital markets. We have no control over and cannot predict whether such investigations or allegations will lead to further political and economic instability or whether new allegations against government officials will arise in the future or will adversely affect us.

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 had significant negative effects on the Brazilian economy and contributed to increased economic uncertainty and heightened volatility in the Brazilian securities markets, which may have an adverse effect on us.

The memory of, and the potential for inflation, is still present, despite the monetary stability achieved in the 1990s. Concerns remain that inflation may rise again in the future. Current economic policy in Brazil is premised on a monetary regime that the Central Bank oversees with the goal of keeping inflation in line with a predetermined target. Brazil's inflation rate, the IPCA, reached 4.5% and 4.31% as of December 31, 2020 and 2019, respectively.

Faced with high expectations and high levels of economic inactivity, which had been gradually reducing since 2017, inflation had remained below the middle of the target, but it was above the center of the target in 2020 (4.0% for 2020). For 2021, an inflation target of 3.75% was set, with a tolerance interval of less than 1.50 percentage point and of more than 1.5 percentage point, by means of Resolution No. 4,671/18. Despite the short-term risks to economic activity, due to the worsening of the pandemic, in March the Central Bank began the process of normalizing monetary policy, increasing the basic rate above expectations from 2.0% to 2.75% and in May the base rate increased to 3.5%. In the assessment of COPOM, the risk balance has become asymmetrical towards the direction of higher inflation. In this sense, evaluating that the COVID-19 pandemic will have temporary effects and given the risks to inflation, the Central Bank signaled a "partial normalization" of monetary policy. Analysts' expectations point to an increase in interest rates in the coming months, but to levels below those observed in recent history (14.25% in 2015). The evolution of this fiscal trajectory will play a relevant role in the eventual magnitude of this increase, as has been explained by the Central Bank.

Risk Factors

Between the end of 2020 and the beginning of 2021, concerns about inflation became more evident, mainly reflecting the increase in international commodity prices and the depreciation of the exchange rate. The Central Banks' speech, whose autonomy was approved in February 2021, has changed significantly, pointing to greater concern about the risks of secondary effects of price shocks. Accordingly, in March 2021, the process of normalizing monetary policy began, with an initial increase in the basic interest that was higher than expected, from 2.0% to 2.75%. This monetary normalization process is expected to continue in 2021, reducing the stimulus of a negative real interest rate, but without the expectation of returning to the levels of interest verified in 2015-2016, of 14.25% per year. As a result, an increase in the final cost of credit is expected, which tends to be dampened by intensified competition.

If Brazil experiences inflation rate fluctuations 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 price of the Notes.

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

The economic impacts of the COVID-19 pandemic opened space for the Central Bank to reduce the basic interest rate to the lowest level in history, leveraging other actions of stimulus, tax and credit. This movement was possible due to a combination of risks of severe recession, anchoring of inflation expectations and adoption of unprecedented monetary stimulus, in Brazil and in the world, in view of the expectations of an unprecedented economic crisis. The SELIC rate, which closed 2019 at 4.5%, was reduced to 2.0% in August 2020, remaining at that level until the end of the year.

In the same meeting, the monetary authority has adopted a forward guidance, signaling that the interest would be kept stable if certain predetermined conditions continued to be present, including the maintenance of the tax regime.

This process of reducing the SELIC to its lowest historic level was influenced by the high level of inactivity in the goods and labor markets, despite the initial movement of strong exchange rate depreciation, mainly between April and May 2020, reflecting the aversion to risk in the most critical period of the COVID-19 pandemic. We have no control over the base interest rates set by the Central Bank or how often these are adjusted.

In January 2021, recognizing an increase in inflationary pressures, the Central Bank withdrew its forward guidance, but without indicating an automatic increase in interest rates. In March 2021, the Central Bank began the process of normalizing monetary policy, increasing the base rate from 2.0% to 2.75% and then again to 3.5% in May 2021. Despite the short-term risks associated with the outbreak of the COVID-19 pandemic in Brazil, this process is expected to continue over the course of the year, given the expectation of a resumption of economic activity. Risks stemming from the high basic interest rate are closely associated with fiscal developments the perception of which has deteriorated in recent months. Increases in the SELIC base interest rate set by the COPOM may have an adverse effect on us by reducing demand for our credit and increasing our financing costs, domestic debt expense and the risk of customer default. Decreases in the SELIC 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.

Developments and the perception of risk in Brazil, other countries and emerging markets may adversely affect the market price of Brazilian securities, including our Notes.

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 these developments in other countries may have an adverse effect on the market value of securities of Brazilian

Risk Factors

issuers. Crises in these other emerging market countries may diminish investor interest in securities of Brazilian issuers, including ours, which could adversely affect the market price of our Notes.

Our investments in debt issued by the Brazilian government expose us to additional risks associated with Brazil.

We invest in debt securities issued by the Brazilian government from time to time. The trading price of these securities is affected by, among other things, market conditions in Brazil, the perception of Brazil and the related perception of the Brazilian government's ability to repay principal and/or make interest payments. Accordingly, adverse developments or trends in any of these areas could have an adverse knock-on effect on the value of our securities portfolio, thereby affecting our financial condition and results of operations, which could adversely affect the market price of our Notes.

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 Government already presented a tax reform project to the congress. This project creates a new tax intended to replace PIS and COFINS. It is expected that the Government will present other projects related to Corporate Income Tax, contributions on payroll and tax on digital transactions.

External Environment

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

Fluctuations in the value of the *real* may affect our business. After an extended period of appreciation, interrupted only in late 2008 as a result of the global crisis, the Brazilian *real* started to weaken in mid-2011. This trend of depreciation continued until the beginning of 2016. After a brief period of stable exchange rates, the Brazilian *real* depreciated once again against the U.S. dollar, which intensified in 2020 due to the increase in global risk aversion, derived from the COVID-19 pandemic. Periods of a devaluated *real* make certain local manufacturers (particularly exporters) more competitive but also make managing economic policy, particularly inflation, increasingly difficult, even with a slowdown in growth. A weaker Brazilian real also adversely impacts companies based in Brazil with U.S. dollar indexed to and/or denominated debt.

If the Brazilian currency devalues or depreciates, we may 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*. Accordingly, 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 even if the value of the liabilities has not changed in their original currency, which could adversely affect our ability to meet our payment obligations under the Notes. 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 may incur losses on our monetary assets denominated in, or indexed to, foreign currencies, such as the U.S. dollar, and we may experience decreases in our liabilities

Risk Factors

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, which could adversely affect our ability to meet our payment obligations under the Notes.

The exit of the United Kingdom from the European Union could adversely impact global economic or market conditions.

The Agreement on the withdrawal of the United Kingdom of Great Britain and Northern Ireland (the “UK”) from the European Union provided the UK with a transitional period until December 31, 2020 during which the UK was bound by EU rules despite not being its member state and remained in the single market area, while the future terms of the UK’s relationship with the EU were being negotiated.

On December 24, 2020, the EU and the UK agreed on the Trade and Cooperation Agreement (the “**Trade and Cooperation Agreement**”), which sets out the principles of the relationship between the EU and the UK following the end of the transitional period. The UK left the European Union as of January 31, 2020 and the Treaty on the European Union and the Treaty on the Functioning of the European Union have ceased to apply to the UK. The European Commission has proposed to apply the Trade and Cooperation Agreement on a provisional basis for a limited time until February 28, 2021, by which time the Trade and Cooperation Agreement must be approved by the European Parliament.

Given the recent agreement on the wording of the Trade and Cooperation Agreement and its provisional application, as of the date of this filing, the exact terms of the Trade and Cooperation Agreement, its practical application and the overall relationship of the UK and the EU are not fully clear. Any delays with the approval of the Trade and Cooperation Agreement by the European Parliament, its potential problematic provisions or its potential uncertain interpretation could adversely and significantly affect European or worldwide economic or market conditions and may contribute to instability in global financial and foreign exchange markets. In addition, it would likely lead to legal uncertainty and divergent national laws and regulations. Any of these effects, and others which cannot be anticipated, could adversely affect our business, results of our operations, our financial condition or our MTN Program which is governed by English law and listed on the Euro MTF Market of the Luxembourg Stock Exchange.

Certain benchmark rates, including LIBOR and EURIBOR, may be discontinued or reformed in the future - including the phasing-out of LIBOR after 2021 which could adversely affect Notes linked to such benchmarks.

The London Interbank Offered Rate (“**LIBOR**”), the Euro Interbank Offered Rate (“**EURIBOR**”) and other interest rate or other types of rates and indices which are deemed to be benchmarks are the subject of ongoing national and international regulatory discussions and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented.

Regulation (EU) No. 2016/1011 (the “**EU Benchmarks Regulation**”) and Regulation (EU) No. 2016/1011 as it forms part of domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 (the “**UK Benchmarks Regulation**”) apply to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark, within the EU and the UK, respectively. The EU Benchmark Regulation and UK Benchmark Regulation could have a material impact on any Notes linked to LIBOR, EURIBOR or another benchmark rate or index, in particular, if the methodology or other terms of the benchmark are changed in order to comply with the terms of the EU Benchmark Regulation or UK Benchmark Regulation, and such changes could (amongst other things) have the effect of reducing or increasing the rate or level, or affecting the volatility of the published rate or level, of the benchmark. More broadly, any of the international, national or other proposals for reform, or the general increased regulatory scrutiny of benchmarks, could increase the costs and risks of administering or otherwise participating in the setting of a benchmark and complying with any such regulations or requirements. Such factors may have the effect of discouraging market participants from continuing to administer or

Risk Factors

contribute to certain “benchmarks,” trigger changes in the rules or methodologies used in certain “benchmarks” or lead to the discontinuance or unavailability of quotes of certain “benchmarks”.

As an example of such benchmark reforms, on March 5, 2021, the UK Financial Conduct Authority confirmed that all LIBOR settings will either cease to be provided by any administrator or no longer be representative immediately after December 31, 2021, in the case of all sterling, euro, Swiss franc and Japanese yen settings, and the 1-week and 2-month US dollar settings and immediately after June 30, 2023, in the case of the remaining US dollar settings. The announcement indicates that the continuation of LIBOR on the current basis (or at all) cannot and will not be guaranteed after 2021. In addition, on November 29, 2017, the Bank of England and the FCA announced that, from January 2018, its working group on Sterling risk free rates has been mandated with implementing a broad-based transition to the Sterling Overnight Index Average (“**SONIA**”) over the next four years across sterling bond, loan and derivative markets so that SONIA is established as the primary sterling interest rate benchmark by the end of 2021.

On September 21, 2017, the European Central Bank announced that it would be part of a new working group tasked with the identification and adoption of a “risk free overnight rate” which can serve as a basis for an alternative to current benchmarks used in a variety of financial instruments and contracts in the euro area. On September 13, 2018, the working group on Euro risk-free rates recommended the new Euro short-term rate (“**€STR**”) as the new risk-free rate for the euro area. The €STR was published for the first time on October 2, 2019. Although EURIBOR has been reformed in order to comply with the terms of the Benchmark Regulation, it remains uncertain as to how long it will continue in its current form, or whether it will be further reformed or replaced with €STR or an alternative benchmark.

The elimination of LIBOR or any other benchmark, or changes in the manner of administration of any benchmark, could require or result in an adjustment to the interest calculation provisions of the Conditions, or result in adverse consequences to holders of any Notes linked to such benchmark (including Floating Rate Notes whose interest rates are linked to LIBOR, EURIBOR or any other such benchmark that is subject to reform). Furthermore, even prior to the implementation of any changes, uncertainty as to the nature of alternative reference rates and as to potential changes to such benchmark may adversely affect such benchmark during the term of the relevant Notes, the return on the relevant Notes and the trading market for securities (including the Notes) based on the same benchmark.

The “Terms and Conditions of the Notes” set out elsewhere in this Base Prospectus provide for certain fallback arrangements in the event that a published benchmark, such as LIBOR, (including any page on which such benchmark may be published (or any successor service)) becomes unavailable, unlawful or unrepresentative, including the possibility that the rate of interest could be determined by reference to the rate of interest applicable to the Notes in relation to a preceding Interest Period (as defined in “*Terms and Conditions of the Notes*”). This may result in the effective application of a fixed rate for Notes issued on a floating rate basis, based on the rate which was last observed on the Relevant Screen Page (as defined in “*Terms and Conditions of the Notes*”).

This may result in the effective application of a fixed rate for Floating Rate Notes based on the rate which was last observed on the Relevant Screen Page. In addition, due to the uncertainty concerning the availability of successor rates and alternative reference rates and the involvement of an independent adviser, the relevant fallback provisions may not operate as intended at the relevant time.

Any such consequences could have a material adverse effect on the value of and return on any such Notes. Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the Benchmark Regulation reforms or possible cessation or reform of certain reference rates in making any investment decision with respect to any Notes linked to or referencing a benchmark.

Risk Factors

Risks relating to Banco Bradesco and the Brazilian banking industry

Given the complexity and variety of products and services offered to our customers in all market segments, we are exposed to several types of risks, whether due to internal or external factors. Among the main types of risks, we highlight:

Market Risk

Market risk is the possibility of incurring financial losses due to fluctuating prices and market interest rates of our financial assets as our asset and liability portfolios may show mismatched amounts, maturities, currencies and indexes.

Losses on our investments in securities for trading and available for sale may have a significant impact on our results of operations and are not predictable.

The value of certain of our investments in securities may decrease significantly due to volatile financial markets and may fluctuate over short periods of time. As of December 31, 2020, investments in securities for trading and available for sale represented 32.5% of our assets and realized or unrealized gains and losses on securities held for trading and available for sale have had and may continue to have a significant impact on our results of operations. The amounts of such gains and losses, which we record either when they occur, for trading securities, or when the investments are sold, for available for sale securities, may fluctuate considerably from period to period.

Although our models reflect our investment policies, asset and liability management (“ALM”) and risks, they may not predict abrupt movements in the market. Accordingly, in circumstances that affect the profitability of these operations, our income and shareholders’ equity may also be negatively affected.

Our trading activities and derivative transactions may cause material financial losses.

We operate in securities trading, buying debt and equity securities, mainly to sell them in the short term with the objective of generating profits on short-term price differences. These derivative transactions are intended to protect us against increases or decreases in foreign exchange or interest rates. We entered into derivative transactions primarily to manage our exposure to foreign exchange and interest rate risk. Such derivatives transactions are designed to protect us against increases or decreases in exchange rates or interest rates. However, these investments and transactions could also expose us to the possibility of material financial losses in the future, since the securities are subject to fluctuations in value.

Credit Risk

Credit risk is the possibility of incurring losses due to a borrower or counterparty not meeting their respective financial obligations in accordance with the agreed-upon terms, as well as, the losses under a credit agreement, resulting from the downgrade of a borrower's credit rating, the reduction of gains or remuneration, advantages granted in renegotiation, recovery costs, and other amounts related to a counterparty not meeting its financial obligations. It also includes transfer (country) risk, represented by the possibility of losses related to non-fulfillment of obligations associated with a counterparty or mitigating instrument located outside of the country, including sovereign risk and the possibility of losses due to, issues in the currency exchange of amounts received outside of the country associated with the operation subject to the credit risk. The counterparty's credit risk is represented by the possibility of loss due to the non-compliance by the counterparty with the obligations relating to the settlement of operations involving financial asset trading, including the settlement of derivative financial instruments or decrease of the counterparty's credit standing and concentration risk is represented by the possibility of loss due to significant exposure to a counterparty, risk factor, product, economic sector or geographic region.

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

Risk Factors

Historically, our loans and advances to client portfolios registered an increase, interrupted in 2017 due to the recession in the Brazilian economy, and resumption of growth in 2018. Any corresponding rise in our level of non-performing loans and advances may lag behind the rate of loan growth, as loans typically do not have due payments for a short period of time after their origination. Levels of past due loans are normally higher among our individual clients than our corporate clients.

Our delinquency ratio, calculated based on information prepared in accordance with Accounting Practices Adopted by Banks in Brazil, which is defined as the total loans overdue for over ninety days in relation to the total portfolio of loans and advances, decreased to 2.2% as of December 31, 2020, compared to 3.3% as of December 31, 2019. This reduction in our delinquency ratio is related to the loan reprofiling we adopted during 2020 to provide liquidity to customers and adjusting the amounts due to us in the short-term during the COVID-19 pandemic. See “*Management's Discussion and Analysis of Financial Condition and Results of Operations — Effects of Macroeconomic Factors on Our Lending and Treasury Activities*” for further information.

From December 2020, we believe our 15 to 90 day delinquency ratios will start to return to historical levels as we no longer offer reprofiling to our customers, in addition to our implementation of methodological and technical improvements for our concession processes.

However, 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 clients may result in increases in our impairment of loans and advances 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.

We may incur losses as a result of counterparty risk exposure.

We face the possibility that a counterparty will be unable to honor its contractual obligations. Such counterparty may default on its obligations due to bankruptcy, lack of liquidity, operational failure or other reasons. For example, this risk may arise as a result of entering into swap or other derivative contracts under which the counterparty has 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 default by a counterparty is higher.

We may face significant challenges in possessing and realizing value from collateral with respect to loans in default.

If we are unable to recover sums owed to us under secured loans in default through extrajudicial measures such as restructurings, our last recourse with respect to such loans may be to enforce the collateral secured in our favor by the applicable borrower. Depending on the type of collateral granted, we either have to enforce such collateral through the courts or through extrajudicial measures. However, even where the enforcement mechanism is duly established by the law, Brazilian law allows borrowers to challenge the enforcement in the courts, even if such challenge is unfounded, which can delay the realization of value from the collateral. In addition, our secured claims under Brazilian law will in certain cases rank below those of preferred creditors such as employees and tax authorities. As a result, we may not be able to realize value from the collateral or may only be able to do so to a limited extent or after a significant amount of time, thereby potentially adversely affecting our financial condition and results of operations.

We may incur losses due to impairments on goodwill from acquired businesses.

We record the value of goodwill from investment acquisitions based on forecasts of future profitability as reflected in business plans and budgets prepared by us. We assess the basis and forecasts of profitability annually for Cash-Generating Units (*Unidades Geradoras de Caixa*, or “UGC”) in respect of which the premiums are allocated. Our

Risk Factors

forecasts use cash flow projections based on growth and discount rates. These projections are compared to the value of the premiums in order to determine whether an impairment needs to be recorded in relation to these assets. However, given the inherent uncertainty relating to forecasts of future cash flow projections, we cannot provide assurances that our evaluation of the premiums will not necessitate impairments being recorded in the future. This could adversely affect the result of our operations and our financial condition.

Liquidity Risk

Liquidity risk is represented by the possibility of us not being able to efficiently meet our obligations, without affecting our daily operations and incurring significant losses, as well as the possibility of us not being able to trade a position at market price due to its total value when compared to the usually traded volume or due to some market discontinuation.

Adverse conditions in the credit and capital markets, as well as the value and/or perception of the value of Brazilian government securities, may adversely affect our ability to access funding in a cost effective and/or timely manner.

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.

Part of our funding originates from repurchase agreements, which are mostly secured by Brazilian government securities. This type of operation is usually short-term and volatile in terms of volume since it is directly impacted by market liquidity. Given that these operations are typically secured by Brazilian government securities, the value and/or perception of value of Brazilian government securities can be material to the availability of funding. For example, if the quality of Brazilian government securities used as collateral is adversely affected, due a deterioration of the credit risk of Brazil for example, the cost of these operations could increase, making this source of funding inefficient for us.

If the market shrinks, which could cause a reduction in volume, or if there is a rise in collateral risk and we may be forced to take and/or pay unattractive interest rates, our financial condition and the results of our operations may be adversely affected.

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

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

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

- a portion of our reserve requirements with the Central Bank do not bear interest; and
- while another portion is remunerated by the SELIC rate or saving remuneration rate.

Our reserve requirements in connection with demand, savings and time deposits and additional reserve deposits were R\$83.8 billion as of December 31, 2020. 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. See “Brazilian Financial Services Industry and Regulations — Regulations Affecting Financial Market Liquidity — Reserve Requirements” for further information. Any increase in the reserve requirements may reduce our ability to lend funds and to make other investments and, as a result, may adversely affect us.

Risk Factors

Insurance Risk

Insurance risk resulting from an adverse economic situation, which was not expected by the insurance company's at the time of preparing their insurance policy's, as well as the uncertainties in estimated provisions, including pension funds risk, represented by the materialization of emergency contributions needs to cover deficits in funds from incorporated banks and administered by closed supplementary pension entities.

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

The results of our operations significantly depend upon the extent to which our observed 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, morbidity rates, cancellations, conversion of pensions income, administrative and operational expenses, brokerage and insurance claims, 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), man-made disasters (riots, gang or terrorist attacks), changes in mortality and morbidity rates as a result of advances in medical technology and longevity, pandemics, such as the COVID-19 pandemic that may have a systemic effect on the business (particularly, health insurance products), or related and economic effects (other products), 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, 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. Accordingly, the establishment of the related provisions is inherently uncertain and our actual losses usually deviate, sometimes substantially, from such estimated amounts. To the extent that effective claims are 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 financial condition and results of operations.

We are jointly liable for claims of our clients 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 clients 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 liable to our insured clients.

Operational Risk

Operational risk is represented by the possibility of losses arising from faulty, deficient or inadequate internal processes, people and systems, or external events. This definition includes legal risk associated with activities developed by us.

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

We operate to provide security for the proper running of our business and to achieve the objectives established in accordance with applicable laws and regulations, ensuring processes have efficient controls. We constantly invest in the improvement and evolution of our safety controls, resilience, continuity and management of our information technology systems and as a result have created an environment with a high capacity to process data for our operating systems and our financial and accounting systems.

Risk Factors

Due to the nature of our operations, the wide range of products and services offered and the significant volume of activities and operations performed, as well as the global context, where there is an ever-increasing integration among platforms, dependence on technology and the internet, our information technology systems are exposed to various types of risks, due to both internal and external factors.

Our ability to maintain and implement our security systems depends on our ability to attract qualified professionals in the various areas of activity, such as, but not limited to, the IT area (information technology), which is currently experiencing a period of high demand from employees in all markets (not restricted to the financial market). We cannot guarantee that we will be successful in attracting and retaining qualified personnel to integrate our security systems, nor that there will be market supply of specific professionals (such as IT professionals) which may have a material adverse effect on our operations and our ability to implement strategies.

We and other financial institutions, including Brazilian governmental entities, have already experienced cyber security attacks on our information technology systems. Due to the controls we have in place, we have not experienced any material loss of data from these attacks to date, neither from hardware, nor from a data information loss perspective. However, considering the use of new technologies, the increasing dependence on the internet and the changing and sophisticated nature of cyber security attacks, it is not possible to predict all the means that will be used by ill-intentioned individuals or organizations, which could impact our capacity to effectively foresee and/or avoid all attacks in the future. As a result, all the risks mentioned above could result in customer attrition, regulatory fines, penalties or intervention, reimbursement or other administrative penalties and damage to our reputation.

Compliance Risk.

Compliance risk is risk arising from legal or administrative sanctions, financial losses, reputational and other damages due to non-compliance or failure to observe the legal framework or regulation, as well as codes of conduct and ethics applicable to our activities.

We may be subject to negative consequences in the event of an adverse judgment in the judicial proceedings related to Operation Zealots.

Due to the so-called “*Operação Zelotes*” (“**Operation Zealots**”), which investigates the alleged improper performance of members of the Federal Administrative Council of Tax Appeals (*Conselho Administrativo de Recursos Fiscais*, or “**CARF**”), a criminal proceeding was opened against two former members of our Board of Executive Officers (*Diretoria Executiva*) in 2016 and received by the 10th Federal Court of Judicial Section of the Federal District. The investigation phase of the process has already been completed, and we are currently awaiting the decision of the court of first instance. Bradesco is not party to these proceeding.

Our management conducted a careful internal evaluation of records and documents related to the matter and found no evidence of any illegal conduct carried out by our former representatives.

As a result of Operation Zealots, the *Corregedoria Geral do Ministério da Fazenda* initiated an administrative investigation to determine whether it was necessary to file an Administrative Accountability Proceeding (*Processo Administrativo de Responsabilização*, or “**PAR**”) against us. On February 3, 2020, the decision, given by the Official of the Ministry of Economy, was published in Section 2 of the *Diário Oficial da União* (“Federal Official Gazette”). The decision fully accepted the final report of the Processing Commission, the Opinion of the National Treasury Attorney General’s Office and the Joint Order of the General Coordination of Management and Administration and of the Leadership of the Advisory and Judgment Division and expressly recognized a lack of evidence that we had promised, offered or given, directly or indirectly, an improper advantage to public agents involved in the operation, in accordance with article 5, section I, of Law 12,846 of 2013.

The progress of this operation and other on-going investigations or investigations that may be initiated in the future, any consequent events and the possibility of new accusations may negatively affect our reputation and our financial condition.

Risk Factors

Financial institutions, such as us, may be subject to legal proceedings arising due to certain actions by third parties related to anticorruption, money laundering and terrorism financing (“PLD/FT”).

Brazil’s anti-corruption agenda, which includes the prevention of money laundering and the financing of terrorism (“PLD/FT”), includes the conduct of operations and investigations by the regulatory and supervisory authorities. Despite our current unconditional commitment, engagement and our compliance with the applicable anti-corruption obligations, financial institutions, including ourselves, could be involved in such operations and investigations, including legal proceedings, as a result of the actions of individuals or legal entities including the inappropriate use of financial systems or other unlawful acts. This circumstance, inherent in the activities of financial institutions, may result in negative publicity for us, and any adverse judgment may negatively affect our financial condition, operational results and the market value of our notes.

In 2019, as part of operation “Câmbio Desligo”, a follow on from operation Lava-Jato, two of our former managers were investigated and indicted by the Public Prosecutor’s Office for alleged involvement in the opening and maintenance of current accounts for companies with irregularities. We subsequently conducted a thorough internal investigation and adopted the required governance measures as well as making ourselves available to the authorities to contribute to the verification of the facts. As of the date of this Base Prospectus, no proceeding has been initiated against us.

Third parties may use us for criminal activities without our knowledge, which could expose us to additional liability and could have a material adverse effect on us.

We are required to comply with applicable anti-money laundering, or “AML,” anti-terrorism, anti-bribery and corruption, sanctions and other laws and regulations applicable to us. These laws and regulations require us, among other things, to conduct full customer due diligence (including sanctions and politically exposed person screening) and keep our customer, account and transaction information up to date. We have implemented financial crime policies and procedures detailing what is required from those responsible. We are also required to conduct AML training for our employees and to report suspicious transactions and activity to appropriate law enforcement following full investigation by the corporate security area.

Financial crime has become the subject of enhanced regulatory scrutiny and supervision by regulators globally. AML, anti-bribery, anti-corruption and sanctions laws and regulations are increasingly complex and detailed. The Basel Committee is now introducing guidelines to strengthen the interaction and cooperation between prudential and Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT supervisors). Compliance with these laws and regulations requires automated systems, sophisticated monitoring and skilled compliance personnel.

We maintain updated policies and procedures aimed at detecting and preventing the use of our banking network for money laundering and other financial crime related activities. However, such policies and procedures may not prevent third parties from using us (and our relevant counterparties) as a conduit for illegal activities, without our knowledge. Furthermore, emerging technologies, such as cryptocurrencies and blockchain, could limit our ability to track the movement of funds and therefore present a risk to us; despite our monitoring systems and the specialists we employ to follow innovations in these new technologies. Our ability to comply with the legal requirements depends on our ability to improve detection and reporting capabilities and reduce variation in control processes and oversight accountability. These require implementation and embedding within our business effective controls and monitoring, which in turn requires ongoing changes to systems and operational activities. Financial crime is continually evolving and, as noted, is subject to increasingly stringent regulatory oversight and focus. This requires proactive and adaptable responses from us so that we are able to deter threats and criminality effectively. Even known threats can never be fully eliminated, and there will be instances where we may be used by other parties to engage in money laundering and other illegal or improper activities without our knowledge. In addition, we rely heavily on our employees and systems to assist us by spotting such activities and reporting them, and our employees have varying degrees of experience in recognizing criminal tactics and understanding the level of sophistication of criminal organizations. Where we outsource any of our customer due diligence, customer screening or anti-financial crime operations, we remain responsible and accountable for full compliance and any breaches. If the necessary scrutiny

Risk Factors

and oversight of third parties to whom we outsource certain tasks and processes are not effectively applied there remains a risk of regulatory breach.

Additionally, in 2015 and early 2016, pursuant to a new resolution issued by the United Nations Security Council, as well as recently enacted laws and regulations issued by the Brazilian Central Bank requiring the implementation of the aforementioned resolution in Brazil, additional compliance requirements were imposed on us and other financial institutions operating in Brazil, which relate to the local enforcement of sanctions imposed by the United Nations Security Council resulting from certain resolutions. We believe we already have the control and compliance procedures in place to satisfy such additional compliance requirements. However, we continue to evaluate their impact on our control and compliance procedures and whether adjustments will need to be made to our control and compliance procedures as a result.

If financial institutions, including us, are unable to fully comply with applicable laws, regulations and expectations, according to Brazilian Laws our regulators and relevant law enforcement agencies have the ability and authority to impose significant fines and other penalties on such financial institution, including requiring a complete review of its business systems, day-to-day supervision by external consultants and ultimately the revocation of licenses.

The reputational damage to our business and global brand would be severe if we were found to have breached AML, anti-bribery, anti-corruption or sanctions requirements. Our reputation could also suffer if we are unable to protect our customers' data and bank products and services from being accessed or used for illegal or improper purposes.

In addition, we rely heavily on our relevant counterparties to maintain and apply their own appropriate compliance measures, procedures and internal policies. Such measures may not be completely effective in preventing third parties from using our (and our relevant counterparties') services as a conduit for illicit purposes (including illegal cash operations) without our (or our relevant counterparties') knowledge. If financial institutions, including us, are associated with, or even accused of being associated with breaches of AML, anti-terrorism, or sanctions requirements, its reputation could suffer and/or it could become subject to fines, sanctions and/or legal enforcement (including being added to "blocked lists" that would prohibit certain parties from engaging in transactions with such financial institution), any one of which could have a material adverse effect on our operating results, financial condition and prospects.

We may suffer losses due to employee misconduct.

Our business is exposed to risk from potential non-compliance with our policies, including our Code of Ethical Conduct, and related behaviors and employee misconduct such as fraud, negligence or non-financial misconduct, all of which could result in regulatory sanctions and/or reputational or financial harm. It is not always possible to deter employee misconduct, despite all the precautions we take to prevent and detect this activity.

Employee misconduct could have a material adverse effect on our business, financial condition, results of operations, prospects and reputation.

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 Brazilian government regulations, which govern all facets of our operations, including the imposition of:

- minimum capital requirements;
- reserve requirements;
- investment limitations in fixed assets;

Risk Factors

- lending limits and other credit restrictions;
- accounting and statistical requirements;
- earmarked credit operations, such as mortgages and rural credit;
- minimum coverage;
- mandatory policy provisions;
- limits and other restrictions on rates; and
- limits on the amount of interest banks can charge and the periods for capitalizing interest;

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 reserve requirements are lower than those we obtain on our other investments. See “—Changes in regulations regarding reserve requirements may reduce operating margins.”

Regulations issued by the Central Bank are not subject to a legislative process. Accordingly, these regulations can be enacted and implemented in a very short period of time, thereby affecting our activities in sudden and unexpected ways, which could have an adverse effect on our operations and our revenues.

The Brazilian Constitution previously established a ceiling on loan interest rates. If the Brazilian government enacts new legislation with similar effects in the future, our results of operations may be adversely affected.

Article 192 of the Brazilian Constitution, enacted in 1988, established an annual interest rate ceiling of 12.0% on bank loans. However, this ceiling has never been enforced because the relevant regulation has not been approved. The understanding that this ceiling is not yet in force has been confirmed by *Súmula Vinculante No. 7*, a final binding decision enacted in 2008 by the Brazilian Supreme Court (*Supremo Tribunal Federal*, or “**STF**”). Since 1988 several attempts have been made to regulate the limitation on loan interest rates, particularly bank loan interest rates, but none of them were implemented or confirmed by the Brazilian 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 on a sector-by-sector basis rather than by a single law relating to the financial system as a whole.

With the enactment of Law No. 10,406 of January 10, 2002, as amended, (the “**Civil Code**”), unless the parties to a loan have agreed to use a different rate the interest rate ceiling is pegged to the base rate charged by the National Treasury Office (“**Tesouro Nacional**”). There is currently uncertainty as to whether the base rate which is referred to in the Civil Code is: (i) the *Sistema Especial de Liquidação e Custódia* (Special Clearing and Settlement System) rate, otherwise known as the “**SELIC**” rate, (ii) the base interest rate established by COPOM, which was 4.5% per annum as of December 31, 2019, was reduced to 2.00% per annum as of August 5, 2020 and it increased to 2.75% per annum as of March 17, 2021 and it increased to 3.5% per annum as of May 5, 2021, where it remains as of the date of this Base Prospectus; or (iii) the 12% per annum rate established in Article 161, paragraph 1, of Law No. 5,172, of October 25, 1966, as amended (“**Brazilian Tax Code**”), which is the default interest rate applied when taxes are not paid on time.

Risk Factors

Any substantial increase or decrease in the interest rate ceiling could have a material effect on our financial condition, our results of operations or our prospects.

Additionally, Brazilian courts have issued decisions 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.

On November 27, 2019, the CMN amended Resolution No. 4,765/2019, which relates to overdrafts granted by financial institutions for a demand deposit account, providing, among other matters, the limit for interest rates on the amount of the overdraft used. This amendment is relatively recent and may positively or negatively affect our operating results.

We may incur penalties in case of non-compliance with data protection laws.

In August 2018, Law No. 13,709/18 – General Data Protection Law (the “**LGPD**”) was enacted creating a set of rules for the use, protection and transfer of personal data in Brazil in both the private and public spheres. The LGPD also establishes responsibilities and penalties in the civil sphere. In addition to including existing data protection rules, the LGPD followed the global trend of strengthening the protection of personal data, restricting its unjustified use, and guaranteeing a series of rights to the holders of data as well as imposing important obligations on so-called “treatment agents.” In particular, the LGPD was inspired by recent European data protection legislation, reproducing central points of Directive No. 95/46/EC and Regulation (EU) 2016/679 (“**GDPR**”) known as the General Data Protection Regulation.

The LGPD's impact has been significant as it applies to any processing of personal data by any entity established in Brazil, whether physical or digital, of any individual located in Brazil – even if not resident – or any entity that offers goods and services to Brazilian consumers.

In short, adaptation to the LGPD will require structural changes in virtually all internal areas of Brazilian companies. The LGPD has been in force since December 28, 2018 in relation to the creation of the National Data Protection Authority (*Autoridade Nacional de Proteção de Dados* or “**ANPD**”), the public administrative body responsible for ensuring, implementing and supervising compliance with the LGPD and the National Council for the Protection of Personal Data and Privacy, created by Provisional Measure converted in 2019 into Law No. 13,583/19.

The remainder of the law came fully into force without sanctions in August 2020. As a result of the COVID-19 pandemic, the National Congress approved Law No. 14,010/20 postponing the entry into force of Articles 52, 53 and 54 of Law No. 13,583/19 until August 1, 2021, concerning administrative penalties.

We operate in a preventive, detective and corrective manner in order to protect our own and our clients' information. As a result of the introduction of the LGPD, we have updated our security framework in light of the new digital environment, with a focus on cyber security being a key pillar of our processes to establish data protection for our clients. These changes have increased our system's resilience, and structure to identify threats, detection, and response and recovery procedures in cases of cyber-attacks.

However, possible failures or attacks on our systems and processes of prevention and/or detection and/or correction may lead to non-compliance with applicable legislation. We cannot guarantee that our data protection program will be deemed sufficient by the ANPD to meet the provisions of the LGPD, nor that such program will prevent any failures in the protection of personal data processed by us, including with respect to cybersecurity incidents. This may in turn negatively affect our reputation, our financial condition, the result of our operations and the market value of our securities. See “— A failure in, or breach of, our operational, security or technology systems could temporarily interrupt our businesses, increasing our costs and causing losses.”

Risk Factors

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

The STF, which is the highest court in Brazil, is currently deciding on whether savings account holders have the right to obtain adjustments for inflation related to their deposits at the time of the implementation of the *Bresser*, *Verão*, *Collor I* and *Collor II* economic plans implemented in the 1980s and 1990s, before the Plano Real, in 1994. The trial began in November 2013 but was interrupted without any determination on the merits of the subject under discussion by its members. According to the institutions representing the account holders, banks misapplied these monetary adjustments when those economic plans were implemented and so should be required to indemnify the account holders for the non-adjustment of those amounts.

In addition, the STF decided that the judgments for class actions proposed by associations questioning the inflationary adjustments only benefit consumers who: (i) were associated with the associations at the time of filing of the class actions; and (ii) had authorized the filing of the class action. This reduced the number of beneficiaries in class actions because, until then, it was understood that these decisions should benefit all consumers affected by the practices (i.e., all consumers that are checking account holders and that had suffered losses related to inflationary purges, irrespective of whether those losses were associated with the association, plaintiff of the class action).

In May 2014, the Brazilian Supreme Court of Justice (“STJ”) decided that the starting date for counting default interest for compensating savings account holders must be the date of summons of the related lawsuit (rather than the date of settlement of the judgment). This increases the amount of possible losses for the affected banks in the event of an unfavorable decision by the STF.

On December 11, 2017, with the mediation of the Executive branch’s attorney (*Advocacia Geral da União*, or “AGU”) and the intervention of the Central Bank, the Brazilian Federation of Banks (*Federação Brasileira dos Bancos – FEBRABAN*) and the consumers’ representative entities entered into an agreement relating to the economic plans aiming to finalize the claims and to resolve existing disputes over the Bresser, Verão, and Collor II plans. The terms of the agreement negotiated between the parties were approved by the STF on March 1, 2018. Savings account holders had 24 months after the approval date to adhere to the terms of the agreement via a specially created digital platform. On March 11, 2020, the signatories to the collective bargaining agreement agreed to an amendment extending the agreement for a further 60 months. The amendment was taken to the Supreme Court for approval, its extension was approved by the *en banc* (*plenário*) of the Court, on May 29, 2020, for a period of 30 months, maintaining the suspension of lawsuits over this period. As this is a voluntary settlement, which does not oblige the savings account holder to join, we are unable to predict how many savings account holders will accede to it.

Strategic Risk

Strategic risk is represented by the uncertainty in achieving the objectives established. This may be due to adverse changes in the business environment, the use of inappropriate assumptions in the decision-making or due to the strategy execution in a different way to what was planned.

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

The Brazilian financial, banking and insurance services markets are highly competitive. We face significant competition in all of our principal areas of operation from other large public and private Brazilian and international banks and insurance companies. Competition has increased as a result of new players, such as fintechs and startups, that have started to operate and are subject to a reduced level of regulation. It should be noted that major technology companies are also strong competitors, seeking to invest in online payment systems and financial transactions tools by means of various types of applications. Additionally, we note that the implementation of the Open Banking system in Brazil in 2021 may further intensify this competition through the possibility of sharing information between institutions. See “Brazilian Financial Services Industry and Regulations.” This competitive environment

Risk Factors

combined with the accelerated process of digital innovation observed in the sector may impact our adaptation speed of this ecosystem and, consequently, the performance of some lines of business, which may consequently negatively affect our financial condition and the result of our operations.

Step-in Risk

Step-in risk is represented by the possibility of financial loss, resulting from our relationships (contractual or not) with subsidiaries, associates, investment funds, foundations, suppliers, partners and other entities beyond, or in the absence of, our contractual obligations, with such entities which are not consolidated in the Prudential Conglomerate.

Eventual need for financial support for related entities, either due to insufficient capital and/or liquidity, relevant operational problems and dependence on services rendered by suppliers/partners may negatively impact our business performance.

As a result of our relationship with companies (affiliates and subsidiaries) and our activities related to investment funds, we may have to provide financial support for these entities if they run into financial difficulties, equity imbalances, reduction in financial results, or insufficient liquid assets, among other situations. In addition, our reputation may be adversely affected as a result of any adverse situation occurring in entities in which we have invested.

Due to the complexity of some of our services, we may be dependent on relationships with suppliers/partners or have difficulty replacing some suppliers/partners. We are also subject to operational risks that are beyond our control and may negatively impact our operations, as well as cause difficulty in our delivery of products and services to our customers. Possible interruptions in the provision of our services and difficulties in replacing certain suppliers/partners or other issues beyond our control arising from outsourced companies, may adversely affect our reputation, result of operations, financial conditions or the market value of our notes.

Cyber Risk

Cyber risk is represented by the possibility of cyber incidents, including attacks, intrusions and leakage, that could compromise the confidentiality, integrity and/or availability of our critical processes, assets and/or infrastructure.

Failure to adequately protect ourselves against risks relating to cybersecurity could materially and adversely affect us.

We are exposed to failures, deficiency or inadequacy of our internal processes, human error or misconduct and cyberattacks. Although we have procedures and controls to safeguard our information technology systems and platforms, we are subject to cybersecurity risks which could materially and adversely affect us in case of failures to adequately protect our assets and people.

Like other large corporations, we are heavily dependent on technology and information, which exposes us to internal and external events that may affect the availability of our systems and information technology infrastructure. Those events can also occur at our third party service providers, which form part of our supply chain and have the potential to materially adversely affect our business and activities.

The risks that may, directly or indirectly, impact us or our third party service providers, include but are not limited to: penetration of information technology systems and platforms by malicious individuals, infiltration of malware such as computers with viruses into our systems, intentional or accidental contamination of our networks and systems or those of our third party service providers with whom we exchange data, unauthorized access to confidential customer data and or organizational data and cyber-attacks which can cause service degradation and/or outages that can result in business losses.

Failure to adequately protect ourselves against risks relating to cybersecurity could materially and adversely affect us.

Risk Factors

Cybersecurity and its risks are treated at the highest strategic level within our organization. The possibility of loss, theft or alteration of data processed and stored by us or our third party service providers was considered an aggravating factor in our risk analysis due to the potential exploitation of vulnerabilities and weaknesses in systems, devices, networks or other digital media in our and our third party service providers' information technology environment (i.e. ransomwares).

Our corporate security department carries out a prior and periodic analysis of the control environment of our third party service providers. New contracts and/or the renewal of relevant data processing and storage and cloud computing services contain specific cybersecurity clauses aimed at protecting the information, even after the termination of the contract.

Brazilian regulatory bodies have also intensified regulations, including through the LGPD, CVM Instruction No. 612/2019 and CMN Resolution No. 4.893/2021. We agree that the regulations are important to mitigate cyber risks and believe it is paramount to have related controls that are continuously monitored to ensure effectiveness as any failure to comply with these regulatory requirements could adversely affect us. The LGPD imposes large fines in the case of data leakage in the event of non-compliance with the terms and conditions of the LGPD. Accordingly, any failure to protect personal information could adversely affect us, our results of operations and financial condition and reputation. Although we have procedures and controls to safeguard personal information in our possession, unauthorized disclosures or security breaches could subject us to legal action and administrative sanctions as well as damage that could materially and adversely affect our operating results, financial condition, prospects and reputation. In addition, we may be required to report events related to cybersecurity issues, events where client information may be compromised, unauthorized access and other security breaches, to the relevant regulatory authority.

As a result of the COVID-19 pandemic, we have rapidly increased the number of employees working remotely. Although we have reinforced our information technology environment, this may cause increases in the unavailability of our systems and infrastructure, interruption of telecommunication services, generalized system failures and heightened vulnerability to cyberattacks. Accordingly, our ability to conduct our business may be adversely impacted.

Although we did not experience any relevant cyber security incident during 2020 and through the date of this Base Prospectus, failure to adequately protect ourselves against risks relating to cybersecurity could materially and adversely affect us.

Social and Environmental Risk

Social and environmental risk is represented by potential damages that we may cause to the society and environment. Most of the social and environmental risks associated to financial institutions are indirect and result from business relations, including those with the supply chain and customers through financing and investing activities.

Funding for large projects carried out by clients may result in negative socioenvironmental impacts which, in turn, could affect our results and reputation negatively.

Across several sectors, we promote credit and financing of projects, which may significantly affect ecosystems, communities and the local flora and fauna. If a client in the development of its project causes environmental impacts such as the contamination of soil and water pollution above the legally acceptable limit and/or is responsible for environmental disasters, it has a direct financial obligation to repair the damage caused. Consequently, depending on the magnitude of the socioenvironmental damage, a client may have its financial structure compromised. Such events could adversely affect our reputation, financial results, the result of our operations the fair value of our shares and our notes.

Risk Factors

Risks Management

Our risk management structure may not be fully effective.

We aim to fully incorporate the risk management process into all of our activities, developing and implementing methodologies, models and other tools for the measurement and control of risks, looking to continuously improve them in order to mitigate the risks that we identify. However, there may be limitations to this risk management framework in foreseeing and mitigating all the risks to which we are subject or may become subject in the future. If our risk management structure is not completely effective in adequately preventing or mitigating risks, we could suffer material unexpected losses, adversely affecting our financial condition and results of operations.

Other Risks

A majority of our common shares are held, directly and indirectly, by one shareholder and our Board of Directors is composed of 9 members, including 3 independent members; accordingly, the interests of non-independent members of our Board of Directors may conflict with those of our other investors.

As of December 31, 2020, Fundação Bradesco directly and indirectly held 58.94% of our common shares. As a result, this shareholder 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. Fundação Bradesco may also elect the majority of our Board of Directors of the company, as well as approve related party transactions or corporate reorganizations. Under the terms of Fundação Bradesco's by-laws, members of our Board of Executive Officers that have been working with us for more than ten years serve as members of the board of trustees of Fundação Bradesco. The board of trustees has no other members.

Our Board of Directors has 9 members, 3 of them are independent, in other words they are not associated with Fundação Bradesco, in accordance with the criteria set out in Law No. 6,404/76. Brazilian Corporate Law provides that only individuals may be appointed to a company's Board of Directors. According to our by-laws, there is no legal or statutory provision requiring us to have independent directors, however, to exercise good corporate governance, our Board of Directors has 3 independent directors. Since the majority of members are not independent, the interests of our Board of Directors may not always be aligned to the interests of our common shareholders and the shareholders do not have the same protections as they would if all the directors were independent. Furthermore, our directors (excluding our independent directors) are associated to Fundação Bradesco and there might arise circumstances in which the interests of Fundação Bradesco and its associates' conflict with our other investors' interests.

Decisions in relation to our policy towards acquisitions, divestitures, financings or other transactions could be made by Fundação Bradesco and our Board of Directors which may be contrary to the interests of our other investors, including holders of Notes, and which may have a negative impact on the interests of the holders of our notes. For more information on our shareholders, see "Principal Shareholders."

Risks Relating to the Notes

It may be difficult to bring civil liability causes against us or our directors and executive officers outside of Brazil.

We are organized under the laws of Brazil, and all of our directors and executive officers reside outside the United States. In addition, a substantial portion of our assets and most or all of the assets of our directors and executive officers are located in Brazil. As a result, it may be difficult for investors to effect service of process within the United States or other jurisdictions outside of Brazil on such persons or to enforce judgments against them, including any based on civil liabilities under the U.S. federal securities laws.

Risk Factors

Our obligations under the Notes will be subordinated to certain statutory liabilities.

According to Brazilian bankruptcy regulations, in the event of our liquidation, certain claims, such as claims for salaries, wages and social security from our employees (up to an amount equivalent to 150 times the minimum wage), claims deriving from transactions secured by collateral, as well as taxes and court fees and expenses, will have preference over any other claim, including in respect of the Notes. See “Brazilian Financial Services Industry and Regulations—Intervention and Administrative Liquidation of Financial Institutions—Repayment of Creditors in a Liquidation” for a discussion of recent measures affecting the priority of repayment of creditors.

We may need to obtain exchange control approval from the Central Bank.

Issuances of Notes under the Program may be made by any of the issuers. Payments under the Notes issued by our principal office in Brazil require registration with the Central Bank. Notes issued by our Grand Cayman branch will not require approval by nor registration with the Central Bank. In case payment under Notes issued by our Grand Cayman branch is requested to be made directly from our principal office in Brazil (whether by reason of a lack of liquidity of our Grand Cayman branch, acceleration, enforcement or judgment, imposition of any restriction under the laws of the Cayman Islands or otherwise), and payment thereunder is to be made from Brazil, specific Central Bank approval may be required. In the event that, if applicable, no approvals are obtained or obtainable for the payment by us of amounts owed by our Grand Cayman branch, through remittances from Brazil, we may have to seek other mechanisms to effect payment of amounts due under the Notes. However, there can be no assurance that other remittance mechanisms will be available in the future, and even if they are available in the future, there can be no assurance that the payment of the Notes would be possible through such mechanism. See “—Macroeconomic Risks” and “—Risks Relating to Banco Bradesco and the Brazilian Banking Industry.”

An active trading market for the Notes may not develop.

There is currently no market for the Notes. Application has been made for the Notes to be issued under the Program to be admitted for listing on the official list of the Luxembourg Stock Exchange and to be admitted to trading on the Euro MTF Market of the Luxembourg Stock Exchange. We cannot assure you that this application will be accepted. Even if the Notes are listed on this stock exchange, we may delist the Notes. A trading market for the Notes may not develop, or if a market for the Notes were to develop, the Notes may trade at a discount from their initial offering price, depending on many factors including prevailing interest rates, the market for similar securities, general economic conditions and our financial condition. The dealers are not under any obligation to make a market with respect to the Notes and we cannot assure you that trading markets will develop or be maintained. Accordingly, we cannot assure you as to the development or liquidity of any trading market for the Notes. If an active market for the Notes does not develop or is interrupted, the market price and liquidity of the Notes may be adversely affected.

Noteholders holding Notes in amounts in excess of EUR100,000 (or its equivalent) that are not integral multiples of EUR100,000 (or its equivalent) must purchase additional principal amounts of the Notes in order to receive a definitive Note in respect of such holding.

In relation to any issue of Notes which have a denomination consisting of the minimum specified denomination of EUR 100,000 plus a higher integral multiple of another smaller amount, it is possible that the Notes may be traded in amounts in excess of EUR100,000 (or its equivalent) that are not integral multiples of EUR100,000 (or its equivalent). In such a case a Noteholder who, as a result of trading such amounts, holds a principal amount of less than the minimum Specified Denomination may not receive a definitive Note in respect of such holding (should definitive Notes be printed) and would need to purchase a principal amount of Notes such that its holding amounts to a Specified Denomination.

Risk Factors

We may issue Notes with principal or interest payable in one or more currencies which may be different from the currency in which the Notes are denominated.

We may issue Notes denominated in one or more currencies, including, but not limited to, Brazilian *reais*. The interest payable on, and principal due upon redemption of, those Notes on the Maturity Date may be payable in a different currency from the currency in which the Notes are denominated.

For example, Notes may be denominated in R\$ and be payable in U.S. dollars. In the case of those Notes, the amount of U.S. dollars payable would be calculated by reference to the prevailing R\$/U.S. dollar exchange rate on a calculation date prior to each interest payment date and the Maturity Date. Accordingly, Noteholders' returns would be affected by the prevailing R\$/U.S. dollar exchange rate at each such time. The amount due on redemption of those Notes when converted from R\$ into U.S. dollars may be substantially less than the amount subscribed for the Note in U.S. dollars.

By its purchase of any such Note, each Noteholder represents that it has sought independent legal, regulatory, tax, business, investment, financial and accounting advice to the extent it deems such advice necessary in evaluating and understanding all the conditions and the risks of such Note, and is willing to assume (financially and otherwise) all such risks, in particular with respect to the element of exchange rate exposure inherent in such Note.

Judgments of Brazilian courts in respect of our obligations under the Notes would be payable only in reais.

If proceedings were to be brought in the courts of Brazil seeking to enforce our obligations under the Notes, we would not be required to discharge our obligations in any currency other than *reais*. Any judgment obtained against us in Brazilian courts in respect of our obligations under the Notes will be expressed in *reais* equivalent to the U.S. dollar exchange rate published by the Central Bank as of the date on which: (i) the lawsuit is filed; (ii) such judgment is rendered; or (iii) the relevant payment is made. We cannot assure you that this exchange rate and remittance costs will provide full compensation in respect of the amount of your investment in the Notes.

If we do not satisfy our obligations under the Notes, your remedies will be limited.

Payment of principal of the Notes may be accelerated only in the event of certain events involving our bankruptcy, extrajudicial liquidation, winding up or dissolution or similar events. There is no right of acceleration in the case of a default in the performance of any of our covenants, including the payment of principal or interest.

Even if the payment of principal of the Notes is accelerated, our assets will be available to pay those amounts only after:

- all of our senior obligations have been paid in full, as described above in “—Our obligations under the Notes will be subordinated to certain statutory liabilities;” and
- we are actually declared bankrupt, are liquidated, wound up or are otherwise dissolved for purposes of Brazilian law.

If, after these conditions are met, we make any payment from Brazil, we may be required to obtain the approval of the Central Bank for the remittance of funds outside Brazil.

In certain circumstances Note payments may be subject to U.S. withholding tax under FATCA.

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a “**foreign financial institution**” may be required to withhold on certain payments it makes (“**foreign passthru payments**”) to persons that fail to meet certain certification, reporting, or related requirements. The Issuer is a foreign financial institution for these purposes. A number of jurisdictions (including Brazil and the Cayman Islands) have entered into, or have agreed in substance to, intergovernmental agreements (each an “**IGA**”) with the United States to implement FATCA, which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to

Risk Factors

withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, such withholding would not apply prior to the second anniversary of the date on which final regulations defining the term “foreign passthru payments” are published in the U.S. Federal Register. Notes treated as debt for U.S. federal income tax purposes issued on or prior to the date that is six months after the date on which final regulations defining “foreign passthru payments” are filed with the U.S. Federal Register generally would be “grandfathered” for purposes of FATCA withholding unless materially modified after such date (including by reason of a substitution of the issuer). Holders should consult their own tax advisers regarding how these rules may apply to their investment in the Notes. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, no person will be required to pay additional amounts as a result of the withholding.

Risks Related to Credit Linked Notes

We may issue Notes where the amount of principal and/or interest payable are dependent upon whether certain events (“**Credit Events**”) have occurred in respect of one or more Reference Entities and, if so, on the value of certain specified assets of such Reference Entity/Entities or where, if such events have occurred, on redemption the our obligation is to deliver certain specified assets.

Prospective investors in any such Notes should be aware that depending on the terms of the Credit Linked Notes (i) they may receive no or a limited amount of interest, (ii) payment of principal or interest or delivery of any specified assets may occur at a different time than expected and (iii) they may lose all or a substantial portion of their investment.

The market price of such Notes may be volatile and will be affected by, amongst other things, the time remaining to the redemption date and the creditworthiness of the Reference Entity which in turn may be affected by the economic, financial and political events in one or more jurisdictions.

Where the Notes provide for physical delivery, we may determine that the specified assets to be delivered are either (a) assets which for any reason (including, without limitation, failure of the relevant clearance system or due to any law, regulation, court order or market conditions or the non-receipt of any requisite consents with respect to the delivery of assets which are loans) it is impossible or illegal to deliver on the specified settlement date or (b) assets which we and/or any affiliate has not received under the terms of any transaction entered into by us and/or such affiliate to hedge our obligations in respect of the Notes. Any such determination may delay settlement in respect of the Notes and/or cause the obligation to deliver such specified assets to be replaced by an obligation to pay a cash amount which, in either case, may affect the value of the Notes and, in the case of payment of a cash amount, will affect the timing of the valuation of such Notes and as a result, the amount of principal payable on redemption. Prospective investors should review the terms and conditions of the Notes and the applicable Final Terms to ascertain whether and how such provisions should apply to the Notes.

Our obligations in respect of Credit Linked Notes are irrespective of the existence or amount of our and/or any affiliates’ credit exposure to a Reference Entity and us and/or any affiliate need not suffer any loss nor provide evidence of any loss as a result of the occurrence of a Credit Event.

Noteholders are exposed to credit risk on Reference Entities

The holders of Credit Linked Notes will be exposed to the credit risk of one or more Reference Entities. Upon the occurrence of any of the default events comprising a Credit Event with respect to any Reference Entity, the Noteholders may suffer significant losses at a time when losses may be suffered by a direct investor in obligations of such Reference Entity. However, the holding of a Note is unlikely to lead to outcomes which exactly reflect the impact of investing in an obligation of a Reference Entity, and losses could be considerably greater than would be suffered by a direct investor in the obligations of a Reference Entity and/or could arise for reasons unrelated to such

Risk Factors

Reference Entity. Noteholders should also note that a Credit Event may occur even if the obligations of a Reference Entity are unenforceable or their performance is prohibited by any applicable law or exchange controls.

Where cash settlement or auction settlement applies, the occurrence of a Credit Event in relation to any Reference Entity from time to time may result in a redemption of the Notes in a reduced principal amount or at zero, and, (if applicable) in a reduction of the amount on which interest is calculated. Where physical settlement applies, the occurrence of a Credit Event may result in the redemption of the Notes based on the valuation (or by delivery) of certain direct or indirect obligations of the affected Reference Entity, which obligations are likely to have a market value which is substantially less than their par amount.

Investors in the Notes are accordingly exposed, as to both principal and (if applicable) interest, to the credit risk of the Reference Entity. The maximum loss to an investor in the Notes is 100 per cent. of their initial principal investment, together with (if applicable) any interest amounts.

A Credit Event may occur prior to the Trade Date

Holders of the Notes may suffer a loss of some or all of the principal amount of the Notes in respect of one or more Credit Events that occur prior to the Trade Date or the Issue Date, if the Credit Event Backstop Date is specified as a date falling prior to such date. Neither the Calculation Agent or us, nor any of our respective affiliates has any responsibility to inform any Noteholder or avoid or mitigate the effects of a Credit Event that has taken place prior to the Trade Date or the Issue Date.

Increased credit risk is associated with “Nth-to-default” credit-linked Notes

Where the Notes are Nth-to-Default Credit Linked Notes, the Notes will be subject to redemption in full as described above upon the occurrence of a Credit Event in relation to the nth Reference Entity. The credit risk to Noteholders may therefore be increased as a result of the concentration of Reference Entities in a particular industry sector or geographic area or the exposure of the Reference Entities to similar financial or other risks.

Credit risk may be increased where the Reference Entities are concentrated in a particular sector or region

Where the Notes are Nth-to-Default Credit Linked Notes or Basket Credit Linked Notes, the credit risk to investors in the Notes may be increased, amongst other things, as a result of the concentration of Reference Entities in a particular industry sector or geographic area, or the exposure of the Reference Entities to similar financial or other risks as other Reference Entities.

We and Calculation Agent will act in their own interests

We will exercise our rights under the terms of the Notes, including in particular the right to designate a Credit Event and the right to select obligations of the affected Reference Entity for valuation or delivery, in its own interests and those of its affiliates, and not in the interests of investors in the Notes. The exercise of such rights in such manner, for example by the selection of the eligible obligations of the Reference Entity having the lowest possible market value for valuation or delivery, as applicable, may result in an increased credit loss for holders of the Notes.

The determination by the Calculation Agent of any amount or of any state of affairs, circumstance, event or other matter, or the formation of any opinion or the exercise of any discretion required or permitted to be determined, formed or exercised by the Calculation Agent shall (in the absence of manifest error) be final and binding on the Noteholders. In performing its duties pursuant to the Notes and making any determinations expressed to be made by it, for example, as to substitute Reference Obligations or Successors, the Calculation Agent shall act in its sole and absolute discretion and is under no obligation to act in the interests of the Noteholders, nor will it be liable to account for any profit or other benefit which may accrue to it as a result of such determinations. The Calculation Agent is not bound to follow, or act in accordance with, any determination of the relevant Credit Derivatives Determinations Committee.

Risk Factors

Actions of Reference Entities may affect the value of the Notes

Actions of Reference Entities (for example, merger or demerger or the repayment or transfer of indebtedness) may adversely affect the value of the Notes. Holders of the Notes should be aware that the Reference Entities to which the value of the Notes is exposed, and the terms of such exposure, may change over the term of the Notes.

Payments under the Notes may be deferred or suspended

In certain circumstances, for example where (i) a Credit Event has occurred and the related credit loss has not been determined as at the relevant date for payment, (ii) where a potential Credit Event exists as at the scheduled maturity of the Notes, or (iii) pending a resolution of a Credit Derivatives Determinations Committee, payment of the redemption amount of the Notes and/or interest on the Notes may be deferred for a material period in whole or part without compensation to the holders of the Notes.

Suspension of Obligations will suspend payment of principal and interest

If the Calculation Agent determines that, under the terms of the Notes, the obligations of the parties would be suspended pending a resolution of a Credit Derivatives Determinations Committee all of our obligations under each Note (including any obligation to deliver any notices, pay any interest, principal or settlement amount or to make any delivery) and if so specified in the Final Terms all of the obligations of the Calculation Agent to calculate any interest under each Note shall, be and remain suspended until the International Swaps and Derivatives Association, Inc. (“ISDA”) publicly announces that the relevant Credit Derivatives Determinations Committee has resolved the matter in question or not to determine such matters. We will provide notice of such suspension as soon as reasonably practicable; however, any failure or delay by us in providing such notice will not affect the validity or effect of such suspension. No interest shall accrue on any payments which are suspended in accordance with the above.

Use of Auction Settlement may adversely affect returns to Noteholders

The Auction Final Price determined pursuant to an auction may be less than the market value that would otherwise have been determined in respect of the specified Reference Entity or its obligations. In particular, the Auction process may be affected by technical factors or operational errors which would not otherwise apply or may be the subject of actual or attempted manipulation. Auctions may be conducted by ISDA or by a relevant third party. Neither the Calculation Agent, we nor any of our respective affiliates has any responsibility for verifying that any auction price is reflective of current market values, for establishing any auction methodology or for verifying that any auction has been conducted in accordance with its rules. We will have no responsibility to dispute any determination of an Auction Final Price or to verify that any Auction has been conducted in accordance with its rules.

Following an M(M)R Restructuring Credit Event in relation to which ISDA sponsors multiple concurrent auctions, but where there is no auction relating to credit derivative transactions with a maturity corresponding to the Notes, if we exercise the right of the buyer of credit risk protection under the Notes to elect that the Auction Final Price is determined by reference to an alternative Auction, the Auction Final Price so determined may be lower than the amount which would have been determined based on quotations sought from third party dealers, resulting in a lower redemption amount payable to Noteholders.

Use of Cash Settlement may adversely affect returns to Noteholders

If the Notes are cash settled, then, following the occurrence of a Credit Event, the Calculation Agent may be required to seek quotations in respect of selected obligations of the affected Reference Entity. Quotations obtained will be “**bid-side**”- that is, they will be reduced to take account of a bid-offer spread charged by the relevant dealer. Such quotations may not be available, or the level of such quotations may be substantially reduced or may vary substantially as a result of illiquidity in the relevant markets or as a result of factors other than the credit risk of the affected Reference Entity (for example, liquidity constraints affecting market dealers). Accordingly, any quotations so obtained may be significantly lower than the value of the relevant obligation which would be determined by

Risk Factors

reference to (for example) the present value of related cash flows. Quotations will be deemed to be zero in the event that no such quotations are available.

Risks in respect of specified Final Price

If the Final Price is specified in the Final Terms in relation to a Series of Credit Linked Notes, such fixed Final Price may be lower (and may be significantly lower) than the Auction Final Price or the recovery which an investor in bonds or instruments issued by the Reference Entity would receive.

Credit Linked Notes may have a binary payout

If the Final Terms specifies a percentage amount in respect of the Final Price, the Calculation Agent will not be required to seek quotations in respect of obligations of the affected Reference Entity and the relevant cash payment to Noteholders following the relevant Credit Event will instead be determined with reference to such percentage amount specified in the Final Terms, such amount will be the “Final Price” for the purposes of the Terms and Conditions and the calculation of the Cash Settlement Amount. This amount may be significantly different than (and may be significantly less than) the trading price of obligations of the Reference Entity following a Credit Event. For example, if the Final Terms specifies the Final Price as being 0 per cent., the Final Price of the relevant obligations for the purposes of determining the Cash Settlement Amount will be zero and as a consequence the amount payable to Noteholders in respect of the affected Reference Entity will be nil.

“Cheapest-to-Deliver” risk

Since we, as buyer of protection, have discretion to choose the portfolio of obligations to be valued or delivered following a Credit Event in respect of a Reference Entity where Cash or Physical Settlement applies, it is likely that the portfolio of obligations selected will be obligations of the Reference Entity with the lowest market value that are permitted to be selected pursuant to the Notes. This could result in a lower recovery value and hence greater losses for investors in the Notes.

Us and the Calculation Agent are not obliged to disclose information on Reference Entities

Us and the Calculation Agent are not obliged to disclose to holders of the Notes any information which they may have at the Issue Date or receive thereafter in relation to any Reference Entity.

Risks may be compounded

Various risks relating to the Notes may be correlated or compounded and such correlation and/or compounding may result in increased volatility in the value of the Notes and/or in increased losses for holders of the Notes.

We are not obliged to suffer any loss as a result of a Credit Event

Where the Notes are Single Reference Entity Credit Linked Notes, Nth-to-Default Credit Linked Notes or Basket Credit Linked Notes, credit losses will be calculated for the purposes of the Notes irrespective of whether we or our affiliates have suffered an actual loss in relation to the Reference Entity or any obligations thereof. We are not obliged to account for any recovery which it may subsequently make in relation to such Reference Entity or its obligations.

The Notes do not represent an interest in obligations of Reference Entities

The Notes do not constitute an acquisition by the holders of the Notes of any interest in any obligation of a Reference Entity, and the Noteholders will not have any voting or other rights in relation to such obligation. We do not grant any security interest over any such obligation.

Risk Factors

The value of the Notes may be adversely affected by illiquidity or cessation of indices

In determining the value of the Notes, dealers may take into account the level of a related credit index in addition to or as an alternative to other sources of pricing data. If any relevant index ceases to be liquid, or ceases to be published in its entirety, then the value of the Notes may be adversely affected.

Historical performance may not predict future performance

Individual Reference Entities may not perform as indicated by the historical performance of similar entities and no assurance can be given with respect to the future performance of any Reference Entities. Historical default statistics may not capture events that would constitute Credit Events for the purposes of the Notes.

Limited provision of information about the Reference Entities

This Base Prospectus does not provide any information with respect to the Reference Entities. Investors should conduct their own investigation and analysis with respect to the creditworthiness of Reference Entities and the likelihood of the occurrence of a Credit Event.

Reference Entities may not be subject to regular reporting requirements under relevant securities laws. The Reference Entities may report information in accordance with different disclosure and accounting standards. Consequently, the information available for such Reference Entities may be different from, and in some cases less than, the information available for entities that are subject to the reporting requirements under Luxembourg law insofar as it relates to the issuance or listing of securities. Neither we nor the Calculation Agent or any of their respective affiliates make any representation as to the accuracy or completeness of any information available with respect to the Reference Entities.

Neither we nor the Calculation Agent or any of their respective affiliates will have any obligation to keep investors informed as to any matters with respect to the Reference Entities or any of their obligations, including whether or not circumstances exist that give rise to the possibility of the occurrence of a Credit Event with respect to the Reference Entities.

Cash settlement (whether by reference to an auction or a dealer poll) may be less advantageous than physical delivery of assets

Payments on the Notes following the occurrence of an Event Determination Date may be in cash and will reflect the value of relevant obligations of the affected Reference Entity at a given date or be determined based on such other percentage amount specified in the Final Terms, which may be zero. Such payments may be less than the recovery which would ultimately be realised by a holder of debt obligations of the affected Reference Entity, whether by means of enforcement of rights following a default or receipt of distributions following an insolvency or otherwise.

Rights associated with Credit Derivatives Determinations Committees

The institutions which are members of each Credit Derivatives Determinations Committee owe no duty to the Noteholders and have the ability to make determinations that may materially affect the Noteholders, such as the occurrence of a Credit Event. A Credit Derivatives Determinations Committee may be able to make determinations without action or knowledge of the Noteholders.

Noteholders may have no role in the composition of any Credit Derivatives Determinations Committee. Separate criteria apply with respect to the selection of dealer and non-dealer institutions to serve on a Credit Derivatives Determinations Committee and the Noteholders may have no role in establishing such criteria. In addition, the composition of a Credit Derivatives Determinations Committee will change from time to time in accordance with the DC Rules, as the term of an institution may expire or an institution may be required to be replaced. The Noteholders may have no control over the process for selecting institutions to participate on a Credit Derivatives Determinations Committee and, to the extent provided for in the Notes, will be subject to the determinations made by such selected institutions in accordance with the DC Rules.

Risk Factors

Noteholders may have no recourse against either the institutions serving on a Credit Derivatives Determinations Committee or the external reviewers. Institutions serving on a Credit Derivatives Determinations Committee and the external reviewers, among others, disclaim any duty of care or liability arising in connection with the performance of duties or the provision of advice under the DC Rules, except in the case of gross negligence, fraud or wilful misconduct. Furthermore, the institutions on the Credit Derivatives Determinations Committee do not owe any duty to the Noteholders and the Noteholders will be prevented from pursuing claims with respect to actions taken by such institutions under the DC Rules.

Noteholders should also be aware that institutions serving on a Credit Derivatives Determinations Committee have no duty to research or verify the veracity of information on which a specific determination is based. In addition, a Credit Derivatives Determinations Committee is not obligated to follow previous determinations and, therefore, could reach a conflicting determination on a similar set of facts. If we, the Guarantor or the Calculation Agent or any of their respective affiliates serve as a member of a Credit Derivatives Determinations Committee at any time, then they will act without regard to the interests of the Noteholders.

Noteholders are responsible for obtaining information relating to deliberations of a Credit Derivatives Determinations Committee. Notices of questions referred to a Credit Derivatives Determinations Committee, meetings held to deliberate such questions and the results of binding votes will be published on the ISDA website and neither us, the Guarantor, the Calculation Agent nor any of their respective affiliates shall be obliged to inform the Noteholders of such information (other than as expressly provided in respect of the Notes). Failure by the Noteholders to be aware of information relating to deliberations of a Credit Derivatives Determinations Committee will have no effect under the Notes and Noteholders are solely responsible for obtaining any such information.

Investors should read the Credit Derivatives Determinations Committees Rules as amended from time to time as set out on the ISDA website, <https://www.cdsdeterminationscommittees.org/dc-rules/> and reach their own views prior to making any investment decisions. Investors should however note that the DC Rules may subsequently be amended from time to time without the consent or input of the Noteholders and the powers of the Credit Derivatives Determinations Committee may be expanded or modified as a result.

Multiple Auctions Following Restructuring Credit Event

Where multiple concurrent Auctions are held following a Restructuring Credit Event, we may be entitled to select a particular Auction for the purposes of settlement of the Notes. We will make such election acting in its own interests and not in the interests of the Noteholders.

The Auction Final Price or Weighted Average Final Price may be based on one or more obligations of the Reference Entity having a final maturity date different from that of the Restructured Bond or Loan or any specified Reference Obligation- which may affect the Auction Settlement Amount determined in respect of the Notes.

Non-delivery of Deliverable Obligations and Hedge Disruption Event will not constitute an Event of Default

Where Physical Settlement is the applicable Settlement Method, if as a result of a Hedge Disruption Event, we/or any of our affiliates have not received the Deliverable Obligations and/or cash under the terms of a Hedge Transaction, such event will not constitute an Event of Default for the purposes of the Notes. In such circumstances settlement of the Notes, may be substantially delayed and/or may be in cash (in whole or in part).

Calculation Agent may modify the terms of the Notes

The Calculation Agent may, following its determination that there has been a change in the prevailing market standard terms or market trading conventions that affects any hedging transaction, modify the terms of the Notes to the extent necessary to preserve any consistency between the Notes and the hedging transaction. If the Calculation Agent modifies the terms of the Notes, it will do so without regard to the interests of the holders of the Notes and any such modification may be prejudicial to the interests of the holder of the Notes.

Risk Factors

Physical Settlement

Where Physical Settlement is specified as applicable in the relevant Final Terms:

- a Physical Settlement Disruption Event shall occur if the Calculation Agent in its sole and absolute opinion determines that it is not possible for us to transfer the Physical Settlement Amount to a Noteholder on the Physical Settlement Date. Any such determination may affect the value of the Notes and/or may delay settlement in respect of the Notes. Further, if 10 Business Days following the Physical Settlement Date the Calculation Agent determines that it is still not possible to deliver the Physical Settlement Amount to a Noteholder in respect of its Note(s), the relevant Notes(s) shall instead be redeemed by payment of the Replacement Cash Settlement Amount;
- the Physical Settlement Amount shall be rounded down to the nearest whole Share or Fund Share (as applicable). Any remaining fraction will not be delivered, but in lieu thereof we shall pay a Noteholder in respect of each of Note an amount equal to the fair market value of such fraction of the Share or Fund Share as determined by the Calculation Agent acting in good faith and in a commercially reasonable manner;
- Noteholders must, as a condition to the physical delivery of the Shares or Fund Shares (as applicable), pay any taxes or other expenses in respect of the Notes subject to physical delivery which are incurred by us, the Calculation Agent or otherwise incurred in respect of the physical delivery to a Noteholder. If we are not satisfied that the physical settlement expenses have been paid or will be paid by a Noteholder, we may elect in its sole discretion to reduce the Physical Settlement Amount by an amount which by market value in aggregate is at least equal to the aggregate physical settlement expenses; and
- in the event that a Noteholder does not deposit its Note(s) and deliver a completed Physical Settlement Instruction Notice as contemplated in the General Conditions, the relevant Note(s) shall be redeemed by payment of the Replacement Cash Settlement Amount.

ENFORCEABILITY OF CIVIL LIABILITIES

Brazil

We are a corporation organized under the laws of Brazil. Substantially all of our directors and executive officers and certain advisors named herein reside in Brazil or elsewhere outside the United States and England, and all or a significant portion of the assets of such persons may be, and substantially all of our assets are, located outside the United States and England. As a result, it may not be possible for investors to effect service of process within the United States or other jurisdictions outside Brazil upon such persons or to enforce against them or against any of our judgments predicated upon the civil liability provisions of the U.S. federal securities laws or the laws of such other jurisdictions. In the terms and conditions of the Notes, each of us will (i) agree that the courts of England shall have jurisdiction to hear and determine any suit, action or proceeding, and to settle any disputes, which may arise out of or in connection with the Notes and, for such purposes, irrevocably submit to the jurisdiction of such courts and (ii) name an agent for service of process in England. See “Terms and Conditions of the Notes.”

We have been advised by Pinheiro Neto Advogados, our Brazilian counsel, that judgments of non-Brazilian courts for civil liabilities predicated upon the laws of such countries, including the securities laws of the United States and England, subject to certain requirements described below, may be enforced in Brazil. A judgment against either us (including our Grand Cayman branch) or any other person described above obtained outside Brazil would be enforceable in Brazil against us or any such person without reconsideration of the merits, upon confirmation of that judgment by the STJ (through a specific lawsuit named *ação de homologação de sentença estrangeira*). That confirmation, generally, will occur if the foreign judgment (i) is issued by a competent court, (ii) after proper service of process is made in accordance with Brazilian legislation, (iii) is effective in the country where it was issued and complies with all the necessary formalities for it to be recognised as an enforceable instrument under the laws of the jurisdiction where it was issued, (iv) does not violate a final and unappealable decision issued by a Brazilian court, (v) has been duly authenticated by a competent Brazilian consulate, or has been apostilled in accordance with the Convention Abolishing the Requirement of Legalisation for Foreign Public Documents dated as of October 5, 1961, and is accompanied by a certified translation into Portuguese (*tradução pública juramentada*), except if such procedure was exempted by an international treaty entered into by Brazil, (vi) does not violate Brazilian public policy, national sovereignty or good morals, (vii) is not subject to appeal and (viii) does not violate the exclusive jurisdiction of the Brazilian Judiciary. Furthermore, Brazilian law admits the exequatur of interlocutory decisions via letter rogatory. It is possible to confirm final and unappealable judicial decision, as well as a non-judicial decision that would have a jurisdictional nature under the Brazilian law. The foreign decision may be partially confirmed. Notwithstanding the foregoing, no assurance can be given that confirmation will be obtained, that the process described above can be conducted in a timely manner or that a Brazilian court would enforce a monetary judgment for violation of the laws of countries other than Brazil with respect to the Notes. We understand that original actions predicated on the laws of countries other than Brazil may be brought in Brazilian courts and that Brazilian courts may enforce civil liabilities in such actions against us, our directors, certain of our officers and the advisors named herein. Pursuant to Article 83 of Law No. 13,105, of March 16, 2015 (the “**Brazilian Code of Civil Procedures**”), a plaintiff (whether Brazilian or non-Brazilian) who resides outside or leaves Brazil during the course of litigation in Brazil must provide a bond to guarantee court costs and legal fees if the plaintiff owns no real property in Brazil that may ensure such payment. This bond must have a value sufficient to satisfy the payment of court fees and defendant’s attorneys’ fees, as determined by the Brazilian judge. This requirement does not apply to enforcement of foreign judgments which have been duly confirmed by the STJ, nor to exceptions set forth in certain limited circumstances (i.e: if an exemption is provided in an international treaty entered into by Brazil, in case of enforcement of *títulos executivos extrajudiciais* and counterclaims (*reconvenções*)) under Article 83, Paragraph 1 of such code.

Cayman Islands

Our Grand Cayman branch is duly licensed as a foreign company under Part IX of the Companies Act (2021 Revision) of the Cayman Islands and, as the holder of a category “B” banking license, is duly authorized under The Banks and Trust Companies Act (2021 Revision) of the Cayman Islands to carry on banking business from within

Risk Factors

the Cayman Islands subject to the restrictions set forth in Section 6 of The Banks and Trust Companies Act (2021 Revision) of the Cayman Islands which restricts the holder of a category “B” banking license from taking deposits from persons resident in the Cayman Islands, subject to certain exemptions, *inter alia*, in respect of exempted or ordinary non-resident companies and other licensees. The Cayman Islands has a less developed body of securities law as compared to the United States and provides protection for investors to a significantly lesser extent.

We have been advised by Appleby (Cayman) Ltd., our Cayman Islands Counsel, that, subject to certain qualifications, a final and conclusive judgment, *in personam* of the courts of England or Brazil having competent jurisdiction for a debt or definite sum of money (other than a sum payable in respect of taxes or other charges of a like nature or in respect of a fine or other similar penalty) and obtained without fraud or without breaching the principles of natural justice in the Cayman Islands or in contravention of Cayman Islands public policy in respect of any of the transaction documents, would be recognized and enforced by the Courts of the Cayman Islands by originating action on such judgment.

EXCHANGE CONTROLS AND FOREIGN EXCHANGE RATES

The Brazilian foreign exchange system allows the purchase and sale of foreign currency and the international transfer of *reais* by any person or legal entity, regardless of the amount, subject to certain regulatory procedures.

Since 1999, the Central Bank has allowed the *real*/U.S. dollar exchange rate to float freely, and since then, the *real*/U.S. dollar exchange rate has fluctuated considerably. In the past, the Central Bank has occasionally intervened to control unstable movements in foreign exchange rates. We cannot predict whether the Central Bank or the Brazilian government will continue to permit the *real* to float freely or whether it will intervene in the exchange rate market through the re-establishment of a currency band system or otherwise. The *real* may depreciate or appreciate against the U.S. dollar substantially. Furthermore, Brazilian law provides that, whenever there is a serious imbalance in Brazil's balance of payments or there are significant reasons to foresee a material imbalance, temporary restrictions may be imposed on remittances of foreign capital abroad. We cannot assure you that such measures will not be taken by the Brazilian government in the future.

The following table sets forth the period end, average, high and low Foreign Exchange Market selling rates as reported by the Central Bank on its website by approximately 1:15 p.m., São Paulo local time expressed in *reais* per U.S. dollar for the periods and dates indicated. The exchange rate as of June 11, 2021 was R\$5.1184 per U.S. dollar.

The following tables present the selling rate, expressed in *reais* to the U.S. dollar for the periods indicated:

Year	Closing Selling Rates of Nominal <i>reais</i> per U.S.\$1.00			
	Low	High	Average ⁽¹⁾	Period End
2017	3.0510	3.3807	3.2031	3.3080
2018	3.1391	4.1879	3.6796	3.8748
2019	3.6519	4.2602	3.9390	4.0307
2020	4.0213	5.9372	5.1494	5.1967
2021 (through June 11, 2021)	5.0483	5.8391	5.4375	5.1184

Source: Central Bank

⁽¹⁾ Represents the average of the month-end rates beginning with December of previous period through last month of period indicated.

Month	Closing Selling Rates of Nominal <i>reais</i> per U.S.\$1.00			
	Low	High	Average ⁽¹⁾	Period End
January 2021	5.1626	5.5089	5.3363	5.4759
February 2021	5.3423	5.5302	5.4009	5.5302
March 2021	5.4951	5.8397	5.4750	5.6973
April 2021	5.3656	5.7058	5.56154	5.4030
May 2021	5.2211	5.4499	5.29556	5.2316
June 2021 (through June 11, 2021)	5.1961	5.6967	5.4221	5.1184

Source: Central Bank

⁽¹⁾ Represents the average of the month-end rates beginning with December of previous period through last month of period indicated.

USE OF PROCEEDS

The net proceeds from the sale of each Series of Notes issued under the Program will be used by us for general corporate purposes or as set forth in the Final Terms applicable to each Series.

CAPITALIZATION

The following table sets forth our capitalization as of December 31, 2020. Except for information related to our risk-based capital (Basel) ratios, the information related to our statement of financial position is derived from our audited consolidated financial statements prepared in accordance with the Accounting Practices Adopted by Banks in Brazil. This table should also be read in conjunction with “Selected Financial Information” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our audited consolidated financial statements as of and for the years ended December 31, 2020 and 2019, which are included elsewhere in this Base Prospectus.

	As of December 31, 2020
	(R\$ in millions, except percentages)
Unsecured Debt⁽¹⁾	
Deposits from customers	237,449
Securities issued	74,738
Borrowings and on-lendings	16,022
Other liabilities and derivative financial instruments	60,715
Subtotal	388,924
Secured and guaranteed debt⁽²⁾	
Securities sold under agreements to repurchase ⁽²⁾	1,526
Total debt	390,450
Technical provisions for insurance, pension plans and capitalization bonds ⁽³⁾	41,121
Non-controlling interest in subsidiaries	759
Shareholders’ equity	143,703
Total capitalization⁽⁴⁾	576,033
Risk-based capital (Basel) ratios	
Risk-based capital (Basel) ratio	15.8%

(1) Unsecured and not guaranteed. Having a term of more than 360 days.

(2) Secured by fixed income securities having a term of more than 360 days.

(3) Having a term of more than 360 days.

(4) Total capitalization is equal to the sum of unsecured debt, secured and guaranteed debt, technical provisions for insurance, pension plans and capitalization bonds and other liabilities and derivative financial instruments, all with term of more than 360 days, and non-controlling interest in subsidiaries and shareholders’ equity. “Capitalization” has no standardized meaning and our definition may not be comparable to the other companies.

As of the date of this Base Prospectus, our fully paid up capital of R\$83.1 billion consists of 9,719,079,572 outstanding shares with no par value, of which 4,870,579,247 were common shares and 4,848,500,325 were preferred shares.

SELECTED FINANCIAL INFORMATION

The following tables set forth certain of our selected financial information on a consolidated basis as of and for the years ended December 31, 2020, 2019 and 2018. The selected financial information as of December 31, 2020 and 2019 and for the years then ended was derived from our audited consolidated financial statements, including the notes thereto, for the year ended December 31, 2020, which includes the changes arising from the adoption of CMN Resolution No. 4,720/19 and Central Bank Circular No. 3,959/19. The selected financial information as of December 31, 2018 and for the year then ended was derived from our audited consolidated financial statements, including the notes thereto, for the year ended December 31, 2019, which were not retrospectively adjusted to reflect CMN Resolution No. 4,720/19 and Central Bank Circular No. 3,959/19. As a result, the selected financial information as of December 31, 2020 and 2019 and for the years then ended is not directly comparable to the selected financial information as of December 31, 2018 and for the year then ended, respectively, which are included elsewhere in this Base Prospectus and should be read in conjunction with the sections “Presentation of Financial and Other Information” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations.”

Our audited consolidated financial statements in reais, including the notes thereto, as of and for the years ended December 31, 2020, 2019 and 2018 have been prepared in accordance with the Accounting Practices Adopted by Banks in Brazil.

	For the year ended December 31,		
	2020	2019	2018
	(R\$ in millions)		
Selected Condensed Consolidated Income Statement Information			
Gross income from financial intermediation	31,480	53,049	46,608
Fee and commission income	18,015	18,803	25,220
Income from banking fees	8,217	8,148	-
Other income from insurance, pension plans and capitalization bonds	8,099	8,962	-
Retained premium from insurance, pension plans and capitalization bonds	-	-	72,477
Variation in technical provisions for insurance, pension plans and capitalization bonds	-	-	(29,401)
Retained claims and capitalization bond prize draws and redemptions	-	-	(31,490)
Selling expenses from insurance, pension plans and capitalization bonds	-	-	(3,225)
Operating expenses ⁽¹⁾	(38,476)	(41,636)	(38,570)
Share of profit (loss) of unconsolidated and jointly controlled companies	749	1,204	1,619
Other ⁽²⁾	(22,992)	(32,350)	(19,290)
Income before income taxes	5,091	16,179	23,947
Income tax	11,652	6,554	(4,697)
Non-controlling interest in subsidiaries	(197)	(151)	(165)
Net income	16,547	22,583	19,085

(1) Personnel expenses and Other administrative expenses.

(2) Tax expenses, Other operating income, Other operating expenses, Non-operating income / (Expenses) and Provision (expenses)/ reversals.

	As of December 31,		
	2020	2019	2018
	(R\$ in millions)		
Selected Condensed Consolidated Statement of Financial Position Information			
Assets			
Cash and due from banks	23,845	18,989	19,613
Interbank investments.....	191,147	58,612	104,235
Compulsory deposits with the Central Bank.....	83,758	90,622	-
Securities and derivative financial instruments	-	-	563,493
Securities	616,498	595,028	-
Derivative financial instruments	24,815	14,511	-
Other financial instruments	110,954	119,016	-
Loans and leases ⁽¹⁾	448,312	378,911	343,904
Other receivables ⁽¹⁾	-	-	168,562
Expected credit loss associated with credit risk ⁽²⁾	(45,202)	(36,640)	(34,983)

Selected Financial Information

	As of December 31,		
	2020	2019	2018
		(R\$ in millions)	
Deferred tax assets.....	85,050	67,400	-
Other assets ⁽³⁾	26,753	26,308	92,602
Investments in associates and jointly controlled entities.....	7,047	7,143	7,811
Premises and equipment, net.....	9,490	9,807	8,160
Intangible assets, net.....	12,251	12,251	13,895
Impairment of Assets Accumulated.....	(3,678)	(2,820)	-
Total assets.....	1,591,039	1,359,139	1,287,292
Liabilities and shareholders' equity			
Deposits.....	-	-	342,299
Deposits from bank.....	267,280	227,820	-
Deposits from customers.....	545,293	366,228	-
Securities sold under agreement to repurchase.....	-	-	190,912
Securities issued.....	144,904	170,728	147,721
Borrowings and on-lendings – current.....	-	-	35,505
Borrowings and on-lendings – long-term.....	-	-	19,347
Technical provisions for insurance, pension plans and capitalization bonds.....	-	-	258,755
Subordinated debts.....	53,246	49,314	-
Derivative financial instruments.....	18,698	14,244	-
Other financial liabilities.....	59,018	52,198	-
Provisions.....	320,285	311,149	-
Other liabilities ⁽⁴⁾	29,901	24,956	170,588
Deferred income tax.....	7,952	8,070	380
Non-controlling interest.....	759	710	666
Shareholders' equity.....	143,703	133,723	121,121
Total liabilities and shareholders' equity.....	1,591,039	1,359,139	1,287,292

(1) Gross of expected credit loss associated with credit risk.

(2) Includes expected credit loss associated with credit risk for loans, leases and other receivables.

(3) Includes interbank and interdepartmental accounts and other assets.

(4) Includes sundry creditors, taxes and contributions payable and other liabilities.

OTHER STATISTICAL AND FINANCIAL INFORMATION

The following information is included for analytical purposes and should be read together with our audited consolidated financial statements, including the notes thereto, as of and for the years ended December 31, 2020 and 2019 and as of and for the years ended December 31, 2019 and 2018, respectively, which are included elsewhere in this Base Prospectus, as well as with “Presentation of Financial and Other Information” and “Management’s Discussion and Analysis of Financial Condition and Results of Operation.” These consolidated financial statements have been prepared in accordance with the Accounting Practices Adopted by Banks in Brazil, which differ in certain significant respects from IFRS as issued by IASB. See “Differences Between Accounting Practices Adopted by Banks in Brazil and IFRS.”

Data related to the average balance of assets which generate financial income, liabilities which generate financial expenses and other assets and liabilities have been calculated based upon the average of the month-end balances during the relevant period. Likewise, information related to the interest income and expenses generated from our assets and liabilities and the average return rate for each of the periods indicated have been calculated based on income and expenses for the period, divided by the average balances calculated as indicated above.

Average Statement of Financial Position and Yield Data

The following tables show the average balances of our assets which generate financial income, liabilities which generate financial expenses, other assets and liabilities accounts, the related income and expense amounts and the average actual yield for the periods presented.

The interest accrued on Brazilian financial assets and liabilities comprise both fixed interest rates and any monetary correction. Monetary correction may be the result of changes to an inflation index, changes to foreign exchange rates (usually against the U.S. dollar) or changes to other floating interest rates. The fixed interest rate and monetary correction accrue at the end of each month to the principal balance of each operation. The updated value then becomes the new basis for the accrual of the following month’s fixed interest rate and monetary correction.

In this section, we refer to each of interest income and interest expense other amounts, such as fair value adjustment to trading securities and derivative financial instruments and foreign exchange gains and losses on assets which generate financial income and liabilities which generate financial expenses, as financial income and financial expense.

Average Balances, Financial Income and Expenses and Average Yields

The following table shows average balances, financial income and average yields as of the dates and for the periods presented:

	As of December 31,					
	2020			2019		
	Average Balance ⁽¹⁾	Financial Income	Average Yield/ Rate (%)	Average Balance ⁽¹⁾	Financial Income	Average Yield/ Rate (%)
(R\$ in millions, except percentages)						
Assets						
Assets which generate financial income:						
Interbank investments ^{(3) (4)}	173,068	6,644	3.8	97,288	7,202	7.4
Securities and derivative financial instruments ^{(4) (7)}	572,462	30,919	5.4	538,361	44,569	8.3
Loans and leases ^{(5) (6)}	417,501	73,849	17.7	395,683	74,712	18.9
Compulsory deposits with the Central Bank....	72,550	2,023	2.8	79,803	4,326	5.4
Total assets which generate financial income⁽⁶⁾	1,235,581	113,435	9.2	1,111,135	130,809	11.8

Other Statistical and Financial Information

Assets which do not generate financial income:						
Deferred tax assets.....	99,585	-	-	70,481	-	-
Investments in associates and jointly controlled entities	6,674	-	-	7,831	-	-
Premises and equipment, net	9,682	-	-	8,831	-	-
Intangible assets, net.....	11,060	-	-	13,005	-	-
Other assets	192,241	-	-	138,950	-	-
Total assets which do not generate financial income.....	319,242	-	-	239,098	-	-
Expected credit loss associated with credit risk	(42,135)	-	-	(36,207)	-	-
Total assets	1,512,688	113,435	7.5	1,314,026	130,809	10.0

- (1) Monthly average balance.
- (2) The average yield/rate is calculated according to the following formula: interest income (assets which generate financial income) or interest expense (liabilities which generate financial expenses) / monthly average balance, multiplied by 100.
- (3) Includes interbank investments presented as cash and cash equivalents.
- (4) Financial income includes income arising from interbank investments and securities and derivative financial instruments for our Insurance segment. These amounts are presented net, with financial expenses related to the Insurance segment in the line item "Financial income from insurance, pension plans and capitalization bonds" in our income statement.
- (5) Includes the result from a sale or transfer of financial assets.
- (6) This does not include "Revenue from financial intermediation – foreign exchange income" as this revenue line item can be significantly impacted by movements in foreign currency rates and non-lending transactions.
- (7) The average balance of securities and derivative financial instruments includes derivative financial assets and derivative financial liabilities.

The following table shows average balances, financial expenses and average yields as of the dates and for the periods presented:

As of December 31,					
2020			2019		
Average Balance ⁽¹⁾	Financial Expense	Average Yield/ Rate (%)	Average Balance ⁽¹⁾	Financial Expense	Average Yield/ Rate (%)
(R\$ in millions, except percentages)					

Liabilities
Liabilities which generate financial expenses:

Other Statistical and Financial Information

Savings deposits ⁽⁴⁾	122,481	3,049	2.5	108,976	4,569	4.2
Time deposits ⁽⁴⁾⁽⁵⁾	311,284	5,662	1.8	192,298	7,963	4.1
Securities sold under agreements to repurchase ⁽⁴⁾	209,453	8,981	4.3	191,487	12,071	6.4
Subordinated debt ⁽⁴⁾	52,706	2,403	4.6	53,387	3,709	6.9
Technical provisions for insurance, pension plans and capitalization bonds ⁽³⁾	276,711	18,344	6.6	265,534	16,930	6.4
Securities issued ⁽⁴⁾	167,171	5,577	3.3	161,720	9,542	5.9
Borrowings and on-lendings	57,997	17,499	30.2	53,916	6,669	12.4
Total liabilities which generate financial expenses	1,197,803	61,515	5.1	1,027,318	61,453	6.0
Liabilities which do not generate financial expenses:						
Demand deposits	42,213	-	-	33,017	-	-
Other liabilities	135,974	-	-	122,190	-	-
Total liabilities which do not generate financial expenses	178,187	-	-	155,207	-	-
Total liabilities	1,375,990	61,515	4.5	1,182,525	61,453	5.2
Shareholders' equity	135,961	-	-	130,825	-	-
Non-controlling interest in subsidiaries	737	-	-	676	-	-
Total liabilities and shareholders' equity	1,512,688	61,515	4.1	1,314,026	61,453	4.7

(1) Monthly average balance.

(2) The average yield/rate is calculated according to the following formula: interest income (assets which generate financial income) or interest expense (liabilities which generate financial expenses) / monthly average balance multiplied by 100.

(3) The most significant component of the technical provisions for insurance, pension plans and capitalization bonds relate to our pension products. The financial expenses reflect the changes in these technical provisions due to the returns on the corresponding investment portfolios. These financial expenses are presented net with financial income related to the Insurance segment in the line item "Financial income from insurance, pension plans and capitalization bonds" in our income statement.

(4) Presented in the line item "Retail and professional market funding" in our income statement.

(5) Including interbank deposits.

Changes in Financial Income and Expenses—Volume and Rate Analysis

The following table shows the changes in our financial income and expense due to changes in the average volume of Assets which generate financial income and liabilities which generate financial expenses and changes in the average yield rate on these assets and liabilities for the years ended December 31, 2020 and 2019. Volume and yield variations have been calculated based on changes of our average balances over the period and changes in average interest rates on our assets which generate financial income and liabilities which generate financial expenses. Changes in the total financial results are due to the average monthly volume, reflecting the operations of the current year, with a consequent impact on the average rate of the period, which is calculated by dividing the result for the period by the average monthly volume.

	December 31, 2020/2019		
	Increase (Decrease) Due to Changes in:		
	Average Volume ⁽¹⁾	Average Yield/Rate ⁽¹⁾	Net Change ⁽¹⁾
		(R\$ in millions)	
Assets which generate financial income:			
Interbank investments.....	3,941	(4,499)	(588)
Securities and derivative financial instruments	2,672	(16,322)	(13,650)
Loans, leases and sale or transfer of financial assets	3,998	(4,861)	(863)
Reserve requirement.....	(363)	(1,940)	(2,303)
Total assets which generate financial income.....	10,248	(27,622)	(17,374)

Other Statistical and Financial Information

Liabilities which generate financial expenses:

Savings deposits	512	(2,032)	(1,520)
Time deposits ⁽²⁾	3,520	(5,821)	(2,301)
Securities sold under agreements to repurchase	1,050	(4,140)	(3,090)
Subordinated debt	(47)	(1,259)	(1,306)
Technical provisions for insurance, pension plans and capitalization bonds	727	687	1,414
Funds from issuance of securities	312	(4,277)	(3,965)
Borrowings and on-lendings	541	10,289	10,830
Total liabilities which generate financial expenses	6,615	(6,553)	62

(1) The amounts set out in the table are calculated as follows:

- Net change is calculated according to the following formula: (financial income or financial expense of current period – financial income or financial expense of the prior period).
- Average volume represents the change in financial income (assets which generate financial income) or financial expense (liabilities which generate financial expenses) as a result of fluctuations in volumes and is calculated according to the following formula: (change in the average volume x average rate of the prior period).
- Average yield/rate represents the change in interest income (assets which generate financial income) or interest expense (liabilities which generate financial expenses) as a result of fluctuations in rates, calculated according to the following formula: (change in the average rate x average volume of the prior period).
- Subsequently, the Average volume and Average yield/rates calculated as set out above are adjusted to reflect the difference between the total net changes and the sum of the two amounts. This adjustment is made in proportion to the absolute values of the Average volume and Average yield/rate, calculated as set out above.

(2) Including interbank deposits.

Net Financial Margin and Spread

The following table sets forth our average assets which generate financial income, average liabilities which generate financial expenses, net financial income, as well as a comparison between net interest margin and net interest spread for the periods indicated:

	Years ended December 31,	
	2020	2019
	(R\$ in millions, except percentages)	
Average balance of assets which generate financial income	1,235,581	1,111,135
Average balance of liabilities which generate financial expenses	1,197,803	1,027,318
Net financial income ⁽¹⁾	51,920	69,356
Financial income from assets which generate financial income....	113,435	130,809
Financial expenses from liabilities which generate financial expenses....	(61,515)	(61,453)
Yield/rate on the average balance of assets which generate financial income ⁽²⁾	9.2%	11.8%
Yield/rate on the average balance of liabilities which generate financial expenses ⁽³⁾	5.1%	6.0%
Net interest spread ⁽⁴⁾	4.1%	5.8%
Net financial margin ⁽⁵⁾	4.2%	6.2%

11

- (1) Financial income from assets which generate financial income less financial expenses from liabilities which generate financial expenses.
- (2) Yield/rate on the average balance of assets which generate financial income is calculated according to the following formula: financial income from assets which generate financial income / monthly average balance of assets which generate financial multiplied by 100.
- (3) Yield/rate on the average balance of liabilities which generate financial expenses is calculated according to the following formula: financial expenses from liabilities which generate financial expenses / monthly average balance of liabilities which generate financial expenses, multiplied by 100.
- (4) Difference between the yield on the average balance of assets which generate financial income and yield/rate on the average balance of liabilities which generate financial expenses.

Other Statistical and Financial Information

The following table shows selected consolidated financial data relating to our net income, total assets and shareholders' equity for the periods indicated:

	Year ended December 31,	
	2020	2019
	(R\$ in millions, except percentages)	
Net income.....	16,547	22,583
Average total assets	1,512,688	1,314,026
Average shareholders' equity	135,961	130,825
Net income as a percentage of average total assets ⁽¹⁾	1.1%	1.7%
Net income as a percentage of average shareholders' equity ⁽²⁾	12.2%	17.3%
Average shareholders' equity as a percentage of average total assets..	9.0%	10.0%
Dividends net payout ratio (dividends/net income less transfer to legal reserve).....	30.0%	68.8%

(1) Net income divided by average total assets, multiplied by 100.

(2) Net income divided by average total shareholders' equity, multiplied by 100.

Securities Portfolio

The following table shows our portfolio of trading securities, available-for-sale securities and held-to-maturity securities as of the dates presented, both in Brazil and abroad. Trading securities and securities available-for-sale securities are stated at fair value and held-to-maturity securities have been valued at amortized cost. See the notes to our consolidated financial statements as of and for the years ended December 31, 2020 and 2019 included elsewhere in this Base Prospectus for a description of the accounting policies applied to account for our securities portfolio and for additional information on the portfolio as of those dates.

	As of December 31,			
	2020	%	2019	%
	(R\$ in millions, except percentages)			
Trading Securities				
In Brazil.....	246,514	98.2	232,828	98.6
Financial treasury bills	147,579	58.8	143,655	60.9
National treasury notes	50,624	20.2	37,905	16.1
Financial bills	7,776	3.1	13,518	5.7
Debentures.....	6,874	2.7	4,763	2.0
National treasury bills	17,723	7.1	19,276	8.2
Other.....	15,938	6.3	13,711	5.7
	4,657	1.8	3,232	1.4
Abroad.....				
Foreign corporate securities	3,357	1.3	2,769	1.2
Foreign government securities.....	574	0.2	416	0.2
Brazilian foreign debt securities	726	0.3	47	-
Total of trading securities	251,171	100.0	236,060	100.0
Trading securities as a percentage of total portfolio.....		40.7		39.7
Securities available for sale				
In Brazil.....	252,352	95.0	247,996	94.7
National treasury bills	68,248	25.7	84,218	32.2
Debentures.....	64,379	24.2	58,131	22.2
National treasury notes	73,272	27.6	75,267	28.7
Shares	12,259	4.6	9,832	3.8
Real estate receivables certificates	1,740	0.7	1,905	0.7
Promissory Notes	7,167	2.7	2,870	1.1
Other.....	25,287	9.5	15,773	6.0
	13,162	5.0	13,897	5.3
Abroad.....				
Foreign corporate securities	6,654	2.5	7,442	2.8
Foreign government securities.....	6,508	2.5	6,455	2.5
Total securities available-for-sale.....	265,514	100.0	261,893	100.0

Other Statistical and Financial Information

	As of December 31,			
	2020	%	2019	%
	(R\$ in millions, except percentages)			
Available-for-sale securities as a percentage of total portfolio		43.1		44.0
Securities held to maturity				
In Brazil	99,813	100.0	97,075	100.0
National treasury notes	52,669	52.8	30,800	31.7
National treasury bills	40,190	40.3	57,884	59.6
Real estate receivables certificates	6,703	6.7	8,388	8.7
Other	251	0.2	3	-
	99,813	100.0	97,075	100.0
Total securities held-to-maturity		16.2		16.3
Held-to-maturity securities as a percentage of total portfolio				

The following table shows our portfolio of trading securities, available-for-sale securities and held-to-maturity securities at amortized cost and fair value, and the unrealized gain (loss) as of December 31, 2020 and 2019:

	As of December 31, 2020			As of December 31, 2019		
	Fair Value/ Book Value	Amortized Cost	Unrealized Gain (Loss)	Fair Value/Book Value	Amortized Cost	Unrealized Gain (Loss)
	(R\$ in millions)					
Trading Securities						
In Brazil	246,514	245,784	730	248,676	247,297	1,379
Financial treasury bills.....	147,579	147,995	(416)	143,655	143,654	1
National treasury bills.....	17,723	17,641	82	19,276	19,260	16
Financial bills.....	7,776	7,813	(37)	13,518	13,522	(4)
Debentures	6,874	7,003	(129)	4,702	4,893	(191)
National treasury notes	50,624	49,419	1,205	37,394	37,031	363
Other	15,938	15,913	25	15,775	15,878	(103)
Abroad	4,657	4,600	57	1,895	1,888	7
Foreign corporate securities.....	3,357	3,327	30	1,432	1,424	8
Foreign government securities	574	572	2	416	417	(1)
Brazilian foreign debt securities.....	726	701	25	47	47	-
Total trading securities	251,171	250,384	787	250,571	249,185	1,386
Securities available for sale						
In Brazil	252,352	242,771	9,684	247,996	235,476	11,705
National treasury bills.....	68,248	66,351	1,897	84,218	81,402	2,816
National treasury notes	73,272	65,966	7,306	75,267	66,571	8,696
Debentures	64,379	66,729	(2,350)	58,101	58,319	(218)
Shares.....	12,259	9,863	2,396	9,832	8,819	1,013
Hedge cash flow	-	-	(792)	-	-	(269)
Securities reclassified as "Held-to-Maturity Securities".....	-	-	895	-	-	(546)
Real estate receivables certificates	1,740	1,793	(53)	1,905	1,844	61
Promissory Notes.....	7,167	7,073	94	2,870	2,857	13
Other	25,287	24,996	291	15,803	15,664	139
Abroad	13,162	12,826	336	13,897	13,623	274
Foreign government bonds	6,508	6,501	7	6,455	6,450	5
Foreign corporate securities.....	6,654	6,325	329	7,442	7,173	269
Total securities available for sale	265,514	255,597	10,020	261,893	249,099	11,979
Securities held to maturity						
In Brazil	99,813	109,731	9,918	101,265	93,777	7,488
National treasury notes	52,669	61,243	8,574	35,161	29,119	6,042
National treasury bills.....	40,190	41,441	1,251	54,743	53,110	1,633
Real estate receivables certificates	6,703	6,791	88	11,357	11,544	(187)
Other	251	256	5	4	4	-
Total securities held to maturity	99,813	109,731	9,918	101,265	93,777	7,488

Other Statistical and Financial Information

	As of December 31, 2020			As of December 31, 2019		
	Fair Value/ Book Value	Amortized Cost	Unrealized Gain (Loss)	Fair Value/Book Value	Amortized Cost	Unrealized Gain (Loss)
Overall total	616,498	615,712	20,725	570,981	562,348	7,551

Maturity Distribution

The following tables show information relating to the maturities of our securities portfolio by type:

	As of December 31, 2020				
	No Stated Maturity	Due in 1 Year or Less	Due after 1 Year to 5 Years	Due after 5 Years to 10 Years	Due after 10 Years
	(R\$ in millions)				
Maturity in years					
By type					
Trading securities (fair value)		7,670	57,839	158,073	19,765
Securities available for sale (fair value)		12,259	77,809	100,185	44,777
Securities held to maturity (amortized cost)		-	22,325	46,825	3,860
Total		19,929	157,973	305,083	68,402

	As of December 31, 2019				
	No Stated Maturity	Due in 1 Year or Less	Due after 1 Year to 5 Years	Due after 5 Years to 10 Years	Due after 10 Years
	(R\$ in millions)				
Maturity in years					
By type					
Trading securities (fair value)		6,732	23,246	155,515	42,063
Securities available-for-sale (fair value)		9,833	44,826	127,432	51,740
Securities held to maturity (amortized cost)		-	41,478	28,274	2,024
Total		16,565	109,550	311,221	95,827

Central Bank Reserve Requirements

We are required to either maintain certain deposits with the Central Bank or to purchase and hold federal Brazilian government securities as reserve requirements. The following table shows the amounts of these deposits as of the dates presented per type of funding product:

	As of December 31,			
	2020		2019	
	R\$	%	R\$	%
	(R\$ in millions, except percentages)			
Demand deposits	9,858	11.8	7,042	7.8
Savings deposits	19,524	23.3	22,619	25.0
Time deposits	54,375	64.9	60,961	67.1
Total	83,757	100.0	90,622	100.0

Other Statistical and Financial Information

Credit Portfolio

The following table shows our credit portfolio by type of transaction for each of the periods indicated. Substantially all of our credit portfolio was granted to borrowers domiciled in Brazil and is denominated in *reais*. In addition, the majority of our credit portfolio is indexed to Brazilian interest rates:

	As of December 31,	
	2020	2019
	(R\$ in millions)	
Discounted trade receivables and loans ⁽¹⁾	245,753	205,042
Financing	179,850	150,383
Agricultural and agribusiness financing.....	20,063	20,629
Subtotal – Loans, leases and other advances	445,666	376,054
Leases	2,647	2,858
Advances on foreign exchange contracts ⁽²⁾	7,607	16,057
Subtotal	455,920	394,969
Other receivables ⁽³⁾	53,413	57,973
Total credit portfolio	509,333	452,942

- (1) Including credit card loans and advances on credit card receivables in the amount of R\$ 9.9 billion (R\$13.5 billion as of December 31, 2019).
- (2) Advances on foreign exchange contracts are classified as a deduction from “Other Liabilities;”
- (3) The item “Other Receivables” comprises receivables on sureties and guarantees honored, receivables on sale of assets, securities and credits receivable, income receivable from foreign exchange contracts and export contracts and credit card receivables (cash and installment purchases at merchants) totaling R\$34.6 billion (R\$33.9 billion as of December 31, 2019).

Other Statistical and Financial Information

By Economic Activity Sector

The following table shows the composition of our credit portfolio, including non-performing loans, by economic activity of the borrower and the percentage that each one represents in relation to our total credit portfolio at the dates presented:

	As of December 31,			
	2020	%	2019	%
	(R\$ in millions, except percentages)			
Public sector	11,811	2.3	8,900	2.0
Oil, derivatives and aggregate activities	10,662	2.1	8,871	2.0
Production and distribution of electricity	1,075	0.2	3	-
Other industries.....	74	-	26	-
Private sector	497,522	97.7	444,042	98.0
Companies	241,092	47.4	213,606	47.2
Real estate and construction activities	20,092	3.9	21,696	4.8
Retail.....	36,498	7.2	35,522	7.8
Services.....	30,108	5.9	20,136	4.4
Transportation and concession	23,662	4.6	20,808	4.6
Automotive	15,625	3.1	12,724	2.8
Food products	13,378	2.6	11,067	2.4
Wholesale	16,480	3.2	14,328	3.2
Production and distribution of electricity	6,979	1.4	2,868	0.6
Iron and steel industry	10,037	2.0	9,023	2.0
Sugar and alcohol	6,879	1.4	6,192	1.4
Holding	2,971	0.6	2,940	0.6
Capital goods	3,409	0.7	3,197	0.7
Pulp and paper	3,589	0.7	2,332	0.5
Chemical	5,511	1.1	4,787	1.1
Cooperative.....	3,830	0.8	2,843	0.6
Financial	3,063	0.6	1,905	0.4
Leisure and tourism	4,012	0.8	3,401	0.8
Textiles	2,481	0.5	2,381	0.5
Agriculture	1,632	0.3	1,834	0.4
Oil, derivatives and aggregate activities	2,177	0.4	1,716	0.4
Other industries.....	28,679	5.6	31,906	7.0
Individuals	256,430	50.3	230,436	50.9
Total	509,333	100.0	452,942	100.0

Breakdown of loans and allowance for loan losses

The following table shows a breakdown of the rating of our credit portfolio by risk levels for the periods indicated and the percentage that each one represents in relation to our total loan portfolio, where “AA” represents the lowest

Other Statistical and Financial Information

credit risk and “H” represents the highest credit risk (in accordance with applicable regulations issued by the Central Bank) as of December 31, 2020:

Risk Level	As of December 31, 2020					
	Installments Past Due	Installments not yet due	Total of Non- Performing Loans	Performing Loans	Total	% ⁽¹⁾
(R\$ in millions, except percentages)						
AA.....	-	-	-	150,474	150,474	29.6
A.....	-	-	-	119,932	119,932	23.5
B.....	452	1,571	2,023	114,088	116,111	22.8
C.....	567	1,954	2,521	62,747	65,268	12.8
Subtotal.....	1,019	3,525	4,544	447,241	451,785	88.7
D.....	690	2,528	3,218	15,125	18,342	3.6
E.....	600	1,453	2,053	4,996	7,049	1.4
F.....	503	832	1,335	6,498	7,833	1.5
G.....	470	801	1,271	2,759	4,030	0.8
H.....	4,887	4,484	9,371	10,922	20,293	4.0
Subtotal.....	7,150	10,098	17,248	40,300	57,548	11.3
Total as of December 31, 2020.....	8,169	13,623	21,792	487,541	509,333	100.0
%	1.6	2.7	4.3	95.7	100.0	

(1) Percentage of level of risk in relation to the total portfolio.

The following tables show the balance of our allowance for loan losses as of December 31, 2020 and 2019, broken down by risk level:

	As of December 31, 2020							
		Minimum Requirement Specific						
Risk Level	% Minimum Provisioning Required	Installments Past Due	Installments not yet Due	Total Specific	Generic	Total	Supplementary	Existing
	(R\$ in millions, except percentages)							
AA	-	-	-	-	-	-	-	-
A	0.5	-	-	-	600	600	128	728
B.....	1.0	4	16	20	1.141	1.161	248	1.409
C.....	3.0	17	59	76	1.882	1.958	3.845	5.803
Subtotal.....		21	75	96	3.623	3.719	4.221	7.940
D	10.0	69	253	322	1.512	1.834	3.051	4.885
E.....	30.0	180	436	616	1.499	2.115	1.291	3.406
F.....	50.0	252	416	668	3.249	3.917	847	4.764
G	70.0	329	561	890	1.932	2.822	1.092	3.914
H	100.0	4.887	4.484	9.371	10.922	20.293	-	20.293
Subtotal.....		5.717	6.150	11.867	19.114	30.981	6.281	37.262
Total as of December 31, 2020		5.738	6.225	11.963	22.737	34.700	10.502	45.202
%		12.7	13.8	26.5	50.3	76.8	23.2	100.0

Other Statistical and Financial Information

As of December 31, 2019								
Risk Level	% Minimum Provisioning Required	Minimum Requirement Specific			Generic	Total	Supplementary	Existing
		Installments Past Due	Installments not yet Due	Total Specific				
(R\$ in millions, except percentages)								
AA	-	-	-	-	-	-	-	-
A	0.5	-	-	-	854	854	120	974
B	1.0	5	26	31	462	493	86	579
C	3.0	30	82	112	1,319	1,431	2,726	4,157
Subtotal		35	108	143	2,635	2,778	2,932	5,710
D	10.0	91	212	303	495	798	1,147	1,945
E	30.0	287	483	770	1,673	2,443	1,135	3,578
F	50.0	379	462	841	1,228	2,069	537	2,606
G	70.0	567	818	1,385	1,438	2,823	1,133	3,956
H	100.0	6,555	4,387	10,942	7,903	18,845	-	18,845
Subtotal		7,879	6,362	14,241	12,737	26,978	3,952	30,930
Total as of December 31, 2019		7,914	6,470	14,384	15,372	29,756	6,884	36,640
%		21.5	17.7	39.2	42.0	81.2	18.8	100.0

Movement of allowance for loan losses

The following table shows the movement of allowance for loan losses during each of the years presented:

	Year ended December 31,	
	2020	2019
(R\$ in millions)		
Opening balance at beginning of the year	36,640	34,983
Amount recorded	25,164	18,720
Amount written-off	(17,246)	(17,369)
Exchange variation	547	306
Balance originating from an acquired institution	97	-
Closing balance as of December 31	45,202	36,640

Recovery and renegotiation

The following table shows our expenses from allowances for loan losses, net of recoveries of written-off loans, during the twelve-month periods presented:

	Year ended December 31,	
	2020	2019
(R\$ in millions)		
Amount recognized	25,164	18,721
Amount recovered	(5,919)	(7,909)
Allowance for Loan Losses expense net of amounts recovered⁽¹⁾	19,245	10,812

- (1) In the year ended on December 31, 2020, we assigned (a) active transaction credit in the amount of R\$ 1.1 billion, whose sale value was R\$ 146 million, which was 100% provided for and (b) credit assignments of transactions, already written off as losses, without retaining risks and benefits in the amount of R\$ 7.3 billion (R\$24.1 billion in 2019), whose sale value was R\$ 209 million (R\$389.5 million in 2019).

Other Statistical and Financial Information

Movement of our renegotiated portfolio

The following table shows the movement of our renegotiated portfolio during the years presented:

	Year ended December 31,	
	2020	2019
	(R\$ in millions, except percentages)	
Opening balance at beginning of the year	19,031	17,143
Amount renegotiated	34,684	20,284
Amount received	(19,449)	(13,364)
Write-offs	(4,508)	(5,032)
Closing balance as of December 31	29,758	19,031
Expected Credit Loss Associated with Credit Risk expense	18,312	12,724
Percentage of expected credit loss associated with credit risk to total renegotiated portfolio	61.5%	69.9%

The following table shows a breakdown of our income from loans and leases during the years presented:

	Year ended December 31,	
	2020	2019
	(R\$ in millions)	
Discounted trade receivables and loans	50,785	49,990
Financing	16,428	16,505
Agricultural and agribusiness loans	1,506	1,462
Subtotal	68,719	67,957
Recovery of credits charged-off as losses	5,919	7,909
Subtotal	74,638	75,866
Leases, net of expenses	156	260
Total	74,794	76,126

Deposits from customers and interbank deposits, obligations for repurchase agreements and other sources of financing

The following table shows the deposits from customers and interbank deposits, obligations for repurchase agreements and other sources of financing as of the dates presented:

	As of December 31,			
	2020	%	2019	%
	(R\$ in millions, except percentages)			
Deposits	547,683	54.2	368,204	45.2
Demand deposits	51,841	5.1	38,890	4.8
Savings deposits	136,698	13.5	114,178	14.0
Time deposits	358,347	35.5	214,766	26.4
Interbank deposits	797	0.1	370	-
Obligations for repurchase agreements	217,109	21.5	174,101	21.3
Securities sold under agreements to repurchase - Own portfolio	81,220	8.0	127,902	15.7
Securities sold under agreements to repurchase - Third -party portfolio	125,384	12.4	38,491	4.7
Securities sold under agreements to repurchase - Unrestricted portfolio	10,505	1.0	7,708	0.9
Other sources of financing	245,931	24.3	271,785	33.5
Securities issued	144,904	14.3	170,728	21.0
Borrowings	23,966	2.4	29,272	3.6
On-lendings	23,815	2.4	22,471	2.8
Subordinated debt	53,246	5.3	49,314	6.1
Total	1,010,723	100.0	814,090	100.0

Other Statistical and Financial Information

Maturity of deposits from customers and interbank deposits, obligations for repurchase agreements and other sources of financing

The following table shows the maturity of deposits from customers and interbank deposits, obligations for repurchase agreements and other sources of financing as of the dates presented:

	As of December 31,					2019 As of December 31
	Up to 30 Days	31 to 180 Days	181 to 360 Days	Over 360 Days	As of December 31	
	(R\$ in millions, except percentages)					
Deposits	204,702	50,643	54,889	237,449	547,683	368,204
Demand deposits	51,841	-	-	-	51,841	38,890
Savings deposits	136,698	-	-	-	136,698	114,178
Time deposits	16,010	50,519	54,369	237,449	358,347	214,766
Interbank deposits	153	124	520	-	797	370
Obligations for repurchase agreements	215,011	561	11	1,526	217,109	174,101
Securities sold under agreements to repurchase - Own portfolio	79,538	145	11	1,526	81,220	127,902
Securities sold under agreements to repurchase - Third -party portfolio	124,980	404	-	-	125,384	38,491
Securities sold under agreements to repurchase - Unrestricted portfolio	10,493	12	-	-	10,505	7,708
Other sources of financing	15,480	50,996	44,163	135,292	245,931	271,785
Securities issued	2,462	33,338	34,366	74,738	144,904	170,728
Borrowings	2,870	15,075	6,021	-	23,966	29,272
On-lendings	1,841	2,560	3,392	16,022	23,815	22,471
Subordinated debt	8,307	23	384	44,532	53,246	49,314
Total as of December 31, 2020	435,193	102,200	99,063	374,267	1,010,723	
%	43.1	10.1	9.8	37.0	100.0	
Total as of December 31, 2019	343,771	80,355	96,172	293,792		814,090
	42.2	9.9	11.8	36.1		100.0

Minimum Capital Requirements

The following table shows the calculation of the Basel Ratio as of the dates presented:

	As of December 31,	
	Capital adequacy ratio (Basel)	
	2020	2019
	<i>Prudential</i>	
	(R\$ in millions, except percentages)	
Calculation Basis – Capital Adequacy Ratio (Basel III)		
Shareholders' equity	143,703	133,723
Non-controlling interest / Other	164	106
Prudential adjustments	(34,885)	(42,558)
Additional Capital	9,300	9,560
Tier I capital	118,282	100,831
Subordinated debt (according to Resolution No. 4,192, of March 1, 2013)	16,274	21,324
Subordinated debt (prior to CMN Resolution No. 4,192, of March 1, 2013)	1,168	3,119
Tier II capital	17,442	24,444
Reference Equity (Tier I + Tier II)	135,724	125,275
Risk-weighted assets - RWA	858,693	759,051
Basel ratio	15.8%	16.5%

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion is based on and should be read together with, our audited consolidated financial statements, including the notes thereto, as of and for the years ended December 31, 2020 and 2019 and as of and for the years ended December 31, 2019 and 2018, respectively, and which are included elsewhere in this Base Prospectus, as well as with "Presentation of Financial and Other Information" and "Other Statistical and Financial Information." Such financial statements have been prepared in accordance with the Accounting Practices Adopted by Banks in Brazil, which differ in certain significant respects from IFRS as issued by the IASB. See "Differences Between Accounting Practices Adopted by Banks in Brazil and IFRS."

Certain Factors Affecting Our Financial Performance

Brazilian Economic Conditions

Our results of operations are directly affected by economic conditions in Brazil. Economic conditions directly impact our customers' ability to pay their financial obligations on time, which affects our provisioning for loan losses and our balance of outstanding loans. In addition, the impact of economic conditions on exchange rates affects our net interest income, since part of our financial assets and liabilities are denominated in or indexed to foreign currencies, primarily U.S. dollars.

In 2020, GDP decreased by -4.1% compared with the same period in 2019. The *real* devalued to R\$5.1967 per U.S. dollar as of December 31, 2020 compared to R\$4.0307 as of December 31, 2019. The base interest rate decreased to 2.0% as of December 31, 2020 from 4.5% as of December 31, 2019. Inflation, as measured by IPCA, was 4.52% for the year ended December 31, 2020.

In 2019, GDP increased by 1.1% compared with the same period in 2018. The *real* devalued to R\$4.0307 per U.S. dollar as of December 31, 2019 compared to R\$3.8748 as of December 31, 2018. The base interest rate decreased to 4.5% as of December 31, 2019 from 6.5% as of December 31, 2018. Inflation, as measured by IPCA, was 4.31% for the year ended December 31, 2019.

In 2018, GDP increased by 1.1% compared with the same period in 2017. The *real* devalued to R\$3.8748 per U.S. dollar as of December 31, 2018 compared to R\$3.3080 as of December 31, 2017. The base interest rate decreased to 6.5% as of December 31, 2018 from 7.0% as of December 31, 2017. Inflation, as measured by IPCA, was 3.75% for the year ended December 31, 2018.

As of June 11, 2021, the *real* per U.S. dollar exchange rate was R\$5.1184 per U.S. dollar and the base interest rate was 3.5% as of the date of this Base Prospectus.

The following table shows Brazilian inflation as measured by the IPCA, the variation of the value of the *real* against the U.S. dollar and the period-end exchange rates and average exchange rates for the periods indicated:

	As of December 31,		
	2020	2019	2018
	(R\$, except percentages)		
Inflation (IPCA).....	4.52%	4.31%	3.75%
Variation of the <i>real</i> vs. U.S. dollar	28.93%	4.02%	17.1%
Period-end exchange rate — U.S.\$1.00	5.1967	4.0307	3.8748
Average exchange rate — U.S.\$1.00	5.2426	3.9443	3.6796

(1) The average exchange rate is the average of the month end rates beginning with December of previous period through last month of period indicated.
Sources: FGV and the Central Bank.

Management's Discussion and Analysis of Financial Condition and Result of Operations

The following table shows the change in real GDP and average interbank and base interest rates for the periods indicated:

	As of December 31,		
	2020	2019	2018
Change in real GDP ⁽¹⁾	-4.1	1.1%	1.1%
Average base interest rates ⁽²⁾	2.7	6.0%	6.4%
Average interbank interest rates ⁽³⁾	2.7	5.94%	6.4%

(1) Calculated by dividing the real GDP of a period by the real GDP of the same period in the previous year.

(2) Calculated in accordance with Central Bank methodology (based on nominal rates).

(3) Calculated in accordance with the methodology of CETIP S.A. – *Mercados Organizados* ("CETIP") (based on nominal rates).

Sources: The Central Bank, the Brazilian Geography and Statistics Institute (*Instituto Brasileiro de Geografia e Estatística*) and CETIP.

The interbank interest rate has been relatively similar to the average base interest rate over the past years, primarily due to the impact of the relatively high level of funds available in the Brazilian banking industry and increased competition among banks. These factors move the interbank interest rate toward the base interest rate as banks seek to use their funds available and to remain competitive with each other.

Effects of Interest Rates and Devaluation/Appreciation of the real on Our Net Interest Income

The devaluation/appreciation of the *real* affects our net interest income because we have certain assets and liabilities denominated in, or indexed to, foreign currencies (primarily the U.S. dollar). The *real* devalued 28.93%, 4.02% and 17.1% against the U.S. dollar in 2020, 2019 and 2018 respectively. When the *real* devalues, we incur losses from our liabilities denominated in or indexed to foreign currencies, such as our U.S. dollar-denominated long-term debt and foreign currency loans, as the cost in *reais* of the related interest expense increases. At the same time, we experience gains on our monetary assets denominated in or indexed to foreign currencies, such as our dollar-indexed trading securities and loans, as the interest income from such assets as measured in *reais* also increases because of the devaluation of the *real*.

Conversely, when the *real* appreciates against the U.S. dollar, we incur losses on our monetary assets denominated in or indexed to foreign currencies, such as our dollar-indexed securities and loans, as the interest income from such assets as measured in *reais* decreases because of the appreciation of the *real*. At the same time, we record gains on our liabilities denominated in or indexed to foreign currencies, such as our U.S. dollar-denominated long-term debt and foreign currency loans, as the cost in *reais* of the related interest expenses decreases.

In addition, in periods of high interest rates, our interest income increases as interest rates on our interest-yielding assets increase. At the same time, our interest expense increases as interest rates on our interest-yielding liabilities also rise.

Conversely, in periods of low interest rates, our interest income decreases as interest rates on our interest-yielding assets are reduced. However, in a low interest environment we are able to attract new customers and increase the volume of our loan portfolio as the cost of credit is reduced for borrowers. At the same time, our interest expense decreases as interest rates on our interest-yielding liabilities also decrease.

Changes in volumes of interest-bearing assets and liabilities also produce changes in interest income and interest expense. For example, an increase in our interest income due to an increase in interest rates may be offset by a decrease in the volume of our outstanding loans during a period.

It is anticipated that following the normalization of Brazilian monetary policy, in relation to its peers, and the expected resumption of the agenda of structural reforms, the exchange rate will appreciate during the course of 2021. A gradual return to normal economic activity in the global economy and the maintenance of commodity prices at high levels will further contribute towards this trend.

Management's Discussion and Analysis of Financial Condition and Result of Operations

Effects of Macroeconomic Factors on Our Lending and Treasury Activities

Our credit portfolio was R\$509.3 billion and R\$452.9 billion as of December 31, 2020 and 2019, respectively. Since 2014, the banking industry has continued to adopt stricter credit policies, which caused a relative decline in delinquencies by improving the mix of credit supply, with the inclusion of a larger number of safer types of credits, such as real estate financings and payroll-deductible loans.

In the year ended December 31, 2020, our expected credit loss associated with credit risk increased by 23.4% when compared to December 31, 2019, primarily due to: (i) an increase in total loans (during the year ended December 31, 2020, our loan portfolio increased by 12.5%), noting especially: (a) the substantial growth in loans to individuals of 11.3% during the year ended December 31, 2020, driven mainly a growth in payroll-deductible loans and real estate financings; and (b) an increase in loans to companies of 12.9% during the year ended December 31, 2020, mainly due to a growth in the small and medium sized enterprises portfolio ("**SMEs Portfolio**"); (ii), the fact that we completed the acquisition of BAC Florida Bank in October 2020 and began consolidating its R\$8.6 billion portfolio in our consolidated financial statements (balance originating from an acquired institution); and (iii) a provision related to possible losses in an adverse economic scenario, in the amount of R\$11.4 billion, allocated in the supplementary provision and in the specific and generic provisions to absorb the impacts of a worsening scenario in light of the ongoing COVID-19 pandemic which could result in an increase in the level of defaults, as a result of the potential bankruptcy of companies, increase in the unemployment rate, as well as the degradation of the value of guarantees.

Our delinquency ratio over 90 days decreased to 2.2% as of December 31, 2020 from 3.3% as of December 31, 2019, mainly due to: (i) decreased delinquencies of large corporates which were 0.7% as of December 31, 2020 compared to 0.8% as of December 31, 2019; (ii) decreased delinquencies of micro, small and medium-sized enterprises which were 1.9% as of December 31, 2020 compared to 3.7% as of December 31, 2019; and (iii) decreased delinquencies in loans to individuals which were 3.1% as of December 31, 2020 compared to 4.4% as of December 31, 2019. The reduction in the delinquency ratio over 90 days is related to the effects of the actions implemented during 2020 to provide liquidity for clients seeking a readjustment of their cash flows during the COVID-19 pandemic, in addition to the credit extensions granted in the first nine months of 2020 and the process of renegotiation, leading to a consistent reduction of our portfolios in arrears and additionally the write-offs made. Among the main measures, we highlight the flexibility of payment dates and rates, diversification of channels for hiring and development of digital journeys, making them more intuitive for the client to reorganize their commitments. Credit and Recovery policies experience a new paradigm of data analytics, deploying new algorithms supported by transactional data and with "in real time" decision, allowing a prompt reaction to the abrupt change in credit worthiness of clients as a result of the COVID-19 pandemic. In December 2020, we believe we are seeing the beginning of the return to the historical levels of the indicator from 15 to 90 days, due to the normalization of the usual policies for concession and management of the loan portfolio, in addition to all the methodological and technical improvement of the processes of concession.

Taxes

Our income tax expense consists of two components, a federal income tax, or the Corporate Income Tax ("**IRPJ**"), which is imposed at a 25% rate (the IRPJ rate is composed of a 15% rate and an additional 10% rate; the 15% rate is levied on the entire the tax base, and the additional 10% rate is a marginal rate that applies to that portion of the tax base that exceeds the amount of R\$240,000.00 per year), and the Social Contribution on Net Profits ("**CSLL**"). As a general rule, the CSLL is levied at a 9% rate on company's income. Financial institutions, however, have historically been subject to an increased CSLL rate of 15%.

On May 21, 2015, the Provisional Measure No. 675 was issued and later converted into Law No. 13,169, dated October 6, 2015 ("**Law 13,169/15**"), increasing the CSLL rate for financial institutions and insurance companies to 20%. Under such law, this 20% rate is applicable between September 1, 2015 and December 31, 2018. In turn, for cooperative credit entities, the applicable CSLL rate is 17% for the same period.

Management's Discussion and Analysis of Financial Condition and Result of Operations

As from January 1, 2019, the CSLL rate for financial institutions and cooperative credit entities was reduced to 15%. On November 13, 2019, the Constitutional Amendment No. 103 was issued, increasing the CSLL rate for banks to 20.0% as from March 1, 2020. On March 1, 2021, Provisional Measure 1,034 increased the CSLL rates for banks to 25% during the period from July 1, 2021 up to December 31, 2021. According to the aforementioned Provisional measure, as from January 1, 2022 onwards, the rate will go back to 20%. Provisional Measure 1,034 also increased the CSLL rate for other financial institutions to 20% during the period from July 1, 2021 up to December 31, 2021.

For that reason, it is generally understood that Corporate Income Taxes (IRPJ and CSLL) are levied in Brazil at a 34% combined rate for entities that are not financial institutions, insurance companies and cooperative credit entities, which in turn are subject increased combined rate of IRPJ and CSLL (as from July 1, 2021 up to December 31, 2021, 50% for banks).

Brazilian corporations may characterize payments made to their shareholders as a distribution of interest on net equity. Those payments are an alternative form of making dividend distributions and take a deduction against taxable income for those payments. We aim to maximize the amount of dividends we pay in the form of interest on net equity.

In addition, certain transactions executed by us may be impacted by the assessment of the Tax on Financial Transactions, (“**IOF**”), a tax levied on foreign exchange, securities/bonds, credit and insurance transactions. See “*Brazilian Financial Services Industry and Regulation – Taxation—Tax on Financial Transactions*” for more information regarding the IOF tax and other taxes that apply to us.

Acquisitions and Joint Ventures

We periodically look for business opportunities which result in acquisitions or divestitures. These transactions can affect our financial condition and results of operations. Below is a summary of the most recent transactions.

On May 6, 2019 we announced that we had entered into an agreement to acquire BAC Florida Bank (“**BAC**”) for around US\$500 million. BAC is a Florida bank focusing on high net worth non-resident individuals. The acquisition is part of our strategy to pursue selective acquisition opportunities to expand our business with select corporate and institutional clients. On October 30, 2020, we announced to the market the completion of the acquisition on such date, by means of which we assumed BAC’s operations and focus on increasing our product offerings to high income (Prime) and Private Bank customers, in addition to other banking services, such as checking accounts, credit card and real estate financing. Furthermore, the acquisition provides an opportunity to expand business related to corporate and institutional clients.

On July 29, 2019, we announced a proposal to conduct an internal reorganization pursuant to which Banco Bradesco Cartões S.A., a wholly-owned subsidiary dedicated to our credit and debit card business, will be merged into Banco Bradesco S.A. This is intended to improve synergies and efficiencies, consolidate our credit and debit card clients in one legal entity and simplify communications with accountholders. The merger will not involve any issuance of new shares or increase in capital stock. The merger was approved by our shareholders on August 30, 2019 and the Central Bank on November 28, 2019. Banco Bradesco Cartões was incorporated on August 30, 2019.

Divestments

In June 2019, Banco Bradesco S.A. entered into an agreement to sell the entire minority interest it indirectly held in NCR Brasil - Indústria de Equipamentos para Automação S.A. to NCR Corporation. The transaction was approved by the competent authorities and closed on October 28, 2019.

In September 2019, Banco Bradesco S.A. entered into an agreement to sell all shares it held in Chain Serviços e Contact Center S.A. (“**Chain**”) to Alaviva do Brasil Telemarketing e Informática S.A.. Chain’s corporate purpose is the provision of call center and bill collection services. The transaction was approved by the competent authorities and closed on January 14, 2020, terminating our joint venture with the Fidelity Group.

Management's Discussion and Analysis of Financial Condition and Result of Operations

Strategic Partnerships

In October 2018, we entered into a strategic partnership with RCB Investimentos S.A. (“**RCB**”), one of the leading companies in Brazil’s credit management and recovery market. Its holding company PRA Group Brazil Investimentos e Participações, a PRA Group Inc. (“**PRA Group**”) company, is a global leader in the acquisition and management of non-performed credits. This transaction includes: (i) our acquisition of 65% of the shares issued by RCB, in which the founding individual will remain as a partner and will continue to manage RCB, together with us; and (ii) the creation of two investment funds (*Fundos de Investimentos em Direitos Creditórios*) (“**FIDCs**”) for the acquisition of non-performing credit portfolios, with RCB responsible for managing the recovery of these credits. The FIDCs will be held mainly by the PRA Group and by the founders, with our minority participation. The transaction was approved by Brazilian antitrust authority (*Conselho Administrativo da Defesa Econômica*) (“**CADE**”) and the Central Bank. The transaction was completed on December 20, 2018.

Bradesco Asset Management S.A. Distribuidora de Títulos e Valores Mobiliários (“**BRAM**”) has developed important alliances as part of its internationalization strategy. Through personal management and investment advisory agreements, BRAM offers Brazilian investors the opportunity to invest in balanced and alternative fixed income and equity funds, with a global, regional and thematic exposure, beyond global ESG strategies. In Europe, BRAM offers to overseas investors funds domiciled in Luxemburg with different strategies under the Bradesco Global Funds family, launched in 2009. In Japan, Mitsubishi UFJ Kosukai Asset Management (“**MUKAM**”), our partner, offers fixed income and equity funds managed by BRAM since 2008 to retail investors wishing to invest in the Brazilian market.

In December 2018, we concluded the termination of our joint venture with Grupo Fidelity in BBC Processadora S.A. (ex-Fidelity Processadora e Serviços S.A. (“**Processadora**”), making us the sole shareholder of Processadora whose equity is constituted exclusively by the assets and liabilities related to the provision of credit card processing services to the Bradesco Organization. This business (a) aims to reduce processing costs and increase the efficiency of the credit card business; (b) will not have any impact on our activities and clients; and (c) did not involve financial values. In addition, we and Grupo Fidelity maintained our stake in Fidelity Serviços S.A., a company that provides call center, collection, fraud prevention, support and other related services. The termination of the joint venture occurred with the sale of Fidelity Services S.A. (currently named Chain Services and Contact Center S.A.).

Significant Accounting Policies

Our results rely on the use of accounting policies, assumptions and estimates. Our management is responsible for both the adoption of fair accounting policies and the assessment of the reasonableness of estimates to be used in preparing our financial statements.

This section describes accounting policies that we consider significant and which involve critical assessment or a high level of complexity. These policies may affect our financial condition and operating results. The accounting policies that we have adopted require us to make assumptions relating to uncertain matters. If our estimates are proved to be inaccurate when compared to actual results, our financial condition and operating results may be affected.

We describe below the main accounting policies which require judgment by our management.

Allowance for loan losses

Allowance for loan losses is calculated in an amount considered sufficient to cover probable credit losses taking into account the rules and instructions as issued by the CMN and the Central Bank of Brazil, our management’s assessment and our internal credit risk measurement models.

At the end of each period, the allowance for loan losses is adjusted based on the analysis of our portfolios and available information.

Management's Discussion and Analysis of Financial Condition and Result of Operations

Although the internal credit risk measurement models are frequently reviewed and improved, the process to determine allowance level for loan losses require judgment and suppositions that may affect the allowance amount.

Classification of Securities and Derivatives

We classify securities under the following categories: (i) trading; (ii) available for sale; and (iii) held to maturity. Securities are classified on their date of acquisition based on management's intention to hold or trade such securities. Securities are accounted for according to their classification. Changes in the economic environment may change our strategy in relation to certain securities. Accordingly, certain securities may be reclassified from time to time.

Derivatives are measured at fair value and recorded in appropriate income statement accounts. The hedge accounting instruments may be classified as fair value hedge, cash flow hedge or hedge of a net investment in a foreign operation.

Valuation of Securities and Derivatives

We record financial instruments and derivatives at fair value under the following categories: (i) for trading; (ii) available-for-sale and (iii) other trading assets, which includes derivatives. The fair value is defined as the price that would be received for the sale of an asset or that would be paid for the transfer of a liability in a transaction freely negotiated among market participants on the date of measurement.

Fair value generally is based on market price quotations for assets or liabilities with similar characteristics. Fair value may be affected by the volume of securities traded and may not reflect "control premiums" resulting from agreements with shareholders holding significant investments. We believe that market prices are the best indicator of fair value.

In the event that market prices are not available, fair value is based on quotations from market participants, pricing models, discounted cash flows or similar techniques for which the determination of fair value may require judgment or significant estimates by our management. Our management also uses model-based pricing, which takes into consideration interest rates, exchange rate data and information regarding the volatility of options, as may be relevant and available. For example, when we estimate the impact of maintaining a large position, reliable market data is usually limited. We also use our valuation methods to estimate prices when there is no market benchmark. If we make inaccurate assumptions, or the model itself makes inaccurate correlations or assumptions, then the value of the recorded revenue or loss for a specific asset or liability may be inadequate. We also determine whether a decline in fair value below the amortized cost of a security held to maturity or security available for sale is not temporary, so as to require the recognition of impairment, and so that such reduction may be considered an expense. In the assessment, if the impairment is not temporary, our management determines which historical period should be considered, as well as the degree of severity at which a loss can be provisioned.

If our assumptions and estimates are not later confirmed, our assessment methods may lead to different results than expected.

Deferred Income and Social Contribution

To determine our income tax and social contribution values our assessment includes an analysis of our deferred tax assets and liabilities and income tax and social contribution payable. A large part of the value of the deferred tax asset is derived from the difference between net income recorded as part of our financial statements and our pre-tax income. Deferred tax assets on income tax and social contribution losses are realizable when taxable income is generated, up to the 30% limit of the taxable profit for the period. Our assessment relating to the possibility that a deferred tax asset may be realized is subjective and involves uncertain assumptions. The realization of deferred tax assets is subject to changes in future tax rates and the development of our tax planning strategies. Evaluations and assumptions may change over time as a result of unforeseen events or circumstances, thereby changing our initial judgment during the definition of our tax liabilities.

Management's Discussion and Analysis of Financial Condition and Result of Operations

We constantly monitor and assess the impact of new tax laws on our liabilities. In addition, we monitor events which may affect our assessments and the assumptions used for our analysis of the possibility of realizing deferred tax assets.

We determine the possibility that a certain position on income tax and social contribution may be maintained, even after the outcome of any related legal or administrative proceedings, based on technical merits. We require additional evaluation to determine the eligible tax benefit amount that we may record in our consolidated financial statements.

Impairment

The balances of the securities classified as available-for-sale and held-to-maturity are reviewed monthly to determine whether there is any indication of impairment. Regarding non-financial assets (excluding deferred tax credits), this assessment is made at least once a year.

When a loss is identified, we recognize an expense in income for the year. This occurs when the carrying amount of the asset exceeds its recoverable value.

In order to calculate the recoverable amount, the estimate of loss is made by models using observed data or by judgment based on the experience of our Organization.

Technical provisions for insurance, pension plans and capitalization

Technical provisions are liabilities which represent an estimate of an amount to be paid on a specified future date, in favor of our clients, interest holders, policyholders, or beneficiaries thereof. We use actuarial assumptions based on our experience and regularly review these assumptions against industry standards to ensure actuarial accuracy. However, we may be required to make provisions for expected future losses on a product for premium provisions or contribution insufficiencies if assumptions change. These provisions are set forth in short-term or long-term agreements to forecast expected future losses.

In relation to insurance, the calculations are performed using data on claims, mortality rates, incapacity, expiry date, inflation, expenses, and others. For long-term insurance agreements, when the actuarial assumptions in a specific policy or group of policies are fulfilled, they will not be changed during the term of the agreement.

In relation to pension funds, future payments include those to participants or their beneficiaries such as provisions for retirement benefits, pensions and redemptions. We record these payments using assumptions relating to survival and interest and disability rates, among others.

In relation to capitalization bonds, future payments include provisions for redemptions and drawings. We record these payments at the par value of the applicable securities, adjusted for interest rate.

Accounting provisions and contingent liabilities

We established accounting provisions based on the opinion of legal counsel, the nature of the lawsuits, similarity with previous proceedings, complexity and positioning of the courts, whenever the loss is deemed probable, which would cause a potential outflow of funds to settle the obligation, and when amounts can be reliably measured.

We do not recognize contingent liabilities classified as "possible losses" in our financial statements. These are only disclosed in the explanatory notes to our financial statements when individually relevant. We do not make provisions or disclose contingent liabilities classified as "remote losses."

We monitor legal proceedings to assess: (i) their nature and complexity; (ii) their development; (iii) the opinion of our legal advisers; and (iv) our experience with similar cases, among other aspects. When we determine whether a loss is probable and estimate its amount, we also consider:

Management's Discussion and Analysis of Financial Condition and Result of Operations

- (a) the probability of incurring a loss from claims which occurred prior to or on the date of the financial statements and which we identified after the date of financial statements but prior to their publication; and
- (b) the need to disclose claims or events that occurred after the date of financial statements but prior to their publication.

Commitments and Contingencies

The expected maturity at book value of certain contractual obligations is presented in the following table:

Contractual Obligations	Payments due as of December 31, 2020				Total
	Less than 1 year	1 to 3 years	3 to 5 years	More than 5 years	
			(R\$ in millions)		
Time deposits.....	120,898	237,357	87	5	358,347
Securities sold under agreements to repurchase	215,583	482	47	997	217,109
Securities issued	70,166	62,482	9,435	2,821	144,904
Borrowings and on-lendings	31,759	8,775	4,087	3,160	47,781
Other obligations ⁽¹⁾	355,362	90,506	24,472	18,557	488,897
Total	793,768	399,602	38,128	25,540	1,257,038

⁽¹⁾ Includes reserves for insurance claims, pension plans, capitalization bonds and subordinated debt.

Off-balance Sheet Financial Guarantees

In addition to our loans, we have credit-related transactions with our customers arising out of our assistance with their general financing needs. These transactions are not recorded on our statement of financial position. The following table summarizes these off-balance sheet financial arrangements by maturity as of December 31, 2020:

Contractual Obligations	Amounts as of December 31, 2020				Total
	Less than 1 year	1 to 3 years	3 to 5 years	More than 5 years	
			(R\$ in millions)		
Financial guarantees	22,765	20,672	4,005	32,794	80,236
Letters of credit.....	1,057	-	-	-	1,057
Total	23,822	20,672	4,005	32,794	81,293

We guarantee our clients' performance in obligations with third parties. We have the right to seek reimbursement from our clients for any amount we shall have to pay under any such guarantee. Additionally, we may hold cash or other highly liquid collateral for these obligations. These agreements are subject to the same credit evaluation performed on the execution of loans.

Letters of credit are conditional commitments issued by us to guarantee the performance of a customer's obligations with third parties. We issue commercial letters of credit to facilitate foreign trade transactions and to support public and private borrowing agreements, including commercial paper, bond financing and similar transactions. These instruments are short-term commitments to pay a third-party beneficiary under certain contractual conditions. Letters of credit are subject to the same credit evaluations as other extensions of credit.

We expect many of these guarantees to expire without the need to advance any cash. Accordingly, in the ordinary course of business, we expect that these transactions will not have a material adverse impact on our liquidity.

Management's Discussion and Analysis of Financial Condition and Result of Operations

Results of Operations for the Year Ended December 31, 2020 compared to the Year Ended December 31, 2019

The following discussion should be read in conjunction with our audited consolidated financial statements, including the notes thereto, as of and for the years ended December 31, 2020 and 2019, which have been prepared in accordance with Accounting Practices Adopted by Banks in Brazil, included elsewhere in this Base Prospectus.

The average rates and balances, as well as the profitability indicators shown below, are taken from the tables "Average Balances, Financial Income and Expenses and Average Yields," "Changes in Financial Income and Expenses - Volume and Rate Analysis" and "Net Financial Margin and Spread" under "Other Statistical and Financial Information," contained in this document.

Net income

The following table shows the principal components of our consolidated net income for the years ended December 31, 2020 and 2019.

	For the year ended December 31,		
	2020	2019	Percentage Change
	(R\$ in millions)		(%)
Revenue from financial intermediation.....	99,815	116,292	(14.2)
Expenses from financial intermediation	(43,171)	(44,523)	(3.0)
Net revenue from financial intermediation	56,644	71,769	(21.1)
Expected Credit Loss Associated with Credit Risk expense	(25,164)	(18,721)	34.4
Gross income from financial intermediation.....	31,480	53,049	(40.7)
Other operating income	41,094	43,620	(5.8)
Other operating expense.....	(67,016)	(79,969)	(16.2)
Non operating income / (expense)	(466)	(520)	(10.3)
Income tax and social contribution	11,652	6,554	77.8
Non-controlling interest in subsidiaries	(197)	(151)	30.5
Net income.....	16,547	22,583	(26.7)

Net income decreased by 26.7% to R\$16.5 billion for the year ended December 31, 2020 compared to R\$22.6 billion for the year ended December 31, 2019.

Our return on average shareholders' equity decreased to 12.2% for the year ended December 31, 2020 from 17.3% for the year ended December 31, 2019. Return on average shareholders' equity is calculated as net income earned during the accounting period divided by our average shareholders' equity. The average shareholders' equity is calculated as the sum of the equity monthly averages divided by the number of months during the period (the equity monthly average for each month is calculated as the sum of the current and previous equity month-end balances, divided by two).

Our return on average total assets decreased to 1.1% for the year ended December 31, 2020 from 1.7% for the year ended December 31, 2019. Return on average total assets is calculated as net income earned during the accounting period divided by our average total assets. The average total assets are calculated as the sum of the monthly averages of assets divided by the number of months during the period (the assets monthly average for each month is calculated as the sum of the current and previous assets month-end balances, divided by two).

The principal components of our net income are discussed further below.

Management's Discussion and Analysis of Financial Condition and Result of Operations

Revenues from Financial Intermediation

The following table shows the principal components of our consolidated revenues from financial intermediation for the years ended December 31, 2020 and 2019.

	For the year ended December 31,		Percentage Change (%)
	2020	2019	
	(R\$ in millions)		
Revenues from financial intermediation			
Loans, leases and sale or transfer of financial assets	73,849	74,711	(1.2)
Securities, derivative financial instruments and financial income from insurance, pension plans and capitalization bonds ⁽¹⁾	12,575	27,638	(54.5)
Interbank investments	6,644	7,202	(7.7)
Foreign exchange operations	4,723	2,413	95.7
Reserve requirements	2,023	4,327	(53.2)
Total	99,815	116,292	(14.2)

(1) Income from insurance, pension plans and capitalization bonds consider expenses with adjustment for inflation and interest on technical provisions for insurance, pension plans and capitalization bonds.

Revenues from financial intermediation decreased by 14.2% to R\$99.8 billion for the year ended December 31, 2020 from R\$116.3 billion for the year ended December 31, 2019. The principal components of our revenues from financial intermediation are discussed in detail below.

Income from loans, leases and sale or transfer of financial assets

Income from loans, leases and sale or transfer of financial assets decreased by 1.2% to R\$73.8 billion for the year ended December 31, 2020 from R\$74.7 billion for the year ended December 31, 2019.

This was primarily due to a decrease in the average yield/rate earned to 17.7% in the annualized average yield/rate earned for the year ended December 31, 2020, from 18.9% for the year ended December 31, 2019, decreasing our revenues by R\$4.9 billion, justified by the increased competition in the products we offer leading us to offer more competitive rates. This includes a decrease in income from leases to R\$156 million for the year ended December 31, 2020, from R\$260 million for the year ended December 31, 2019.

This decrease was partially offset by: (i) an increase in the monthly average balance of our loans and leases, to R\$417.5 billion for the year ended December 31, 2020, from R\$395.7 billion for the year ended December 31, 2019, increasing our revenues by R\$4.0 billion; (ii) a decrease in the loss from the sale or transfer of financial assets resulting in a loss of R\$945 million for the year ended December 31, 2020, from a loss of R\$1.4 billion for the year ended December 31, 2019.

The principal components of the increase in the monthly average balance of our loans and leases were: (i) an increase in our loans to individuals, which increased by 11.3% to R\$256.4 billion for the year ended December 31, 2020, from R\$230.4 billion for the year ended December 31, 2019, with emphasis on operations related to real estate financings, credit cards and payroll-deductible loans, which presented significant increases in the period; and (b) an increase in our loans to companies, which increased by 12.9% to R\$241.1 billion for the year ended December 31, 2020, from R\$213.6 billion for the year ended December 31, 2019, with emphasis on financings and on-lendings, discounted trade receivables and loans.

Income from securities, derivative financial instruments and financial income from insurance, pension plans and capitalization bonds

Income from securities, derivative financial instruments and financial income from insurance, pension plans and capitalization bonds decreased by 54.5% to R\$12.6 billion for the year ended December 31, 2020 from R\$27.6 billion for the year ended December 31, 2019.

Management's Discussion and Analysis of Financial Condition and Result of Operations

This was primarily due to: (i) a decrease in the annualized average yield/rate earned on our securities and derivative instruments, to 5.4% for the year ended December 31, 2020 from 8.3% for the year ended December 31, 2019, which decreased our revenues by R\$16.3 billion; and (ii) a decrease in financial income from insurance, pension plans and capitalization bonds to R\$5.2 billion for the year ended December 31, 2020 from R\$8.1 billion for the year ended December 31, 2019, which was impacted mainly by the behavior of the IPCA and IGP-M economic-financial indexes, affecting the correction of the technical provisions, in addition to the reduction in the billing and the increase in the claims ratio driven by the gradual resumption of elective procedures under the Bradesco health insurance and indemnifiable events due to the repressed demand during the period of social isolation as a result of the COVID-19 pandemic.

This decrease was partially offset by an increase in the monthly average balance of securities and derivative instruments to R\$572.5 billion for the year ended December 31, 2020 from R\$538.4 billion for the year ended December 31, 2019, increasing our revenues by R\$2.7 billion.

Income from interbank investments

Our income from interbank investments decreased by 7.7% to R\$6.6 billion for the year ended December 31, 2020, from R\$7.2 billion for the year ended December 31, 2019, primarily due a decrease in the annualized average yield/rate earned to 3.8% for the year ended December 31, 2020, from 7.4% for the year ended December 31, 2019, mainly due to a decrease in the inter-bank certificates of deposit (*Certificado de Depósito Interbancário*) (“**CDI**”) interest rate from 5.96% to 2.76% in the same period, decreasing our revenues by R\$4.5 billion.

This decrease was partially offset by an increase in the monthly average balance of our interbank investments to R\$173.1 billion for the year ended December 31, 2020 from R\$97.3 billion for the year ended December 31, 2019, which increased our revenues by R\$3.9 billion;

Income from foreign exchange operations

Our income from foreign exchange operations increased by 95.7% to R\$4.7 billion for the year ended December 31, 2020, from R\$2.4 billion for the year ended December 31, 2019. Considering the adjustments for presentational purposes made in accordance with CMN Resolution No. 4,720/19 and Central Bank Circular No. 3,959/19 our income from foreign exchange operations increased by 64.3% to R\$1.8 billion for the year ended December 31, 2020, from R\$1.1 billion for the year ended December 31, 2019, mainly due to the effect of exchange rate fluctuations on our investments denominated in foreign currencies such as the U.S. dollar, which showed a fluctuation in the commercial exchange rate from a rate of 4.02% for the year ended December 31, 2019 to 28.93% for the year ended December 31, 2020.

For more information regarding our foreign exchange operations and the effects of exchange rates, see “—Certain Factors Affecting Our Financial Performance—Effects of Interest Rates and Devaluation/Appreciation of the Real on our Net Interest Income” and note 10(a) to our consolidated financial statements as of and for the years ended December 31, 2020 and 2019, which are included elsewhere in this Base Prospectus.

Revenue from reserve requirements

Revenue from reserve requirements with the Central Bank decreased by 53.2% to R\$2.0 billion for the year ended December 31, 2020 from R\$4.3 billion for the year ended December 31, 2019. This decrease was primarily due to: (i) a decrease in the monthly average balance of the reserves to R\$72.5 billion for the year ended December 31, 2020 from R\$79.8 billion for the year ended December 31, 2019, decreasing our revenues by R\$363 million; and (ii) a decrease in the annualized average yield/rate earned, which decreased to 2.8% for the year ended December 31, 2020 from 5.4% for the year ended December 31, 2019, decreasing our revenues by R\$1.9 billion, partially due to the effect of fluctuations in the SELIC rate which decreased from 4.5% to 2.0% in the period.

Management's Discussion and Analysis of Financial Condition and Result of Operations

Financial intermediation expenses

The following table shows the principal components of our consolidated financial intermediation expenses for the years ended December 31, 2020 and 2019.

	For the year ended December 31,		Percentage Change (%)
	2020 (R\$ in millions)	2019	
Financial intermediation expenses			
Retail and professional market funding	25,672	37,854	(32.2)
Borrowing and on-lending.....	17,499	6,669	-
Total	43,171	44,523	(3.0)

Financial intermediation expenses decreased by 3.0% to R\$43.2 billion for the year ended December 31, 2020 from R\$44.5 billion for the year ended December 31, 2019. The principal components of our financial intermediation expenses are discussed further below.

Interest expenses on retail and professional market funding

Interest expenses on retail and professional market funding decreased by 32.2% to R\$25.7 billion for the year ended December 31, 2020 from R\$37.9 billion for the year ended December 31, 2019.

The average yield/rate paid on retail and professional market funding operations (consisting of savings deposits, interbank deposits, time deposits, securities sold under agreements to repurchase, subordinated debt and securities issued) decreased to 3.0% for the year ended December 31, 2020 from 5.3% for the year ended December 31, 2019, decreasing our expenses by R\$17.5 billion, primarily due to a decrease in the interbank CDI interest rate indicator from 5.96% to 2.76% in the same period.

This decrease was partially offset by an increase in the monthly average balance of retail and professional market funding operations to R\$863.1 billion for the year ended December 31, 2020 from R\$707.9 billion for the year ended December 31, 2019, increasing our expenses by R\$5.3 billion.

Interest expenses on borrowings and on-lendings

Interest expenses on borrowings and on-lendings increased to R\$17.5 billion for the year ended December 31, 2020 from R\$6.7 billion for the year ended December 31, 2019. Our interest expenses on borrowings and on-lendings are impacted by the fluctuation of the *real* against the U.S. dollar, as part of our borrowings are denominated in U.S. dollars.

This increase was primarily due to an increase in the average yield/rate paid, which increased to 30.2% for the year ended December 31, 2020 from 12.4% for the year ended December 31, 2019, increasing our expenses by R\$10.3 billion; (ii) an increase in the monthly average balance of borrowings and on-lendings to R\$58.0 billion for the year ended December 31, 2020 from R\$53.9 billion for the year ended December 31, 2019, increasing our expenses by R\$541 million. The higher expense in the year ended December 31, 2020 is primarily explained by the significant devaluation of the *real* against the U.S. dollar during the year ended December 31, 2019, depreciating by 4.02% in 2019 compared to a depreciation of 28.93% in 2020.

For more information on our sources of funding see “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Liquidity—Funding.”

Management's Discussion and Analysis of Financial Condition and Result of Operations

Expected Credit Loss Associated with Credit Risk expense

	For the year ended December 31,		
	2020	2019	Percentage Change
	(R\$ in millions)		(%)
Expected Credit Loss Associated with Credit Risk expense	25,164	18,721	34.4
Total	25,164	18,721	34.4

Expected Credit Loss Associated with Credit Risk expense

Expected credit loss associated with credit risk expense increased by 34.4% to R\$25.2 billion for the year ended December 31, 2020 from R\$18.7 billion for the year ended December 31, 2019. This increase was primarily due to: (i) a provision related to expected losses in a possible adverse economic scenario, in the amount of R\$9.1 billion, allocated in the supplementary provision and in the specific and generic provisions to absorb the impacts of a worsening scenario in light of the on-going COVID-19 pandemic which could result in an increase in the level of defaults, as a result of the potential bankruptcy of companies, an increase in the unemployment rate, as well as the degradation of the value of guarantees; and (ii) the increase in total loans (during the year ended December 31, 2020 our loan portfolio increased by 12.5%), as the result of: (a) the strong growth acceleration in loans to individuals from 11.3% in the year, driven mainly by the products of payroll-deductible loans and real estate financing; and (b) an increase in loans to companies from 12.9% in the year, mainly due to growth in the SMEs Portfolio.

The balance of our expected credit loss associated with credit risk expense was R\$45.2 billion as of December 31, 2020, consisting of R\$34.7 billion for provisions required by the Central Bank and an additional provision of R\$10.5 billion.

Our coverage ratios of loans overdue more than 60 days and 90 days were 310.6% and 402.8%, respectively, which we believe provide adequate coverage. We determine our coverage ratio by dividing the total balance of expected credit losses associated with credit risk by the balance of loans more than 60 days overdue and more than 90 days overdue, respectively. Our coverage ratios of loans overdue more than 90 days with renegotiated portfolio was 117.6% (calculated by dividing the total balance of expected credit losses associated with credit risk by the balance of loans more than 90 days overdue plus the balance of renegotiated loans) and our coverage ratios of loans overdue more than 90 days excluding operations 100% provisioned was 955.0%.

Gross income from financial intermediation

Gross income from financial intermediation decreased by 40.7% to R\$31.5 billion for the year ended December 31, 2020 from R\$53.0 billion for the year ended December 31, 2019. This decrease was primarily attributable to a decrease of 14.2% in revenue from financial intermediation for the year ended December 31, 2020, compared to the year ended December 31, 2019.

Total other operating income

	For the year ended December 31,		
	2020	2019	Percentage Change
	(R\$ in millions)		(%)
Other operating income			
Fee and commission income	18,015	18,803	(4.2)
Income from banking fees	8,217	8,148	0.8
Other income from insurance, pension plans and capitalization bonds	8,099	8,962	(9.6)
Share of profit (loss) of unconsolidated and jointly controlled companies	749	1,204	(37.7)
Other operating income	6,014	6,503	(7.5)
Total	41,094	43,620	(5.8)

Management's Discussion and Analysis of Financial Condition and Result of Operations

Other operating income decreased by 5.8% to R\$41.1 billion for the year ended December 31, 2020 from R\$43.6 billion for the year ended December 31, 2019.

This decrease was primarily due to: (i) a 9.6% decrease in other income from insurance, pension plans and capitalization bonds, which amounted to R\$8.1 billion for the year ended December 31, 2020 compared to R\$9.0 billion for the year ended December 31, 2019; (ii) a 7.5% decrease in other operating income, which amounted to R\$6.0 billion for the year ended December 31, 2020 compared to R\$6.5 billion for the year ended December 31, 2019; and (iii) a 4.2% decrease in fee and commission income, which amounted to R\$18.0 billion for the year ended December 31, 2020 compared to R\$18.8 billion for the year ended December 31, 2019.

This decrease was partially offset by an increase of 0.8% in income from banking fees, which amounted to R\$8.2 billion for the year ended December 31, 2020 compared to R\$8.1 billion for the year ended December 31, 2019.

Fee and commission income / Income from banking fees

Fee and commission income increased in practically all lines in the year, especially due to the gradual resumption of economic activity and the growth of our business. Below are some highlights that influenced the results from fee and commission income / income from banking fees:

- **Card Income:** the value of transactions, R\$192.8 billion in the year ended December 31, 2020, is due to the recovery of the economy, in addition to the higher volume of credit card transactions at the end of 2020, shown in the increase of the volume traded, as well as in the change of the profile of purchases made, since revenues from operations with cards in this period, in general, are higher in the establishments that remained open during the period when restrictions were imposed as result of the COVID-19 pandemic.
- **Checking Account Fees:** the growth reflects the constant evolution of our client base, which increased by 2.2 million new clients in 2020, and contributing to higher business volume. We have strengthened our service offering, through a process of continuous improvement and expanding the variety of products we offer.
- **Asset Management Fees:** the decrease is derived from the review of the asset management fees aiming to adapt them to the new standards of interest rate (SELIC) and the redemptions observed in the asset industry, with emphasis on the fixed income assets referenced by the DI, which concentrate the liquidity reserves of both families and companies, in addition to the lower number of working days. It is worth highlighting the increase in the volume of funds and managed portfolios which reached R\$1.0 billion in the year ended December 31, 2020.
- **Loans Fees:** the increase in the periods was driven by the increase in the volume of loan origination, reflecting the gradual recovery of the economy.
- **Consortium Management:** the revenues from bids and active quotas totaling 1,528 thousand active quotas in December 2020, compared to 1,617 thousand active quotas for the same period in 2019, raised our income by R\$1.9 billion in the year of 2020. The increase is a reflection of the strong presence of Bradesco Consórcios in its branches of activity, maintaining its position as the leader in the market. It is worth highlighting sales to individuals originated on mobile digital channels and internet banking, which totaled a revenue of R\$391 million in 2020, operating in market niches such as agribusiness and real estate. We also highlight sales in digital channels to companies, with revenue of R\$444 million. With a comprehensive portfolio of products to meet all market segments, 201,477 clients were included with letters of credit paid in 2020, reaching the sum of R\$8.7 billion.

Management's Discussion and Analysis of Financial Condition and Result of Operations

- **Custody and Brokerage Services:** the positive variation in the periods is related to the higher trading volumes on the stock exchanges with emphasis on the performance of transactions carried out through Ágora Corretora.
- **Underwriting / Financial Advisory Services:** the increase in the period is related to the volatility of the capital market activity combined with our ability to capture business opportunities.

Other income from insurance, pension plans and capitalization bonds

The 9.6% decrease in other income from insurance, pension plans and capitalization bonds was primarily due to: (i) an 11.5% decrease in income from pension plan contributions (including VGBL), which lowered our income by R\$3.4 billion, due to a decrease in written premiums in life and pensions plans; and (ii) 18.0% decrease in capitalization bond income, which lowered our income by R\$1.1 billion, due to a decrease in written premiums in capitalizations bonds.

Other operating income

The 7.5% decrease in other operating income was primarily due to: (i) other financial income, which decreased our income by R\$725 million; (ii) revenues from recovery of charges and expenses, which decreased our income by R\$171 million; and (iii) other, which decreased our income by R\$170 million.

Total other operating expenses

	For the year ended December 31,		
	2020	2019	Percentage Change
	(R\$ in millions)		(%)
Other operating expenses			
Personnel expenses.....	19,161	21,400	(10.5)
Other administrative expenses.....	19,316	20,236	(4.5)
Tax expenses.....	6,049	6,858	(11.8)
Expenses with provisions	2,553	9,443	(73.0)
Other expenses.....	19,938	22,032	(9.5)
Total	67,016	79,969	(16.2)

Other operating expenses decreased by 16.2% to R\$67.0 billion for the year ended December 31, 2020, from R\$80.0 billion for the year ended December 31, 2019 as a result of the factors set out below.

Personnel expenses

The decrease of 10.5% in personnel expenses to R\$19.2 billion for the year ended December 31, 2020 from R\$21.4 billion for the year ended December 31, 2019, resulted mainly from the reduction of the workforce, lower expenses with provision for labor claims and management and employee profit sharing. It is worth noting that the effect of our 2020 collective bargaining agreement was an increase of 1.5% in salaries.

Other administrative expenses

The 4.5% decrease in other administrative expenses to R\$19.3 billion for the year ended December 31, 2020 from R\$20.2 billion for the year ended December 31, 2019, resulted mainly from the actions of our Management to maintain cost control and to improve operational efficiency. It is worth noting that inflation in the year ended December 31, 2020 as measured by the IPCA and the IGP-M was 4.5% and 23.1%, respectively.

Tax expenses

The 11.8% decrease in tax expenses is mainly due to: (i) a decrease in the Contribution for Social Security Financing (COFINS) of R\$778 million; (ii) a decrease in the Social Integration Program (PIS) contribution of R\$132 million; and (iii) a decrease in Tax on Services (ISSQN) of R\$86 million.

Management's Discussion and Analysis of Financial Condition and Result of Operations

Expenses with Provisions

The 73.0% decrease in expenses with provisions was mainly due to: (i) a decrease in labor provisions expenses, in the amount of R\$2.7 billion; (ii) a decrease in civil provisions expenses of R\$2.7 billion; and (iii) a decrease in others, in the amount of R\$1.4 billion.

Other expenses

The 9.5% decrease in other expenses was primarily due to: (i) expenses with other finance costs, a decrease of R\$2.2 billion; (ii) expenses with others, which includes: (a) impairment losses on the acquisition of the right to provide financial services, in the amount of R\$4 million; on software/hardware, in the amount of R\$22 million; and on investment goodwill, in the amount of R\$800 million; and (b) expenses with provisions for restructuring, in the amount of R\$981 million, mainly related to the branch network and staff. On December 31, 2019, it also included expenses with provision for financial guarantees, in the amount of R\$1.3 billion and expenses with provision for contingencies, related to FCVS, in the amount of R\$342 million and other provisions in the amount of R\$696 million; and (iii) expenses with card marketing, in the amount of R\$349 million.

Operating Efficiency Ratio (ER)

Our operating efficiency ratio (ER) reached 46.3%, the best ratio in our history, reflecting our Management's actions to maintain cost control mainly related to the reduction of operating expenses, in addition to the growth of net interest income, despite lower spreads.

Non operating income / (expense)

We recorded a non operating expense of R\$466 million for the year ended December 31, 2020, compared to a non-operating expense of R\$520 million for the year ended December 31, 2019.

This variation was primarily attributable to: (i) a decrease of 30.5% in losses on sale and write-off of assets and investments, which decreased to a loss of R\$240 million for the year ended December 31, 2020 from a loss of R\$345.0 million for the year ended December 31, 2019; and (ii) a decrease of 66.1% in recording/reversal of non-operating provisions (includes primarily an allowance for non-use assets (BNDU)), which decreased to R\$80 million for the year ended December 31, 2020 from R\$236 million for the year ended December 31, 2019.

Income tax

	For the year ended December 31,		
	2020	2019	Percentage Change
	(R\$ in millions)		(%)
Income before income tax and social contribution	5,091	16,179	(68.5)
Total burden of income tax and social contribution at the current rates	(2,291)	(6,472)	(64.6)
Effect on the tax calculation:			
Equity investment in unconsolidated and jointly controlled companies	337	481	(30.0)
Net non-deductible expenses of non-taxable income	8	674	(98.8)
Interest on shareholders' equity (paid and payable)	2,497	2,949	(15.3)
Other amounts ⁽¹⁾	11,101	8,922	24.4
Income tax and social contribution for the year	11,652	6,554	77.8

(1) Primarily, includes: (i) the exchange rate variation of assets and liabilities, derived from investments abroad in the amount of R\$10.0 billion, (R\$935 million in 2019) and in the second half of 2020 in the amount of R\$ (633) million; (ii) the equalization of the effective rate of non-bank financial companies and insurance companies, starting in 2020, and of non-financial companies, in relation to that shown; and (iii) incentive deductions.

Income tax amounted to a credit of R\$11.6 billion for the year ended December 31, 2020 compared to a credit of R\$6.6 billion for the year ended December 31, 2019.

Management's Discussion and Analysis of Financial Condition and Result of Operations

This change was primarily due to the effects of additions and deductions on the calculation of taxes, as follows: a change of R\$2.2 billion in other amounts, mainly due to: (a) the exchange rate variations on assets and liabilities, derived from investments abroad; (b) the equalization of the effective rate of non-bank financial companies and insurance companies, starting in 2020, and non-financial companies. For more information see note 3(f) to our consolidated financial statements as of and for the years ended December 31, 2020 and 2019, which are included elsewhere in this Base Prospectus; (c) incentive deductions, and (d) the effect of R\$4.2 billion in the total burden of income tax and social contribution at the current rates, primarily to the increase in the social contribution rate on bank's net income from 15% to 20%, applicable from March 2020.

Results of Operations for the Year Ended December 31, 2019 compared to the Year Ended December 31, 2018

The following discussion should be read in conjunction with our audited consolidated financial statements, including the notes thereto, as of and for the years ended December 31, 2019 and 2018, which have been prepared in accordance with Accounting Practices Adopted by Banks in Brazil, included elsewhere in this Base Prospectus.

The average rates and balances, as well as the profitability indicators shown below, are taken from the tables "Average Balances, Financial Income and Expenses and Average Yields" "Changes in Financial Income and Expenses - Volume and Rate Analysis" and "Net Financial Margin and Spread" under "Other Statistical and Financial Information," contained in this document.

Net income

The following table shows the principal components of our consolidated net income for the years ended December 31, 2019 and 2018.

	For the years ended December 31,		
	2019	2018	Percentage Change
	(R\$ in millions)		(%)
Revenue from financial intermediation	133,222	125,612	6.1
Expenses from financial intermediation	(80,174)	(79,004)	1.5
Gross income from financial intermediation.....	53,049	46,608	13.8
Other operating income.....	112,257	106,374	5.5
Other operating expense.....	(148,606)	(128,164)	15.9
Non-operating income (loss).....	(520)	(871)	(40.3)
Income tax and social contribution	6,554	(4,697)	-
Non-controlling interest in subsidiaries	(151)	(165)	(8.5)
Net income.....	22,583	19,085	18.3

Net income increased by 18.3% to R\$22.6 billion for the year ended December 31, 2019 compared to R\$19.1 billion for the year ended December 31, 2018.

Our return on average shareholders' equity increased to 17.3% for the year ended December 31, 2019 from 16.6% for the year ended December 31, 2018. Return on average shareholders' equity is calculated as net income earned during the accounting period divided by our average shareholders' equity. The average shareholders' equity is calculated as the sum of the equity monthly averages divided by the number of months during the period (the equity monthly average for each month is calculated as the sum of the current and previous equity month-end balances, divided by two).

Our return on average total assets increased to 1.7% for the year ended December 31, 2019 from 1.5% for the year ended December 31, 2018. Return on average total assets is calculated as net income earned during the accounting period divided by our average total assets. The average total assets are calculated as the sum of the monthly averages of assets divided by the number of months during the period (the assets monthly average for each month is calculated as the sum of the current and previous assets month-end balances, divided by two).

The principal components of our net income are discussed further below.

Management's Discussion and Analysis of Financial Condition and Result of Operations

Revenues from Financial Intermediation

The following table shows the principal components of our consolidated revenues from financial intermediation for the years ended December 31, 2019 and 2018.

	For the years ended December 31,		Percentage Change (%)
	2019	2018	
	(R\$ in millions)		
Revenues from financial intermediation			
Loans, leases and sale or transfer of financial assets	74,711	70,094	6.6
Securities, derivative financial instruments and financial income from insurance, pension plans and capitalization bonds.....	44,569	40,582	9.8
Interbank investments.....	7,202	9,312	(22.7)
Foreign exchange operations.....	2,413	1,657	45.6
Reserve requirements	4,327	3,967	9.1
Total	133,222	125,612	6.1

Revenues from financial intermediation increased by 6.1% to R\$133.2 billion for the year ended December 31, 2019 from R\$125.6 billion for the year ended December 31, 2018. The principal components of our revenues from financial intermediation are discussed in detail below.

Income from loans, leases and sale or transfer of financial assets

Income from loans, leases and sale or transfer of financial assets increased by 6.6% to R\$74.7 billion for the year ended December 31, 2019 from R\$70.1 billion for the year ended December 31, 2018.

This increase was primarily due to an increase in the monthly average balance of our interest-earning loans, leases and sale or transfer of financial assets, to R\$395.7 billion for the year ended December 31, 2019, from R\$348.2 billion for the year ended December 31, 2018, increasing our revenues by R\$9.2 billion. The principal components of this were: (a) an increase in our loans to individuals, which increased by 19.5% to R\$230.4 billion for the year ended December 31, 2019, from R\$192.9 billion for the year ended December 31, 2018, with emphasis on consumer financing (personal loans, payroll-deductible loans, vehicle loans and credit cards), real estate financing and rural loans, which presented significant increases in the period; and (b) an increase in our loans to companies, which increased by 4.4% to R\$213.6 billion for the year ended December 31, 2019, from R\$204.7 billion for the year ended December 31, 2018, with emphasis on discounted trade receivables and loans, financing and leases.

This increase was partially offset by: (a) a decrease to 18.9% in the average yield/rate earned for the year ended December 31, 2019, from 20.1% for the year ended December 31, 2018, decreasing our revenues by R\$4.5 billion, justified by the increased competition in the products we offer which has led us to offer more competitive rates; and (b) a decrease in income from the sale or transfer of financial assets resulting in an expense of R\$1.4 billion for the year ended December 31, 2019, from a revenue of R\$19.7 million for the year ended December 31, 2018, increasing our expenses by R\$1.4 billion, due mainly to the sale of active operations portfolios in 2019.

Income from securities, derivative financial instruments and financial income from insurance, pension plans and capitalization bonds

Income from securities, derivative financial instruments and financial income from insurance, pension plans and capitalization bonds increased by 9.8% to R\$44.6 billion for the year ended December 31, 2019 from R\$40.6 billion for the year ended December 31, 2018.

This was primarily due to: (i) an increase in the average yield/rate earned to 8.3% for the year ended December 31, 2019 from 8.0% for the year ended December 31, 2018, which increased our revenues by R\$1.5 billion; (ii) an increase in the monthly average balance of securities and derivative instruments to R\$538.4 billion for the year ended December 31, 2019 from R\$507.7 billion for the year ended December 31, 2018, increasing our revenues by R\$2.5 billion; and (iii) an increase in income from insurance, pension plans and capitalization bonds, in the amount

Management's Discussion and Analysis of Financial Condition and Result of Operations

of R\$102 million, primarily due to the improved performance of operation with variable income and multimarket and with our investments indexed to the Extended Consumer Price Index (IPCA).

This increase was partially offset by a decrease in revenue from fixed income securities, in the amount of R\$928 million, primarily due the impairment losses of financial assets (mostly debentures), in the amount of R\$2.1 billion, net of constitution/reversal.

Income from interbank investments

Our income from interbank investments decreased 22.7% to R\$7.2 billion for the year ended December 31, 2019, from R\$9.3 billion for the year ended December 31, 2018, primarily due to: (i) a decrease in the monthly average balance of our interbank investments to R\$97.3 billion for the year ended December 31, 2019 from R\$118.1 billion for the year ended December 31, 2018, which decreased our revenues by R\$1.6 billion; and (ii) a decrease in the average yield/rate earned to 7.4% for the year ended December 31, 2019, from 7.9% for the year ended December 31, 2018, primarily due to a decrease in the inter-bank certificates of deposit (*Certificado de Depósito Interbancário*) (“CDI”) interest rate from 6.42% to 5.96% in the same period, decreasing our revenues by R\$543 million.

Income from foreign exchange operations

Our income from foreign exchange operations increased by 45.6% to R\$2.4 billion for the year ended December 31, 2019, from R\$1.7 billion for the year ended December 31, 2018. Considering the adjustments for presentation purposes, our income from foreign exchange operations decreased by 17.9% to R\$1.1 billion for the year ended December 31, 2019, from R\$1.4 billion for the year ended December 31, 2018, mainly due to the effect of exchange rate fluctuations on our investments which are denominated in foreign currencies.

For more information regarding our foreign exchange operations and the effects of exchange rates, see “—Certain Factors Affecting Our Financial Performance—Effects of Interest Rates and Devaluation/Appreciation of the Real on our Net Interest Income” and note 10(a) to our consolidated financial statements as of and for the year ended December 31, 2019 and 2018, which are included elsewhere in this Base Prospectus.

Revenue from reserve requirements

Revenue from reserve requirements with the Central Bank increased by 9.1% to R\$4.3 billion for the year ended December 31, 2019 from R\$4.0 billion for the year ended December 31, 2018. This increase was primarily due to an increase in the monthly average balance of the reserves to R\$79.8 billion for the year ended December 31, 2019 from R\$69.4 billion for the year ended December 31, 2018, increasing our revenues by R\$570 million.

This increase was partially offset by a decrease in the average yield/rate earned, which decreased to 5.4% for the year ended December 31, 2019 from 5.7% for the year ended December 31, 2018, decreasing our revenues by R\$211 million.

Financial intermediation expenses

The following table shows the principal components of our consolidated financial intermediation expenses for the years ended December 31, 2019 and 2018.

	For the years ended December 31,		
	2019	2018	Percentage Change
	(R\$ in millions)		(%)
Financial intermediation expenses			
Retail and professional market funding	37,854	39,468	(4.1)
Borrowing and on-lending.....	6,669	7,945	(16.1)
Adjustment for inflation and interest on technical provisions for insurance, pension plans and capitalization bonds.....	16,930	13,366	26.7

Management's Discussion and Analysis of Financial Condition and Result of Operations

	For the years ended December 31,		Percentage Change
	2019	2018	
	(R\$ in millions)		(%)
Allowance for loan losses.....	18,721	18,225	2.7
Total	80,174	79,004	1.5

Financial intermediation expenses increased by 1.5% to R\$80.2 billion for the year ended December 31, 2019 from R\$79.0 billion for the year ended December 31, 2018. The principal components of our financial intermediation expenses are discussed further below.

Interest expenses on retail and professional market funding

Interest expenses on retail and professional market funding decreased by 4.1% to R\$37.9 billion for the year ended December 31, 2019 from R\$39.5 billion for the year ended December 31, 2018.

The average yield/rate paid on retail and professional market funding operations (consisting of savings deposits, interbank deposits, time deposits, securities sold under agreements to repurchase, subordinated debt and funds from issuance of securities) decreased to 5.3% for the year ended December 31, 2019 from 5.9% for the year ended December 31, 2018, decreasing our expenses by R\$3.0 billion, due to a decrease in the interbank CDI interest rate indicator from 6.42% to 5.96% in the same period.

This decrease was partially offset by an increase in the monthly average balance of retail and professional market funding operation to R\$707.9 billion for the year ended December 31, 2019 from R\$667.7 billion for the year ended December 31, 2018, increasing our expenses by R\$1.4 billion.

Interest expenses on borrowings and on-lendings

Interest expenses on borrowings and on-lendings decreased by 16.1% to R\$6.7 billion for the year ended December 31, 2019 from R\$7.9 billion for the year ended December 31, 2018.

Our interest expenses on borrowings and on-lendings are impacted by the fluctuation of the *real* against the U.S. dollar, as part of our borrowings are denominated in U.S. dollars.

This decrease was primarily due to: (i) a decrease in the average yield/rate paid, which decreased to 12.4% for the year ended December 31, 2019 from 15.4% for the year ended December 31, 2018, decreasing our expenses by R\$1.6 billion; and (ii) a decrease in net interest expenses on borrowings to R\$3.1 million for the year ended December 31, 2019, from R\$5.3 billion for the year ended December 31, 2018, primarily explained by a decrease in the interest expense on overseas borrowing, due to the foreign exchange rate changes in the period. The lower expense in the year ended December 31, 2019 is primarily explained by the significant devaluation of the *real* against the U.S. dollar during the year ended December 31, 2018, depreciating by 17.83% in 2018 compared to a depreciation of 4.02% in 2019.

This decrease was partially offset by an increase in the monthly average balance of borrowings and on-lendings to R\$53.9 billion for the year ended December 31, 2019 from R\$51.5 billion for the year ended December 31, 2018, increasing our expenses by R\$364.0 million.

For more information on our sources of funding see “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Liquidity—Funding.”

Adjustment for inflation and interest on technical provisions for insurance, pension plans and capitalization bonds

Adjustment for inflation and interest on technical provisions for insurance, pension plans and capitalization bonds increased by 26.7% to R\$16.9 billion for the year ended December 31, 2019 from R\$13.4 billion for the year ended December 31, 2018.

Management's Discussion and Analysis of Financial Condition and Result of Operations

This increase was primarily due to: (i) an increase in the average yield/rate paid on our technical provisions for insurance, pension plans and capitalization bonds to 6.4% for the year ended December 31, 2019, from 5.3% for the year ended December 31, 2018, increasing our expenses by R\$2.9 billion; and (ii) an increase in the monthly average balance of our technical provisions for insurance, pension plans and capitalization bonds to R\$265.5 billion for the year ended December 31, 2019, from R\$252.8 billion for the year ended December 31, 2018, increasing our expenses by R\$700 million. This result partially reflects the movement of the IPCA and IGP-M price indices, as the value of certain of our assets are linked to these indices.

Allowance for loan losses

Allowance for loan losses increased by 2.7% to R\$18.7 billion for the year ended December 31, 2019 from R\$18.2 billion for the year ended December 31, 2018. This increase was primarily due to: an increase in total loans (during the last twelve months, the loan portfolio increased by 11.3%), particularly in our individual loan portfolio, which increased by 19.5% in the same period.

The balance of our allowance for loan losses was R\$36.6 billion as of December 31, 2019, composed of R\$29.8 billion for provisions required by the Central Bank and an additional provision of R\$6.9 billion.

Our coverage ratios of the allowance for loan losses for loans overdue more than 60 days and 90 days were 193.6% and 244.9%, respectively, which we believe provide adequate coverage. We determine our coverage ratios of the allowance for loan losses for loans overdue more than 60 days and 90 days by dividing the allowance for loan losses by loans more than 60 days and 90 days overdue, respectively.

Gross income from financial intermediation

Gross income from financial intermediation increased by 13.8% to R\$53.0 billion for the year ended December 31, 2019 from R\$46.6 billion for the year ended December 31, 2018. This increase was primarily attributable to an increase of 6.1% in revenue from financial intermediation for the year ended December 31, 2019, compared to the year ended December 31, 2018

Other operating income

	For the years ended December 31,		
	2019	2018	Percentage Change
	(R\$ in millions)		(%)
Other operating income			
Fee and commission income	26,951	25,220	6.9
Retained premium from insurance, pension plans and capitalization bonds.....	77,599	72,477	7.1
Share of profit (loss) of unconsolidated and jointly controlled companies	1,204	1,619	(25.6)
Other operating income	6,503	7,059	(7.9)
Total	112,257	106,374	5.5

Other operating income increased by 5.5% to R\$112.3 billion for the year ended December 31, 2019 from R\$106.4 billion for the year ended December 31, 2018.

This increase was primarily due to: (i) a 7.1% increase in retained premium from insurance, pension plans and capitalization bonds, which amounted to R\$77.6 billion for the year ended December 31, 2019 compared to R\$72.5 billion for the year ended December 31, 2018; and (ii) a 6.9% increase in fee and commission income, which amounted to R\$26.6 billion for the year ended December 31, 2019 compared to R\$25.2 billion for the year ended December 31, 2018.

This increase was partially offset by a decrease of 7.9% in other operating income, which amounted to R\$6.5 billion for the year ended December 31, 2019 compared to R\$7.1 billion for the year ended December 31, 2018.

Management's Discussion and Analysis of Financial Condition and Result of Operations

Fee and commission income

Fee and commission income increased in the period, with emphasis on growth of income from credit cards, reflecting the higher volume of transactions; income from consortium management justified by an increase in revenues from bids and active quotas, income from the checking accounts, driven by the increase in the number of checking account holders and income from custody and brokerage services and Underwriting / Financial Advisory services:

We set out below the highlights behind the increase in fee and commission income in the period:

- Checking Account: the growth in the checking account holders' base, with an increase of 1.8 million checking accounts in the period. The performance has been evidenced by the improvement in the management of the portfolio of services provided, highlighting the continuous process of improvement and expansion in the variety of products offered with emphasis on strengthening the management of the portfolio of services.
- Card Income: there were increases in (i) the value of transactions, which increased by 8.9%, reaching R\$205.8 billion for the year ended December 31, 2019, and (ii) the volume of transactions, which increased by 7.5%, reaching 2,262.9 billion for the year ended December 31, 2019.
- Consortium Management: an increase in revenues from bids, and increase of active quotas totaling 1,617 thousand active quotas in December 2019, compared to 1,504 thousand active quotas for the same period in 2018, increasing our income by R\$236 million. Among the various actions aimed at optimizing the results, we note the review of the portfolio for a more customized offer, with differentiated terms and rates for each business segment, and the improvement of the digital features, which are reflected in the increase of this line, highlighting that Bradesco Consórcios continues leading in the segments in which it operates (real estate, auto and trucks).
- Underwriting / Financial Advisory Services: the increase in the period is due to the increase in activity of capital markets, mainly in structured operations and fixed income.
- Custody and Brokerage Services: the increase in the period is due to the increase in total assets under custody and higher volumes traded at B3.

Retained premium from insurance, pension plans and capitalization bonds

The 7.1% increase in retained premium from insurance, pension plans and capitalization bonds was primarily due to: (i) an 8.0% increase in income from written premiums, mainly related to life and pension plans, which increased our income by R\$1.2 billion and to health insurance, which increased our income by R\$543.0 million; and (ii) an 4.8% increase in income from pension plan contributions (including VGBL), which increased our income by R\$1.3 billion.

Other operating income

The 7.9% decrease in other operating income was primarily due to the reversal of other operating provisions, which decreased our income by R\$788.0 million. This decrease was partially offset by an increase in revenues from recovery of charges and expenses, which increased our income by R\$205.0 million.

Management's Discussion and Analysis of Financial Condition and Result of Operations

Other operating expenses

	For the year ended December 31,		Percentage Change
	2019	2018	
	(R\$ in millions)		(%)
Other operating expenses			
Variation in technical provisions for insurance, pension plans and capitalization bonds	(31,884)	(29,401)	8.4
Retained claims.....	(27,796)	(26,019)	6.8
Capitalization bonds prize draws and redemptions.....	(5,677)	(5,470)	3.8
Selling expenses from insurance, pension plans and capitalization bonds.....	(3,280)	(3,225)	1.7
Payroll and related benefits	(24,783)	(19,131)	29.5
Other administrative expenses.....	(20,236)	(19,439)	4.1
Tax expenses.....	(6,858)	(6,097)	12.5
Other expenses.....	(28,092)	(19,382)	44.9
Total	(148,606)	(128,164)	15.9

Other operating expenses increased by 15.9% to R\$148.6 billion for the year ended December 31, 2019, from R\$128.2 billion for the year ended December 31, 2018 as a result of the factors set out below.

Variation in technical provisions for insurance, pension plans and capitalization bonds

Technical provisions for insurance, pension plans and capitalization bonds increased by 8.4% to R\$31.9 billion for the year ended December 31, 2019 from R\$29.4 billion for the year ended December 31, 2018, mainly due to an increase of 8.4% in the volume of our technical provisions, mainly related to capitalization bonds and life and pension plan products.

Retained claims

The increase of 6.8% in retained claims to R\$27.8 billion for the year ended December 31, 2019 from R\$26.0 billion for the year ended December 31, 2018 is largely due to the higher claims ratio related to the health segment, due to the increased use of health insurance during the period.

Payroll and related benefits

The increase of 29.5% in payroll and related benefits to R\$24.8 billion for the year ended December 31, 2019 from R\$19.1 billion for the year ended December 31, 2018 was primarily due to: (i) the higher spending on payroll, benefits and social security charges, due to the effects of the collective bargaining agreement of 2019/2020, (a readjustment of 4.3%), and the headcount increase of 1,276 employees, particularly employees working in the business area, highlighting the new digital branches, Bradesco Next and digital transformations teams, developments that were partially offset by the Voluntary Severance Program ("PDV 2019"); and (ii) the growth of variable expenses with employee profit sharing, such as the implementation this year of a variable compensation program directed towards the employees from the branch network, as well as the higher investments in training and the R\$1.9 billion increase in the provision for labor claims, justified by the refinements to calculation methodology of such provision.

On August 29, 2019, we announced the launch of the PDV 2019, aimed at employees who contributed significantly to our organization throughout their career, and offering a set of benefits to help them outside our organization, in addition to optimizing and making the team structure more flexible according to the best market practices, in order to obtain improvements in productivity indicators. The deadline for enrolment to the program was October 31, 2019, and employees who fit the applicable regulatory requirements were able to join freely and spontaneously. In the year ended December 31, 2019, the total costs were R\$1.8 billion, with 3,418 participating members. It should be noted that dismissals are taking place on a scheduled basis, comprising in some cases a period of up to six months from the date of enrollment.

Management's Discussion and Analysis of Financial Condition and Result of Operations

Other expenses

The 44.9% increase in other expenses to R\$28.1 billion for the year ended December 31, 2019 from R\$19.4 billion for the year ended December 31, 2018 was primarily due to an increase of: (i) others, which includes: impairment losses on the acquisition of the right to provide financial services, in the amount of R\$520.0 million; on software/hardware, in the amount of R\$222.0 million; and on investment goodwill, in the amount of R\$983.0 million; (ii) expenses with provisions for financial guarantees, in the amount of R\$1.3 billion, which includes a change to the calculation methodology (review and refinement of the internal models for constituting the provision, resulting in an increase in the amount of R\$1.1 billion in 2019); and (iii) expenses with provision for contingencies, related to FCVS and other provisions, in the amount of R\$342.0 million and other provisions, in the amount of R\$696.0 million; and (iv) expenses with civil, tax and other contingencies, which increased our other expenses by R\$2.6 billion, which includes changes to the calculation methodology (there was a review and refinement of the assumptions and criteria for constitution of labor claims, including proceedings related to economic plans of merged banks, resulting in an additional provision of R\$3.1 billion in 2019).

Non-operating income (loss)

We recorded a non-operating loss of R\$520.0 million for the year ended December 31, 2019, compared to a non-operating loss of R\$871.0 million for the year ended December 31, 2018.

This variation was primarily attributable to: (i) a decrease of 44.0% in losses on sale and write-off of assets and investments, which decreased to a loss of R\$345.0 million for the year ended December 31, 2019 from a loss of R\$615.0 million for the year ended December 31, 2018; and (ii) a decrease of 34.8% in recording/reversal of non-operating provisions (includes primarily an allowance for non-use assets (BNDU)), which decreased to R\$236.0 million for the year ended December 31, 2019 from R\$362.0 million for the year ended December 31, 2018.

Income tax and social contribution

	For the year ended December 31,		
	2019	2018	Percentage Change
	(R\$ in millions)		(%)
Income before income tax and social contribution	16,179	23,947	(32.4)
Total income tax and social contribution at the current rates ⁽¹⁾	(6,472)	(10,776)	(39.9)
Effect on the tax calculation			
Equity investment in unconsolidated and jointly controlled companies	481	728	(33.9)
Net non-deductible expenses of non-taxable income	674	270	-
Interest on shareholders' equity (paid and payable)	2,949	3,284	(10.2)
Other amounts ⁽²⁾	8,922	1,796	-
Income tax and social contribution for the year	6,554	(4,697)	-

⁽¹⁾ Current rates: (i) 25% for income tax; (ii) 20% for the social contribution of financial institutions and companies treated as such, including the insurance segment, and 9% for other companies (see Note 3h to our consolidated financial statements as of and for the year ended December 31, 2019 and 2018, which are included elsewhere in this Base Prospectus); and.

⁽²⁾ Primarily, includes: (i) the exchange rate variation of assets and liabilities, derived from investments abroad; (ii) the effect of R\$6.4 billion, referring to the increase in the social contribution rate on banks' net income from 15% to 20% on temporary differences and negative basis, as established in Constitutional Amendment No. 103 promulgated in November 2019; (iii) incentive deductions; and (iv) equalization of the effective rate of non-financial companies in relation to that shown.

Income tax and social contribution amounted to an income of R\$6.6 billion for the year ended December 31, 2019 compared to an expense of R\$4.7 billion for the year ended December 31, 2018.

This change was primarily due to: (i) the effects of additions and deductions on the calculation of taxes, as follows: a change of R\$7.1 billion in other amounts, mainly due to: (a) the exchange rate variations on assets and liabilities, derived from investments abroad; (b) the effect of R\$6.4 billion, referring to the increase in the social contribution rate on bank's net income from 15% to 20%, applicable from March 2020, on temporary differences and negative basis, as established in Constitutional Amendment No. 103 promulgated in November 2019; (c) incentive

Management's Discussion and Analysis of Financial Condition and Result of Operations

deductions; and (d) equalization of the effective rate of non-financial companies in relation to that shown; and (ii) net non-deductible expenses of non-taxable income, which increased our income tax and social contribution by R\$404.0 million.

Asset and Liability Management

Our policy on credit asset and liability management is to:

- manage interest rate, liquidity, foreign exchange and maturity risks in order to maximize our net income from financial operations and return on assets and equity, considering our internal risk management policies; and
- maintain adequate liquidity and capital levels.

As part of our asset and liability management, we seek to avoid material mismatches between assets and liabilities by matching, to the extent possible, the maturity, currency and interest rate structure of loans we give with terms of the transactions under which we fund these loans. Subject to our policy constraints, we occasionally take mismatched positions in relation to interest rates, maturities and, in more limited circumstances, foreign currencies, when we believe such positions are justified in view of market conditions and prospects.

We monitor the status of our assets and liabilities in accordance with Central Bank requirements and guidelines. The treasury committee of our senior management meets on a weekly basis to:

- present and discuss the transactions conducted by us during the previous week;
- present the exposure in each item of our portfolio, to factors such as fixed rates, floating rates, foreign currency and exchange rates;
- establish exposure limits based on our evaluation of the risks presented by our currency, term and interest rate gap positions and current market volatility levels;
- establish asset allocation and funding policies; and
- decide on the maturity terms of our assets and obligations.

In making such decisions, our senior management evaluates not only our exposure limits for each market segment and product, but also market volatility levels and the extent to which we are exposed to market risk through interest, maturity, liquidity and currency mismatches. It also considers other potential risks as well as the liquidity of the market, our institutional needs and perceived opportunities to profit. The committee holds extraordinary meetings as needed in response to unexpected macroeconomic changes.

In addition, our senior managers receive daily reports on our unmatched and open positions, and the treasury committee assesses our risk position weekly.

The following table sets forth our consolidated assets and liabilities that generate financial income and expenses:

	As of December 31,	
	2020	2019
	(R\$ in millions)	
Assets which generate financial income		
Interbank investments.....	191,147	58,612
Securities and derivatives financial instruments.....	641,313	624,050
Compulsory deposits – Central Bank.....	73,900	83,808

Management's Discussion and Analysis of Financial Condition and Result of Operations

	As of December 31,	
	2020	2019
	(R\$ in millions)	
Loans and leases	509,333	452,942
Total assets which generate financial income	1,415,693	1,219,184
Liabilities which generate financial expenses		
Savings deposits	136,698	114,178
Time and interbank deposits	359,144	215,136
Securities sold under agreement to repurchase	217,108	174,100
Securities issued	144,904	170,728
Borrowings	23,966	29,272
In Brazil – Other Institutions	-	-
Overseas	23,966	29,272
On-lendings	23,815	22,471
In Brazil	23,815	22,471
Subordinated debt	53,246	49,314
Technical provisions for insurance, pension plans and capitalization bonds	284,606	274,765
Total liabilities which generate financial expenses	1,243,487	1,049,964
Excess of assets which generate financial income over liabilities which generate financial expenses	172,206	169,220

	As of December 31,	
	2019	2018
	(R\$ in millions)	
Assets which generate financial income		
Interbank investments	58,612	104,235
Securities and derivatives financial instruments	624,050	563,493
Restricted deposits – Brazilian Central Bank	83,808	81,694
Loans and leases	452,942	406,818
Total assets which generate financial income	1,219,184	1,156,240
Liabilities which generate financial expenses		
Savings deposits	114,178	111,171
Time and interbank deposits	215,136	195,810
Securities sold under agreement to repurchase	174,100	190,912
Funds from issuance of securities	170,728	147,721
Borrowings	29,272	29,681
In Brazil – Other Institutions	-	-
Overseas	29,272	29,681
On-lendings	22,471	25,170
In Brazil	22,471	25,170
Overseas	49,314	-
Subordinated debt	274,765	53,643
Technical provisions for insurance, private pension plans and capitalization bonds	274,765	258,755
Total liabilities which generate financial expenses	1,049,964	1,012,863
Excess of assets which generate financial income over liabilities which generate financial expenses	169,220	143,377

Liquidity

Central Bank requirements for reserve requirements determine our minimum liquidity levels. We retain liquid funds in order to honor withdrawals of deposits, to make repayments at maturity of other liabilities, to extend loans or other forms of credit to our customers and to meet our own working capital needs.

Our primary sources of liquidity are provided by:

- demand, savings, and time deposits, as well as deposits from banks; and

Management's Discussion and Analysis of Financial Condition and Result of Operations

- funding in the open market, borrowings and on-lendings, funds from securities issued and subordinated debt, part of which is denominated in foreign currencies.

Total deposits accounted for 34.4%, 27.1% and 26.6 % of our total liabilities and shareholders' equity as of December 31, 2020, 2019 and 2018, respectively. See “—*Funding*.” In addition, we could access funds from the Central Bank in extraordinary situations, although we have never utilized this source of liquid funds.

We have various liquid assets, including cash and cash equivalents, short-term and marketable investments and interbank accounts. We have used our excess liquidity to invest in marketable securities and intend to continue to do so in the future, subject to regulatory requirements and investment considerations.

Our Treasury Department acts as a support center for our different business units by managing our funding and liquidity positions, as well as operating as an independent profit center. Its responsibility is to set rates in relation to our products, including foreign exchange transactions and interbank transactions. We believe that our Treasury Department is able to maximize the efficient use of our deposit base by investing any surplus in liquid instruments in the interbank market.

Interest Rate Sensitivity

We seek to manage our assets and liabilities to reduce the potential adverse impact on gross income from financial intermediation that might result from changes in interest rates. Interest rate sensitivity is the relationship between market interest rates and income from financial intermediation due to the repricing of assets and liabilities. For any given period, the repricing structure is said to be matched when an equal amount of assets and liabilities reprice in such period. Any excess of assets or liabilities results in a gap. A negative gap denotes liability sensitivity and normally means that we have a potential liquidity risk in respect of such excess liabilities. A positive gap denotes asset sensitivity and normally means that a decline in interest rates would have a negative effect on net financial intermediation income while an increase in interest rates would have a positive effect on net financial intermediation income.

Foreign Currency Position

Our foreign currency position arises primarily through our purchases and sales of foreign exchange contracts (primarily U.S. dollars) with Brazilian exporters and importers, other financial institutions on the interbank market or on the spot and forward currency markets. Our foreign exchange position is reported on a daily basis to the Central Bank. See “Brazilian Financial Services Industry and Regulations—Bank Regulations.” Our foreign currency liabilities are mainly related to foreign currency borrowings and resources from the issuance of securities in the international capital markets. Such proceeds are entirely allocated to U.S. dollar-linked credit operations and investments in securities. As a result, our foreign currency assets are equivalent to our total foreign currency liabilities plus the net assets of our foreign branches. See “Risk Factors—Risks Relating to Banco Bradesco and the Brazilian Banking Industry.”

Capital Expenditures

We have made, and expect to continue to make, significant investments in improving our infrastructure, information technology and telecommunications. These improvements and innovations are designed to maintain and expand our technology infrastructure in order to increase our productivity, accessibility and cost efficiency. Specifically, we have made significant investments in systems development, data processing equipment and other technology designed to further these goals. These expenditures are for systems and technology for use both in our own operations and by customers.

During the year ended December 31, 2020, we made investments in Information Technology (IT) valued at R\$5.9 billion, compared to R\$6.2 billion in the year ended December 31, 2019 and R\$6.1 billion in the year ended December 31, 2018.

Management's Discussion and Analysis of Financial Condition and Result of Operations

Capital Resources and Capital Adequacy

Capital Management

Capital management is carried out in order to provide conditions for achieving our strategic objectives and to support the risks inherent in its activities. Thus, it adopts a prospective stance when preparing its capital plan, anticipating the need for capital for the next three years, as well as establishing contingency procedures and actions to be considered in adverse scenarios.

The governance structure for the capital management and the Internal Capital Adequacy Assessment Process (ICAAP) is composed by committees and its highest level body is our Board of Directors. Our planning, budget and control area supports our senior management by providing analyses and projections of capital requirements and availability, identifying threats and opportunities that help plan the sufficiency and optimization of capital levels. Our planning, budget and control area is also responsible for complying with the provisions of the Central Bank regarding capital management activities.

We also have a Recovery Plan, which is delivered to the Central Bank in December of each year, approved by the Board of Directors, complying with CMN Resolution 4,502 (June 30, 2016). The Recovery Plan establishes procedures for preparation of recovery plans, aiming maintenance of capital and liquidity levels in situations of severe stress in systemically important banks.

Capital Sufficiency

The management of our capital structure is in line with the strategic planning and considers an outlook, anticipating any changes in the economic and commercial environment conditions where we operate.

Our capital management methodology aims to ensure, in a permanent way, a capital solid composition to support the development of our activities and ensure appropriate coverage of all risks involved. An important component of this methodology is the managerial capital margin (management buffer), which is added to the minimum regulatory requirements (Reference Shareholders' Equity, Tier I and Equity Tier I Capital).

The management buffer is defined according to leading market practice and regulatory requirements, observing aspects such as additional impacts generated by stress scenarios, qualitative risks and risks not captured by the regulatory model.

The sufficiency of our regulatory capital is demonstrated by periodically calculating the Basel Ratio, Level I Ratio and Main Capital Ratio.

Breakdown of Risk-Weighted Assets (RWA)

The following table sets out the evolution of risk-weighted assets (RWA) for the Prudential Conglomerate, regulatory approach:

Overview of Risk- Weighted Assets – RWA	R\$ million		RWA		Minimum capital requirements ⁽³⁾
			Dec-20	Dec-19	Dec-20
0		Credit Risk - standardised approach (SA)			
			779,589	680,908	62,367
2		Credit Risk ⁽¹⁾	642,583	596,742	51,407
6		Counterparty credit risk (CCR)	35,626	24,919	2,850

Management's Discussion and Analysis of Financial Condition and Result of Operations

Overview of Risk- Weighted Assets – RWA	R\$ million	RWA		Minimum capital requirements ⁽³⁾
		Dec-20	Dec-19	Dec-20
7	Of which: standardised approach for counterparty credit risk (SA-CCR)	23,852	15,296	1,908
7a	Of which: CEM approach	-	-	-
9	Of which: other CCR	11,774	9,623	942
10	Increase related to the adjustment associated with the variation in the derivatives value due to the credit valuation adjustment (CVA)	14,688	6,520	1,175
12	Equity investments in funds – look-through approach	3,960	5,218	317
13	Equity investments in funds – mandate-based approach	-	-	-
14	Equity investments in funds – fall-back approach	-	3,990	-
16	Securitisation exposures in banking book	2,792	2,173	223
25	Amounts for exposures not deducted from total capital calculation ⁽²⁾	79,941	41,346	6,395
20	Market risk⁽³⁾	14,691	13,571	1,175
21	Of which: standardised approach (SA)	8,805	16,029	704
22	Of which: internal model approach (IMA)	14,691	13,571	1,175
24	Operational risk	64,414	64,572	5,153
27	Total (2+6+10+12+13+14+16+25+20+24)	858,693	759,051	68,695

(1) Does not include Credit Risk and Counterparty operations.

(2) As established in art. 4 of Resolution 4,193/13.

(3) Composed of a maximum between 80% of the standardised model (SA) and internal model (IMA), according to Circulars 3,646 and 3,674.

Credit Risk: The required capital increase this year, occurred mainly due the growth of our credit portfolio and the exchange variations throughout the year. In addition there was an increase in the “amounts for exposures not deducted from total capital calculation” subject to the risk weighting factors of 250% and 300%, as established in articles 27 and 30 of Circular No. 3,644/13.

Market Risk: In relation to the previous year, the main factor that contributed to the increase in the required capital was the increase in the foreign currency coupon exposure.

Leverage Ratio (LR)

In compliance with the Basel Committee's recommendations, the Central Bank enacted in February 2015 Circular No. 3,748 governing the calculation and reporting of the Leverage Ratio (LR) of Brazilian financial institutions in line with the Basel III rules which became effective in October 2015. This ratio, combined with Basel Ratio, limits the risk exposure level assumed by financial institutions and evaluates leverage using only accounting values with no risk weight.

Since January 1, 2018, the minimum required ratio is 3% as defined by Basel Committee on Bank Supervision. As of December 31, 2020, our Leverage Ratio was 8.2%.

Management's Discussion and Analysis of Financial Condition and Result of Operations

Funding

The following table shows the consolidated breakdown of our sources of funds by type as of December 31, 2020 and 2019:

	As of December 31,			
	2020		2019	
	R\$	Percentage of Portfolio	R\$	Percentage of Portfolio
	(R\$ in millions, except percentages)			
Demand deposits	51,841	5.1	38,890	4.8
Savings deposits	136,698	13.5	114,178	14.0
Interbank deposits	797	0.1	370	-
Time deposits	358,347	35.5	214,766	26.4
Total deposits	547,683	54.2	368,204	45.2
Securities sold under agreements to repurchase	217,108	21.5	174,100	21.4
Borrowings - Overseas	23,966	2.4	29,272	3.6
On-lendings – in Brazil	23,815	2.4	22,471	2.7
Securities issued	144,904	14.3	170,728	21.0
Subordinated debt	53,246	5.2	49,314	6.1
Total deposits from banks and customers	1,010,722	100.0	814,089	100.0

The following table shows the consolidated breakdown of our sources of funds by type as of December 31, 2019 and 2018:

	As of December 31,			
	2019		2018	
	R\$	Percentage of Portfolio	R\$	Percentage of Portfolio
	(R\$ in millions, except percentages)			
Demand deposits	38,890	4.8	35,318	4.5
Savings deposits	114,178	14.0	111,171	14.1
Interbank deposits	370	-	411	0.1
Time deposits	214,766	26.4	195,399	24.8
Total deposits	368,204	45.2	342,299	43.5
Securities sold under agreements to repurchase	174,100	21.4	190,912	24.2
Borrowings - Overseas	29,272	3.6	29,681	3.7
On-lendings – in Brazil	22,471	2.7	25,170	3.2
Total deposits from banks and customers	170,728	21.0	147,721	18.6
Demand deposits	49,314	6.1	53,643	6.8
Savings deposits	814,089	100.0	789,426	100.0

Deposits include non-interest bearing demand deposits, deposits in savings accounts, interbank deposits and time deposits. Our total deposits amounted to R\$547.6 billion as of December 31, 2020, which represented a 48.7% increase from R\$368.2 billion as of December 31, 2019. Deposits accounted for 54.2% and 45.2% of our total funding as of December 31, 2020 and 2019, respectively. The composition of our deposits remained concentrated in: (i) time deposits, which accounted for 65.4% as the total of December 31, 2020 and 58.3% as of December 31, 2019 of total deposits; and (ii) savings account deposits, which accounted for 25.0% as of December 31, 2020 and 31.0% as of December 31, 2019 of total deposits.

Management's Discussion and Analysis of Financial Condition and Result of Operations

Demand Deposits

Demand deposits (checking accounts or “*contas correntes*”) are a non-interest-bearing source of funds for us which, as of December 31, 2020, totaled R\$51.8 billion, attributable to approximately 30.1 million checking accountholders. See “Brazilian Financial Services Industry and Regulations—Bank Regulations.”

Savings Deposits

Our savings deposits are interest bearing deposit accounts and totaled R\$136.7 billion as of December 31, 2020. As of such date, we had approximately 69.9 million savings accounts. Savings accounts in Brazil earn interest at a rate mandated by the Central Bank.

The Central Bank also provides a line of credit, funded from the mandatory deposit with the Central Bank of part of each savings deposit, to fund shortfalls if an extraordinary fall in the number of savings accounts occurs. We have never used this line of credit. Demand and savings deposits up to approximately R\$250,000 per depositor are guaranteed by the Credit Guarantee Fund (*Fundo Garantidor de Créditos*) (“**FGC**”) against loss from bankruptcy of the deposit-taking institution.

Interbank Deposits

We issue inter-bank certificates of deposit (*Certificado de Depósito Interbancário*) (“**CDIs**”) to other financial institutions in the interbank market. CDIs generally have maturities of up to 30 days, with those issued by us, like those issued by most Brazilian banks, typically having a maturity of one day. Generally, we do not fund ourselves to a material extent in the CDI market as we have alternative sources of funds available. CDIs constituted 0.1% of our funding as of December 31, 2020. In the past, we have issued CDIs for specific purposes, for example to match fund our overnight loans to major corporations (so called “hot money” loans) to take advantage of arbitrage opportunities between the spreads on our CDIs and those of other banks, and as a cash management tool to take advantage of the one-day settlement period in the CDI market.

Time Deposits

Time deposits, which consist of certificates of deposit issued by us to corporate customers and individuals (known as *certificados de depósitos bancários*) (“**CDBs**”), totaled R\$358.2 billion as of December 31, 2020. CDBs issued by us bear either a fixed rate of interest or a floating rate of interest. We hedge our exposure to interest rate movements on our fixed-rate CDBs by entering into short-term derivative contracts.

Securities Sold Under Agreements to Re-purchase

We also obtain funding through our open-market operations, principally deposits subject to sale and repurchase agreements executed between us and other financial institutions, mutual funds, fixed income funds, equity funds or foreign investment funds. Under these transactions, we sell Brazilian government or private fixed-income securities and simultaneously agree to repurchase them. The funds obtained by us from such transactions as of December 31, 2020 amounted to R\$217.1 billion. Security repurchases are usually overnight transactions represented by book entries cleared through the SELIC, the custody and clearing system for Brazilian governmental securities. Trading in these securities contributes to our liquidity and when we identify arbitrage opportunities among the different markets in which we operate, we may utilize funds from such sales of securities to take advantage of these opportunities.

Borrowings

We have credit facilities provided by a number of foreign correspondent banks mainly to fund our trade finance activities. Through our offices in Brazil and abroad, we maintain relationships with several U.S., European, Asian and Latin American financial institutions which provide us with credit lines of which we had drawn R\$24.0 billion as of December 31, 2020.

Management's Discussion and Analysis of Financial Condition and Result of Operations

On-lendings

We act as financial agent for BNDES, on-lending special purpose funding obtained from BNDES to targeted groups of borrowers. In these circumstances, we borrow funds from BNDES and on-lend those funds at a spread determined by BNDES to the particular sector of the economy at which a Brazilian government policy or initiative is aimed. The lending decision and application of lending criteria are controlled by us, within certain parameters, which may be set by BNDES. Since our lending is principally to the private sector, we assume the risk for the loans we on-lend. Our policy is to access these funds only if they are sought specifically by a borrower for a project falling within the guidelines for the applicable source of funding. As of December 31, 2020, we had R\$23.8 billion outstanding in local and foreign on-lendings.

Funds from Issuance of Securities

Funds from issuance of securities are mainly related to: securities overseas (with an outstanding principal amount of R\$11.2 billion as of December 31, 2020), letters of credit for agribusiness (with an outstanding principal amount of R\$14.7 billion as of December 31, 2020), letters of credit for real estate (with an outstanding principal amount of R\$27.6 billion as of December 31, 2020), financial bills (with an outstanding principal amount of R\$81.6 billion as of December 31, 2019), letters of credit with respect to secured real property (with an outstanding principal amount of R\$7.9 million as of December 31, 2020) and structured operations certificates (with an outstanding principal amount of R\$1.9 million as of December 31, 2020).

Euro CD Programme

Our Euro Certificate of Deposit Programme allows our Cayman Islands branch to offer certificates of deposit (with maturities of at least seven days and no more than ten years from their dates of issuance) outside the United States to non-U.S. persons in reliance on and in accordance with Regulation S under the Securities Act. The certificates of deposit are not registered under the Securities Act or with the Office of the Comptroller of the Currency or the Federal Deposit Insurance Company. The maximum amount of certificates of deposit that may be offered under this Program is U.S.\$5.0 billion. As of December 31, 2020, the total principal amount of certificates of deposits outstanding under this Program was approximately U.S.\$216.6 million.

MTN Program for the issuance of Senior Notes

This Program allows us to issue up to U.S.\$10.0 billion of Notes that constitute senior debt. As of December 31, 2020, the total principal amount of Notes outstanding under this Program was approximately U.S.\$1.9 million. We believe that the financing costs of these outstanding issuances are comparable to those obtained by the largest Brazilian banks for similar transactions. In 2020, we issued two series of Senior Notes, in the amount of U.S.\$800 million maturing in January 2023 and U.S.\$800 million maturing in January 2025.

Subordinated Notes

We have also issued subordinated notes with 10-year tenors, in the amounts of U.S.\$1.6 billion that matured in January 2021 (constituting an initial issuance of U.S.\$1.1 billion and a reopening for a further issuance of U.S.\$500.0 million) and U.S.\$1.1 billion maturing in March 2022.

Yankee CD Program

On June 30, 2010 we established a Yankee Certificate of Deposit Program pursuant to which our New York branch may offer certificates of deposit (with maturities of at least seven days and no more than three years from their dates of issuance) to certain institutional investors in the United States and in offshore transactions outside the United States. The certificates of deposit are not registered under the Securities Act or with the Office of the Comptroller of the Currency or the Federal Deposit Insurance Company. The maximum amount of certificates of deposit that may be offered under this Program is U.S.\$5.0 billion. As of December 31, 2020, we had U.S.\$31.5 million outstanding under the Yankee CD Program.

Management's Discussion and Analysis of Financial Condition and Result of Operations

Asset-backed Securities

Additionally, since August 20, 2003, we have raised funds through a special purpose company, International Diversified Payment Rights Company, which issued twenty-one series of asset backed securities having an aggregate principal amount of approximately U.S.\$234 million outstanding as of December 31, 2020. These notes are backed by U.S. dollar payments to be received by us from banks or customers outside Brazil for payment of amounts to beneficiaries in Brazil, which are notified to us via a SWIFT MT100 series payment order.

Credit Portfolio

As a leading private sector commercial bank, substantially all of our loans are related to the private sector. As of December 31, 2020, 2019 and 2018, 97.7%, 98.0% and 97.7%, respectively, of our outstanding loans and leases were to private sector businesses, primarily engaged in real estate and construction activities, transportation and concession, retail, services and other industries, and to private sector individuals, primarily in connection with real estate financing, payroll-deductible loans, credit card operations, vehicle loans and personal loans.

Our consolidated loans (including advances on foreign exchange contracts) amounted to R\$509.3 billion as of December 31, 2020, which represented an 12.5% increase from R\$452.9 billion as of December 31, 2019.

The major categories of assets included in our consolidated loans are reflected in the following tables:

Composition of our Credit Portfolio

	As of December 31,	
	2020	2019
	(R\$ in millions)	
Loans.....	445,666	376,054
Public sector.....	11,811	8,900
Private sector.....	433,855	367,154
Leases	2,647	2,858
Advances on foreign exchange contracts ⁽¹⁾	7,607	16,057
Other receivables ⁽²⁾	53,413	57,973
Credit portfolio	509,333	452,942
Expected credit loss associated with credit risk expense	(45,202)	(36,640)
Credit portfolio net of expected credit loss associated with credit risk	464,131	416,302

(1) Advances on foreign exchange contracts are presented in the statement of financial position as a deduction from other liabilities.

(2) The Item "Other receivables" comprises receivables on sureties and guarantees honored, receivables on sale of assets, securities and credits receivable, income receivable from foreign exchange contracts and export contracts and credit card receivables (cash and installment purchase at merchants).

	As of December 31,	
	2019	2018
	(R\$ in millions)	
Loans.....	376,054	341,814
Public sector.....	8,900	9,259
Private sector.....	367,154	332,555
Leases	2,858	2,090
Advances on foreign exchange contracts ⁽¹⁾	16,057	14,247
Other receivables ⁽²⁾	57,973	48,667
Credit portfolio	452,942	406,818
Expected credit loss associated with credit risk expense	(36,640)	(34,983)
Credit portfolio net of expected credit loss associated with credit risk	416,302	371,835

(1) Advances on foreign exchange contracts are presented in the statement of financial position as a deduction from other liabilities.

Management's Discussion and Analysis of Financial Condition and Result of Operations

- (2) The Item "Other receivables" comprises receivables on sureties and guarantees honored, receivables on sale of assets, securities and credits receivable, income receivable from foreign exchange contracts and export contracts and credit card receivables (cash and installment purchase at merchants).

Loans by Economic Sector

	As of December 31,			
	2020 ⁽¹⁾		2019 ⁽¹⁾	
	(R\$ in millions, except percentages)			
Public sector	11,811	2.3	8,900	2.0
Oil, derivatives and aggregate activities	10,662	2.1	8,871	2.0
Production and distribution of electricity	1,075	0.2	3	-
Other industries	74	-	26	-
Private sector	497,522	97.7	444,042	98.0
Companies	241,092	47.4	213,606	47.2
Real estate and construction activities	20,092	3.9	21,696	4.8
Retail	36,498	7.2	35,522	7.8
Services	30,108	5.9	20,136	4.4
Transportation and concession	23,662	4.6	20,808	4.6
Automotive	15,625	3.1	12,724	2.8
Food products	13,378	2.6	11,067	2.4
Wholesale	16,480	3.2	14,328	3.2
Other sectors	85,249	16.9	77,325	17.2
Individuals	256,430	50.3	230,436	50.9
Total	509,333	100.0	452,942	100.0

- (1) Including receivables relating to credit cards (cash and credit purchases from storeowners), sureties and guarantees honored, receivables on sale of assets, securities and credit instruments receivable, receivables from foreign exchange contracts and export contracts receivables.

	As of December 31,			
	2019 ⁽¹⁾		2018 ⁽¹⁾	
	(R\$ in millions, except percentages)			
Public sector	8,900	2.0	9,259	2.3
Oil, derivatives and aggregate activities	8,871	2.0	9,092	2.2
Production and distribution of electricity	3	-	2	-
Other industries	26	-	165	-
Private sector	444,042	98.0	397,559	97.7
Companies	213,606	47.2	204,691	50.3
Real estate and construction activities	21,696	4.8	25,268	6.2
Retail	35,522	7.8	32,472	8.0
Services	20,136	4.4	19,086	4.7
Transportation and concession	20,808	4.6	17,261	4.2
Automotive	12,724	2.8	11,285	2.8
Food products	11,067	2.4	12,041	3.0
Wholesale	14,328	3.2	11,467	2.8
Other sectors	77,325	17.2	75,811	18.6
Individuals	230,436	50.9	192,868	47.4
Total	452,942	100.0	406,818	100.0

- (1) Including receivables relating to credit cards (cash and credit purchases from storeowners), sureties and guarantees honored, receivables on sale of assets, securities and credit instruments receivable, receivables from foreign exchange contracts and export contracts receivables.

Our lending and leasing strategy is to focus primarily on providing credit to industrial and commercial businesses. A majority of our lending consists of discounts of trade receivables (*desconto de duplicatas*) and other types of financing to corporate customers.

As of December 31, 2020, our largest borrower represented 2.1% of our loans, and our 20 largest borrowers represented 11.0% of our loans.

Our loans to companies totaled R\$241.1 billion, R\$213.6 billion and R\$204.7 billion, as of December 31, 2020, 2019 and 2018, respectively. See "Business—Banking—Consumer Credit Operations."

Management's Discussion and Analysis of Financial Condition and Result of Operations

The following table presents a breakdown of our consolidated loans in *reais* and other currencies (not including advances on foreign exchange contracts) by remaining maturities:

	As of December 31,			
	2020 ⁽¹⁾		201 ⁽¹⁾	
	R\$	% of Portfolio	R\$	% of Portfolio
	(R\$ in millions, except percentages)			
Remaining maturity				
Denominated in local currency	466,612	93.0	405,619	92.8
Up to 1 year	219,483	43.7	209,783	48.0
More than 1 year.....	247,129	49.3	195,836	44.8
Denominated in other currencies	35,113	7.0	31,265	7.2
Up to 1 year	19,564	3.9	22,149	5.1
More than 1 year.....	15,549	3.1	9,116	2.1
Total	501,725	100.0	436,884	100.0

(1) Including receivables relating to credit cards (cash and credit purchases from storeowners), sureties and guarantees honored, receivables on sale of assets, securities and credit instruments receivable.

	As of December 31,			
	2019 ⁽¹⁾		2018 ⁽¹⁾	
	R\$	% of Portfolio	R\$	% of Portfolio
	(R\$ in millions, except percentages)			
Remaining maturity				
Denominated in local currency	405,619	92.8	356,632	90.8
Up to 1 year	209,783	48.0	183,903	46.8
More than 1 year.....	195,836	44.8	172,729	44.0
Denominated in other currencies	31,265	7.2	35,939	9.2
Up to 1 year	22,149	5.1	20,695	5.3
More than 1 year.....	9,116	2.1	15,244	3.9
Total	436,884	100.0	392,571	100.0

(1) Including receivables relating to credit cards (cash and credit purchases from storeowners), sureties and guarantees honored, receivables on sale of assets, securities and credit instruments receivable.

We are involved in real estate loans to the housing sector by providing loans to real estate developers and to individual home buyers. Our real estate loans increased to R\$77.8 billion as of December 31, 2020 compared to R\$61.2 billion as of December 31, 2019 and R\$60.3 billion as of December 31, 2018. See “Business—Banking—Consumer Credit Operations.”

Loans and leases to individuals, which include short-term advances and unsecured overdraft loans on checking and other transaction accounts to individuals, totaled R\$256.4 billion as of December 31, 2020. See “Business—Banking—Consumer Credit Operations.”

Our leasing operations primarily involve the leasing of cars, trucks, machinery, computers and equipment to the service, industrial and commercial sectors. Our lease financing decreased to R\$2.6 billion as of December 31, 2020 from R\$2.9 billion as of December 31, 2019. See “Business—Financing—Leasing Operations.”

As of December 31, 2020, 3.3% of our outstanding loans consisted of loans to the rural sector, primarily to finance the cost of modernization and increase of productivity levels in the rural sector. Our lending activities to this sector have helped us maintain strong relationships in the rural communities in which our branches are located providing us with an important customer base in these communities for our other banking products and services. Our loans to the agricultural sector are spread among a range of small, medium and large sized businesses engaged in rural activities such as farming. Our agricultural and agribusiness loans decreased to R\$20.1 billion as of December 31, 2020 from R\$20.6 billion as of December 31, 2019 and R\$20.3 billion as of December 31, 2018. See “Business—Banking—Consumer Credit Operations.”

Management's Discussion and Analysis of Financial Condition and Result of Operations

Credit Approval Process and Review Policies

For a description of our credit approval and review policies, see “Business—Risk Management—Credit.”

Expected Credit Loss Associated with Credit Risk expense

We periodically adjust our allowance for loan losses based on our assessment of our credit portfolio, which includes our estimation of the probable losses on our loan and leasing portfolio at the end of each reporting period.

Determining the amount of the expected Credit Loss Associated with Credit Risk expense requires us to make judgments and assumptions regarding our loan portfolio, both on a portfolio and individual investment basis. When we review our portfolio as a whole, several factors can affect our estimate of the likely range of losses, including the methodology we use to measure historical delinquency rates and the historical period we consider in making those measurements. See “Brazilian Financial Services Industry and Regulations—Bank Regulations—Treatment of Overdue Debts.” Additional factors that can affect our determination of the allowance for loan losses include: (i) general Brazilian economic conditions and the condition of the relevant industry; (ii) past experience with the relevant debtor or industry, including any recent loss; (iii) credit quality trends; (iv) amounts of loan collateral; (v) volume, composition and growth of our loan portfolio; (vi) COPOM's monetary policy; and (vii) delays in the receipt of information needed to evaluate loans or to confirm existing credit deterioration.

We use models to assist us in analyzing our loan portfolio and in determining what is an appropriate allowance for loan losses. Although we frequently revise and improve our models, they are by their nature dependent on our judgment and on the information and estimates that we receive. Accordingly, our allowance for loan losses may not be indicative of future charge-offs. We believe that the amount of, and changes in, our allowance for loan losses, viewed as a percentage of the total portfolio, is consistent with our historical experience, delinquency ratios, charge-offs and net losses.

Our ratio of allowance for loan losses to total loans and leases was 8.9% as of December 31, 2020, compared to 8.1% as of December 31, 2019 and 8.6% as of December 31, 2018. See “—Effects of Macroeconomic Factors on Our Lending and Treasury Activities.”

The following table shows the total loans and leases, including advances on foreign exchange contracts, and allowance for our loan losses as of December 31, 2020 and 2019 as well as the allowance for loan loss expense and recoveries for the years ended December 31, 2020 and 2019:

	As of December 31,	
	2020 ⁽¹⁾	2019 ⁽¹⁾
	(R\$ in millions, except percentages)	
Total of Loans and Leases	509,333	452,942
Allowance	(45,202)	(36,640)
As a percentage of:		
Total of Loans and Leases	8.9%	8.1%
Amount of provisions recorded for the periods	(25,164)	(18,720)
Recoveries	5,919	7,909

(1) Including receivables relating to credit cards (cash and credit purchases from storeowners), sureties and guarantees honored, receivables from the sale of assets, securities and credit instruments receivables, income from foreign exchange contracts and export contract receivables.

Management's Discussion and Analysis of Financial Condition and Result of Operations

The following table shows the total loans and leases, including advances on foreign exchange contracts, and allowance for our loan losses as of December 31, 2019 and 2018 as well as the allowance for loan loss expense and recoveries for the years ended December 31, 2019 and 2018:

	As of December 31,	
	2019 ⁽¹⁾	2018 ⁽¹⁾
	(R\$ in millions, except percentages)	
Total of Lending and Leases	452,942	406,818
Allowance	(36,640)	(34,983)
As a percentage of:		
Total of Lending and Leases	8.1%	8.6%
Amount of provisions recorded for the periods	(18,720)	(18,225)
Recoveries	7,909	7,147

(1) Including receivables relating to credit cards (cash and credit purchases from storeowners), sureties and guarantees honored, receivables on sale of assets, securities and credit instruments receivable, income from foreign exchange contracts and export contracts receivables.

For information on Central Bank requirements with respect to such loans see “Brazilian Financial Services Industry and Regulations—Regulations Affecting Financial Market Liquidity—Treatment of Overdue Debts.”

BUSINESS

The Bank

We believe that we are one of the largest private-sector (non-government controlled) banks in Brazil in terms of total assets as of December 31, 2020. We provide a wide range of banking and financial products and services to individuals, small to mid-sized companies in Brazil and abroad, and major local and international corporations and institutions. We believe that we have one of the most extensive private sector branch networks in Brazil, which permits us to reach a diverse customer base. We are the largest insurance group in Brazil in terms of revenue and technical provisions as of December 31, 2020 according to SUSEP. Our services and products encompass banking operations such as lending and deposit-taking, credit card issuance, consortium management, insurance, leasing, payment collection and processing, pension plans, asset management and brokerage services.

For information on other private sector and government-controlled financial institutions in Brazil, see “Brazilian Financial Services Industry and Regulations - Principal Financial Institutions”. As of December 31, 2020, we had, on a consolidated basis:

- R\$1.6 trillion in total assets;
- R\$509.3 billion in total credit portfolio;
- R\$547.6 billion in total deposits;
- R\$144.5 billion in shareholders’ equity;
- R\$284.6 billion in technical provisions for insurance, pension plans (including VGBL) and capitalization bonds;
- R\$57,636 billion of foreign trade financing;
- 45.4 million insurance policyholders;
- 32.3 million checking account holders;
- 69.9 million savings accounts;
- 2.5 million capitalization bonds holders;
- 2.9 million pension plans holders;
- 3,135 Brazilian corporate groups and multinational companies in Brazil as customers of our Bradesco Corporate segment;
- a nationwide network consisting of 3,395 branches (including branches of our subsidiaries), 54,522 ATMs (comprising 30,694 ATMs of our own network and 23,828 ATMs under the Banco24Horas brand), 5,445 special banking service posts and electronic service outlets located on the premises of selected corporate customers; and
- three branches (one of them a branch of our subsidiary in Luxembourg) and twelve subsidiaries located in London, New York, the Cayman Islands, Buenos Aires, Hong Kong, Jalisco, Florida and Luxembourg. Although our customer base includes individuals of all income levels as well as large, mid-sized and small businesses, lower- to middle-income Brazilian citizens have traditionally formed the backbone of our clientele. Since the 1960s, we have been a leader in the mid-sized retail banking market in Brazil. This segment still has great potential for growth and provides us with higher margins than other segments, such as corporate credit operations and securities trading, where we face greater price competition.

Business

Our large banking network allows us to be closer to our customers, which, in turn, permits our managers to have personal and direct knowledge of our customers, economically active regions and other conditions relevant to our business. This knowledge helps us in assessing and limiting credit risks in credit operations, among other risks, as well as in servicing the particular needs of our customers.

We organize our operations into two main reportable segments: (i) banking services; and (ii) insurance supplementary pension plans and capitalization bonds services.

The following table provides summary information for our two main business areas as of and for the year ended December 31, 2020:

Banking Services ⁽¹⁾	Insurance, Supplementary Pension Plans and Capitalization Bonds
• Deposit-taking activities • Credit operations • Credit and debit card services • Leasing operations • Capital markets services • International banking • Asset management • Consortium services	• Life and personal accident insurance • Health insurance • Automobile insurance • Property insurance • Casualty insurance • Supplementary pension plans, including individual and corporate plans • Capitalization bonds

(1) Our banking services business includes those services we provide to financial institutions; holding companies primarily engaged in financial management; credit card management companies; and asset management companies.

As of December 31, 2020, except as indicated, according to the sources cited below, we believe that we were:

- one of the leaders among private sector banks in savings accounts deposits, with 17.2% of savings accounts deposits in Brazil, according to the Central Bank;
- the leader in BNDES on-lending special purpose funding to individuals and small and medium-sized businesses;
- the leader in leasing operations in Brazil according to *Associação Brasileira das Empresas de Leasing* (the Brazilian Association of Leasing Companies) (“**ABEL**”);
- through our wholly-owned subsidiary Bradesco BBI, one of the leading underwriters in the placement of local debt instruments in Brazil; in 2020, Bradesco BBI advised on 200 deals, across a range of investment banking products, with a total transaction value of R\$333.2 billion according to the Brazilian Financial and Capital Markets Association (*Associação Brasileira das Entidades dos Mercados Financeiros e de Capitais*) (“**ANBIMA**”);
- one of the largest private-sector fund and portfolio managers in Brazil, according to ANBIMA;
- the leader in sale of real estate, automobile, truck, tractor and machines consortium quotas according to the Central Bank;
- the leader by volume in bank payment processing and collection services registered in Brazil; and
- one of the leaders in automobile financing loans, with a market share of 13.4% for individuals according to the Central Bank.

Business

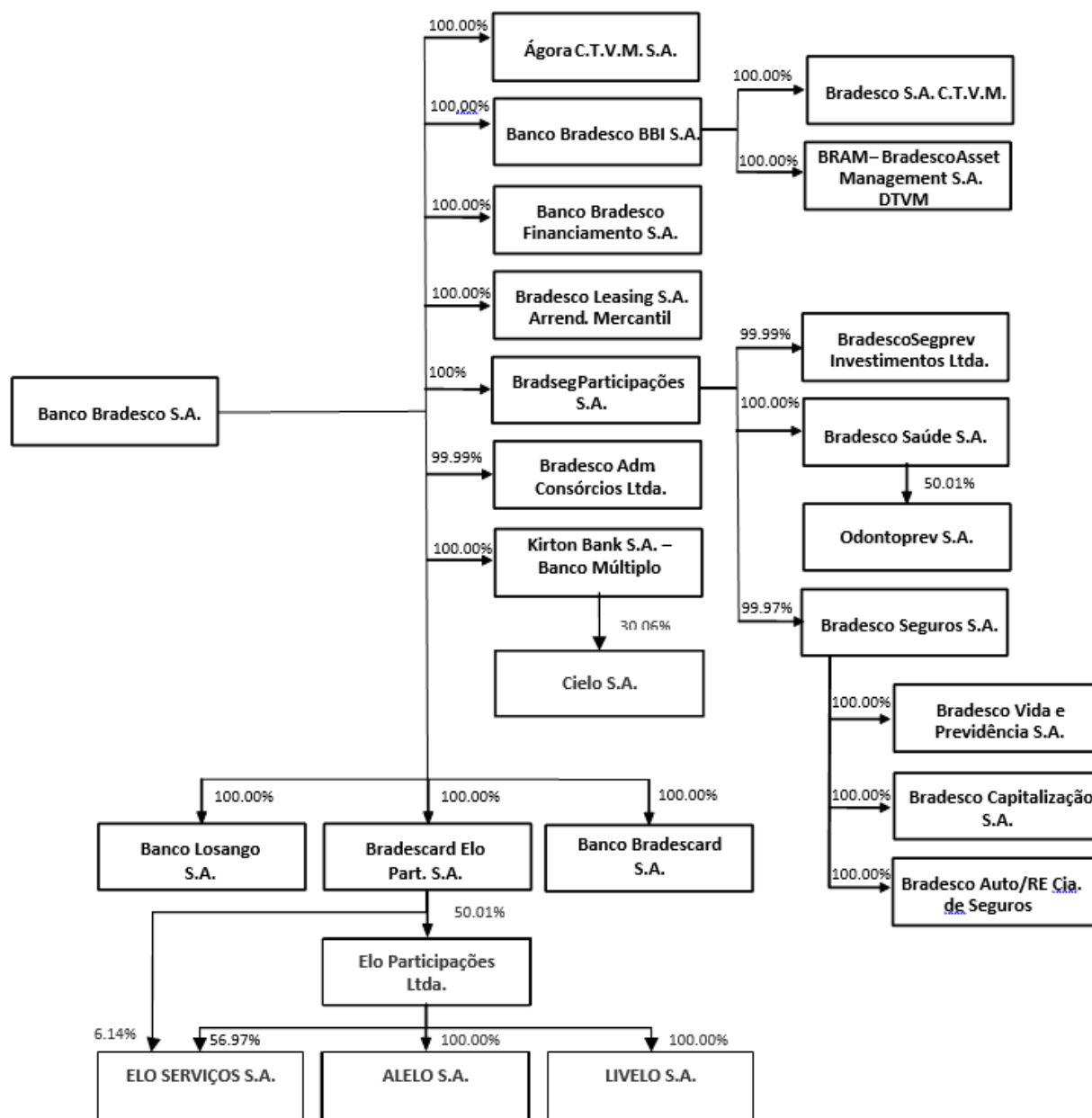
The following table summarizes our gross revenues by business area for the periods indicated:

	For the Year Ended December 31,	
	2020	2019
	(R\$ in millions)	
Banking		
Lending		
Real Estate Financing	5,403	5,659
Rural loans	1,506	1,462
Leases, net of expenses	156	260
Other loans ⁽¹⁾	67,729	68,745
Total banking	74,794	76,126
Total income from services		
Credit card income	6,754	7,397
Checking account	7,927	7,702
Loans	2,673	3,035
Collections	2,150	1,935
Asset management	1,348	1,583
Consortium management	1,921	1,921
Custody and brokerage services	1,201	1,135
Underwriting / Financial Advisory Services	1,150	1,015
Payments	463	475
Other	644	753
Total income from services	26,231	26,951
Insurance and pension plans		
Insurance	42,293	41,673
Pension plan contributions	26,118	29,519
Capitalization bonds income	5,257	6,408
Total insurance and pension plans and capitalization bonds	73,668	77,600

⁽¹⁾ Includes industrial loans, financing under credit cards, overdraft loans, trade financing, foreign loans and financial assets or transfer.

Business

The following is a simplified chart showing our principal material subsidiaries in the banking and insurance services businesses and our voting and ownership interest in each of them as of December 31, 2020.



History

We were founded on March 2, 1943 as a commercial bank under the name of *Banco Brasileiro de Descontos S.A.* In 1948 we began a period of aggressive expansion which led to us becoming the largest private sector commercial bank in Brazil by the end of the 1960s. We expanded our activities nationwide during the 1970s, entering into urban and rural Brazilian markets.

Business

In 1988, we merged our banking business with our real estate finance, investment bank and consumer credit subsidiaries to become a multiple-service bank and changed our name to Banco Bradesco S.A.

Competitive Strengths

We believe that the following strengths will allow us to continue to grow while maintaining and improving our return on capital:

- *A Brazilian market leader in all of our principal market segments.* We are one of the largest private sector (non-government controlled) banks in Brazil in terms of total assets as of December 31, 2020, according to the Central Bank. We are also the largest insurance group in Brazil in terms of revenues and technical provisions as of December 31, 2020, according to SUSEP. Market leadership provides us with strong brand recognition and market presence, economies of scale and the ability to offer a full range of financial services and products.
- *One of the most extensive private sector branch networks in Brazil.* We have one of the most extensive private sector branch networks in Brazil with 3,395 branches (including branches of our subsidiaries), 54,522 ATMs (comprising 30,694 of our own network and 23,828 ATMs under the Banco24Horas brand), 5,445 special banking service posts and electronic service outlets located on the premises of selected corporate customers as of December 31, 2020, which enables us to stay close to our customers and provide them with a portfolio of financial products from our various business segments, including banking, insurance and asset management.
- *Strong capitalization with multiple funding sources.* Following the criteria set forth in CMN Resolutions No. 4,192 and No. 4,193, as of December 31, 2020 our capital adequacy ratio was 15.8%, above the 10.25% ratio required by the Central Bank until December 31, 2020. Our principal funding sources are time deposits, securities sold under agreements to repurchase, demand deposits, savings deposits, funds from issuance of securities, subordinated debt and on-lendings.
- *Conservative credit management with deep market knowledge.* Our position as a market leader has permitted us to maintain what we consider to be a conservative policy of credit management. Only 4.0% of our loans fell within the Central Bank's "H" credit classification category. Our loan approval process benefits from the information available from Brazilian credit agencies as well as our internal databases and the knowledge of our employees.
- *Brazilian bank with long history of stable and professional management.* We believe that our identity as a domestic bank gives us significant advantages in terms of market image and experience. Our Executive Officers are highly qualified and have experienced several economic and financial cycles, reflecting our commitment to stability and to growing our talent from within. We believe that this translates into advantages in terms of managerial focus, consistency of strategy and reliability of performance.
- *Historically strong presence across a broad range of segments in the Brazilian market.* We have a consolidated universal position across all Brazilian banking segments and offer a range of products and benefits from existing distribution channels, including our traditional branch network, as well as from our expanding internet banking and mobile banking services. Our business is supported by a comprehensive and sophisticated IT framework that consolidates our expanding supply of banking and insurance products.

Business strategy

Our strategy is based on delighting our clients. In 2020, we reviewed our corporate strategy to further align our actions towards a single direction: understanding the needs of our clients to meet their expectations and delivering an excellent service at all stages of our client's interaction with us.

Business

From this review, we based our strategy on four pillars that guide our trajectory towards business continuity (i) Client – our inspiration; (ii) Efficiency – how we do what we do; (iii) People – our team; and (iv) Sustainability – made to last. Below, we present each one of our four pillars:

☐ *Client – our inspiration*

Our main goal is to earn the admiration, trust and relationship of our clients, serving them with excellence, based on their needs and goals, to contribute to their achievements.

In order to accomplish this, we implemented a number of initiatives placing the client at the center of our strategy, respecting their individuality and improving our knowledge of our clients with data intelligence and by offering complete business solutions.

We developed initiatives aimed at better understanding our clients and their expectations and requirements at every stage of their interaction with our organization. This enables us to provide tailor made offers in accordance with our clients' profile to enhance the customer experience, integrate journeys and processes, supported by new real time decision technologies.

With the move to Open Banking, we allow our customers to check their balance and make payments to their account from alternative platforms, other than the traditional channels. One example is via PIX, an innovative payment method created by the Central Bank that allows clients to make payments, transfers and receive deposits at any time of the day.

Further, the MEI platform, is a pioneering initiative that offers micro-entrepreneurs a portfolio of the financial and non-financial solutions they need to facilitate their day-to-day operations, including formalization, training, consulting and performance entrepreneurship, in partnership with startups and companies specializing in the subject.

In 2020, we acquired BAC Florida Bank in the United States through which we offer traditional banking services, such as a complete checking account, cards, credit operations and investments in the United States.

☐ *Digital Transformation – how we do what we do*

We have a digital mindset and outlook that allows our actions to be simple, efficient, agile and innovative. We search to maximize our operational efficiency, encouraging the use of technology and innovation in our business models. Our strategy also highlights the management of expenditure, developing actions and projects aimed to optimize our operations and reducing the cost of providing services.

In the context of digital transformation, we aim to make the banking experience even more convenient, fast and secure for the client. Innovation, agility, connectivity, modernization and security are fundamental drivers to achieve this and are present in our day-to-day operations. We are committed to maximizing value for our clients by developing a culture focused on continuous improvement and excellence. Our Next digital bank is an example of this, complementing our ecosystem of solutions and offering an alternative value proposition for our clients that operate in a hyperconnected world. It also complements Bitz, a new group company that operates in the Brazilian digital wallet and payment accounts market. We also highlight inovabra, a hub for promoting startups, especially fintechs, which develop innovative solutions for the group's products and services. Ágora – Casa de Investimentos is our open platform of investment products for account holders and non-account holders with 100% digital onboarding through the Ágora app / website, Bradesco, Next applications and Bradesco internet banking with more product options and specialized advice for each customer that makes their investments, with convenience and reliability.

In addition, the capabilities of BIA (Bradesco Artificial Intelligence) are increasingly sophisticated translating into an improved customer experience across our digital channels.

☐ *People – our team*

Business

We want to be the employer of choice for high-performing professionals to progress their career. Our strategy is founded on the people who work here. We seek to continuously improve our ability to attract, train and retain appropriate talents in each of our business areas, with the goal of making our corporate strategy feasible.

We have an organizational culture based on ethics, transparency and respect for others and we have made significant investments to achieve an innovative, challenging and diverse working environment.

We highlight the importance of actions related to the health and well-being of our employees, through the Viva Bem Program, the employee incentive empowering our staff to volunteer through the Bradesco Volunteer Portal and the online platform, *integra rh*, enabling them to be protagonists of their own careers.

☐ *Sustainability – made to last*

Our focus is to generate value for all our stakeholders and we are committed to growing in a diversified and sustainable manner, following our corporate governance guidelines that consider the best balance between risk and return, a robust capital and liquidity structure and the preparation of our organization for new challenges. Further, the actions we take and our commitment to increasing diversity reaffirm our belief in the transformative potential of people, respecting individuality and plurality. Inclusion and financial education are important drivers for us.

We have commitments related to Social-Environmental Sustainability in order to contribute to the sustainable development of our company, evidenced by our launch of the Amazonia Plan, a partnership of Bradesco, Itaú and Santander, acting in the promotion of the development of the Amazonia region. In addition, we became the first Brazilian bank to join the Partnership for Carbon Accounting Financials (PCAF), a global initiative to measure carbon emissions generated by financial institutions.

Banking

We offer a range of banking products and services, including:

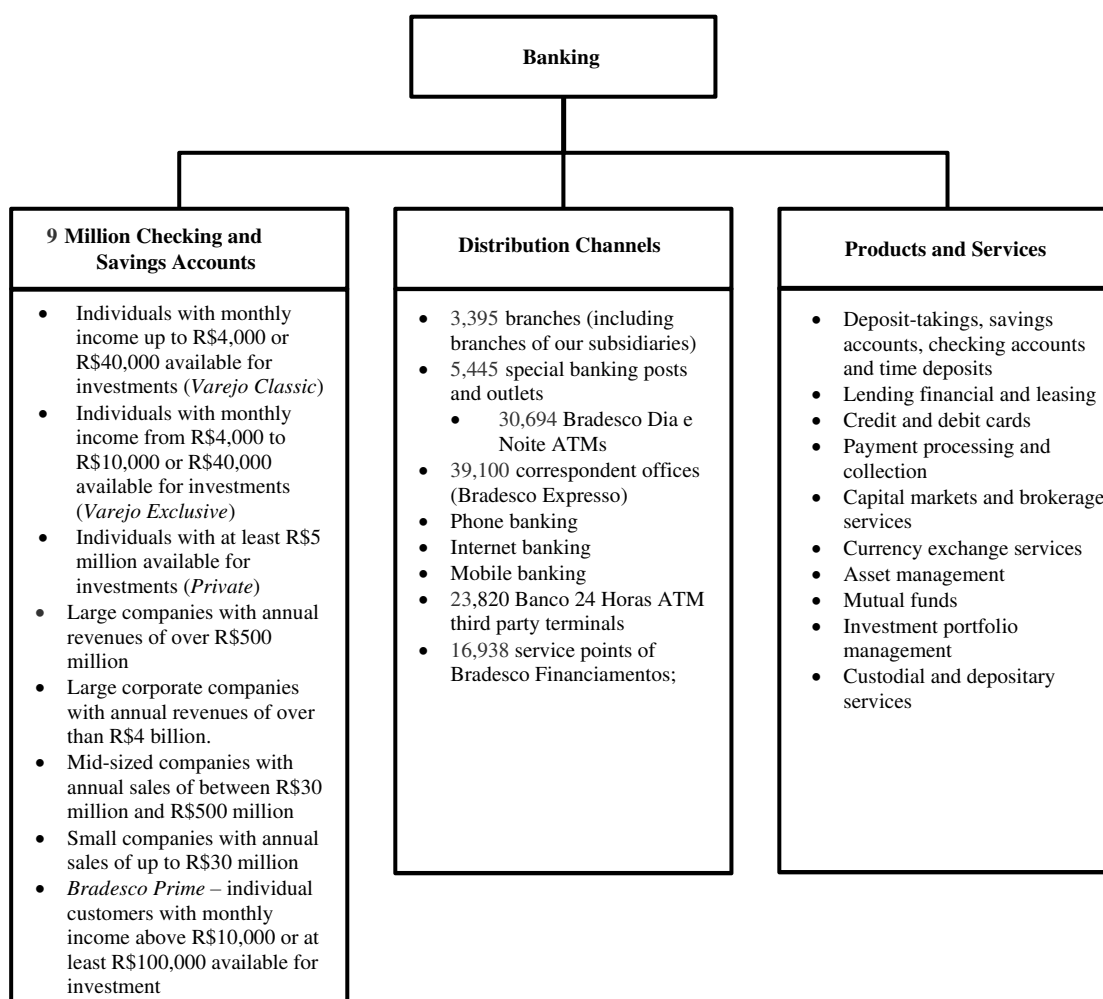
- deposit-taking operations, such as checking and savings accounts and time deposits;
- lending operations, including consumer lending, housing loans, industrial loans and leasing;
- credit and debit card services;
- payment processing and collection;
- capital markets services, including underwriting and financial advisory services, brokerage and trading activities;
- international banking;
- asset management services; and
- consortium services.

Our diverse customer base includes both individuals and large, mid-sized and small companies in Brazil. Historically, we have cultivated a stronger presence among the broadest segment of the Brazilian market, consisting primarily of middle- and low-income individuals. In the 1990s, we expanded our focus to corporations and high-net-worth individuals to complement our traditional market. Since 1999, we have developed our Corporate Department, which serves our corporate customers with annual revenues of over R\$250.0 million, and a Private Banking area, which serves individual customers who have sufficient finances available to make liquid investments. In 2002, we created Bradesco Empresas, now called Corporate One, which is responsible for mid-sized corporate customers that have annual income between R\$30.0 million and R\$500.0 million, targeting the middle corporate market sector. In May 2003, we launched “Bradesco Prime,” a new division of Bradesco that offers services to

Business

individual customers who have either income of at least of R\$10,000 per month or R\$100,000 available for immediate investment. Bradesco Varejo is our division responsible for individual and corporate customers that have an annual income of less than R\$30.0 million. In 2019 we formed the Large Corporate banking segment, which provides products and services to customers that are companies or groups of affiliated companies with annual revenues above R\$4.0 billion.

The following diagram shows the principal elements of our banking activity as of December 31, 2020:



Deposit-Taking Activities

We offer a variety of deposit products and services to our customers through our branches, including:

- checking accounts, which do not bear interest;
- investment deposit accounts;
- traditional savings accounts;
- time deposits, which are represented by CDBs, and earn interest at a fixed or floating rate; and

Business

- deposits from financial institutions, which are represented by CDIs, which earn the interbank deposit rate.

As of December 31, 2020, we had 32.3 million checking account holders, of which 26 million were individuals and 1.7 million were corporate or business account holders, and 69.9 million savings accounts. As of December 31, 2020, deposits (excluding deposits from financial institutions) totaled R\$547.6 billion and we had a 17.0% share of the Brazilian savings deposit market, according to Central Bank information.

The following table sets forth a breakdown by product type of our deposits as of the dates indicated.

	As of December 31,			
	2020		2019	
	(R\$ in millions, except percentages)			
Deposits from Customers				
Demand deposits	51,841	9.5%	38,890	10.6%
Brazilian currency	49,374	9.0%	37,306	10.1%
Foreign currency	2,467	0.5%	1,584	0.4%
Savings deposits	136,698	25.0%	114,178	31.0%
Brazilian currency	136,698	25.0%	114,178	31.0%
Time deposits	358,347	65.4%	214,766	58.3%
Brazilian currency	327,875	59.9%	198,078	53.8%
Foreign currency	30,472	5.6%	16,688	4.5%
Total deposits from customers	546,886	99.9%	367,834	99.9%
Deposits from financial institutions	797	0.1%	370	0.1%
Brazilian currency	693	0.1%	291	0.1%
Foreign currency	104	-	79	-
Total	547,683	100.0%	368,204	100.0%

We offer our customers some additional special services, such as:

- identified deposits, which allow our customers to identify deposits made in favor of a third-party through the use of a personal identification number; and
- real-time banking transfers between our customers' checking accounts and savings accounts, including transfers to accounts at other banks.

Credit Portfolio

The following table sets forth a breakdown by product type of our credit portfolio in Brazil, in each case as of the dates indicated:

	As of December 31,	
	2020	2019
	(R\$ in millions)	
Discounted trade receivables and loans ⁽¹⁾	245,753	205,042
Financing	179,850	150,383
Agricultural and agribusiness loans	20,063	20,629
Subtotal	445,666	376,054
Leases	2,647	2,858
Advances on foreign exchange contracts ⁽²⁾	7,607	16,057
Subtotal	455,920	394,969
Other receivables ⁽³⁾	53,413	57,973
Total loans	509,333	452,942

(1) Including credit card loans and advances on credit card receivables in the amount of R\$ 9.9 billion (R\$13.5 billion as of December 31, 2019).

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

Business

(3) The item “Other Receivables” comprises receivables on sureties and guarantees honored, receivables on sale of assets, securities and credits receivable, income receivable from foreign exchange contracts and export contracts and credit card receivables (cash and installment purchases at merchants) totaling R\$34.6 billion (R\$33.9 billion as of December 31, 2019).

Discounted trade receivables and loans

Our discounted trade receivables and loans, which consist primarily of consumer credit operations, corporate lending and credit cards, totaled R\$245.8 billion as of December 31, 2020, representing 48.3% of our loans.

Consumer Credit Operations

We also provide a significant volume of personal loans to individual customers, which diminishes the impact of any single loan on the performance of our portfolio and helps to build customer loyalty. Such loans consist primarily of personal loans with pre-approved overdraft facilities, extended by our branches to holders of our checking accounts and, within certain limits, through our ATM network, call center, mobile and internet banking, which had an average maturity of 57 months and on which interest accrued at an average rate of 1.5% (payroll-deductible loans) and 3.0% (personal credit) per month as of December 31, 2020. It also includes payroll-deductible loans to Social Security National Service (“INSS”) pension plan beneficiaries and retirees and public servants and private sector employees;

We also provide revolving credit loan facilities and traditional term loans to meet the client's emergency needs. The guaranteed account limit allows the negotiation of more attractive rates, however, most of the time it requires a guarantee that can be: endorsement, sale of assets, guarantee of contracts or prepayment of receivables, investments, among others.

Banco Bradesco Financiamentos S.A. (“**Bradesco Financiamentos**”) offers payroll deductible loans to INSS retirees and pensioners, and public-sector employees (federal, state and municipal) through companies specialized in payroll-deductible loans.

Vehicle Financings

We operate, directly and through partnerships, in the consumer financing of the purchase of new and used vehicles for individuals and corporations in the chain, which comprises assemblers, dealers and consumers. In addition to offering these services through our extensive branches network, Bradesco Financiamentos also offers lines of loans and leasing for the acquisition of vehicles.

Credit Cards

We offer our customers a wide range of credit cards as part of our strategy of being a full-service bank. The product and service mix include Elo, American Express, Visa, MasterCard and private label credit cards that stand out for the range of benefits and convenience for members.

We earn revenues from our credit card operations through:

- fees on purchases paid by commercial establishments;
- issuance/annual fees;
- interest on credit card balances;
- interest on cash withdrawals through ATMs; and
- interest on cash advances to cover future payments owed to commercial establishments and service providers that accept credit cards.

Business

We offer our customers several types of credit cards and related services, including:

- credit cards restricted to use in Brazil;
- credit cards accepted both nationwide and internationally;
- credit cards directed toward high net-worth customers, such as Platinum, Infinite/Black and Nanquim from Elo, Visa, American Express and MasterCard brands;
- cards that combine the features of a credit card and a debit card. Holders of these cards can use them to carry out traditional banking transactions as well as to purchase goods;
- co-branded credit cards, which we offer through partnerships we have with traditional companies;
- affinity credit cards, which we offer through organizations, such as sports clubs and non-governmental entities; and
- Private Label cards, which we only offer to customers of retailers, designed to increase business and build customer loyalty for the corresponding retailer.

We hold 50.01% of the shares of Elopap, an investment holding company whose investments include the Alelo (benefit cards, pre-paid and money card), Liveloo (coalition loyalty program), as well as participations in Elo Serviços (brand) and Banco Digio (issue of credit card and other finance products). We hold 30.06% of the shares of Cielo S.A.

We also have a card business unit in Mexico, Bradescard Mexico, which has a partnership with the retailer C&A.

The following tables set forth a breakdown of the volume of transactions and the numbers of transactions executed with these cards for the years indicated:

	As of December 31,	
	2020	2019
	(R\$ in billions)	
Volume Traded		
Credit Cards	192,814.1	205,850.9
	As of December 31,	
	2020	2019
	(In millions of transactions)	
Number of Transactions		
Credit Cards	1,969.6	2,288.5

Our credit card fraud department provides security solutions aligned with our business by creating, implementing and maintaining preventive rules, processes and technologies. The department also issues technical opinions in connection with strategic security issues and implementation of products, services or processes. The department's responsibilities are divided into the following areas:

- the strategy area is tasked with identifying and mitigating risks of financial losses and negative impacts to our image. It develops prevention strategies for document and transactional fraud, monitoring and alerting in real time the onboarding of the product as well as all customer transactions and customer service interactions. These strategies are based on behavioral analyses of fraud and supported by statistical methodologies and predictive models of fraud in order to ensure controls are aligned with our business. The area also diagnoses losses to identify systemic and operational weaknesses, recommending preventive actions and realignment of strategy when necessary;

Business

- the projects and processes area establish controls for identified risks and is responsible for evaluating the risk of fraud and issuing recommendations on new projects, processes and products. The area proposes best practices and solutions to business and technical managers that aim to balance the use and the security of the products and access to service channels; and
- the portfolio analysis area manages and provides information from the fraud department to our other areas.

Debit Cards

We began issuing debit cards in 1981 under the name Bradesco Instantâneo. Beginning in 1999, we converted all our Bradesco Instantâneo debit cards into new cards called Bradesco Visa Electron cards and in 2013 we launched the debit card Elo. Customers who hold Bradesco Visa Electron and Elo debit cards can use them to make purchases at merchants and obtain advances from terminals of the Bradesco Day and Night network in Brazil. The amount paid is withdrawn from the cardholder's Banco Bradesco account, eliminating the inconvenience and bureaucracy of a check.

Financing

Our financing operations, which consist primarily of real estate financing and on-lending of BNDES loans, totaled R\$6.2 billion as of December 31, 2020.

Real Estate Financing

Real estate financing is carried out for the purpose of: (i) acquisition of residential and commercial real estate, and urban plots; and (ii) construction of residential and commercial developments.

As of December 31, 2020, we had 259.3 thousand active financing contracts for mortgages or fiduciary disposals of real estate. Our residential mortgage loans have a stated maturity of up to 30 years for residential loans with annual interest rates of 6.7% to 12.0% plus TR, and up to 10 years for commercial real estate financing with annual interest rates of 10.5% to 15.0%. In addition, in 2020 we also launched a new type of real estate financing where the interest rate is determined by reference to fluctuations in the rates of saving accounts plus 3.99% per annum.

Our loans to individuals for the completion of residential construction have a repayment period of up to 42 months (including a period of up to 36 months for the completion of the construction and a six-month grace period) and bear an annual interest rate of 8.5% to 16.0% plus TR and new pricing with floating rates.

Central Bank regulations require us to provide a minimum amount of residential real estate financing equal to at least 65.0% of the balance of our savings account and remaining resources in financial and other transactions according to applicable law and regulations. See “*Brazilian Financial Services Industry and Regulations — Bank Regulations.*”

On-lending

According to BNDES, we on-lent R\$6.2 billion to our customers, 94.5% of which we on-lent to small- and medium-sized businesses.

The Brazilian government has certain products and programs to provide Brazilian government funded long term loans with below market interest rates to sectors of the economy that it has targeted for development. Under this program, we borrow funds from either BNDES or the *Agência Especial de Financiamento Industrial* (“**FINAME**”). We then on-lend these funds to borrowers in targeted sectors of the economy. We determine the spread on the loans based on the borrowers' credit. The on-lending, which is at our risk, is always secured.

Business

Agricultural and Agribusiness Financing

Our loans to the Agribusiness sector are financed by the following sources: (i) demand deposits, in which there is a requirement to apply 27.5% of the Compulsory Deposit Requirement (“VSR”) defined as Mandatory Resources (“RO”) in the Rural Loan Manual (“MCR”) rules; as of December 31, 2020, the demand deposits portfolio was R\$9.4 billion and rates ranged between 2.75% and 6.0% *per annum*, in accordance with MCR rules. The average portfolio rate was 5.35%, (ii) our own resources which use our treasury resources for operations, with a portfolio of R\$3.9 billion as of December 31, 2020, with an annual average rate of 7.91%, and (iii) BNDES on-lending, through lines directed to the agribusiness sector, which are used to invest in equipment, machinery, infrastructure and pasture recovery, the term is no more than 10 years and has an annual average rate of 7.37%.

As operations mostly have annual and semiannual payments and receipt of payments that coincide with the harvest cycles, the security for such loans are generally constituted by a chattel mortgage or a property mortgage over the land where the agricultural activities being financed are conducted.

Leasing Operations

Our leasing operations were carried out mostly through Bradesco Leasing S.A. Arrendamento Mercantil and Bradesco Financiamentos. According to ABEL, as of October 31, 2020, the aggregate present value of the leasing portfolios of leasing companies in Brazil was R\$11.4 billion, of which we had a market share of 24%.

As of December 31, 2020, we had approximately 5,289 outstanding leases.

The Brazilian leasing market is dominated by large banks and companies affiliated with vehicle producers, both domestic and foreign-owned. Brazilian lease contracts generally relate to motor vehicles, aircraft, computers, industrial machinery and other equipment.

Most of our leases are financial (as opposed to operational) leases, and our leasing operations primarily involve the leasing of trucks, cranes, aircraft, vessels and heavy machinery. As of December 31, 2020, approximately 33% of our outstanding leases were automotive leases.

Terms of Leasing Agreements

Financial leases represent a source of medium and long-term financing for Brazilian customers. Under CMN Resolution No. 2,309, dated August 28, 1996, as amended, the minimum term of financial leasing contracts is 24 months for transactions with respect to goods with an average life of five years or less, and 36 months for transactions with respect to other goods. There is no legally imposed maximum term for leasing contracts.

Payment Processing; Collections and Third-Party Resource Management

Payment and Collections Solutions

In Brazil, the majority of consumers pay their bills in person at bank branches or at ATMs. Accordingly, we offer our corporate customers payment collection and processing services through our branch network, our special banking service posts and electronic service outlets and our electronic channels.

We also have a strong presence in the public sector, and offer tailored products and solutions to federal, state and local entities, which have access to a dedicated portal in our website (www.bradescopoderpublico.com.br). No information on our website is part of, or incorporated by reference in, this Base Prospectus.

Our revenues for these services come from the fees we charge for our payment collection and processing services, as well as from the interest we earn on funds before we remit them to the companies.

Business

Some payment and receiving solutions that we offer to our customers are:

Tax and Utility Bills; Payments to Social Security Beneficiaries

In the year ended December 31, 2020, we processed 701.7 million tax payments, utility bills and payments to beneficiaries of the social security system. In the year ended December 31, 2019, we processed 703.9 million tax payments, utility bills and payments to beneficiaries of the social security system.

Check-Custody Services

We offer our corporate and individual customers custody services for post-dated checks they receive. Post-dated checks are a term payment option frequently used in Brazil, particularly in the retail and supermarket sectors. Under this system, customers pay for merchandise and services with post-dated bank checks which the seller deposits on an agreed-upon date, effectively allowing payment over a long term. We offer customers who use our check-custody service electronic data capture, which increases the operational security of the system, as well as various alternatives for receiving advances using such instruments, such as by discounting a check or by accepting it as collateral for working capital loans.

Payment Services

We offer our corporate customers electronic payment services which allow them to make payments and electronic transfers to their suppliers and creditors, as well as pay taxes and public utility bills. In the year ended December 31, 2020, we processed 1.2 million electronic payments and transfers, totaling R\$7.1 trillion.

Third-Party Administrative Services

We offer our corporate customers several administrative services, including payroll processing, employee checking accounts (or salary accounts), the salary card, for employees who do not have accounts at Bradesco, and the corporate card, for the payment of business trips and travel agency expenses, among other expenses. Our employees receive their salaries through this system, they may take advantage of various services, including overdraft protection and access to a broad ATM network. We earn revenues from these services through fees paid by our corporate customers.

Capital Markets and Investment Banking Services

Our subsidiary Bradesco BBI is primarily responsible for the development of investment banking services to Brazilian and foreign clients through a solid platform focused on structured finance, mergers and acquisitions, project finance, fixed income, origination and distribution of equity and debt instruments.

Underwriting Services and Advisory Services

We have been an important underwriter of domestic debt and equity in Brazil for more than ten years. We offer our customers investment advisory services with respect to asset backed investment funds, mergers and acquisitions (“M&A”), project financings, privatizations and corporate restructurings. As of December 31, 2020, we received the following rankings and recognitions:

- we ranked second in local DCM and origination transactions, with a total value of R\$33.1 million which correspond the total of 81 deals (according to ANBIMA); and
- we were identified as the “Best Investment Bank” and “Best Fixed Income Investment Bank” in Latin America in 2020 by Global Finance.

Business

Brokerage and Trading Services

Through our wholly-owned subsidiary Bradesco S.A. Corretora de Títulos e Valores Mobiliários (“**Bradesco Corretora**”), we trade futures, options and corporate and Brazilian government securities on behalf of our customers on the BM&FBovespa. Bradesco Corretora’s customers include high-income individuals, large corporations and institutional investors. Bradesco Corretora also offers investment analysis services, providing market performance reports, portfolio advice and stock guides.

During 2020, Bradesco Corretora traded approximately R\$647.4 billion in equities and was ranked ninth in Brazil in terms of trading volume.

During 2020, Bradesco Corretora also traded approximately 316.9 million futures, swaps, options and other contracts, with a total value of approximately R\$20.3 billion on the BM&FBovespa. Bradesco Corretora was ranked ninth in the Brazilian market, in terms of the number of options, futures and swaps contracts executed.

Bradesco Corretora provides an open communication channel with its clients and various stakeholders through a wide online presence: an online TV channel with a program that is fully focused on financial topics, including chats with analysts, social media and a dedicated mobile app (Bradesco Trading).

Bradesco Corretora also offers the service of acting as the representative of non-resident investors in transactions carried out in the financial and capital markets, pursuant to CMN Resolution No. 4,373, of September 29, 2014, as amended.

In November 2019, we began the process of unifying the operations of Ágora and Bradesco Corretora in order to create a single investment platform, resulting in Ágora Investimentos.

Ágora Investimentos and Bradesco Corretora assist clients in both domestic and international capital market operations, fixed income, equities (shares and derivatives), investment funds, COE, futures markets and public offers (fixed income and shares) issued by Bradesco or third parties. They also offer a wide coverage of companies and sector analysis in partnership with Bradesco BBI.

Since the unification, Ágora Investimentos is our platform dedicated to individual investors, while Bradesco Corretora, in turn, is the platform aimed exclusively at institutional investors.

Ágora

Ágora, our investment house, was revitalized in 2019 to become our official 100% digital investment platform which offers products and specialized advice so that clients can make investments conveniently and reliably. As a result, Ágora assumed our retail operations, which include both individual and corporate clients, and it is focussed on three pillars:

- recommended products and portfolios on an open platform that offer clients access to any and every product in the market regardless of the destination or the issuer, as well as tailored investment strategies that present the best combination of products based on a client’s objectives, needs and profile;
- specialized advice that aims to generate value for the client with a complete offering of investment products and solutions through different service channels in order to meet the needs of our investing clients, accountholders and non-accountholders, considering their stage in life, equity and profile; and
- digital trading platforms that allow quick, easy and complete access for clients in the Home Broker and Ágora apps.

In addition to assistance from branch managers, Ágora’s investment management also benefits from a team of investment experts advise on banking products, investment funds, capital market products, brokerage and private

Business

pension plans. Clients also benefit from recommendations of portfolios that combine a variety of financial products which are prepared on a monthly and are based on the outlook for the national and international markets.

One of the leaders in the market, in December 2020 Ágora Investimentos reached R\$ 62.4 billion in assets under custody and 547.7 thousand clients, and is prepared to assist investors in both domestic and international capital market operations, fixed income, equities (shares and derivatives), investment funds, COE, futures markets and public offers (fixed income and shares) issued by Banco Bradesco or third parties. Moreover, Ágora is the first investment house in Latin America to partner with S&P Dow Jones, the most renowned data and research provider in the world, offering more transparency and credibility to clients with an index that replicates its Recommended Portfolios, counting on the practicality of accessing them through various investment funds.

Ágora also offer clients exclusive market-related content, including reports with graphic and fundamental analysis, interactive live feeds, podcasts, Ágora TV and recommended portfolios which are prepared and updated daily by experts.

Qualified Services for Capital Markets

We believe we are, by means of our Custody and Registrar Department, one of the main suppliers of qualified services for capital markets. With a modern infrastructure and specialized team, we propose innovative solutions, expanding service options and generating operating flexibility for our clients. The Stock and Custody Department provides services for capital markets related to the bookkeeping of assets: registered shares, Brazilian Depositary Receipts (“BDRs”), investment fund quotas, *Certificado de Recebíveis Imobiliários* (“CRIs”) and debentures; qualified custody of securities; custody of shares for coverage of Depositary Receipts (“DRs”); custody and representation for foreign investors; controllership of investment funds and managed portfolios; fund administration; offshore funds; depositary (escrow account trustee) and clearing agent.

We set out below the main services provided by, and key data relating to, our Custody and Registrar Department as of December 31, 2020:

Investment funds’ custody and controllership and managed portfolios

- R\$1.9 trillion in clients’ assets under custody;
- R\$2.8 trillion in investment funds (aggregate net asset value) and managed portfolios using controllership services; and
- R\$244 billion in aggregate market value related to 31 American Depositary Receipt (ADR) programs and 4 Global Depositary Receipt (GDR) programs.

Fiduciary administration for funds with third-party and Bradesco

- R\$1.0 trillion in net equity managed by Banco Bradesco and BEM - Distribuidora de Títulos e Valores Mobiliários Ltda in investment funds, clubs and managed portfolios.

Securities bookkeeping

- 245 member companies of the Bradesco Book-Entry Stock System, with an aggregate of 9.6 million shareholders;
- 449 companies with 730 issues of the Bradesco Book-Entry Debentures System (aggregate value of R\$650.5 billion);
- 1,039 investment funds of Bradesco Book-Entry Quotas System (aggregate value of R\$96.4 billion); and

Business

- 33 BDR programs, with an aggregate market value of R\$1.8 billion.

Escrow accounts

- 24,606 contracts, with an aggregate financial volume of R\$15.1 billion.

International Banking

As a private commercial bank, we offer a range of international services such as exchange transactions, foreign trade financing, lines of credit and offshore banking activities in general. As of December 31, 2020, our financial overseas facilities consisted of:

- in New York City, our branch, our subsidiary brokerage firm Bradesco Securities, Inc. (“**Bradesco Securities U.S.**”) and our subsidiary Bradesco North America LLC (“**Bradesco North America**”);
- in the Cayman Islands, our branch and our subsidiary Cidade Capital Markets Ltd. (“**Cidade Capital Markets**”);
- in Argentina, our subsidiary Banco Bradesco Argentina S.A. (“**Bradesco Argentina**”);
- in London, a branch of our subsidiary Banco Bradesco Europa S.A. (“**Bradesco Europa**”) and our subsidiary Bradesco Securities UK Ltd. (“**Bradesco Securities UK**”);
- in Hong Kong, our subsidiary Bradesco Trade Services Limited (“**Bradesco Trade Services**”) and our subsidiary Bradesco Securities Hong Kong (“**Bradesco Hong Kong**”);
- in Mexico, our subsidiary Bradescard Mexico, Sociedad de Responsabilidad Limitada;
- in Luxembourg, our subsidiary Bradesco Europa; and
- in Miami, our Representation Office.

As of December 31, 2020, our international operations were coordinated by our international department and supported by twelve specialized units operating in Brazil’s principal exporting and importing centers.

Foreign Branches

Our foreign branches in New York and Grand Cayman are principally engaged in sourcing funds in the international markets, which are then mainly extended to our Brazilian trade finance customers. Our branches also take deposits in foreign currency from corporate and individual customers and extend credit to Brazilian and non-Brazilian customers. The assets of our foreign branches excluding transactions between related parties totaled R\$40.8 billion as of December 31, 2020.

Our foreign branches in New York and Grand Cayman periodically issue debt securities, thereby assisting us in gaining access to the international capital markets. In addition to short term financings obtained from international banks for foreign trade financing, our foreign branches, together with our principal office in Brazil, raised U.S.\$2.6 billion during 2020, through public and private placements of medium and long term securities.

Our access to the international capital markets diversifies our sources of foreign currency-denominated funding. Like most Latin American companies, however, our access to funding through such issuances and our ability to diversify our sources of foreign currency-denominated funding are and will continue to be subject to domestic and international market conditions and investors’ and international lenders’ perceptions of emerging market risk generally.

Business

Foreign Subsidiaries

Bradesco Argentina. Aiming at expanding our operations in Latin America, in December 1999 we established our subsidiary Bradesco Argentina. Bradesco Argentina's general purpose is to extend financing, largely to Brazilian companies established in Argentina and, to a lesser extent, Argentine corporate customers doing business in Brazil. As of December 31, 2020, its total assets, including transactions between related parties, were R\$125.5 million.

Bradesco Europa. In January 2002, we acquired Mercantil Luxemburgo. In April 2002, we acquired Banque Banespa International S.A. of Luxembourg and changed its name to Banco Bradesco Luxembourg S.A. In September 2003 we merged Banco Bradesco Luxembourg S.A. and Mercantil Luxemburgo under the name of Banco Bradesco Luxembourg S.A. We subsequently changed the name from Banco Bradesco Luxembourg S.A. to Banco Bradesco Europa S.A. Bradesco Europa provides customized services to private banking customers. As of December 31, 2020, its total assets, including transactions between related parties, were R\$8.7 billion.

Bradesco Securities, Inc. Our wholly-owned subsidiary, Bradesco Securities U.S. is a broker-dealer in the United States. Its focus is on facilitating the purchase and sale of shares, primarily in the form of ADRs and common shares, on facilitating Bradesco investing activities in the United States and on offering general support to foreign investments in Brazil. The company is also authorized to deal in bonds, commercial paper and deposit certificates, among other securities, and to provide investment advisory services. As of December 31, 2020, Bradesco Securities U.S. had R\$236.9 million in assets, including transactions between related parties.

Bradesco Securities UK. Our wholly-owned subsidiary, Bradesco Securities UK is a broker-dealer in the United Kingdom. Its focus is on facilitating the purchase and sale of debt and shares of Brazilian companies to European and global institutional investors. As of December 31, 2020, Bradesco Securities UK had R\$59 million in assets, including transactions between related parties.

Bradesco Securities Hong Kong. Our wholly-owned subsidiary is a broker-dealer in Hong Kong, China. Its focus is on facilitating the purchase and sale of ADRs and public and private securities issued by Brazilian companies for global institutional investors. As of December 31, 2020, Bradesco Securities Hong Kong had assets R\$43 million in assets, including transactions between related parties.

Cidade Capital Markets. In February 2002, we, through Banco BCN S.A. ("**Banco BCN**"), acquired Cidade Capital Markets Ltd., a company incorporated under the laws of the Cayman Islands, as part of our acquisition of its parent company Banco Cidade S.A. As of December 31, 2020, our subsidiary Cidade Capital Markets had R\$231.1 million in assets, including transactions between related parties.

Banking Operations in the United States. In January 2004, the United States Federal Reserve Bank authorized us to operate as a financial holding company in the United States. As a result, we are permitted to operate in the United States market, directly or through a subsidiary, by, among other things, selling insurance, providing underwriting, private placement, portfolio management and merchant banking services, or managing mutual fund portfolios. We have already begun to offer these services in the United States.

Bradesco North America LLC. In August 2011, we formed Bradesco North America LLC, a holding company intended to concentrate our investments in non-financial corporations in the United States. As of December 31, 2020, our subsidiary Bradesco North America LLC had R\$1.4 million in assets, including transactions between related parties.

Bradescard México is a business cards unit, providing full credit card services to customers of important retailers in the Mexican market, including *C&A*, *Bodega Aurrera*, *Shasa*, among others.

BAC Florida Bank. Commercial bank in the United States with deposits guaranteed by the FDIC (Federal Deposit Insurance Corporation), providing banking products and services to resident and non-resident individuals, corporate and institutional customers. As of December 31, 2020, our subsidiary Bradesco BAC Florida Bank had R\$11.5 billion in assets, including transactions between related parties.

Business

BAC Florida Investments. Broker dealer that offers a complete and open platform of investments for Private, high-income, corporate and institutional customers. As of December 31, 2020, our subsidiary Bradesco BAC Florida Investments had R\$34.9 million in assets, including transactions between related parties.

Global Advisors. Investment advisory firm that manages discretionary and non-discretionary portfolios for Private and high-income customers. As of December 31, 2020, our subsidiary Bradesco Global Advisors had R\$8.3 million in assets, including transactions between related parties.

Foreign Trade Financing

Our Brazilian foreign trade activities primarily consist of financing export and import transactions. In import financing, customers usually obtain funding in the form of foreign currency loans or letters of credit, which is linked to the receipt of a local currency payment from the importer equivalent to the amount of such credit facility. In export financing, exporters usually receive an advance in local currency upon the closing of the export contract, in exchange for an assignment of a foreign currency receivable due on the contract maturity date. Financings done prior to the shipment of the goods are called *Adiantamento Sobre Contrato de Câmbio* (Advances on Exchange Contracts), whereby the funds obtained are used in the production of the goods that will be exported. Financings done after the shipment of the goods or the services, when the exporter is awaiting payment, are called *Adiantamento Sobre Contrato de Exportação* (Advances on Export Contracts) (“ACE”). Other types of existing financings include Pre-Payment of Exports, BNDES-EXIM on-lending, *Notas de Crédito à Exportação*, *Cédulas de Crédito à Exportação*, *Programa de Equalização de Taxas (PROEX)* and *Forfaiting*.

Our foreign trade portfolio is primarily funded by credit lines with correspondent banks. We maintain relationships with several North American, European, Asian and Latin American financing institutions for this purpose, relying on our network of correspondent banks around the world, 37 of which had granted credit lines to us as of December 31, 2020.

Other Foreign Exchange Products

In addition to trade financing, we provide other foreign exchange products and services, such as:

- transferring money from or to abroad;
- WEB exchange contracts;
- accounts in Brazilian reais for foreign customers;
- advance payment for exports;
- collecting import and export receivables;
- foreign loans for clients;
- working capital loans abroad;
- agreements: service of receipt of funds from abroad via payment orders (for individuals);
- prepaid cards in foreign currency (for individuals);
- purchasing and selling foreign currency and traveller's checks;
- domestic currency account for foreign domiciled customers;
- cash holding in other countries;

Business

- structured foreign currency transactions: through our overseas units;
- international financial clearance certificate;
- international financial capacity certificate;
- cashing checks that are denominated in foreign currency; and
- structured transactions such as receivables securitizations.

Insurance, Supplementary Pension Plans and Capitalization Bonds

The following table sets forth selected financial data for our insurance, supplementary pension plans and capitalization bonds segments for the periods indicated:

	As of December 31,	
	2020	2019
	(R\$ in millions, except percentages)	
Selected results of operations data:		
Insurance revenues ⁽¹⁾	42,469	41,871
Supplementary pension plan revenues (including VGBL).....	26,118	29,519
Capitalization bonds revenues	5,257	6,408
Insurance retained-claims	(27,717)	(27,731)
Supplementary pension plan (including VGBL) and life insurance redemption and payment of benefits	(27,523)	(25,191)
Redemption of capitalization bonds	(4,709)	(5,677)
Operations ratios:		
Claims ratio ⁽²⁾	73.6%	72.4%
Selling ratio ⁽³⁾	8.2%	8.2%

(1) Premiums written – coinsurance premiums granted – refunded premiums.

(2) Retained claims/earned premiums.

(3) Selling expenses/earned premiums.

Insurance

We offer insurance products through a number of different entities, which we refer to collectively as Grupo Bradesco Seguros. Grupo Bradesco Seguros was the largest insurer in Brazil as of December 31, 2020 based on revenues and technical provisions, according to information published by SUSEP. Grupo Bradesco Seguros provides a wide range of insurance products to companies and individuals in Brazil. It offers insurance products both on an individual basis and under contracts with corporations through which their employees are insured. Its products include health, life, personal accident and automobile insurance.

Health Insurance

Health insurance insures policyholders for medical expenses. As of December 31, 2020, our subsidiary Bradesco Saúde and its subsidiary Mediservice Administradora de Planos de Saúde S.A. focusing on health insurance had over 3.6 million health plan policyholders, including both holders who obtained their insurance through their corporate employers and holders who obtained it directly. Approximately 159 thousand companies in Brazil pay into plans provided by Bradesco Saúde and its subsidiaries, including 43 of the top 100 largest companies in the country.

Bradesco Saúde currently has one of the largest networks of providers of health services in Brazil. As of December 31, 2020, it included 11,128 laboratories, 17,657 specialized clinics, 15,302 physicians and 2,086 hospitals located throughout the country.

Life and Personal Accident Insurance

Grupo Bradesco Seguros offers its term life insurance through its subsidiaries. As of December 31, 2020, Grupo Bradesco Seguros had approximately 31.9 million life insurance policyholders.

Business

Automobile, Property and Liability Insurance

Grupo Bradesco Seguros offers automobile, property and liability insurance through its subsidiary Bradesco Auto/RE. Bradesco Auto/RE's automobile insurance covers policyholders' losses resulting from vehicle theft, damage to vehicles, personal injury and injury to third parties. In automobile insurance, intended for individuals and companies, the "Seguro Auto Light" policy offers the main coverage and benefits of traditional insurance at the most affordable price, in addition to being Bradesco Auto/RE's first product with 100% digital stationery. Furthermore, we also provide "*Bradesco Seguro Auto Correntista*," a product that offers discounts, benefits and exclusive coverage to account holders of Banco Bradesco. Retail property/casualty insurance is for individuals, particularly those with residential and/or equipment related risks and small- and medium-sized companies whose assets are covered by multi-risk business insurance. Of the various property lines for individuals, our residential note (*Bilhete residencial*) is a relatively affordable and highly profitable product. For corporate customers, Bradesco Auto/RE offers Bradesco Seguro Empresarial (business insurance) and Bradesco Seguro Condomínio, which are adapted to meet our customers' and business needs.

As of December 31, 2020, Bradesco Auto/RE had approximately 1.6 million insured automobiles and approximately 1.1 million insurance policies and tickets.

Sales of Insurance Products

We sell our insurance products through exclusive brokers in our branch network, as well as through other, non-exclusive brokers throughout Brazil. As of December 31, 2020, approximately 41,612 brokers offered our insurance and pension plan products to the public. We also offer certain automobile, health property and casualty insurance products through our website.

Pricing

Pricing of health insurance for collective policies in Brazil is driven by historical statistical experience, considering factors such as number and geographic distribution of policyholders, frequency of claims and average medical, hospital and dental costs, as presented in the actuarial analysis.

Pricing of life insurance is based on actuarial mortality tables and, in several cases, on the frequency of claims.

Pricing for personal automobile insurance is influenced by the frequency and degree of severity of an individual's claims, and takes into consideration various other factors, such as the location of the use of the vehicle and the year and model of the vehicle. We follow the market practice which considers the customer's profile in the pricing of automobile insurance.

The profitability of personal automobile insurance is partially dependent on the prompt identification and correction of disparities between premium levels and expected claim costs. Premiums charged for vehicle damage coverage reflect the value of the insured automobile and, accordingly, premium levels partially reflect the volume of new automobile sales.

Pricing in the retail-oriented property and casualty business is driven by claims' frequency and average amount, as well as building specifications, location and activities undertaken in the property. Pricing is also driven by the specific aspects of the risk. Depending on the type of coverage and value insured, it may be necessary to consult a reinsurer in order to obtain the basis for contracting the insurance.

Reinsurance

Brazilian regulations set retention limits on the amount of risk insurance companies may underwrite. Currently, Grupo Bradesco Seguros reinsures with the *Instituto de Resseguros do Brasil* (Brazilian Reinsurance Institute) ("**IRB**") and other reinsurers any risks it underwrites in excess of the retention limits or risks that, by technical or actuarial determination, reinsurance is recommended in order to minimize the risks of our portfolio.

Business

As of December 31, 2020, there were 110 reinsurers authorized to operate in the Brazilian market, including IRB-Brasil RE and Lloyd's of London 26 reinsurance brokerage firms had authorization to intermediate reinsurance and retrocession operations.

Grupo Bradesco Seguros total reinsurance ceded premium was R\$69.3 million and Bradesco Auto/RE total ceded premium was R\$46.3 million in 2020. It should be noted that almost all the portfolios of elementary lines, except automobiles, have reinsurance protection and, in most cases, the combination of proportional and non-proportional plans, by risk and/or by event. Although the reinsurer is liable to the extent of the amount reinsured, the insurance companies that form the Grupo Bradesco Seguros group remain primarily liable as the direct insurers on all reinsured risks.

Our senior management is responsible for our reinsurance purchase policy and the approval of reinsurers with whom agreements are entered into. In addition to minimum legal and regulatory requirements, senior management considers certain other key parameters when choosing such partners in order to minimize the credit risks. These parameters include a minimum credit rating of A- from S&P (or equivalent), except for local reinsurers and shareholders' equity consistent with the amounts ceded. Accordingly, our reinsurance purchase policy is designed to operate within its automatic contractual capabilities in order to prevent frequent purchases of optional agreements and higher exposures to credit risk.

A significant portion of automatic and optional agreements (proportional and non-proportional) is transferred to IRB - Brasil RE. Certain admitted reinsurers participate with a lower individual percentage, but all of them hold capital and have a higher rating than the minimum required by applicable Brazilian legislation.

Supplementary Pension Plans

We began managing individual and corporate supplementary pension plans in 1981 through our wholly-owned subsidiary Bradesco Vida e Previdência, which is now the leading supplementary pension plan manager in Brazil as measured by pension plan contributions, investment portfolio and technical provisions, based on information published by the National Federation of Private Pension Plans (*Federação Nacional de Previdência Privada*) ("FENAPREVI") and SUSEP.

Bradesco Vida e Previdência offers and manages a range of individual plans and pension plans. Our largest individual plans in terms of contribution known as VGBL and PGBL are exempt from withholding taxes on income generated by the fund portfolio.

As of December 31, 2020, Bradesco Vida e Previdência accounted for 20.6% of the supplementary pension plan market and the VGBL market in terms of contributions, according to SUSEP. Furthermore, pension funds managed by Bradesco Vida e Previdência accounted for 20.2% of VGBL, 23.6% of PGBL and 25.2% of traditional pension plans in Brazil. As of December 31, 2020, Bradesco Vida e Previdência accounted for 24.2% of all supplementary pension plan assets under management according to FENAPREVI.

Brazilian law currently permits the existence of both opened and closed supplementary private pension entities. Opened supplementary pension entities are those available to all individuals and legal entities who, by means of a regular contribution, wish to subscribe to a benefit plan. Closed supplementary pension entities are those available to groups of people such as the employees of a specific company or group of companies in the same sector, professionals in the same field, or members of a union. Supplementary pension entities grant benefits or income based upon periodic contributions from their members, their respective employers or both.

We manage supplementary pension plans and VGBLs covering approximately 2.9 million participants, 58.4% of whom are members of individual plans, and the remainder of whom are individual members of corporate plans. Corporate plans account for 15.6% of our technical provisions.

Under VGBL and PGBL plans, participants are allowed to contribute either in installments or in lump-sum payments. Participants in PGBL and supplementary pension plans are released from the obligation to pay income taxes on amounts contributed to a plan, up to 12% of the participant's gross taxable income. Companies in Brazil

Business

can establish VGBL and PGBL plans for the benefit of their employees. As of December 31, 2020, Bradesco Vida e Previdência managed R\$178.6 billion in VGBL plans, R\$39.3 billion in PGBL plans and R\$34 billion in traditional pension plans.

Bradesco Vida e Previdência also offers pension plans to its corporate customers, most of which are tailored to the needs of a specific corporate customer.

Bradesco Vida e Previdência earns revenues primarily by charging:

- pension plan contributions and PGBL, as well as life insurance, personal accident and VGBL premiums; and
- revenues from management fees that are charged to policyholders in order to cover technical provisions.

Capitalization Bonds

Through Bradesco Capitalização, we offer our customers capitalization bonds, which are sold in accordance with the type of payment (*i.e.*, single or monthly). Each capitalization bond has a nominal value from R\$20 to R\$50,000. Plans are updated based on the Brazilian Reference Rate (TR) and interest in accordance with the general conditions of the plan, which may be redeemed by the shareholder at the end of the grace period. Periodically, we may have prize drawings at which some holders of the capitalization bonds win cash prizes of up to R\$1.4 million. As of December 31, 2020, Bradesco Capitalização awarded 1,873 clients resulting more than R\$81 million in gross premiums.

The capitalization bonds are redeemable by the holder at the end of a 12-month grace period. As of December 31, 2020, we had a customer base of approximately 2.5 million and 23.5 million capitalization bonds outstanding of which 7.0 million were “traditional capitalization bonds” and around 16.5 million were incentive capitalization bonds.

Bradesco Capitalização was the first private capitalization bond company in the country to receive an ISO 9001 certificate from Fundação Vanzolini. This certificate was upgraded to NBR ISO 9001:2008 and re-certified in October 2010 based on the quality of Bradesco Capitalização’s internal procedures and management.

Asset Management

BRAM manages third-party assets for:

- mutual funds;
- individual and corporate managed accounts;
- supplementary pension funds, including the assets guaranteeing the technical provisions of Bradesco Vida e Previdência S.A. (“**Bradesco Vida e Previdência**”);
- insurance companies, including the assets guaranteeing the technical provisions of Bradesco Seguros; and
- structured products offered by investment funds specialized in receivables (*fundo de investimento em direitos creditórios*, or “**FIDC**”) and (*fundo de investimento imobiliário*, or “**FII**s”) and Exchange Traded Funds (“**EFTs**”).

As of December 31, 2020, we had R\$611.0 billion in total assets under management, R\$529.1 billion of which were in investment funds and R\$81.9 billion in managed accounts.

Business

Revenue from our asset management division is recognized under the line item “Fees and Commissions” in our financial statements.

We offer a wide range of funds, including fixed income funds, multi market funds and equity products, which are managed by specialized portfolio managers. As of December 31, 2020, we offered 1,572 funds and 618 managed accounts to 3.0 million investors.

In relation to these funds, we may act as administrator and as portfolio manager of the relevant fund. As administrators, Banco Bradesco S.A. specializes in the administration of funds and investment portfolios of several market segments, such as retail, corporate, private and institutional investors. As fund managers, BRAM specializes in managing the financial assets and resources of funds and verifying the funds’ compliance with their investment policy.

The following tables set forth the net assets of our funds, the number of customers and the number of funds and portfolios which we manage, as of the dates indicated:

	Distribution of Assets ⁽¹⁾ As of December 31,	
	2020	2019
	(R\$ in millions)	
Investment Funds		
Fixed Income	453,017	492,730
Equity	21,133	18,593
Multiassets	54,931	49,102
Subtotal	529,081	560,425
Managed Accounts		
Fixed Income	68,861	57,833
Equity	13,026	9,632
Subtotal	81,888	67,465
Total	610,969	627,889
	Number of Funds/Managed Accounts	Number of Funds/Managed Accounts
	2020	2019
Funds.....	1,572	1,282
Managed Accounts	618	490
Total (Funds and Managed Accounts)	2,190	1,772

We market our asset management products through our branch network, our telephone banking service and through our internet-based investment site, Bradesco Home Broker.

Bradesco Consórcios

In January 2003, Bradesco Administradora de Consórcios Ltda. (“**Bradesco Consórcios**”) began offering consortium quotas to both our customers and non-customers, targeting all income brackets. The purpose of this venture is to manage consortia formed by consumer and corporate purchasers of automobiles, trucks, tractors, agricultural machinery and real estate properties. Under the relevant consortium terms, the full purchase price of one vehicle or real estate property to be purchased by each member of the consortium is split among them and is payable on a monthly basis so that each month, title to a vehicle or piece of real estate in question is delivered to one member of the consortium (determined by a lottery system). Since May 2004, December 2004 and October 2008, Bradesco Consórcios has been the leader in the real estate, automotive, truck, tractors and machines segments, respectively. As of December 31, 2020, we managed 1,529,143 net consortium quotas.

Business

Treasury Activities

We have a single treasury for all of our and our subsidiaries' activities. Our treasury enters into transactions, including derivative financial instruments transactions, mainly for hedging purposes (the so-called “macro hedge”), in accordance with limits set forth by our risk management area utilizing a value-at-risk methodology.

Distribution Channels

We believe that we have one of the largest private-sector banking networks in Brazil. Our branch network is complemented by alternative distribution channels such as special banking service posts and electronic service outlets on the premises of selected companies, ATMs, telephone banking services, and internet banking. In introducing new distribution systems we have focused on enhancing our security as well as increasing efficiency.

As of December 31, 2020, we:

- operated three foreign branches: one in New York, one in Grand Cayman, the Cayman Islands, and one in London, a branch of our Luxembourg subsidiary; and
- operated nine foreign subsidiaries: in Buenos Aires, Argentina (Bradesco Argentina); Grand Cayman, Cayman Islands (Cidade Capital Markets Ltd.); Hong Kong, China (Bradesco Trade Services and Bradesco Securities Hong Kong); New York (Bradesco North America); and Luxembourg (Bradesco Europa), in addition to our broker-dealer in New York (Bradesco Securities U.S.) and our broker-dealer in the United Kingdom (Bradesco Securities UK); Mexico (Ibi Services, Sociedad de Responsabilidad Limitada in Mexico).

Specialized Distribution of Products and Services

As part of our distribution system, we have five areas that offer a range of products and services on an individualized basis to companies and individuals in specified segments of our customer base.

Bradesco Retail

Bradesco Varejo (our retail segment) provides products and services to individuals with monthly income of up to R\$10,000 and to corporate customers with annual revenues of up to R\$30 million. Bradesco Varejo serves more than 26 million customers, who carry out millions of transactions daily through our distribution channels.

Bradesco Corporate

Our corporate banking segment, which we formed in 1999, provides products and services to customers that are companies or groups of affiliated companies with annual revenues of over R\$500.0 million and R\$4.0 billion. Bradesco Corporate is currently managed by 136 relationship managers and offers traditional and tailor-made products and solutions to its customers.

Bradesco Corporate One (formerly Bradesco Empresas)

Our Bradesco Corporate One area, which was formed in 2002 to expand our middle-market activities, provides products and services to companies with annual revenues of R\$30.0 million to R\$500.0 million. We provide services to our Bradesco Corporate One customers through 70 business units located in the principal Brazilian state capitals.

Bradesco Corporate One focuses on providing the following services and products to its customers: loans, investments, foreign trade, derivatives, cash management and structured transactions. It has 446 relationship managers, who are all certified by ANBIMA and assist an average of 50 economic groups representing 63,201 companies in various industries.

Business

Bradesco Large Corporate

Our Large Corporate banking segment, which was formed in 2020, provides products and services to customers that are companies or groups of affiliated companies with annual revenues above R\$4 billion. Bradesco Large Corporate offers traditional and tailor-made products and solutions to its customers and is currently managed by 21 relationship managers and assistants. As of December 31, 2020, we had, on a consolidated basis, 246 Brazilian and multinational groups of affiliated companies in Brazil as customers.

Bradesco Private Banking

Our Private Banking area offers our private banking products and services on a personalized basis to high income individuals and family holding companies with sufficient funds available for liquid investments. Our private banking service offers a range of financial consulting services, including investment, estate and tax consulting through 13 offices located in the major Brazilian cities and providing overseas support in the Cayman Islands, New York and Luxembourg.

We entered into a referral agreement with J.P. Morgan S.A. on August 31, 2020 to facilitate the transfer of the provision of local banking services for private banking clients of J.P. Morgan. Clients who migrate to us will have access to our range of services mentioned above.

Bradesco Prime

Our Bradesco Prime area, which began operations in May 2003, offers products and services on a personalized basis to individuals whose income is higher than R\$10,000 per month or who have at least R\$100,000 available for investment. It has a network of 233 branches and 842 Bradesco Prime Spaces throughout Brazil. We make exclusive Internet banking and call center tools as well as access to Bradesco's branches and ATM machines located throughout Brazil available to all of Bradesco Prime's customers. Our exclusive Bradesco Prime branches offer the following dedicated services to its customers:

- Agência Bradesco Digital (service available for digital accounts only), which offers services through a call center with extended business hours (from 7:00 a.m. to 11:59 p.m., Monday through Friday, working days) and our Prime International Center exclusively developed to give support in 5 different languages (English, French, Spanish, Japanese and Mandarin) to the expatriates (available from 9:00 a.m. to 6:00 p.m., Monday through Friday);
- 160 ATMs exclusively to withdraw Dollar and Euro with personalized rates according to the segment; and
- Rede Plus ATMs, which allow the withdrawal of local currency outside Brazil.

All of Bradesco Prime's relationship managers are certified by ANBIMA.

Branch System

The principal distribution channel for our banking services is our branch network, which consisted of 3,395 branches as of December 31, 2020. In addition to offering retail banking services, the branches serve as a distribution network for all of the other products and services we offer to our customers, including our payment processing and collection services, our private banking services and our asset management products. We market our leasing services through channels operated by our branch network, as well as directly through our wholly-owned subsidiary Bradesco Leasing. Bradesco Corretora and Bradesco Consórcios also market brokerage, trading and consortium services through our branches.

We sell our insurance products and pension plan products not only through exclusive brokers based in our network of bank branches, but also through other, non-exclusive brokers throughout Brazil, all of whom are compensated on

Business

a commission basis, and through our website. Our capitalization bonds are sold through our branch network, our website, our ATM network, our call center and our units in retail companies.

The table below sets forth the distribution of sales of the indicated products through our branches and outside our branches:

	As of December 31,	
	2020	2019
	(Percentage of total sales, per product)	
Insurance products		
Sales through our branches	39.8	38.1%
Sales outside our branches	60.2	61.9%
Pension plan products		
Sales through our branches	75.0	86.0%
Sales outside our branches	25.0	14.0%
Saving bonds		
Sales through our branches	84.8	86.4%
Sales outside our branches	15.2	13.6%

Customer Service Channels

Bradesco Dia & Noite has developed better and more user-friendly interfaces with customers in order to offer them mobility and independence.

In addition to our traditional customer service network, our customers are also able to carry out their banking activities (checking their account balance, executing transactions and purchasing products and services) through the following alternative channels: self-service ATM network, *Fone Fácil* (Easy Phone), internet banking and *Bradesco Celular*. We have also opened Bradesco Next, an innovative branch located in the Shopping JK Iguatemi mall in São Paulo, which was created to offer prime technological solutions.

We are also present in all the major social networks, such as Facebook and Twitter, in an effort to improve relations with our customers and the public in general. Through Facebook customers can access “F. Banking,” an application that allows them to view their accounts, make transfers and bill payments in a secure environment.

Self-service ATM Network

We own and operate 30,694 Bradesco Dia e Noite ATMs which processed approximately 1.7 billion transactions in 2020. Additionally, our existing customers were also allowed to access 23,828 Banco24Horas (24 hour Bank) third-party terminals for, among other transactions, withdrawals and viewing account balances.

We believe that we are a pioneer in Brazil in the use of the biometric scanning systems. We have implemented the “*Segurança Bradesco na Palma da Mão*” system, which allows clients to be identified by reading the vein patterns in the palm of their hand and serves as a complementary password for ATM users. The technology is currently available in all Bradesco self-service ATMs.

Internet Services

We are focused on providing innovative Internet services for our customers. We offer all our products through our Internet portal that includes 55 websites, of which 39 are focused on institutional clients and 16 are focused on transactional clients. As of December 31, 2020, our individual and corporate customers made 5.3 billion internet transactions.

Bradesco Celular

By using the Bradesco Celular Channel, our customers may interact with us through their pre-paid cellular phones and other mobile technology in order to pay their bills; make transfers between accounts; charge their cell phones; make inquiries concerning their account balances, insurance coverage, capitalization bonds, financial market indexes

Business

and quotations, and profitability of their investment funds. As of December 31, 2019, through our Bradesco Celular mobile phone service, which allows customers to rapidly and securely access a number of financial services, we made approximately 14.4 billion transactions.

Products and services available through Bradesco Celular include:

- **BIA – (Bradesco Artificial Intelligence):** Bradesco Artificial Intelligence, available for clients and employees, relates to people, answers questions about 92 products and services and helps with transactions. In 2020, we recorded 426.3 million interactions, started providing services on WhatsApp and, unprecedentedly in Brazil, we integrated the product with Google Assistant. We were the pioneer in Brazil in the use of IBM's cognitive computing platform, Watson, with this coverage and continue to represent the largest implementation globally of Watson in Portuguese by a financial institution;
- **Account Opening:** functionality available in our app (classic), it allows the customers to open an account without having to go to an agency, doing the whole process, including submitting documents, through the phone. Within three days after validation, the opening of the account is confirmed via email, push and Short Message System ("SMS");
- **Receipt Sharing:** when making a payment or transfer, the customers can share the receipt by email or WhatsApp, save and print it using the features available in their smartphones;
- **Simulator of Real Estate Credit:** simulation and submission of financing proposals using the app with receipt of the result within one hour;
- **Check Deposit via Mobile:** this service allows customers to deposit checks by capturing images using their smartphone cameras;
- **Security Key (M-Token) integrated with the mobile device:** a security device store inside the phone that generates random combinations for the validation of transactions made through our digital channels;
- **Payment with a barcode reader:** to pay a bill, the customers access our app and focus the camera onto the barcode, automatically accessing relevant payment information;
- **Touch ID and Fingerprint:** available on our app for iPhones and Android with a digital reader. It allows the customers to associate their digital finger-print to the four-digit password and to the security key, enabling faster and more practical access to the account using the apps;
- **Bradesco Net Empresa Celular (Bradesco Net Company Mobile Banking):** allows legal entities to manage their corporate banking at anytime and anywhere;
- **DDA ("Débito Direto Autorizado") Authorization via SMS:** service that enables paying or scheduling payments registered in the DDA by replying to an SMS;
- **SMS Pay Bradesco:** clients can pay or schedule utility bills of affiliated networks by replying via SMS;
- **InfoCelular:** sending alerts via SMS with information on current and savings accounts, as chosen by the customer; and
- **SMS Banking:** through interactive messages, enables the client to make balance enquiries, check latest entries, credit limits, and refill prepaid mobile phones.

Business

Telephone Service

With our *Fone Fácil* (Easy Phone) service, our customers may conduct their banking activities by telephone at any time. In 2020, we responded to 211.4 million calls and 105.7 million transactions.

Customers may use our telephone customer service center to access almost all our offered products and services, including to:

- obtain account balances and check on the status of transactions;
- transfer funds between accounts, including to other banks;
- pay bills;
- apply for loans or credit cards;
- execute and manage their investments;
- purchase capitalization bonds; and
- enroll in supplementary private pension plans.

Social Networks

Since 2004, we have had a strong presence in social networks, with a dedicated team specialized in social media monitoring our brand, products and services and providing service to clients and non-clients 24 hours a day, seven days a week, within a five-minute response time.

We have a relationship with digital content creators in Brazil, such as bloggers, vloggers, and other publishers. The goal of this activity is to open a direct dialogue with them and their audiences, significantly expanding the dissemination of products, services, and channels and, above all, to encourage the production of digital content in Brazil, strengthening this ecosystem and enhancing our profile in these networks.

Next

In October 2017, we launched Next, a digital platform (Digital Bank) accessed by the client through an app for iOS and Android. Next's goal is to tend to a new range of clients aged between 18-35 years and people connected to new technologies. Next interacts with the user based on his behavior using interactive tools and makes the management of money easier, offering convenience in day-to-day activities and intelligent solutions.

In the 4th quarter of 2020, Next reached more than 3.7 million accounts of which 77% were not Bradesco customers, showing that we are expanding into new market niches.

Customers carried out 236 million transactions, a volume 87% higher than that carried out in the previous quarter, which shows that in addition to opening accounts, customers are increasingly engaged with Next.

Next has a branch in digital format with consultant managers that works 24/7 to provide customer service via chat, email and social networks.

inovaBra

inovaBra is a platform designed to promote innovation inside and outside Bradesco, a mission carried out through programs based mainly on co-innovation, involving collaboration between the bank, companies, startups, investors and mentors to address the challenges and the sustainability of business in the long term.

Business

The eight features of inovaBra are described below:

- inovaBra startups: our innovation program was created to establish strategic partnerships with startups and seek new business models applicable or adjusted to our products and services. This program gives the startups the opportunity to work with actual customers, test practical solutions and grow in scale;
- inovaBra ventures: an investment fund formed as a corporate venture with R\$400 million in available funds to invest in startups;
- inovaBra centers: internal innovation program to create innovative solutions to business challenges. The teams work and collaborate with external startups that test their innovative solutions with actual clients through the program inovaBra startups;
- inovaBra artificial intelligence: a center composed of data scientists who are responsible for the deployment of artificial intelligence and cognitive computing in the organization;
- inovaBra lab: located in the Bradesco center in Alphaville, which centralizes 16 laboratories in the areas of technology and business to accelerate the process of prototyping, testing, approval and hackathons working collaboratively with technology partners;
- inovaBra habitat: an innovation space dedicated to the generation of high-impact business based on disruptive digital technologies, where companies, startups, investors, mentors and educators work collaboratively to innovate;
- inovaBra hub: a collaborative digital platform where companies, startups and entrepreneurs have access to exclusive content, exchange experiences and do business; and
- inovaBra international: an office located in New York to establish strategic alliances with global partners, prospect innovations with startups, and experiment with new business models.

Bradesco Expresso Correspondent Bank

Bradesco Expresso has enabled us to expand our share in the correspondent bank segment through partnerships with supermarkets, drugstores, department stores and other retail chains, with a presence in all Brazilian cities which are not served by the banking branch network.

The principal services we offer through Bradesco Expresso are:

- receipt and submission of account applications;
- receipt and submission of loans, financing and credit card applications;
- withdrawals from checking accounts and savings accounts;
- INSS benefit payments;
- checking and savings account deposits;
- checking accounts, savings accounts and INSS balance statements;
- receipt of consumption bills, bank charges and taxes; and
- prepaid mobile top-up.

Business

As of December 31, 2020, the Bradesco Expresso network totaled 39,100 implemented outlets, of which 8,706 were new outlets. During 2020, Bradesco Expresso had an average of 36.1 million monthly transactions or 1.7 million daily transactions.

Risk Management

Risk management is of great strategic importance due to the increasing complexity of services and products and the globalization of our business. The dynamic nature of the market is conducive to the constant improvement of risk management activities.

We conduct corporate risk control in an integrated and independent manner, preserving and valuing an environment of collective decision-making in which methodologies, models and tools to measure and control risks are improved and developed. We also work on training employees at all levels, from business areas up to the Board of Directors.

The risk management process allows the proactive identification, measurement, mitigation, monitoring and reporting of risks, which is necessary for the complexity of financial products and the profile of our activities.

Risk and Capital Management Structure

Our risk and capital management structure are made up of committees, which assist our Board of Directors, our Chief Executive Officer (CEO), our Chief Risk Officer (CRO) and our Board of Executive Officers with the strategic decision-making process.

We have a committee known as the Integrated Risk and Capital Allocation Management Committee, whose duty is to ensure the enforcement of capital control and risk management control.

The committee is assisted by the Capital Management Executive Committee and the executive committees for risk management of: (i) Risk Monitoring, (ii) Risk Management, (iii) PLD-FT / Sanctions and Information Security / Cyber, and (iv) Grupo Bradesco Seguros and BSP Empreendimentos Imobiliários. We also have an Executive Products and Services Committee, as well as executive committees for our business units, whose tasks include suggesting limits for exposure to their related risks and devising mitigation plans to be submitted to the Integrated Risk Management and Capital Allocation Committee and the Board of Directors.

The Integrated Risk Control Department (“**DCIR**”), an independent area, is responsible for implementing risk control and capital allocation through solid practices, certification of existence and execution and effectiveness of controls. This ensures acceptable risk levels in our processes in a consistent, transparent and integrated manner. This department is also responsible for complying with the Central Bank rules for risk management activities.

Credit Risk Management

Credit risk refers to the possibility of losses associated with the borrower’s or counterparty’s failure to comply with their financial liabilities under the agreed terms, as well as the depreciation of loan agreements resulting from deterioration in the borrower’s risk rating, the reduction in gains or remunerations, and also with benefits granted in renegotiations, recovery costs and other amounts related to the counterparty’s default with respect to the financial obligations.

Credit risk management is a continuous and evolving process of mapping, development, assessment and diagnosis through the use of models, instruments and procedures that require a high degree of discipline and control during the analyses of operations in order to preserve the integrity and autonomy of the processes.

We control our exposure to credit risk, which mainly results from credit operations, securities and derivative financial instruments. Credit risk also stems from financial obligations related to credit commitments or financial guarantees.

Business

In order to ensure the quality expected from the portfolio, special attention is paid to all aspects of the lending process, including credit concentration, guarantee requirements, maturities, among others.

We continuously map all the activities that could possibly generate exposure to credit risk, classifying them by their probability and magnitude, and identifying their managers, as well as their measurement and mitigation plans.

Lending Process

In the Credit Department, the lending process is based on our Credit Policy, which emphasizes safety, quality and liquidity while investing in credit assets. Our risk management governance permeates the entire process, which complies with Central Bank rules.

The methodologies adopted value business agility and profitability, with targeted procedures oriented towards the granting of credit transactions and establishment of operating limits.

For purposes of assessment and classification of the total risk of customers and economic groups, we consider the quantitative (economic and financial indicators) and qualitative (registration and behavioral data) aspects of our customers' capacity to pay their debts.

All business proposals are subject to operational limits, which are included in the Loan Guidelines and Procedures. At branches, the delegation of power to grant a loan depends on its amount, the customer's total exposure to the organization, the collateral and guarantees posted, the level of restriction and their credit risk rating. Business proposals with risks beyond these limits are submitted to technical analysis and approval by the Credit Department.

Credit Risk Rating

We have what we believe to be robust governance practices and follow-up processes. Among these practices, we can mention the Governance of Concessions and Credit Recovery Levels, which may require approval at the level of the Board of Directors depending on the size of the transaction or the total exposure of the counterparty. In addition, frequent portfolio monitoring is evaluated, with assessments of its evolution, defaults, provisions, vintage studies, and capital requirements, among others.

The credit risk assessment methodology, in addition to providing data to establish minimum parameters for lending and risk management, also enables the definition of special Credit Rules and Procedures according to customer characteristics and size. Thus, the methodology provides the basis not only for the correct pricing of transactions, but also for defining the appropriate guarantees.

The methodology used also follows the requirements established by National Monetary Council (CMN) Resolution No. 4,327 and includes analyses of social and environmental risk in projects, aimed at evaluating customers' compliance with related laws and the Equator Principles, a set of rules that establish the minimum social and environmental criteria, which must be met for lending.

In accordance with our commitment to the continuous improvement of methodologies, the credit risk rating of operations contracted by our organization's economic groups/customers is distributed on a graded level scale. This ensures greater compliance with the requirements of the Basel Capital Accord, preserving the criteria set forth by National Monetary Council Resolution No. 2,682 for recording the necessary impairment allowances.

In a simplified way, the operations risk ratings are determined according to the credit quality of the economic groups/customers defined by the customer risk rating, contract guarantees, credit product modality, any prior delays in repayment and the contracted credit face value.

The customer risk ratings for economic groups (companies) are based on parameterized statistical procedures, using quantitative and qualitative information and judgments. Classifications are made on economic group level and periodically monitored to preserve loan portfolio quality.

Business

With respect to individuals, customer risk ratings are generally defined based on their registered reference variables, namely: income, equity, restrictions and indebtedness, as well as their prior relationship with our organization, also using statistical models for credit assessment.

The customer risk rating is used for concession and/or renewal analysis of operations and credit limits, as well as for monitoring the economic/financial situation of a company and its ability to repay the contracted loans.

Credit Risk Management Process

The credit risk management process is conducted in a corporation-wide manner. This process involves several areas with specific duties, ensuring an efficient structure. Credit risk measurement and control are conducted in a centralized and independent manner.

Our credit risk monitoring area actively participates in improving the customer risk rating models, keeping track of large risks by periodically monitoring major delinquencies and the provisioning levels for expected and unexpected losses. This area continuously reviews the company's internal processes, including the allocation of roles and responsibilities and IT training and requirements. It also conducts periodic reviews of risk evaluation processes to incorporate new practices and methodologies.

Credit Risk Mitigation

Potential credit losses are mitigated through certain types of collateral constituted by legal instruments, such as conditional sales and mortgages, guarantees such as third-party sureties and also through the use of certain financial instruments such as credit derivatives, as defined below. We evaluate the efficiency of these instruments by considering the time to recover and realize an asset given as collateral, its market value, the guarantors' counterparty risk and the legal safety of the agreements. The main types of collaterals include term deposits; financial investments and securities; residential and commercial properties; movable properties such as vehicles, aircrafts; furthermore, security interest also include commercial bonds such as invoices and checks. Securities and guarantees may also include bank guarantees.

Controlling and Monitoring

Our credit risk is controlled and monitored by the credit risk area of the DCIR. DCIR advises the Executive Credit Risk Management Committee, in which methodologies for credit risk measurement are discussed and formalized. Significant issues discussed in this committee are reported to the Integrated Risk and Capital Allocation Management Committee, which reports back to the Board of Directors.

Additionally, DCIR holds monthly meetings with all product and segment executives and officers, with a view to informing them about the evolution of the loan portfolio, delinquency, adequacy of allowance for loan losses, loan recoveries, gross and net losses, portfolio limits and concentrations, allocation of economic and regulatory capital and other relevant information. This information is also reported to our audit committee on a monthly basis.

DCIR also monitors any internal or external event that may cause a significant impact on our credit risk, such as mergers, bankruptcies and crop failure, in addition to monitoring industries that cause the company to be exposed to significant risks.

Counterparty Credit Risk Management

We also monitor counterparty credit risk, which is the risk of a counterparty not complying with settlement obligations for the trading of financial assets, including the settlement of derivative financial instruments or any downgrades in the counterparty's credit rating. In addition, we monitor any concentration risks in respect of the counterparty, the geographical location, the product and the particular industry.

Business

Our counterparty credit risk management models monitor the relevant credit limits, any credit value adjustments, the relevant regulatory and economic capital. We mitigate our exposure to counterparty credit risk by requiring guarantees, deposits of margin or Government bonds.

Interest Rate Risk Management

We are exposed to interest rate risks in our banking book, which refers to any operations that are not classified in our trading book, but arises through our other business activities and their respective hedges.

This risk is measured and controlled using the economic value of equity methodology and net interest income which measure the impact of interest rates on our results in various economic scenarios. These scenarios determine the positive and negative movements of interest rate curves that may affect our investments and capital raising. In addition to the methodologies of the regulator we have developed proprietary models to measure this exposure.

Securitization Exposures

Securitization is the process in which the cash flows associated with a set of underlying assets is used for the securities remuneration in accordance with the established governance process.

The portfolio comprises CRA - Agribusiness Receivables Certificate, CRI - Real Estate Receivables Certificate and FIDC - Credit Rights Investment Funds, as follows: (i) CRA - Agribusiness Receivables Certificate: Instructed by Law 11,076/2004, constitute a registered credit security, issued exclusively by securitisation companies and backed by Agribusiness Credit Rights; (ii) CRI - Real Estate Receivables Certificate: Instructed by Law No. 9,154/1997, constitute a nominative credit title, freely negotiated, backed by real estate activities, covering transaction financing or improvements; (iii) FIDC - Credit Rights Investment Funds: Complies with CVM instructions, with the pooling of resources allocating a preponderant portion of the respective shareholders' equity for investment in credit rights (sundry receivables).

Such transactions are consolidated in our statement of financial position (Prudential Balance), according to the following categories: (i) Trading Securities: Securities acquired for the purpose of being actively and frequently traded; (ii) Securities available for sale: Securities that do not fall under the categories of securities for trading and securities held to maturity; (iii) Securities held to maturity: securities that have the intention and financial capacity of the institution to hold them in portfolio until maturity.

Securitized operations with risk retention follow the criteria established by BCB Resolution No. 3,533/08, in which the seller or assignor retains substantially all the risks and benefits of ownership of the financial asset object of the operation.

The exposures are part of the securitization traditional type, which is the process in which the flow of receipts associated with a set of underlying assets is used for the remuneration of securitisation bonds.

Social and Environmental Risk Management

Social and environmental risk includes the potential damages that a business may cause to society and the environment. Most social and environmental risks associated with financial institutions are indirect and result from business relations with our customers and supply chain entities and are often related to financing and investing activities.

Social and Environmental Risk Management Process

The process of managing social and environmental risk allows risks to be identified in advance, measured, minimized, monitored and reported; this is necessary in view of the complexity of the financial products we provide and the nature of our activities.

Business

To this end, we have issued Social and Environmental Risk Regulations to determine which credit transactions should be analyzed in terms of social and environmental risk. These regulations reflect our commitment to implementing the Equator Principles III, indicating the situations where credit transactions or financial advice must meet certain requirements.

The Equator Principles III introduced several changes, including broadening the scope to cover corporate project finance and bridge loans. Among other requirements, the Equator Principles III also consider the impact of projects on working conditions, the community and the environment, subject to Brazilian law and the standards and guidelines established by the International Finance Corporation (“IFC”).

In October 2020, we adopted version IV of these principles. Our Financial Advisory and Project Finance services are performed by our investment banking - Banco Bradesco de Investimentos – BBI, with the support of the Social and Environmental Risk Control Area, part of Integrated Risk Control Department (DCIR) in presenting the content, application and benefits of compliance with Equator Principles for the proposed project.

Transactions involving Project Finance, project related corporate and bridge loans are structured mainly for our Corporate customers, which are responsible for obtaining and registering business by means of credit proposals. The economic and financial aspects of these proposals are analyzed by the Credit Department and social and environmental risk is assessed by the Social and Environmental Risk Control Area.

Controlling and Monitoring

We oversee the process of analysis, approval, documentation and subsequent monitoring of transactions covered by the Equator Principles III with respect to the following, in particular:

- Project Finance Advisory Services, when the capital cost of a project is U.S.\$10 million or more;
- Project Finance, when the capital cost of a project is U.S.\$10 million or more;
- Corporate Project Lending where: (a) the greater part of a loan is going towards a single project over which the customer has effective operating control; (b) the total value of a financing is U.S. dollars 50 million or more; (c) our individual commitment as a member of a syndicate is at least U.S. dollars 50 million; or (d) a loan we provided is for two years or more; and
- Bridge loans for less than two years to be refinanced by Project Finance or Corporate Project Lending.
- Refinancing Related to Projects and Acquisition Financing Related to Projects where:
 - a) the referred Project was financed in accordance with the Equator Principles framework;
 - b) there was no significant change in the scale or scope of the Project;
 - c) the physical completion of the project had not yet occurred at the time of signing the credit or loan agreement.

In addition to complying with the Equator Principles III, we also apply a set of criteria to social and environmental issues with respect to credit analysis for projects where there is the potential for social or environmental risk.

This analysis includes assessing the existence of contaminated areas, embargoed areas, licenses, certifications and environmental studies. This information helps to identify potential socio and environmental risks which are then discussed with customers.

Decisions taken by the Executive Credit Committee take into consideration social and environmental risks as well as other economic and financial aspects. Once a loan has been approved, negotiations take place with the customer and

Business

the loan agreement will include agreed social and environmental obligations. Thereafter, projects that represent potential social and environmental risks are monitored to ensure that such obligations are fulfilled.

The Sustainability and Diversity Committee, for its part, is responsible for validating the Corporate Sustainability Policy. This committee helps senior management define strategy involving organizational sustainability, and reports to our Board of Directors.

Market Risk Management

Market risks include the possibility of financial loss due to fluctuating of prices and interest rates resulting from mismatched maturities, currencies and indicators of our asset and liability portfolios.

All transactions that expose us to market risk are mapped, measured and classified according to probability and magnitude. This market risk management process must be approved by the Risk and Capital Management Structure and requires the participation of all business areas as well as of the Board of Directors.

In line with the best corporate governance practices, in order to preserve and strengthen the management of our market risk, as well as to meet the requirements of CMN Resolution No. 4,557, of February 23, 2017, the Board of Directors approved the Market and Liquidity Risk Management Policy, reviewed at least once a year by the relevant committees and the Board of Directors. The Market and Liquidity Risk Management Policy establishes the main operational guidelines for accepting, controlling and managing market and liquidity risk. In addition to this policy, we have several specific rules that regulate the market risk management process, as follows:

- Classification of Operations;
- Reclassification of Operations;
- Trading of Government and Private Bonds;
- Use of Derivatives; and
- Hedging.

Market Risk Management Process

Market risk management is conducted on a corporation-wide basis that extends from the business area up to the Board of Directors, with specific duties allocated to each, in order to ensure an efficient structure. The measurement and control of market risk is conducted in a centralized and independent manner. As a result, in January 2013, we became the first financial institution in Brazil authorized by the Central Bank to use our internal market risk models to calculate regulatory capital requirements. This process, approved by our Board of Directors, is revised at least once a year by the Integrated Risk Management and Capital Allocation Committee and our Board of Directors.

Controlling and Monitoring

Market risk is controlled and monitored by the DCIR, which, on a daily basis, measures the risk of outstanding positions, consolidates results and prepares the reports required by the existing governance structure.

In addition to daily reports, fortnightly trading book positions are discussed by the treasury executive committee, while banking book positions and liquidity reports are examined by the Asset and Liability Management Treasury Executive Committee. At both meetings, results and risks are assessed and strategies are discussed. Both the governance process and the existing thresholds are ratified by the Integrated Risk and Capital Allocation Management Committee, are submitted for their approval to the Board of Directors and are reviewed at least once a year.

Business

In the event a threshold set by the DCIR is reached, the head of the business area responsible for the position is informed, and the Integrated Risk and Capital Allocation Management Committee is called to make a decision. If the committee decides to raise the threshold and/or maintain the positions, the Board of Directors must approve the new threshold or revise the strategy position.

Liquidity Risk Management

Liquidity risk is the possibility of not being able to efficiently meet financial obligations, without affecting daily operations and incurring significant losses, as well as the possibility of not being able to trade a position at market price due to its high value when compared to the typically traded volume or due to market discontinuation.

Liquidity Risk Management Process

The liquidity risk management process involves several areas that guarantee an efficient structure. The measurement and control of liquidity risk is conducted in a centralized and independent manner, and includes the daily monitoring of available funds, compliance with minimum liquidity levels and contingency planning for stress situations.

One of the objectives of our policy on market and liquidity risk management, approved by our Board of Directors, is to establish a metric that guarantees the Liquidity Coverage Ratio (“**LCR**”), as provided by CMN Resolution No. 4,401 of February 27, 2015, as amended, and we have already started to include the structural risk of long-term liquidity in our risk management strategy through the Net Stable Funding Ratio (“**NSFR**”), according to CMN Resolution No. 4,616 of November 30, 2017, as well as through strategy and action plans for liquidity crisis situations. The policy and controls established fully comply with CMN Resolution No. 4,557, of February 23, 2017.

Controlling and Monitoring

The liquidity risk management process is conducted by our treasury area, which monitors the positions determined by the back-office area, which is responsible for providing all the information necessary to the management process and for monitoring compliance with the established limits. The DCIR is responsible for creating the methodology for measuring minimum liquidity reserve; controlling the established limits for each of our subsidiaries, including non-financial subsidiaries, and for each type of currency; reviewing the company’s policies, rules, criteria and procedures; and conducting studies for new recommendations.

In the third quarter of 2018, we also started to include the structural risk of long-term liquidity, through the NSFR, in our internal risk management procedures pursuant to CMN Resolution No. 4,616/2017 and Central Bank Circular No. 3,869/2017.

Liquidity risk is monitored and assessed daily by the business and controlled areas in meetings held by the Treasury Asset and Liability Management Executive Committee, which manages liquidity reserves, and any term and currency mismatches. Monitoring is also handled by the Integrated Risk and Capital Allocation Management Committee and our Board of Directors.

In addition to our internal methodology of controlling and monitoring, since October 2015 we report our short-term liquidity to the Central Bank in compliance with CMN Resolution No. 4,401 and the verification methodology provided for in Central Bank Circular No. 3,749 of March 5, 2015, and since October 2017 we have adopted the LCR as a metric, even for internal management, as provided by the aforementioned CMN Resolution No. 4,401 and Central Bank Circular No. 3,749.

Operational Risk Management

Operational risk is the possibility of losses resulting from faulty, deficient or inadequate internal processes, people, systems, or external events.

Business

Operational Risk Management Process

We are structured through the three lines of defense in which all contribute in order to achieve the objectives with a reasonable margin of security. The following procedures are carried out as part of the operational risk management process:

- identification, evaluation and monitoring of operational risks inherent to our current activities, as well as new products/services and their compliance with procedures and controls;
- mapping and treatment of operational losses recorded in our internal database;
- ensuring the integrity of loss data collected and provide analysis that contains high quality information to the departments, aiming to improve the operational risk management;
- evaluation of scenarios and indicators for the purpose of composing economic capital and improving the our risk maps;
- evaluation and calculation of the need for regulatory and economic capital for operational risk; and
- report operational risk and its main aspects in order to support our strategic decisions.

These procedures are supported by several internal controls, and their accuracy and execution are independently certified ensuring acceptable risk levels in order to meet our established risk appetite limits.

Controlling and Monitoring

The risk and capital management structures are made up of several committees, commissions and departments that assist the Board of Directors, the CEO (Chief Executive Officer), the CRO (Chief Risk Officer) and the Board of Executive Officers in their decision-making process.

We have an Integrated Risk and Capital Allocation Management Committee – COGIRAC, which supports the Board of Directors' performance in connection with management policies and limiting risk exposure and ensures our organization's process, policies, standards and compliance with regulations and laws applicable to our organization.

The COGIRAC is supported by the following Executive Committees a) Risk Monitoring, b) Risk Management, c) PLDFT/Sanctions and Information Security/Cyber Executive Committee and d) Risk Management, Actuarial Control and Compliance of Bradesco Seguros. In addition, it also is supported by the Products and Services Executive Committee and the Executive Committees in business areas, which, among other duties, suggest exposure thresholds for their respective risks and prepare mitigation plans to be submitted to the Integrated Risk and Capital Allocation Management Committee and the Board of Directors.

One of the principal components of our governance structure is the Risk Committee, whose main objective is to evaluate our risk management framework and to propose improvements to it from time to time.

The COGIRAC and the Risk Committee advise the Board of Directors in the performance of its duties in the management and control of risks, capital, internal controls and compliance.

Our Board of Directors approved the information disclosed in this report regarding the Risk and Capital management structure description.

Business Continuity Management (BCM)

We have designed our Business Continuity Plan ("**BCP**") in accordance with ABNT NBR ISO 22301, to ensure, that after a disruption, we have an acceptable operational level for critical business processes. Through our pre-

Business

defined continuity strategy we have set up a plan to ensure continuity of our business and to minimize the potential impacts on our customers.

As part of this process we have devised policies and standards that define the roles and responsibilities to ensure the efficiency of the strategies in line with Central Bank regulations and the recommendations of the Basel Committee on Banking Supervision. Our Business Continuity Management area, which is a part of Integrated Risk Control Department (DCIR) is responsible for our business continuity management processes.

The Business Continuity actions are developed internally, based on the best practices issued by the key international entities in the sector: DRI International (USA) and BCI – Business Continuity Institute (UK), including national rulings and frameworks, such as ABNT NBR ISO 22301 and ABNT NBR ISO 22313 standards.

All stages of the management process are controlled and followed up through tests and exercises, their results assessed and provided to the respective departments and to our forums. It is also made available to the Regulatory Agencies, and Internal and External Audits.

Corporate Crisis Management

'Crisis' is characterized as the occurrence of an extremely rare, unstable and complex adverse event which may result in the deterioration of our relationship with stakeholders. This represents a potential threat to our strategic objectives and reputation.

The corporate crisis management process identifies signs of crisis in a timely manner, classifies them according to severity so actions are taken promptly to re-establish normal activity and strengthen our operational resilience. The management process includes four stages:

- a prevention stage - where vulnerabilities are identified;
- a preparation stage - where a response plan is developed;
- a response stage - where these response plan is executed; and
- a recovery stage - where opportunities to improve the processes are identified.

Our corporate crisis management structure includes, what we believe to be, a robust control process, consisting of technical commissions that support the crisis executive group in the process of decision-making, informing and proposing necessary actions as well as reporting the effectiveness of the actions taken.

Internal Control Methodology

The Internal Control Methodology area is a unit of the Integrated Risk Control Department – DCIR which is responsible for assisting managers in identifying, assessing and responding to risk. This ensures that control is performed correctly, regularly and effectively, as well as recommending, when necessary, a corrective action or a plan of action to ensure acceptable levels of risk in our processes.

The efficacy of our internal control methodology is supported by computerized tools, organizational structure, management processes and models. In order to maintain the effective operation of these components, we carry out constant qualification and training programs to disseminate knowhow, to increase awareness to employees and to revise the policies as appropriate.

Our internal controls methodology is based on the Frameworks issued by the COSO – Committee of Sponsoring Organization of the Treadway Commission (Internal Control - Integrated Framework- 2013 and Enterprise Risk Management Integrated Framework - 2017) and based on the guidelines established by the Information Systems Audit and Control Association (ISACA) through the Control Objectives for Information and Related Technology (COBIT 5 - 2012).

Business

There are inherent limitations to the effectiveness of any system of disclosure controls and procedures, and disclosure controls and procedures offer reasonable security, but not absolute in relation to its goals for the control and, therefore, may not prevent or detect errors or fraud completely.

The existence, and efficacy of controls that ensure the levels of risk in our processes are acceptable is certified by the area responsible for the execution of the adherence tests of the controls. The results of the adherence tests (residual risks) are inputs for the preparation of the Corporate Risk Guidelines, periodically conveyed to the Audit, Risk Monitoring and Risk Management Committees, as well as to the Board of Directors. This is to provide reasonable assurance that business transactions are carried out appropriately and achieve defined objectives, in accordance with external laws and regulations, internal policies, rules and procedures, as well as applicable codes of conduct and self-regulation.

Model Risk Management

We define models as a quantitative estimation or standard rule of regular or non-regular use which affect our decision making processes. As such, model risk is represented by the possibility of loss due to the use of models with failures, deficiencies or inadequacies. There is a potential risk associated with the inadequate conception, development and maintenance of our models, which makes it important to identify and mitigate risks arising from the models used.

This risk is managed by two areas: the Model Management area, responsible for the Independent Validation of Models activity and Models Governance, and Model Risk Control area. The areas are responsible for establishing rules to standardise procedures and assess, as well as classify, the model risk. The independent validation area assesses whether the models are working as expected and whether their results are suitable for use.

The model management process includes findings, such as the validation schedule, being reported to the Integrated Risk Management and Capital Allocation Committee. The Integrated Risk Control Department, who has corporate control and monitors model risk, advises the Risk Monitoring Executive Committee, where model risk monitoring is reported and who advise the Risk Management Executive Committee, where the methodologies for controlling and evaluating are discussed and formalized. Executive Committees report to the Integrated Risk Management and Capital Allocation Committee.

Anti-Money Laundering Practices

We have specific policies, processes and systems in place to prevent and detect the use of our structure, products and services for money laundering and terrorism financing. See “Brazilian Financial Services Industry and Regulations —Anti-Money Laundering Regulations and Banking Secrecy.” Significant investments are made to train employees with programs in several formats such as leaflets, videos, e-learning courses and on-site lectures. Certified Specialists from the Corporate Security – AMLFT area investigate transactions and clients in order to report any suspicious activity to the regulator. A multi-department commission evaluates the relevance of maintaining relationships with clients that were the subject of reporting suspicious activities to the authorities, whether the transaction has been carried out or not. Our Executive Commission for Actions Against Money Laundering and Terrorism Financing meets on a quarterly basis to evaluate the actions taken and the need to adopt new measures to align our program to the rules issued by the regulatory bodies and to best international practices.

Management and Processes in Cybersecurity

We consider cyber and information security at the highest strategic level and we manage this subject in order to protect our technological infrastructure against intrusion attempts, unauthorized access and malicious codes. We operate in a preventive, detective and corrective manner in order to protect the information of the organization and of our clients.

In this sense, we have evolved our security framework considering the new digital context, where the focus on cybersecurity is a key aspect and one of the pillars of technology and processes, establishing data protection for our

Business

clients, resiliency, and structure to identify threats, detection, and response and recovery procedures in cases of cyber-attacks.

Regarding the technical aspects, to prepare against and anticipate security and cybernetic threats, the IT area promotes continuous investments like the reformulation of the critical updates of servers and workstations, process of inspection of source code in the development cycle, establishment of a lab for security tests and use of technologies/tools.

We have systems to prevent against attacks from external connections and the internet, systems for the analysis of fraudulent behaviour, unauthorized access, malicious codes, analysis of network behaviour, protection against invasion (intrusion detector), firewall, antivirus and antispam systems, all to provide protection to our IT environment. We continuously upgrade the security over our software and hardware, digital certification in WEB servers and the encryption equipment, in addition to performing frequent resilience tests.

We implement continuous monitoring mechanisms, such as security operational centers (SOCs), focusing on the identification of potential vulnerabilities and establishing an active defense, with the use of cognitive computing technologies.

Additionally, we have a cyber intelligence team working to identify threats and check the necessary corrective measures.

We adopt strict procedures to ensure the security of client information. The interactions and synergies between management and technical areas aim to create solutions to provide secure access to service channels, in order to minimize exposures and vulnerabilities. We have a range of security devices and technologies, including biometrics, chip cards, 2D digital validation/QRcode and OTP devices (physical and cell phone token, etc.), which are used to prevent fraud and unauthorized access. Educating clients on cyber risks is a key component of our strategy in this regard. In this sense, we develop awareness campaigns through the channels used by clients and on social media. On the website “*segurança bradesco*” there are several guidelines to the public, including videos of the web series “Protect Yourself” with prevention tips on current key scams/fraud.

In parallel, the preparation and engagement of people is another crucial issue. The culture of security is a fundamental basis for the mechanisms, processes and technologies to be effective. For this reason, we invest in training and awareness of employees, associates and customers so they are aware of the issue and prepared and updated in relation to the inherent risks and threats.

We also have continuous programs of training and awareness on the aspects of security and an executive committee dedicated to the issue, defining strategies and ensuring the development and effectiveness of actions with activities focused on the timely protection of technological infrastructure against intrusive attempts, unauthorized access, theft of information and insertion of malicious codes.

Credit

Our credit policy is focused on:

- ensuring the safety, quality, liquidity and diversification levels of our assets;
- attaining flexibility and profitability in our credit operations; and
- minimizing the risks inherent to credit operations.

Our credit policy defines the criteria we use for setting operational limits and extending credit. Credit limits are set by the executive credit committee, which is made up of our vice-presidents, the managing officers responsible for our operational area and our credit officer. The executive credit committee updates our credit limits in accordance with changes in our internal policy and the Brazilian market in general. Our Board of Executive Officers also

Business

approves the credit valuation systems, which our branches and departments use for each type of loan in assessing credit applications.

We diversify our business among a large number of individuals, companies and economic groups that demonstrate an ability to meet their credit obligations and support those obligations with adequate collateral, considering the purpose and maturity of credit granted, as well as the risk classification of the operation, according to our risk classification system.

In Brazil, the risk rating system that is based on Central Bank criteria divides the level of risk into nine categories ranging from excellent to uncollectible, based on financial and economic considerations such as the credit profile and payment capacity of the borrower. See “Brazilian Financial Services Industry and Regulations—Regulations Affecting Financial Market Liquidity—Treatment of Overdue Debts.”

In accordance with our commitment to technological improvement, our credit risk classification system of economic groups and clients comprises a scale of eighteen levels, of which fourteen represent operations during the normal course of business, thus providing better adherence to the Basel Capital Accord requirement.

Our branches have defined limitations on their authority to grant credit based on the size of the branch and guarantee offered at the time of the transaction. However, the branches do not have authorization to approve an application for credit from any borrower:

- whose proposed loan is rated less than “acceptable” under our internal credit risk classification system (score and rating);
- whose personal data is updated in our records; or
- whose personal data reveals any material credit restrictions.

According to our types of loans and risks related to it, we have different credit limits. We pre-approve credit limits to our individual and corporate customers and presently extend credit to the public sector only under very limited circumstances.

In all cases, funds are only granted once the appropriate body has approved the credit line. We review the credit limits of our large corporate customers every 180 days. Credits extended to other customers, including individuals and small- and mid-sized corporations are reviewed every 90 days.

Our credit policy recommends that the maximum exposure to any customer, individual or company should be no more than 10% of our shareholder’s reference equity, always as adjusted for the relevant customer rating set out in the table below.

Cases which exceed the maximum level of commitment to credit risk, as described in the following table, and whose total proposed exposure is equal to or greater than R\$5 billion, must be submitted for approval from our Board of Directors.

<u>Customer Rating</u>	<u>% Shareholders’ Reference Equity Level I</u>
AA1.....	15
AA2.....	12.5
AA3.....	11
AA4.....	10
A1.....	9.5
A2.....	8.5
A3.....	7
A4.....	6
B1.....	5.5
B2.....	4.5
B3.....	3
B4.....	2

Business

Customer Rating	% Shareholders' Reference Equity Level I
C1	1.5
C2	0.9
C3	0.7
C4	0.5
D1	0.4
D2	0.3
D3	0.2

Our credit policy is not static: as part of our risk management process, we continue to refine our credit procedures, including our procedures for collecting data on borrowers, for calculating potential losses, and for evaluating applicable ratings. In addition, we are evaluating our institutional credit risk management in light of the recommendations of the Basel Capital Accord, including:

- restructuring our methodology for calculating expected losses;
- identifying and implementing changes in our reporting processes to improve our management of our loan portfolio;
- redesigning our structure for information management; and
- evaluating the organizational structure of our credit evaluation practices, including a review of the demands on our technology, and addressing any issues found.

Consumer Credit Operations

Depending on collateral proposed, the size of branch involved and the parameters of the framework credit, loans of up to R\$50,000 are approved at the branch level. If the loan or credit support is not within the limits established by the executive credit committee for approval at the branch level due to the size of branch involved, the approval of the loan is submitted to the Credit Department (or a higher level of authority). The following table sets out the range within which branch managers may approve loans to individuals, depending on the amount and the type of credit support offered:

	Range of Loan Approval Authority	
	Un-Collateralized Loan	Collateralized Loan
	(R\$ in thousands)	
Decision-making authority		
Manager of very small branch ⁽¹⁾	0 to 5	0 to 10
Manager of small branch ⁽²⁾	0 to 10	0 to 20
Manager of average branch ⁽³⁾	0 to 15	0 to 30
Manager of large branch ⁽⁴⁾	0 to 20	0 to 50

(1) Branch with total deposits below R\$1,999,999.

(2) Branch with total deposits between R\$2,000,000 and R\$5,999,999.

(3) Branch with total deposits between R\$6,000,000 and R\$14,999,999.

(4) Branch with total deposits above R\$15,000,000.

We use a specialized credit scoring evaluation system to analyze these loans, allowing us to build a level of flexibility into our decision-making process while maintaining consistent credit risk standards. All models are constantly monitored and revised as necessary. The Credit Department has a dedicated model development team, which aims to continuously improve these tools.

We provide our branches with tools that allow them to analyze credits for individual customers in a rapid, efficient and standardized manner and to produce the corresponding loan contracts automatically. With these tools, the branches can respond quickly to customers, keep costs low and control the risks inherent to consumer credit in the Brazilian market.

Business

If the branch manager is not authorized to approve the requested loan, the decision is submitted to a higher level of our credit department. The following table sets out the ranges within which each of our decision-making authorities is authorized to approve individual loans which are beyond the authority of the branches:

	Amount of Loan	
	Minimum	Maximum
	(R\$ in thousands)	
Decision-making authority		
Credit department	0	20,000
Credit director	0	25,000
Credit decision meeting	0	40,000
Executive credit committee (daily meeting) ⁽¹⁾	0	150,000
Executive credit committee (plenary meeting) ⁽²⁾	0	5,000,000
	greater than or equal to	
Board of Directors	5,000,000	

(1) The daily credit committee, which meets on a daily basis, is responsible for analyzing credits of up to R\$150 million.

(2) The executive credit committee, which is composed of members of our senior management and which meets on a weekly basis, analyzes credits of less than R\$5 billion and determines the general policies that will guide our credit policy until its next meeting.

Corporate Credit Operations

For corporate customers, depending on the collateral proposed and the size of the relevant branch, loans of up to R\$400,000 are approved at the branch level. As with loans to individuals, if the credit support offered is not within the limits established by the executive credit committee for approval at the branch level, the approval of the loan is submitted to the Credit Department or a higher level of authority.

The following table sets out the range within which branch managers may approve corporate loans, depending on the amount and the type of credit support offered:

	Range of Loan Approval Authority	
	Un-Collateralized Loan	Mortgage-backed loan
	(R\$ in thousands)	
Decision-making authority		
Manager of very small branch ⁽¹⁾	0 to 10	0 to 60
Manager of small branch ⁽²⁾	0 to 20	0 to 120
Manager of average branch ⁽³⁾	0 to 30	0 to 240
Manager of large branch ⁽⁴⁾	0 to 50	0 to 400
Manager of Bradesco Empresas branch ⁽⁵⁾	0 to 100	0 to 400

(1) Branch with total deposits below R\$1,999,999.

(2) Branch with total deposits between R\$2,000,000 and R\$5,999,999.

(3) Branch with total deposits between R\$6,000,000 and R\$14,999,999.

(4) Branch with total deposits above R\$15,000,000.

(5) Exclusive branch for middle market companies.

The following table sets forth the limits for loans to corporate clients beyond the authority of the branches:

	Amount of Loan	
	Minimum	Maximum
	(R\$ in thousands)	
Decision-making authority		
Credit department	0	20,000
Credit director	0	25,000
Credit decision meeting	0	40,000
Executive credit committee (daily meeting)	0	150,000
Executive credit committee (plenary meeting)	0	5,000,000
	greater than or	
Board of Directors	equal to 5,000,000	

Business

In order to meet customers' needs as quickly as possible while maintaining a high level of security, the Credit Department breaks down its analyses using different methodologies and instruments for credit analysis in each segment, paying special attention to:

- Retail, Prime and Private segments (Individuals): reputation and credit worthiness; professional category/activity, monthly income, assets (personal and real property, liabilities and stakes in companies); bank indebtedness; and the history of their relationship with us, paying special attention to terms and current fees and to the guarantees involved as part of any loans that have been extended;
- Retail segment (Companies): in addition to the points above, we take into account whether the company's activities are comingled with those of its owners, and, if so, we also consider the period of activity and the monthly revenues; and
- *Bradesco Corporate* (corporate banking) segments: management's ability, the company and/or corporate group's positioning in the market; the size, economic-financial evolution, cash-generating ability and business strategies.

In this model, we also include a social and environmental risks analysis for projects. This evaluates our client's compliance with legislation and the "Equator Principles," a set of rules created in 2002 by the International Finance Corporation ("IFC"), the financial arm of the World Bank, which establishes minimum social and environmental criteria to be followed during the granting of lines of credit.

Data Processing Systems

We have an up-to-date technological environment supported by a Data Center ("**CTI**" – *Centro de Tecnologia da Informação*) located in Cidade de Deus. This data center has a total area of 11,900 square meters and was built specifically to host information technology ("**IT**") infrastructure. It contains various protections to ensure availability of services.

Data is continually replicated in a processing center (secondary site) located in Alphaville, in the city of Barueri – SP, featuring equipment with enough capacity to take over the main system's activities in case of a problem at our CTI. All service channels have telecommunication services that work with both processing centers.

We hold annual exercises that simulate situations in which our IT center is rendered out of service in order to ensure that we have effective contingency structures, processes and procedures in place. All of these exercises are monitored by our business managers and followed by independent audits. In addition to all backup copies of electronic files stored and maintained at our IT center, second copies are saved and maintained in the Alphaville processing center, where all the activities related to the development of system applications are located. We regularly test the media in force and its disposal process is made in compliance with the environmental regulations. The process of data protection aims to ensure the confidentiality, integrity and availability of information in accordance with its level of criticality.

If the public energy supply is interrupted, both centers have sufficient capacity to operate independently for 72 hours non-stop. After this period, the CTIs can operate continuously, depending only on the fuel that feeds the generators that supply electric energy.

Our infrastructure has systems to protect against attacks from external connections and the internet, systems for the analysis of fraudulent behaviour, unauthorized access, malicious codes, analysis of network behaviour, protection against invasion (intrusion detector), firewall, antivirus and antispam systems, in order to provide protection to our IT environment. We continuously upgrade the security over our software and hardware, digital certification in WEB servers and the encryption equipment.

We have a Security Operations Center ("**SOC**") in the area of IT security that treats and responds to security incidents, monitors the environment (24/7) and develops prevention measures through sources of intelligence information.

Business

Our safety tools monitor software, hardware and share information from stations and servers. In addition, we have a system of prevention against loss of information data, the DLP (Data Loss Prevention), designed to ensure the protection of company data. Annually, a “breach test” is performed by an independent audit firm and the IT security processes are certified by the ISO 27000 – Information Security.

Due to the critical nature of such services, our internet systems have a separate infrastructure, enabling different client segments (individuals, corporate, staff) to use resources independently in order to provide better service.

The IT structure is also backed by processes implemented in light of the ITIL (IT Infrastructure Library) and COBIT (Control Objectives for Information and related Technology). It applies recognized practices for IT service management and is ISO 20000 IT Service Management certified.

The CTI is protected by various security measures including baffle gates and a dual door security system that isolates entrants between each door pending security verification. Video cameras monitor the entrance and internal areas of the CTI, and the access is restricted and authorized through the authentication of passes and vascular biometrics (restricted environments).

Property, Plant and Equipment

As of December 31, 2020, we owned 848 properties and leased 6,520 properties throughout Brazil and leased eight properties abroad, all of which we used for the operation of our branches and performance of our business. We own the real property where our head office is located in Cidade de Deus, a neighborhood of Osasco near the City of São Paulo in the State of São Paulo, Brazil. Our leased property contracts have an average of five years.

Seasonality

Generally, our consumer financing business (including our credit card business, financing of goods and others) has some seasonality, with increased levels of credit card transactions and financing of goods during the Christmas season and a subsequent decrease of these levels at the beginning of the year. We also have some seasonality in our collection fees at the beginning of the year, which is when taxes and other fiscal contributions are generally paid in Brazil.

Competition

We face significant competition in all of our principal areas of operation, including the Brazilian markets for financial and banking services. As of December 31, 2020, there were 137 multiple-service banks providing a full range of commercial banking, consumer finance, investment banking and other services, 20 commercial banks, 10 investment banks and numerous brokerage, leasing, savings and loan and other financial institutions in Brazil, according to the Central Bank.

Public sector banks play an important role in the Brazilian banking industry and operate within the same legal and regulatory framework as the private sector banks. The largest public sector bank in Brazil in terms of assets as of December 31, 2020 is Banco do Brasil.

As of December 31, 2020, we were one of the largest private sector banks, in terms of both total loans and total deposits, are: (i) Itaú; (ii) ourselves; and (iii) Banco Santander. Each of these banks has a strong presence in the Brazilian market for financial and banking services.

In September 2006, the CMN enacted new regulations (Resolutions No. 3,401, 3,402 and 3,424) to increase competition among Brazilian commercial banks. As a result of these new regulations: (a) banks are prohibited from charging their customers fees for services in connection with salary, pension and other income payment accounts that such customers are required to maintain with a bank that has been designated by such client’s employer, pension fund or income payer, (b) financial institutions and leasing companies must accept the prepayment of loans and leasing transactions by customers who have elected to refinance such debt with other financial institutions, and (c)

Business

customers will have the right to request that a financial institution disclose their credit history to another financial institution.

By creating mechanisms that will make it easier for customers to open new accounts and transfer their funds from one institution to another, these new regulations aim to increase competition among financial institutions by facilitating a client's ability to switch their business between financial institutions. In addition, the changes in the FGC's regime are intended to provide customers with the security of knowing that deposits, including those with smaller financial institutions, in the event that such financial institution becomes insolvent, will be guaranteed by the FGC limited to (i) R\$250,000 per client for each financial conglomerate against all entities of the same financial conglomerate; and (ii) to R\$1 million in aggregate, in a period of four consecutive years, against all entities associated with the FGC, pursuant to CMN Resolution No. 4,222, of May 23, 2013, as amended.

For a discussion of the risks related to competition, see "Risk Factors — Risks Relating to Banco Bradesco and the Brazilian Banking Industry — The increasingly competitive environment in the Brazilian bank and insurance industries may negatively affect our business prospects."

Banking

We compete for corporate and individual customers with other large Brazilian banking institutions. Currently, our primary banking competitors are Banco do Brasil, Itaú Unibanco and Banco Santander. The Brazilian banking industry has undergone significant consolidation in recent years through acquisitions and privatizations.

The Brazilian banking industry is also characterized by the presence of foreign banks including Banco Santander Central Hispano S.A. (which operates in Brazil through Banco Santander) and Citigroup Inc. Additional foreign banks could enter the Brazilian market for financial and banking services in the future and thereby increase competition.

Banks also face increasing competition from other financial intermediaries that can provide larger companies with access to capital markets as an alternative to bank loans. As a multiple-service bank, we provide such services through our investment banking division.

We believe we have certain competitive advantages resulting from our position as one of the largest private sector Brazilian banking institutions in terms of net worth and our extensive branch network. However, in the event that one of our competitors or a foreign banking institution were to acquire one or more large Brazilian banks, the structure of the Brazilian banking industry could be significantly altered and our competitive advantage in such industry could be diminished.

Consumer Credit Operations

Competition in loans to individuals has been increasing in recent years. Our main competitors are Itaú Unibanco, Banco do Brasil and Santander Brasil.

Credit Cards

The credit card market in Brazil is highly competitive. Our primary competitors are Banco do Brasil, Itaú Unibanco and Santander Brasil. We believe that the primary competitive factors in this area are card distribution network, services and the benefits offered.

Leasing

The main players in the Brazilian leasing market are Santander Leasing, Banco IBM, HP Financial Service and Daycoval Leasing. We currently enjoy certain competitive advantages, as we have one of the largest branch networks among our private sector competitors.

Business

Asset Management

At the end of 2020, the third-party asset management industry in Brazil closed with R\$6.0 trillion in net asset value, according to ANBIMA.

BRAM is responsible for R\$529.1 billion in net asset value of mutual funds, representing a 8.8% of market share. We are also the leader in number of clients of mutual funds with 3.0 million clients.

Insurance, Supplementary Pension Plans and Capitalization Bonds

Insurance

Grupo Bradesco Seguros, a leading insurance company with a 22.4% market share as of December 31, 2020 according to SUSEP, faces increased competition from a number of Brazilian and multinational corporations in all of its insurance operations.

As of December 31, 2020, our primary competitors were BB Seguridade, Itaú Unibanco Seguros S.A., Sul América Seguros, Porto Seguros Cia. De Seguros Gerais, Caixa Seguradora S.A. and Zurich Santander Previdência S.A., which represent in the aggregate approximately 50.8% of the total premiums generated in the market, pursuant to information from SUSEP. Although national companies underwrite the majority of the insurance business, we also face competition from local and regional companies primarily in the health insurance segment.

Competition in the Brazilian insurance industry has changed in the past few years as foreign companies have begun to form joint ventures with Brazilian insurance companies that have expertise in the Brazilian market.

We believe that the principal competitive factors in this area are price, perceived financial stability, brand recognition and service. At the branch level, we believe that competition is primarily based on the level of service, including claims handling, the level of automation and the development of long-term relationships. We believe that our ability to distribute insurance products through our branch network gives us a competitive advantage over most other insurance companies, promoting cost savings and market synergies.

Regarding the healthcare sector, although most insurance activities are carried out by companies with nationwide operations, there is also competition from companies that operate locally or regionally.

Supplementary Pension Plans

The monetary stability that accompanied the implementation of the *real* plan, favorable tax treatment and the prospect of a fundamental reform of Brazil's social security system stimulated the supplementary pension plan sector, attracting to the Brazilian market new international pension funds.

Bradesco Vida e Previdência was one of the leaders of the supplementary pension plan and VGBL market, accounting for 20.6% of assets under management in the sector as of December 31, 2020 according to SUSEP.

We believe that the Bradesco brand name, together with our extensive branch network, pioneering strategies and product innovation, are our main competitive advantages.

Capitalization Bonds

The capitalization bonds market became more competitive beginning in 1994 as exchange rates became more stable and levels of inflation were reduced. As of December 31, 2020, Bradesco Capitalização ranked as the leader in the industry, with 22.9% of the market share and 26.4% in terms of technical provisions, according to SUSEP.

Our primary competitors in the capitalization bonds area are Brasilcap Capitalização S.A., Itaú Capitalização S.A., Santander Capitalização S.A. and Icatu Capitalização S.A. Offering low cost products with a high number of drawings for prizes, financial soundness and brand recognition by the customers are the principal competitive factors in this industry.

Business

Sustainability

Sustainability is among our organization's strategic drivers, as we understand that the management of environmental, social and governance (ESG) aspects is fundamental to our performance and growth in an increasingly dynamic and challenging context. In seeking to generate shared and long-term value for investors, employees, suppliers, customers and society, we also contribute to Brazil's sustainable development.

Sustainability Strategy

Our Sustainability Strategy is structured on six pillars:

- **Sustainable Business:** Aimed to expand the offer of solutions that promote a more inclusive society and support customers in the transition to a more sustainable economy;
- **Climate Change:** Aimed to ensure that our organization is prepared to tackle climate challenges through improved commercial and management practices, as well as transparency about climate-related impacts;
- **Relationship with Customers:** Our objective is to serve customer with excellence, understanding their needs, in order to contribute to the achievement of their goals;
- **Diversity:** We seek to welcome and promote diversity among our employees and customers, aiming to attract and retain talents, expand access to career opportunities and properly serve an ever-increasing range of customer profiles;
- **Innovation:** We aim to direct the force of innovation – already present in our DNA and practices – towards sustainability, fostering positive transformations in our business and in the relationship with customers; and
- **Private Social Investment:** As one of the largest private donors in Brazil, we seek to maximize the positive impacts generated by our social investments.

Voluntary Commitments

We establish dialogues with different stakeholders and adhere to corporate initiatives and voluntary commitments, such as: Global Compact, Sustainable Development Goals (SDGs), Equator Principles, Principles for Responsible Investment (PRI), Principles for Sustainable Insurance (PSI), Principles for Responsible Banking (PRB), Women's Empowerment Principles (WEPS), Task force on Climate-related Financial Disclosures (TCFD), Investidores pelo Clima (IPC - Investors for Climate), among others.

Governance

The main strategic discussions are conducted by the Sustainability and Diversity Committee, which is composed of Directors and Executive Officers, including our CEO. The Committee is supported by the Sustainability Commission, composed of Executive Officers and Heads of different departments.

Governance and Climate Strategy

Our governance for Climate Change involves operational, executive and strategic levels, with the participation of the Board of Directors. Our strategy for the topic involves four principles:

- (i) reducing and mitigating the generation of greenhouse gases in our operations and managing the exposure of our structures to climate risks;

Business

- (ii) integrating the assessment of climate risks and opportunities in business management;
- (iii) providing financial solutions that lead to improve carbon efficiency and climate resilience; and
- (iv) promoting engagement and awareness about climate change with our stakeholders.

Eco-Efficiency Management

We are executing the third cycle of our Eco-Efficiency Master Plan (2019-2021), which defines projects and goals for reducing the consumption of resources, such as water and energy, and the generation of waste and greenhouse gases. Part of its goals (energy consumption, and land and air fleet fuel consumption) are in line with the levels set out in the Paris Agreement to limit global warming to 2°C, according to the sectoral tools indicated by the Science-Based Targets Initiative (SBTi).

2020 Highlights:

Renewable energy

In February 2020, we assumed the commitment to have 100% of our operations supplied by energy from renewable sources by the end of the same year. With the implementation of the initiative, we started 2021 as one of the first major financial institutions in the world to complete the transition.

Carbon neutralization in operations

We are also committed to offset 100% of the greenhouse gas emissions (carbon equivalents) generated by our organization's operations from 2019 onwards. With this, we are the first major Brazilian bank to achieve such level of carbon neutrality.

Partnership for Carbon Accounting Financials (PCAF)

We are the first Brazilian bank to join the PCAF, an international collaboration between financial institutions to develop methodologies for measuring and disclosing carbon emissions generated by activities financed and invested by the institutions.

Amazon Plan

We have, together with Itaú and Santander, in an unprecedented initiative, launched a plan with 10 concrete measures to promote sustainable development in the Amazon. Initiatives in the areas of sustainable agriculture production, bioeconomy, land tenure regularization and the meat sector were prioritized and will be developed by banks from 2021.

Brazil Climate, Forestry and Agriculture Coalition

We became a signatory to the coalition with the objective of joining efforts with other companies and civil society organizations in promoting policies and actions that propel Brazil towards a low-carbon, sustainable and inclusive economy.

Issuance of ESG Brazilian Bond

In December, we issued our first ESG Bond with a value of R\$1.2 billion in the local market. The funds will finance projects that contribute to the transition to a less carbon-intensive economy, such as in the areas of renewable energy, operational and energy efficiency, clean transportation and sustainable buildings. The bond follows international references for managing sustainable financial instruments and was reviewed by an independent consultancy. We expect to report the disbursements and positive impacts generated by the funds annually.

Performance

Business

Keeping the evolutionary trajectory of ESG performance, we were globally recognized in the fifth position among listed banks in the Dow Jones Sustainability Indices 2021 - becoming the Brazilian bank with the best performance in the DJSI. We also achieved “A” concept (leadership level) in climate management in the CDP assessment and received an upgrade to AA rating on the MSCI ESG rating.

Transparency and Disclosure

In 2020, we progressed in reporting our ESG performance with emphasis on the alignment of our report with SASB (Sustainability Accounting Standards Board) guidelines and advances in relation to TCFD recommendations. More information is available on our Investor Relations website (bradescom.com.br), which is not incorporated by reference into this Base Prospectus.

Legal Proceedings

We are party to administrative proceedings and lawsuits that are incidental to the normal course of our businesses. These include administrative proceedings as well as general civil, tax and employee litigation. We do not have any litigation matters that are significant on an individual basis. We believe that there are no suits pending or threatened, individually or in the aggregate, that if decided against us or our subsidiaries would have a material adverse effect on our business, financial condition, properties, prospects or results of operations.

As of December 31, 2020, of our litigation provision of R\$24.3 billion, 34.1% related to provision for tax risks, 28.4% related to labor claims and 37.5% related to civil claims. For more information, see note 22 to our consolidated financial statements as of and for the years ended December 31, 2020 and 2019 which are included elsewhere in this Base Prospectus.

Our management recognized provisions where, based on their opinion and that of their legal counsel, the nature of the lawsuit, similarity to previous lawsuits, complexity and the courts standing, the loss is deemed probable. Provisions related to legal obligations are maintained until the conclusion of the lawsuit, represented by judicial decisions with no further appeals or due to the statute of limitation. We believe that as of December 31, 2020, our litigation provisions were sufficient to cover our expected losses from litigation matters.

Labor matters. The labor matters in which we were involved during the year ended December 31, 2020 related largely to actions brought by employees who have been laid off seeking indemnity, particularly for the payment of unpaid overtime. None of those claims are individually significant. We have made what we consider adequate provisions for any such claims.

Tax-related matters. We are also the subject of a number of taxation related actions, including disputes relating to the constitutional validity of certain tax requirements, for which provisions have been recorded in accordance with accounting rules and updated pursuant to tax regulations. See note 17(b) to our consolidated financial statements as of and for the years ended December 31, 2020 and 2019 which are included elsewhere in this Base Prospectus for a description of our most relevant tax claims.

Civil cases. We also face a number of civil cases, which arise out of the normal course of our activities. The matters primarily consist of claims for pecuniary damages, generally for claims against us arising out of our actions to collect on unpaid financial instruments, bounced checks, and as a result of us reporting adverse credit information to credit reporting agencies.

Like certain other Brazilian banks, we are involved in a number of disputes with respect to the method used to account for the effects of inflation during periods of hyperinflation, particularly disputes with respect to the exclusion of the inflation adjustment of the savings accounts balance implemented during some governmental economic plans (especially the *Bresser* and *Verão* economic plans) in the 1980s and 1990s, before the Plano Real, in 1994. According to institutions representing the savings account holders, banks misapplied the inflation adjustments applicable to the savings account balance when such economic plans were implemented, and should indemnify the

Business

account holders for the non-adjustment of those amounts. Although we had complied with the legal requirements in force at the time, those disputes have been provisioned taking into consideration claims effectively notified and their assessed loss perspectives.

The STF, which is the highest court in Brazil and is responsible for judging constitutional matters, will still decide if the inflation adjustment rates applied by financial institutions to existing savings accounts, upon the implementation of such economic plans, were in accordance with the Brazilian Constitution or if the laws that implemented such economic plans infringed vested rights. All appeals related to lawsuits that were in the prejudgment phase (cognitive proceedings) regarding this matter are suspended until a final decision is issued by the STF. All these disputes have been provisioned and any decision of the STF in favor of the unconstitutionality of such economic plans should not adversely affect us.

In parallel, there are certain lawsuits against financial institutions that were not suspended, since a final decision had been ruled by applicable courts and is already being enforced, especially class actions and individual lawsuits, which will be used as leading cases by the STJ (the highest court for non-constitutional matters) for purposes of creating binding precedent with respect to applicable adjustment rates, conditions for the application of the interest rates and default interest rates, as well as the statute of limitation of the rights discussed under those disputes, which may generate more costs for Brazilian financial institutions, since these costs are not part of the calculations of current provisions.

In addition, the STJ will still rule on the possibility of any savings account holder at the time of such economic plans to request and benefit from the same results achieved by class actions already filed discussing the inflation adjustment rates applied by financial institutions to existing savings accounts following the implementation of such economic plans. A ruling by the STJ authorizing the holders of savings accounts to benefit from the results achieved by such class actions may adversely affect Brazilian financial institutions, including us. However, our legal advisors have classified this risk as remote.

On December 11, 2017, with the mediation of the Executive branch's attorney (*Advocacia Geral da União*, or "AGU") and the intervention of the Central Bank, the Brazilian Federation of Banks (*Federação Brasileira dos Bancos – FEBRABAN*) and the consumers' representative entities entered into an agreement relating to the economic plans aiming to finalize the claims and to resolve existing disputes over the Bresser, Verão, and Collor II plans. The terms of the agreement negotiated between the parties were approved by the STF on March 1, 2018. Savings account holders had 24 months after the approval date to adhere to the terms of the agreement via a specially created digital platform. On March 11, 2020, the signatories to the collective bargaining agreement agreed to an amendment extending the agreement for a further 60 months. The amendment was taken to the Supreme Court for approval, its extension was approved by the *en banc* (*plenário*) of the Court, on May 29, 2020, for a period of 30 months, maintaining the suspension of lawsuits over this period. As this is a voluntary settlement, which does not oblige the savings account holder to join, we are unable to predict how many savings account holders will accede to it.

Other matters. We are not currently the subject of any pending or threatened material proceedings by the Central Bank, CVM, ANS or SUSEP. Management believes that it is in compliance with all applicable Central Bank, CVM, ANS and SUSEP regulations.

Measures adopted in response to the COVID-19 pandemic

In light of the severity of the COVID-19 pandemic and its adverse impacts on the lives of individuals and business, we continue to actively support our clients and employees and intensify our commitment to society. In spite of this adverse scenario, we have incorporated certain lessons into our operations, for example, the way we relate with our clients and suppliers as well as the intensification of remote working throughout our organization. With these advances and through the Collective Bargaining Agreement we entered into with the Banking Trade Union at national level, we were the first of the large banks to assume our commitment to adopt remote working after the pandemic.

It is important to emphasize that our actions have always taken into consideration the guidelines of the Ministry of Health. Our Crisis Committee, formed by our CEO, all the Vice-presidents and our Chief Risk Officer, continues to

Business

evaluate the COVID-19 pandemic and reports its the assessment of the evolution of the pandemic and their reflection on our operations and society to our Board of Directors. In addition, we have a Risk Commission, which plays an important role in verifying the various points raised and the scope of the measures within our organization. We engaged our Business Continuity Plan (“BCP”) and intensified the internal/external actions. We adopted the rotation of employees of the branch network and, over the course of the pandemic, identified opportunities to optimize our procedures due to the migration to remote working, adopting a mindset geared towards the digital environment in a consistent and timely manner with the objective of minimizing the impacts involved. This section presents a summary of certain measures we have adopted to address the consequences of the COVID-19 pandemic on our operations.

Governance, Policy and Risks

We have adjusted our policies and governance practices to the current circumstances.

- **Credit Policy:** In relation to our credit policies, our main focus remains on supporting our clients with the appropriate assessment of risks. We have mapped our exposures to sectors and businesses with greater fragility and we have maintained a constant line of communication with businesses through our relationship teams. We have kept our credit recovery teams fully active, focused on seeking solutions for clients who require them. We have incorporated the new risk variables of the current scenario into our credit models in order to properly assess the situation;
- **Capital and Liquidity:** Our ability to support clients is related to the maintenance of our strength. We continue to have a solid capital base and adequate and robust liquidity margins to meet the needs of our clients, as well as to ensure business sustainability. In addition, the measures implemented by the Central Bank in 2020 (especially in the second and third quarters) favored even more the solvency of capital and liquidity of the system. We use, in the normal course of our operations, funds resulting from these measures, including originating loan operations in higher volumes than those provided by the Central Bank; and
- **Governance of Risks:** We have constantly monitored and adjusted our operational and risk appetite limits by promoting the review and prompt adaptation of the scenarios to the current context. In addition to our internal monitoring activities, we established a refined and well-structured system in order to monitor our important suppliers to ensure that the continuity strategies adopted by the companies correspond to the needs of our processes, maintaining our deliveries to clients.

Human Resources

We are contributing actively to overcome this pandemic, taking care of our employees and clients as well as intensifying our commitment with society. We present a series of actions taken to combat the adverse effects of the COVID-19 pandemic:

- Intensification of remote working: 83% of the associated companies and staff and 27% of the branch staff worked remotely on a rotation basis;
- Sharing of information about the COVID-19 pandemic with guidance on hygiene and health care through our internal social media and the Bradesco Saúde booklet;
- Communicating about care with physical and mental health in various formats: email marketing, (posters and banners) and internal newsletters;
- Immediate leave for risk groups, trainees and apprentices (for an indefinite term);
- Flexible hours;
- Alternation of teams;

Business

- Anticipation of the 13th salary;
- Anticipation of the internal flu vaccination campaign;
- Exclusive Center of Bradesco Saúde for remote medical care available to employees and family members in cases of a COVID-19 infection;
- Free serological examination (in partnership with Fleury for serological testing in company and in laboratory units for all our employees);
- Free supply of cloth masks and face shields;
- *Viva Bem* (Living Well) Program: Exclusive COVID-19 related content on the corporate portal (announcements, guidelines, videos and step by step) and protocol for the monitoring and clarification of doubts by health professionals offered to employees and family members with COVID-19 symptoms;
- Support, advice and coaching from HR psychologists to support employees and their family members with emotional issues related to social isolation and the COVID-19 pandemic;
- Provision of self-cleaning kits (additional cleaning kits for sanitation);
- Increase of the spacing in the work environment;
- *Vem Pra Pista* online: we offer free lessons online to encourage the transformation of health through physical activity and provide quality of life to employees and dependents;
- Compliance with Decree No. 20 of the Ministry of Finance/Special Secretariat for Social Security and Labor on measures to be observed aiming at the prevention, control and mitigation of the risks of transmission of COVID-19 at work;
- Video with Dr. Talita Almeida, occupational health doctor and manager of the Bradesco Well Being and Quality of Life Program interviewing doctors David Uip (Infectologist) and Ricardo Amaral (Psychiatrist). On the agenda: details about care and prevention of COVID-19, in addition to the emotional impacts related to social isolation;
- Digital booklet to raise awareness regarding prevention on holidays and end-of-year celebrations. We share tips on health care, through email marketing and a booklet available on the Corporate Portal;
- Mobile messaging, content on the corporate portal, advisory material in the dependencies;
- Guidance for suppliers and vendors to adopt their health and hygiene protocols;
- Extra cleaning and disinfection of surfaces that are frequently touched in our offices and branches;
- Employees who had any contact with people suspected of being infected with COVID-19, had symptoms of COVID-19 or their relatives had symptoms of COVID-19 were sent home as a precaution and received personal health recommendations;
- Monitoring and follow-ups with hospitalized employees and family members; and
- Restriction on business trips, social events and national and international training.

Business

Business Continuity

In order to maintain our activities and fully meet our customers' needs we have taken the following measures:

- Activated our VPN to allow our employees to work remotely;
- Our Business Continuity Site allows us to reduce the number of employees who are in the main office for critical processes which could not be carried out from home;
- We implemented Critical Vendor Pandemic Action Plans;
- Disseminated information security guidelines; and
- Institutional videos and emails prepared to guide employees working from home.

Payment Relief Programs

With the commitment to guarantee more security and convenience for our clients, we created new credit alternatives on our App, Internet Banking and Net Empresa (Company), prioritizing: extensions of loan installments and financings, lengthening of terms, loan unification, reorganization of our client's debt (i.e. debt renegotiation), payroll financing, new features with grace periods and more favorable terms, in addition to emergency working capital lines for micro, small and medium-sized enterprises through programs with government subsidies.

It was our objective to relieve the strain on our clients during the moment of crisis so that they could fulfill conditions to rearrange their accounts in a sustainable way over time.

The balance of operations with a grace period totaled R\$3.8 billion at the end of the fourth quarter of 2020, of which 50% were settled in January 2021. In December 2020, the extension portfolio net of amortizations totaled R\$48 billion, of which R\$41 billion, or 86%, had already returned to normal payment schedules and only R\$2.9 billion were in arrears.

Relevant relief measures in response to the COVID-19 pandemic

In light of the COVID-19 pandemic, we have adopted several relief measures to support customers. The main measures adopted include implementing flexibility of the terms of existing credit lines, permitting grace periods for the payment of first installments. In 2020, we supported the governments' emergency programs aimed at strengthening companies and maintaining jobs, through credit lines provided by us under more favorable interest rates and deadlines. The programs rely on government subsidies through funds that guarantee coverage of part of the debt in the event of a default. In addition, we made available other lines of credit with reduced rates and extended terms, with the objective of giving financial security to companies and individuals, providing more favorable conditions enabling them to honor their financial commitments. We have also further developed our customers' digital banking experience, in light of the COVID-19 pandemic, to enable them to access banking services without physical contact. Our objective continues to be to support our customers through this COVID-19 pandemic, so that they are able to access banking services and manage their accounts.

Individuals

- Extension of up to 90 days for the payment of installments of loans and financings for clients up-to-date or in arrears in up to 59 days, with the interest rate of the original contract being maintained;
- Unification of personal loans into a new contract, with a grace period of up to 90 days for the first installment and a term of up to six years, which may release an additional value;

Business

- Financial reorganization credit that allows the client to negotiate the loans and account limits in a single operation, facilitating the control of the budget. Including grace periods of up to 90 days for the payment of the first installment and a term of up to six years;
- New resources with special condition for personal and payroll-deductible loans with a grace period of up to 90 days to start payments; and
- Extension of up to 60 days for the payment of installments for real estate financings for clients up-to-date, maintaining the original interest rate.

Companies

Small and Medium-sized enterprises:

- Payroll financing through the Emergency Employment Support Program (PESE), with six months for the maturity of the first installment, term of 30 months for payment with interest rates of 0.31% per month;
- Payroll financings (Bradesco funding) with six months until the payment of the first installment, term of 30 months for payment with interest rates of 0.65% per month;
- PRONAMPE (National Program for the Support of Micro and Small Businesses) is an emergency credit line guaranteed by the FGO – Operations Guarantee Fund, to strengthen small businesses and maintain jobs. Interest due at the SELIC rate plus 1.25% per annum and a term of 36 months with a six month grace period and a term of 30 months for payment;
- Working Capital GIF – Guaranteed Investment Fund, managed by BNDES (PEAC – Emergency Credit Access Program) with a grace period from six to twelve months for the payment of the first installment and a term from 24 to 60 months;
- Extension of up to 120 days for the payment of installments of loans and financing for clients up-to-date or in arrears in up to 59 days with the interest rate of the original contract maintained after the recalculation of installments;
- Financial reorganization permitting the reorganization of loans, financing and account limits in a single operation, facilitating the control of the budget with a grace period of up to 90 days for the payment of the first installment and a term of up to 72 months;
- Unification of loans permitting the combination of Working Capital (without guarantee or with a surety guarantee), Giro Empresarial (Corporate Working Capital) and Giro Fácil (Easy Working Capital) paid on time or overdue in up to 59 days, including a grace period of up to 90 days for the payment of the first installment and a term of up to 72 months; and
- New working capital facilities with a grace period of up to 180 days for the payment of the first installment and a term of up to 72 months.

Large Corporate:

- Payroll financing (Bradesco funding) with six months for maturity of the first installment, a term of 30 months for payment with interest rates from 0.55% per month; and

Business

- Extension up to 120 days of payment of installments of loans and financing for clients up-to-date or in arrears in up to 59 days with the interest rate of the original contract maintained after the recalculation of installments.

Additional measures for branches

- Employee shifts are rotational and alternate between the workplace and working from home;
- Floor markings have been put in place where lines form to ensure social distancing between customers;
- Flexible branch opening hours;
- Guidelines on our digital channels are available for customers inside the branches and online;
- Sending customer communications to reinforce the need for preventive actions; and
- We purchased cleaning supplies, masks, face coverings, and implemented personal protective measures (handwashing, hand sanitizer, etc.) to protect employees and customers.

Financial Resilience

To monitor our main risk exposure we are:

- Tracking macroeconomic indicators, both domestically and internationally;
- Monitoring regulatory changes and analyzing the impacts on capital, credit and liquidity;
- Monitoring transactional volume and its potential impacts, as well as impairment of assets, allowance for loan losses and fair value of financial instruments; and
- Stress testing different scenarios in order to support scaling up decisions.

THE ISSUERS

Banco Bradesco

We are one of the largest private-sector (non-government controlled) banks in Brazil in terms of total assets as of December 31, 2020. We provide a wide range of banking and financial products and services to individuals, small- to mid-sized companies in Brazil and abroad and major local and international corporations and institutions. As of December 31, 2020, we, in conjunction with our subsidiaries, provided services and products through our nationwide network consisting of 3,395 branches (including branches of our subsidiaries), 54,522 ATMs (comprising 30,694 ATMs of our own network and 23,828 ATMs under the Banco24Horas brand), 5,445 special banking service posts and electronic service outlets located on the premises of selected corporate customers, three branches (one of them a branch of our subsidiary in Luxembourg) and nine subsidiaries located in London, New York, the Cayman Islands, Buenos Aires, Hong Kong, Mexico and Luxembourg.

As of December 31, 2020, we had, on a consolidated basis, R\$1.6 trillion in total assets, R\$509.3 billion in total credit portfolio, R\$551.4 billion in total deposits and R\$143.7 billion in shareholders' equity.

We were incorporated on March 2, 1943 and were licensed by the Central Bank of Brazil as a multiple-service bank in Brazil in 1988. Article 5 of our by-laws provides that our corporate purposes are to perform general banking activities, including foreign exchange transactions. We are a corporation organized pursuant to Brazilian Corporate Law and are registered with the Board of Trade of the State of São Paulo under National Corporate Registration Number 35.300.027.795.

Our registered office is Cidade de Deus, Vila Yara, CEP 06029-900, Osasco, São Paulo, Brazil (telephone +55 11 2178 5252).

Bradesco Grand Cayman Branch

Our Grand Cayman branch was established in January 1982, principally for the purpose of obtaining short-term funding used to finance Brazilian trade-related transactions. Our Grand Cayman branch is registered as a foreign company under the Companies Act of the Cayman Islands with the Cayman Islands' Registrar of Companies pursuant to license no. 1306 of January 12, 1982. Our Grand Cayman branch is also registered with the Cayman Islands Monetary Authority pursuant to license No. 82004 of February 2, 1982.

Our Grand Cayman branch is currently engaged in the business of sourcing funds from banks and the international banking and capital markets. The majority of these funds are on-lent to us and extended to our customers for working capital and trade-related financings. Our Grand Cayman branch also takes deposits in foreign currencies from corporate and individual customers who are not resident in the Cayman Islands and extends credit to Brazilian and non-Brazilian customers, principally for trade financing with Brazil.

Our Grand Cayman branch is located at Appleby Tower, 75 Fort Street, P.O. Box 1818, Grand Cayman, Cayman Islands KY1-1109 (telephone +1 345 945 1200).

DESCRIPTION OF BRADESCO GRAND CAYMAN BRANCH

Our Grand Cayman branch was established in January 1982, principally for the purpose of obtaining short term funding used to finance Brazilian trade related transactions. Our Grand Cayman branch is located at Appleby Tower, 75 Fort Street, P.O. Box 1818, Grand Cayman KY1-1109, Cayman Islands.

Our Grand Cayman branch was registered under Part IX of the Companies Act of the Cayman Islands on January 12, 1982 and was granted a Class B (unrestricted) banking license on February 2, 1982 to operate in the Cayman Islands and operates therein under the Banks and Trust Companies Act (2021 Revision) of the Cayman Islands, subject to the restrictions set forth in Section 6 of the Banks and Trust Companies Act (2021 Revision) of the Cayman Islands, which allows our Grand Cayman branch to conduct all types of banking business in any part of the world, but does not allow our Grand Cayman branch to take deposits from residents of the Cayman Islands or to invest in any asset representing a claim on any person resident in the Cayman Islands, subject to certain exceptions in respect of, *inter alia*, exempted or ordinary non-resident companies and other licensees.

As of December 31, 2020, the shareholders' equity of our Grand Cayman branch on a consolidated basis was U.S.\$2.9 billion and it had total assets of U.S.\$17.1 billion.

The liabilities of our Grand Cayman branch are first covered by the total resources in U.S. dollars of our Grand Cayman branch, but under Brazilian law we are ultimately responsible for all obligations of our Grand Cayman branch. See "Business—Funding." Our Grand Cayman branch is part of us and has no separate legal status or existence. The CMN has issued regulations with respect to the operating and maintaining of offshore branches by Brazilian financial institutions as prescribed by CMN Resolution No. 2,723, of May 31, 2000, as amended. See "Brazilian Financial Services Industry and Regulations—Regulation of Operations in Other Jurisdictions."

Our Grand Cayman branch is currently engaged in the business of sourcing funds in the international banking and capital markets to provide credit lines for us which are then extended to our customers for working capital and trade-related financings. Our Grand Cayman branch also takes deposits in foreign currency from corporate and individual customers not resident in the Cayman Islands and extends credit to Brazilian and non-Brazilian customers, principally in relation to trade finance with Brazil.

BRAZILIAN FINANCIAL SERVICES INDUSTRY AND REGULATIONS

Principal Financial Institutions

As of December 31, 2020, 9 public sector commercial and multiple-service banks were controlled by the Brazilian federal and state governments and 152 commercial and multiple-service banks were owned and operated by the private sector. As defined by Brazilian regulations, insurance companies, private pension plans and saving bonds providers are not considered financial institutions.

Public Sector Financial Institutions

The Brazilian federal and state governments control various commercial banks and financial institutions. The primary purpose of these institutions is to foster economic development. Brazilian government-owned banking institutions play an important role in the Brazilian banking industry. These institutions hold a significant portion of the banking system's total deposits and total assets and are the major lenders of Brazilian government funds to industry and agriculture.

The primary Brazilian government-controlled banks include:

- *Banco do Brasil*, a bank controlled by the Brazilian government which provides a full range of banking products to the public and private sectors. Banco do Brasil is the largest multiple-service bank in Brazil and the primary financial agent of the federal government;
- *BNDES*, a development bank wholly-owned by the Brazilian government which provides medium- and long-term financing to the Brazilian private sector; and
- *CEF*, a multiple-service bank wholly-owned by the Brazilian government which acts as the principal agent of the government-regulated system for providing housing financing. CEF is ranked first among Brazilian banks in terms of savings accounts and housing financing.

Private Sector Financial Institutions

As of December 31, 2020, private sector financial institutions operating in the Brazilian financial sector principally included:

- 157 commercial and multiple-service banks providing a full range of commercial banking, investment banking (including securities underwriting and trading), consumer financing and other services including fund management and real estate finance;
- 10 investment banks engaged primarily in specialized credit operations and securities underwriting and trading; and
- 60 consumer credit companies, 96 securities distribution companies, 64 brokerage companies, 19 leasing companies and 6 savings associations and real estate credit companies.

Principal Regulatory Agencies

The basic institutional framework of the Brazilian financial system was established in 1964 by Law No. 4,595 (the “**Banking Reform Law**”). The Banking Reform Law created the Central Bank and the CMN.

Brazilian Financial Services Industry and Regulations

The CMN

The CMN, currently the highest authority responsible for Brazilian monetary and financial policy, is responsible for the overall supervision of Brazilian monetary, credit, budgetary, fiscal and public debt policies. The CMN is responsible for:

- regulating credit operations engaged in by Brazilian financial institutions;
- supervising Brazil's reserves of gold and foreign exchange;
- determining Brazilian saving, foreign exchange and investment policies;
- regulating the Brazilian capital markets;
- regulating the constitution and operation of financial institutions; and
- protecting the liquidity and solvency of financial institutions.

The Central Bank

The Central Bank is responsible for:

- regulating the issuance of Brazilian currency;
- implementing the policies established by the CMN;
- regulating and supervising public- and private-sector Brazilian financial institutions;
- controlling and monitoring the flow of foreign currency to and from Brazil; and
- overseeing the Brazilian financial markets.

The Central Bank supervises financial institutions by:

- setting minimum capital requirements, reserve requirements and operational limits;
- having the power to authorize corporate documents, capital increases, establishments or transfers of principal places of business or branches (whether in Brazil or abroad);
- having the power to authorize shareholder changes of control of financial institutions;
- requiring the submission of annual and semi-annual audited financial statements, quarterly reviewed financial statements and monthly unaudited financial statements;
- requiring full disclosure of credit and foreign exchange transactions, import and export transactions and other related economic activities on a daily basis; and
- acting as a depository of gold and foreign currency reserves.

The CVM

The CVM is responsible for regulating the Brazilian securities markets in accordance with the securities and exchange policies established by the CMN.

Brazilian Financial Services Industry and Regulations

The main responsibilities of the CVM are:

- implementing and regulating the securities and exchange policies established by the CMN;
- controlling and supervising the Brazilian securities market by:
- approving, suspending and cancelling the registration of public companies, the authorization for brokers and dealers to operate in the securities market and public offerings of securities;
- supervising the activities of public companies, stock exchanges, commodities and futures exchanges, market members, and financial investment funds and variable income funds;
- requiring full disclosure of material events affecting the market, annual and quarterly reporting by public companies; and
- imposing penalties.

Bank Regulations

Principal Limitations and Restrictions on Activities of Financial Institutions

Under the Banking Reform Law and regulations issued by the CMN and the Central Bank, a financial institution operating in Brazil:

- may not operate without the prior approval of the Central Bank and, in the case of foreign banks, authorization by presidential decree, provided that the Presidential Decree No 10,029, enacted on September 26, 2019, authorized the Central Bank to consider as an interest of the Brazilian Government the (i) set up, in Brazil, of new branches of financial institutions domiciled abroad; and (ii) authorization to increase the percentage of foreign equity capital, held by companies or individuals resident or domiciled abroad, in financial institutions headquartered in Brazil
- may not invest in the equity of any other company without the approval of the Central Bank;
- may not lend more than 25.0% of its reference equity to any single person or group, such restriction to be gradually replaced, as of January 1, 2019, by no more than 25.0% of the financial institution's Tier I Capital;
- may not own real estate, except for its own use and in certain limited cases; and
- except as provided in the law in certain situations, may not enter into credit transactions with the following parties (the "**Related Parties**," as defined under Resolution No. 4,693, of October 29, 2018):
- its controlling shareholders, directors and members of other statutory bodies (fiscal, advisory and others) and their respective spouses and relatives up to second degree;
- individuals or legal entities that hold a qualified interest of 15.0% or more in their capital;
- legal entities in which they have qualified interest (direct or indirect);
 - legal entities in which they have effective operational control or preponderance in the deliberations, regardless of the equity interest; and
 - legal entities with common directors or members of the board of directors.

Brazilian Financial Services Industry and Regulations

The restrictions with respect to transactions with Related Parties do not apply to transactions entered into by financial institutions in the interbank market.

Pursuant to Resolution No. 4,693 enacted by the CMN on October 29, 2018, a financial institution's credit transactions with Related Parties are only authorized if, among other requirements, carried out on an arm's length basis and in observance of the following thresholds for the institution's net asset value (adjusted by accrued revenues and expenses and deducting interest held in other institutions authorized to operate by the Central Bank and foreign financial institutions), as calculated on the credit transaction's approval date, based on the accounting documents of the second month prior to the approval date: (i) 10% for the sum of all Related Party transactions entered into by the financial institution, (ii) 1% for transactions with the same individual; and (iii) 5.0% for transactions with the same legal entity.

Resolution No. 4,693 defines "credit transactions" as: (i) loans and financings, (ii) advanced payments, (iii) financial leases, (iv) personal guarantees ("*aval*"), surety ("*fiança*"), co-obligations or any other type of personal guarantee securing any third party obligation, (v) availability of credit facilities and other credit commitments, (vi) credit transactions with pending disbursements, (vii) interbank deposits, and (viii) deposits and investments abroad with financial institutions or equivalent institutions.

Further, Resolution No. 4,693 also establishes certain additional permitted Related Party credit transactions and requires that the financial institutions subject to such resolution create a related parties transaction policy up to April 1, 2019.

On April 26, 2012, the Central Bank enacted Circular No. 3,590, as amended by Circular No. 4,013, of April 28, 2020, which stipulates that the Central Bank will examine the following monopolistic acts that involve, directly or indirectly, financial institutions: (i) transfer of corporate control; (ii) merger; (iii) consolidation; (iv) transfer of business; (v) execution of agreements or establishment of corporate structures resulting in cooperation in the financial system; (vi) acquisition of minority interest which results, for the acquiring institution or its controlling company, in a direct or indirect equity of at least 5% in the voting capital of the acquired institution; and (vii) an acquisition that results, to the acquiring institution or its controlling company, in an increase in the direct or indirect equity of at least 5%, in cases which the investor holds at least 5% of the voting capital of the acquired institution.

Pursuant to this Circular, such acts will be subject to the analysis of the Central Bank, except in the case of transactions involving: (a) institutions of the same economic group; (b) credit assignments that do not involve the transactions listed in items (i) to (vii) above; and (c) transactions that involve only consortium administrators or payment institutions. The Central Bank will give priority to the analysis of the prudential aspects of a monopolistic act when supervening facts, at its discretion, indicate the existence of relevant and imminent risks to the solidity and stability of the financial system. The methodology, parameters and definitions used in the market concentration analysis for such acts must be contained in the Guide for Analysis of Monopolistic Acts in the Financial System published by the Central Bank, pursuant to Communication No. 22,366, of April 27, 2012. Upon approval of any such transaction, the Central Bank may establish certain restrictions thereto and require these financial institutions to execute an agreement with respect to market concentration control. On February 28, 2018, the Central Bank and the Administrative Council for Economic Defense executed a memorandum of understanding to deal with issues related to the defense of competition in the national financial system, subject to the procedures set forth in Joint Normative Act No. 1, enacted by the Central Bank and the Administrative Council for Economic Defense on December 10, 2018.

On March 29, 2012, the CMN enacted Resolution No. 4,062, which amended Resolution No. 2,723, dated May 31, 2000, and sets forth that any direct or indirect equity interest held by financial institutions in any company located in Brazil or abroad, or the increase thereof, must be previously authorized by the Central Bank, except in the case of: (i) equity interests typically held in the investment portfolios of investment banks, development banks, development agencies (*agências de fomento*) and multiservice banks with investment or development portfolios, and (ii) temporary equity interests not registered as permanent assets of these financial institutions. The Central Bank will only authorize such equity interest in companies whose corporate purpose is complementary or subsidiary to the activities carried out by the investing financial institution.

Brazilian Financial Services Industry and Regulations

Capital Adequacy and Leverage

In June 2004, the Basel Committee on Banking Regulations and Supervisory Practices approved the Basel II Accord, a new framework for risk-based capital adequacy. The Basel II Accord sets out the details for adopting more risk-sensitive minimum capital requirements for banking organizations. Central Bank Communication No. 19,028 of October 29, 2009, established the schedule for the implementation of the Basel II Accord. According to the Basel II Capital Accord, financial institutions may employ internal models to assess risks. Thus, in order to continuously improve our risk management process and to follow best practices, we were the first financial institution in Brazil authorized by the Central Bank to use our internal market risk models to calculate regulatory capital starting from January 2013.

Further, the G20's December 2010 conference approved a reform package known as the Basel III Accord (as described below). In March 2013, the CMN and the Central Bank issued a new regulatory framework aimed at implementing the recommendations made in the Basel III Accord. Most of these rules are effective as of October 1, 2013 and are fully implemented as of the date of this Base Prospectus.

Basel II Accord

The requirements imposed by the Central Bank previously differed from the Basel II Accord in a few respects. Among other differences, the Central Bank used to:

- impose a minimum capital requirement of 11.0% in lieu of the 8.0% minimum capital requirement of the Basel II Accord;
- require an additional amount of capital with respect to off balance sheet interest rate and foreign currency swap transactions;
- assign different risk weights to certain assets and credit conversion amounts, including a risk weighting of 300% on tax credits relating to income and social contribution taxes; and
- require banks, pursuant to CMN Resolution No. 3,490 of August 29, 2007, and Central Bank Circular No. 3,383 of April 30, 2008, to set aside a portion of their equity to cover operational risks (i.e., losses arising from failures, deficiency or inadequacy of internal proceedings, personnel or systems, including those due to external events).

In line with the Basel II Accord standards on capital adequacy, the CMN issued Resolution No. 3,444, which used to define the Reference Shareholders' Equity of Brazilian financial institutions (subsequently revoked by CMN Resolution No. 4,192, of March 1, 2013). In accordance with this rule, the Reference Shareholders' Equity is represented by the sum of Tier I Capital and Tier II Capital assets and is taken into consideration when determining their capital adequacy.

- Tier I Capital: Corresponds to the sum of amounts corresponding to net assets, the balance of profit and loss accounts of creditors and deposits in escrow accounts to cover capital shortages, excluding amounts corresponding to: (1) debtor profit and loss account balances; (2) re-evaluation reserves, contingency reserves and special reserves for profits relating to non-distributed obligatory dividends; (3) preferential shares issued with a redemption clause and preferential shares with the accumulation of dividends; (4) tax credit (stipulated by CMN Resolution No. 3,059 of December 20, 2002); (5) permanent deferred assets, discounting the goodwill paid in the acquisition of investments; and (6) the balance of unearned gains and losses resulting from the adjustment in the fair value of securities classified as "securities available for sale" and derivative financial instruments used for cash flow hedging.
- Tier II Capital: Corresponds to the sum of amounts corresponding to re-evaluation reserves, contingency reserves and special profit reserves relating to non-distributed mandatory dividends added to amounts corresponding to: (1) hybrid capital and debt contracts, subordinated debt contracts,

Brazilian Financial Services Industry and Regulations

preferential shares issued with a redemption clause and preferential shares with the accumulation of dividends issued by financial institutions; and (2) the balance of unearned gains and losses resulting from the adjustment in the fair value of securities classified as “securities available for sale” and derivative financial instruments used for cash flow hedging.

The total value of Tier II Capital may not exceed the total value of Tier I Capital, when: (i) the sum of re-evaluation reserves is limited to 25.0% of the value of Tier I Capital; (ii) the value of preferential shares issued with a redemption clause with an original valid date of less than 10 years, plus the value of subordinated debt contracts, is limited to 50.0% of the value of Tier I Capital; and (iii) a 20.0% reducer should be applied to the value of subordinated debt and preferential shares issued with a redemption clause comprising Tier II Capital for each year of a five-year period immediately preceding the respective maturity date.

Since July 2, 2007, the balance of assets represented by shares, hybrid instruments, subordinated debt and other Tier I Capital and Tier II Capital financial instruments have been deducted from Reference Shareholders’ Equity. In addition, the following will be deducted from Reference Shareholders’ Equity: (i) amount paid into investments fund’s capital, proportionate to the interest in the fund portfolio; (ii) amount related to: (a) acquisition or indirect interest in financial conglomerates, through any non-financial affiliated entity; (b) assets for subordinated transactions from investments in permanent assets related to the regulations in effect at that time; and (c) assets for subordinated transactions delivered or placed by third-parties in order to implement active subordinated operations.

On December 16, 2009, the CMN enacted Resolution No. 3,825. As a result, commencing as of April 1, 2010, provisions made by Brazilian banks to cover possible losses arising from credit transactions that exceed the requirements set forth by CMN Resolution No. 2,682 are no longer eligible to be accounted for as Tier I Capital.

Basel III Accord

The Basel III Accord is a reform package of rules proposed by the Basel Committee on Banking Supervision to address the market failures that caused the 2008 global financial crisis. The purpose of this reform is to improve capital and liquidity management rules for financial institutions, strengthening the banking sector’s ability to absorb shocks arising from financial and economic stress, thus reducing the risk of spillover from the financial sector to the real economy.

In March 2013, the CMN and the Central Bank issued a new regulatory framework aimed at implementing the recommendations contained in the Basel III Accord. Changes to the current regulations include:

- Reference Shareholders’ Equity continues to be defined as the sum of Tier I Capital and Tier II Capital. However, Tier I Capital now encompasses Equity Tier I Capital and Additional Tier I Capital, which includes some types of hybrid instruments duly authorized by the Central Bank that meet certain specific requisites, such as subordination and perpetuity;
- the calculation of Reference Shareholders’ Equity as of January 2015 must be carried out on a consolidated basis, which shall include, in addition to the financial entities belonging to the financial conglomerate, certain entities considered quasi-financial institutions, including, among others, non-financial institutions, such as payment institutions, factorings and securitization companies;
- certain deductions in the calculation of Tier I Capital, including, among other things, those relating to premiums calculated based on future profits, tax credits and intangible assets, will need to be made starting in 2014 at a rate of 20% and increasing to 100% by 2018;
- Equity Tier I Capital shall be complemented by the Capital Buffer, which is essentially based on exposures relating to: (i) credit risk, (ii) market risk, (iii) operational risk, (iv) interest rate risk, (v) foreign exchange risk, (vi) price index risk, (vii) equity prices, (viii) commodity prices, and (ix) gold; and

Brazilian Financial Services Industry and Regulations

- the Central Bank established the Capital Buffer (where all rates relate to the total amount of risk weighted assets) as follows: (i) 0.625% starting in 2016; (ii) 1.25% starting in 2017; (iii) 1.875% starting in 2018; and (iv) 2.5% starting in 2019. In view of the coronavirus outbreak, the CMN enacted, on March 16, 2020, Resolution No. 4,783, which amended Resolution No. 4,193 and establishes that the risk weighted assets, for the purposes of the calculation of the Capital Buffer (Conservation Additional Principal Capital), shall be as follows: (i) 1.25% from April 1, 2020, until March 31, 2021; (ii) 1.625% from April 1, 2021, until September 30, 2021; (iii) 2.0% from October 1, 2021, until March 31, 2022 and (iv) 2.5% as from April 1, 2022.

In accordance with the Basel III Accord implementation schedule, the CMN issued Resolution No. 4,192, on March 1, 2013. According to this Resolution, the Reference Shareholders' Equity of Brazilian financial institutions is represented by the sum of Tier I Capital and Tier II Capital, as follows:

- Tier I Capital: Corresponds to the sum of Equity Tier I Capital and Additional Tier I Capital.

Equity Tier I Capital corresponds to the sum of: (i) capital stock; (ii) profit, revaluation and capital reserves; (iii) unrealized gains; (iv) retained earnings; (v) creditor profit and loss account balances; (vi) deposits in escrow accounts to cover capital shortages (pursuant to the terms of CMN Resolution No. 4,019, of September 29, 2011); and (vii) balance of unearned gains resulting from the positive adjustment in the market value of securities classified as "securities available for sale" and derivative financial instruments used for cash flow hedge, deducting: (i) unrealized losses; (ii) stock issued by the company, authorized to be part of the Equity Tier I Capital, directly, indirectly or in a condensed manner acquired, by means of (a) quotas of investment funds; (b) controlled quasi-financial or non-financial entities; or (c) derivative transactions, including index derivatives; (iii) retained losses; (iv) debtor profit and loss account balances; (v) the balance of unearned losses resulting from the negative adjustment in the market value of securities classified as "securities available for sale" and derivative financial instruments used for cash flow hedging; and (vi) prudential adjustments listed in Article 5 of CMN Resolution No. 4,192.

Additional Tier I Capital, as provided in article 6 of CMN Resolution No. 4,192, is the sum of the instruments that meet the requirements of Additional Tier I Capital (as provided in article 17 of CMN Resolution No. 4,192) less amounts corresponding to: (i) investments in instruments eligible for Reference Shareholders' Equity issued by an institution authorized to operate by the Central Bank or by an institution located offshore that conducts its business as a financial institution in Brazil, which does not comprise the conglomerate, pursuant to the terms of CMN Resolution No. 4,192; and (ii) stock issued by the company, authorized to be part of the Additional Tier I Capital, directly, indirectly or in a condensed manner acquired, by means of (a) quotas of investment funds; (b) controlled quasi-financial or non-financial entities; or (c) derivative transactions, including index derivatives.

- Tier II Capital: As provided in article 7 of CMN Resolution No. 4,192, corresponds to the sum of the instruments that meet the requirements of Tier II Capital (as provided in article 20 of CMN Resolution No. 4,192) minus amounts corresponding to (i) investments in instruments eligible for Reference Shareholders' Equity issued by institution authorized to operate by the Central Bank or by institution located offshore that conducts its business as a financial institution in Brazil, which does not comprise the conglomerate, pursuant to the terms of CMN Resolution No. 4,192 and (ii) stocks issued by the company, authorized to be part of the Tier II Capital, directly, indirectly or in a condensed manner acquired, by means of (a) quotas of investment funds; (b) quasi-financial entity or non-financial entity, controlled; or (c) derivatives transactions, including index derivatives.

CMN Resolution No. 4,193 determines minimum requirements for Reference Shareholders' Equity, Tier I Capital and Equity Tier I Capital and establishes additional requirements for Equity Tier I Capital, correspondent to the "Capital Buffer."

Segmentation for the proportional application of the prudential regulation

On January 30, 2017, the CMN enacted Resolution No. 4,553, as amended, establishing segmentation for financial institutions, financial institution groups, and other institutions authorized to operate by the Central Bank for

Brazilian Financial Services Industry and Regulations

proportional application of the prudential regulation, considering the size, international activity and risk profile of members of each segment. This resolution provides for composition of the segments as follows:

- (i) Segment 1 is composed of multiservice banks, commercial banks, investment banks, foreign exchange banks and savings banks that (a) have a “Total Exposure/GDP” ratio equal to or greater than 10%; or (b) perform material international activities, regardless of its Total Exposure;
- (ii) Segment 2 is composed of multiservice banks, commercial banks, investment banks, foreign exchange banks and savings banks that have a “Total Exposure/GDP” ratio of between 1% and 10%;
- (iii) Segment 3 is composed of institutions that have a “Total Exposure/GDP” ratio of between 0.1% and 1%;
- (iv) Segment 4 is composed of institutions that have a “Total Exposure/GDP” ratio of less than 0.1%, subject to the terms of Segment 5 below; and
- (v) Segment 5 is composed of institutions that have a “Total Exposure/GDP” ratio of less than 0.1% and which are also subject to the optional simplified method for verification of certain regulatory ratios (except for multiservice banks, commercial banks, investment banks, foreign exchange banks and savings banks).

Recovery Plan for Systemically Important Financial Institutions

Pursuant to CMN Resolution No. 4,502 of June 30, 2016, as amended by CMN Resolution No. 4,704 of December 19, 2018, multiple banks, commercial banks, investment banks and savings banks which have a ratio of “Total Exposure/GDP,” as defined in such Resolution, above 10%, as well as other financial institutions that have a critical function, as per the Central Bank’s understanding, must prepare and deliver a recovery plan, in order to restore adequate levels of capital and liquidity and preserve their viability in face of stressful situations, helping to maintain the strength, stability and the regular functioning of the National Financial System.

The recovery plan must include, among other things, a detailed description of: (i) critical functions and essential services rendered by the financial institution; (ii) monitoring programs; (iii) identification of stress scenarios that would demand the implementation of recovery strategies; (iv) recovery strategies, as well as criteria and procedures to their implementation; (v) communication plans; (vi) identification of risks and barriers to the implementation of the recovery plan; and (vii) governance mechanisms to effect the recovery plan.

The recovery plan(s) must be delivered to the Central Bank by December 31 of each year.

Whenever reaching critical levels associated with the materialization of stress situations, the regulated institution is required to determine whether or not to adopt one or more recovery strategies. If a determination is made not to adopt a recovery strategy, the Central Bank may determine a total or partial implementation of the recovery plan(s). Nonetheless, the implementation of the recovery plan does not prevent the Central Bank from adopting other prudential measures, as determined in CMN Resolution No. 4,019, of September 29, 2011.

Regulations Affecting Financial Market Liquidity

Brazilian Government Involvement in the Brazilian Banking System

As a result of the global financial crisis in 2008, the President of Brazil sanctioned Provisional Measure No. 443 on October 21, 2008 (converted into Law No. 11,908, of March 3, 2009) in order to increase the Brazilian public sector’s involvement in the Brazilian banking system.

Law No. 11,908 authorized: (i) Banco do Brasil and CEF, both financial institutions controlled by the Brazilian government, to directly or indirectly acquire shares of private and public financial institutions in Brazil, including insurance companies, social welfare institutions and capitalization companies, regardless of acquiring their control; (ii) the creation of Caixa Banco de Investimentos S.A., a wholly-owned subsidiary of CEF, in order to carry out

Brazilian Financial Services Industry and Regulations

investment banking activities; and (iii) the Central Bank to carry out currency swap transactions with central banks of other countries.

On May 23, 2013, through Resolution No. 4,222, as amended, the CMN restated the bylaws of the FGC to enable the FGC to invest up to 50% of its net worth, minus the amount of the Resolution Fund (*Fundo de Resolução*), as defined in article 5 of FGC's bylaws, plus the liabilities arising from the prepayment of ordinary contributions by its associated institutions, towards: (i) the acquisition of credit rights of financial institutions and leasing companies; (ii) fixed-income bonds issued by associated institutions, provided that the bonds are secured by credit rights created, or to be created, with funds of the respective applications; and (iii) linked transactions (*operações ativas vinculadas*), pursuant to CMN Resolution No. 2,921, of January 17, 2002. The FGC may sell any asset acquired by the transactions described in items (i), (ii) and (iii) above.

Pursuant to Resolution No. 4,785, of March 23, 2020, which amended Resolution No. 4,222 of May 23, 2013, transactions involving time deposits without the issuance of certificates guaranteed by the FGC (*depósito a prazo com garantia especial*) (“DPGE”) are permitted and will gradually be reduced until they cease to exist on January 1, 2022, the limit of such transaction being reduced in accordance with the following schedule: (i) 50% as from January 1, 2021; (ii) 80% as from July 1, 2021; and (iii) 100% as from January 1, 2022. This decrease does not apply to DPGEs secured by a fiduciary assignment. DPGEs (whether secured or not) issued by financial institutions may not exceed R\$2.0 billion. The credits of each holder, under the DPGE, against the same institution associated with the FGC, or against all associated institutions from the same conglomerate, will be secured up to the maximum amount of: (i) R\$400 million in transactions where the holder of the credit is an institution associated with the FGC; and (ii) R\$40 million for the other holders, as per Resolution No. 4,805, of April 23, 2020, which amended Resolution No. 4,222 of May 23, 2020.

Reserve Requirements

The Central Bank imposes reserve requirements and other related requirements upon Brazilian financial institutions from time to time. The Central Bank uses reserve requirements on demand deposits, savings deposits and time deposits as a mechanism to control the liquidity of the Brazilian financial system. Historically, those imposed reserves have accounted for substantially all amounts required to be deposited with the Central Bank.

Some of the most relevant reserves required under Brazilian law include:

Demand Deposits. Central Bank Circular No. 3,917, of November 22, 2018, as amended (“BCB Circular No. 3,917/18”), sets out the mandatory deposits (*recolhimentos compulsórios*) over amounts on demand (*à vista*) raised by full-service banks and investment banks holding bank reserve accounts, commercial banks and saving banks. In accordance with BCB Circular No. 3,917/18, banks are subject to a mandatory deposit (*recolhimento compulsório*) of 21.0% of the average daily balance over the amounts on their demand time deposits and certain other amounts, after a deduction of R\$500 million. Circular Letter No. 3,920, of November 27, 2018, sets out the procedures for calculating these requirements. At the end of each day and prior to the opening of the additional time window for contributions in instant payment accounts, the balance of a given account must be equivalent to at least 65% of the reserve requirement for the respective calculation period, which begins on Monday of a given week and ends on Friday of the following week. If the applicable reserve requirement for a financial institution is equal to or lower than R\$0.5 million, the financial institution will be exempt from setting aside reserve requirements as set out in BCB Circular No. 3,917/18, provided the exempt financial institution must inform the Central Bank of demand deposits held.

Savings Deposits. On January 8, 2020, CMN enacted Circular No. 3,975, as amended, which revoked Circular No. 3,093, of March 1, 2002, removing the mandatory allocation (*encaixe obrigatório*) and establishing mandatory deposits (*recolhimentos compulsórios*) over amounts on savings accounts raised by full-service banks with real estate credit portfolios, commercial banks, real estate credit companies, saving and loan associations, saving banks and credit unions authorized by the Central Bank to raise deposits in savings accounts, pursuant to the applicable rules. In accordance with Circular No. 3,975, as amended, banks are subject to a mandatory deposit (*recolhimento compulsório*) of 20.0% of the average aggregate balance of savings accounts after the calculation period. In addition,

Brazilian Financial Services Industry and Regulations

pursuant to CMN Resolution No. 4,676 of July 31, 2018, as amended, a minimum of 65.0% of the total amount of deposits in savings accounts held by the members of the Brazilian Savings and Loan System (“**SBPE**”) must be used to finance the real estate sector, and the remaining amounts must be allocated to available cash and other permitted transactions, with due regard to the above-mentioned percentage of mandatory deposits (*recolhimentos compulsórios*) of 20% established by the Central Bank through Circular No. 3,975.

Time Deposits. Pursuant to Central Bank Circular No. 3,916, of November 22, 2018, as amended by Central Bank Resolution No. 78, of March 10, 2021, banks are subject to a mandatory reserve requirement of the following percentages over the average daily balance of their time deposits and certain other amounts (a) 17.0% for the calculation period starting on March 16, 2020 and ending on March 20, 2020, adjusted on March 20, 2020, until the calculation period starting on November 22, 2021 and ending on November 26, 2021; and (b) 20% as from the calculation period starting on November 29, 2021 and ending on December 3, 2021, adjusted on December 13, 2021, in any case, after a deduction of R\$30.0 million, in the amounts of: (i) R\$3.6 billion, for financial institutions with a Tier I component of the reference equity below R\$3.0 billion; (ii) R\$2.4 billion, for financial institutions with a Tier I component of the reference equity equal to or higher than R\$3.0 billion and lower than R\$10.0 billion; (iii) R\$1.2 billion, for financial institutions with a Tier I component of the reference equity equal to or higher than R\$10.0 billion and lower than R\$15.0 billion; and (iv) zero, for financial institutions with a Tier I component of the reference equity equal to or higher than R\$15.0 billion. The calculation period comprises the business days of the week, beginning on Monday and ending on Friday. If the applicable reserve requirement of a financial institution is equal to or lower than R\$0.5 million, the financial institution will be exempt from the above reserve requirements, provided that the exempt financial institution informs the Central Bank of time deposits held. Amounts subject to these reserve requirements have to be deposited in cash in a specific account and part of such deposits will bear interest at a SELIC-based rate. At the end of each day, deposited amounts are required to be equivalent to 100% of the applicable reserve requirement. Central Bank Circular Letter No. 4,026, of April 14, 2020, sets out the procedures for calculating these requirements.

On April 22, 2002, as a result of a restructuring process, the Brazilian Payment System (“**SPB**”) became effective. The main legislation that disciplines the operation of the SPB is Law No. 10,214 of March 27, 2001, as amended, CMN Resolution No. 2,882 dated August 30, 2001 and Central Bank Circular No. 3,057 dated August 31, 2001, as amended.

The main goal of the amendments was to provide Brazil’s financial markets with security and efficiency, and to minimize the systemic risks, by incorporating practices recommended by the BIS – Bank of International Settlements.

The most important principles of the SPB are: (i) the existence of two main payment and settlement systems: real time gross settlements, using the reserves deposited with the Central Bank, and deferred settlements, through the clearing houses; (ii) the clearing houses, with some exceptions, will be liable for the payment orders they accept; and (iii) bankruptcy laws do not affect the payment orders made through the credits of clearing houses, nor the collateral granted to secure those orders. However, clearing-houses have ordinary credits against any participant under bankruptcy laws.

The main innovations of the SPB were: (i) the creation of a mechanism for the real time transfer of reserves, the Reserve Transfer System (“**STR**”) in which settlements are irrevocable and unconditional, providing a strict control of bank balances; (ii) the adaptation and creation of compensation and settlement systems in clearing houses equipped with mechanisms and safeguards capable of guaranteeing the settlement process; and (iii) the constitution of a solid legal basis to support the functioning of clearing houses.

Asset Composition Requirements

Brazilian financial institutions may not allocate more than 25.0% of their reference equity to loans (including guarantees) with the same customer (including its parent, affiliates and subsidiaries) or in securities of any one issuer, and may not act as underwriter (excluding best efforts underwriting) of securities issued by any one issuer representing more than 25.0% of their reference equity.

Brazilian Financial Services Industry and Regulations

Pursuant to CMN Resolution No. 2,283 of June 5, 1996, as amended, permanent assets (defined as property and equipment other than commercial leasing operations, unconsolidated investments and deferred charges) of Brazilian financial institutions may not exceed 50.0% of their reference equity.

Repurchase Transactions

Repurchase transactions are subject to operational capital limits based on the financial institution's shareholders' equity, as adjusted in accordance with Central Bank regulations. A financial institution may only hold repurchase transactions in an amount up to 30 times its adjusted shareholders' equity. Within that limit, repurchase operations involving private securities may not exceed five times the amount of adjusted shareholders' equity. Limits on repurchase operations involving securities backed by Brazilian governmental authorities vary in accordance with the type of security involved in the transaction and the perceived risk of the issuer as established by the Central Bank.

On September 29, 2016, the CMN enacted Resolution No. 4.527, which amends the regulation on repurchase transactions involving fixed-income securities. The recent changes to the regulation amends the list of the types of securities that may be subject to repurchase transactions by expressly including obligations issued by the International Finance Corporation (IFC) and certain securities issued by leasing companies (*Letras de Arrendamento Mercantil*) while excluding the possibility that the Central Bank may add to the list securities not expressly listed in the regulation.

On-lending of Funds Borrowed Abroad

Financial institutions and leasing companies are permitted to borrow foreign currency-denominated funds in the international markets (either through direct loans or through the issuance of debt securities) in order to on-lend such funds in Brazil. These on-lendings take the form of loans denominated in Brazilian currency but indexed to the U.S. dollar. The terms of the on-lending must mirror the terms of the original transaction. The interest rate charged on the underlying foreign loan must also conform to international market practices. In addition to the original cost of the transaction the financial institution may only charge an on-lending commission.

Credit Assignment

CMN Resolution No. 3,533 of January 31, 2008, provided changes to the manner in which assigned credit rights are to be treated in financial institutions' books as of January 1, 2012. In accordance with Resolution No. 3,533, if the assignor substantially retains the risks and benefits of the assigned credits, such credits may not be recorded as off-balance sheet loans. This provision is also applicable to (i) assignments with repurchase commitments; (ii) assignments in which the assignor undertakes the obligation to compensate the assignee for losses; and (iii) assignments made jointly with the subscription and/or acquisition of subordinate shares of FIDCs.

Foreign Currency Position

Transactions in Brazil involving the sale and purchase of foreign currency may only be conducted by institutions authorized by the Central Bank to operate in the foreign exchange market. For purposes of the exchange control regulations, banks (including commercial banks, investment banks and multiple-service banks, but excluding development banks) are allowed to carry out all types of transactions in the foreign exchange market; other agents, including development banks, brokers, dealers, tourism agencies, and hotels may in turn carry out just a limited number of transactions.

The Central Bank may impose limits on foreign exchange short and long positions of institutions authorized to operate in the foreign exchange market. These limits may vary according to the shareholders' equity of the relevant institution, as adjusted in accordance with regulations of the Central Bank. Penalties for non-compliance with any such foreign currency position limits, range from the compulsory sale of foreign currency holdings to the revocation of authorizations to operate in the foreign exchange market.

Brazilian Financial Services Industry and Regulations

Interest Rates

Article 192 of the Brazilian Constitution, enacted in 1988, established a 12.0% per year ceiling on loan interest rates, including bank loan interest rates. However, since the enactment of the Brazilian Constitution, such rate was not enforced, as the regulation of such provision was pending. The understanding that the ceiling is not yet in force has been confirmed by *Súmula Vinculante No. 7*, a final binding decision enacted in 2008 by the STF in accordance with such Court's prior understanding on this matter.

On May 29, 2003, the Constitutional Amendment No. 40 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 in respect of each sector of the system rather than by a single law relating to the system as a whole.

With the enactment of the Civil Code, unless the parties to a loan have agreed to use a different rate, in principle the ceiling of the interest rate has been pegged to the base rate charged by the National Treasury Office. There is currently an uncertainty as to whether such base rate which is referred to in the Civil Code is: (i) the SELIC, which was 11.75% per annum as of December 31, 2014 and 2.00% per annum as of the date of this Base Prospectus; or (ii) the 12% per annum rate established in Article 161, paragraph 1, of the Brazilian Tax Code.

Financial Bills

Provisional Measure No. 472/09, enacted by the Brazilian government on December 15, 2009 (converted into Law No. 12,249, as amended), among other items, provided for a new category of long-term debt securities that may be issued by Brazilian financial institutions (*Letras Financeiras*) ("LFs"). Pursuant to CMN Resolution No. 4,123, of August 23, 2012, these instruments are required to have a maturity of at least 24 months and a minimum nominal amount of (i) R\$150,000 or (ii) R\$300,000 for subordinated LFs. On May 26, 2014, Resolution No. 4,330 was enacted by the CMN, which amended CMN Resolution No. 4,123, further regulating the repurchase of LFs and the issuance of subordinated LFs.

As of October 1, 2019, CMN Resolution No. 4,123 and CMN Resolution No. 4,330 were replaced by CMN Resolution No. 4,733, of June 27, 2019, as amended. CMN Resolution No. 4,733 provides that LFs are required to have (i) a maturity of at least 24 months, except for LTEL-LFG, as described below (provided that any (a) LF with a maturity equal to or exceeding 36 months may be issued with a repurchase option by the issuer or resale to the issuer; and (b) for issuances exclusively related to transactions with the Central Bank intended to meet liquidity demands from the issuer, the maturity term has to observe the specific regulation applicable to the transaction), while also prohibiting any full or partial redemption prior to the term established in the instrument, except in the circumstances specified in article 5 of CMN Resolution No. 4,733; (ii) a minimum nominal amount of (a) R\$50,000 or (b) R\$300,000 for subordinated LFs; and (iii) a minimum 180-day term between interest payment dates.

CMN Resolution No. 4,733 also (i) provides that the issuer and the underwriters involved in the placement or trading process of LFs shall adopt procedures that ensure the suitability of the investment for the investor, as well as ensuring that the investor has access to the necessary information about the investment; (ii) authorizes the exchange of LFs at the market price of any redeemed LFs, after deduction of the tax obligations arising from the exchange; and (iii) authorizes the Central Bank to regulate a permit to use funds from LFs to comprise the Reference Shareholders' Equity.

Pursuant to Instruction No. 488, issued by the CVM on December 16, 2010, the public offering of LFs is regulated by the CVM in the Brazilian capital markets. On October 14, 2020, the CVM issued CVM Resolution No. 8 ("CVM Resolution No. 8/20"), which, among others, dispensed the registration of public offering of LFs, if the procedures set forth in CVM Resolution No. 8/20 are complied with.

The LFs may be deposited in an entity authorized by the Central Bank to perform activities related to the centralized deposit of financial assets. The procedures for such deposit are set out in Central Bank Circular No. 3,963 of September 24, 2019, which also establishes the necessary information to be provided in the LFs, such as (i) name; (ii) financial institution issuer of the LF; (iii) face value; (v) interest rate, among other information.

Brazilian Financial Services Industry and Regulations

On April 2, 2020, the CMN enacted Resolution No. 4,795, which authorizes the Central Bank to grant loans with specific conditions, by means of a Temporary Special Liquidity Credit Facility, upon directly acquiring LFs secured by financial assets or securities in the primary market (*Linha Temporária Especial de Liquidez – Letras Financeiras Garantidas* “LTEL-LFG”). The loans authorized under the resolution will be available until December 31, 2020 to multiservice banks, commercial banks, investment banks, saving banks and BNDES and holders of Reserve Bank Accounts who accept the loan conditions and the operational procedures established by the Central Bank to formalize the issuance of LTEL-LFG and the accounting for of financial assets or securities used as guarantee.

In order to comply with the requirements of the resolution, the LTEL-LFG shall (i) be registered in a centralized deposit of financial assets, together with the fiduciary assignment of financial assets or securities used as a guarantee prior to the issuance of the LTEL-LFG; (ii) have a maturity of between 30 and 359 calendar days; and (iii) provide for a single redemption payment, on the maturity date, of the aggregate principal amount and interest.

The following financial assets and securities are eligible to guarantee the LTEL-LFG, provided that they are assets of the financial institution which issues the LTEL-LFG and are registered in a financial assets registry or deposited in a centralized deposit of financial assets or securities: (i) credit transactions; (ii) leasing transactions; (iii) other transactions with credit extension characteristics; (iv) unsubordinated debentures and non-convertible debentures, which shall not be issued by financial companies or companies directly or indirectly controlled by financial institutions or by controlling entities of financial institutions; and (v) commercial paper issued by companies other than financial companies or companies directly or indirectly controlled by financial institutions or by controlling entities of financial institutions. The Central Bank may, at its discretion, establish more restrictive criteria other than those set out above.

The rating of the financial assets or securities should be AA, A and B, in accordance with the criteria of the regulations in force, in the proportion set forth in Resolution No. 4,795/20.

On April 6, 2020, the Central Bank enacted Circular No. 3,996, as amended, which regulates loan transactions by means of the LTEL-LFG. Pursuant to the Circular, the LTEL-LFG will be operationalized by means of loans held against a pool of collateral, formed as from the registration of a lien over financial assets or securities registered with a registry entity or deposited in a centralized deposit system. Additionally, to formalize their participation in the LTEL-LFG, financial institutions that comply with the requirements set forth in Resolution No. 4,795/20 shall provide to the Central Bank certain documents established in Circular No. 3,996/20, pursuant to the procedures set forth therein. The procedures to be complied with in order to adhere, engage and pay the loan transactions by means of the LTEL-LFG are established in Circular Letter No. 4,025, of April 13, 2020.

Treatment of Overdue Debts

Financial institutions are required to classify their loans into nine categories, ranging from AA to H, on the basis of their risk. These credit classifications are determined in accordance with Central Bank criteria relating to:

- the conditions of the debtor and the guarantor, such as their economic and financial situation, level of indebtedness, capacity for generating profits, cash flow, delay in payments, contingencies and credit limits; and
- the conditions of the transaction, such as its nature and purpose, the sufficiency of the collateral, the level of liquidity and the total amount of the credit.

In the case of corporate borrowers, the nine categories are as follows:

Rating	Banco Bradesco's Classification	Concept
AA	Excellent	First-tier large company or group, with a long track record, market leadership and excellent economic and financial concept and positioning.

Brazilian Financial Services Industry and Regulations

Rating	Banco Bradesco's Classification	Concept
A	Very Good	Large company or group with sound economic and financial position that is active in markets with good prospects and/or potential for expansion.
B	Good	Company or group, regardless of size, with good economic and financial positioning.
C	Acceptable	Company or group with a satisfactory economic and financial situation but with performance subject to economic variations.
D	Fair	Company or group with economic and financial positioning in decline or unsatisfactory accounting information, under risk management.
		Loans the collection of which is doubtful are classified as follows, based on the percentage of expected loss:
E	Deficient	
F	Bad	
G	Critical	
H	Uncollectible	

A loan may be upgraded if it has a credit support or downgraded if in default.

In the case of transactions with individuals, we have a similar nine category ranking system. We grade the credit based on data including the individual's income, net worth and credit history (as well as other personal data).

Financial institutions must make monthly loan loss provisions to match contingencies. In general, banks review the loan classifications annually. However, a review is made every six months in the case of transactions that are extended to a single customer or economic group whose aggregate amount exceeds 5.0% of the financial institution's adjusted net worth. If a loan becomes past due it is reviewed monthly.

For past due loans, the regulations establish maximum risk classifications, as follows:

Number of Days Past Due ⁽¹⁾	Maximum Classification
15 to 30 days	B
31 to 60 days	C
61 to 90 days	D
91 to 120 days	E
121 to 150 days	F
151 to 180 days	G
More than 180 days	H

(1) The period should be doubled in the case of loans with maturity in excess of 36 months.

Financial institutions are required to determine, on a monthly basis, whether any loans must be reclassified as a result of these maximum classifications, and if so, they must adjust their provisions accordingly.

The regulations specify a minimum provision for each category of loan, which is measured as a percentage of the total amount of the credit operation, as follows:

Classification of Loan	Minimum Provision
AA	-
A	0.5%
B	1.0
C	3.0
D	10.0
E	30.0
F	50.0

Brazilian Financial Services Industry and Regulations

Classification of Loan	Minimum Provision
G.....	70.0
H ⁽¹⁾	100.0%

(1) Banks must write off any loan 6 months after it is ranked H.

Loans of up to R\$50,000 (or any other limit which may be specified by the Central Bank from time to time) may be classified either by the financial institution's own evaluation method or according to the delay in payments criteria described above.

Financial institutions must make their lending and loan classification policies available to the Central Bank and to their independent auditors. They also have to submit to the Central Bank information relating to their credit portfolio, along with their financial statements. Such information must include:

- a breakdown of lending activities and the nature of the borrowers;
- maturities of their loans;
- amounts of rolled-over, written-off and recovered loans;
- credit portfolio diversification in accordance with the loan classification; and
- overdue loans.

Brazilian Clearing System

The Brazilian clearing system was regulated and restructured under legislation enacted in 2000 and 2001. Such regulation is intended to increase the responsiveness of the system through the adoption of multilateral settlement and the safety and soundness of the system by reducing the risk of systemic default and the credit risk of financial institutions.

The systems comprising the Brazilian clearing systems are responsible for creating safety mechanisms and rules for controlling risks and contingencies, for loss sharing among market participants and for direct execution of participants' positions, performance of their agreements and foreclosure of collateral held under custody. In addition, clearing houses and settlement services providers that are considered important to the system are obligated to set aside a portion of their assets as an additional guarantee for the settlement of transactions.

Under such rules, responsibility for the settlement of a transaction is assigned to the clearing houses and settlement service providers responsible for it. Once a financial transaction has been submitted for clearing and settlement, it generally becomes the obligation of the relevant clearing house and/or settlement services provider to clear and settle it, and it is no longer subject to the risk of bankruptcy or insolvency on the part of the market participant that submitted it for clearing and settlement.

Financial institutions and other institutions chartered by the Central Bank are also required under the new rules to create mechanisms to identify and avoid liquidity risks, in accordance with certain procedures established by the Central Bank. Under these procedures, institutions are required to:

- maintain and document criteria for measuring liquidity risks and mechanisms for managing them;
- analyze economic and financial data to evaluate the impact of different market scenarios on the institution's liquidity and cash flow;
- prepare reports to enable the institution to monitor liquidity risks;

Brazilian Financial Services Industry and Regulations

- identify and evaluate mechanisms for unwinding positions that could threaten the institution economically or financially and for obtaining the resources necessary to carry out such unwinds;
- adopt system controls and testing them periodically;
- promptly provide to the institution's management available information and analysis regarding any liquidity risk identified, including any conclusions or remedies adopted; and
- develop contingency plans for handling liquidity crisis situations.

After a period of tests and gradual implementation, the Brazilian clearing system entered into operations in April 2002. The Central Bank and CVM have the power to further regulate and supervise the Brazilian payments and clearing system.

The Central Bank and BNDES have announced new measures in response to the COVID-19 pandemic to protect the Brazilian economy

In response to the coronavirus outbreak, the Central Bank and the BNDES have adopted measures to help the country's economy. We have summarized some of the relevant measures below.

Measures adopted by BNDES

BNDES recently announced measures to inject approximately R\$55 billion into the economy. Both the Central Bank and BNDES measures are effective immediately.

Stay of loan repayment terms: This measure allows for a stay on the repayment terms for loans for a maximum period of 6 months. This stay covers both principal and interest payments, for transactions entered into both directly with BNDES and indirectly with accredited institutions. BNDES estimates that this measure will stay payments of R\$19 billion and R\$11 billion in indirect and direct transactions, respectively. The stayed installments will be incorporated in the outstanding balance and redistributed across the remaining installments.

Credit for small and medium sized companies: In addition, BNDES announced the transfer of approximately R\$20 billion from the PIS / *Programa de Formação do Patrimônio do Servidor Público* ("PASEP") fund to the FGTS. Among the announced measures, R\$5 billion in credit will be allocated to microbusiness and small and medium sized companies, by extending the type of credit called "*BNDES Crédito Pequenas Empresas*," which will now be available to companies with up to R\$300 million in annual revenue, with a maximum of R\$70 million per transaction and a 5 year repayment term (with a 24-month grace period).

Sectorial Actions: The BNDES announced that a subsequent series of actions will be implemented, focusing on (i) airline companies; (ii) tourism and (iii) States and municipalities.

Measures adopted by the Central Bank

Measures introduced by the Central Bank aim to increase liquidity in the SFN in order to avoid the shutdown of the real economy and to relax certain rules to facilitate the renegotiation of agreements already in force.

Mandatory Reserve Requirements: In March 2020, the Central Bank reduced the level of mandatory reserve requirements on time deposits from 31% to 17%, in an effort to strengthen liquidity in the financial system. The Central Bank estimates that such measure releases R\$68 billion amount for new transactions. Pursuant to Circular No. 3,997, of April 6, 2020 a deduction equivalent to 15% of the adjusted outstanding amounts of the loans granted under the PESE Program (as detailed below) will be applicable over the requirements for the calculation period starting on April 6, 2020 and ending on April 9, 2020, which adjustment took place on April 20, 2020. For more information, see "Brazilian Financial Services Industry and Regulations – Time Deposits."

Brazilian Financial Services Industry and Regulations

Liquidity Coverage Ratio – LCR: In line with internationally recommended prudential rules, the LCR was created by Circular No. 3,749/15, and aims to maintain a minimum reserve of liquid assets for financial institutions classified as “S1,” to absorb impacts in situations where liquidity is stressed. The LCR represents the ratio between High Quality Liquidity Assets and the expected total net cash outflows for a period of 30 days. By means of Circular No. 3,986/20, the Central Bank revised the aggregate amount of mandatory reserves from 15% to 30% (i.e., an increase in the ratio numerator), which releases financial institutions from carrying other high-quality liquid assets to comply with the LCR. According to estimates from the regulatory agency, this measure is expected to release an R\$ 86 billion in free cash, which will also help to increase liquidity.

Provisioning Rules Flexibility: CMN Resolution No. 4,782, of March 16, 2020, as amended, provides new criteria for credit management regarding credit transaction reorganizations carried out by December 31, 2020. This Resolution, among other provisions, grants flexibility for financial institutions to consider credit transaction reorganizations carried out by December 31, 2020 as problematic assets. According to estimates by the Central Bank, approximately R\$3.2 trillion in credit would be eligible to benefit from this measure, the renegotiation of which will naturally depend on the interest and convenience of banks and borrowers. For more information, see “Brazilian Financial Services Industry and Regulations – Regulation of Risk and Capital Management Structure.”

Reclassification of Transactions: On April 9, 2020, the CMN enacted Resolution No. 4,803 (“**CMN Resolution No. 4,803/20**”), as amended, which permits financial institutions to reclassify, pursuant to the terms of Article 8, paragraph 3 of CMN Resolution No. 2,682 of December 21, 1999, as amended (“**CMN Resolution No. 2,682/99**”), transactions which were renegotiated during the period from March 1, 2020 to December 31, 2020, to the same level they were classified on February 29, 2020, provided that there is no evidence of the counterparty’s inability to comply with the obligation under the new conditions agreed upon. Such reclassification is not applicable for transactions (i) due for a period of 15 days or longer, in the payment of principal or interest, on February 29, 2020; and (ii) with sufficient evidence of the inability of the counterparty to comply with the new agreed terms. Through this measure, the CMN intends to grant liquidity to the amounts accrued for losses in economically viable credits, which are due as a result of the COVID-19 outbreak.

Reduction of Capital Buffer: Resolution No. 4,783/20 modified some of the capital requirements for financial institutions in order to increase the ability of banks to renegotiate credit transactions and maintain the flow of new transactions. This measure reduces the Capital Buffer (Additional Principal Capital, where all rates relate to the total amount of risk weighted assets) from 2.5% to 1.25% for a one year period, which, in the Central Bank’s view, increases the availability of capital (the difference between effective capital and minimum required capital) of the SFN by approximately R\$56 billion in this period, increasing the lending ability of institutions. After one year, the Capital Buffer will gradually be restored until April 1, 2022 at the level of 2.5%. According to estimates by the regulatory agency, this measure may expand the extension of credits by R\$640 billion. For more information, see “Brazilian Financial Services Industry and Regulations – Capital Adequacy and Leverage.”

Repos on sovereign securities denominated in USD: Pursuant to Circular No. 3,990, of March 18, 2020, as amended, the Central Bank will start carrying out transactions known in the market as Repo (purchase with resale commitment) of federal government bonds denominated in US\$ held by national financial institutions, with a discount of 10% in relation to market prices and margin transfer during the term of the transaction whenever the exposure is equal to or higher than US\$500,000. The purpose of this measure is to provide liquidity to the Brazilian sovereign bonds market, in such a way to (i) reduce the volatility of trading for these bonds and (ii) offer liquidity in US\$ to national banks.

DPGEs: The CMN also allowed DGPEs, which are special deposits collected by financial institutions related to the FGC, which are guaranteed by the FGC, subject to a limit of R\$400 million in transactions for which the credit holder is an institution associated with the FGC and a limit of R\$40 million for other holders. The Central Bank expects a credit extension of more than R\$200 billion with the measure. For more information, see “Brazilian Financial Services Industry and Regulations – Brazilian Government Involvement in the Brazilian Banking System.”

Brazilian Financial Services Industry and Regulations

Loans backed by debentures: CMN enacted Resolution No. 4,786, which authorized the Central Bank to grant loans to multiservice banks, commercial banks, investment banks and savings banks, which are backed by debentures (private instruments) held by such institutions, acquired in the secondary market, provided that some provisions set forth in the ruling are complied with. It is worth mentioning the provisions which establish that, in addition to the debentures guarantee, the loans will also be secured by mandatory deposits in Bank Reserve Accounts, in amount equivalent to, at least, the total amount of the transactions.

This is considered a Temporary Special Liquidity Credit Facility, which grants to the financial institutions more liquidity in their transactions. The loan transactions set forth in Resolution No. 4,786/20 were available to financial institutions until April 30, 2020 and could be engaged for a 125 business day term, which may be extended, at the Central Bank's discretion, for more 125 business days, provided the maximum term of 359 calendar days. Pursuant to the Central Bank, this could create a potential market worth R\$91 billion.

Increase in the Financial Bills repurchase limits: The CMN also enacted Resolution No. 4,788/20, which amends Resolution No. 4,733/18 and increases the repurchase limits up to 20% of unsubordinated Financial Bills of their own issuance. The increase was effective from March 23 until April 30, 2020. The Central Bank expected to grant to the financial institutions mechanisms to meet the liquidity requirements for their instruments in the marketing, projecting a repurchase potential of R\$30 billion.

On April 13, 2020, the Central Bank enacted Circular No. 4,001 in an effort to increase liquidity in financial and capital markets by allowing the volume of Financial Bills (*letras financeiras*) of own issuance repurchased under Resolution No. 4,788, to be deducted up to a limit of 15% from reserve requirements on time deposits. Such measure encourages financial institutions to carry out these financial bills repurchase operations and, in so doing, enhance liquidity. The deduction will be fully effective until the first half of 2021, when it will begin to have a weekly reduction of 2% of its value, until its extinction. For more information, see "Brazilian Financial Services Industry and Regulations – Financial Bills."

Central Bank granting loans by means of a Temporary Special Liquidity Credit Facility: On April 2, 2020, CMN enacted Resolution No. 4,795, which authorizes the Central Bank to grant loans, under specific conditions, by means of Temporary Special Liquidity Credit Facility, upon direct acquisition, in the primary market, of Financial Bills secured by financial assets or securities. The facility established by Resolution No. 4,795 was available to financial institutions until December 31, 2020 and the Financial Bills issued thereunder will have a term of between 30 and 359 calendar days. With loans backed only by financial bills, the regulatory agency estimates a potential release of R\$670 billion in funds. For more information, see "Brazilian Financial Services Industry and Regulations – Financial Bills."

Overhedge rules concerning equity investments abroad: Due to non-equitable fiscal treatment, financial institutions are required to over-hedge investments held in foreign companies to conduct their business abroad. On August 27, 2020, CMN enacted Resolution No. 4,851, effective as of October 1, 2020, which amended CMN Resolution No. 4,192, of March 1, 2013, and established that, for the period from January 1, 2018 to December 31, 2020, financial institutions shall not deduct from the Principal Capital the tax credits from fiscal losses and negative basis of CSLL resulting from over-hedge transactions. After January 1, 2022, the deduction of such tax credits shall be included in the calculation of Principal Capital in the following percentages: (i) at least 50% of said tax credits, until June 30, 2022; and (ii) 100% until December 31, 2022.

Reduction of the liquidity leveling spread from + 65 bps to + 10 bps: In open market transactions, banks are required to level their liquidity at the end of each day, which aims to balance any possible momentary mismatches, for which the banks would be required to pay, in specific cases, a punitive fee, which is the liquidity leveling spread. This way, in order to provide greater liquidity to financial institutions, the Central Bank reduced the spread from + 65 bps to +10 bps. With this measure, the President of the Central Bank believes that the impact of operational risks caused by the effects of the coronavirus in the economy will be mitigated.

Increase of the maximum amount resulting from the swap agreement executed by and among the Central Bank and the Federal Reserve Bank of New York: On April 2, 2020, the CMN enacted Resolution No. 4,794, which amended

Brazilian Financial Services Industry and Regulations

Resolution No. 3,631/08. This resolution sets out the terms and conditions for the currency swap agreement executed by and among the Central Bank and the Federal Reserve Bank of New York. Resolution No. 4,794/20 increased the maximum amount of the agreement, establishing that the outstanding amounts arising from such agreement may not exceed the aggregate amount of US\$60 billion, being the transactions carried out until September 30, 2020. On February 26, 2021, CMN enacted CMN Resolution 4,821, which extended its term to September 30, 2021.

PESE Program: On August 24, 2020, the CMN enacted Resolution No. 4,846, which regulates the granting of loans under the Emergency Employment Support Program (*Programa Emergencial de Suporte a Empregos - PESE*), created by Provisional Measure No. 944, of April 3, 2020, converted into Law No. 14,043 of August 19, 2020. In order to preserve jobs, PESE provides for an emergency facility to finance the payroll of small and medium-sized companies that adhere to the program for four months. This facility will be funded by resources from the Federal Government (85%) and participating financial institutions (15%). Businesses that borrow through the PESE Program may not dismiss employees without cause between the date the loan is taken out and the 60th day after receiving the last instalment of the facility. Disbursements to businesses are capped at the equivalent of two minimum wages per employee. Banks will ensure that, based on the processes and information provided by the companies, the funds will be exclusively used for payroll processing. The PESE Program came into effect on April 7, 2020.

Delay in the deadline to disclose accounting documents: By means of Circular No. 3,999, of April 9, 2020, the Central Bank postponed the deadlines for financial institutions and other institutions authorized to operate by the Central Bank to remit to the Central Bank their financial statements and other accounting documents which reference date is from March to November, 2020, in view of the impacts of the COVID-19 pandemic. The deadline to publish the annual financial statements related to the year of 2019 was postponed until April 30, 2020.

Sale and purchase of private assets in secondary markets by the Central Bank. On June 23, 2020, the Central Bank enacted Circular No. 4,028, which provides for sale and purchase transactions for private assets in the secondary markets by the Central Bank, within the scope of the financial, capital and payments markets. According to the new regulation, in order to be eligible for such operations, the private assets have to, at the time of purchase by the Central Bank: (i) have a credit risk rating in the local market equivalent to BB- or higher, assessed by at least one of the three largest international rating agencies; and (ii) present a reference price published by a financial market entity accredited by the Central Bank.

The transactions will be conducted by the Central Bank through a public offering and all financial institutions registered with the SELIC are allowed to participate. Non-financial legal entities and individuals may participate in the public offering through one of such financial institutions. In carrying out said public offering, the Central Bank, aiming at the adequate risk management of the transactions, has to indicate for such a purchase of private assets that they: (i) have been issued in book-entry form and are deposited in a centralized deposit system authorized by the Central Bank or by the CVM; (ii) have a maturity term equal to or greater than 12 months; and (iii) are not subject to liens or encumbrances, nor to subordination, conversion, renegotiation or exchange clauses.

This measure was adopted based on the recently enacted Constitutional Amendment No. 106, of May 7, 2020, and aims to increase liquidity in the secondary market during the COVID-19 pandemic.

Potential new measures: The Central Bank has been studying new measures, emphasizing that it will use any and all means at its disposal to guarantee the liquidity and the proper functioning of the SFN as a whole.

Intervention and Administrative Liquidation of Financial Institutions

Financial institutions are subject to the proceedings established by Law No. 6,024 of March 13, 1974, (“**Law No. 6,024/74**”), (which establishes the applicable provisions in the event of intervention or extra-judicial liquidation by the Central Bank) as well as to bankruptcy proceedings.

Brazilian Financial Services Industry and Regulations

Intervention and extra-judicial liquidation occur when it has been verified that the financial institution is in a bad financial condition or upon the occurrence of events that may impact the creditors' situation. Such measures are imposed by the Central Bank in order to avoid the bankruptcy of the entity.

PEAC Program: On August 24, 2020, the CMN enacted Resolution No. 4,847 ("**CMN Resolution No. 4,847/20**") under the Emergency Program of Access to Credit (*Programa Emergencial de Acesso a Crédito* – "**PEAC**"), created by Provisional Measure No. 975, of June 1, 2020, which was converted into Law No. 14,042, of August 19, 2020 ("**Law No. 14,042/20**"). The PEAC facilitates access to credit in response to the economic impacts of the COVID-19 pandemic, especially to preserve employment and income. In order to extend credit to small and medium-sized companies, among others, Law No. 14,042/20 provides for two types of credit, depending on the form of guarantee, (i) Emergency Program for Access to Credit guaranteed by the Investment Guarantee Fund (*Fundo Garantidor para Investimentos* - "**FGI**" and "**PEAC-FGI**", respectively), a fund managed by BNDES, whose resources will be used to secure facilities for small and medium-sized companies, among others; and (ii) Emergency Program for Access to Credit guaranteed by a fiduciary assignment over payment arrangement receivables ("**PEAC-Maquinhinhas**"). In order to regulate the PEAC-Maquinhinhas, the CMN enacted CMN Resolution No. 4,847/20, establishing (i) the methods to verify whether the micro-entrepreneur and the micro and small sized companies comply with the requirements set out in Law No. 14,042/20 to receive the credit; and (ii) the place of settlement of the payment arrangement that will make the receivables eligible to secure loans under the PEAC-Maquinhinhas, among others.

Provisioning Rules for Probable Losses: On September 24, 2020, the CMN enacted Resolution No. 4,855 ("**CMN Resolution No. 4,855/20**"), which provides the criteria to assess the provision of amounts to cover probable losses in transactions carried out under programs created to reduce the effects of the COVID-19 outbreak in the economy, in which there was a fund or risk sharing between the Federal Government and the participant institutions, as well as guarantees granted by the Federal Government, either directly, by means of a guarantee fund or by a financial institution controlled by the Federal Government. To make a provision for probable losses in transactions in which the Federal Government takes the credit risk, either in part or in full, the participant institutions have to apply the percentages set forth in CMN Resolution No. 2,682/99 only to the portion of the transaction book value, including principal and interests, for which the credit risk is held by the institution. See "Measures adopted by the Central Bank – Reclassification of Transactions" for further information.

Intervention

The Central Bank will intervene in the operations and the management of any financial institution not controlled by the Brazilian government if the institution:

- suffers losses due to bad management which puts creditors at risk;
- has recurrent violations of banking regulations; or
- is bankrupt.

Intervention may also be ordered upon the request of a financial institution's management.

As from the date on which it is ordered, the intervention will automatically: (a) suspend the enforceability of the payable obligations; (b) prevent early termination or maturity of any previously contracted obligations; and (c) freeze deposits existing on the date on which the intervention is decreed. The intervention will cease (a) if interested parties undertake to continue the economic activities of the financial institution, by presenting the necessary guarantees, as determined by the Central Bank; (b) when the situation of the entity is regularized as determined by the Central Bank; or (c) when extra-judicial liquidation or bankruptcy of the entity is ordered.

Any such intervention period should not exceed six months, which, by decision of the Central Bank, may be extended only once for up to six additional months. The intervention proceeding will be terminated if the Central Bank establishes that the irregularities that have triggered an intervention have been eliminated. Otherwise, the Central Bank may extra-judicially liquidate the financial institution or authorize the intervener to file for voluntary

Brazilian Financial Services Industry and Regulations

bankruptcy currently governed by Law No. 11,101, of February 9, 2005, as amended (the new Brazilian Bankruptcy and Restructuring Law), among other situations, if the assets of the intervened institution are insufficient to satisfy at least 50% of the amount of its outstanding unsecured debts, pursuant to Law No. 6,024, of March 13, 1974.

Administrative Liquidation

Administrative liquidation is a proceeding determined by the Central Bank and conducted by a liquidator appointed by the Central Bank. Such extraordinary measure aims at terminating the activities of the affected financial institution, liquidating its assets and paying its liabilities, as in a judicially decreed bankruptcy.

The Central Bank will liquidate a financial institution if:

- the institution's economic or financial situation is at risk, particularly when the institution ceases to meet its obligations as they fall due, or upon the occurrence of an event that could indicate a state of bankruptcy;
- management makes a serious violation of banking laws, regulations or rulings;
- the institution suffers a loss which subjects its unprivileged and unsecured creditors to severe risk; or
- if, upon revocation of the authorization to operate, the institution does not initiate ordinary liquidation proceedings within 90 days, or if initiated, the Central Bank determines that the pace of the liquidation may harm the institution's creditors.

As a consequence of administrative liquidation:

- potential or ongoing lawsuits asserting claims over the assets of the institution are suspended;
- the institution's obligations are accelerated;
- the institution may not comply with any liquidated damages clause contained in unilateral contracts;
- interest does not accrue against the institution until its liabilities are paid in full; and
- the statute of limitations with respect to the institution's obligations is tolled.

The determination of extra-judicial liquidation will (a) suspend the actions or foreclose on rights and interests relating to the estate of the entity being liquidated, while no other actions or executions may be brought during the liquidation; (b) accelerate the obligations of the entity; and (c) interrupt the statute of limitations with regard to the obligations assumed by the institution.

Liquidation procedures can be filed on reasonable grounds by the officers of the respective financial institution or by the receiver indicated by the Central Bank in the receivership procedure.

Extrajudicial liquidation procedures will be terminated:

- by decision of the Central Bank in the following events:
- full payment of the unsecured creditors;
- modification of the corporate purpose of the institution to an economic activity not part of the National Financial System;
- transfer of the corporate control of the institution;

Brazilian Financial Services Industry and Regulations

- conversion in ordinary liquidation;
- termination of the assets of the institution, upon full realization and distribution of the product between the creditors, though the full amount of the credits are not paid; or
- illiquidity of hard realization of the remaining asset in the institution, as acknowledged by the Central Bank; or
- through the declaration of the institution's bankruptcy.

Temporary Special Administration Regime

The temporary special administration regime (“**RAET**”) is a less severe form of Central Bank intervention in private and non-federal financial institutions which allows institutions to continue to operate normally. RAET may be ordered in the case of an institution which:

- enters into recurrent operations which are against economic or financial policies set forth in federal law;
- faces a shortage of assets;
- fails to comply with the reserve requirements rules;
- has hidden liabilities;
- has practiced receivership pursuant to current legislation;
- has reckless or fraudulent management; or
- has operations or circumstances which call for an intervention.

The main object of a RAET is to assist the recovery of the financial conditions of the institution under special administration and thereby avoid intervention, liquidation and/or bankruptcy. Therefore, a RAET does not affect the day-to-day business, operations, liabilities or rights of the financial institution, which continues to operate in the due course.

There is no minimum term for a RAET, which ceases upon the occurrence of any of the following events:

(a) acquisition by the Brazilian government of control of the financial institution, (b) corporate restructuring, merger, spin-off, amalgamation or transfer of the controlling interest of the financial institution, (c) decision by the Central Bank or (d) declaration of extra-judicial liquidation of the financial institution.

On October 19, 2009, the Central Bank submitted a proposal for a new law to overhaul the existing legal framework applicable to the actions that may be taken by the Central Bank to protect the stability of the financial system, prevent and regulate bank failure. The proposal was submitted for comments from the market. We cannot anticipate if and when such new legal framework may become effective.

Repayment of Creditors in a Liquidation

In the case of liquidation of a financial institution, (i) employee wages and labor related indemnifications (limited to 150 times the minimum wage per employee), (ii) secured obligations and (iii) tax claims, rank senior in relation to any other obligation of the bankrupt estate. In November 1995, the Central Bank created the FGC in order to insure obligations of financial institutions undergoing intervention, administrative liquidation, bankruptcy or any other state of insolvency. Financial institutions that take demand, time and savings deposits, as well as savings and loan associations may be members of the FGC. The FGC is funded principally by mandatory contributions from all Brazilian financial institutions that operate with customer deposits.

Brazilian Financial Services Industry and Regulations

The FGC insures deposits up to the amount of (i) R\$250,000 per client for each financial conglomerate; and (ii) to R\$1 million in aggregate, in a period of four consecutive years, against all entities associated with the FGC, pursuant to CMN Resolution No. 4,222, of March 23, 2013, as amended. The FGC member's liability is limited to the amount of their contributions to the FGC, with the exception that in limited circumstances if FGC payments are insufficient to cover insured losses, the member institution may be required to make extraordinary contributions and advances. The payment of unsecured loans and customer deposits not payable under the FGC is subject to the payment of all secured loans and other credits which may rank senior, as provided for under the law.

Two laws affect the seniority of loans in the case of a Brazilian bank's insolvency, bankruptcy or undertaking of similar proceedings: (i) Law No. 9,069, of June 29, 1995, determines that no securities or pledges may be made by the creditors on deposits made by the bank to the Central Bank. The bank's creditors may not claim these deposits in order to satisfy their credit; and (ii) Law No. 9,450, of March 14, 1997, determines that, for banks which derived their funding from loans entered into with foreign banks under trade finance agreements, the credits that funded the bank will rank senior to other credits.

Cancellation of Banking License

The Banking Reform Law, as amended by Law No. 13,506 of November 13, 2017, together with specific regulations enacted by Central Bank Circular No. 3,857, of November 14, 2017, as amended, provides that certain penalties can be imposed on financial institutions in certain situations. Among them, a financial institution may be subject to the cancellation of its license to operate and/or to perform exchange transactions. Such cancellations are applicable under certain circumstances established by the Central Bank as, for instance, in case of repeated: (a) violation of the Central Bank regulations by the management of the financial institution, or (b) negligence of the financial institution in pursuing adequate banking practices concerning its exchange activities.

In addition, the Central Bank may, according to CMN Resolution No. 4,122, of August 2, 2012, cancel the authorization to operate granted to the bank if one or more of the following situations are verified at any time: (a) lack of transactions deemed essential for the respective type of financial institution, (b) operational inactivity, (c) the institution is not located at the address provided to the Central Bank, (d) failure to send to the Central Bank for over four months, without acceptable justification, the financial statements required by the regulations in effect, and/or (e) failure to observe the timeframe for commencement of activities. The cancellation of a banking license may only occur after the appropriate administrative proceeding is carried out by the Central Bank.

Compliance Policy

On August 28, 2017, the CMN enacted Resolution No. 4,595 providing that Brazilian financial institutions and other institutions authorized to operate by the Central Bank shall implement and maintain a compliance policy compatible with the nature, size, complexity, structure, risk profile and business model of the institution. The compliance policy is intended to ensure an effective compliance risk management by the institution and may be established at the consolidated enterprise level (*conglomerado prudencial*). Among others, the compliance policy must establish the scope and purpose of the compliance function in the institution, the definition of the organizational structure and personnel allocated in the compliance function, and the segregation of roles among personnel in order to avoid conflicts of interest.

The compliance policy must be approved by the board of directors and the regulation also assigns to the board the responsibility to ensure: the compliance policy is adequately managed throughout the institution, its effectiveness and continuous application, its communication to all employees and services providers, as well as the dissemination of the integrity and ethical standards as part of the institutions culture. The board of directors is also responsible for ensuring the application of correctional measures in case of compliance breaches, and providing the necessary means for the activities related to the compliance functions to be adequately conducted.

In accordance with the provisions of Article 12 of Resolution No. 4,595, since December 2017 we have adopted and implemented a compliance policy and, accordingly, we comply with its requirements.

Brazilian Financial Services Industry and Regulations

Internal Compliance Procedures

All financial institutions must have in place internal policies and procedures to control:

- their activities;
- their financial, operational and management information systems; and
- their compliance with all regulations applicable to them.

The board of executive officers of the financial institution is responsible for implementing an effective structure of internal controls by defining responsibilities and control procedures and establishing corresponding goals and procedures at all levels of the institution. The board of executive officers is also responsible for verifying compliance with all internal procedures.

Restrictions on Foreign Banks and Foreign Investment

The Brazilian Federal Constitution allows foreign individuals or legal entities to invest in voting shares issued by national financial institutions, subject to specific authorization from the Brazilian Government, as set forth in article 52 of the Temporary Constitutional Provisions Act (*Ato das Disposições Constitucionais Transitórias* – ADCT) and article 18 of the National Financial System Law. Under Decree 10,029, of September 26, 2019, the Central Bank is authorized to approve an increase of interest ownership held by foreign individuals or legal entities in Brazilian financial institutions.

On January 22, 2020, the Central Bank issued Circular No. 3,977 which determined that interest ownership held by individuals or legal entities resident or domiciled abroad in Brazilian financial institutions is in the interest of the Brazilian government. It also established that the interest ownership held by foreign investors will observe the requirements and procedures usually applicable for the incorporation, authorization, change in control and corporate reorganizations of financial institutions provided for in the current regulation, revoking Circular No. 3,317, of 2006, which dealt with the matter.

Foreign investors may acquire non-voting shares in Brazilian financial institutions traded on the stock exchange or certificate of deposit of securities offered abroad representing non-voting shares without specific authorization.

Anti-Money Laundering Regulations and Banking Secrecy

Law No. 9,613, of March 3, 1998 (the “**Anti-Money Laundering Law**”), has a major impact on those engaged in banking and financial activities in Brazil. The Anti-Money Laundering Law sets forth the definition and penalties to be incurred by persons involved in activities that comprise the “laundering” or concealing of property, rights and assets, as well as a prohibition on using the financial system for these illicit acts.

The Anti-Money Laundering Law also created the Financial Activity Control Council (*Conselho de Controle de Atividades Financeiras*, or “**COAF**”), which is the entity responsible for applying administrative fines, and receiving, examining and identifying the suspicion of the illegal activities provided for by the Anti-Money Laundering Law.

Financial institutions are required, among other things, to:

- identify and maintain data on all clients;
- keep a record of all transactions carried out by such clients, which exceed the limits set forth by the competent authority, for a 5-year period;
- comply with all requests by COAF; and

Brazilian Financial Services Industry and Regulations

- inform the competent authorities (without the clients' knowledge) of any transaction which involves an amount which exceeds the limit set forth by the competent authorities.

On January 23, 2020, the Central Bank issued Circular No. 3,978, which, as amended, replaced previous Circular that regulated such matter and consolidated the provisions for preventing and combating money laundering in force at the time, in order to prevent the crimes set forth in the Anti-Money Laundering Law (“**Money Laundering Crimes**” and “**BCB Circular No. 3,978/20**”). BCB Circular No. 3,978/20 sets out the specific procedures for identifying customers; registration of transactions; monitoring and communications to COAF; doing business with politically exposed individuals; relationship with financial institutions and correspondents abroad; employee training; and appointment of an officer responsible for implementing and complying with measures related to preventing and combating money laundering.

Furthermore, BCB Circular No. 3,978/20 establishes that institutions authorized to operate by the Central Bank must keep a record of all operations carried out, products and services contracted, including withdrawals, deposits, contributions, payments, receipts and transfer of funds, and such record must contain at least the following information about each operation: (i) type; (ii) value, when applicable; (iii) date of execution; (iv) name and registration number with the taxpayer identification number (CPF or CNPJ) of the holder and the beneficiary of the operation, in the case of a person resident or headquartered in Brazil; and (v) channel used, and additional information, for cases involving (a) individuals or legal entities located abroad without a mandatory taxpayer identification number (CPF or CNPJ), and (b) operations carried out in kind at an individual value greater than R\$2,000. In the case of transactions related to payments, receipts and transfers of funds, by any means, institutions must include in the records mentioned above the information necessary to identify the origin and destination of the funds.

Pursuant to BCB Circular No. 3,978/20, Brazilian financial institutions must develop and implement (locally and in their respective branches and subsidiaries abroad) internal policies and control systems that: (i) identify the responsibilities for the compliance with the obligations set forth thereunder; (ii) define the procedures relating to the evaluation and previous analysis of new products and services, as well as the adoption of new technologies, in light of the risk of money laundering and financing terrorism; (iii) adopt an internal risk assessment procedure and evaluate the effectiveness of procedures adopted; (iv) verify compliance with the policy, procedures and controls set forth in BCB Circular No. 3,978/20, as well as identify and correct any identified deficiencies; (v) promote the organizational culture of prevention of money laundering and terrorism financing, encompassing employees, commercial partners and service providers; (vi) select and engage employees and service providers, taking into consideration the risk of money laundering and terrorism financing; and (vii) promote employee capacitation about prevention of money laundering and terrorism financing, including the employees of correspondents of the financial institution in Brazil.

In addition, such internal policies and control systems shall encompass measures to enable financial institutions to (i) confirm the customer identifications; (ii) identify ultimate beneficiaries of transactions; and (iii) identify politically exposed persons.

Pursuant to Article 27 of BCB Circular No. 3,978/20, a politically exposed person is an individual who is engaged or has been engaged, in the last five years in relevant public positions, jobs or functions, in Brazil or in other countries, territories and foreign dependencies, as well as their representatives, relatives and other people closely related to that person. The five-year period is retroactively counted from the initial date of the politically exposed individual's relationship with the financial institution, or from the date on which the client became a politically exposed individual.

In addition, in order to strengthen its anti-money laundering and anti-terrorism regulations, the CVM enacted, on December 5, 2019, Instruction No. 617, conforming Brazilian capital markets to international standards. Among other innovations, the Instruction establishes a risk based approach, requiring entities regulated by the CVM to effect an internal risk assessment to identify the possible use of their products and services for the practice of money laundering and terrorism financing. Therefore, clients of such entities should be classified based on their risk level (which should be divided, at least, in low, medium and high risk), considering the type of client, business conducted,

Brazilian Financial Services Industry and Regulations

location and counterparty to the effected transactions. In order to implement such a risk based approach, the AML/CFT policies of the entities regulated by the CVM should be adjusted to conform to the nature, size, complexity, structure, risk profile and business model of the entities, establishing, at least, parameters for (i) governance; (ii) internal risk assessment; and (iii) criteria and frequency to update customer information, which should be less than 5 years.

Record of Customer Information

The identification of customers (individuals and legal entities) must be recorded in a regularly updated customer information file, at least on an annual basis, pursuant to BCB Circular No. 3,978/20. All files may be stored either physically or electronically and BCB Circular No. 3,978/20 provides for different levels of record requirements by financial institutions depending on the type of relationship maintained with the customer.

Record of Financial Services and Transactions

Pursuant to BCB Circular No. 3,978/20, financial institutions must record all financial services rendered to or financial transactions entered with their customers. Information on the applicable financial services and transactions shall be recorded in order to enable them to identify: (i) if the relevant resources are compatible with the financial and economic conditions of the respective customer; (ii) origin of resources; and (iii) ultimate beneficiaries of the resources. The record system of financial transactions must enable the identification of (i) any transaction carried out by any mean of payment; and (ii) transactions that may constitute, in view of their frequency, amount or structure, a manner to avoid the identification, control and record mechanisms of financial institutions.

Record of Checks and Transfer of Funds

Pursuant to BCB Circular No. 3,978/20, the information about checks and transfers of funds must be recorded in order to enable the financial institutions to identify: (i) transactions involving receipt of deposits through wire transfer, check, bank check and other documents with equivalent nature, as well as set-off checks deposited in other financial institutions; and (ii) transactions involving the issuance of checks and bank checks, wire transfer, electronic transfer of amounts and credit documents in excess of R\$2,000.

Record of handling of resources in excess of R\$2,000

Pursuant to BCB Circular No. 3,978/20, financial institutions must record information about any transactions in cash in order to enable the identification of: (i) the holder, in any transaction in amount of or in excess of R\$2,000; (ii) the holder and the origin of the resources, in case of deposits in cash in any transaction in amount of or in excess of R\$50,000.00.

Digitalization of Documents and Record Keeping

On March 31, 2016, the CMN enacted Resolution No. 4,474, as amended, establishing a new regulation on digitalization of documents of operations and transactions carried out by financial institutions and other institutions authorized to operate by the Brazilian Central Bank. The new regulation authorizes those institutions to keep on their records digital documents instead of hard copy documents, provided that certain requirements to ensure the documents authenticity and validity of documents are met such as informing if the hard copy document that was used as the base for the digital version was an original or a copy, the parameters to validate such document and select the technology used to ensure the security of the electronic documents, and the parameters to select the documents that will continue being kept as hard copy documents on the institution's files.

Brazilian Financial Services Industry and Regulations

Report of Material Information to COAF

Financial institutions must report to COAF, without the knowledge of the relevant client, the occurrence of any of the following events or proposals leading to such events:

- the issuance or recharge of values, in one or more prepaid cards, in amounts of or in excess of R\$50,000, or any equivalent amounts in other currencies, per month;
- deposits in cash, withdrawals in cash, withdrawals in cash by means of prepaid cards and requests for withdrawals in the amount of, or in excess of, R\$50,000; and
- the issuance of checks, wire transfers or any other instrument for the transfer of funds that comprise cash payments in excess of R\$50,000.

Additionally, pursuant to BCB Circular No. 3,978/20, the financial institutions must report the occurrence of the following events or proposals leading to such events to COAF:

- transactions or services (i) in the amount of, or in excess of, R\$10,000; and (ii) that may indicate the occurrence of the Money Laundering Crimes in view of the parties thereto, their structure and lack of legal and economic support;
- transactions and services that may indicate, considering their frequency, amount or structure, an attempt to avoid the identification, control and record mechanisms of financial institutions;
- transactions and services involving any person that has perpetrated or intended to perpetrate terrorist acts, or that has participated in or facilitated the perpetration of such acts, as well as the existence of resources owned by such person or, otherwise, directly or indirectly controlled by such person; and
- acts that may constitute terrorism financing.

Further, pursuant to BCB Circular No. 3,978/20, the financial institutions must report to COAF any prior communication made by the financial institution's clients or non-clients which have requested withdrawals or payments in cash in an amount of or in excess of R\$50,000.

The records referred to above must be kept for at least five years or ten years depending on the information.

Failure to comply with any of the obligations indicated above shall subject the financial institution and its officers and directors to penalties that vary from the application of fines (ranging from 1% to 100% of the transaction amount or 200% over any profit generated by the same), to the declaration of its officers and directors as ineligible to exercise any position at a financial institution and/or the cancellation of the financial institution's operating license. The Money Laundering Law establishes that employees are subject to criminal penalties if they facilitate or participate in money laundering activities. According to Article 1, paragraph 2, I, of the Money Laundering Law, as amended by Law No. 12,683/12, the same penalty (imprisonment of three to ten years, and fine) applies to a person who uses, in the economic or financial activity, assets, right or valuables, knowing that they result from a criminal offence.

Brazilian financial institutions are also subject to strict bank confidentiality regulations. The only circumstances in which information about clients, services or operations of Brazilian financial institutions or credit card companies may be disclosed to third parties are the following: (i) the disclosure of information with the express consent of the interested parties; (ii) the exchange of information between financial institutions for record purposes; (iii) the supply to credit reference agencies of information based on data from the records of subscribers of checks drawn on accounts without sufficient funds and defaulting debtors; (iv) as to the occurrence or suspicion that criminal or administrative illegal acts have been performed, financial institutions and the credit card companies may provide the competent authorities with information relating to such criminal acts; (v) the provision of financial and payment data, relating to credit transactions and payment obligations performed, or in progress, by individual or legal entities,

Brazilian Financial Services Industry and Regulations

to database managers, for the formation of credit history, under the terms of the specific law; and (vi) Complementary Law No. 105, enacted on January 10, 2001, also allows the Central Bank or the CVM to exchange information with foreign governmental authorities, provided that a specific treaty in that respect may have been previously executed.

Financial institutions must maintain the secrecy of their banking operations and services provided to their customers. Certain exceptions apply to this obligation, however, such as the sharing of information on credit history, criminal activity and violation of bank regulations or disclosure of information authorized by interested parties, as discussed above. Bank secrecy may also be breached when necessary for the investigation of any illegal act.

The Brazilian government and auditors from the Brazilian Internal Revenue Service may also inspect an institution's documents, books and financial registry in certain circumstances.

Law changes administrative sanctioning procedures available to the Central Bank and CVM

On June 8, 2017, the President of Brazil issued Provisional Measure No. 784, or MPV 784, modifying the administrative sanctioning procedures applicable to financial institutions, other entities supervised by the Central Bank and the members of the Brazilian Payment System. On October 20, 2017, the Officer of the Board of the National Congress declared that the effectiveness of the MPV 784 expired on October 19, 2017.

Notwithstanding the above, Law No. 13,506, of November 13, 2017 ("**Law 13,506/17**"), was enacted to regulate such matters, among others. This law applies to financial institutions, to the institutions supervised by the Central Bank and to the members of the Brazilian Payment System. Some of the key aspects of Law 13,506/17 are: (i) it increased the maximum fine applicable by the Central Bank from R\$250 thousand to the greater of R\$2 billion or 0.5% of the revenues of the company arising from services and financial products in the year prior to the violation; (ii) it increased the maximum fine applicable by the CVM to the greater of R\$50 million, two times the amount of the offering of the illegal transaction, three times the amount of the economic benefits or losses avoided arisen from the illegal action or two times the damages caused to the investors arisen from the illegal action; (iii) it added types of violations subject to penalties; (iv) it provides that the penalty of "public admonition" may be cumulative to other penalties applicable by the Central Bank; (v) it provides that Central Bank may enter into cease-and-desist commitments; and (vi) it provides that the Central Bank and the CVM may enter into plea agreements and leniency agreements.

The rules set forth in Law 13,506/17 are effective immediately for violations that occurred after its publication. The new rules only apply to past violations and/or administrative procedures already initiated at the time Law 13,506/17 was enacted to the extent such provisions are beneficial to the person subject to the relevant investigation.

Regulation of Risk and Capital Management Structure

On February 23, 2017, the CMN enacted Resolution No. 4,557, which unifies and expands the Brazilian regulation on risk and capital management for Brazilian financial institutions and other institutions authorized to operate by the Central Bank. The new rule is also an effort to incorporate into Brazilian regulation new recommendations from the Basel Committee on Banking Supervision. The rule provides that risk management must be conducted through an integrated effort by the relevant entity (i.e., not only must risks be analyzed on an individual basis, but financial institutions and other institutions authorized to operate by the Central Bank must also control and mitigate the adverse effects caused by the interaction between different risks). It also expands the rules and requirements on risk management governance and the competence and duties of the risk management officer.

The rule sets out different structures for risk and capital management that are applicable for different risk profiles, based on the risk profiles set out in the applicable regulation. This means a financial institution of smaller systemic importance can have a simplified structure of management, while institutions of larger complexity have to follow stricter protocols.

Further, on August 29, 2019, the CMN enacted Resolution No. 4,745, which amended Resolution No. 4,557 and established, among other provisions, that financial institutions and other institutions authorized to operate by the

Brazilian Financial Services Industry and Regulations

Central Bank shall implement an information disclosure policy evidencing, among other facts, the compliance with the aforementioned Resolution No. 4,557.

Due to the coronavirus outbreak, on March 16, 2020 the CMN enacted Resolution No. 4,782, as amended by Resolution No. 4,791, of March 26, 2020, which temporarily establishes criteria to recharacterize restructuring credit transactions for the purposes of credit risk management. In accordance with this Resolution, any restructuring credit transactions carried out until September 30, 2020: (i) are dismissed to be considered as an indication of a possible default, pursuant to article 24, paragraph 1 of Resolution No. 4,557 of February 23, 2017, and to article 27, paragraph 1, of Resolution No. 4,606, of October 19, 2017, which establish characteristics of an asset that may become “problematic” and (ii) may be immediately re-characterized, if they have already been characterized as “problematic” assets exclusively under the terms provided in Article 24, paragraph 1, item I of Resolution No. 4,606/17.

However, such provisions are not applicable to the restructuring of transactions already considered problematic assets or upon evidence of the lack of the other party’s financial conditions to settle its obligation under the renegotiated conditions.

Secured Real Estate Bill

In 2015, Law No. 13,097 was issued to create the secured real estate bill (*Letra Imobiliária Garantida – LIG*), a new debt instrument for funding Brazilian financial institutions that follows the covered bonds structure. The law provides that the CMN shall regulate the provisions of Law No. 13,097, including as regards issuing conditions and terms, financial institutions authorized to issue LIGs, conditions of redemption and early maturity of LIGs, eligibility requirements, composition, sufficiency, maturity and liquidity of the related portfolio of assets, conditions of replacement and reinforcement of such assets, requirements for financial institutions to act as fiduciary agent and the assumptions, conditions and manner of their removal or replacement and its attributions. On August 29, 2017, the CMN issued Resolution No. 4,598 regulating the provisions of Law No. 13,097. The Central Bank issued three new circulars (in March and May of 2018), which were amended by CMN Resolution No. 4,763, enacted on November 29, 2019, that complement Resolution No. 4,598, setting forth the procedural and informational requirements, respectively, (i) for real estate securitization companies to request the Central Bank’s authorization to act as fiduciary agents for LIGs, (ii) for the deposit of LIGs and for the deposit or registration of the portfolio of assets related to LIGs, and (iii) for the accounting records and disclosure of information regarding the portfolio of assets related to LIGs by its issuer or by the fiduciary agent, when applicable.

Centralized Registration and Deposit of Financial Assets and Securities

In August 2017, the Brazilian Congress converted the Provisional Measure No. 775, issued by the President of Brazil in April 2017, into Law No. 13,476. The new law consolidates the provisions on creation of liens over financial assets and securities. In the same day, the CMN issued Resolution No. 4,593 to regulate the provisions set by Law 13,476 and consolidate the regulation on centralized deposit and registry of financial assets and securities issued or owned by financial institutions and other institutions authorized to operate by the Central Bank.

On February 22, 2018, the CMN amended Resolution No. 4,593 by means of Resolution No. 4,638, exempting from registration instruments representing credit operations of the financial institutions mentioned in article 1 of Resolution No. 4,593. The new rule also postponed to 360 days as of the publication of Resolution No. 4,593 the effective date of the mandatory deposit of financial instruments and securities of financial institutions in centralized deposit systems and the requirements for institutions providing custody services for such instruments.

Change of Independent Auditors

All financial institutions must:

- be audited by independent auditors accredited as such by the CVM, and certified in specialized banking analysis by the IBRACON and as long as the minimum requirements attesting to the independence of the auditors are fulfilled; and

Brazilian Financial Services Industry and Regulations

- replace their responsible partner and senior team member within their independent accounting firm responsible for auditing their financial statements for Brazilian regulatory purposes at least every five consecutive fiscal years. A former partner and senior team member within their independent accounting firm can be rehired three complete fiscal years after their replacement.

Each independent auditor must immediately communicate to the Central Bank any event that may materially adversely affect the relevant financial institution's status.

Law No. 10,303 of October 31, 2001, which amended the Brazilian Corporate Law, gave the members of our Board of Directors that are appointed by our preferred shareholders or our non-controlling common shareholders veto rights over the appointment or removal of our independent accounting firm. For more information regarding appointment of directors, see "Management—Board Practices."

In addition to audit reports, independent auditors should also report on:

- the evaluation of internal controls and procedures for managing the risks exercised by the financial institution including in relation to its electronic data processing system, presenting any potential failings verified; and
- a description of the financial institution's non-compliance with any applicable regulation which are material to its financial statements or activities.

Independent auditors and the fiscal council should notify the Central Bank of the existence or evidence of error or fraud within a maximum period of three business days from the respective identification of the same, represented by:

- non-compliance with legal and regulatory norms that place the continuity of the audited entity at risk;
- fraud of any amount perpetrated by the administration of said institution;
- relevant fraud perpetrated by entity employees or third parties; or
- errors that result in significant errors in the accounting records of the entity.

Audit Committee

On May 27, 2004, the CMN issued Resolution No. 3,198, as amended, which regulates the rendering of independent auditors' services to financial institutions and other institutions authorized to operate in Brazil by the Central Bank, as well as to clearing houses and clearing and custody service renderers. Resolution No. 3,198 requires financial institutions holding a reference net worth equal to or greater than R\$1 billion, among other entities, to create a corporate body designated as an audit committee, which must be composed of at least three individual members, with a maximum term of office of five years each. The institution's fiscal council may perform the duties of the audit committee, provided it operates on a permanent basis, subject to the provisions of Resolution No. 3,198.

Our audit committee is also subject to the requirements applicable to audit committees of foreign companies that have securities traded on the New York Stock Exchange, including certain independence requirements imposed by U.S. securities laws and regulations.

In general terms, the audit committee's duties are to take different measures and to perform different functions, in order to assure compliance of the financial institution with the applicable accounting regulations.

Compensation Committee

On November 25, 2010, the CMN issued Resolution No. 3,921, as amended, which established rules relating to the compensation of directors and officers of financial institutions and other institutions authorized to operate by the

Brazilian Financial Services Industry and Regulations

Central Bank. The compensation of directors and officers may be fixed or variable, and should be in any case compatible with the financial institution's risk management policies. Variable compensation may be based on specific criteria set forth in Resolution No. 3,921, as amended. At least 50.0% of variable compensation must be paid in stock or stock-based instruments and at least 40.0% of variable compensation must be deferred for future payment by at least three years.

Auditing Requirements

We are obligated under Brazilian law to prepare our financial statements in accordance with the Brazilian Corporate Law. As a financial institution, we are required to have our financial statements audited every six months. Quarterly financial information filed with the CVM is subject to review by our independent auditors.

In January 2003, the CVM approved regulations requiring audited entities to disclose information relating to an independent accounting firm's non-auditing services whenever such services represent more than 5% of the total fees the entity paid to the external accounting firm.

Pursuant to CMN Resolution No. 4,280, of October 31, 2013, we are required to make monthly and semi-annual auditing reports to the Central Bank, on a consolidated basis, which must include, in addition to the financial entities belonging to the financial conglomerate, certain entities considered quasi-financial institutions, including, among others, non-financial institutions, such as payment institutions, factorings and securitization companies, all of them comprising a prudential conglomerate. For purposes of the financial statements prepared under Brazilian GAAP, Brazilian regulatory authorities issued Resolution No. 4,512, of July 28, 2016 determining that as from 2017 all financial institutions and other institutions authorized to operate by the Central Bank are required to create provisions for all losses related to financial guarantees issued by them.

New regulation on internal auditing of financial institutions

On June 29, 2017, the CMN published Resolution No. 4,588, as amended, which was revoked and replaced by CMN Resolution No. 4,879 of December 23, 2020, which establishes that financial institutions and other institutions authorized to operate by the Central Bank must implement and maintain internal audit functions compatible with the nature, size, complexity, structure, risk profile and business model of the relevant institution. Such activity must be undertaken by a specific unit in the institution, directly subordinated to the board of directors, or by an independent auditor (provided that such auditor is not in charge of the institution's financial or any other activity that may imply a conflict of interest).

Ombudsman Department

According to CMN Resolution No. 4,860, of October 23, 2020, as amended ("**CMN Resolution No. 4,860/20**"), institutions authorized to operate by the Central Bank, which have as clients individuals, including individual entrepreneurs, or companies classified as micro companies and small-sized companies, as defined by Complementary Law No. 123, of December 14, 2006, as amended, must establish an ombudsman department, with the aim of (i) meeting the needs of the clients and users of the institutions' products and services that were not met by the institutions' primary care; and (ii) acting as a communication channel between the institution and their clients and users of their products and services, including in the mediation of conflicts. The structure of an institution's ombudsman department must be compatible with the nature and complexity of its products, services, activities, processes and systems. In addition, its organizational structure must be distinct from any area of the financial institution's organization that may result in a conflict of interests, such as the services and products trading, risk management and internal audit and compliance areas.

According to CMN Resolution No. 4,860/20, the following are the ombudsman department's responsibilities: (i) receiving, recording, instructing, analyzing and giving formal and adequate attention to claims from clients and users of products and services of financial institutions; (ii) providing clarifications regarding the status of a claim and information as to when a response is expected to be given; (iii) sending a final answer by the date on which a response is required; and (iv) keeping the board of directors or, if one does not exist, the financial institution's board

Brazilian Financial Services Industry and Regulations

of executive officers, informed about the problems and shortcomings detected in the performance of its duties and the results of the actions taken by the officers to solve them.

The corporate documents of institutions referred to in CMN Resolution No. 4,860/20 must expressly state: (i) the purposes, duties and activities of the ombudsman department; (ii) the criteria for selection and dismissal of the ombudsman; (iii) the ombudsman term of office, designated in months; and (iv) the formal commitment to (a) create adequate conditions to enable the ombudsman department to perform its duties and also to ensure that the ombudsman can operate in a transparent, independent, impartial and unbiased manner, and (b) ensure that the ombudsman department has access to the information necessary to enable it to adequately respond to any claims, with full administrative support and the ability to request information and documents as may be necessary to perform its duties.

The ombudsman department's phone number and information of the officer responsible for the ombudsman department and of the ombudsman must be reported and kept updated in the Central Bank records. Such responsible officer must prepare a semiannual quantitative and qualitative report, as required by the Central Bank. Finally, CMN Resolution No. 4,860/20 allows for institutions as part of a conglomerate comprised of at least two institutions authorized to operate by the Central Bank to share an ombudsman department.

Policy for Succession of Senior Management

On December 23, 2020, CMN Resolution No. 4,878 was enacted, providing that Brazilian financial institutions and other institutions authorized to operate by the Central Bank must implement and maintain internal policies for the succession of senior management. This resolution requires that the internal policy include provision for, among others, procedures related to recruitment, promotion, appointment and retention of managers in accordance with the institution's rules for identification, evaluation, training and selection of candidates to management positions.

The policy must be approved by the Board of Directors (and in the absence of a Board of Directors, by the Board of Executive Officers), which also has responsibility for supervising and controlling the procedures for planning, operating, maintenance and review of the policy (which must occur every five years).

Asset Management Regulation

Asset management is regulated by the CMN, Central Bank and the CVM. The asset management industry is also self-regulated by ANBIMA, which enacts additional rules and policies, especially with respect to marketing and advertising.

Investment funds are subject to the regulation and supervision of the CMN and the CVM and in certain specific matters, the Central Bank. More recently, as a result of the enactment of Law No. 13,874 of September 20, 2019, which amended the Civil Code, the CVM's authority to oversee investment funds was consolidated. CMN regulations provide that institutions must segregate their asset management activities from their other activities.

Investment funds may invest in any type of financial instrument available in the financial and capital markets, including fixed income instruments, stocks, debentures, derivative products etc., *provided* that in addition to the denomination of the fund, a reference to the relevant type of fund is included, in accordance with the classification of CVM Instruction No. 555 of December 17, 2014, as amended ("**CVM Instruction No. 555**"). Furthermore, depending on the investment policy adopted by the investment fund, its quotas may only be subscribed by qualified or professional investors pursuant to CVM Instruction No. 555. The concept of qualified and professional investors is established by CVM Instruction No. 539, enacted on December 13, 2013. CVM Instruction No. 555 also authorizes certain investment funds to invest in funds outside Brazil. Furthermore, CVM Instruction No. 555 provides the criteria for the classification of funds and the concentration limits pursuant to which funds may invest in foreign assets.

The Central Bank issued Circular No. 3,086 of February 15, 2002 ("**Circular No. 3,086**"), as amended, establishing criteria for the registration and accounting evaluation of titles, securities and financial instruments, derivatives that form financial investment funds, application funds in quotas of investment funds, individual programmed retirement

Brazilian Financial Services Industry and Regulations

funds and offshore investment funds. By this Circular, the Central Bank ordered fund managers to mark their fixed-income securities to market; hence, the fund's portfolio assets must be accounted for at their fair value, instead of their expected yield to maturity. As a result of this mark-to-market mechanism, the fund quotas reflect the fund's net asset value. Although Circular No. 3,086 was revoked by Circular No. 3,718, issued by the Central Bank on September 11, 2014, fund managers governed by CVM Instruction No. 555 are still required to mark their fixed-income securities to market, as per CVM Instruction No. 438, enacted on July 12, 2006, as amended.

Broker-Dealer Regulation

Broker and dealer firms are part of the national financial system and are subject to CMN, Central Bank and CVM regulation and supervision. Brokerage firms must be chartered by the Central Bank, and are the only institutions in Brazil authorized to trade on Brazil's stock, mercantile and futures exchanges. Both brokers and dealers may act as underwriters in the public placement of securities and engage in the brokerage of foreign currency in any exchange market.

Broker and dealer firms may not:

- with limited exceptions, execute operations that may be qualified as the granting of loans to their customers, including the assignment of rights;
- collect commissions from their constituents related to transactions of securities during the primary distribution;
- acquire real estate properties which are not for their own utilization; or
- obtain loans from financial institutions, except for (a) loans for the acquisition of goods for use in connection with the firm's corporate purpose or (b) loans the amount of which does not exceed two times the firm's net worth.

Regulation of Operations in Other Jurisdictions

We have branches and subsidiaries in several other jurisdictions, such as New York, Miami, Buenos Aires, Tokyo, the Cayman Islands, and Luxembourg. The Central Bank exercises global consolidated supervision over Brazilian financial institutions' branches, subsidiaries and corporate holdings abroad and we need the prior approval of the Central Bank to establish any new branch, subsidiary or representative office abroad. In most cases, we had to obtain governmental approvals from local central banks and monetary authorities in such jurisdictions before commencing business. In all cases we are subject to supervision by local authorities.

Taxation

Tax on Financial Transactions

IOF is a tax levied on foreign exchange, securities/bonds, credit and insurance transactions. The IOF rate may be changed by an executive decree (rather than a law). An executive decree increasing the IOF rate would take effect from its publication date (if not otherwise defined by the respective decree), with no retroactive effect.

Pursuant to Decree No. 6,306 of December 14, 2007, as amended ("**Decree No. 6,306**"), foreign exchange transactions are subject to the Tax on Financial Transactions (*Imposto Sobre Operações Financeiras*) ("**IOF/Exchange**"). Under IOF regulations currently in force, the Minister of Finance is authorized to establish the applicable IOF/Exchange rate. The IOF/Exchange rate can be increased at any time up to 25%, with no retroactive effect. Decree No. 6,306 sets the current general IOF/Exchange rate at 0.38%, with certain exceptions, including:

- i. foreign exchange transactions for the acquisition of foreign currency in cash are subject to the IOF/Exchange at a settled rate of 1.1% as of May 3, 2016;

Brazilian Financial Services Industry and Regulations

- ii. foreign exchange transactions for transfers of funds made by Brazilian individuals or companies to their bank accounts held abroad are subject to a 1.1% rate, as from March 3, 2018;
- iii. foreign exchange transactions for the inflow and outflow of proceeds into and from Brazil in connection with international loans and financings, for which the IOF/Exchange rate is 0%, except in the case of foreign exchange transactions for the inflow of proceeds into Brazil, including simultaneous exchange operations, in connection with foreign loans subject to registration before the Central Bank, with a minimum average repayment term below 180 days, carried out either directly or through the issuance of notes in the international markets, which are subject to an IOF/Exchange rate of 6.00%;
- iv. foreign exchange transactions for the inflow of funds following the cancellation of DRs, for investment in shares which are negotiable on a stock exchange, for which the IOF/Exchange rate is 0%;
- v. foreign exchange transactions entered into through credit or debit card management companies, multiple banks or commercial banks, acting as issuers of credit cards, in connection with the acquisition of goods or services outside Brazil, for which the IOF/Exchange rate is 6.38%, except if the user of the card is the Brazilian federal government, states, municipalities, the federal district, as well as their foundations and agencies, in which case the IOF/Exchange rate is 0%;
- vi. foreign exchange transactions entered into through international credit card management companies, multiple banks or commercial banks, while these institutions are acting as issuers of debit or credit cards, in connection with any money withdrawals carried out by the cardholder outside Brazil, for which the IOF/Exchange rate is 6.38%;
- vii. foreign exchange transactions for the inflow of funds related to the export of goods and services, for which the IOF/Exchange rate is 0%;
- viii. foreign exchange transactions for the inflow and outflow of funds related to investments made by investment funds that invest in non-Brazilian markets in accordance with the rules set forth by the CVM, for which the IOF/Exchange rate is 0%;
- ix. foreign exchange transactions entered into by foreign investors for the inflow of proceeds, including through simultaneous operations, in connection with the constitution of initial or additional guarantee margins in the Brazilian stock, futures or commodities exchanges, for which the IOF/Exchange rate is 0%;
- x. foreign exchange transactions entered into by foreign investors for the inflow of proceeds, including through simultaneous operations, for investments in the financial and capital markets, for which the IOF/Exchange rate is 0%;
- xi. foreign exchange transactions for the return of proceeds invested by foreign investors in the financial and capital markets, for which the IOF/Exchange rate is 0%;
- xii. foreign exchange transactions for the remittance of interest on net equity and dividends earned by foreign investors, for which the IOF/Exchange rate is 0%;
- xiii. foreign exchange transactions of an interbank nature, carried out between institutions which are part of the National Financial System (*Sistema Financeiro Nacional*) and are authorized to operate in the exchange market and between these institutions and financial institutions abroad, for which the IOF/Exchange rate is 0%;
- xiv. foreign exchange transactions made by international air transportation companies domiciled abroad, for the purposes of remitting resources derived from their local revenues, for which the IOF/Exchange rate is 0%;

Brazilian Financial Services Industry and Regulations

- xv. foreign exchange transactions for the inflow of funds to cover expenses incurred in the country with credit cards issued abroad, for which the IOF/Exchange rate is 0%;
- xvi. foreign exchange transactions carried out due to Brazilian regulatory provisions, related to the acquisition of foreign currency by institutions authorized to operate in the exchange market, simultaneously contracted with a foreign currency sale transaction, for which the IOF/Exchange rate is 0%;
- xvii. foreign exchange transactions for the purchase of foreign currency in the form of traveler checks and pre-paid international cards used for personal expenses in international travels, in which case the IOF/Exchange rate is 6.38%;
- xviii. foreign exchange transactions for the inflow of proceeds into Brazil of cash donations received by federal public institutions and intended for prevention, monitoring and combat of deforestation and sustainable use of Brazilian forests, as provided by Law No. 11,828 of November 20, 2008, for which the IOF/Exchange rate is 0%; and
- xix. simultaneous foreign exchange transactions executed for the inflow of funds into the country arising from the change in the foreign direct investment regime established in Law No. 4,131, to investment regime in shares traded in the stock exchange, in the form regulated by the CMN, for which the IOF/Exchange rate is 0%.

The IOF tax may also be levied on transactions involving bonds or securities, including transactions carried out on Brazilian stock, futures or commodities exchanges (“**IOF/Bonds**”). Currently, IOF/Bonds are assessed on transactions consisting of the acquisition, assignment, repurchase or renewal of fixed-income investments or the redemption of bonds and securities. The maximum rate of IOF/Bonds payable in such cases is 1.0% per day and decreases with the length of the transaction, reaching 0% for transactions with maturities of at least 30 days. The Minister of Finance, however, has the legal authority to increase the rate to a maximum of 1.5% per day of the amount of the taxed transaction, during the period in which the investor holds the securities, but only to the extent of the gain realized on the transaction and only from the date of the increase in the tax rate onwards.

The rate of IOF/Bonds for the following types of transactions is currently 0%:

- transactions executed by financial institutions and other institutions authorized to operate by the Central Bank, not including consortium managers provided by Law No. 11,795, of October 8, 2008;
- transactions executed by the portfolio of investment funds in general and of investment clubs;
- transactions involving variable income, including on stock, futures and commodities exchanges and similar entities;
- redemptions of shares in equity funds and investment clubs as defined by income tax legislation;
- transactions with the following agribusiness receivables: *Certificados de Direitos Creditórios do Agronegócio* (“**CDCA**”), *Letra de Crédito do Agronegócio* (“**LCA**”) and *Certificado de Recebíveis do Agronegócio* (“**CRA**”) provided by Article 23 of Law No. 11,076, of December 30, 2004;
- transactions with debentures provided by Article 52 of Law No. 6,404, of December 15, 1976, (except repurchase transactions entered into with financial institutions and entities regulated by the Central Bank involving debentures issued by an entity of its own economic group), with real estate receivables (*Certificados de Recebíveis Imobiliários*) provided by Article 6 of Law No. 9,514, of November 20, 1997, as well as transactions with bonds (*Letras Financeiras*) provided by Article 37 of Law No. 12,249, of June 11, 2010;

Brazilian Financial Services Industry and Regulations

- trading of quotas issued by fixed income index investment funds in stock exchanges or organized over-the-counter clearing houses;
- other transactions with bonds and securities, including redemption of *Fundo de Aposentadoria Programada Individual* (“**FAPI**”) shares, which was created by Law No. 9,477, of July 24, 1997;
- transactions involving derivatives contracts (including derivatives contracts related to currency exchange as from June 13, 2013); and
- assignment of shares admitted in the Brazilian stock exchange, with the specific purpose of backing the issuance of depositary receipts negotiated abroad (as of December 24, 2013).

IOF also applies to credit transactions (“**IOF/Credit**”), except for foreign credit where the creditor is domiciled abroad, for which IOF/Exchange will apply. IOF/Credit levied on credit transactions is usually applied at a daily rate of 0.0041% (if the borrower is a legal entity) or 0.0082% (if the borrower is an individual), both up to a limit of 365 days. Additionally, an IOF/Credit surtax of 0.38% is applicable to most credit transactions, regardless of the term of the transaction.

Additionally, IOF tax is levied on the payment of insurance premiums (“**IOF/Insurance**”), at a rate of: (i) 0% for reinsurance, insurance for export credits or international transportation of goods, life insurance plans with coverage for survival, guarantee issuance, among others; (ii) 0.38% for premiums related to life insurance plans without coverage for survival and guarantee insurance, among others; (iii) 2.38% for private health insurance; and (iv) 7.38% for other types of insurance. Rural insurance, among certain other specific insurance transactions, is exempt from IOF.

Income Tax and Withholding Income Tax

Our income tax expense is made up of two components, a federal income tax (“**IRPJ**”) and a social contribution on taxable profits (“**CSLL**”), which is known as the “*social contribution on net income*.”

IRPJ is assessed with respect to actual taxable profits at 15.0% rate, plus a 10.0% surcharge on actual taxable profits that exceed R\$20,000.00 per month or R\$240,000.00 per year. Financial institutions are exempt from paying the *Imposto de Renda Retido na Fonte* (“**IRRF**”), and income tax on variable-income investments payable as advance payments of IRPJ, assessable on income or gains resulting from fixed or variable-income financial transactions. In the case of financial institutions, income and profits resulting from financial transactions are part of the calculation basis of IRPJ.

In general terms, CSLL is assessed on the net income, before the provision for IRPJ taxes, with the deductions and inclusions provided by law at the rate of 9.0%. On January 3, 2008, the Brazilian government enacted the Provisional Measure No. 413 (which became Law No. 11,727), increasing the CSLL rate applicable to certain legal entities, including financial institutions, from 9.0% to 15.0%, beginning in May 2008. On October 7, 2015, Law 13,169, of October 6, 2015, was enacted increasing the CSLL rate for financial institutions. According to the modifications introduced to Section 3, Subparagraphs I and II of Law 7,689/88, the CSLL rate for financial institutions was increased from 15.0% to 17.0% or 20.0%, depending on the nature of the activities developed by the company. This rate remained in force for triggering events occurred until December 31, 2018, thus, from January 1, 2019 onwards, the CSLL rate applicable to financial institutions was decreased back to 15.0%, until March 1, 2020. That is explained by the fact that, on November 13, 2019, the Constitutional Amendment No. 103 was issued, increasing the CSLL rate for banks to 20.0% as from March 1, 2020 onwards. On March 1, 2021, Provisional Measure 1,034 increased the CSLL rates for banks to 25% during the period from July 1st, 2021 up to December 31, 2021. According to the aforementioned Provisional measure, as from January 1, 2022 onwards, the rate will go back to 20%. Provisional Measure No. 1,034 also increased the CSLL rate for other financial institutions to 20% during the period from July 1, 2021 up to December 31, 2021.

Companies are taxed based on their worldwide income rather than on income produced solely in Brazil. As a result, profits, capital gains and other income obtained abroad by Brazilian entities are computed in the determination of

Brazilian Financial Services Industry and Regulations

their net income. In addition, profits, capital gains and other income obtained by foreign branches or income obtained from subsidiaries or foreign corporations controlled by a Brazilian entity are computed in the calculation of an entity's profits, in proportion to its participation in such foreign companies' capital. The Brazilian entity is generally allowed to offset any income tax paid abroad, up to the amount of Brazilian income taxes imposed on such income. Profits (including retained profits from previous years) realized by a Brazilian entity from controlled or affiliated companies are taxed as of the date of the Brazilian entity's year-end statement of financial position, unless the Brazilian entity is liquidated before the date of its year-end statement of financial position, in which case the profits are taxed at the time of its liquidation. The recently enacted Law No 12,973 of May 13, 2014 (effective as of January 2015 or 2014 for taxpayers that elected to anticipate its effects for the prior fiscal year) brought new rules related to this subject and regulated this matter extensively. Accordingly, the taxation of foreign entities and the possibility of offsetting the income tax paid abroad must be analyzed on a case-by-case basis.

Dividends are not subject to withholding income tax when paid, nor to IRPJ/CSLL or individual income tax on the person receiving the dividend. However, as the payment of dividends is not tax deductible for the company distributing them, there is an alternative regime for shareholder compensation called "interest on net equity," which allows companies to deduct any interest paid to shareholders from net income for tax purposes.

These distributions may be paid in cash. The interest is calculated in accordance with the daily *pro rata* variation of the TLP, which measures the Brazilian government's long-term interest rate, as determined by the Central Bank from time to time, and cannot exceed the greater of:

- 50% of the net income (before taxes and already considering the deduction of the own interest amount due to shareholders) related to the period in respect of which the payment is made; or
- 50% of the sum of retained profits and profits reserves as of the date of the beginning of the period in respect of which the payment is made.

Any payment of interest on net equity to shareholders is subject to withholding income tax at the rate of 15% or 25% in the case of a shareholder who is domiciled in a "tax haven" jurisdiction. These payments may be qualified, at their net value, as part of any mandatory dividend.

Losses carried forward are available for offset during any year up to 30% of annual taxable income. No time limit is currently imposed on the application of net operating losses to offset future taxable income.

Interest, fees, commissions (including any original issue discounts and any redemption premiums) and any other income payable by a Brazilian obligor to an individual, entity, trust or organization domiciled outside Brazil with respect to debt obligations derived from the issuance by a Brazilian issuer of international debt securities previously registered with the Central Bank, such as the Notes, are subject to withholding income tax. The rate of withholding income tax is generally 15%, unless: (i) the Noteholder is resident or domiciled in a tax haven jurisdiction, in which case the applicable rate is 25% (the withholding income tax rate remains 15% in the event of interest income payable by a Brazilian obligor to an individual, company, trust or organization domiciled outside Brazil in respect of debt obligations resulting from the issuance by a Brazilian issuer of international debt securities previously registered with the Central Bank, including commercial paper, as provided for in Section 10 of Normative Instruction No. 1,455, dated March 6, 2014 issued by the Brazilian Revenue Service); or (ii) a lower rate is provided for in an applicable tax treaty between Brazil and the other country where the beneficiary is domiciled.

Provisional Measure No. 472/09 converted into Law No. 12,249

The Brazilian government has introduced thin capitalization provisions, effective as of January 1, 2010, through the enactment of Provisional Measure (*Medida Provisória*) No. 472, enacted by the Brazilian government on December 15, 2009, later converted into Law No. 12,249 of June 11, 2010, ("**Law No. 12,249**"). As a general rule, thin capitalization provisions are intended to limit the tax deductibility of interest payments made by a Brazilian company to (i) related parties, as set forth in the Brazilian transfer pricing rules, or to a (ii) beneficiary that is domiciled or incorporated in a tax haven jurisdiction or that benefits from a privileged tax regime.

Brazilian Financial Services Industry and Regulations

The thin capitalization rules applicable to transactions with a foreign related party are mainly the following: the interest paid or credited to a foreign related party may be deducted from IRPJ and CSLL, provided that:

- i. in the event of an indebtedness to a related party that holds a direct equity stake in a Brazilian entity, the indebtedness of such Brazilian legal entity on the interest accrual date, may not exceed twice the value of the stake held by the related party in its net worth (ratio of 2:1 - total amount of indebtedness: net equity value of the Brazilian debtor);
- ii. in the event of an indebtedness to a related party that does not hold a direct equity stake in the Brazilian entity, the relevant indebtedness of such Brazilian legal entity on the interest accrual date may not exceed twice the value of its net worth (ratio of 2:1 - total amount of indebtedness: net equity value of the Brazilian debtor);
- iii. in either (i) or (ii) above, the sum of the indebtedness of the Brazilian legal entity to all related parties, on the interest accrual date, may not exceed twice, collectively, the aggregate value of the stakes of all related parties in its net worth. However, pursuant to Law No. 12,249, this item (iii) does not apply in the event of an indebtedness exclusively to foreign related parties which do not hold direct equity stakes in the Brazilian entity, in which case the total indebtedness cannot exceed twice the value of the net worth of the Brazilian legal entity. In cases in which the lender is located in a tax haven jurisdiction or benefits from a privileged tax regime, the interest paid or credited to a lender (entity or individual) resident or domiciled in a tax haven jurisdiction or that benefits from a privileged tax regime may be deducted from the IRPJ and CSLL, provided that the total indebtedness of the Brazilian legal entity with respect to such lender does not exceed 30% of its net worth (ratio of 0.3:1).

Moreover, pursuant to Law No. 12,249, payments or credits to an entity or individual resident or domiciled in a tax haven jurisdiction or that benefits from a privileged tax regime will not be deductible unless the following requirements are fulfilled, concurrently: (i) identification of the beneficiary; (ii) evidence of the operational capacity of the foreign lender; and (iii) proof of payment of the respective price or receipt of the assets and rights or use of the service. For such purposes, the actual beneficiary is deemed to be (i) an entity that is not incorporated with the sole or main purpose of achieving tax savings and (ii) which receives such payments on its own account (rather than on behalf of a third party, as an agent or fiduciary manager, etc.). This limit is not applicable to the payment of interest on net equity. Since the provisions introduced by Law No. 12,249 are very recent, it is still unclear how the tax authorities will interpret and apply such provisions, which may have an impact on the transactions undertaken by Brazilian companies.

PIS and COFINS

Two federal contributions are imposed on the gross revenues of corporate entities: the *Programa de Integração Social* contribution (“**PIS**”) and **COFINS**.

In May 2003, the Brazilian Congress approved an increase in the rate of COFINS, payable by the financial services sector. Since September 2003, the PIS and COFINS have been imposed on our gross revenue at a combined rate of 4.65%, but some specific costs, such as funding cost, are authorized to be deducted from the PIS and COFINS tax bases. The COFINS and the PIS rate for some non-financial companies have increased from 3% to 7.6% and from 0.65 to 1.65%, respectively, resulting in a combined rate of 9.25%, although certain deductions for expenses are authorized (non-cumulative PIS and COFINS regime).

Fiscal Neutrality of New Accounting Methods

On December 3, 2008, the President of Brazil sanctioned Provisional Measure No. 449/08, which was converted into Law No. 11,941 of May 27, 2009, to neutralize the impact of the new accounting methods and criteria introduced under Law No. 11,638, of December 28, 2007 that affects the basis for calculating federal taxes. Provisional Measure No. 449/08 created RTT (*Regime Tributário de Transição*), or Provisional Tax Regime, which attempts to uphold the principle of tax neutrality. RTT could be applied voluntarily in 2008 and 2009, but has

Brazilian Financial Services Industry and Regulations

become obligatory since 2010, unless other regulations addressing the tax effects of the new accounting methods are enacted.

Nonetheless, on November 11, 2013, the Brazilian government published Provisional Measure No. 627 (Provisional Measure No. 627/13), later converted into Law No. 12,973, of May 13, 2014 (Law No. 12,973/14), which abolished the RTT and approved new rules aimed at permanently aligning the Brazilian tax system with IFRS.

Leasing Regulation

The basic legal framework governing leasing transactions is established by Law No. 6,099 of September 12, 1974, as amended (the “**Leasing Law**”), and the regulations issued thereunder by the CMN. The Leasing Law sets forth general guidelines for the incorporation of, and the activities permitted to be performed by, leasing companies. The CMN, in its capacity as regulator and supervisor of the financial system, provides the details of the provisions set out in the Leasing Law and supervises and controls the transactions conducted by leasing companies. The laws and regulations issued by the Central Bank with respect to financial institutions in general, such as reporting requirements, capital adequacy and leverage, asset composition limits and treatment of doubtful loans, are also applicable to leasing companies to the extent applicable. On November 27, 2018, the CMN issued Resolution No. 4,696, amending Resolution No. 2,309, of August 28, 1996, improving certain criteria to distinguish financial leases from operating leases.

The Consumer Defense Code and the Banking Client Defense Code

On March 26, 2009, CMN Resolution 3,694 expressly revoked CMN Resolution No. 2,878 of July 26, 2001, which established procedures with respect to the settlement of financial transactions and services provided by financial institutions to customers and the public in general. CMN Resolution 3,694, as amended by CMN Resolution 4,283, of November 4, 2013, sets out new rules in connection with the execution of transactions and provision of services by financial institutions and other institutions authorized to operate by the Central Bank. According to such rules, financial institutions must reflect, in their internal control and risk management systems, the adoption and verification of procedures in connection with the execution of transactions and provision of services that will ensure:

- the supply of required information necessary for the free choice and decision making by their clients and users, including drawing to their attention the contractual clauses or practices that imply duties, responsibilities and penalties, and providing in a timely manner copies of contracts, receipts, statements and other documentation related to the applicable transactions and services rendered to them; and
- the use of clear, objective and adequate (to the nature and complexity of the applicable transaction or service) language in contracts and documents, in order to allow the proper understanding of their tenor and identification of deadlines, amounts, costs, fines, dates, locations and other conditions.

Financial institutions must also disclose in their premises and in the premises where their products are offered visible written information related to the events which may cause the refusal of payment or the reception of checks, bank slips, documents (including collecting documents), bills and others. Financial institutions are forbidden to refuse or hinder access by clients or users of their products and services, to conventional customer support channels, including bank tellers or ATMs, even if alternative or electronic customer support channels are available. The provision of services through alternative service channels is permitted, provided that the required measures are adopted to preserve the integrity, reliability, security and privacy of transactions and the legitimacy of the services rendered as presumed, and the institution is required to inform their clients and users about any applicable risks.

On August 29, 2019, Resolution No. 4,746 was enacted by the CMN (amending CMN Resolution No. 3,694), preventing financial institutions from restraining, refusing, or imposing difficulties or restrictions on the face-to-face service in their premises. Such prohibition is expressly allowed in the following situations (i) revenue or collection services referred to in article 1 of Resolution No. 1,764, of October 31, 1990, if there is no agreement or partnership between the financial institution and the beneficiary, or such agreement or partnership does not provide for the receipt of payments in bank counters (*guichês*) at the institution’s premises; (ii) the receipt of payment slips that do

Brazilian Financial Services Industry and Regulations

not comply with the standards, specifications or requirements set out in Circular No. 3,598, of June 6, 2012; (iii) the receipt of documents pursuant to payment by check; (iv) involving institutions that do not have physical premises, or to institution's premises that do not have any bank counters (*guichês*); (v) involving service stations located within the premises of any Public Administration body or entity, or of private companies in which services are rendered exclusively in the interest of such body or entity, or of the respective company and its employees and managers; and (vi) the exceptional cases provided in the applicable laws and regulations.

Furthermore, Resolution No. 4,746 prevents financial institutions from imposing restrictions on the amount of documents or transactions for each individual, as well as regarding maximum and minimum amounts to be paid or received, or in relation to the possibility for the client or user to choose to receive payments in cash (except as provided in specific laws and regulations).

In addition to the aforementioned procedures, on June 7, 2006 the STF ruled that relationships between consumers and financial institutions are also subject to Law No. 8,078 of September 11, 1990 (the “**Brazilian Consumer Defense Code**”), which ensures consumers certain prerogatives that facilitate their defense in courts, such as the reverse burden of proof, and defines limits to bank interest rates deemed to be abusive. As a result, financial institutions must fully comply with the provisions set forth in the Brazilian Consumer Defense Code, to the extent applicable.

Policy for Relationships with Customers and Users of Financial Products and Services

On November 24, 2016, the CMN enacted Resolution No. 4,539 providing the principles for Brazilian financial institutions and other institutions authorized to operate by the Brazilian Central Bank for dealing with customers and users of financial products and services. This resolution provides that such entities must comply with the principles of good ethics, liability, transparency and diligence promoting the convergence of interests and the consolidation of the institutional image of credibility, security and expertise.

The policy must be approved by the Board of Directors (and in the absence of the Board of Directors, by the Board of Executive Officers), who also have responsibility for periodic review of the policy. On September 26, 2019, the CMN enacted CMN Resolution 4,753, which included a few adjustments to this policy as of January 1, 2020.

Exchange Rules

On March 23, 2010, the CMN enacted Resolution No. 3,844, as amended, consolidating the general provisions related to foreign capital in Brazil. The Resolution governs the registration of payments and receipts of direct investments, credits, royalties, transfers of technology and foreign leasing, among others.

Currently, the Central Bank regulates the registration of cross-border transactions pursuant to Circular No. 3,689, as amended, and Circular No. 3,691, both dated as of December 16, 2013 (effective as of February 3, 2014).

Regulation for new financial institutions that operate in online lending through electronic platform

On April 26, 2018, the CMN issued Resolution No. 4,656, providing for the setup and operation of two new types of financial institutions specialized in lending through electronic platforms: the *sociedade de crédito direto* (“**SCD**”) and the *sociedade de empréstimo entre pessoas* (“**SEP**”). The business model of an SCD is characterized by lending, financing and acquisition of receivables exclusively through an electronic platform, using financial resources originated exclusively from the own capital of the SCD. This means that an SCD is prohibited from raising funds from the public or collecting deposits to be used in its financial activities. An SEP is a financial institution that, exclusively through an electronic platform, brings creditors and borrowers together in a peer-to-peer lending arrangement. By doing so, SEPs will intermediate the borrower-creditor relations. On May 17, 2018, Central Bank enacted Circular No. 3,898, establishing the necessary documents to request an authorization to operate, to cancel the authorization, to modify the corporate control, to amend the corporate purpose, and related to merger, spin-off or consolidation of SCDs and SEPs. On October 29, 2018, the Federal Government enacted Decree No. 9,544 authorizing the foreign investment up to 100% in the capital stock of SCD or SEP.

Brazilian Financial Services Industry and Regulations

In order to foster the fintech industry and to minimize the effects of the coronavirus, the CMN enacted, on March 26, 2020, Resolution No. 4,792, which amended Resolution No. 4,656/18. In summary, some of the main provisions of Resolution No. 4,792/20 are: (i) the authorization for SCDs to issue credit cards; (ii) the possibility of funding the SCD's transactions with resources from the BNDES; (iii) the assignment of portfolios to other types of investment funds (other than FIDCs); and (iv) the authorization for the control of SCDs and SEPs to be individually exercised by investment funds (among them, private equity funds). Resolution No. 4,792/20 is effective as from May 4, 2020.

Opening of accounts by legal entities in financial institutions through electronic means

On September 26, 2019, the CMN enacted Resolution No. 4,753 to set forth the applicable procedures and requirements that should be complied with by financial institutions when opening, maintaining and closing deposit accounts. Resolution No. 4,753 sets forth that financial institutions may offer the possibility of opening accounts by electronic means to all legal entities, regardless of the corporate type adopted, in addition to general provisions. Financial institutions willing to offer this product must adopt procedures, safeguards and controls that allow them to confirm and guarantee the identity of the proponent. They must also ensure the integrity, authenticity and confidentiality of the information provided by the client, as well as the protection against the non-authorized access, usage, modification, reproduction and destruction of information and digital documents. The purpose of these safeguards is to ensure security, mitigate risks and prevent money laundering and terrorist financing. Additionally, Resolution No. 4,753 permitted the opening of a deposit account through a simplified identification process, provided that proper limits, compatible with the balance and transaction volume of such account, are complied with.

Regulation on charges resulted from late payment or settlement of obligations related to credit card invoices and other like instruments

On April 26, 2018, the CMN issued Resolution No. 4,655, establishing rules for charges concerning credit card invoices and other similar instruments. On December 23, 2020, however, this regulation was amended by CMN Resolution No. 4,882, that revoked the large majority of its provisions related to the applicable fees. Anyhow, on October 29, 2018, CMN had enacted Resolution No. 4,692 which establishes certain rules regarding the modification of a client's credit limit. If such modification is not proposed by the client, the following rules apply: (i) in the event of a credit limit reduction, the institution has to provide the client with 30 days' prior notice, unless such reduction is the result of a deterioration in the client's credit risk profile (as determined by the institution's risk management policies), in which case the notice may be provided until the moment of such reduction; and (ii) in the event of a credit limit increase, upon prior approval by the client.

Regulation on cybersecurity

On April 26, 2018, the CMN issued Resolution No. 4,658, requiring financial institutions to elaborate a cybersecurity policy, incident response plan for cybersecurity breaches and third parties contracting of data processing relevant services, computing and cloud storage. According to this new rule, financial institutions must follow cyber and information security incident management and inform a Director responsible for cyber security implementation and business continuity management for cyber risk. Policies and action plans to prevent and respond to cybersecurity incidents were approved in May, 2019, and must be fully compliant by December 31, 2021.

CMN Resolution No. 4,752, of September 26, 2019, amending CMN Resolution No. 4,658, provides that, new contracts with data processing relevant services, computing and cloud storage third parties shall be advised to the Central Bank 10 days after the engagement of the service.

Circular No. 3,909 of August 16, 2018 regulated these matters with respect to payment institutions. On August 1, 2021, most of the provisions of Circular No. 3,909 will be revoked and replaced by BCB Resolution No 85, enacted on April 8, 2021.

Data Protection Regulation

On August 14, 2018, the LGPD was enacted to create a more robust legal landscape for personal data processing in Brazil, which is currently subject to sectoral rules set out in different statutes, and to strengthen personal data

Brazilian Financial Services Industry and Regulations

protection rights. The LGPD applies to individuals and private or public legal entities, regardless of the country where they are headquartered or where the relevant data is stored, as long as (i) data processing takes place in Brazil; (ii) data processing is intended to offer or supply services or goods to individuals located in Brazil or to process the data of individuals located in Brazil; or (iii) the personal data is collected in Brazil. This law applies irrespective of the industry or business of the relevant company when dealing with personal data and it is not restricted to digital platforms. The LGPD deals with certain sensitive matters regarding data protection such as the requirements for data processing and specific situations for data processing, treatment of sensitive data, cross-border transfer of data, data security and data breaches, corporate governance practices and the regime for civil liabilities and penalties in the event of a breach of the provisions of the law.

On September 18, 2020, the LGPD became fully effective, except for the administrative penalties for failure to comply with the terms of the LGPD, which will only enter into effect on August 1, 2021, as a result of the enactment of Law No. 14,010, of June 10, 2020. However, companies that fail to comply with the LGPD during this period may be subject to other legal consequences, such as those that may rise from Consumer Protection Authorities or investigations by the Public Prosecutor's Office, pursuant to other laws and regulations applicable to companies in Brazil.

Portability of Wages

On July 1, 2018, CMN Resolution No. 4,639, of February 22, 2018, and Central Bank Circular No. 3,900, of May 17, 2018, became effective. These new regulations determine that the payment of wages to individuals may be done through a transfer to a bank account held with a financial institution or to a payment account held with a payment institution authorized to operate by the Central Bank. The transfer request can also be sent to the financial institution or payment institution to where the applicable wages should be transferred. Before the issuance of this rule, the transfer (portability) of wages in Brazil could only be effected to bank accounts held with financial institutions and, additionally, the transfer request could only be sent to financial institutions providing wage payment services. Self-regulation on Overdraft Limits.

On July 1, 2018 a regulation on the usage of overdraft limits in checking accounts enacted by the Brazilian Federation of Banks (*Federação Brasileira dos Bancos - FEBRABAN*) became effective. The purpose of this regulation is to create guidelines and minimum rules to be adopted by banks with respect to customers by promoting the adequate and conscientious usage of the overdraft limit made available by the institution. Among the measures set out in the regulation, financial institutions adhering to the regulation must inform their customers of the usage of the overdraft limit and offer a different credit transaction with more beneficial conditions to any customer that uses the overdraft for more than 30 days and over 15% of the credit limit (and over R\$200).

Improvements in the Regulation on Lending Limits

On July 31, 2018 the CMN issued Resolution No. 4,677, aiming to implement the recommendations of the Basel Committee in the document "Supervisory framework for measuring and controlling large exposures," as well as to determine the rules applicable to the institutions, based on the prudential segmentation (Segment 1 – Segment 5) established in 2017. Financial institutions remain subject to lending limits, but the new rule changed the basis for the calculation of the lending limits applicable to financial institutions classified as Segment 1 (such as the Issuers) to its Tier I Reference Shareholders' Equity (instead of the entire Reference Shareholders' Equity as per the current rule). According to the new rule, as amended, the maximum exposure to one individual client of a Segment 1 financial institution should be 25% of its Tier I Reference Shareholders' Equity and any Segment 1 financial institution should limit its concentrated exposures to the maximum amount of 600% of its Tier I Reference Shareholders' Equity. A concentrated exposure means the total exposure before one individual client in amount equal to or higher than 10% of its Tier I Reference Shareholders' Equity.

Regulation on restrictions of services by financial institutions

On March 28, 2018, CMN enacted Resolution No. 4,649, that prevents commercial banks, multiservice banks with commercial portfolios and savings banks from limiting the access from payment institutions and other institutions authorized by the Central Bank, or inhibiting in anyway the offering of the following products/services by payment

Brazilian Financial Services Industry and Regulations

institutions and other institutions authorized by the Central Bank to provide such services: (i) authorized debits by accountholders in any of the institutions mentioned above; (ii) issuance of payment slips (*boleto de pagamento*), a payment method widely adopted in Brazil, which allows charging by means of a clearance receipt; (iii) transfer of funds between accounts within the same institution; (iv) Electronic Funds Transfer (*Transferência Eletrônica Disponível*, or “**TED**”) and Credit Order Document (*Documento de Ordem de Crédito*, or “**DOC**”), which are the categories of wire transfers available in Brazil, with the time for settlement of the order being the most relevant difference between them. The rule requirements to be complied with by the relevant financial institution, in order to authorize debits on accounts (item (i)) through payment institutions, as required by the accountholder, are imposed by Resolution No. 4,790, enacted on March 1, 2021. See “Brazilian Financial Services Industry and Regulations – Automatic Debit of Banking Accounts” for further information.

Update to the regulation on payment arrangements and payment institutions

On March 25, 2021, the Central Bank enacted BCB Resolution No. 80 (“BCB Resolution No. 80/21”), which sets out the authorization procedures related to the operation of payment institutions and the provision of payment services by other institutions authorized to operate by the Central Bank. A payment institution that intends to render services as an issuer of electronic currency, as well as initiate payment transactions, must request authorization from the Central Bank. However, payment institutions that already render services as an issuer of electronic currency and are not authorized by the Central Bank must request such authorization if they reach the payment transactions volumes set forth in BCB Resolution No. 80/21 or until March 31, 2023, if such volumes are not reached by December 31, 2022. The authorization procedure of the Central Bank required for postpaid payment instrument issuers and acquirers are only needed for payment institutions that have R\$500 million in payment transactions.

Also on March 25, 2021, the Central Bank enacted BCB Resolution No. 81, which regulates the authorization procedures related to the operation of payment institutions and the provision of payment services by other institutions authorized to operate by the Central Bank.

Central Bank Circular No. 3,886, of March 26, 2018 (“**BCB Circular No. 3,886/18**”) amends Central Bank Circular No. 3,682, of November 4, 2013 (“**BCB Circular No. 3,682/13**”), which governs the provisions for payment arrangements, to include a definition of sub-acquirers and provide objective criteria on how sub-acquirers should interact with payment arrangers. This definition is an effort by the regulator to reduce uncertainty and assist with identifying sub-acquirers. A sub-acquirer is now defined as a participant in a payment arrangement that enables the final user and receiver to accept the payment instrument issued by a payment institution or a financial institution that participates in the same payment arrangement and does not participate in the settlement of payment transactions as a creditor in relation to the issuer. Sub-acquirers are also required to sign participation contracts with payment arrangers, who in turn must be subject to the rules of the payment arrangement. The new rule also sets out the criteria for sub-acquirers to participate in centralized settlements. The procedures and documents related to the authorization request of payment arrangements as part of the Brazilian Payments System (*Sistema Brasileiro de Pagamentos*, or “**SPB**”) are set out in Circular Letter No. 3,949, of April 30, 2019.

On March 16, 2020, the Central Bank enacted Circular No. 3,989 (“**BCB Circular No. 3,989/20**”), which also amended BCB Circular No. 3,682/13 and provides, among other terms, that the process of initiating a payment transaction shall clearly identify the payment arrangement that is being used in such transaction by means of a brand or other available information to the final users, payers and recipients. Additionally, BCB Circular No. 3,989/20 established the BR Code, which is the standard quick response code (“**QR Code**”) used for payment transactions that can be initiated by QR code. This Circular is effective as of April 1, 2020, but payment arrangements that intend to use the BR Code have until March 1, 2021, to adjust their QR Codes to the BR Code.

On March 26, 2018, Central Bank Circular No. 3,887 introduced regulations on exchange tariffs applicable to transactions made with debit cards. The new rule determines that transactions made with debit cards, as from October 1, 2018, are subject to the following maximum exchange tariffs: (i) 0.5% for the average exchange tariff, based on the value of the transactions; and (ii) 0.8% as the maximum value applicable to any transaction. The regulation also expressly dismisses these limits for remote transactions and transactions executed by corporate debit

Brazilian Financial Services Industry and Regulations

cards. The calculation of the maximum exchange tariffs is required be carried out pursuant to Circular Letter No. 3,917, of November 20, 2018.

On June 23, 2020, Central Bank Circular No. 4,031 amended Circular No. 3,682, providing that if the Central Bank considers that a specific payment arrangement represents a risk to the regular functioning of retail payment transactions in accordance with the parameters established in Resolution No. 4,282, of November 4, 2013, the Central Bank may decide whether or not to include this payment arrangement in the SPB.

On April 22, 2021, BCB Resolution No. 89 (“BCB Resolution No. 89/21”) amended Circular No. 3,682 to provide for (i) interoperability between open-loop and closed-loop payment arrangements, (ii) the clearing and settlement of transactions between participants of the same payment arrangement as part of the SPB; (iii) the payment arrangements that are not part of the SPB; and (iv) the inclusion of a new criterion to dismiss the authorization requirement for closed-loop payment arrangement.

The purposes of the amendments are, in addition to modernizing regulation on the matter, (i) reducing the regulatory cost on smaller arrangements or that serve specific markets, (ii) improving the rules for settlement of prepayment of arrangements receivables, and (iii) granting a more equitable treatment to agents that perform similar activities in open-loop payment arrangements.

BCB Resolution No. 89/21 redefines the volume thresholds to be reached by arrangements so they are required to be part of the SPB, increasing said thresholds from R\$500 million in total transaction amounts and R\$25 million in accumulated payment transactions in the last twelve months to R\$20 billion in total transaction amounts and R\$100 million accumulated payment transactions in the last twelve months, so that only those of a larger size remain subject to authorization, regulation and supervision by the Central Bank.

The rule also alters the definition of a limited-purpose arrangement to the effect that, if an arrangement operates in specific market segments, they should not also be part of the SPB and, therefore, should be outside the scope of the Central Bank’s supervision. The rule, however, reserves the Central Bank’s prerogative to bring an arrangement into its regulatory scope where the conditions for classification in the specific purpose classification are no longer satisfied.

BCB Resolution No. 89/21 also no longer requires prior authorization for closed-loop payment arrangements if their underlying payment institution has already been authorized to operate by the Central Bank.

Instant Payment System (SPI)

Circular No. 4,027 (“**BCB Circular No. 4,027/20**”), enacted on June 12, 2020, regulates the Instant Payment System (*Sistema de Pagamentos Instantâneos*, or “**SPI**”), which is a real time centralized settlement infrastructure that results in the remittance of funds between its participants, holders of an instant payment account. The instant payment is defined by BCB Circular No. 4,027/20 as the electronic remittance of funds, whereby the sending of the payment order and the availability of funds to the recipient user takes place in real time, such service being available 24 hours a day, 7 days a week, every day of the year. Pursuant to BCB Circular No. 4,027/20, the SPI is fully operational as of November 16, 2020.

The by-laws of the SPI and the instant payment account were approved by means of the BCB Circular No. 4,027/20, which shall be complied with by the direct and indirect participants in the SPI. According to the by-laws of the SPI, the participation in the SPI is mandatory for participants of the instant payment scheme (“**PIX**”), and optional for (a) the settlement chambers and the settlement and set-off service renderers, and (b) the National Treasury Department.

The SPI admits two types of participation: (a) direct participation, characterized by the title of an instant payment account and a direct connection of the participant institution to the SPI; and (ii) indirect participation, whereby the participant institutions do not hold an instant payment account and its participation occurs via a direct participant to the SPI, responsible for registering the indirect participant to the SPI and to act as its settlement agent in the SPI for instant payments.

Brazilian Financial Services Industry and Regulations

On August 12, 2020, Central Bank enacted Resolution No. 1, as amended (“**BCB Resolution No. 1/20**”), which regulates the PIX arrangement and approves its by-laws. According to the BCB Resolution No. 1/20, the participation in PIX is mandatory for financial institutions and payment institutions authorized to operate by the Central Bank with more than 500,000 active customer accounts, considering demand deposit accounts, savings deposit accounts and prepaid payment accounts. In addition, participation in PIX is optional for (a) other financial institutions and payment institutions that offer demand deposit accounts, savings deposit accounts and pre-paid payment accounts; and (b) the National Treasury Department. Central Bank Normative Instruction No. 49, enacted on November 25, 2020, as amended, sets forth the necessary procedures for the adhesion to the PIX.

To effect an instant payment via PIX, the user has to scan a QR Code or insert an identification “key,” which consists of a personal information previously registered by the user in the Identifiers of Transactional Accounts Directory (*Diretório de Identificadores de Contas Transacionais*, or “**DICT**”). The DICT and the PIX are fully operational as of November 16, 2020.

On October 1, 2020, the Central Bank issued Resolution No. 19 (“**BCB Resolution No. 19/20**”), which provides for the collection of client fees for the provision of services in the PIX, as well as for the initiation of payment transactions.

Among its provisions, BCB Resolution No. 19/20 expressly prohibits institutions that maintain transactional accounts from charging fees to individual customers under the PIX, when (i) remitting funds for transfer and purchase purposes; and (ii) receiving funds, for transfer purposes. In case of receipt of funds for purchase purposes, however, the collection fees will be allowed. In addition, participating institutions will be authorized to charge individual clients in case of transactions carried out through on-site or personal service channels.

Regarding corporate clients, the rule allows the collection of fees by such institutions in the case of (i) remittance and receipt of funds; and (ii) rendering ancillary services related to such remittance or receipt of funds.

As for payment transaction initiation services, the Central Bank has determined that the collection of fees will be optional. However, the Central Bank expressly prohibited the collection of fees from the paying customer per payment transaction initiated by the institution maintaining the account of such customer. Therefore, it is forbidden to charge a fee from the paying client in cases where the initiator of the payment transaction and the holder of the paying client's account are the same institution. In addition, the institution holding the paying customer's account shall ensure that the fees charged for a transaction initiated through a service provider are equivalent to those charged by the institution responsible for the account for the provision of the same service through its electronic service channels. It is also worth mentioning that either in the provision of services under the PIX, as well as in the provision of initiation of payment services, the amount of the fees charged must be previously informed to the client in a service fee chart to be made available on the electronic website and in the institution's other distribution channels.

Furthermore, on October 1, 2020, the Central Bank enacted Resolution No. 20 (“**BCB Resolution No. 20/20**”), which regulates the discount window line to be granted by the Central Bank to financial institutions participating directly in the SPI. Such BCB Resolution No. 20/20 sets forth that discount window operations will be carried out through purchase transactions with the commitment to resell federal public securities registered in the SELIC, with the purpose of providing liquidity, outside the regular hours of operations in the Reserve Transfer System, for the transfers between clients within the SPI.

Finally, on October 29, 2020, the Central Bank enacted Resolution No. 31 (“**BCB Resolution No. 31/20**”) regulating the applicable sanctions for the PIX participants, which may be (i) a fee; (ii) suspension and/or (iii) exclusion from the PIX system, either applied jointly or individually.

Methods and procedures for the assessment of sufficiency of reference equity

On January 31, 2018, the CMN enacted Circular No. 3.876, as amended, establishing methods and procedures for the assessment of sufficiency of reference equity hedged for the variation of the interest rate risk in the banking book

Brazilian Financial Services Industry and Regulations

(“**IRRBB**”), the identification, measurement and control of the IRRBB and the public disclosure and remittance of information regarding the IRRBB to the Central Bank.

Destinations of funds in savings accounts

On July 31, 2018, the CMN issued Resolution No. 4,676, as amended, to regulate the destination of funds in savings accounts to carry out real estate financings. The new regulation, among other provisions, increased the portion of funds in savings accounts destined for the financing of construction, acquisition, restoration, and expansion of real estate. Central Bank Normative Instruction No. 4, of August 10, 2020, establishes procedures for providing information related to the destination of funds in savings accounts.

Micro Credit

In 2017, the Federal Government updated certain rules of the National Program of Targeted Productive Microcredit (PNMPO) through Provisional Measure No. 802/17, which was converted into Law No. 13,636, of March 20, 2018, providing special conditions for the grant of credit to individuals and legal entities that are entrepreneurs of urban and rural productive activities and whose income or annual gross revenues are under R\$360,000, pursuant to the definition of “micro company” set out in Complementary Law No. 123, of December 14, 2006, as amended.

On September 24, 2020, CMN enacted Resolution No. 4,854, as amended (“**CMN Resolution 4,854/20**”), providing certain criteria for micro credit transactions carried out by financial institutions and other institutions authorized to operate by the Central Bank, including oriented productive micro credit transactions (*operação de micro crédito produtivo orientado*). CMN Resolution No. 4,854/20 defines “micro credit transaction” as the credit transaction carried out to finance the productive activities of individuals or legal entities, organized in an individual or collective manner, with income or annual gross income limited to the maximum amount of gross income established for micro companies, pursuant to the legislation in force. Commercial banks, multiple banks with commercial portfolio and CEF are required to keep investments in oriented productive micro credit transactions in the amount corresponding to, at least, 2% of the average of the balance of demand deposits allocated in the institution.

In order to be considered an oriented productive micro credit transaction, such transaction must comply with the following conditions (i) have a specific methodology of concession and control; (ii) bear maximum effective interest rate of 4% per month; (iii) charge a maximum amount of credit opening fee of up to 3% of the granted credit amount, and the collection of any other fees or expenses is prohibited; (iv) the maximum term of the transaction may not be lower than 120 days; (v) the aggregate outstanding balances of the borrowers’ oriented productive micro credit transactions with the same financial institution may not exceed R\$21,000; and (vi) the aggregate outstanding balances of the borrowers’ credit transactions under the Brazilian financial system may not exceed R\$80,000, except for transactions related to housing credit.

New rule regarding positive registry of credit scores

Complementary Law No. 166, of April 8, 2019, amends the provisions related to Positive Registry of credit scores in Brazil. Such Registry will allow each Brazilian to have a credit score, defined according to the payment of their bills, such as bank loans, credit card invoices and public services bills for water, electricity and telephone lines. A good payer will have a higher score, which will keep the payer’s appointments up to date. This reputation will be considered by financial institutions when it comes to granting consumer credit.

The Positive Registry has existed since 2011, but consumer compliance was voluntary. With the presidential sanction of the new law, onboarding will be automatic, with the possibility of the consumer to opt out. The Positive Registry includes information on credit operations paid or in progress - including credit card, overdraft and financing. The database cannot collect personal information that is not related to the credit risk analysis.

Guidelines for implementation of Open Banking in Brazil

On May 4, 2020, the Central Bank and CMN enacted Joint Resolution No. 1 (“**Joint Resolution No. 1/20**”), as amended, which regulates the implementation of the open banking system by financial institutions, payment

Brazilian Financial Services Industry and Regulations

institutions and other institutions authorized to operate by the Central Bank. Open banking consists of sharing data, products and services by financial institutions and other institutions authorized to operate by the Central Bank, upon a customer's authorization and via integration of information systems ("**Open Banking**").

The resolution sets out the mandatory and voluntary participating institutions, the data and services regulated by the system, the requirements and the responsibilities for sharing, the implementation schedule and the convention to be entered into between the participating institutions, among other provisions. According to the joint resolution, institutions and conglomerates belonging to prudential segmentation in Segments 1 (such as the Issuers) and 2 are required to participate in Open Banking. The joint resolution came into force on June 1, 2020, but the four-stage implementation plan will be effective as follows:

- Stage 1 (by February 1, 2021): public access to participating institutions' data on their access channels and product/service channels related to checking, savings, prepaid payment accounts and to lending transactions.
- Stage 2 (by July 15, 2021): sharing customer reference data and customer transactional data among the participating institutions.
- Stage 3 (by August 30, 2021): sharing payment transaction initiation services, as well as forwarding credit transaction proposals.
- Stage 4 (by December 15, 2021): expansion of in-scope data to encompass foreign exchange, investment, insurance, and open-end private pension transactions.

Finally, on May 4, 2020, Circular No. 4,015 was enacted by the Central Bank to define the scope of data and services which form part of the Open Banking system, which includes the sharing of (i) in the case of service channels data, at least those mandatorily published as open data, pursuant to the legislation in force, in the case of facilities and correspondents in Brazil, as well as electronic channels and other channels available to the clients; (ii) in the case of products and services data, at least, saving accounts, pre-paid payment accounts, post-paid payment accounts and credit transactions, among others.

On June 23, 2020, the Central Bank issued Circular No. 4,032, as amended, providing for the initial organizational structure responsible for the governance of the implementation process of Open Banking, according to the by-laws attached to Circular No. 4,032 and in line with the definitive regulation of Open Banking (Joint Resolution No. 1). The by-laws establish that said organizational structure must be private, non-profit and made up of 3 levels: (i) strategic, formed by a Deliberative Council; (ii) administrative, formed by a Secretariat; and (iii) technical, formed by Technical Groups.

On April 14, 2021, the Open Banking manuals related to (i) Application Programming Interface, (ii) Scope of Data and Services, (iii) Customer Experience, and (iv) Services Provided by the Structure Responsible for Governance were issued through BCB Normative Instructions No. 95, 96, 97 and 98.

Tax and financial incentives to startups and small businesses

Complementary Law No. 167 was enacted on April 25, 2019 to, among other purposes, create the Inova Simples, a special regulatory framework that establishes simplified rules for the incorporation and operation of startups or innovation companies.

The main benefits introduced by Inova Simples include agility in the incorporation and liquidation of companies, which will take place in a simplified and automatic way through a digital environment, as well as the creation of a direct channel with the National Institute of Industrial Property (INPI) for registration of intellectual and industrial property. The capitalized resources to be invested in startups or innovation companies are not to be deemed as income and shall be intended to fund and develop the startup's projects.

Additionally, such Complementary Law No. 167 instituted the Simple Credit Company (*Empresa Simples de Crédito*, or "**ESC**"), with the objective to expand access to low-cost credit to individual micro-entrepreneurs, micro

Brazilian Financial Services Industry and Regulations

companies and small-sized companies, provided that such ESC should be incorporated as limited liability company (EIRELI), individual entrepreneur or limited liability company exclusively held by natural individuals. The ESC will operate within the municipalities or districts, and is intended to carry out loans, financing and cashing of drafts with its own resources for individual micro-entrepreneurs, micro companies and small-sized companies. The ESC should not be treated as a financial institution and its annual income, derived from the collection of compensatory interest, is limited to R\$4.8 million, with any other charges and fees being prohibited.

This Complementary Law is already in force, but its effective application will still depend on the regulation of various government entities and agencies.

Economic Freedom Act

On April 30, 2019, Provisional Measure No. 881 was enacted, which created the Declaration of Economic Freedom Rights, established free market guarantees and the need for a regulatory impact review in order to enact and amend rules, among other important issues (“**MP on Economic Freedom**”).

The MP on Economic Freedom creates the Declaration of Economic Freedom Rights, which are held by all individuals and legal entities, and which are considered essential to Brazil’s economic development and growth. Generally speaking, these rules include free enterprise, free pricing, free competition and legal certainty with respect to the public administration’s conduct, free will and good faith, use of technology innovations despite the obsolescence of current rules, recognition of digital documents as a means to remove excessive bureaucracy, tacit approval for requests of certain public acts of deregulation of the economic activity if the competent authority is silent, among others.

It also establishes the duty of the public administration and other applicable entities to avoid abuse of regulatory power which may distort the market rules on the following matters, among others: (i) to favor an economic group, or professional, in detriment of other competitors; (ii) to prevent the entry of new domestic or foreign competitors into the market; (iii) to require technical specifications that are not necessary to achieve the desired goal; (iv) to increase transaction costs without demonstrating the benefits; (v) to create an artificial or compulsory demand for products, services, or professional activities, including the use of notary offices, registries or enrollments; and (vi) to introduce limits on the free formation of business companies or of economic activities.

With the same purpose, the proposals for enactment of an amendment to normative rulings of general interest for market players or services users, enacted by a federal public administration body or entity (including independent government agencies and public foundations), will be preceded by a regulatory impact review, which will contain information and data on possible effects of the normative ruling to find out the reasonableness of its economic impact. The MP on Economic Freedom also amends several other federal laws to reinforce the aforementioned principles.

The MP on Economic Freedom was converted into Law No. 13.874 on September 20, 2019, effective as of the day of its publication (“**Economic Freedom Act**”).

Preparation and Disclosure of Financial Statements by Financial Institutions

On May 30, 2019, CMN Resolution No. 4,720 was enacted, providing criteria for the preparation and disclosure of financial statements by financial institutions and other institutions authorized to operate by the Central Bank. Nevertheless, on May 29, 2020, the CMN enacted Resolution No. 4,818, which revoked and replaced the majority of the provisions set forth in Resolution No. 4,720, effective from January 1, 2021, based on the CMN’s intention to simplify and consolidate the rules regarding the preparation and disclosure of financial statements by financial institutions.

The Resolution establishes that such institutions shall prepare and disclose the following mandatory financial statements, either annually, related to their fiscal year, or semi-annually, related to the fiscal quarters ending June 30 and December 31 of each fiscal year, together with the relevant explanatory notes: (i) Balance Sheet; (ii) Income Statement; (iii) Comprehensive Income Statement; (iv) Cash Flow Statement; and (v) Statement of Changes in

Brazilian Financial Services Industry and Regulations

Stockholders' Equity. The preparation and disclosure of such financial statements is mandatory as of the date that the Central Bank authorizes the operation of the financial institution in question.

In addition, any interim financial statement prepared by the financial institutions and other institutions authorized to operate by the Central Bank, whether voluntarily or due to legal, corporate, contractual requirements or any other circumstances, shall be disclosed either in accordance with the provisions applicable to the annual or semi-annual financial statements, or in a condensed form, according to the procedures established by the Central Bank.

In each case, the financial statements of the financial institutions and other institutions authorized to operate by the Central Bank shall properly represent the institutions' financial and equity positions, their performance and cash flow, in accordance with the definitions and criteria for recognition of assets, liabilities, income and expenses established in the regulations in force.

The financial statements must be disclosed on the financial institution's website or alternative website intended for the disclosure of accounting and financial documents, provided that such websites are free and accessible to the general public. Notwithstanding such provision, in addition to other applicable measures, the Central Bank may update disclosure of financial statements, with the relevant corrections, in the event they do not properly represent the financial institution's financial and equity positions, performance and cash flows.

Furthermore, pursuant to BCB Normative Instruction No. 54, of December 7, 2020, the Central Bank established the applicable procedures for the remittance, by financial institutions and other institutions authorized to operate by the Central Bank, of their financial statements, for the purposes of creating the Financial Statements Central of the Brazilian Financial System.

Overdraft Facilities in Checking Accounts

On November 27, 2019, the CMN issued Resolution No. 4,765, providing for new rules on the overdraft granted by financial institutions in checking accounts held by individuals and individual micro entrepreneurs (MEI).

Resolution No. 4,765 limits interest rates over the overdraft facilities in checking accounts to up to 8% per month, to which must be added a discount of the credit facility fees already charged on a monthly basis by the financial institution. According to such Resolution No. 4,765, if the interest is lower than or equal to the overdraft fees, such interest rates must be equal to zero.

In any case, article 2 of such Resolution permits the charging of fees on overdraft-secured checks to: (i) 0% for the opening credit facilities of up to R\$500; and (ii) 0.25% for the opening of credit facilities above R\$500, calculated over the amount of the facility that exceeds R\$500. However, its effectiveness is suspended by the judgment of a Claim of Non-Compliance with a Fundamental Precept (Ação de Descumprimento de Preceito Fundamental - ADPF) No. 645 on the STF.

In addition, Resolution No. 4,765 establishes that the overdraft-secured check must be compatible with the customer's risk profile. This Resolution came into force on January 6, 2020, for agreements executed after the effective date, and on June 1, 2020, for agreements executed prior to the effective date. Nevertheless, the 8% limitation on interests was effective as from January 6, 2020, regardless of the execution dates of agreements between financial institutions and clients.

Automatic Debit of Banking Accounts

On March 26, 2020, CMN issued Resolution No. 4,790 ("CMN Resolution No. 4,790/20"), as amended, which sets forth new rules for the automatic debit payments from checking account and salary accounts.

In order to foster transparency on the relationship between financial institutions and their clients, the new rule sets forth that financial institutions should only process automatic debit payments upon prior and express authorization from their client. CMN Resolution No. 4,790/20 provides for the procedures for the authorization and cancellation of automatic debit payments.

Brazilian Financial Services Industry and Regulations

The new rule came into effect on March 1, 2021.

Automatic Debit of Pre-Paid Payment Accounts

On December 16, 2020, the Central Bank issued Resolution No. 51/20 (“**BCB Resolution No. 51/20**”), extending the new rules on automatic debit that had already been issued for checking account and salary accounts to pre-paid payment accounts, through CMN Resolution No. 4,790/20.

BCB Resolution No. 51/20 replicates the same terms and conditions set forth in CMN Resolution No. 4,790/20 in relation to checking account and salary accounts, such as: (i) requiring prior authorization, with the client's specific and unequivocal order, given to the holder of the account to be debited or to the holder of the account to be credited, for the automatic debit payment in the pre-paid payment account; (ii) allowing the discrimination of more than one account for the realization of debits, respecting the order of precedence defined by the holder; and (iii) ensuring that the holder of a pre-paid payment account may revoke the authorization at any time.

As with Resolution No. 4,790, BCB Resolution No. 51/20 entered into effect on March 1, 2021.

Regulatory Sandbox

On May 15, 2020, the CVM issued Instruction No. 626, which regulates the constitution and operation of its regulatory sandbox, covering the permission of the regulatory testing environment within supervision and regulation scope. The participant admitted to the sandbox will receive temporary authorization to develop business models based on the use of new technologies or innovative use of existing technologies and may receive regulatory requirements exemptions to reduce the burden of compliance with the current rules set forth by the CVM.

On May 15, 2020, the CVM issued Instruction No. 626, which regulates the constitution and operation of its regulatory sandbox, covering the permission of the regulatory testing environment within supervision and regulation scope. The participant admitted to the sandbox will receive temporary authorization to develop business models based on the use of new technologies or innovative use of existing technologies and may receive exemptions for regulatory requirements to reduce the burden of compliance with the current rules set forth by the CVM.

In a similar manner, on October 26, 2020, the CMN enacted CMN Resolution 4,865 and the Central Bank enacted BCB Resolution No. 29, which regulate the constitution and operation of a regulatory sandbox which will serve as an environment for the controlled testing of financial and payment innovations under the supervision of both the CMN and the Central Bank. Pursuant to BCB Resolution No. 50 of December 16, 2020, agents may apply for participation in the first testing cycle of the sandbox from March 22, 2021 to June 25, 2021, and projects selected by the Central Bank will be developed for the period of one year following the announcement of approval.

On March 3, 2021, BCB Resolution No. 77 was enacted to create the Strategic Committee of Regulatory Sandbox Management and publishes its by-laws.

Renaming of Central Bank rules

On July 29, 2020, the Central Bank announced a plan to adjust the nomenclature of its normative instruments to comply with Decree No. 10,139, of November 28, 2019, which addresses the standardization of regulations at a federal level. Under this plan, Circulars will be renamed as BCB Resolutions (*Resoluções BCB*) and Circular Letters will be renamed as BCB Normative Instructions (*Instruções Normativas BCB*), each under a new sequential numerical order starting at 1. The current Central Bank Ordinances and Service Orders will be designated BCB Ordinances (*Portarias BCB*) under the existing sequential numerical order. The plan will be gradually implemented starting in the last quarter of 2020 and is expected to be completed by November 30, 2021.

Brazilian Financial Services Industry and Regulations

Complementary Law establishing the autonomy of the Central Bank

On February 24, 2021, Complementary Law No. 179 (“**Complementary Law No. 179/21**”) was enacted, establishing the purposes of the Central Bank and its autonomy, as well as regulates the appointment and removal of its president and directors.

According to the Complementary Law No. 179/21, the Central Bank shall be deemed as an autarchy independent of any Ministry and shall have technical, operational, administrative and financial independence. Also according to the Complementary Law No. 179/21, the Central Bank will have as its main function to ensure price stability (in other words, inflation control), while also aiming to ensure the stability and efficiency of the financial system, smooth out fluctuations in the level of economic activity and foster full employment.

The regulatory body will continue to be headed by nine members, one of them being the president, all appointed by the President of the Republic and approved by the Federal Senate. The president and the directors of the Central Bank will have four-year terms, with the possibility of reappointment for one additional term. The term of office of the President of the Central Bank will begin on the first day of the third year of the President's term, so that such terms will not overlap. Regarding the other directors, their replacement will occur in a staggered manner, according to the following scale: (i) two directors begin their terms of office on March 1st of the first year of the President of the Republic's term of office; (ii) two directors begin their terms of office on January 1st of the second year of the President of the Republic's term of office; (iii) two directors begin their terms of office on January 1st of the third year of the President of the Republic's term of office; and (iv) two directors begin their terms of office on January 1st of the fourth year of the President of the Republic's term of office.

Furthermore, in order to reduce the influence of the Federal Government over the regulatory authority, the president and directors of the Central Bank cannot be freely dismissed. In this sense, they may only have their mandates interrupted in the following situations: (i) at the request of the president or director; (ii) in case of illness that incapacitates the incumbent for the exercise of the position; (iii) when he or she suffers conviction, in a final and unappealable decision or rendered by a collegiate body, for administrative improbity or in a crime whose penalty leads to the prohibition of access to public offices; or (iv) in case of proven and recurrent insufficient performance for the achievement of the objectives of the Central Bank. In the latter situation, the CMN must submit to the President of the Republic the proposal for dismissal, which will be subject to prior approval by an absolute majority of the Senate.

The Complementary Law No. 179/21 also prohibits the members of the Central Bank's Board of Executive Officers to participate in the corporate control, with or without an employment relationship, in institutions of the National Financial System for six months after the end of their term of office. During this period, the former director will receive compensatory remuneration.

As per the enactment of Complementary Law No. 179/21, Brazil joins a group of countries that have autonomous or independent central banks, such as the United States of America and the European Central Bank, aiming to strengthen Brazilian economic policies.

MANAGEMENT

We are managed by our Board of Directors (*Conselho de Administração*), together with our Board of Executive Officers (*Diretoria Estatutária*). The Board of Directors establishes our corporate strategy and policies and supervises and monitors the Board of Executive Officers. In turn, the Board of Executive Officers implements the strategy and policies set by the Board of Directors and is responsible for our day-to-day management.

Our Board of Executive Officers is currently made up of (i) our senior executive officers (*diretoria executiva*), (ii) our officers, (iii) departmental officers and (iv) regional officers. Among our senior executive officers, we currently have the president, five executive vice-presidents (*diretores vice-presidentes*), seven executive managing officers (*diretores gerente*) and seven executive deputy officers (*diretores adjuntos*).

Our nine-member Board of Directors meets on an ordinary basis at least six times a year and meets on an extraordinary basis whenever necessary and is responsible for:

- approving, on a case-by-case basis, any engagement of our independent auditors for audit and non-audit services provided to our subsidiaries or to us;
- establishing our corporate strategy;
- reviewing our business plans and policies; and
- supervising and monitoring the activities of our Board of Executive Officers.

Our Board of Executive Officers meets weekly and is responsible for:

- implementing the strategy and policies established by our Board of Directors; and
- our day-to-day management.

Several members of our Board of Directors and the Board of Executive Officers also perform senior management functions at our subsidiaries, including Grupo Bradesco Seguros (in particular, Bradesco Seguros S.A., Bradesco Auto/RE Companhia de Seguros, Bradesco Capitalização S.A., Bradesco Saúde S.A. and Bradesco Vida e Previdência S.A.), Bradesco Financiamentos, BEM DTVM, BRAM – Bradesco Asset Management S.A. *Distribuidora de Títulos e Valores Mobiliários*, Bradesco Administradora de Consórcios Ltda, Banco Bradesco BBI S.A. and Bradesco Leasing. Each of our subsidiaries has its own management structure. Pursuant to Brazilian law, all members of our Board of Directors and Board of Executive Officers must be approved by the Central Bank.

The business address of all the members of our Board of Directors and Board of Executive Officers is Banco Bradesco S.A., Núcleo Cidade de Deus, Vila Yara, 06029-900, Osasco, SP, Brazil.

As of the date hereof, the members of our Board of Directors and the members of our Board of Executive Officers are:

Members of the Board of Directors	Position	Date of Birth
Luiz Carlos Trabuco Cappi	Chairman	October 6, 1951
Carlos Alberto Rodrigues Guilherme	Vice-Chairman	December 21, 1943
Denise Aguiar Alvarez	Director	January 24, 1958
Milton Matsumoto	Director	April 24, 1945
Alexandre da Silva Glüher	Director	August 14, 1960
Maurício Machado de Minas	Director	July 1, 1959
Walter Luis Bernardes Albertoni	Independent Member	September 29, 1968
Samuel Monteiro dos Santos Junior	Independent Member	February 5, 1946
Paulo Roberto Simões da Cunha	Independent Member	May 27, 1950

Management

Senior Executive Officers	Position	Date of Birth
Octávio de Lazari Júnior	Chief Executive Officer	July 18, 1963
Marcelo de Araújo Noronha	Executive Vice-President	August 10, 1965
André Rodrigues Cano	Executive Vice-President	July 22, 1958
Cassiano Ricardo Scarpelli	Executive Vice-President	July 28, 1968
Eurico Ramos Fabri	Executive Vice-President	September 29, 1972
Rogério Pedro Câmara	Executive Vice-President	October 5, 1963
Moacir Nachbar Junior	Executive Managing Officer	April 5, 1965
Walkiria Schirrmeister Marchetti	Executive Managing Officer	November 1, 1960
Bruno D'Avila Melo Boetger	Executive Managing Officer	June 17, 1967
Guilherme Muller Leal	Executive Managing Officer	November 12, 1967
João Carlos Gomes da Silva	Executive Managing Officer	January 20, 1961
Glaucimar Peticov	Executive Managing Officer	March 18, 1963
José Ramos Rocha Neto	Executive Managing Officer	December 8, 1968
Antonio José da Barbara	Executive Deputy Officer	December 21, 1968
Edson Marcelo Moreto	Executive Deputy Officer	January 16, 1970
José Sérgio Bordin	Executive Deputy Officer	February 26, 1969
Roberto de Jesus Paris	Executive Deputy Officer	September 15, 1972
Leandro de Miranda Araujo	Executive Deputy Officer	December 11, 1971
Edilson Wiggers	Executive Deputy Officer	August 3, 1968
Oswaldo Tadeu Fernandes	Executive Deputy Officer	October 20, 1970

The following are biographies of the current members of our Board of Directors and Board of Executive Officers:

Board of Directors

Luiz Carlos Trabuco Cappi, Chairman – External Member: Mr. Cappi received a degree in philosophy from the São Paulo University of Philosophy, Science and Languages, with post-graduate qualification in social psychology from the São Paulo School of Sociology and Politics. He began his career at Banco Bradesco S.A. in April 1969. Since then, Mr. Cappi has held a variety of positions, including appointments as Investor Relations Officer, as Executive Vice-President of Banco Bradesco from 1999 to 2009 and, for a total of over 6 (six) years, as the CEO of Bradesco Seguros. He was CEO of Banco Bradesco from March 2009 to March 2018, holding the position of Vice-Chairman of the Board of Directors until October 2017, when he was elected Chairman of the Board of Directors. He is also currently the Chairman of the Board of Directors of Odontoprev S.A.. He was Member of the Board of Directors of ArcelorMittal Brasil, Member of the Strategic Committee of Vale S.A., President of the Marketing and Fundraising Commission of Associação Brasileira das Entidades de Crédito Imobiliário e Poupança - ABECIP (Brazilian Association of Real Estate Credit and Savings Entities), President of Associação Nacional da Previdência Privada - ANAPP (National Association of Private Pensions), President of Federação Nacional de Saúde Suplementar (National Federation of Supplementary Health), President of the Council of Representatives and of the Board of Executive Officers of Confederação Nacional de Instituições Financeiras – CNF (National Confederation of Financial Institutions), Member of the Board of Governors and Executive Vice-President of Confederação Nacional das Empresas de Seguros Gerais, Previdência Privada e Vida, Saúde Suplementar e Capitalização - CNSeg (National Confederation of Companies in General Insurance, Private Pension and Life, Supplementary Health and Capitalization), Member of the Board of Directors and of the Advisory Board of Federação Brasileira de Bancos – FEBRABAN (Brazilian Federation of Banks) and Effective Member of Association Internationale pour l'Etude de l'Economie de l'Assurance - Association de Genève, Geneva, Switzerland.

Carlos Alberto Rodrigues Guilherme, Vice-Chairman – External Member: Mr. Guilherme received a law degree from Pinhalense Education Foundation. He began working at Banco Bradesco S.A. in December 1957. Mr. Guilherme has held a variety of positions within the banking sector, including appointments as Departmental Officer in March 1986, Deputy Executive Officer in March 1998, and Executive Managing Officer in March 1999. In March 2009, he was elected as member of the Board of Directors and, in October 2017, Vice Chairman of the Board of Directors, a position he currently holds. He also holds a variety of positions within Grupo Bradesco, including positions as Vice Chairman of the Board of Directors of Bradesco Leasing S.A., Arrendamento Mercantil, Vice

Management

Chairman of the Managing Body and Vice President of Fundação Bradesco; Vice Chairman of the Board of Directors and Vice President of Cidade de Deus - Companhia Comercial de Participações; Vice Chairman of the Board of Directors of NCF Participações S.A.; Vice President of Nova Cidade de Deus Participações S.A.; Vice Chairman of the Board of Directors and Member of the Strategic Committee of BSP Empreendimentos Imobiliários S.A.; Vice Chairman of the Board of Directors of BSP Park Estacionamento e Participações S.A., Vice President of Top Club Bradesco, Segurança, Educação e Assistência Social, Vice Chairman of the Board of Directors of Bradespar S.A.; Vice Chairman of the Board of Directors of Bradesco Saúde S.A. and Vice Chairman of the Board of Directors of Bradseg Participações S.A.. Previously, he served as General Manager of Companhia Securitizadora de Créditos Financeiros Rubi; CEO of Bradesco BERJ S.A.; Officer of Banco de Crédito Real de Minas Gerais S.A., from April 1998 until April 2003, and as Officer of Credireal Leasing S.A. — Arrendamento Mercantil from April 1998 to September 1999.

Denise Aguiar Alvarez, Director – External Member: Ms. Alvarez received a degree in education from São Paulo Pontific Catholic University and a Masters in Education from New York University. In April 1986, she was appointed to the Board of Directors of Cidade de Deus — Companhia Comercial de Participações, one of our controlling shareholders, and since July 1988 has served as an Officer. Ms. Alvarez has been a member of our Board of Directors since February 1990. She is also a Managing Body and Deputy Officer of Fundação Bradesco, President of ADC Bradesco – Associação Desportiva Classista, Member of the Board of Directors of BBD Participações S.A., Member of the Board of Directors of Bradespar S.A., Member of the Board of Directors of Bradseg Participações S.A., Member of the Advisory Council of Associação Pinacoteca Arte e Cultura – APAC, Member of the Deliberative Council of Museu de Arte Moderna de São Paulo (MAM) and Member of the Advisory Council of Canal Futura. She was a Chairman of the Board of Governance of Todos pela Educação, Chairman of the Governance Council of GIFE – Grupo de Institutos, Fundações e Empresas and Member of the Advisory Council of Fundação Dorina Nowill para Cegos.

Milton Matsumoto, Director – External Member: Mr. Matsumoto received a degree in business administration from Centro Universitário FIEO de Osasco (UNIFIEO). He started his career at Banco Bradesco S.A. in September 1957. He has held all the positions in the hierarchy of the bank. In March 1985 he was elected as Department Officer, in March 1998 as Executive Deputy Officer, in March 1999 as Executive Managing Officer, and, in March 2011, as a member of the Board of Directors, a position he currently holds. He is a member of the Board of Directors and Officer of BBD Participações S.A.; member of the Board of Directors and Officer of Cidade de Deus – Companhia Comercial de Participações S.A.; member of the Board of Directors of Bradesco Leasing S.A. - Arrendamento Mercantil, Bradespar S.A., Bradseg Participações S.A. and NCF Participações S.A.; member of the Board of Directors of the Strategic Committee of BSP Empreendimentos Imobiliários S.A. and Officer of Nova Cidade de Deus Participações S.A. He is also a member of the managing body and Managing Officer of Fundação Bradesco. He was General Manager of Alvorada Administração de Cartões Ltda; Vice Chairman of the Board of Directors of BBC Processadora S.A.; member of the Board of Directors of Banco BERJ S.A.; Officer of Bradesco S.A. Corretora de Títulos e Valores Mobiliários; First Secretary Officer of the Union of Banks of the States of São Paulo, Paraná, Mato Grosso, Mato Grosso do Sul, Acre, Amazonas, Pará, Amapá, Rondônia and Roraima; alternate member of the Board of Directors of CPM Braxis S.A. and of CPM Holdings Ltd.; Secretary Director of the Union of Credit, Financing and Investment Companies of the State of São Paulo, and of the Federação Interestadual das Instituições de Crédito, Financiamento e Investimentos (FENACREFI).

Alexandre da Silva Glüher, Director – External Member: Mr. Glüher received a degree in Accounting from Universidade Federal do Rio Grande do Sul, in Business Administration from ULBRA – Universidade Luterana do Brasil (Brazilian Lutheran University), Advanced Management Program – University of Pennsylvania – The Wharton School and Financial Institutions Management (Banking), Low Income Retail, Credit Risk Management – Portfolio Vision from Fundação Getúlio Vargas – Escola de Administração de Empresas de São Paulo and a certified Member of Board of Directors by Instituto Brasileiro de Governança Corporativa – IBGC (Brazilian Institute of Corporate Governance). In March 1976 he began his career at Banco Bradesco S.A. and in August 2001 he was elected as Regional Officer, in March 2005 as Department Officer, in December 2010 he was elected as Executive Deputy Officer and in January 2012, as Executive Managing Officer and, in January 2014, Executive Vice President. In March 2018, he was elected Member of the Board of Directors. He is a member of Fundação Bradesco's managing body and managing officer. He is also Executive Vice President of IBCB - Instituto Brasileiro

Management

de Ciência Bancária (Brazilian Institute of Banking Science) Chairman of the Board of Directors of Câmara Interbancária de Pagamentos - CIP (Interbank Chamber of Payments) and Chairman and sitting member of the Advisory Board of Fundo Garantidor de Créditos - FGC. He was Investor Relations Officer of Bradesco; Alternate Member of the Deliberative Board of - Associação Brasileira das Entidades de Crédito Imobiliário e Poupança - ABECIP (Brazilian Association of Real Estate Credit and Savings Entities); Sitting Member of the Board of Directors of Aquarius Participações S.A., BBC Processadora S.A. and also Chain Serviços e Contact Center S.A.; representative of the Bradesco conglomerate with ANBIMA – Associação Brasileira das Entidades dos Mercados Financeiro e de Capitais; member of the Board of Banking Self-Regulation of FEBRABAN - Federação Brasileira de Bancos (Brazilian Federation of Banks); Executive Vice President of FEBRABAN - Federação Brasileira de Bancos (Brazilian Federation of Banks); Executive Vice President and Alternate Delegate in CONSIF at FENABAN - Federação Nacional dos Bancos (National Federation of Banks); Treasury Officer of the Trade Union of Banks in the states of São Paulo, Paraná, Mato Grosso, Mato Grosso do Sul, Acre, Amazonas, Pará, Amapá, Rondônia e Roraima; Vice Chairman of the Board of Directors of Central de Exposição a Derivativos –CED; Officer of Brasília Cayman Investments II Limited and of Brasília Cayman Investments III Limited; Member of the Board of Directors of Instituto BRAiN - Brasil Investimentos & Negócios.

Maurício Machado de Minas, Director – External Member: Mr. Machado received a degree in Electrical Engineering from Escola Politécnica da USP – Universidade de São Paulo (São Paulo University), holds a Specialization in Data Communication and Software Development in the USA, an Extension course in Finance completed at Wharton Business School, a Program for Executive Development from Columbia University – New York, USA and Program for Corporate Directors of Boards of Directors, by Harvard Business School, Boston, USA. He started his career at Banco Bradesco S.A. in July 2009 as Executive Managing Officer. In January 2014, he was elected Executive Vice President. From March 2018 to January 2019, he has been holding cumulatively the position of Member of the Board of Directors and Executive Vice President. As of January 2019, he holds only the position of Board Member. He is also a member of the managing body and managing officer of Fundação Bradesco; a member of the Advisory Council of IBM Corporation; Member of the Board of Directors of Bradespar S.A.; Member of the Board of Directors of Bradseg Participações S.A.; Member of the Board of Directors of Bradesco Saúde S.A.; Member of the Board of Directors of Next Tecnologia e Serviços Digitais S.A.; Member of the EFMA Board of Directors and a Strategic Partner of WEF (World Economic Forum). Previously, he was Chairman of the Board of Directors of BBC Processadora S.A.; Executive Vice President of CPM Braxis S.A.; Senior Analyst of Banco Itaú S.A.; Support Services Officer of IT Brazilian companies Eletrodigi, Flexidisk and Polymax group; Chief Executive Officer of Scopus Tecnologia Ltda, Member of the Board of Directors of MPO – Processadora de Pagamentos Móveis S.A; Member of the Board of Directors of Fidelity Processamento e Serviços S.A.; Member of the Board of Directors of Aquarius Participações S.A.; Member of the Board of Directors of Chain Serviços e Contact Center S.A. and Member of the Board of Directors of NCR Brasil – Indústria de Equipamentos para Automação.

Walter Luis Bernardes Albertoni, Director – Independent Member: Mr. Albertoni graduated in Law from Faculdade Paulista de Direito of Pontifícia Universidade Católica de São Paulo. He has also graduated in Civil Procedural Law from PUCSP-COGEAE and Corporate Law and Tax Law from Insper. He began his career as a military lawyer, who has been working for many years as an outsourced legal adviser for the Association of Investors in the Capital Market - AMEC, providing opinions and preparing institutional manifestations in defense of the rights and interests of minority shareholders. In March 2017, he was elected as an effective member of the Fiscal Council of Banco Bradesco S.A., a position he currently holds. He is Legal Advisor of the Association of Capital Markets Investors – AMEC, a full member of the Fiscal Council of Indústrias Romi S.A. and a full member of the Audit Committee of DATAPREV S.A. He is also an alternate member of the Fiscal Council of Ser Educacional, of Rumo S.A. and of SANEPAR S.A., an alternate member of the Board of Directors of Mahle Metal Leve S.A. and a member of the Board of Directors and Coordinator of the Audit Committee of Companhia Energética de Brasília S.A. His prior positions include: full member of the Fiscal Council of Petróleo Brasileiro S.A., member of the Board of Directors of Paranapanema S.A and an effective member of the Fiscal Council of Bradespar S.A. He was also an alternate member of the Board of Resources of the SFN and an alternate member of the Fiscal Council of Mills S.A.

Samuel Monteiro dos Santos Junior, Director – Independent Member: Mr. Santos Junior graduated in Accounting Sciences from Universidade Federal do Rio de Janeiro – UFRJ, Administration from Universidade Federal do Rio

Management

de Janeiro – UFRJ and Law from Universidade Candido Mendes – UCAM. He began his career in 1969 at SulAmérica Seguros, with extensive experience in the insurance market. In December 1999, he joined Bradesco Seguros S.A. as Vice President, where he remained until March 2011. From November 2011 to April 2014, he served as Chief Executive Officer at BSP Empreendimentos Imobiliários S.A., where he is currently a Member of the Board of Directors. At the same time, in 2007 he was elected an Officer at Bradesco Dental S.A., currently Odontoprev S.A., where he was elected a Member of the Board of Directors in 2014, a position he currently holds. He is member of the Board of Directors of Bradesco Saúde S.A., a member of the Board of Directors of Bradsegações Participações S.A., a member of the Board of Directors of BSP Empreendimentos Imobiliários S.A., member of the Board of Directors of BSP Park Estacionamentos e Participações S.A., member of the Board of Directors of Fleury S.A. and member of the Board of Directors of Swiss RE Solutions Brasil Seguros S.A. He is also alternate member of the Board of Directors of Directors of Odontoprev S.A. His prior positions include: Vice-President Director of Bradesco Argentina de Seguros S.A., Vice President of Bradesco Capitalização S.A., Vice President of Bradesco SegPrev Investimentos Ltda., Vice President of Bradesco Seguros S.A., Vice President Director of Bradseg Participações Ltda., Vice President of Bradesco Vida e Previdência S.A., Vice President of Bradesco Auto/RE Companhia de Seguros and Vice President of Atlântica Companhia de Seguros. He is also a member of the Board of Directors of EABS Serviços de Assistência e Participações S.A., member of the Board of Directors of Europ Assistance Brasil Serviços de Assistência S.A., member of the Board of Directors of Integritas Participações S.A., member of the Board of Directors of IRB Brasil Resseguros S.A. and member of the Board of Directors of Brasilidental Operadora de Planos Odontológicos.

Paulo Roberto Simões da Cunha, Director – Independent Member: Mr. Paulo Roberto Simões da Cunha graduated in Accounting Sciences and Business Administration from Faculdade de Ciências Econômicas de São Paulo, Specialization in Finance from Fundação Getulio Vargas, Audit from the Universidade de São Paulo/FIPECAFI, Economics with Theory and Operation of a Modern National Economy from George Washington University in Washington-DC, USA and Fiscal Adviser Certified by the Brazilian Institute of Corporate Governance - IBGC. He joined the Brazilian Central Bank in 1976, in the Division of Supervision and, in 1988, he was promoted to the Head of Division, where he was responsible for the oversight of Financial Institutions in São Paulo, remaining part of that organization until 1998. Since February 2014, he has been a Member of the Audit Committee of Banco Bradesco S.A., having exercised the same role in the period between April 2004 to June 2009 and between February 2014 to January 2021. In January 2021, he was elected Member of the Board of Directors.

Board of Executive Officers

Otávio de Lazari Júnior, Chief Executive Officer: Mr. Lazari Junior graduated in Economics from Faculdade de Ciências Econômicas e Administrativas de Osasco – FAC-FITO. He has specializations in Financial Strategies and Marketing from Fundação Instituto de Administração – FEA/USP, Financial Management from Fundação Getulio Vargas – FGV and Strategies in Finance from Fundação Dom Cabral and AMP – Advanced Management Program from IESE Business School – University of Navarra, São Paulo. He started his career at Banco Bradesco S.A. in September 1978. He was elected Executive Deputy Officer in January 2012, Executive Managing Officer in February 2015 and Executive Vice President in May 2017. In March 2018, he was elected CEO of Banco Bradesco S.A., the position he currently holds. He is a member of the managing body and Managing Officer of Fundação Bradesco, member of the Board of Directors of BBD Participações S.A., member of the Board of Directors of Cidade de Deus - Companhia Comercial de Participações, Chief Executive Officer of NCF Participações and of Bradesco Leasing S.A. - Arrendamento Mercantil, Member of the Board of Directors and Member of the Strategic Committee of BSP Empreendimentos Imobiliários S.A., Alternate Member of the Board of Directors of Fleury S.A., Member of NAT – Núcleo de Altos Temas (High Themes Core) and Member of the Managing Board and of the Advisory Board of FEBRABAN – Federação Brasileira de Bancos (Brazilian Federation of Banks). He was a Chief Executive Officer of Banco Bradesco BBI S.A.; Chairman of the Board of Directors of Associação Brasileira das Entidades de Crédito Imobiliário e Poupança – ABECIP (Brazilian Association of Housing Finance and Savings Entities); Alternate Member of the Board of Directors of Câmara Interbancária de Pagamentos - CIP (Interbank Chamber of Payments); Effective Member of the Board of Directors of CIBRASEC - Companhia Brasileira de Securitização (Brazilian Securities Company); Member of the Council of Representatives of Confederação Nacional

Management

das Instituições Financeiras - CNF (Brazilian Confederation of Financial Institutions); Deputy Sectorial Officer of Real Estate Credit and Savings Committee and Vice President of the Portability Governance of Credit Operations Committee of FEBRABAN - Federação Brasileira de Bancos (Brazilian Federation of Banks); Member of the Advisory Board of FIABCI/BRASIL – Capítulo Nacional Brasileiro da Federação Internacional das Profissões Imobiliárias (Brazilian National Chapter of the International Federation of Real Estate Professions), Alternate Officer of Uniapravi-Unión Interamericana para la Vivienda and Managing Officer of Kirton Bank S.A. – Banco Múltiplo.

Marcelo de Araújo Noronha, Executive Vice-President: Mr. Noronha received a degree in Administration from UFPE – Universidade Federal de Pernambuco, with a post graduate degree in Finance from IBMEC - Instituto Brasileiro de Mercado de Capitais (Brazilian Capital Markets Institute), an Advanced Management Program – AMP from IESE – Instituto de Estudios Empresariales da Universidade de Navarra in Barcelona and a certified Member of Board of Directors by Instituto Brasileiro de Governança Corporativa – IBGC (Brazilian Institute of Corporate Governance). He started his career in Banco Banorte. He joined the Banco Bilbao Vizcaya Argentaria Brasil S.A., subsequently called Banco Alvorada S.A. and incorporated by Kirton Bank S.A. – Banco Múltiplo, in July 1996 as a Commercial Officer, where he later became a Vice President. In February 2004, he was elected as a Department Officer of Banco Bradesco S.A., a position he held until December 2010, when he was elected Executive Deputy Officer, in January 2012 he was elected as Executive Managing Officer, and Executive Vice President since February 2015. He is a member of the Managing Body and Managing Officer of Fundação Bradesco. He is also a vice chairman of the Board of Directors of Alelo S.A., chairman of the Board of Directors of Cielo S.A., member of the Board of Directors of Elo Participações S.A. and of Banco Digio S.A., vice president of Banco Bradescard S.A., general manager of Banco Bradesco BBI, member of the Board of Directors of BBD Participações S.A., vice president of Bradesco Leasing S.A. – Arrendamento Mercantil; general manager of Bram – Bradesco Asset Management S.A. Distribuidora de Títulos e Valores Mobiliário; member of the Board of Directors of Cidade de Deus – Companhia Comercial de Participações, having previously held the position of President of Associação Brasileira das Empresas de Cartões de Crédito e Serviços - ABECs (Brazilian Association of Credit Card Companies and Services) and Member of the Council of Representatives (representing ABECs) of Confederação Nacional das Instituições Financeiras – CNF.

André Rodrigues Cano, Executive Vice-President: Mr. Rodrigues Cano graduated in Business Administration from FMU – Faculdades Metropolitanas Unidas, and holds an MBA in Controllershship and Finance from FIPECAFI – Fundação Instituto de Pesquisas Contábeis, Atuariais e Financeiras – FEA-USP and Advanced Management Program from Harvard Business School, Boston, USA. He began his career in Bradesco Organization in April 1977 and he was elected as Department Officer in December 2001. In September 2008, he was elected as Officer of Banco Bradesco Financiamentos S.A., remaining there until December 2009, at which point he returned to Bradesco as a Department Officer. In December 2010, he was elected as Executive Deputy Officer, in January 2012, he was elected as Executive Managing Officer and, in January 2017, Executive Vice President, the position he currently holds. He is a Member of the Managing Body and Managing Officer of Fundação Bradesco, vice president of Kirton Bank S.A. – Banco Múltiplo, Ágora Corretora de Seguros S.A., Banco Bradescard S.A., Banco Bradesco BERJ S.A., Banco Losango S.A. – Banco Múltiplo, BEM – Distribuidora de Títulos e Valores Mobiliários Ltda., BBC Processadora S.A., Bradesco Administradora de Consórcios Ltda., Bradesco-Kirton Corretora de Câmbio S.A., Bradesco Leasing S.A. – Arrendamento Mercantil, NCF Participações S.A. and Tempo Serviços Ltda., Sitting Officer of the Confederação Nacional do Sistema Financeiro - CONSIF (National Confederation of the Financial System), Executive Vice President and Deputy Delegate in CONSIF at FENABAN - Federação Nacional dos Bancos (National Federation of Banks), Treasury Officer of the Trade Union of Banks in the states of São Paulo, Paraná, Mato Grosso, Mato Grosso do Sul, Acre, Amazonas, Pará, Amapá, Rondônia e Roraima, Representative of the Bradesco conglomerate in ANBIMA – Associação Brasileira das Entidades dos Mercados Financeiro e de Capitais, Executive Vice President of FEBRABAN - Federação Brasileira de Bancos (Brazilian Federation of Banks), Member of the Board of Directors of BBD Participações S.A. and of Cidade de Deus - Companhia Comercial de Participações, Chairman of the Board of Directors of 2b Capital S.A., Member of the Board of Directors (Representing Bradesco Organization) of CPM Holdings Limited, Member of the Board of Directors of IT Partners Limited, Managing Officer of Bradescard Elo Participações S.A.. He was Alternate Vice President of Board of Directors of Fidelity Processadora e Serviços S.A. Officer and Effective member of the Board of Directors of TECBAN - Tecnologia Bancária S.A.; Effective Member of the Fiscal Council of Tele Celular Sul Participações

Management

S.A.; Alternate member of the Fiscal Council of Tele Nordeste Celular Participações S.A; an Executive Officer of ACREFI – Associação Nacional das Instituições de Crédito, Financiamento e Investimento (National Association of Credit, Financing and Investment) and Vice Chairman of the Oversight Board of FNQ - Fundação Nacional da Qualidade (National Foundation of Quality).

Cassiano Ricardo Scarpelli, Executive Vice-President: Mr. Scarpelli graduated in Economics from Faculdade de Ciências Econômicas e Administrativas de Osasco – FEAO and he also attended a program at Queen’s School of Business in Ontario, Canada. He started his career at Banco Bradesco S.A. in June 1984 as a clerk. In February 2001 he was promoted to the position of Executive Superintendent. In March 2007 he was elected Department Officer, in February 2015, Executive Deputy Officer and, in January 2017, he was elected Executive Managing Officer. In March 2018, Executive Vice-President, the position he currently holds. He is member of the managing body and managing officer of Fundação Bradesco; Member of the Board of Directors of Cidade de Deus – Companhia Comercial de Participações; Member of the Board of Directors and of the Financial Risks Committee of B3 S.A. – Brasil, Bolsa, Balcão; President of the Regulation and Best Practices of Trading of Financial Instruments Council of ANBIMA - Brazilian Association of Financial Markets and Capital; Vice President of Banco Bradesco S.A., Banco Bradesco BBI S.A., Banco Losango S.A. – Banco Múltiplo, BEM – Distribuidora de Títulos e Valores Mobiliários Ltda., Bradesco Administradora de Consórcios Ltda., Bradesco Leasing S.A. – Arrendamento Mercantil, Bradesco – Kirton Corretora de Câmbio S.A., NCF Participações S.A., General Manager of Banco Bradesco BERJ S.A. and Kirton Bank S.A. - Banco Múltiplo (Multiple Bank); Managing Officer of Banco Bradesco Financiamentos S.A., Bradesco Elo Participações S.A. and NCD Participações and Officer of Nova Cidade de Deus Participações S.A.. His prior positions include: Member of the Fixed Income, Foreign Exchange and Derivatives Advisory Board of B3 S.A.; Member of the Products and Pricing Committee of B3 S.A. – Brasil, Bolsa, Balcão; Member of the Board of Directors of Bica de Pedra Industrial S.A., CP Cimento e Participações S.A., Iochpe-Maxion S.A., Latasa S.A.; Officer of Bradesco Saúde – Operadora de Planos S.A.; Effective Member of the Board of Directors of Iochpe-Maxion S.A. and Tecnologia Bancária S.A.; Sitting Member of the Board of Directors of Tigre S.A. – Tubos e Conexões; Effective Member of the Fiscal Council of Bradespar S.A., First Alternate Member of the Fiscal Council of Boavista Prev - Fundo de Pensão Multipatrocinado, Alternate Member of the Board of Directors of São Paulo Alpargatas S.A., Officer of BMC Asset Management – Distribuidora de Títulos e Valores Mobiliários Ltda. and of UGB Participações S.A.

Eurico Ramos Fabri, Executive Vice-President: Mr. Fabri graduated in Economics from UNICAMP – Universidade Estadual de Campinas and holds an Executive MBA in Finance from IBMEC Business School (1999), an Executive STC from Fundação Dom Cabral in partnership with Kellogg Graduate School of Management and completed an Advanced Management Program from the Harvard Business School – Boston, USA. In February 2008, he joined as Officer at Banco Finasa S.A., a financial institution incorporated by Banco Finasa BMC S.A., currently Banco Bradesco Financiamentos S.A. In December 2010, he was elected an Officer of Banco Bradesco S.A., in January 2012 a Department Officer, in February 2015, an Executive Deputy Officer, in January 2017, Executive Managing Officer. In March 2018, he was elected Executive Vice President, the position he currently holds. He is a Member of the Managing Board and Managing Officer of Fundação Bradesco; Member of the Board of Directors of Cidade de Deus – Companhia Comercial de Participações; Chairman of the Board of Directors of Gestora de Inteligência de Crédito S.A. and RCB Investimentos S.A.; Vice President of Banco Bradesco BBI S.A., Banco Bradesco BERJ S.A., Bradesco Leasing S.A. – Arrendamento Mercantil, Bradesco – Kirton Corretora de Câmbio S.A., Kirton Bank S.A. – Banco Múltiplo and NCF Participações; General Manager of Banco Bradesco S.A., Banco Bradesco Financiamentos S.A., Banco Losango S.A. – Banco Múltiplo, BEM – Distribuidora de Títulos e Valores Mobiliários Ltda., Bradesco Administradora de Consórcios Ltda and Bradesco Elo Participações Ltda and Officer of Nova Cidade de Deus Participações. He was Member of the Board of Directors of Cielo S.A., of Companhia Brasileira de Soluções e Serviços and of Elo Participações S.A.; Alternate Member of the Board of Directors of Aquarius Participações S.A., Fidelity Processadora S.A. and Fidelity Serviços e Contact Center S.A.

Rogério Pedro Câmara, Executive Vice-President: Mr. Câmara graduated in Business Administration from Universidade Paulista - UNIP and holds a MBA - Controller from Fundação Instituto de Pesquisas Contábeis, Atuariais e Financeiras from Universidade de São Paulo - FINEC/USP, post-graduate “Lato Sensu” - MBA with specialization in Knowledge, Technology and Innovation from Fundação Instituto de Administração - FIA (FEA/USP), International Module - MBA in Knowledge, Innovation and Technology from Bentley College -

Management

Waltham Massachusetts – USA, Advanced Management Program from Fundação Dom Cabral, Advanced Management Program - IESE Business School from University of Navarra, São Paulo, SP, International Executive Programs: Changing the Game: Negotiation and Competitive Decision Making from Harvard Business School - Boston, USA, Customer - Focused Innovation Program and Leading Change and Organizational Renewal Program from The Stanford University Graduate School of Business - California, USA, Making Strategy Work: Leading Effective Execution and Strategic Thinking and Management for Competitive Advantage Program from The Wharton School - Filadelfia, EUA, The Leadership at the Peak Program from Center for Creative Leadership - Colorado Springs, USA. The Advanced Strategy Program: Building and Implementing Growth Strategies, High Performance Leadership and in The Executive Development Program from The University of Chicago Booth School of Business - Chicago, USA. In June 1983, he began his career at Banco Bradesco SA. In December 2008, he was promoted to the position of Executive Superintendent, in June 2011, he was elected Officer, in January 2012, Department Officer and, in January 2017, he became a Deputy Executive Officer, in January 2019 as Managing Executive Officer and in March 2021, an Executive Vice-President. He is also a Managing Officer of Banco Bradescard S.A., Bradesco-Kirton Corretora de Câmbio S.A, BBC Processadora S.A. (ex-Fidelity Processadora S.A.) and of Kirton Bank S.A. - Banco Múltiplo; Member of the Managing Body of Fundação Bradesco; Alternate Member of the Board of Directors of Câmara Interbancária de Pagamentos – CIP and Officer of Scopus Desenvolvimento de Sistemas Ltda, Scopus Soluções em TI Ltda and of ShopFácil Soluções em Comércio Eletrônico S.A.. He had a previous experience in Alternate Member of the Fiscal Council of Top Clube Bradesco, Segurança, Educação e Assistência Social and Officer of Scopus Industrial S.A.

Moacir Nachbar Junior, Executive Managing Officer: Mr. Nachbar Junior received a degree in Accounting, a post-graduate Degree in Finance Administration from Faculdade Campos Salles, an MBA in Controller from Universidade de São Paulo and Tuck Executive Program from Tuck School of Business at Dartmouth, in Hanover, New Hampshire, USA. He began his career at Banco Bradesco S.A. in June 1979, being elected Department Officer in March 2005. In January 2012, he was elected Executive Deputy Officer and Executive Managing Officer in February 2015, a position he currently holds. In March 2018, he became liable for the Risk Management of our organization, being elected Chief Risk Officer. Mr. Nachbar Junior is a member of Fundação Bradesco's managing body. He is also Alternate Member of the Advisory Board of Fundo Garantidor de Créditos – FGC; Member of the Directing Council, Member of the Audit and Accounting Standards Commission and Member of the Capital Market Commission of the Brazilian Association of Listed Companies – ABRASCA; Member of the Board of Directors of *CPM Holdings Limited*; Member of the Board of Directors of *IT Partners Limited*; Vice Chairman of the Board of Directors of 2bCapital S.A.; Managing Officer of Ágora Corretora de Seguros S.A., Banco Bradescard S.A., Banco Bradesco BBI S.A., Banco Losango S.A. – Banco Múltiplo, Bankpar Brasil Ltda., BBC Processadora S.A., Bradesco Administradora de Consórcios Ltda., Bradesco-Kirton Corretora de Câmbio S.A., Bradesco Leasing S.A. – Arrendamento Mercantil, Kirton Bank S.A. – Banco Múltiplo, Nova Marília Administração de Bens Móveis e Imóveis Ltda and Tempo Serviços Ltda and Member of the Board of Directors of Banco Bradesco Europa. He was Officer and Effective Member of the Fiscal Council of Boavista Prev - Fundo de Pensão Multipatrocinado; Member of the Banking Self-Regulation Council of Federação Brasileira de Bancos – FEBRABAN; Alternate Member of the Board of Directors of Fidelity Processadora e Serviços S.A.; Alternate Member of the Fiscal Council of Top Clube Bradesco, Segurança, Educação e Assistência Social; Sitting Member of the Board of Directors of Valepar S.A and Alternate Member of the Board of Directors and Member of the Compliance and Risk Committee of Vale S.A.

Walkiria Schirrmeister Marchetti, Executive Managing Officer: Mrs. Marchetti graduated in Mathematics from Faculdade de Ciências e Letras Teresa Martin, completed a specialization program in System Analysis from Instituto Presbiteriano Mackenzie and completed an MBA in Banking from Fundação Instituto de Administração - FIA. Mrs. Marchetti also attended programs at The Wharton School - Strategic Thinking and Management for Competitive Advantage Program – Pennsylvania, USA; Columbia Business School - Columbia Senior Executive Program - New York, USA; and Harvard Business School - Negotiation and Competitive Decision Making – Boston, USA. She began her career at Banco Bradesco S.A. in May 1981. In September 1998 she was promoted to the position of Executive Superintendent. In March 2007, she was elected Department Officer, and, in February 2015, Executive Deputy Officer, and, in January 2017, Executive Managing Officer, the position she currently holds. She is a Member of the Managing Body of Fundação Bradesco and Managing Officer of the Board of Banco Losango S.A. – Banco Múltiplo, Bradesco Leasing S.A. Arrendamento Mercantil and BBC Processadora (ex-Fidelity Processadora S.A.).

Management

Bruno D'Avila Melo Boetger, Executive Managing Officer: Mr. Boetger graduated in Business Administration from Escola de Administração de Empresas de São Paulo of Fundação Getúlio Vargas (FGV/EAESP) and holds a Master Degree in business Administration – Concentration in Finance from Cornell University – Johnson Graduate School of Management – Ithaca, New York and also a Senior Executive Program – Strategy, Leadership and Transformation from London Business School, Executive Education – London, England. He began his career in 1994 at Citicorp Securities Inc., New York (USA), where he remained until 1996. From 1997 to March 2007 he worked at the companies Salomon Brothers Inc., Citigroup Global Markets Inc. (USA), and Salomon Smith Barney Representações Ltda. In April 2007 he joined Banco Bradesco BBI S.A. holding the position of Executive Superintendent and, in April 2008, he was elected Officer, remaining until March 2012. In August 2011, he joined Banco Bradesco S.A. as General Manager in the New York Branch (USA), holding the position until January 2014, when he was elected Department Officer. In December 2017, he was elected Executive Deputy Officer and in January 2019, he was elected Executive Managing Officer, the position he currently holds. He is also a Member of the Managing Body of Fundação Bradesco, Managing Officer of Banco Losango S.A. - Banco Múltiplo and of Bradesco-Kirton Corretora de Câmbio S.A. and Vice Chairman of the Board of Directors of Bradesco Securities, Inc. and of Securities UK Limited. He was Managing Officer of Banco Bradesco Cartões S.A., CEO of Bradesco North America LLC and of BRAM US LLC (USA), Vice President of Salomon Brothers Inc. – New York, USA, Effective Member of the International Business Sectorial Committee of FEBRABAN – Federação Brasileira de Bancos (Brazilian Federation of Banks), Manager of Bradesco Overseas Funchal – Consulting Services, Sociedade Unipessoal Lda and Officer of Banco Bradesco Argentina S.A., Citigroup Global Markets Inc. – New York, USA, and of Salomon Smith Barney Representações Ltda. – São Paulo, Brazil.

Guilherme Muller Leal, Executive Managing Officer: Mr. Leal graduated in Economy Science from Universidade Santa Úrsula - USU and holds a postgraduate *Latu Sensu* - Specialization Level in Corporate Finance from Pontifícia Universidade Católica do Rio de Janeiro - PUC-Rio and Executive Development Program - PDE from Fundação Dom Cabral, in the following international executive programs: Authentic Leadership Development and Behavioral Economics: Designing Strategic Solutions For Your Customer and Your Organization from Harvard Business School - Boston, Massachusetts - USA, Executive Education Program from New York Trend Consulting - NYTC - New York - USA, Wharton Advanced Management Program and Executive Negotiation Workshop: Bargaining for Advantage from University of Pennsylvania - The Wharton School - Philadelphia - Pennsylvania - USA, and Leadership at the Peak Program from Center for Creative Leadership Staff and Leadership at the Peak Participants - Colorado Springs – USA. He started working at Banco Bilbao Vizcaya Argentaria Brasil S.A. in August 1999, subsequently called Banco Alvorada S.A. and incorporated by Kirton Bank S.A. – Banco Múltiplo, where he reached the position of Corporate Deputy Officer. In September 2003, he was transferred to Banco Bradesco S.A. In June 2007, he was promoted to the position of Executive Superintendent, in February 2011, he was elected Officer, in January 2012, he became Department Officer and, in January 2017, he became an Executive Deputy Officer, and, in January 2019, he was elected Executive Managing Officer. He is also a Member of the Managing Body of Fundação Bradesco, Managing Officer of Banco Bradesco BERJ and Bradesco Leasing S.A. – Arrendamento Mercantil. He was Managing Officer of Bradesco Cartões S.A.

João Carlos Gomes da Silva, Executive Managing Officer: Mr. Silva graduated in Accounting from Faculdade de Administração e Economia (FAE) and holds a MBA in Business Management and Executive MBA (distance learning) in Business Administration - Focused on Banking from Fundação Getúlio Vargas – FGV and AMP - Advanced Management Program from IESE Business School - University of Navarra, São Paulo. He began his career at Banco Bradesco S.A., in June 1981. In May 1992, he was promoted to the position of Branch Manager and, in April 2004, he became Regional Manager. In December 2009, he was elected Regional Officer, in January 2012, Department Officer and in February 2017, he was elected Executive Deputy Officer, and in January 2019, he was elected Managing Executive Officer. He is also a Member of the Managing Body of Fundação Bradesco; Managing Officer of the Banco Bradesco Losango S.A. – Banco Múltiplo and Managing Officer of the Bradesco Administradora de Consórcio Ltda. His previous professional experiences include being Member of the Management Committee of Portability of the Credit Operations of FEBRABAN - Federação Brasileira de Bancos; Secretary Officer of ABEL - Associação Brasileira das Empresas de Leasing; Vice Chairman of the Directing Council of ACREFI - Associação Nacional das Instituições de Créditos, Financiamentos e Investimento; Member of the Advisory Board of Associação Comercial de São Paulo; Vice Chairman and Sitting Member of the Board of Directors of CIBRASEC - Companhia Brasileira de Securitização; Secretary Officer of Sindicato Nacional das

Management

Empresas de Arrendamento Mercantil (Leasing). He was also a Member of the Advisory Board of Associação Comercial de São Paulo (Commercial Association of São Paulo); Sitting Vice Chairman of the Directing Council and Effective Member of the Deliberative Council of ABECIP - Associação Brasileira das Entidades de Crédito Imobiliário e Poupança; Deputy Member of the Board of Directors of CIP - Câmara Interbancária de Pagamentos; Effective Counselor of CIESP *Castelo* - Centro das Indústrias do Estado de São Paulo; Alternate Counselor of the Managing Board of Fundo Garantidor Habitacional – CGFGH; Member of the Advisory Board of FIABCI-BRASIL – Capítulo Nacional Brasileiro da Federação Internacional das Profissões Imobiliárias; Sectorial Officer of the Comissão de Serviços Bancários (Banking Services Commission); Sectorial Officer of Credit Products for Legal Entities; Deputy Officer of Executive Commission of Banking Products for Individuals of FEBRABAN - Federação Brasileira de Bancos.

Glaucimar Peticov, Executive Managing Officer: Mrs. Peticov graduated in Psychology from Universidade São Marcos and holds a post-graduate “*Lato Sensu*” in Human Resources Administration from Fundação Armando Alvares Penteado – CENAP, she completed a Marketing Specialization of Fundação Getúlio Vargas – FGV and an Advanced Management Program from Fundação Dom Cabral. Mrs. Peticov also attended programs at Strategic Human Resource Planning from University of Michigan Business School – Ann Arbor, Michigan, USA, Senior Executive Program from Columbia Business School – New York, USA, Negotiation and Competitive Decision-Making from Harvard Business School- Boston, USA and Leadership at the Peak Program from Center for Creative Leadership – Colorado, USA. She began her career in August 1984, at Banco Econômico and then, she worked at Banco Excel Econômico S.A. and also at Banco Bilbao Vizcaya Argentaria Brasil S.A, subsequently called Banco Alvorada S.A. and incorporated by Kirton Bank S.A. – Banco Múltiplo. In September 2003 she was transferred to Banco Bradesco S.A., and, in December 2009, she was promoted to the position of Executive Superintendent. In June 2011, she was elected Department Officer, currently responsible for the Human Resources Department and for UNIBRAD – Universidade Corporativa Bradesco and, in March 2018, she was elected Executive Deputy Officer. She is also a Member of Managing Body of Fundação Bradesco; Chief Executive Officer of ARFAB - Associação Recreativa dos Funcionários da Atlântica-Bradesco and Clube Bradesco de Seguros; Member of the Advisory Board of Global Council of Corporate Universities (Global CCU); Secretary Officer of SINDICREFI - Sindicato das Sociedades de Crédito, Financiamento e Investimento do Estado de São Paulo. She was an Officer of ADC Bradesco - Associação Desportiva Classista; Officer of Generation and Knowledge and Content Management of ABRH Brasil – Associação Brasileira de Recursos Humanos (Brazilian Association of Human Resources); Secretary Officer of FENACREFI - Federação Interestadual das Instituições de Crédito, Financiamento e Investimento; Member of the Deliberative Council of FEBRACORP Live University and Deputy Member of Fiscal Council of Top Clube Bradesco, Segurança, Educação e Assistência Social.

José Ramos Rocha Neto, Executive Managing Officer: Mr. Rocha Neto, graduated in Economy from Universidade Federal de Pernambuco - UFPE and holds a post-graduate degree qualification “*Lato Sensu*” in Business Administration from Fundação Getúlio Vargas – FGV – EAESP, International Executive Programs from Wharton Business School, Harvard Business School, IESE Business School and Center for Creative Leadership and Executive Development Program from Fundação Dom Cabral, Stanford University School of Business, and Amana Key. In May 2000, he joined, as Corporate Branch Officer at Banco Bilbao Vizcaya Argentaria Brasil S.A., subsequently called Banco Alvorada S.A. and incorporated by Kirton Bank S.A. – Banco Múltiplo, where he also held the position of Trade Finance and Business Development Executive Superintendent. In September 2003, he was transferred to Banco Bradesco S.A., being, in December 2009, elected as Officer and, in June 2011, Department Officer. In March 2018, he was elected Deputy Executive Officer, position currently held. He is also a Member of the Managing Body of Fundação Bradesco; Officer of BEM - Distribuidora de Títulos e Valores Mobiliários Ltda; Superintendent Officer of Bradesco Administradora de Consórcios Ltda; Effective Vice President of the Managing Board and Effective Member of the Deliberative Council of ABECIP (Brazilian Association of Real Estate Credit and Savings Entities); President of the Distribution Forum of ANBIMA - Associação Brasileira das Entidades dos Mercados Financeiro e de Capitais and Deputy Officer of Bradesco Leasing S.A. – Arrendamento Mercantil. He was a President and Effective Member of the Retail Product Distribution Committee of ANBIMA - Associação Brasileira das Entidades dos Mercados Financeiro e de Capitais; Superintendent Officer of BEC - Distribuidora de Títulos e Valores Mobiliários Ltda;; Officer of BRAM - Bradesco Asset Management S.A. Distribuidora de Títulos e Valores Mobiliários; Officer of Kirton Gestão de Recursos Ltda; Member of the Board of Executive Officers and of the Advisory Board of Association of Commerce of São Paulo – ACSP; Deputy Member of the Board of Directors

Management

of CIBRASEC - Companhia Brasileira de Securitização and Member of Management Committee of Credit Operation Portability of FEBRABAN – Federação Brasileira de Bancos.

Antonio José da Barbara, Executive Deputy Officer: Mr. Barbara, graduated in Business Administration from Centro Universitário Anhanguera de São Paulo (Ibero-Americano), and holds a post-graduate “*Lato Sensu*” in Financial Management from Fundação Escola de Comércio Álvares Penteado - FECAP. He started his career at Banco Bradesco S.A. in June 1984. In May 2009, he was elected Officer, responsible for the General Secretariat, and, in December of the same year, he became Department Officer. In January 2019, he was elected Executive Deputy Officer. He is Member of Fundação Bradesco’s Managing Body, Officer of Banco Bradesco BBI S.A., Deputy Officer of Bradesco Leasing S.A. – Arrendamento Mercantil and Effective Member of the Fiscal Council of Top Clube Bradesco, Segurança, Educação e Assistência Social. He was a Deputy Officer of Banco Bradesco Cartões S.A., Effective Member of the Fiscal Council of Bradespar S.A., Alternate Member of the Fiscal Council of Boavista Prev - Fundo de Pensão Multipatrocinado, of Vale S.A. and of Cielo S.A. and Officer of NCD Participações Ltda.

Edson Marcelo Moreto, Executive Deputy Officer: Mr. Moreto, graduated in Arts from FATEA - Faculdades Integradas Tereza D’Ávila and also graduated in Electrical Engineering from UNISANTA - Universidade Santa Cecília. He joined Banco Excel Econômico S.A. in October 1996, institution acquired by Banco Bilbao Vizcaya Argentaria Brasil S.A., subsequently named Banco Alvorada S.A. and incorporated by Kirton Bank – Banco Múltiplo S.A. In September 2003 he was transferred to Banco Bradesco S.A. with the position of Credit Manager and, in August 2010 he was promoted to the position of Executive Superintendent. In March 2014 he was elected Officer, in February 2015, Department Officer and, in January 2019, Executive Deputy Officer. Currently, he is Member of the Managing Body of Fundação Bradesco, Member of Management Board of Bradescard México, Sociedad de Responsabilidad Limitada, Member of the Credit Committee of Elo Serviços S.A., Effective Member of the Credit Executive Committee of FEBRABAN - Federação Brasileira de Bancos, Alternate Member of the Board of Directors of Gestora de Inteligência de Crédito S.A. and Member of Board of Directors of RCB Investimentos S.A. He was a Commercial Manager of Banco Safra S.A. from March 1996 to August 1996, and of Banco Nacional S.A. from 1985 to 1996 and Deputy Officer of Banco Bradesco Cartões S.A.

José Sérgio Bordin, Executive Deputy Officer: Mr. Bordin, graduated in Accounting from Faculdade de Ciências Contábeis e Atuariais da Alta Noroeste, holds an MBA *In Company* - “Banking Business” from Fundação Getúlio Vargas - Business Administration School of São Paulo (Escola de Administração de Empresas de São Paulo) - FGV/EAESP and an *Advanced Management Program* from the IESE - University of Navarra, São Paulo. In September 1996, he joined Banco Excel Econômico S.A., an institution acquired by Banco Bilbao Vizcaya Argentaria Brasil S.A., subsequently called Banco Alvorada S.A. and incorporated by Kirton Bank S.A. – Banco Múltiplo. In September 2003, he was transferred to Banco Bradesco S.A., and was elected Regional Officer in December 2009, a position he held until January 2014, when he was elected Managing Officer of Bradesco Capitalização S.A., remaining there until January 2015, when he was elected General Officer of Bradesco Auto/RE Companhia de Seguros, where he worked until October 2017. From March to December 2017, he held the position of General Officer of Bradesco Administradora de Consórcios Ltda., returning to Banco Bradesco as Department Officer. In January 2019, he was elected Executive Deputy Officer. He is also Member of the Managing Body of Fundação Bradesco. He was a General Officer of Atlântica Companhia de Seguros, Bradesco Seguros S.A., Bradesco Administradora de Consórcios Ltda, Bradseg Participações S.A., Bradseg Promotora de Vendas S.A., BSP Affinity Ltda., Ipê Holdings Ltda., Kirton Participações e Investimentos Ltda., and Kirton Seguros S.A. He was also Member of the Insurance and Reinsurance Business Council of the Commercial Association of Rio de Janeiro – ACRJ, Member of the National Council (representing Bradesco Administradora de Consórcios Ltda.) at ABAC – Brazilian Association of Consortium Administrators and SINAC – National Union of Consortium Manager, Vice President of the Federação Nacional de Seguros Gerais – FenSeg, and Officer of Associação de Bancos no Estado do Rio de Janeiro - ABERJ, of Sindicato dos Bancos do Estado do Rio de Janeiro - SBERJ, and of Federação Nacional de Capitalização - FenaCap.

Roberto de Jesus Paris, Executive Deputy Officer: Mr. Paris, graduated in Business Administration from Universidade Paulista - UNIP, holds a post-graduate qualification *Latu Sensu* - Executive MBA in Finance focused in Finance Market from Insper - Instituto de Ensino e Pesquisa and an Executive Education Program - Graduate

Management

School of Business - Columbia University, New York, USA Chartered Financial Analyst (CFA), CFA Institute, Virginia, EUA. He began his career at Banco Bradesco S.A. in January 1987. In May 2007, he was promoted to the position of Executive General Manager. In June 2011, he was elected Officer, in February 2015, Department Officer, and, in January 2019, Executive Deputy Officer, the position he currently holds. He is also a Member of Fundação Bradesco's Managing Body, Sector Officer of the Executive Commission of Treasury Operations of FEBRABAN - Federação Brasileira de Bancos, Representative of Bradesco in negotiating forum of ANBIMA - Associação Brasileira das Entidades dos Mercados Financeiro e de Capitais and Extern member of the Committee of Product and Pricing of the B3 S.A. – Brasil, Bolsa, Balcão. He was Vice President of the Treasury Matters Committee of ANBIMA - Associação Brasileira das Entidades dos Mercados Financeiro e de Capitais and Member of the Board of Directors and of the Committees of Pricing of CETIP S.A. – Mercados Organizados.

Leandro Miranda Araujo, Executive Deputy Officer: Mr. Araujo, graduated in Law from Universidade do Estado do Rio de Janeiro – UERJ, holds an Executive MBA in Finance from IBMEC (Capital Markets Brazilian Institute) and an MBA from The University of Michigan Business School, USA. In July 2011, he began at Banco Bradesco BBI S.A. as Executive Superintendent. He was appointed as Managing Officer in February 2015. He joined Banco Bradesco S.A., in January 2019, and he was elected Deputy Executive Officer and taking over the function of Investor Relations Officer. He is also Member of the Board of Directors and CEO of 2bCapital, Deputy Officer and Investor Relations Officer of Bradesco Leasing – Arrendamento Mercantil and Deputy Officer and Investor Relations Officer of NCF Participações. He was a Managing Officer of Banco Bradesco BBI S.A., Manager of Alternative Investments at Credit Suisse Asset Management S.A., Manager, Partner of Fixed Income at BTG Invest Ltda/Banco BTG Pactual S.A., Chairman at Principal Partners Ltda, Executive Officer of the Capital Market at Banco Santos S.A., Manager of Debt Capital Markets at Banco Santander S.A., Manager of International Debt Capital Markets at Banco Bozano, Simonsen S.A., Corporate Finance Manager at Banco Liberal S.A. and Legal Intern at Banco BBM S.A.

Edilson Wiggers, Executive Deputy Officer: Mr. Wiggers, studied Strategic Management of Products and Services Transactions, and Management and Financing at the Escola de Administração de Empresas de São Paulo (São Paulo School of Business Management) of Fundação Getulio Vargas - FGV/EAESP, Excellence in Leadership from Stanford University - Graduate School of Business, in a partnership with IEL - Instituto Euvaldo Lodi – RS, Advanced Management Program (AMP) from IESE Business School - University of Navarra, São Paulo, SP. He started his career in November 1986 at Banco Econômico S.A., a financial institution which was acquired by Banco Excel Econômico S.A. and, later, by Banco Bilbao Viscaya Argentaria Brasil S.A., current named of Banco Alvorada S.A., where he reached the position of Branches Executive Superintendent. In September 2003, he was transferred to Banco Bradesco S.A. being, in August 2010, elected Officer and in June 2011, Department Officer and, since 2017, is responsible for the Internal Audit of Bradesco Organization, and in January 2021 he was promoted to Deputy Executive Officer, remaining responsible for the General Inspectorate Department.

Oswaldo Tadeu Fernandes, Executive Deputy Officer: Mr. Fernandes graduated in Accounting Sciences from Faculdades Metropolitanas Unidas – FMU, with a post graduate course in Controllershship from Fundação Armando Alvares Penteado – FAAP and in Financial Management from Faculdade de Economia e Administração - FEA/USP, he also holds an MBA in Controllershship from Universidade de São Paulo – USP. He began his career at Banco Bradesco S.A. in March 1985. In February 2008 he was promoted to the position of Department Manager of the General Accounting Department and, in June 2011, to the position of Executive Superintendent, until March 2012, when he started to carry out his functions at Banco Bradesco BBI S.A., where he was elected Officer in March 2014. Back to Bradesco, he was elected Officer in March 2018. In January 2019, he was promoted to the position of Department Officer and, in March 2021, he was promoted to Executive Deputy Officer. He is also a Member of the Managing Body of Fundação Bradesco; Member of the Board of Directors of the RCB Investimentos S.A. He was also Officer of Agora Corretora de Títulos e Valores Mobiliários S.A., of Bradesco S.A. Corretora de Títulos e Valores Mobiliários, Officer of Banco Bradesco BBI S.A. and of Bradesco Kirton Corretora de Câmbio S.A. and he was also an Alternate Member of the Fiscal Council of Iochpe - Maxion S.A. and of Alpagatas S.A.

Management

Conflicts of Interests

As of the date of this Base Prospectus, the members of our Board of Directors and members of our Board of Executive Officers do not have any potential conflicts of interests that are material to the Notes, between any duties to us and their private interests, or other duties.

Compensation

At the annual shareholders meeting, our shareholders establish the maximum aggregate compensation of the members of our Board of Directors and Board of Executive Officers for the ensuing year.

At the General Shareholders' Meetings, held annually, the maximum aggregate remuneration is established for our Board of Directors and our Board of Executive Directors, made up of our Executive Officers, Directors Departmental Officers, Directors, Regional Directors and Directors of our subsidiaries for the current year. In 2020, our shareholders determined the maximum aggregate amount of compensation for our Board of Directors and our Statutory Board and our subsidiaries was R\$871.6 million, part of which relates to the social security contribution to the INSS.

In 2020, our Board of Directors, our Board of Executive Directors and our subsidiaries received aggregate compensation of R\$534.7 million, part of which relates to the social security contribution to the INSS. Management remuneration was partly paid as variable remuneration and the current policy establishes that 50.0% of the net amount is allocated to the acquisition of PNB shares issued by BBD Participações S.A (“**PNB BBD Shares**”) and/or our PN shares issued by Bradesco (“**PN Bradesco Shares**”), which will be available in three equal, annual and successive installments, with the first installment due in the subsequent year from the payment. This procedure is in compliance with CMN Resolution No. 3,921/10, which provides for the remuneration policy of directors of financial institutions. Our Directors, our Statutory Board and our subsidiaries are eligible to participate in supplementary pension plans available to all of our employees. In 2020, we contributed R\$513 million to pension plans on behalf of our Directors, Statutory Officers and our subsidiaries.

In 2019, our shareholders approved a maximum aggregate compensation of R\$852.9 million for the members of our Board of Directors and Board of Executive Officers.

In 2018, our shareholders approved a maximum aggregate compensation of R\$530.7 million for the members of our Board of Directors and Board of Executive Officers. They received an aggregate compensation of R\$485.9 million for their services, whether as members of the Board of Directors or Board of Executive Officers, as applicable.

In 2017, our shareholders approved a maximum aggregate compensation of R\$456.3 million for the members of our Board of Directors and Board of Executive Officers

Members of our Board of Directors and Board of Executive Officers are eligible to participate in the same complementary retirement pension plans available to all our employees.

Board Practices

Our shareholders elect the members of our Board of Directors at the annual general shareholders meeting for two-year terms; the directors can be re-elected for consecutive terms. The Board of Directors appoints the members of our Board of Executive Officers for two-year terms, which can also be extended for consecutive terms.

There are 24 departmental officers, 27 officers and 16 regional officers on the Board of Executive Officers. The departmental and regional officers direct the business of each of our various divisions and branches and report to the Board of Executive Officers. The officers carry out specific activities from time to time designated to them. To become an officer or a departmental or regional officer, one must be an employee or executive officer at Bradesco or one of our affiliates and be less than 65 years old at the time of appointment, such requirement was approved by our by-laws on March 12, 2018.

Management

To become a senior member of our Board of Executive Officers, one must have worked for us or our affiliates for a minimum of ten consecutive years and be less than 65 years old at the time of appointment.

Members of our Board of Directors are not required to be or to have been our employees, and service as a member of our Board of Directors does not constitute employment with us.

Fiscal Council

Under Brazilian law, corporations may have a Fiscal Council (or *Conselho Fiscal*), which is an independent corporate body, with general monitoring and supervision powers as set forth in the Brazilian Corporate Law. Our by-laws provide for a fiscal council and specify that, if our shareholders convene a fiscal council, it shall have from three to five members.

Our fiscal council has five members (Cristiana Pereira, Ivanyra Maura de Medeiros Correia, Ariovaldo Pereira, Domingos Aparecido Maia and José Maria Soares Nunes) and five alternates (João Batista de Moraes, João Carlos de Oliveira, Mario Luna, Eduardo Badyr Donni and Ava Cohn), all of whom were appointed on March 10, 2021. In accordance with Brazilian Corporate Law, our fiscal council has the right and obligation to, among other things:

- through any of its members, supervise the actions of our managers and verify the fulfillment of their duties;
- review the financial statements, the independent auditor's report and any management reports, prior to their disclosure;
- review and issue opinions regarding our financial statements prior to their disclosure, including the explanatory notes to the financial statements, the independent auditor's report and any management reports;
- opine on any management proposals to be submitted to the shareholders' meeting related to:
- changes in our share capital,
- issuances of debentures or rights offerings entitling the holder to subscribe for equity,
- investment plans and capital expenditure budgets,
- distributions of dividends, and
- transformation of our corporate form and corporate restructurings - that is, mergers and spin offs;
- inform our management of any error, fraud, or felony it discovers and suggest measures management should take in order to protect our best interests, and, if our management fails to take these necessary steps, to inform the shareholders' meeting; and
- call general shareholders' meetings if management delays the general shareholders' meeting for more than one month and call special shareholders' meetings in case of material or important matters.

Board Committees

Audit Committee

Pursuant to our by-laws and Central Bank requirements, our audit committee, since July 2004, has three to five members, each of whom serves a term of two years. Members are appointed by, and may be re-appointed or replaced by, the Board of Directors. The current coordinator of the committee is Alexandre da Silva Glüher and its current members are Paulo Ricardo Satyro Bianchini, José Luis Elias and Amaro Luiz de Oliveira Gomes. We

Management

believe that our audit committee is able to act independently in performing the responsibilities of an audit committee under the U.S. Sarbanes-Oxley Act of 2002.

The responsibilities of the audit committee include:

- establishing its own rules of operation;
- recommending to the Board of Directors which outside firm should be hired to provide independent audit services and the amount of compensation such firm should receive;
- reviewing financial statements prior to their disclosure, including the explanatory notes to the financial statements, the independent auditor's report and any management reports;
- establishing policies and procedures for responding to any reports or allegations of a failure to comply with applicable legal requirements or internal codes and regulations, including procedures to ensure the confidentiality and protection of any person providing information regarding such failures;
- evaluating the work of both the internal and the independent auditors, including their compliance with applicable legal obligations and internal regulations and codes;
- meeting with the Board of Executive Officers and both the independent and the internal auditors at least quarterly;
- assessing the Board of Directors' responsiveness to any recommendations made by the independent or internal auditors;
- advising the Board of Directors regarding any conflicts between the external auditors and the Board of Executive Officers;
- recommending policies, practices and procedures for improving the performance of the Board of Directors; and
- following up on its recommendations and requests for information, including confirmation that its recommendations and reports are memorialized in our records.

Remuneration Committee

The remuneration committee is composed by three to seven members, chosen among the members of our Board of Directors, except for one member that will be, necessarily, non-manager, all of whom serve a term of two years. One of them shall be designated Coordinator.

The committee's primary responsibility is to assist the Board of Directors in establishing the compensation policy applicable to our managers.

Integrated Risks Management and Capital Allocation Committee

The integrated risks management and capital allocation committee consists of at least five members, each formally appointed and dismissed by the Board of Directors, including the Coordinator.

The committee's primary responsibility is to advise the Board of Directors in the performance of its tasks related to the management and control of risks and capital.

Management

Risks Committee

The risk committee consists of three to five members, all of them formally appointed and dismissed by the Board of Directors, including its Coordinator.

The committee's primary responsibility is to advise our Board of Directors in the performance of its duties related to risk and capital management

Integrity and Ethical Conduct Committee

The integrity and ethical conduct committee consists of, at least, five members, all of them formally appointed and dismissed by the Board of Directors, including its Coordinator.

The committee's primary responsibility is to propose actions to the Board of Directors as to the dissemination and compliance with our Code of Ethical Conduct, both corporate and by sector, as well as the rules of conduct related to anti-corruption and competition in order to ensure their efficiency and effectiveness.

Sustainability and Diversity Committee

The Sustainability and Diversity Committee consists of at least five members, all of them formally appointed and dismissed by the Board of Directors, including its coordinator.

The committee's primary responsibility is to advise the Board of Directors in the performance of its duties related to the fostering of sustainability strategies, including the creation of guidelines and corporate actions with a view to balancing economic growth with social responsibility.

Succession and Nomination Committee

The Succession and Nomination Committee consists of at least five members, all of them formally appointed and dismissed by the Board of Directors, including its coordinator.

The committee's primary responsibility is to advise the Board of Directors in the implementation of the Management, Succession and Nomination Policy and in the process of appointing qualified employees.

Employees

As of December 31, 2020, we had 89,575 employees (of which 78,613 were employed by Banco Bradesco and 10,962 were employed by our subsidiaries), compared to 97,329 employees at December 31, 2019.

The following table sets forth the number of our employees and a breakdown of employees by main category of activity as of the dates indicated:

	As of December 31,		
	2020	2019	2018
Bradesco.....	78,613	86,213	85,815
Bradesco's subsidiaries	10,962	11,116	12,790
Total number of employees.....	89,575	97,329	98,605

We generally hire our employees at entry level, and encourage them to remain with us throughout their careers. We offer our employees opportunities for growth, challenges, benefits and personalized self-development, through Universidade Corporativa Bradesco ("UNIBRAD").

We consider our relations with our employees, as well as with labor unions, to be good, in large part due to our philosophy of internal promotion and open communication. We have not experienced any strikes during the past four years. We are party to two collective bargaining agreements: one relating to our banking employees and the other to our insurance sector employees.

Management

We offer our employees benefits which include a Bradesco Saúde health plan which permits beneficiaries to choose their doctors, hospitals and dentists throughout the country, supplementary retirement and pension plans, in which 59.4% of our employees participate, and subsidized life and accident insurance. We also have a team of social workers and psychiatrists who work with our employees and their dependents. These benefits apply regardless of the employee's position. In accordance with our collective bargaining agreement, we also offer our employees profit-sharing compensation plans.

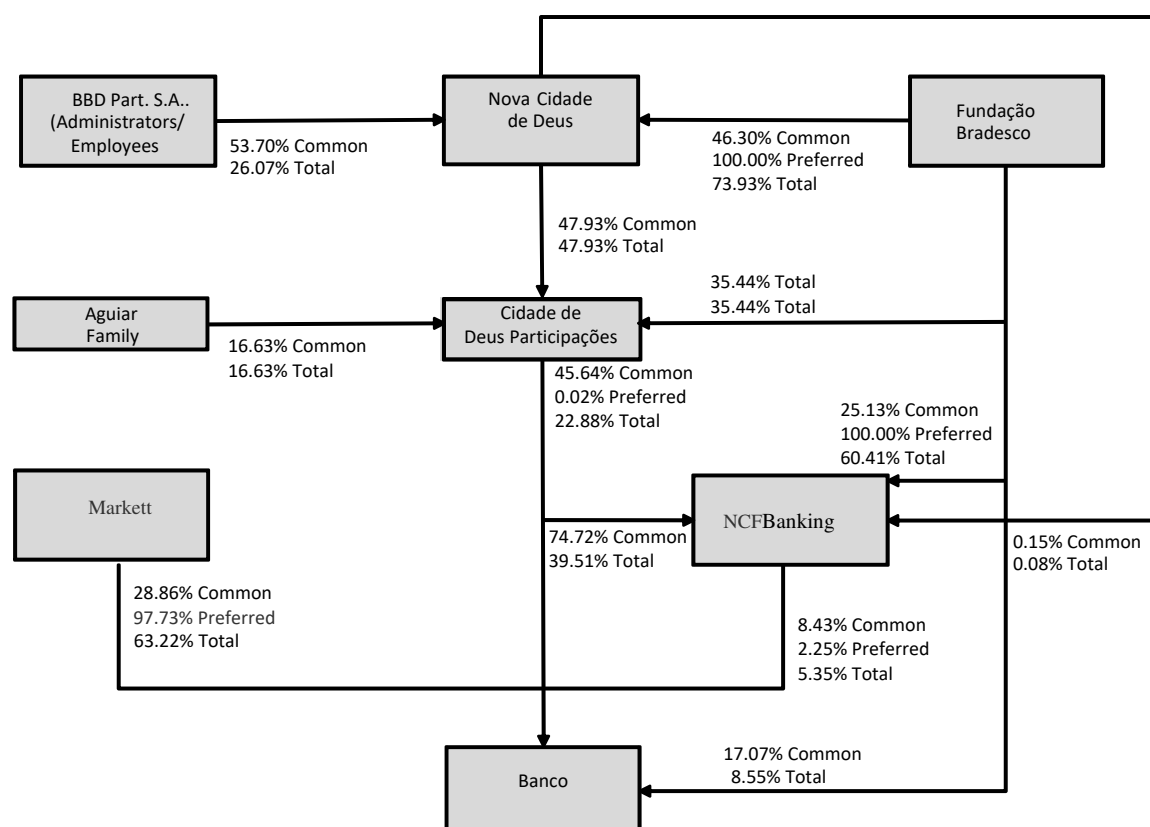
In the last year, UNIBRAD provided professional improvement and development, stimulating the collaborative construction of knowledge. In 2020, we invested approximately R\$85 million in training and skills improvement courses for 2 million participants. In 2019, we invested approximately R\$186,818,834 million in training and skills improvement courses for 1,035,288 participants. Our professional training department prepares and delivers personnel training courses in operating, technical and behavioral areas. We have also launched the Extraordinary Performance Award (PDE) which rewards employees who have exceeded the performance standards.

We constantly work to build a balanced and barrier-free corporate environment, ensured by a governance of representative diversity and attentive to inclusive demands. As of December 2020, 50.6% of our workforce throughout Brazil was composed of women, and 26.5% were of African descent. Consistent with these fundamentals, we signed the following commitments: Business Coalition to End Violence against Women and Girls, LGBTI + Business and Rights Forum, and "The Valuable 500 Commitment." We also reaffirmed our inclusion in the Bloomberg Gender-Equality Index. All of these initiatives support our operations and put us at the forefront of the most effective strategies for promoting diversity.

PRINCIPAL SHAREHOLDERS

We are a publicly held corporation with 4,435,106,575 common shares and 4,435,106,111 preferred shares (including 7,307,259 common shares and 27,278,542 preferred shares maintained in our Treasury Area) totalling 8,870,212,686 shares as of December 31, 2020, all of which are nominative and book entry shares with no par value. Our capital stock is fully paid up as of the date of this Base Prospectus.

The following chart illustrates our capital ownership structure as of December 31, 2020:



As illustrated, a holding company, Cidade de Deus, directly and indirectly through NCF, owned, as of December 31, 2020, 48.97% of our voting capital and 25% of our total capital stock. Cidade de Deus, in turn, is owned by the Aguiar family, Fundação Bradesco, and another holding company, Nova Cidade de Deus Participações S.A. (“**Nova Cidade de Deus**”). Nova Cidade de Deus is owned by Fundação Bradesco and BBD Participações S.A.

The following is a brief description of our principal beneficial shareholders as of December 31, 2020. None of the principal beneficial shareholders have voting rights that differ from those of the other holders of our common shares.

Cidade de Deus

Cidade de Deus - Companhia Comercial de Participações (“**Cidade de Deus**”) is a holding company that was organized in 1946 in order to hold investments in other companies. It also manages, purchases and sells securities and other assets on its own account. Its shareholders are Nova Cidade de Deus, with 47.93% of its common and total shares, Fundação Bradesco, with 35.44% of its common and total shares, and the Aguiar family, 16.63% of its

Principal Shareholders

common and total shares as of December 31, 2020. The company's capital stock consists of common, nominative book-entry shares, with no par value.

Nova Cidade de Deus

Nova Cidade de Deus is a holding company that was organized in 1976 in order to hold investments in other companies, particularly those that directly or indirectly own our voting capital. As of December 31, 2020, the company owned, through its participation in Cidade de Deus and NCF, 23.48% of our common shares and 11.98% of our total shares.

The stock of Nova Cidade de Deus is divided in class A and class B common shares and one class of preferred shares. Ownership of the class B common shares is limited to:

- members of our Board of Executive Officers;
- former members of our Board of Executive Officers who have become members of our Board of Directors, of Banco Bradesco or their subsidiaries;
- companies in which the majority of the voting interest is owned by the individuals above.

Ownership of Nova Cidade de Deus' Class "A" common shares is limited to the persons entitled to own Class B common shares and any commercial or civil associations and private foundations managed by them or their appointed representatives. Only the class A and class B common shareholders in Nova Cidade de Deus have voting rights.

The Aguiar Family

As of December 31, 2020, members of the Aguiar family, indirectly owned, by way of their participation in Cidade de Deus, 8.14% of our common shares and 4.16% of our total shares.

Fundação Bradesco

As of December 31, 2020, Fundação Bradesco, directly and indirectly through its participation in Cidade de Deus, Nova Cidade de Deus and NCF, owned 58.94% of our common shares and 30.56% of our total shares. Under the terms of Fundação Bradesco's by-laws, all of our directors, members of the Board of Executive Officers and departmental officers, as well as all directors and officers of Cidade de Deus, serve as members of the board of trustees of Fundação Bradesco ("**Mesa Regeadora**"). They have worked for more than 10 years at Bradesco's group and receive no compensation for their service on the Mesa Regeadora.

Fundação Bradesco, the centre of our charitable activities, was founded in 1956 to invest in the development and education of children and adults in Brazil. It now has activities throughout Brazil, providing educational support to children, adolescents and adults, especially those with the greatest needs.

In 2020, the foundation provided formal high quality education to 46,321 students in Basic Education, Youth and Adult Education and Initial and Continuing Education. Through Distance Learning (EaD), it benefited 1,890,592 students, who completed at least one of the various courses offered, in addition to 7,470 people in projects and actions in partnership.

During the year ended December 31, 2020, Fundação Bradesco invested R\$680.3 million, where R\$118.6 million were destined for investments in infrastructure and educational technology. The estimated budget for 2021 is R\$799.0 million, destined to: (i) 83,064 students in Basic Education – Kindergarten to Secondary Education and Technical Education at Secondary Level –, Youth and Adults Education and Initial and Continuing Education focused on the creation of jobs; (ii) 3.5 million students that are expected to complete at least one of the courses offered in their program in the EaD – Distance Learning modality, by means of their e-learning portal "Escol@"

Principal Shareholders

Virtual” (Virtual School); and (iii) 7,000 beneficiaries in projects and actions in partnerships, such as educational and information technology courses and lectures.

In the last ten years, Fundação Bradesco invested R\$7.6 billion, adjusted for CDI, in all its projects of its activities.

BBD

BBD Participações S.A. (“**BBD**”) is a holding company that was organized to hold interests in our capital and in the capital of our indirect and direct shareholders. Only members of our Board of Directors, members of our Board of Executive Officers, certain qualified employees of Banco Bradesco, Bradespar, and our subsidiaries and corporations and national nonprofit or national societies controlled by them, which have exclusively been employed as managers and/or directors of Bradesco Organization may own shares in BBD. However, only the members of the Board of Directors and the Board of Executive Officers may own voting shares. Most of our board members and executive officers own shares in BBD. BBD indirectly owned, through its participation in Nova Cidade de Deus, approximately 6.12% of our common shares and 3.12% of our total shares as of December 31, 2020.

NCF

NCF Participações S.A. (“**NCF**”) is a holding company controlled by Cidade de Deus and Fundação Bradesco. As of December 31, 2020, NCF directly owned 8.43% of our common shares and 5.35% of our total shares.

Others

Direct public holdings represented 28.86% of our voting capital and 63.22% of our total shares as of December 31, 2020.

Dividend Policy

Our by-laws require our Board of Directors to recommend, at each annual general shareholders’ meeting, that our net income for the fiscal year be allocated as follows:

- i. 5% to a legal reserve, not to exceed 20% of our paid-in capital during each fiscal year. This requirement does not apply in fiscal years when the legal reserve, added to our other capital reserves, exceeds 30% of our paid-in capital;
- ii. an amount (to be determined by our shareholders based on probable potential losses) to a contingency reserve against future losses;
- iii. after income tax at least 30% (after legal and contingency reserves are allocated) for mandatory distribution to our shareholders; and
- iv. any outstanding balance to a statutory profit reserve for the maintenance of an operating margin, compatible with our lending business, but not to exceed 95% of our paid-in capital.

Our by-laws also authorize our shareholders to allocate an amount to a realizable revenue reserve. Historically, our shareholders have not allocated amounts to this reserve.

We must pay a minimum mandatory annual dividend of 30% of our net income within 60 days of our annual general shareholders’ meeting. However, Brazilian law allows for the suspension of the payment of mandatory dividends if our Board of Directors reports at the shareholders’ meeting that the distribution would not be appropriate in light of our financial condition, and our shareholders approve the suspension by a simple majority of votes. Article 202, Paragraph 4 of the Brazilian Corporate Law provides that a Board of Directors is required to file a report justifying the suspension with the CVM within five days of the shareholders’ meeting. The income that is not distributed as dividends as a result of the suspension must be allocated to a special reserve. If not absorbed by subsequent losses, the amounts in the reserve have to be paid as dividends as soon as our financial condition permits.

Principal Shareholders

As a temporary precautionary measure, the CMN enacted Resolution No. 4,820, on May 29, 2020, which prohibited financial institutions and other institutions authorized to operate by the Central Bank to, among others, compensate its own capital, including by means of early payment above the amount corresponding to the minimum compulsory dividend, as per article 202 of Law No. 6,404/76, including as interest on net equity in the case of joint-stock companies. These restrictions were effective from April 6 until December 31, 2020.

Our preferred shareholders are entitled to receive dividends per share in an amount 10% greater than the dividends per share paid to the common shareholders.

Our Board of Executive Officers, subject to the approval of our Board of Directors, may distribute dividends based on the profits reported in interim financial statements. The amount of interim dividends distributed cannot exceed the amount of our capital reserves. Our Board of Executive Officers determines the amount of the interim dividends to be distributed based on either previously accumulated profits or retained earnings.

Since 1970, we have been distributing interim dividends on a monthly basis. Currently, we maintain an automatic monthly system for the payment of interest on shareholders' capital to our shareholders.

Consistent with Brazilian law, our by laws allow our Board of Executive Officers, upon approval by the Board of Directors, to make distributions in the form of interest on capital instead of dividends. Payments of interest on capital may be included as part of any mandatory dividend. Since July 1997, we have been making monthly payments of interest on capital in an amount approved by our Board of Directors prior to the declaration of dividends at the end of each year. The amounts paid as interest on capital net of withholding income tax are deducted from the amount of the dividends declared. See "Management's Discussion and Analysis of Financial Condition and Results of Operation—Certain Factor Affecting Our Financial Performance—Taxes."

According to Brazilian law, a shareholder who does not receive payment of a dividend may initiate a proceeding for the collection of dividends within three years from the date we declare the dividend. After the three-year period, the unclaimed dividends revert to the company.

MATERIAL CONTRACTS

Neither we nor any of our consolidated subsidiaries have entered into any contracts in the last two years outside of the ordinary course of business that have had or may reasonably be expected to have a material adverse effect on our business.

CERTAIN TRANSACTIONS WITH RELATED PARTIES

The Banking Reform Law, as amended by Law No. 13,506, of November 13, 2017, provides that a Brazilian financial institution cannot carry out credit transactions with (i) its controlling shareholders, directors and members of other statutory bodies (fiscal, advisory and others) and their respective spouses and relatives up to second degree, (ii) individuals or legal entities that hold a qualified interest (as per current regulations) in their capital, (iii) legal entities in which they have qualified interest of 15% or more in their capital (direct or indirect), (iv) legal entities in which they have effective operational control or preponderance in the deliberations, regardless of the equity interest, and (v) legal entities with common directors or members of the board of directors. This prohibition does not apply, subject to limits and conditions established in further regulation, to: (i) transactions carried out on an arm's length basis, (ii) credit transactions that have as counterparty a financial institution that is part of the prudential conglomerate of the institution, provided that they contain contractual clauses of subordination, except in the case of transactions classified as *redesconto* and loan transactions with other financial institutions specified by Law No. 4,595, (iii) interbank deposits, (iv) obligations assumed by Related Parties under compensation and settlement services authorized by the Central Bank or by the CVM and their respective counterparties, and (v) other cases authorized by the CMN on a case-by-case basis.

We have not made any loans or advances to, or guaranteed any transactions of, any of our non-financial affiliates, executive officers, board members or their family members within two degrees of relation. The prohibition does not limit our ability to enter into transactions in the interbank market with our affiliates that are financial institutions. For further details on restrictions on the operations of financial institutions, see “Brazilian Financial Services Industry and Regulations—Bank Regulations—Principal Limitations and Restrictions on Activities of Financial Institutions.”

Distribution of Products in Our Branches

All of our business units and subsidiaries, including Bradesco Leasing, Bradesco Consórcios, Bradesco Seguros, Bradesco Vida e Previdência and Bradesco Capitalização, use our branch network as a distribution channel for the sale of insurance, pension funds, saving bonds, consortia and other products, leases and services. We record all costs related to the branch network in our financial statements.

For further discussion of the use of our branches by our business units and subsidiaries for distribution, see “Business—Distribution Channels—Branch System.”

TERMS AND CONDITIONS OF THE NOTES

The following are the Terms and Conditions of the Notes which as supplemented, modified or replaced in relation to any Notes by the relevant Final Terms, will be applicable to each Series of Notes issued on or after August 18, 2020:

The Notes (as defined in Condition 2) are constituted by an amended and restated trust deed dated May 29, 2019, as supplemented by a supplemental trust deed dated August 18, 2020 (the **“Trust Deed,”** which expression shall include any amendments or supplements thereto or any restatement thereof) made between Banco Bradesco S.A., acting through its principal office in Brazil (**“Bradesco Brazil”**) and Banco Bradesco S.A., acting through its Grand Cayman branch (**“Bradesco Grand Cayman branch”**) (together the **“Issuers”**) and The Bank of New York Mellon as trustee (the **“Trustee,”** which expression includes all persons for the time being trustee or trustees appointed under the Trust Deed) as trustee for the Holders (as defined in Condition 3) of the Notes. The Notes are the subject of an amended and restated paying agency agreement dated June 4, 2010 (the **“Paying Agency Agreement,”** which expression shall include any amendments or supplements thereto or any restatement thereof) made between the Issuers, Bank of Tokyo-Mitsubishi, UFJ, Ltd., London Branch in its capacities as principal paying agent (the **“Principal Paying Agent,”** which expression includes any successor or alternate principal paying agent appointed from time to time in connection with the Notes) and as a transfer agent (a **“Transfer Agent”**) and The Bank of New York Mellon as the registrar (the **“Registrar,”** which expression includes any successor registrar appointed from time to time in connection with the Notes), as a transfer agent (a **“Transfer Agent”**) together with the transfer agents mentioned above, the **“Transfer Agents,”** which expression shall include any successor or additional transfer agents appointed in accordance with the Paying Agency Agreement), as paying agent (a **“Paying Agent”** and, together with the Principal Paying Agent and the other Paying Agent, the **“Paying Agents,”** which expression shall include any successor or additional paying agents appointed in accordance with the Paying Agency Agreement), as issue agent (the **“Issue Agent”**) and as Trustee. For the purposes of making determinations or calculations of interest rates, interest amounts, redemption amounts or any other matters requiring determination or calculation in accordance with the Conditions of any Series (as defined below) of Notes, the Issuer may appoint a calculation agent (the **“Calculation Agent”**) for the purposes of such Notes, in accordance with the provisions of the Paying Agency Agreement, and such Calculation Agent shall be specified in the applicable Final Terms. Copies of the Trust Deed and the Paying Agency Agreement are available for inspection (i) during normal business hours at the specified office of each of the Trustee (being at the date hereof 240 Greenwich Street 7E, New York, NY 10286), the Paying Agents, the Registrar and the Transfer Agents or (ii) by email to a Noteholder requesting a copy at bhr.clientservice@bnymellon.com (subject to the Paying Agents being supplied by the Issuer with electronic copies and receipt by the Paying Agents of satisfactory proof of holding from the relevant Noteholder). Certain statements herein are summaries of the Trust Deed and are subject to its detailed provisions. All persons from time to time entitled to the benefit of obligations under any Notes shall be deemed to have notice of, and shall be bound by, all of the provisions of the Trust Deed and the Paying Agency Agreement insofar as they relate to the relevant Notes.

The Notes are issued in series (each, a **“Series”**), and each Series may comprise one or more tranches (**“Tranches”** and each, a **“Tranche”**) of Notes. Each Tranche will be the subject of a final terms document (each, the **“Final Terms”**), a copy of which will be obtainable during normal business hours at the specified office of the Issue Agent or, as the case may be, the Registrar, and which will be obtainable in the City of Luxembourg, at the office of Clifford Chance. The Listing Agent is The BNY Mellon à Luxembourg, société anonyme, as listing agent for the Notes on the Luxembourg Stock Exchange (the **“Listing Agent”**). In the case of a Tranche of Notes in relation to which application has not been made for listing on any stock exchange, copies of the Final Terms will only be available for inspection by a Holder of such Notes.

References in these Terms and Conditions to Notes are to Notes of the relevant Series and any references to Coupons (as defined in Condition 2.2) and Receipts (as defined in Condition 2.3) are to Coupons and Receipts relating to Notes of the relevant Series.

In these Conditions, **“Issuer”** means in relation to any Notes or any Tranche or Series of Notes, the issuer of such Notes or of such Tranche or Series (as identified in the Final Terms relating thereto), being (in each case) Bradesco Brazil or Bradesco Grand Cayman branch.

Terms and Conditions of the Notes

References in these Terms and Conditions to the Final Terms are to the Final Terms prepared in relation to the Notes of the relevant Tranche or Series.

In respect of any Notes, references herein to these Terms and Conditions are to these terms and conditions as supplemented or modified or (to the extent thereof) replaced by the Final Terms.

1. Interpretation

1.1 Definitions

In these Conditions the following expressions have the following meanings:

“**Accrual Yield**” has the meaning given in the relevant Final Terms;

“**Additional Business Centre(s)**” means the city or cities specified as such in the relevant Final Terms;

“**Additional Financial Centre(s)**” means the city or cities specified as such in the relevant Final Terms;

“**Brazil**” means the Federative Republic of Brazil;

“**Business Day**” means:

- (i) in relation to any sum payable in Euro, a TARGET Settlement Day and a day on which commercial banks and foreign exchange markets settle payments generally in each (if any) Additional Business Centre; and
- (ii) in relation to any sum payable in a currency other than Euro, a day on which commercial banks and foreign exchange markets settle payments generally in London, in the Principal Financial Centre of the relevant currency and in each (if any) Additional Business Centre;

“**Business Day Convention**,” in relation to any particular date, has the meaning given in the relevant Final Terms and, if so specified in the relevant Final Terms, may have different meanings in relation to different dates and, in this context, the following expressions shall have the following meanings:

- (i) “**Following Business Day Convention**” means that the relevant date shall be postponed to the first following day that is a Business Day;
- (ii) “**Modified Following Business Day Convention**” or “**Modified Business Day Convention**” means that the relevant date shall be postponed to the first following day that is a Business Day unless that day falls in the next calendar month in which case that date will be the first preceding day that is a Business Day;
- (iii) “**Preceding Business Day Convention**” means that the relevant date shall be brought forward to the first preceding day that is a Business Day;

“**FRN Convention**,” “**Floating Rate Convention**” or “**Eurodollar Convention**” means that each relevant date shall be the date which numerically corresponds to the preceding such date in the calendar month which is the number of months specified in the relevant Final Terms as the Specified Period after the calendar month in which the preceding such date occurred, *provided, however*, that:

- (a) if there is no such numerically corresponding day in the calendar month in which any such date should occur, then such date will be the last day which is a Business Day in that calendar month;
- (b) if any such date would otherwise fall on a day which is not a Business Day, then such date will be the first following day which is a Business Day unless that day falls in the next calendar month, in which case it will be the first preceding day which is a Business Day; and

Terms and Conditions of the Notes

- (c) if the preceding such date occurred on the last day in a calendar month which was a Business Day, then all subsequent such dates will be the last day which is a Business Day in the calendar month which is the specified number of months after the calendar month in which the preceding such date occurred.

“No Adjustment” means that the relevant date shall not be adjusted in accordance with any Business Day Convention;

“Calculation Amount” has the meaning given in the relevant Final Terms;

“Coupon sheet” means, in respect of a Note, a coupon sheet relating to the Note;

“Day Count Fraction” means (subject as provided in Condition 6), in respect of the calculation of an amount for any period of time (the **“Calculation Period”**), such day count fraction as may be specified in these Conditions or the relevant Final Terms and:

- (i) if **“Actual/365”** or **“Actual/Actual”** is so specified, means the actual number of days in the Calculation Period divided by 365 (or, if any portion of the Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- (ii) if **“Actual/365 (Fixed)”** is so specified, means the actual number of days in the Calculation Period divided by 365;
- (iii) if **“Actual/360”** is so specified, means the actual number of days in the Calculation Period divided by 360;
- (iv) if **“30/360”** is so specified, means the number of days in the Calculation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months (unless (i) the last day of the Calculation Period is the 31st day of a month but the first day of the Calculation Period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month, or (ii) the last day of the Calculation Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month));
- (v) if **“30E/360”** or **“Eurobond Basis”** is so specified, means the number of days in the Calculation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months, without regard to the date of the first day or last day of the Calculation Period unless, in the case of the final Calculation Period, the date of final maturity is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month);
- (vi) if **“Actual/Actual (ISMA)”** is so specified, and the relevant period:
 - a) falls during a Regular Period, the relevant Day Count Fraction will be the number of days in the relevant period divided by the product of (i) the number of days in the Regular Period in which the relevant period falls and (ii) the number of Regular Periods in any period of one year; and
 - b) begins in one Regular Period and ends in the next succeeding Regular Period, interest will be calculated on the basis of the sum of (i) the number of days in the relevant period falling within the first such Regular Period divided by the product of (a) the number of days in the first such Regular Period and (b) the number of Regular Periods in any period of one year; and (ii) the number of days in the relevant period falling within the second such Regular Period divided by the product of (a) the number of days in the second such Regular Period and (b) the number of Regular Periods in any period of one year;

Terms and Conditions of the Notes

“Early Redemption Amount (Call)” means, in respect of any Note, the Outstanding Principal Amount or, in the case of Notes which are non-interest bearing, their Amortised Face Amount or such other redemption amount as may be specified in, or determined in accordance with, the relevant Final Terms;

“Early Redemption Amount (Put)” means, in respect of any Note, the Outstanding Principal Amount or, in the case of Notes which are non-interest bearing, their Amortised Face Amount or such other redemption amount as may be specified in, or determined in accordance with, the relevant Final Terms;

“Early Redemption Amount (Tax)” means, in respect of any Note, the Outstanding Principal Amount or, in the case of Notes which are non-interest bearing, their Amortised Face Amount or such other redemption amount as may be specified in, or determined in accordance with, the relevant Final Terms;

“Early Termination Amount” means, in respect of any Note, the Outstanding Principal Amount or, in the case of Notes which are non-interest bearing, their Amortised Face Amount or such other redemption amount as may be specified in, or determined in accordance with, these Conditions or the relevant Final Terms;

“Euro” means the single currency introduced at the start of the third stage of European Economic and Monetary Union pursuant to the Treaty establishing the European Community, as amended;

“exchange date” means (i) in the case of a Bearer Note being exchanged for a Registered Note pursuant to Condition 3.5, the Relevant Banking Day following the day on which the relevant Bearer Note shall have been surrendered for exchange in accordance with Condition 3.5, or (ii) in the case of a Temporary Global Note being exchanged for a Permanent Global Note or for a Definitive Note, a date not less than 40 days after the issuance of such Temporary Global Note;

“External Indebtedness” means Indebtedness (as defined below) which by its terms is payable (or at the option of the holder thereof may be paid) (i) in a currency other than the currency of Brazil, and (ii) outside of Brazil;

“Extraordinary Resolution” has the meaning given in the Trust Deed;

“Fixed Coupon Amount” has the meaning given in the relevant Final Terms;

“Guarantee” means any obligation of a person to pay the Indebtedness of another person including without limitation:

- (i) an obligation to pay or purchase such Indebtedness;
- (ii) an obligation to lend money or to purchase or subscribe shares or other securities or to purchase assets or services in order to provide funds for the payment of such Indebtedness; or
- (iii) any other agreement to be responsible for such Indebtedness;

“Indebtedness,” with respect to any person, means any amount payable (whether as a direct obligation or indirectly through a Guarantee (except that for the purposes of Condition 11(ii)(b) only, the meaning of Guarantee shall not include clause (iii) of the definition of Guarantee)) by such person pursuant to an agreement or instrument involving or evidencing money borrowed or received, the advance of credit, a conditional sale or a transfer with recourse or with an obligation to repurchase or pursuant to a lease with substantially the same economic effect as any such agreement or instrument and which, under United States generally accepted accounting principles, would constitute a capitalised lease obligation; *provided, however*, as used in Condition 11(ii)(b), **“Indebtedness”** shall not include any Indebtedness owed by the Issuer or any Subsidiary to any Subsidiary or the Issuer;

“Interest Amount” means, in relation to a Note and an Interest Period, the amount of interest payable in respect of that Note for that Interest Period;

Terms and Conditions of the Notes

“Interest Commencement Date” means the Issue Date of the Notes or such other date as may be specified as the Interest Commencement Date in the relevant Final Terms;

“Interest Determination Date” has the meaning given in the relevant Final Terms;

“Interest Payment Date” means the date or dates specified as such in, or determined in accordance with the provisions of, the relevant Final Terms and, if a Business Day Convention is specified in the relevant Final Terms:

- (i) as the same may be adjusted in accordance with the relevant Business Day Convention; or
- (ii) if the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention and an interval of a number of calendar months is specified in the relevant Final Terms as being the Specified Period, each of such dates as may occur in accordance with the FRN Convention, Floating Rate Convention or Eurodollar Convention at such Specified Period of calendar months following the Interest Commencement Date (in the case of the first Interest Payment Date) or the previous Interest Payment Date (in any other case);

“Interest Period” means each period beginning on (and including) the Interest Commencement Date or any Interest Payment Date and ending on (but excluding) the next Interest Payment Date;

“ISDA Definitions” means the 2000 ISDA Definitions (as further amended and updated as at the date of issue of the first Tranche of the Notes of the relevant Series (as specified in the relevant Final Terms) as published by the International Swaps and Derivatives Association, Inc.) or, if so specified in the relevant Final Terms, the 2006 ISDA Definitions (as amended and updated as at the date of issue of the first Tranche of the Notes of the relevant Series (as specified in the relevant Final Terms) as published by the International Swaps and Derivatives Association, Inc.);

“Issue Date” has the meaning given in the relevant Final Terms;

“Margin” has the meaning given in the relevant Final Terms;

“Maturity Date” has the meaning given in the relevant Final Terms;

“Maturity Redemption Amount” means the Outstanding Principal Amount or such other redemption amount as may be specified in or determined in accordance with the Final Terms;

“Outstanding Principal Amount” means, in respect of any Note, its principal amount less, in respect of an Installment Note, any principal amount on which interest shall have ceased to accrue in accordance with Condition 6.2 or Condition 7.2 or, in the case of a Partly Paid Note (as defined in Condition 2.7), the Paid Up Amount (as defined in Condition 2.7) of such Note or otherwise as indicated in the Final Terms except that the Paid Up Amount shall be deemed to be nil for Notes which have been forfeited by the Issuer on or after the Forfeiture Date as provided for in Condition 2.7;

“Participating Member State” means a Member State of the European Community which adopts the Euro as its lawful currency in accordance with the Treaty;

“Payment Business Day” means:

- (i) if the currency of payment is Euro, any day which is:
 - (a) a day on which banks in the relevant place of presentation are open for presentation and payment of bearer debt securities and for dealings in foreign currencies; and
 - (b) in the case of payment by transfer to an account, a TARGET Settlement Day and a day on which dealings in foreign currencies may be carried on in each (if any) Additional Financial Centre; or

Terms and Conditions of the Notes

- (ii) if the currency of payment is not Euro, any day which is:
 - (a) a day on which banks in the relevant place of presentation are open for presentation and payment of bearer debt securities and for dealings in foreign currencies; and
 - (b) in the case of payment by transfer to an account, a day on which dealings in foreign currencies may be carried on in the Principal Financial Centre of the currency of payment and in each (if any) Additional Financial Centre;

“Permitted Security” means any Security:

- (i) (a) granted upon or with regard to any property hereafter acquired by the Issuer or any Significant Subsidiary to secure the purchase price of such property or to secure Indebtedness incurred solely for the purpose of financing the acquisition of such property, or (b) existing on any property or assets of a person at the time such person is acquired by the Issuer or any Significant Subsidiary or is merged into or consolidated with the Issuer or any Significant Subsidiary; *provided, however*, that the maximum sum secured by such Security shall not exceed the purchase price of such property or the Indebtedness incurred solely for the purpose of financing the acquisition of such property;
- (ii) in existence on the date hereof and any extension, renewal or replacement thereof; *provided* that the total amount of Indebtedness so secured shall not exceed the amount so secured on the date hereof;
- (iii) arising by operation of law, such as tax, merchants’ or other similar liens arising in the ordinary course of the Issuer’s business;
- (iv) securing or providing for the payment of Indebtedness incurred in connection with any sale-leaseback of real property by the Issuer or any of its Subsidiaries, *provided* that the total amount of such sale-leaseback arrangements outstanding shall not exceed U.S.\$150,000,000 in any year *provided* that such sale- leaseback arrangement is effected at fair value, as determined by the Issuer;
- (v) created solely in favour of or granted to the Central Bank of Brazil, a Federal Reserve Bank of the Federal Reserve System of the United States of America or the central bank of any other country in respect of liabilities assumed by the Issuer in the ordinary course of its routine rediscount operations with the Central Bank of Brazil, a Federal Reserve Bank of the Federal Reserve System of the United States of America or the central bank of any other country, as the case may be;
- (vi) in the form of assignments by the Issuer or any of its Subsidiaries to third parties, with recourse to the Issuer or, as the case may be, such Subsidiary, of amounts due to the Issuer or, as the case may be, such Subsidiary in respect of pre-export finance, bankers acceptances, discounts and other similar facilities provided by the Issuer or, as the case may be, such Subsidiary in the ordinary course of business;
- (vii) granted in connection with the securitisation of, or other financing related to (a) any payment rights or other receivables of the Issuer or any of its Subsidiaries, or (b) amounts paid or payable pursuant to payment instructions (including interbank payment instructions or advice of payment) received or to be received by the Issuer or any of its Subsidiaries;
- (viii) granted in connection with an issuance of securities having the benefit of an insurance policy (or other arrangement having similar effect) which provides for some payment support in circumstances where the Issuer (or any of its Subsidiaries) is subject to restrictions on its or their ability to convert *reais* into the currency specified for scheduled payments on such securities or to use, transfer, control or access funds designated for such scheduled payments due to actions or measures taken or approved (or the failure to take or approve actions or measures) by the government of Brazil;
- (ix) granted in connection with any equity-linked notes or deposits or credit-linked notes or deposits received by the Issuer or any of its Subsidiaries, but only to the extent that such security is limited to the equity

Terms and Conditions of the Notes

security or credit obligation to which such equity-linked notes or deposits or credit-linked notes or deposits are linked, as the case may be;

- (x) created in connection with any non-deposit, recourse debt instrument, or covered bond, that is secured directly or indirectly by perfected security interests under applicable law on assets held or owned by the issuer thereof consisting of, among other things, eligible mortgage loans, vehicle loans, public-sector debt, leasing receivables, credit card receivables, payroll loans and rural loans (*crédito rural*), and which debt instrument may permit substitution of cash or United States Treasury or agency securities or other investment grade collateral for the initial collateral as necessary to manage the cover pool;
- (xi) created in favor of or granted to any multinational monetary agency, clearinghouse, stock exchange, brokerage firm or correspondent bank in connection with the trading activities of the Issuer or any of its Subsidiaries, and not intended as securing Indebtedness independent of trading activities;
- (xii) created in connection with or necessary to implement, with respect to any Indebtedness, defeasance pursuant to the terms of such Indebtedness, or to implement any equivalent mechanism under applicable law;
- (xiii) created to secure a variation in the amount payable under any Public External Indebtedness from the time of issuance of such Public External Indebtedness which amount is linked to a price, rate or index, other than an interest rate, inflation index or foreign exchange rate;
- (xiv) created to secure or pre-fund any amount payable, other than principal, on subordinated Public External Indebtedness that is intended to qualify as regulatory capital;
- (xv) (xv) created in connection with the banking business of the Issuer or any of its Subsidiaries for the export or import of goods and services, whether in the primary or secondary markets, and in connection with the financing thereof (including to secure foreign trade lines extended to the Issuer or any of its Subsidiaries);

or

- (xvi) securing Public External Indebtedness in an aggregate principal amount at any time outstanding not exceeding an amount in *reais* equal to 1.0% of the total consolidated assets of the Issuer reflected in the consolidated financial statements of the Issuer prepared in accordance with applicable accounting principles as at the end of the most recently ended fiscal quarter of the Issuer for which such a balance sheet is available (or its equivalent in any other currency or currencies).

“**person**” means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having a separate legal personality;

“**Principal Financial Centre**” means, in relation to any currency, the principal financial centre for that currency, provided, however, that:

- (i) in relation to Euro, it means the principal financial centre of such Member State of the European Community as is selected (in the case of a payment) by the payee or (in the case of a calculation) by the Calculation Agent; and
- (ii) in relation to Australian dollars, it means either Sydney or Melbourne and, in relation to New Zealand dollars, it means either Wellington or Auckland; in each case as is selected (in the case of a payment) by the payee or (in the case of a calculation) by the Calculation Agent;

“**Public External Indebtedness**” means External Indebtedness which is in the form of, or represented by, bonds, notes or other debt securities which at the time of issuance is or is intended by the issuer thereof to be, quoted, listed or ordinarily traded on any stock exchange, automated trading system, over-the-counter market or other organised securities market; *provided, however*, that “Public External Indebtedness” shall not include (i) transactions privately

Terms and Conditions of the Notes

negotiated and entered into under the terms and conditions of the ISDA® Master Agreement (and any Schedule, Confirmation, Credit Support Annex and other documents related thereto) as published by the International Swap Dealer Association, Inc. or any substitute entity thereof; (ii) transactions privately negotiated and entered into under the terms and conditions of the TBMA/ISMA® Global Master Repurchase Agreement (and any annex, confirmation, credit support document and other documents related thereto) as published by the International Securities Market Association and the Bond Market Association or any substitute entity thereof; (iii) any transactions involving derivatives that at the time of entering into such transaction are quoted, listed or ordinarily traded on any stock exchange, automated trading system, or other organised securities market; and (iv) any promissory note issued to a lender or lenders pursuant to any financing agreement governed by the laws of any State of the United States.

“Rate of Interest” means the rate or rates (expressed as a percentage *per annum*) of interest payable in respect of the Notes specified in relevant Final Terms or calculated or determined in accordance with the provisions of these Conditions and/or the relevant Final Terms;

“Redemption Amount” means, as appropriate, the Maturity Redemption Amount, the final Installment Amount (as defined in Condition 10.1), the Early Redemption Amount (Tax), Early Redemption Amount (Call), the Early Termination Amount (Put) and the Early Termination Amount or such other amount in the nature of a redemption amount as may be specified in, or determined in accordance with the provisions of, the relevant Final Terms;

“Reference Banks” has the meaning given in the relevant Final Terms or, if none, four (or if the Principal Financial Centre is Helsinki, five) major banks selected by the Calculation Agent in the market that is most closely connected with the Reference Rate;

“Reference Price” has the meaning given in the relevant Final Terms;

“Reference Rate” has the meaning given in the relevant Final Terms;

“Relevant Banking Day” means a day on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in the place where the specified office of the Registrar or the Transfer Agent is located and, in the case only of an exchange of a Bearer Note for a Registered Note (each as defined in Condition 2.1) where such request for exchange is made to the Issue Agent, in the place where the specified office of the Issue Agent is located;

“Relevant Date” means, in respect of any payment, the date on which such payment first becomes due and payable, but if the full amount of the moneys payable has not been received by the Principal Paying Agent or the Registrar, as the case may be, on or prior to such due date, it means the first date on which, the full amount of such moneys having been so received and being available for payment to Holders, notice to that effect shall have been duly given to the Holders of the Notes of the relevant Series in accordance with Condition 19;

“Relevant Financial Centre” has the meaning given in the relevant Final Terms;

“Relevant Screen Page” means the page, section or other part of a particular information service (including, without limitation, the Reuter Money 3000 Service and the Moneyline Telerate Service) specified as the Relevant Screen Page in the relevant Final Terms, or such other page, section or other part as may replace it on that information service or such other information service, in each case, as may be nominated by the person providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Reference Rate;

“Relevant Time” has the meaning given in the relevant Final Terms;

“Security” means any mortgage, pledge, lien, hypothecation, security interest, sale-leaseback arrangement, preferential arrangement or other charge or encumbrance, or any similar arrangement, including without limitation, any equivalent created or arising under the laws of Brazil or, where the Issuer is Bradesco Grand Cayman branch, the Cayman Islands;

Terms and Conditions of the Notes

“**Significant Subsidiary**” means any subsidiary of the Issuer which has total assets in excess of U.S.\$50,000,000 or equivalent thereof in another currency and all or a substantial part of the business of which concerns the lending of money, the extending of credit, the taking of deposits or the performance of other financial services and any entity into which any of them is merged or consolidated or to which all or substantially all of the assets of any of them are transferred;

“**Specified Currency**” has the meaning given in the relevant Final Terms;

“**Specified Denomination(s)**” has the meaning given in the relevant Final Terms;

“**Specified Office**” has the meaning given in the Paying Agency Agreement;

“**Specified Period**” has the meaning given in the relevant Final Terms;

“**Subsidiary**” means any corporation or other entity of which at least a majority of the outstanding securities or other ownership interests having by the terms thereof ordinary voting power to elect a majority of the board of directors or other persons performing similar functions of such corporation or other entity (irrespective of whether or not at the time securities or other ownership interests of any other class or classes of such corporation or entity shall have or might have voting power by reason of the happening of any contingency) is at the time directly or indirectly owned or controlled by the Issuer and/or one or more of its Subsidiaries; *provided, however*, that “**Subsidiary**” shall not include any corporation or other entity where by contract such person or persons may not control such corporation or other entity;

“**TARGET2**” means the Trans-European Automated Real-Time Gross Settlement Express Transfer payment system which utilises a single shared platform and which was launched on 19 November 2007;

“**TARGET Settlement Day**” means any day on which TARGET2 is open for the settlement of payments in Euro;

“**transfer date**” means the Relevant Banking Day following the day on which the relevant Registered Note shall have been surrendered for transfer in accordance with Condition 3.4;

“**Treaty**” means the Treaty establishing the European Community, as amended;

“**Zero Coupon Note**” means a Note specified as such in the relevant Final Terms.

1.2 Interpretation

In these Conditions:

- (i) if the Notes are Zero Coupon Notes, references to Coupons and Couponholders are not applicable;
- (ii) if Talons are specified in the relevant Final Terms as being attached to the Notes at the time of issue, references to Coupons or Receipts shall be deemed to include references to Talons;
- (iii) if Talons are not specified in the relevant Final Terms as being attached to the Notes at the time of issue, references to Talons are not applicable;
- (iv) any reference to principal shall be deemed to include the Redemption Amount, any additional amounts in respect of principal which may be payable under Condition 12, any premium payable in respect of a Note and any other amount in the nature of principal payable pursuant to these Conditions;
- (v) any reference to interest shall be deemed to include any additional amounts in respect of interest which may be payable under Condition 12 and any other amount in the nature of interest payable pursuant to these Conditions;
- (vi) references to Notes being “**outstanding**” shall be construed in accordance with the Trust Deed; and

Terms and Conditions of the Notes

- (vii) if an expression is stated in Condition 1.1 to have the meaning given in the relevant Final Terms, but the relevant Final Terms gives no such meaning or specifies that such expression is “not applicable” then such expression is not applicable to the Notes.

2. Form and Denomination

Form of Notes

- 2.1 The Notes of the Series of which this Note forms a part (in these Conditions, the “**Notes**”) are issued in bearer form (“**Bearer Notes**”) or in registered form (“**Registered Notes**”), as specified in the Final Terms. Bearer Notes are serially numbered. Registered Notes are not exchangeable for Bearer Notes.
- 2.2 Interest-bearing Bearer Notes have attached thereto at the time of their initial delivery coupons (“**Coupons**”), presentation of which will be a prerequisite to the payment of interest save in certain circumstances specified herein. In addition, if so specified in the Final Terms, such Notes have attached thereto at the time of their initial delivery, a talon (“**Talon**”) for further coupons and the expression “Coupons” shall, where the context so requires, include Talons.
- 2.3 Bearer Notes, the principal amount of which is repayable by installments (“**Installment Notes**”) have attached thereto at the time of their initial delivery, payment receipts (“**Receipts**”) in respect of the installments of principal, presentation of which will be a prerequisite to the payment of principal save in certain circumstances specified herein. In addition, if so specified in the Final Terms, such Notes have attached thereto at the time of their initial delivery, a Talon for further Receipts and the expression “Receipts” shall, where the context so requires, include Talons.

Denomination of Bearer Notes

- 2.4 Bearer Notes are in the denomination or denominations (each of which denomination is integrally divisible by each smaller denomination) specified in the Final Terms. Bearer Notes of one denomination may not be exchanged for Bearer Notes of any other denomination.

Denomination of Registered Notes

- 2.5 Registered Notes are in the minimum denomination specified in the Final Terms or integral multiples thereof.

Currency of Notes

- 2.6 The Notes are denominated in such currency as may be specified in the Final Terms. Any currency may be so specified, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements.

Partly Paid Notes

- 2.7 Notes may be issued on a partly paid basis (“**Partly Paid Notes**”) if so specified in the Final Terms. The subscription moneys therefor shall be paid in such number of installments (“**Partly Paid Installments**”) in such amounts, on such dates and in such manner as may be specified in the Final Terms. The first such installment shall be due and payable on the Issue Date of the Notes. For the purposes of these Terms and Conditions, in respect of any Partly Paid Note, “**Paid Up Amount**” means the aggregate amount of all Partly Paid Installments in respect thereof as shall have fallen due and been paid up in full in accordance with the Final Terms.

Not less than 14 days nor more than 30 days prior to the due date for payment of any Partly Paid Installment (other than the first such installment) the Issuer shall publish a notice in accordance with Condition 19 stating the due date for payment thereof and stating that failure to pay any such Partly Paid

Terms and Conditions of the Notes

Installment on or prior to such date will entitle the Issuer to forfeit the Notes with effect from such date (“**Forfeiture Date**”) as may be specified in such notice (not being less than 14 days after the due date for payment of such Partly Paid Installment), unless payment of the relevant Partly Paid Installment together with any interest accrued thereon is paid prior to the Forfeiture Date. The Issuer shall procure that any Partly Paid Installments paid in respect of any Notes subsequent to the Forfeiture Date in respect thereof shall be returned promptly to the persons entitled thereto. The Issuer shall not be liable for any interest on any Partly Paid Installment so returned.

Interest shall accrue on any Partly Paid Installment which is not paid on or prior to the due date for payment thereof at the Interest Rate or, in the case of non-interest bearing Notes, at the rate applicable to overdue payments specified in the Final Terms and shall be calculated in the same manner and on the same basis as if it were interest accruing on the Notes for the period from and including the due date for payment of the relevant Partly Paid Installment up to but excluding the Forfeiture Date. For the purpose of the accrual of interest, any payment of any Partly Paid Installment made after the due date for payment shall be treated as having been made on the day preceding the Forfeiture Date (whether or not a Business Day).

Unless an Event of Default (or an event which with the giving of notice, the lapse of time or the making or giving of any determination or certification would constitute an Event of Default) shall have occurred and be continuing, on the Forfeiture Date, the Issuer shall forfeit all of the Notes in respect of which any Partly Paid Installment shall not have been duly paid, whereupon the Issuer shall be entitled to retain all Partly Paid Installments previously paid in respect of such Notes and shall be discharged from any obligation to repay such amount or to pay interest thereon.

3. Title and Transfer

- 3.1 Title to Bearer Notes, Receipts and Coupons passes by delivery. References herein to the “**Holders**” of Bearer Notes or of Receipts or Coupons are to the bearers of such Bearer Notes or such Receipts or Coupons.
- 3.2 Title to Registered Notes passes by registration in the register which the Issuer shall procure to be kept by the Registrar (the “**Register**”). References herein to the “**Holders**” of Registered Notes are to the persons in whose names such Registered Notes are so registered in the Register or, in the case of joint Holders, the first named thereof. A certificate (each a “**Certificate**”) will be issued to each Holder in respect of its registered holding. Each Certificate will be numbered serially with an identifying number which will be recorded in the Register.
- 3.3 The Holder of any Bearer Note, Coupon, Registered Note or Receipt will (except as otherwise required by applicable law or regulatory requirement) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest thereof or therein, any writing on the relevant Note, Coupon, Receipt or Certificate (other than a duly executed transfer form), or any theft or loss thereof) and no person shall be liable for so treating such Holder.

Transfer of Registered Notes and exchange of Bearer Notes for Registered Notes

- 3.4 A Registered Note may, upon the terms and subject to the conditions set forth in the Paying Agency Agreement and further subject to the provisions of Conditions 3.8 to 3.10, be transferred in whole or in part only (*provided* that such part is, or is an integral multiple of, the minimum denomination specified in the Final Terms) upon the surrender of the relevant Certificate, together with the form of transfer endorsed on it duly completed and executed, at the specified office of the Registrar or any Transfer Agent. A new Certificate will be issued to the transferee and, in the case of a transfer of part only of a Registered Note, a new Certificate in respect of the balance not transferred will be issued to the transferor.
- 3.5 If so specified in the Final Terms and subject to the provisions of Conditions 3.8 to 3.10, the Holder of Bearer Notes may exchange the same for the same aggregate principal amount of Registered Notes upon

Terms and Conditions of the Notes

the terms and subject to the conditions set forth in the Paying Agency Agreement. Under no circumstances will any Registered Note be exchanged for a Bearer Note. In order to exchange a Bearer Note for a Registered Note, the Holder thereof shall surrender such Bearer Note at the specified office outside the United States of the Issue Agent, the Registrar or of any Transfer Agent together with a written request for the exchange. Each Bearer Note so surrendered must be accompanied by all unmatured Receipts and Coupons and unexchanged Talons appertaining thereto other than the Coupon or Receipt in respect of the next payment of interest or principal (as the case may be) falling due after the exchange date (as defined in Condition 1.1) where the exchange date would, but for the provisions of Condition 3.6, occur between the Record Date (as defined in Condition 13B.3) for such payment of interest or principal and the date on which such payment of interest or principal falls due.

- 3.6 A Certificate representing each new Registered Note or Notes to be issued upon the transfer of a Registered Note or the exchange of a Bearer Note for a Registered Note will, within three Relevant Banking Days of the transfer date or, as the case may be, the exchange date be available for collection by each relevant Holder at the specified office of the Registrar or the Transfer Agent (as the case may be) or, at the option of the Holder requesting such exchange or transfer be mailed (by uninsured post at the risk of the Holder(s) entitled thereto) to such address(es) as may be specified by such Holder. For these purposes, a form of transfer or request for exchange received by the Registrar, the Issue Agent or the Transfer Agent (as the case may be) after the Record Date in respect of any payment due in respect of Registered Notes shall be deemed not to be effectively received by the Registrar, the Issue Agent or the Transfer Agent (as the case may be) until the day following the due date for such payment.
- 3.7 The issuance of new Registered Notes on transfer or on the exchange of Bearer Notes for Registered Notes will be effected without charge by or on behalf of the Issuer, the Issue Agent, the Registrar or the Transfer Agent, but upon payment by the applicant of (or the giving by the applicant of such indemnity as the Issuer, the Issue Agent, the Registrar or the Transfer Agent may require in respect of) any tax, duty or other governmental charges which may be imposed in relation thereto.
- 3.8 Upon the transfer, exchange or replacement of Registered Notes represented by Certificates bearing the Rule 144A legend (the “**Rule 144A Legend**”) set forth in the form of Certificate scheduled to the Trust Deed, the Registrar or any Transfer Agent shall deliver only Registered Notes represented by Certificates that also bear such legend unless either (i) such transfer, exchange or replacement occurs three or more years after the later of (1) the original Issue Date of such Notes or (2) the last date on which the Issuer or any affiliates (as defined below) of the Issuer as notified to the Registrar or such Transfer Agent by the Issuer as provided in the following sentence, was the beneficial owner of such Notes (or any predecessor of such Notes) or (ii) there is delivered to the Registrar or such Transfer Agent an opinion reasonably satisfactory to the Issuer of counsel experienced in giving opinions with respect to questions arising under the securities laws of the United States to the effect that neither such legend nor the restrictions on transfer set forth therein are required in order to maintain compliance with the provisions of such laws. The Issuer covenants and agrees that it will not acquire any beneficial interest and will cause its “affiliates” (as defined in paragraph (a)(1) of Rule 144 under the Securities Act of 1933, as amended (the “**Securities Act**”)) not to acquire any beneficial interest, in any Registered Note represented by a Certificate bearing the Rule 144A Legend unless it notifies the Registrar and the Transfer Agents of such acquisition. The Registrar, the Transfer Agents and all Holders shall be entitled to rely without further investigation on any such notification (or lack thereof).
- 3.9 For so long as any of the Registered Notes represented by Certificates bearing the Rule 144A Legend remain outstanding and are “restricted securities” within the meaning of Rule 144(a)(3) under the Securities Act, the Issuer covenants and agrees that it shall, during any period in which it is not subject to Section 13 or 15(d) under the United States Securities Exchange Act of 1934 nor exempt from reporting pursuant to Rule 12g3-2(b) under such Act, make available to any Holder in connection with any sale thereof and any prospective purchaser of such Notes from such Holder, in each case upon request, the information specified in, and meeting the requirements of, Rule 144(d)(4) under the Securities Act.

Terms and Conditions of the Notes

- 3.10 No Holder may require the transfer of a Registered Note to be registered or a Bearer Note to be exchanged for a Registered Note during the period of 15 days ending on the due date for the payment of any principal or interest in respect of such Note.

4. Status of the Notes

The Notes constitute direct, unconditional, unsubordinated and (subject to the provisions of Condition 5) unsecured obligations of the Issuer and rank *pari passu* without any preference among themselves and at least *pari passu* with all other unsubordinated and unsecured obligations of the Issuer, present and future (save for certain mandatory exceptions provided by law).

5. Negative Pledge

The Issuer agrees that for so long as any Note or Coupon remains outstanding (as defined in the Trust Deed), except for Permitted Security, it will not create or permit to subsist any Security upon the whole or any part of its assets, present or future, to secure (i) any of its or their Public External Indebtedness; (ii) any of its or their Guarantees in respect of Public External Indebtedness; or (iii) the Public External Indebtedness or Guarantees in respect of Public External Indebtedness of any other person without, in any case at the same time or prior thereto, securing the Notes equally and rateably therewith to the satisfaction of the Issuer or providing such other security for the Notes as shall be approved by an Extraordinary Resolution of the Holders of a majority in principal amount of the outstanding Notes. Nothing contained herein shall prevent or inhibit the Issuer from granting unsecured sureties or guarantees of any description, including performance bonds at the request of and for account of its customers in favour of third parties as part of the Issuer's ordinary course of business.

6. Fixed Rate Note Provisions

- 6.1 This Condition 6 is applicable to the Notes only if the Fixed Rate Note Provisions are specified in the relevant Final Terms as being applicable.
- 6.2 The Notes bear interest from the Interest Commencement Date at the Rate of Interest payable in arrears on each Interest Payment Date, subject as provided in Condition 13. Each Note will cease to bear interest from the due date for final redemption (or, in the case of an Installment Note, in respect of each installment of principal, on the due date for payment of the relevant Installment Amount) unless, upon due presentation (if required), payment of the Redemption Amount or Installment Amount is improperly withheld or refused or default is otherwise made in the payment thereof, in which case it will continue to bear interest in accordance with this Condition 6 (as well after as before judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Holder of a Note and (ii) the day which is seven days after the Principal Paying Agent or the Registrar, as the case may be, has notified the Holders of Notes that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).
- 6.3 The amount of interest payable in respect of each Note for any Interest Period shall be the relevant Fixed Coupon Amount and, if the Notes are in more than one Specified Denomination, shall be the relevant Fixed Coupon Amount in respect of the relevant Specified Denomination.
- 6.4 The amount of interest payable in respect of each Note for any period for which a Fixed Coupon Amount is not specified shall be calculated by applying the Rate of Interest to the Calculation Amount, multiplying the product by the relevant Day Count Fraction and rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of such Note divided by the Calculation Amount. For this purpose a “**sub-unit**” means, in the case of any currency other than Euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of Euro, means one cent.

Terms and Conditions of the Notes

7. Floating Rate Note and Index-Linked Interest Note Provisions

- 7.1 This Condition 7 is applicable to the Notes only if the Floating Rate Note Provisions or the Index-Linked Interest Note Provisions are specified in the relevant Final Terms as being applicable.
- 7.2 The Notes bear interest from the Interest Commencement Date at the Rate of Interest payable in arrears on each Interest Payment Date, subject as provided in Condition 13. Each Note will cease to bear interest from the due date for final redemption (or, in the case of an Installment Note, in respect of each installment of principal, on the due date for payment of the relevant Installment Amount) unless, upon due presentation (if required), payment of the Redemption Amount or Installment Amount is improperly withheld or refused or default is otherwise made in the payment thereof, in which case it will continue to bear interest in accordance with this Condition (as well after as before judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Holder of a Note and (ii) the day which is seven days after the Principal Paying Agent or the Registrar, as the case may be, has notified the Holders of Notes that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).
- 7.3 If Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Notes for each Interest Period will be determined by the Calculation Agent on the following basis:
- (i) if the Reference Rate is a composite quotation or customarily supplied by one entity, the Calculation Agent will determine the Reference Rate which appears on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;
 - (ii) in any other case, the Calculation Agent will determine the arithmetic mean of the Reference Rates which appear on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;
 - (iii) if, in the case of (i) above, such rate does not appear on that page or, in the case of (ii) above, fewer than two such rates appear on that page or if, in either case, the Relevant Screen Page is unavailable, the Calculation Agent will:
 - (iv) request the principal Relevant Financial Centre office of each the Reference Banks to provide a quotation of the Reference Rate at approximately the Relevant Time on the Interest Determination Date to prime banks in the Relevant Financial Centre interbank market in an amount that is representative for a single transaction in that market at that time; and
 - (v) determine the arithmetic mean of such quotations; and
 - (vi) if fewer than two such quotations are provided as requested, the Calculation Agent will determine the arithmetic mean of the rates (being the nearest to the Reference Rate, as determined by the Calculation Agent) quoted by major banks in the Principal Financial Centre of the Specified Currency, selected by the Calculation Agent, at approximately 11:00 a.m. (local time in the Principal Financial Centre of the Specified Currency) on the first day of the relevant Interest Period for loans in the Specified Currency to leading European banks for a period equal to the relevant Interest Period and in an amount that is representative for a single transaction in that market at that time,

and the Rate of Interest for such Interest Period shall be the sum of the Margin and the rate or (as the case may be) the arithmetic mean so determined; *provided, however*, that if the Calculation Agent is unable to determine a rate or (as the case may be) an arithmetic mean in accordance with the above provisions in relation to any Interest Period, the Rate of Interest applicable to the Notes during such Interest Period will

Terms and Conditions of the Notes

be the sum of the Margin and the rate or (as the case may be) the arithmetic mean last determined in relation to the Notes in respect of a preceding Interest Period.

- 7.4 If ISDA Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Notes for each Interest Period will be the sum of the Margin and the relevant ISDA Rate where “ISDA Rate” in relation to any Interest Period means a rate equal to the Floating Rate (as defined in the ISDA Definitions) that would be determined by the Calculation Agent under an interest rate swap transaction if the Calculation Agent were acting as Calculation Agent for that interest rate swap transaction under the terms of an agreement incorporating the ISDA Definitions and under which:
- (i) the Floating Rate Option (as defined in the ISDA Definitions) is as specified in the relevant Final Terms;
 - (ii) the Designated Maturity (as defined in the ISDA Definitions) is a period specified in the relevant Final Terms; and
 - (iii) the relevant Reset Date (as defined in the ISDA Definitions) is either (A) if the relevant Floating Rate Option is based on the London inter-bank offered rate (LIBOR) for a currency, the first day of that Interest Period or (B) in any other case, as specified in the relevant Final Terms.
- 7.5 If the Index-Linked Interest Note Provisions are specified in the relevant Final Terms as being applicable, the Rate(s) of Interest applicable to the Notes for each Interest Period will be determined in the manner specified in the relevant Final Terms.
- 7.6 If any Maximum Rate of Interest or Minimum Rate of Interest is specified in the relevant Final Terms, then the Rate of Interest shall in no event be greater than the maximum or be less than the minimum so specified.
- 7.7 The Calculation Agent will, as soon as practicable after the time at which the Rate of Interest is to be determined in relation to each Interest Period, calculate the Interest Amount payable in respect of each Note for such Interest Period. The Interest Amount will be calculated by applying the Rate of Interest for such Interest Period to the Calculation Amount, multiplying the product by the relevant Day Count Fraction and rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of such Note divided by the Calculation Amount. For this purpose a “**sub-unit**” means, in the case of any currency other than Euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of Euro, means one cent.
- 7.8 If the relevant Final Terms specifies that any other amount is to be calculated by the Calculation Agent, the Calculation Agent will, as soon as practicable after the time or times at which any such amount is to be determined, calculate the relevant amount. The relevant amount will be calculated by the Calculation Agent in the manner specified in the relevant Final Terms.
- 7.9 The Calculation Agent will cause each Rate of Interest and Interest Amount determined by it, together with the relevant Interest Payment Date, the Redemption Amount, the Installment Amount, and any other amount(s) required to be determined by it together with any relevant payment date(s) to be notified to the Paying Agents, the Trustee, the Registrar or any Transfer Agent (in the case of Registered Notes) and the Holders in accordance with Condition 19 and each stock exchange (if any) on which the Notes are then listed as soon as practicable after such determination but (in the case of each Rate of Interest, Interest Amount, Interest Payment Date, Redemption Amount and Installment Amount) in any event not later than the first day of the relevant Interest Period. Notice thereof shall also promptly be given to the Holders of Notes. The Calculation Agent will be entitled to recalculate any Interest Amount (on the basis of the foregoing provisions) without notice in the event of an extension or shortening of the relevant Interest

Terms and Conditions of the Notes

Period. If the Calculation Amount is less than the minimum Specified Denomination the Calculation Agent shall not be obliged to publish each Interest Amount but instead may publish only the Calculation Amount and the Interest Amount in respect of a Note having the minimum Specified Denomination.

- 7.10 All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition by the Calculation Agent will (in the absence of manifest error) be binding on the Issuer, the Trustee, the Paying Agents, the Holders, the Registrar and the Transfer Agent and (in the absence of willful default or fraud) no liability to any such person will attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.

8. Zero Coupon Note Provisions

- 8.1 This Condition 8 (Zero Coupon Note Provisions) is applicable to the Notes only if the Zero Coupon Note Provisions are specified in the relevant Final Terms as being applicable.

- 8.2 If the Redemption Amount or an Installment Amount payable in respect of any Zero Coupon Note is improperly withheld or refused, the Redemption Amount or Installment Amount shall thereafter be an amount equal to the sum of:

- (i) the Reference Price; and
- (ii) the product of the Accrual Yield (compounded annually) being applied to the Reference Price from (and including) the Issue Date to (but excluding) whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Holder of a Note and (ii) the day which is seven days after the Principal Paying Agent or the Registrar, as the case may be, has notified the Holders of Notes that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

9. Dual Currency Note Provisions

- 9.1 This Condition 9 is applicable to the Notes only if the Dual Currency Note Provisions are specified in the relevant Final Terms as being applicable.

- 9.2 If the rate or amount of interest falls to be determined by reference to an exchange rate, the rate or amount of interest payable shall be determined in the manner specified in the relevant Final Terms.

10. Redemption and Purchase

Redemption at Maturity

- 10.1 Unless previously redeemed, or purchased and cancelled or unless such Note is stated in the Final Terms as having no fixed maturity date, each Note shall be redeemed at its Maturity Redemption Amount (or, in the case of Installment Notes, in such number of installments and in such amounts (“**Installment Amounts**”) as may be specified in, or determined in accordance with the provisions of, the Final Terms) on the date or dates (or, in the case of Notes which bear interest at a floating rate of interest, on the date or dates upon which interest is payable) specified in the Final Terms.

Early Redemption for Taxation Reasons

- 10.2 If, in relation to any Series of Notes, as a result of any change in or amendment to the laws (or any regulations or rulings promulgated thereunder) of Brazil or, where the Issuer is Bradesco Grand Cayman branch, the Cayman Islands, or of any political subdivision or taxing authority in, or of, Brazil or the Cayman Islands, affecting taxation, or any change in the official position regarding application or

Terms and Conditions of the Notes

interpretation of such laws, regulations or rulings (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after the Issue Date of such Notes or any other date specified in the Final Terms, the Issuer has or will become obliged to pay additional amounts as described in Condition 12 in excess of the additional amounts which the Issuer would be obliged to pay if payments of interest under the Notes were subject to withholding or deduction at a rate of 15 per cent. as a result of the taxes, duties, assessments and other governmental charges described in Condition 12 (the “**Minimum Withholding Level**”), the Issuer may (subject to the prior approval of the Central Bank if applicable), at its option and having given no less than forty five nor more than seventy five days’ notice (ending, in the case of Notes which bear interest at a floating rate, on a day upon which interest is payable) to the Holders of the Notes in accordance with Condition 19 (which notice shall be irrevocable), redeem all (but not some only) of the outstanding Notes comprising the relevant Series at their Early Redemption Amount (Tax), together with accrued interest (if any) thereon *provided, however*, that no such notice of redemption may be given earlier than 90 days (or, in the case of Notes which bear interest at a floating rate a number of days which is equal to the aggregate of the number of days falling within the then current interest period applicable to the Notes plus 75 days) prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due. The Issuer shall not have the right to redeem the Notes in the event it becomes obliged to pay additional amounts which are less than the additional amounts payable at the Minimum Withholding Level. Notwithstanding the foregoing, the Issuer shall not have the right to redeem the Notes unless it has taken reasonable measures to avoid the obligation to pay additional amounts described in Condition 12. In the event that the Issuer elects to redeem the Notes pursuant to the provisions set forth in this Condition 10, it will deliver to the Trustee a certificate, signed by an authorised officer and upon which certificate the Trustee may rely absolutely without enquiry or liability to any person, stating that the Issuer is entitled to redeem the Notes pursuant to their terms and an opinion of independent counsel of recognised standing to the effect that the Issuer has or will become obliged to pay additional amount in excess of additional amounts payable at the Minimum Withholding Level.

The Issuer may not exercise such option in respect of any Note which is the subject of the prior exercise by the Holder thereof of its option to require the redemption of such Note under Condition 10.6.

Optional Early Redemption (Call)

- 10.3 If this Condition 10.3 is specified in the Final Terms as being applicable, then the Issuer may, having given the appropriate notice and subject to such conditions as may be specified in the Final Terms, redeem all (but not, unless and to the extent that the Final Terms specifies otherwise, some only) of the Notes of the relevant Series at their Early Redemption Amount (Call), together with accrued interest (if any) thereon on the date specified in such notice; *provided* that if the Issuer so elects, the Issuer may, in lieu of redeeming such Notes, procure that any person designated by the Issuer may purchase such Notes on the relevant date specified in the Final Terms at the Early Redemption Amount (Call).

The Issuer may not exercise such option in respect of any Note which is the subject of the prior exercise by the Holder thereof of its option to require the redemption of such Note under Condition 10.6.

- 10.4 The appropriate notice referred to in Condition 10.3 is a notice given by the Issuer to the Holders of the Notes of the relevant Series in accordance with Condition 19, which notice shall be irrevocable and shall specify:
- the Series of Notes subject to redemption or purchase;
 - whether such Series is to be redeemed or purchased in whole or in part only and, if in part only, the aggregate principal amount of and (except in the case of a Temporary Global Note or Permanent Global Note) the serial numbers of the Notes of the relevant Series which are to be redeemed or purchased;

Terms and Conditions of the Notes

- the due date for such redemption or purchase, which shall be not less than thirty days nor more than seventy five days after the date on which such notice is given and which shall be such date or the next of such dates (“**Call Option Date(s)**”) or a day falling within such period (“**Call Option Period**”), as may be specified in the Final Terms and which is, in the case of Notes which bear interest at a floating rate, a date upon which interest is payable; and
- the Early Redemption Amount (Call) at which such Notes are to be redeemed or purchased.

Partial Redemption

10.5 If the Notes of a Series are to be redeemed or purchased in part only on any date in accordance with Condition 10.3:

- in the case of Bearer Notes, the Notes to be redeemed or purchased shall be drawn by lot in such European city as the Issue Agent may specify, or identified in such other manner or in such other place as the Issue Agent may approve and deem appropriate and fair; and
- in the case of Registered Notes, the Notes shall be redeemed or purchased (so far as may be practicable) *pro rata* to their principal amounts, *provided* always that the amount redeemed or purchased in respect of each Note shall be equal to the minimum denomination thereof or an integral multiple thereof,

subject always to compliance with all applicable laws and the requirements of any stock exchange on which the relevant Notes may be listed.

In the case of the redemption or purchase of part only of a Registered Note, a new Registered Note in respect of the unredeemed balance shall be issued in accordance with Conditions 3.4 to 3.10 which shall apply as in the case of a transfer of Registered Notes as if such new Registered Note were in respect of the untransferred balance.

Optional Early Redemption (Put)

10.6 If this Condition 10.6 is specified in the Final Terms as being applicable, then the Issuer shall, upon the exercise of the relevant option by the Holder of any Note of the relevant Series, redeem such Note on the date specified in the relevant Put Notice (as defined below) at its put Early Redemption Amount (Put), together with accrued interest (if any) thereon; *provided* that if the Issuer so elects, the Issuer may, in lieu of redeeming such Notes, procure the purchase of such Notes on the relevant date specified in the Final Terms at the Early Redemption Amount (Put). In order to exercise such option, the Holder must, not less than forty-five days before the date on which such redemption is required to be made as specified in the Put Notice (which date shall be such date or the next of the dates (“**Put Date(s)**”) or a day falling within such period (“**Put Period**”) as may be specified in the Final Terms), deposit the relevant Note or Certificate (together, in the case of an interest-bearing Note in bearer form, with all unmatured Coupons appertaining thereto other than any Coupon maturing on or before the date of redemption (failing which the provisions of Condition 13A.6 apply)) during normal business hours at the specified office of, in the case of a Bearer Note, any Paying Agent or, in the case of a Registered Note, the Registrar or any Transfer Agent together with a duly completed early redemption notice (“**Put Notice**”) in the form which is available from the specified office of any of the Paying Agents, the Registrar or, as the case may be, any Transfer Agent specifying, in the case of a Registered Note, the aggregate principal amount in respect of which such option is exercised (which must be the minimum denomination specified in the Final Terms or an integral multiple thereof). No Note or Certificate so deposited and option exercised may be withdrawn (except as provided in the Paying Agency Agreement).

In the case of the redemption or purchase of part only of a Registered Note, a new Certificate in respect of the unredeemed balance shall be issued in accordance with Conditions 3.4 to 3.9 which shall apply as in the

Terms and Conditions of the Notes

case of a transfer of Registered Notes as if such new Certificate were in respect of the untransferred balance.

The Holder of a Note may not exercise such option in respect of any Note which is the subject of an exercise by the Issuer of its option to redeem or purchase such Note under either Condition 10.2 or 10.3.

Purchase of Notes

- 10.7 The Issuer or any of its subsidiaries may at any time purchase Notes in the open market or otherwise and at any price *provided* that all unmatured Receipts and Coupons appertaining thereto are purchased therewith. If purchases are made by tender, tenders must be available to all Holders of Notes alike.

Cancellation of Redeemed and Purchased Notes

- 10.8 All unmatured Notes and Coupons and unexchanged Talons redeemed or purchased, otherwise than in the ordinary course of business of dealing in securities or as a nominee in accordance with this Condition 10 will be cancelled forthwith and may not be reissued or resold; *provided* that any Notes purchased by any person other than the Issuer pursuant to Condition 10.3, Condition 10.6 or Condition 10.7 need not be cancelled and may be resold *provided* that any such resale is in compliance with all relevant laws, regulations and directives.

Further Provisions applicable to Redemption Amount and Installment Amounts

- 10.9 The provisions of Condition 7.7 and Condition 22 shall apply to any determination or calculation of the Redemption Amount or any Installment Amount required by the Final Terms to be made by the Calculation Agent.
- 10.10 In the case of any Note which is non-interest bearing, the “**Amortised Face Amount**” shall be an amount equal to the sum of:
- (i) the Issue Price specified in the Final Terms; and
 - (ii) the product of the Amortisation Yield (compounded annually) being applied to the Issue Price from (and including) the Issue Date specified in the Final Terms to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable.

Where such calculation is to be made for a period which is not a whole number of years, the calculation in respect of the period of less than a full year shall be made on the basis of the Day Count Fraction specified in the Final Terms for the purposes of this Condition 10.10.

- 10.11 In the case of any Note which is non-interest bearing, if any Redemption Amount (other than the Maturity Redemption Amount) is improperly withheld or refused or default is otherwise made in the payment thereof, the Amortised Face Amount shall be calculated as provided in Condition 10.10 but as if references in subparagraph (ii) to the date fixed for redemption or the date upon which such Note becomes due and repayable were replaced by references to the earlier of:
- (i) the date on which, upon due presentation or surrender of the relevant Note or Certificate (if required), the relevant payment is made; and
 - (ii) (except where presentation or surrender of the relevant Note or Certificate is not required as a precondition of payment), the seventh day after the date on which, the Principal Paying Agent or the Registrar, as the case may be, having received the funds required to make such payment, notice is given to the Holders of the Notes in accordance with Condition 19 of that circumstance (except to the extent that there is a failure in the subsequent payment thereof to the relevant Holder).

Terms and Conditions of the Notes

Notice to Luxembourg Stock Exchange

10.12 Notwithstanding the notice provisions of this Condition 10, where any Notes are listed on the official list of the Luxembourg Stock Exchange (so long as such Notes remain listed on the official list of the Luxembourg Stock Exchange and the rules of that exchange so require), notice of any early redemption of Notes given pursuant to this Condition 10 will also be sent directly by the Issuer to the Luxembourg Stock Exchange.

11. Events of Default

In the event that one or more of the following events or circumstances as modified by, and/or such other events as may be specified in, the Final Terms (“**Events of Default**”) shall have occurred and be continuing:

- (i) the Issuer fails to pay any amount of principal in respect of the Notes within three Business Days of the due date for payment thereof or fails to pay any amount of interest in respect of the Notes within ten Business Days of the due date for payment thereof; or
- (ii)
 - (a) any Indebtedness of the Issuer or any Subsidiary is not paid when due or (as the case may be) within any originally applicable grace period and such non-payment has continued for at least two Business Days;
 - (b) any such Indebtedness becomes (or becomes capable of being declared) due and payable prior to its stated maturity otherwise than at the option of the Issuer or (as the case may be) the relevant Subsidiary or (provided that no event of default, howsoever described, has occurred) any person entitled to such Indebtedness; or
 - (c) the Issuer or any Subsidiary fails to pay when due any amount payable by it under any Guarantee of any Indebtedness;

provided that the amount of Indebtedness referred to in sub-paragraph (a) and/or sub-paragraph (b) above and/or the amount payable under any Guarantee referred to in sub-paragraph (c) above individually or in the aggregate exceeds U.S.\$100,000,000 (or its equivalent in any other currency or currencies); or

- (iii) the Issuer shall fail duly to perform or observe any other material covenant or agreement in respect of the Notes of the relevant Series or any of them contained in the Trust Deed, the Paying Agency Agreement or the Notes and such failure shall continue for a period of 30 days after it occurs; or
- (iv) the Issuer (a) is dissolved, (b) suspends payments on its debts or fails or is unable to pay its debts generally as they become due, (c) commences, to the extent permitted by applicable law, a voluntary case in bankruptcy or any other action or proceeding for any other relief under any law affecting creditors’ rights that is similar to a bankruptcy law or (d) consents by answer or otherwise to the commencement against it of an involuntary case in bankruptcy or any other such action or proceeding and such proceeding is not dismissed on or before the 60th day after the entry thereof; or
- (v) Banco Bradesco S.A., together with its consolidated subsidiaries, ceases or threatens to cease to carry on all or any substantial part of its business except, in the case of such subsidiaries, for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation; or
- (vi) the Issuer or any Significant Subsidiary is (or is, or could be, deemed by law or a court to be) insolvent or bankrupt or unable to pay its debts or stops, suspends or threatens to stop or suspend payment of all or a material part of (or of a particular type of) its debts; or

Terms and Conditions of the Notes

- (vii) any event, which under the laws of Brazil, or, where the Issuer is Bradesco Grand Cayman branch, the Cayman Islands, has an analogous effect to any of the events referred to in paragraph (v) above, occurs or leads to Banco Bradesco S.A. not maintaining its relevant licenses to operate the Grand Cayman branch,

then the Trustee may, at its discretion, and if so requested in writing by the Holders of at least one third in nominal amount of the Notes of the relevant Series then outstanding or if so directed by an Extraordinary Resolution of the Holders of the relevant Series shall (subject in each case to being indemnified and/or secured to its satisfaction), give written notice to the Issuer that the Notes of the relevant Series and (if the Notes are interest-bearing) the interest accrued thereon to the date of payment are, and they shall accordingly forthwith thereby become, due and payable at their Early Termination Amount, together with all interest (if any) accrued thereon without further action or formality.

12. Taxation

12.1 All amounts payable (whether in respect of principal, interest or otherwise) in respect of the Notes, Receipts or Coupons will be made free and clear of and without withholding or deduction for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of Brazil and, where the Issuer is Bradesco Grand Cayman branch, the Cayman Islands, or any political subdivision thereof or any authority or agency therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law. In that event, the Issuer will pay such additional amounts as may be necessary in order that the net amounts receivable by the Holder after such withholding or deduction shall equal the respective amounts which would have been receivable by such Holder in the absence of such withholding or deduction; except that:

- (a) in the case of Bearer Notes, no such additional amounts shall be payable in respect of any Note, Receipt or Coupon presented for payment:
 - (i) by a Holder, or by a third party on behalf of a Holder, who is liable to such taxes, duties, assessments or governmental charges in respect of such Note or Coupon by reason of it having some connection with Brazil or, where the Issuer is Bradesco Grand Cayman branch, the Cayman Islands, other than the mere holding of such Note, Receipt or Coupon;
 - (ii) by a Holder, or by a third party on behalf of a Holder, who would be able to avoid such withholding or deduction by making a declaration of non-residence or similar claim for exemption but fails to do so;
 - (iii) more than 30 days after the Relevant Date, except to the extent that the relevant Holder would have been entitled to such additional amounts if it had presented the relevant Note or Coupon for payment on the last day of such period of 30 days; or
 - (iv) presented for payment by or on behalf of a Holder who would have been able to avoid such withholding or deduction by arranging to receive the relevant payment through another Paying Agent in a Member State of the European Union, and
- (b) in the case of Registered Notes, no such additional amounts shall be payable in respect of any Note:
 - (i) held by a Holder, or by a third party on behalf of a Holder, which is liable to such taxes, duties, assessments or governmental charges in respect of such Note by reason of it having some connection with Brazil or, where the Issuer is Bradesco Grand Cayman branch, the Cayman Islands, other than the mere holding of such Note;

Terms and Conditions of the Notes

- (ii) held by a Holder, or by a third party on behalf of a Holder, who would be able to avoid such withholding or deduction by making a declaration of non-residence or similar claim for exemption but fails to do so;
 - (iii) where (in the case of a payment of principal or interest which is conditional on surrender of the relevant Certificate in accordance with the Conditions) the relevant Certificate is surrendered for payment more than 30 days after the Relevant Date except to the extent that the relevant Holder would have been entitled to such additional amounts if it had surrendered the relevant Certificate on the last day of such period of 30 days; or
 - (iv) by or on behalf of a Holder who would have been able to avoid such withholding or deduction by presenting the relevant Note to another Paying Agent in a Member State of the European Union.
- 12.2 If the Issuer becomes subject generally at any time to any taxing jurisdiction other than, or in addition to, Brazil, and, where the Issuer is Bradesco Grand Cayman branch, the Cayman Islands, references in Condition 10.2 and Condition 12.1 to Brazil or the Cayman Islands shall be read and construed as references to Brazil and the Cayman Islands and/or to such other jurisdiction(s).
- 12.3 Any reference in these Terms and Conditions to “**principal**” and/or “**interest**” in respect of the Notes shall be deemed also to refer to any additional amounts which may be payable under this Condition 12 and any additional amounts which may be payable under Condition 13A.8 or 13B.5. Unless the context otherwise requires, any reference in these Terms and Conditions to “**principal**” shall include any premium payable in respect of a Note, any Installment Amount or Redemption Amount and any other amounts in the nature of principal payable pursuant to these Terms and Conditions and “**interest**” shall include all amounts payable pursuant to Condition 6 or Condition 7 and any other amounts in the nature of interest payable pursuant to these Terms and Conditions.
- 12.4 Notwithstanding any other provision of the Terms and Conditions of the Notes, the Issuer shall be permitted to withhold or deduct any amounts required by the rules of U.S. Internal Revenue Code Sections 1471 through 1474 (or any amended or successor provisions), pursuant to any inter-governmental agreement or implementing legislation adopted by another jurisdiction in connection with these provisions, or pursuant to any agreement with the U.S. Internal Revenue Service (“**FATCA Withholding**”) as a result of a holder, beneficial owner or an intermediary that is not an agent of the Issuer not being entitled to receive payments free of FATCA Withholding. The Issuer will have no obligation to pay additional amounts or otherwise indemnify an investor for any such FATCA Withholding deducted or withheld by the Issuer, any of the Paying Agents or any other party.

13. Payments

13A *Payments - Bearer Notes*

- 13A.1 This Condition 13A is applicable in relation to Notes in bearer form.
- 13A.2 Payment of amounts (other than interest) due in respect of Bearer Notes will be made against presentation and (save in the case of partial payment or payment of an Installment Amount (other than the final Installment Amount)) surrender of the relevant Bearer Notes at the specified office of any of the Paying Agents.

Payment of Installment Amounts (other than the final Installment Amount) in respect of an Installment Note will be made against presentation of the Note together with (where applicable) the relevant Receipt and surrender of such Receipt.

Terms and Conditions of the Notes

The Receipts are not and shall not in any circumstances be deemed to be documents of title and if separated from the Note to which they relate will not represent any obligation of the Issuer. Accordingly, the presentation of a Note without the relative Receipt or the presentation of a Receipt without the Note to which it appertains shall not entitle the Holder to any payment in respect of the relevant Installment Amount.

13A.3 Payment of amounts in respect of interest on Bearer Notes will be made:

- (i) in the case of Notes without Coupons attached thereto at the time of their initial delivery, against presentation of the relevant Notes at the specified office of any of the Paying Agents outside (unless Condition 13A.4 applies) the United States or its possessions; and
- (ii) in the case of Notes delivered with Coupons attached thereto at the time of their initial delivery, against surrender of the relevant Coupons or, in the case of interest due otherwise than on a scheduled date for the payment of interest, against presentation of the relevant Notes, in either case at the specified office of any of the Paying Agents outside (unless Condition 13A.4 applies) the United States or its possessions.
- (iii) No payment of interest or principal in respect of Bearer Notes shall be made by a transfer of funds into an account maintained by the payee in the United States or mailed to an address in the United States.

13A.4 Payments of amounts due in respect of interest on the Notes in U.S. dollars and exchanges of Talons for Coupon sheets in accordance with Condition 13A.7 will not be made at the specified office of any Paying Agent in the United States (as defined in the United States Internal Revenue Code and Regulations thereunder) unless (i) payment in full of amounts due in respect of interest on such Notes when due or, as the case may be, the exchange of Talons at all the specified offices of the Paying Agents outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions and (ii) such payment or exchange is permitted by applicable United States law. If paragraphs (i) and (ii) of the previous sentence apply, the Issuer shall forthwith appoint a further Paying Agent with a specified office in New York City.

13A.5 If the due date for payment of any amount due in respect of any Note is not a Payment Business Day, then the Holder thereof will not be entitled to payment thereof until the next day which is such a day, (or as otherwise specified in the Final Terms) and from such day and thereafter will be entitled to receive payment by cheque on any Payment Business Day, and will be entitled to payment by transfer to a designated account on any day which is a Payment Business Day and a day on which commercial banks and foreign exchange markets settle payments in the relevant currency in the place where the relevant designated account is located and no further payment on account of interest or otherwise shall be due in respect of such delay or adjustment unless there is a subsequent failure to pay in accordance with these Terms and Conditions in which event interest shall continue to accrue as provided in Condition 6.2, Condition 7.2 or, if appropriate, Condition 8.

13A.6 Each Note initially delivered with Coupons, Talons or Receipts attached thereto should be presented and, save in the case of partial payment of the Redemption Amount, surrendered for final redemption together with all unmatured Receipts, Coupons and Talons relating thereto, failing which:

- (i) if the Final Terms specifies that this paragraph (i) of Condition 13A.6 is applicable (and, in the absence of specification, this paragraph (i) shall apply to Notes which bear interest at a fixed rate or rates or in fixed amounts) and subject as hereinafter provided, the amount of any missing unmatured Coupons (or, in the case of a payment not being made in full, that portion of the amount of such missing Coupon which the Redemption Amount paid bears to the total Redemption Amount due) (excluding, for this purpose, but without prejudice to paragraph (iii) below, Talons) will be deducted from the amount otherwise payable on such final redemption,

Terms and Conditions of the Notes

the amount so deducted being payable against surrender of the relevant Coupon at the specified office of any of the Paying Agents at any time within ten years of the Relevant Date applicable to payment of such Redemption Amount;

- (ii) if the Final Terms specifies that this paragraph (ii) of Condition 13A.6 is applicable (and, in the absence of specification, this paragraph (ii) shall apply to Notes which bear interest at a floating rate or rates or in variable amounts) all unmatured Coupons (excluding, for this purpose, but without prejudice to paragraph (iii) below, Talons) relating to such Notes (whether or not surrendered therewith) shall become void and no payment shall be made thereafter in respect of them;
- (iii) in the case of Notes initially delivered with Talons attached thereto, all unmatured Talons (whether or not surrendered therewith) shall become void and no exchange for Coupons shall be made thereafter in respect of them; and
- (iv) in the case of Notes initially delivered with Receipts attached thereto, all Receipts relating to such Notes in respect of a payment of an Installment Amount which (but for such redemption) would have fallen due on a date after such due date for redemption (whether or not surrendered therewith) shall become void and no payment shall be made thereafter in respect of them.

The provisions of paragraph (i) of this Condition 13A.6 notwithstanding, if any Notes should be issued with a maturity date and an Interest Rate or Rates such that, on the presentation for payment of any such Note without any unmatured Coupons attached thereto or surrendered therewith, the amount required by paragraph (i) to be deducted would be greater than the Redemption Amount otherwise due for payment, then, upon the due date for redemption of any such Note, such unmatured Coupons (whether or not attached) shall become void (and no payment shall be made in respect thereof) as shall be required so that, upon application of the provisions of paragraph (i) in respect of such Coupons as have not so become void, the amount required by paragraph (i) to be deducted would not be greater than the Redemption Amount otherwise due for payment. Where the application of the foregoing sentence requires some but not all of the unmatured Coupons relating to a Note to become void, the relevant Paying Agent shall determine which unmatured Coupons are to become void, and shall select for such purpose Coupons maturing on later dates in preference to Coupons maturing on earlier dates.

- 13A.7 In relation to Notes initially delivered with Talons attached thereto, on or after the due date for the payment of interest on which the final Coupon comprised in any Coupon sheet matures, the Talon comprised in the Coupon sheet may be surrendered at the specified office of any Paying Agent outside (unless Condition 13A.4 applies) the United States in exchange for a further Coupon sheet (including any appropriate further Talon), subject to the provisions of Condition 14 below. Each Talon shall, for the purpose of these Conditions, be deemed to mature on the Interest Payment Date on which the final Coupon comprised in the relative Coupon sheet matures.
- 13A.8 The receipt by the Principal Paying Agent from the Issuer of each payment in whole of principal and/or interest then due in respect of the Notes in the manner specified in the Paying Agency Agreement and on the date on which such amount of principal and/or interest is due under the Notes shall satisfy the obligation of the Issuer under the Notes to make such payment on such date; *provided* that, in the event that there is a default by the Principal Paying Agent in any payment to any Paying Agent or by any Paying Agent in any payment of principal or interest on the Notes to any Holder in accordance with these Conditions, the Issuer shall pay such additional amounts as will result in receipt by such Holder of such amount as would have been received by it had no such default occurred.

13B *Payments - Registered Notes*

- 13B.1 This Condition 13B is applicable in relation to Notes in registered form.

Terms and Conditions of the Notes

- 13B.2 Payment of the Redemption Amount (together with accrued interest) due in respect of Registered Notes will be made against presentation and, save in the case of partial payment of the Redemption Amount, surrender of the relevant Certificate at the specified office of the Registrar or any Transfer Agent. If the due date for payment of the Redemption Amount of any Registered Note is not a Payment Business Day, then the Holder thereof will not be entitled to payment thereof until the next day which is such a day, and from such day and thereafter will be entitled to receive payment by cheque on any Payment Business Day, and, will be entitled to payment by transfer to a designated account on any day which is a Payment Business Day and a day on which commercial banks and foreign exchange markets settle payments in the relevant currency in the place where the relevant designated account is located and no further payment on account of interest or otherwise shall be due in respect of such postponed payment unless there is a subsequent failure to pay in accordance with these Terms and Conditions in which event interest shall continue to accrue as provided in Condition 6.2, Condition 7.2 or, as appropriate, Condition 8.
- 13B.3 Payment of amounts (whether principal, interest or otherwise) due (other than the Redemption Amount) in respect of Registered Notes will be paid to the Holder thereof (or, in the case of joint Holders, the first named) as appearing in the Register as at the close of business (local time in the place of the specified office of the Registrar) (i) in the case of a Registered Note registered in the name of, or the name of a nominee for, DTC, on the fifteenth DTC business day before the due date for payment thereof; and (ii) in the case of a Registered Note deposited with a common depositary for, and registered in the name of a common nominee of, Clearstream and Euroclear on the first day on which Euroclear and Clearstream are open for business preceding the due date for payment thereof (the “**Record Date**”).
- 13B.4 Notwithstanding the provisions of Condition 13C.2, payment of amounts (whether principal, interest or otherwise) due (other than the Redemption Amount) in respect of Registered Notes will be made in the currency in which such amount is due by cheque (in the case of payment in Japanese Yen to a non-resident of Japan, drawn on an authorised foreign exchange bank and posted to the address (as recorded in the Register of the Holder thereof (or, in the case of joint Holders, the first-named) on the Relevant Banking Day not later than the relevant due date for payment unless prior to the relevant Record Date the Holder thereof (or, in the case of joint Holders, the first-named) has applied to the Registrar and the Registrar has acknowledged such application for payment to be made to a designated account denominated in the relevant currency (in the case of payment in Japanese Yen to a non-resident of Japan, a non-resident account with an authorised foreign exchange bank) in which case payment shall be made on the relevant due date for payment by transfer to such account. In the case of payment by transfer to an account, if the due date for any such payment is not a Payment Business Day, then the Holder thereof will not be entitled to payment thereof until the first day thereafter which is a Payment Business Day and a day on which commercial banks and foreign exchange markets settle payments in the relevant currency in the place where the relevant designated account is located and no further payment on account of interest or otherwise shall be due in respect of such postponed payment unless there is a subsequent failure to pay in accordance with these Terms and Conditions in which event interest shall continue to accrue as provided in Condition 6.2, Condition 7.2 or, as appropriate, Condition 8.
- 13B.5 The receipt by the Registrar from the Issuer of each payment in whole of principal and/or interest then due in respect of the Notes in the manner specified in the Paying Agency Agreement and on the date on which such amount of principal and/or interest is due under the Notes shall satisfy the obligation of the Issuer under the Notes to make such payment on such date; *provided* that, in the event that there is a default by the Registrar in any payment to any Paying Agent or by any Paying Agent in any payment of principal or interest on the Notes to any Holder in accordance with these Conditions, the Issuer shall pay such additional amounts as will result in receipt by such Holder of such amount as would have been received by it had no default occurred.

13C *Payments - General Provisions*

- 13C.1 Save as otherwise specified in these Terms and Conditions, this Condition 13C is applicable in relation to Notes whether in bearer or in registered form.

Terms and Conditions of the Notes

13C.2 Payments of amounts due (whether principal, interest or otherwise) in respect of Notes will be made in the currency in which such amount is due (a) by cheque (in the case of payment in Japanese Yen to a non-resident of Japan, drawn on an authorised foreign exchange bank) or (b) at the option of the payee, by transfer to an account denominated in the relevant currency specified by the payee (in the case of payment in Japanese Yen to a non-resident of Japan, a non-resident account with an authorised foreign exchange bank specified by the payee). Payments will, without prejudice to the provisions of Condition 12, be subject in all cases to any applicable fiscal or other laws and regulations.

13C.3 No commissions or expenses shall be charged to the Holders of Notes or Coupons in respect of such payments.

14. Prescription

Claims against the Issuer for payment of principal and interest in respect of Notes will be prescribed and become void unless made, in the case of principal, within ten years or, in the case of interest, five years after the Relevant Date for payment thereof.

In relation to Definitive Notes initially delivered with Talons attached thereto, there shall not be included in any Coupon sheet issued upon exchange of a Talon any Coupon which would be void upon issue pursuant to Condition 13A.6 or the due date for the payment of which would fall after the due date for the redemption of the relevant Note or which would be void pursuant to this Condition 14 or any Talon the maturity date of which would fall after the due date for redemption of the relevant Note.

15. Consolidation, Merger or Sales of Assets

15.1 The Issuer shall not, without the consent of the Holders of two-thirds in principal amount of the outstanding Notes, consolidate with or merge into any other corporation or convey or transfer, in one transaction or a series of transactions, all or substantially all of its properties or assets to any other person unless:

- (i) the corporation formed by such consolidation or into which the Issuer is merged or the person which acquires by conveyance or transfer all or substantially all of the properties and assets of the Issuer (the “**Successor Corporation**”) shall be obliged to assume the due and punctual payment of the principal of and interest on all the Notes and all other obligations of the Issuer under the Trust Deed, the Paying Agency Agreement and the Notes;
- (ii) immediately after giving effect to such transaction, no Event of Default with respect to any Note shall have occurred and be continuing;
- (iii) after any public announcement of, but in any event prior to the completion of any such consolidation, merger, conveyance or transfer, the Issuer has delivered to the Trustee (a) a certificate signed by two executive officers of the Issuer stating that such consolidation, merger, conveyance or transfer complies with this Condition and that all conditions precedent herein provided for relating to such transaction (other than the condition precedent set out in (ii) above) have been complied with and (b) an opinion of independent counsel of recognised standing as to the legal issues relating thereto; and
- (iv) the Successor Corporation shall expressly agree (a) to indemnify each Holder of a Note or Coupon against any tax, assessment or governmental charge thereafter imposed on such Holder solely as a consequence of such consolidation, merger, conveyance or transfer with respect to the payment of principal of or (if the Note is interest-bearing) interest on the Notes, and (b) to pay any additional amounts as may be necessary in order that the net amounts received by the Holders of the Notes (and Coupons, if any) after any withholding or deduction of any such tax, assessment or other governmental charge shall equal the respective amounts of principal and (if the Note is

Terms and Conditions of the Notes

interest-bearing) interest which would have been receivable in respect of the Notes (and Coupons, if any) in the absence of such consolidation, merger, conveyance or transfer.

- 15.2 No Successor Corporation shall have the right to redeem the Notes unless the Issuer would have been entitled to redeem the Notes in similar circumstances.
- 15.3 Upon the consolidation, merger, conveyance or transfer in accordance with this Condition, the Successor Corporation shall succeed to, and be substituted for, and may exercise every right and power of, the Issuer under the Notes with the same effect as if the Successor Corporation had been named as the issuer of the Notes herein.

16. The Paying Agents, the Registrar, the Transfer Agents and the Calculation Agent

- 16.1 The initial Paying Agents, Issue Agent, Registrar and Transfer Agents and their respective initial specified offices are specified below. The Calculation Agent in respect of any Notes shall be specified in the Final Terms. The Issuer reserves the right at any time to vary or terminate (with the prior written approval of the Trustee) the appointment of any Paying Agent (including the Principal Paying Agent), the Issue Agent, the Registrar, any Transfer Agent or the Calculation Agent and to appoint additional or other Paying Agents, another Registrar, additional or other Transfer Agents or another Calculation Agent *provided* that it will at all times maintain (i) a Principal Paying Agent, (ii) in the case of Bearer Notes, the Issue Agent, (iii) in the case of Registered Notes, a Registrar, (iv) so long as the Notes are listed on the official list of any stock exchange, a Paying Agent and a Registrar or Transfer Agent each with a specified office in such place as may be required by the rules of such stock exchange, (v) in the circumstances described in Condition 13A.4, a Paying Agent with a specified office in New York City, and (vi) a Calculation Agent where required by the Terms and Conditions applicable to any Notes (in the case of (i), (ii), (iii), and (vi) with a specified office located in such place (if any) as may be required by the Terms and Conditions). The Paying Agents, the Issue Agent, the Registrar, the Transfer Agents and the Calculation Agent reserve the right at any time to change their respective specified offices to some other specified office in the same city. Notice of all changes in the identities or specified offices of any Paying Agent, the Registrar, any Transfer Agent or the Calculation Agent will be given promptly by the Issuer to the Holders in accordance with Condition 19.
- 16.2 The Paying Agents, the Registrar, the Transfer Agents and the Calculation Agent act solely as agents of the Issuer or, following an Event of Default or a Potential Event of Default, the Trustee and, save as provided in the Paying Agency Agreement or any other agreement entered into with respect to its appointment, do not assume any obligations towards or relationship of agency or trust for any Holder of any Note, Receipt or Coupon and each of them shall only be responsible for the performance of the duties and obligations expressly imposed upon it in the Paying Agency Agreement or other agreement entered into with respect to its appointment or incidental thereto.

17. Replacement of Notes

If any Note, Certificate, Receipt or Coupon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Principal Paying Agent or any Paying Agents (in the case of Bearer Notes and Coupons) or of the Issue Agent, Registrar or any Transfer Agent (in the case of Registered Notes) (each a “**Replacement Agent**”), subject to all applicable laws and the requirements of any stock exchange on which the Notes are listed, upon payment by the claimant of all expenses incurred in connection with such replacement and upon such terms as to evidence, security, indemnity and otherwise as the Issuer and the Replacement Agent may require. Mutilated or defaced Notes, Certificates, Receipts and Coupons must be surrendered before replacements will be delivered therefor.

Terms and Conditions of the Notes

18. Meetings of Holders, Waiver and Modification

The Trust Deed contains provisions (which shall have effect as if incorporated herein) for convening meetings of the Holders of Notes of any Series to consider any matter affecting their interest, including (without limitation) the modification of these Terms and Conditions or the Trust Deed. An Extraordinary Resolution passed at any meeting of the Holders of Notes of any Series or an Extraordinary Resolution in writing passed by or on behalf of the requisite number of Holders of Notes of any Series shall, in each case, be effective as an Extraordinary Resolution. An Extraordinary Resolution passed at any meeting of the Holders will be binding on all Holders of the Notes of such Series, whether or not they are present at the meeting, and on all Holders of Coupons relating to Notes of such Series.

The Trustee shall not be responsible for acting upon any resolution purporting to be a written resolution or to have been passed at any meeting of the Holders of the Notes in respect whereof minutes have been made and signed even though it may subsequently be found that there was some defect in the constitution of the meeting or the passing of the resolution or that for any reason the resolution was not valid or binding upon the Holders of the Notes.

The Trustee may agree, without the consent of the Holders of the Notes or Coupons (if any) of any Series, to any modification (subject to certain exceptions) of, or to the waiver or authorisation of any breach or proposed breach of, any of these Terms and Conditions or any of the provisions of the Trust Deed which, in the opinion of the Trustee, is not materially prejudicial to the interests of the Holders of such Notes or Coupons or to any modification which is of a formal, minor or technical nature or is made to correct a manifest error. The Trustee may also determine that any event which would or might otherwise constitute an Event of Default under Condition 11 shall not do so, *provided* that, in the opinion of the Trustee, such event is not materially prejudicial to the interests of the Holders of the Notes or the Coupons, if any, of the relevant Series. Any such modification, waiver, authorisation or determination shall be binding on the Holders of the Notes and the Coupons (if any) of the relevant Series and (unless the Trustee agrees otherwise) any such modification shall be notified to the Holders as soon as practicable thereafter in accordance with Condition 19.

19. Notices

To Holders of Bearer Notes

- 19.1 Notices to Holders of Bearer Notes shall, save where another means of effective communication has been specified herein or in the Final Terms, be given by the Trustee and be deemed to be validly given if (i) published in a leading daily newspaper having general circulation in London (which is expected to be the *Financial Times*) and (ii) in the case of any Notes which are listed on the official list of the Luxembourg Stock Exchange (so long as such Notes are listed on the official list of the Luxembourg Stock Exchange and the rules of that exchange so require), in a leading newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*), on the Luxembourg Stock Exchange website (www.bourse.lu), or (in the case of (i) or (ii)), if such publication is not practicable, if published in a leading English language daily newspaper having general circulation in Europe. The Trustee shall also ensure that notices are duly published in compliance with the requirements of each stock exchange on which the Notes are listed. Any notice so given will be deemed to have been validly given on the date of first such publication (or, if required to be published in more than one newspaper, on the first date on which publication shall have been made in all the required newspapers). Holders of Coupons will be deemed for all purposes to have notice of the contents of any notice given to Holders of Bearer Notes in accordance with this Condition.

To Holders of Registered Notes

- 19.2 Notices to Holders of Registered Notes shall be given by the Trustee and shall be deemed to be validly given if sent by first class mail (or equivalent) or (if posted to an overseas address) by air mail to them (or, in the case of joint Holders, to the first-named in the Register) at their respective addresses as recorded in the Register, and will be deemed to have been validly given on the fourth weekday after the date of such

Terms and Conditions of the Notes

mailing or, if posted from another country, on the fifth such day. With respect to Registered Notes listed on the official list of the Luxembourg Stock Exchange, any notices to Holders must also be published by the Trustee in a leading newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) and, in addition to the foregoing, will be deemed validly given only after the date of such publication.

20. Further Issues

The Issuer may from time to time, without the consent of the Holders of any Notes or Coupons, create and issue further instruments, bonds or debentures having the same terms and conditions as such Notes in all respects (or in all respects except for the issue date, the first payment of interest, if any, on them and/or the denomination thereof) so as to form a single series with the Notes of any particular Series.

21. Currency Indemnity

If any sum due from the Issuer in respect of the Notes or the Coupons or any order or judgement given or made in relation thereto has to be converted from the currency (the “**first currency**”) in which the same is payable under these Conditions or such order or judgement into another currency (the “**second currency**”) for the purpose of (i) making or filing a claim or proof against the Issuer, (ii) obtaining an order or judgement in any court or other tribunal or (iii) enforcing any order or judgement given or made in relation to the Notes, the Issuer shall indemnify each Holder of a Note or Coupon, on the written demand of such Holder of a Note or Coupon addressed to the Issuer and delivered to the Issuer or to the Specified Office of the Principal Paying Agent or the Registrar, as the case may be, against any loss suffered as a result of any discrepancy between (a) the rate of exchange used for such purpose to convert the sum in question from the first currency into the second currency and (b) the rate or rates of exchange at which such Holder of a Note or Coupon may in the ordinary course of business purchase the first currency with the second currency upon receipt of a sum paid to it in satisfaction, in whole or in part, of any such order, judgement, claim or proof.

This indemnity constitutes a separate and independent obligation of the Issuer and shall give rise to a separate and independent cause of action.

22. Rounding

For the purposes of any calculations referred to in these Conditions (unless otherwise specified in these Conditions or the relevant Final Terms), (i) all percentages resulting from such calculations will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005 per cent. being rounded up to 0.00001 per cent.), (ii) all United States dollar amounts used in or resulting from such calculations will be rounded to the nearest cent (with one half cent being rounded up), (iii) all Japanese Yen amounts used in or resulting from such calculations will be rounded downwards to the next lower whole Japanese Yen amount, and (iv) all amounts denominated in any other currency used in or resulting from such calculations will be rounded to the nearest two decimal places in such currency, with 0.005 being rounded upwards.

23. Redenomination, Renominalisation and Reconventioning

- 23.1 This Condition 23 is applicable to the Notes only if it is specified in the relevant Final Terms as being applicable.
- 23.2 If the country of the Specified Currency becomes or, announces its intention to become, a Participating Member State, the Issuer may, without the consent of the Holders of Notes and Coupons, on giving at least 30 days' prior notice to the Holders of Notes and the Paying Agents, designate a date (the “**Redenomination Date**”), being an Interest Payment Date under the Notes falling on or after the date on which such country becomes a Participating Member State.
- 23.3 Notwithstanding the other provisions of these Conditions, with effect from the Redenomination Date:

Terms and Conditions of the Notes

- (i) the Notes shall be deemed to be redenominated into Euro in the denomination of Euro 0.01 with a principal amount for each Note equal to the principal amount of that Note in the Specified Currency, converted into Euro at the rate for conversion of such currency into Euro established by the Council of the European Union pursuant to the Treaty (including compliance with rules relating to rounding in accordance with European Community regulations); provided, however, that, if the Issuer determines, with the agreement of the Issue Agent or, in the case of Registered Notes, the Registrar then market practice in respect of the redenomination into Euro 0.01 of internationally offered securities is different from that specified above, such provisions shall be deemed to be amended so as to comply with such market practice and the Issuer shall promptly notify the Holders of Notes and Coupons, each stock exchange (if any) on which the Notes are then listed and the Paying Agents of such deemed amendments;
 - (ii) if Notes have been issued in definitive form:
 - (a) all unmatured Coupons denominated in the Specified Currency (whether or not attached to the Notes) will become void with effect from the date (the “**Euro Exchange Date**”) on which the Issuer gives notice (the “**Euro Exchange Notice**”) to the Holders of Notes that replacement Notes and Coupons denominated in Euro are available for exchange (*provided* that such Notes and Coupons are available) and no payments will be made in respect thereof;
 - (b) the payment obligations contained in all Notes denominated in the Specified Currency will become void on the Euro Exchange Date but all other obligations of the Issuer thereunder (including the obligation to exchange such Notes in accordance with this Condition 23) shall remain in full force and effect; and
 - (c) new Notes and Coupons denominated in Euro will be issued in exchange for Notes and Coupons denominated in the Specified Currency in such manner as the Issue Agent or, in the case of Registered Notes, the Registrar, may specify and as shall be notified to the Holders of Notes in the Euro Exchange Notice; and
 - (iii) all payments in respect of the Notes (other than, unless the Redenomination Date is on or after such date as the Specified Currency ceases to be a sub-division of the Euro, payments of interest in respect of periods commencing before the Redenomination Date) will be made solely in Euro by cheque drawn on, or by credit or transfer to a Euro account (or any other account to which Euro may be credited or transferred) maintained by the payee with, a bank in the principal financial centre of any Member State of the European Community.
- 23.4 Following redenomination of the Notes pursuant to this Condition 23, where Notes have been issued in definitive form, the amount of interest due in respect of the Notes will be calculated by reference to the aggregate principal amount of the Notes presented (or, as the case may be, in respect of which Coupons are presented) for payment by the relevant Holder.
- 23.5 If the Floating Rate Note Provisions are specified in the relevant Final Terms as being applicable and Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, with effect from the Redenomination Date the Interest Determination date shall be deemed to be the second TARGET Settlement Day before the first day of the relevant Interest Period.
- 24. Substitution**
- 24.1 The Issuer may, with respect to any Series of Notes issued by it (the “**Relevant Notes**”), without the consent of any Holder, substitute for itself any other entity organised in any country in the world as the

Terms and Conditions of the Notes

debtor in respect of the Notes and the Trust Deed (the “**Substituted Debtor**”) upon notice by the Issuer and the Substituted Debtor to be given in accordance with Condition 19 *provided* that:

- (i) the Issuer is not in default in respect of any amount payable under any of the Relevant Notes;
- (ii) the Issuer and the Substituted Debtor have entered into such documents (the “Documents”) as are necessary to give effect to the substitution and in which the Substituted Debtor has undertaken in favour of each Holder of the Relevant Notes to be bound by these Terms and Conditions and the provisions of the Trust Deed and the Agency Agreement as the debtor in respect of such Relevant Notes in place of the Issuer (or any previous substitute under this Condition 24;
- (iii) if the Substituted Debtor is resident for tax purposes in a country (the “New Residence”) other than Brazil, the Documents contain an undertaking or such other provisions as may be necessary to ensure that each Holder of the Relevant Notes has the benefit of an undertaking in terms corresponding to the provisions of Condition 12 with, where applicable, the substitution of references to Brazil with references to the New Residence;
- (iv) unless the Substituted Debtor is the Issuer’s successor, (A) the Issuer guarantees the obligations of the Substituted Debtor in relation to outstanding Relevant Notes or (B) the Issuer remains a co-obligor on the Relevant Notes;
- (v) the Substituted Debtor and the Issuer have obtained all material governmental approvals and consents required by applicable law for such substitution and for the performance by the Substituted Debtor of its obligations under the Documents and for the performance of the Issuer of its obligations under the guarantee or co-obligation referred to above (if any) as they relate to the obligations of the Substituted Debtor under the Documents;
- (vi) the stock exchange which has the Notes listed thereon shall have confirmed in writing that following the proposed substitution of the Substituted Debtor, the Notes would continue to be listed on such stock exchange, or if such confirmation is not received or such continued listing is impracticable or unduly burdensome, the Issuer may de-list the Notes from such exchange on which the Notes are listed; and, in the event of any such de-listing, the Issuer shall use commercially reasonable efforts to obtain an alternative admission to listing, trading and/or quotation of the Notes by another listing authority, exchange or system within or outside the European Union as it may reasonably decide, provided, that if such alternative admission is not available or is, in the Issuer’s reasonable opinion, unduly burdensome, the Issuer shall have no further obligation in respect of any listing of the Notes; and
- (vii) if applicable, the Substituted Debtor has appointed a process agent as its agent in England to receive service of process on its behalf in relation to any legal proceedings arising out of or in connection with the Relevant Notes.

Upon such substitution, the Substituted Debtor shall succeed to, and be substituted for, and may exercise every right and power of, the Issuer under the Relevant Notes and the Trust Deed with the same effect as if the Substituted Debtor had been named as the Issuer therein, and the Issuer shall be released from its obligations under the Relevant Notes and under the Trust Deed, unless the Issuer remains a co-obligor of the Relevant Notes pursuant to Condition 24.1(iv)(B).

- 24.2 After a substitution pursuant to this Condition 24, the Substituted Debtor may, without the consent of any Holder, effect a further substitution. All the provisions specified above shall apply to effect the further substitution. After a substitution pursuant to the above, any Substituted Debtor may, without the consent of any Holder, reverse the substitution.

Terms and Conditions of the Notes

25. Waiver and Remedies

No failure to exercise, and no delay in exercising, on the part of the Holder of any Note any right hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or future exercise thereof or the exercise of any other right. Rights hereunder shall be in addition to all other rights provided by law. No notice or demand given in any case shall constitute a waiver of rights to take other action in the same, similar or other instances without such notice or demand.

26. Indemnification Of Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including a provision relieving it from taking proceedings to enforce payment unless indemnified and/or secured to its satisfaction. The Trust Deed contains provisions permitting the Trustee, *inter alia*, to contract with the Issuer and any of its subsidiaries.

27. Enforcement

The Trustee may at any time, at its discretion and without notice, institute such proceedings as it thinks fit to enforce its rights under the Trust Deed in respect of the Notes and shall be bound to do so if (and only if):

- (i) it has been so requested in writing by the Holders of at least one-third in principal amount of the outstanding Notes or has been so directed by an Extraordinary Resolution; and
- (ii) it has been indemnified or provided with security to its satisfaction.

No Noteholder may institute any proceedings against the Issuer to enforce its rights under or in respect of the Notes unless (i) the Trustee has become bound to institute proceedings and has failed to do so within a reasonable time and (ii) such failure is continuing.

28. Law and Jurisdiction

- 28.1 The Notes and any non-contractual obligations arising out of or in connection with the Notes are governed by, and shall be construed in accordance, with English law.
- 28.2 The courts of England have exclusive jurisdiction to settle any dispute (a “**Dispute**”) arising out of or in connection with the Notes (including a dispute relating to the existence, validity or termination of the Notes or any non-contractual obligation arising out of or in connection with the Notes) or the consequences of their nullity.
- 28.3 The Issuer agrees that the courts of England are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue to the contrary.
- 28.4 Condition 28.2 is for the benefit of the Trustee and Holders of Notes only. As a result, nothing in this Condition 28 prevents the Trustee or any Holder of a Note from taking proceedings relating to a Dispute (“**Proceedings**”) in any other court with jurisdiction. To the extent allowed by law, the Trustee and Holders of Notes may take concurrent Proceedings in any number of jurisdictions.
- 28.5 The Issuer agrees that the documents which start any Proceedings and any other documents required to be served in relation to those Proceedings may be served on it by being delivered to Clifford Chance Secretaries Limited at 10 Upper Bank Street, London EC14 5JJ or, if different, its registered office for the time being or at any address of the Issuer in Great Britain at which process may be served on it in accordance with the Companies Act 2006 (as modified or re-enacted from time to time). If such person is not or ceases to be effectively appointed to accept service of process on behalf of the Issuer, the Issuer shall, on the written demand of any Holder of a Note addressed and delivered to the Issuer and to the Specified Office of the Trustee appoint a further person in England to accept service of process on its

Terms and Conditions of the Notes

behalf and, failing such appointment within 15 days, any Holder of a Note shall be entitled to appoint such a person by written notice addressed to the Issuer and delivered to the Issuer and to the Specified Office of the Trustee. Nothing in this paragraph shall affect the right of the Trustee or any Holder of a Note to serve process in any other manner permitted by law. This Condition applies to Proceedings in England and to Proceedings elsewhere.

ADDITIONAL TERMS AND CONDITIONS FOR CREDIT LINKED NOTES

*The terms and conditions applicable to Credit Linked Notes shall comprise the Terms and Conditions of the Notes and the Additional Terms and Conditions for Credit Linked Notes set out below (the “**Credit Linked Notes Conditions**”), in each case subject to completion and/or amendment in the relevant Final Terms. In the event of any inconsistency between the Terms and Conditions of the Notes, and the Credit Linked Notes Conditions, the Credit Linked Notes Conditions shall prevail. In the event of any inconsistency between (i) the Terms and Conditions of the Notes and/or the Credit Linked Notes Conditions and (ii) the Final Terms, the Final Terms shall prevail.*

1. General

1.1 Credit Terms:

The Final Terms shall specify:

- (a) the type of Credit Linked Notes, being Single Reference Entity CLNs, Nth-to-Default CLNs or Basket CLNs;
- (b) the Settlement Method (if not Auction Settlement) and, where Auction Settlement applies, the applicable Fallback Settlement Method;
- (c) the Reference Entity or Reference Entities in respect of which a Credit Event may occur and (if applicable) the Transaction Type applicable to each Reference Entity;
- (d) the Reference Obligation(s) (if any) in respect of each Reference Entity;
- (e) the Trade Date and the Scheduled Maturity Date; and
- (f) the Reference Entity Notional Amount in respect of each Reference Entity.

1.2 Physical Settlement Matrix:

Where a Transaction Type is specified in the Final Terms in respect of any Reference Entity, then the provisions of these Credit Linked Notes Conditions shall apply with respect to such Reference Entity in accordance with the Physical Settlement Matrix as it applies to such Transaction Type, as though such Physical Settlement Matrix were set out in full in the Final Terms and as though any elections or terms applying to such Transaction Type were specified as being applicable in the Final Terms (with any such changes as the Calculation Agent deems necessary to take into account such provisions applying to Credit Linked Notes rather than a credit derivative transaction). In the event of any inconsistency between the relevant terms of the Physical Settlement Matrix and any election made in the Final Terms, the Final Terms shall prevail.

1.3 Additional Provisions:

If, in accordance with the specified Transaction Type or otherwise, any Additional Provisions are applicable, these Credit Linked Notes Conditions shall take effect subject to the provisions thereof (with any such changes as the Calculation Agent deems necessary to take into account such provisions applying to Credit Linked Notes rather than a credit derivative transaction).

1.4 Basket CLNs:

If the Credit Linked Notes are Basket CLNs, then the provisions of these Credit Linked Notes Conditions relating to redemption of Credit Linked Notes following the occurrence of an Event Determination Date, extension of maturity of Credit Linked Notes on delivery of an Extension Notice, cessation or suspension of accrual of interest or accrual and payment of interest following the Scheduled Maturity Date shall apply separately with respect to each Reference Entity and a principal amount of each Credit Linked Note corresponding to the Reference Entity Notional Amount

Additional Terms and Conditions for Credit Linked Notes

divided by the number of Credit Linked Notes then in issue. The remaining provisions of these Credit Linked Notes Conditions shall be construed accordingly.

2. Redemption

2.1 *Redemption absent Occurrence of Event Determination Date:*

The Issuer will redeem each Credit Linked Note on the related CLN Maturity Date (as such date may be extended in accordance with the definition thereof) by payment of an amount equal to the outstanding principal amount of such Note or at such other Final Redemption Amount as is specified in the Final Terms (or, in the case of Basket CLNs, the relevant portion thereof) (together with interest, if any, payable thereon) unless the Credit Linked Notes have been previously redeemed or purchased and cancelled in full (including pursuant to Credit Linked Notes Conditions 2.2, 2.3 or 2.4).

2.2 *Redemption following Occurrence of Event Determination Date:*

Subject to the below, upon the occurrence of an Event Determination Date, each Credit Linked Note (or, in the case of Basket CLNs, the relevant portion thereof) will be subject to redemption:

- (a) if the applicable Settlement Method is Auction Settlement, by payment of its *pro rata* share (such amount to be apportioned *pro rata* amongst the outstanding (and in the case of Partly Paid Notes, paid up) nominal amount of each Credit Linked Note corresponding to the Calculation Amount) of the Auction Settlement Amount on the Auction Settlement Date, unless a Fallback Settlement Event occurs, in which event the Issuer shall perform its respective payment and/or delivery obligations in accordance with the applicable Fallback Settlement Method. If an Event Determination Date occurs with respect to a Reference Entity following the occurrence of a Fallback Settlement Event with respect to a prior Event Determination Date in relation to such Reference Entity and no Fallback Settlement Event occurs with respect to such subsequent Event Determination Date, the Issuer shall, if it so elects on or prior to a related Valuation Date or Delivery Date, redeem the Credit Linked Notes pursuant to the occurrence of the subsequent Event Determination Date in accordance with this Credit Linked Condition 0 by Auction Settlement;
- (b) if the applicable Settlement Method is Physical Settlement, in accordance with Credit Linked Condition (*Physical Settlement*); and
- (c) if the applicable Settlement Method is Cash Settlement, by payment of its *pro rata* share (such amount to be apportioned *pro rata* amongst the outstanding (and in the case of Partly Paid Notes, paid up) nominal amount of each Credit Linked Note corresponding to the Calculation Amount) of the Cash Settlement Amount on the Cash Settlement Date.

Where the Notes are Nth-to-Default CLNs, an Event Determination Date shall not result in the redemption of the Notes pursuant to this Credit Linked Condition 0 unless and until an Event Determination Date has occurred with respect to the Nth Reference Entity. Where the Notes are Nth-to-Default CLNs and an Event Determination Date occurs with respect to more than one Reference Entity on the same day, the Calculation Agent shall determine in its sole discretion the order in which such Event Determination Dates occurred.

Notwithstanding the above, no Event Determination Date will occur with respect to an event, and any Event Determination Date previously determined with respect to an event shall be deemed not to have occurred, if, or to the extent that, a DC No Credit Event Announcement occurs with respect to that event prior to the DC Resolution Reversal Cut-off Date.

2.3 *Redemption following a Merger Event:*

If this Credit Linked Condition 0 is specified as applicable in the applicable Final Terms, in the event that in the determination of the Calculation Agent a Merger Event has occurred, the Issuer may give notice to the Noteholders in accordance with Condition 19 and redeem all but not some only of the Credit Linked Notes at the CLN Early

Additional Terms and Conditions for Credit Linked Notes

Redemption Amount (as determined by the Calculation Agent in its sole and absolute discretion) on the Merger Event Redemption Date. The Notes will be redeemed on the date specified in the notice given by the Issuer pursuant to this Credit Linked Note Condition.

2.4 *Additional Credit Linked Note Disruption Events:*

If the Calculation Agent determines that an Additional Credit Linked Note Disruption Event has occurred, the Issuer may redeem the Notes by giving notice to Noteholders in accordance with Condition 19. If the Notes are so redeemed, the Issuer will pay an amount to each Noteholder in respect of each Note equal to the CLN Early Redemption Amount (as determined by the Calculation Agent in its sole and absolute discretion). Payments will be made in such manner as shall be notified to the Noteholders in accordance with Condition 19.

2.5 *Suspension of Obligations:*

If there is a DC Credit Event Question in relation to a Reference Entity, then unless the Issuer otherwise elects by notice to the Calculation Agent and the Noteholders from the date of such DC Credit Event Question (and notwithstanding that the relevant Credit Derivatives Determinations Committee has yet to determine whether Publicly Available Information is available or whether a Credit Event has occurred), any obligation of the Issuer to redeem any Credit Linked Note (including pursuant to Credit Linked Condition 2.1), and any related timing requirements, or to pay any amount of interest which would otherwise be due thereon shall, (or, in each case in the case of Basket CLNs, the relevant portion thereof relating to the relevant Reference Entity), be and remain suspended (without interest accruing on any such suspended sum) until the date of the relevant DC Credit Event Announcement, DC No Credit Event Announcement or DC Credit Event Question Dismissal.

During such suspension period, the Issuer shall not be obliged to, nor entitled to, take any action in connection with the settlement of the Credit Linked Notes, (or, in the case of Basket CLNs, the relevant portion thereof relating to the relevant Reference Entity). Once the relevant DC Credit Event Announcement, DC No Credit Event Announcement or DC Credit Event Question Dismissal has occurred, such suspension shall terminate and any obligations so suspended shall resume on the CLN Business Day following such public announcement by ISDA, with the Issuer and the Calculation Agent (as applicable) having the benefit of the full day notwithstanding when the suspension began. Any amount of interest so suspended shall, subject to Credit Linked Condition 0, become due on a date selected by the Issuer, in its sole discretion, falling not later than fifteen Business Days following such public announcement by ISDA.

For the avoidance of doubt, no interest shall accrue on any payment of interest or principal which is deferred in accordance with this Credit Linked Condition 0.

2.6 *Accrued Interest on Deliverable Obligations, Valuation Obligations:*

With respect to any Credit Linked Notes for which:

- (a) **“Physical Settlement”** is specified to be the Settlement Method in the relevant Final Terms (or for which Physical Settlement is applicable as the Fallback Settlement Method), the Outstanding Principal Balance of the Deliverable Obligations being Delivered will exclude accrued but unpaid interest, unless **“Include Accrued Interest”** is specified in the relevant Final Terms, in which case, the Outstanding Principal Balance of the Deliverable Obligations being Delivered will include accrued but unpaid interest (as the Calculation Agent shall determine in its sole discretion);
- (b) **“Cash Settlement”** is specified to be the Settlement Method in the relevant Final Terms (or if Cash Settlement is applicable as the Fallback Settlement Method), and:
 - (i) **“Include Accrued Interest”** is specified in the relevant Final Terms, the Outstanding Principal Balance of the Reference Obligation or Valuation Obligation (as applicable) shall include accrued but unpaid interest;

Additional Terms and Conditions for Credit Linked Notes

- (ii) “**Exclude Accrued Interest**” is specified in the relevant Final Terms, the Outstanding Principal Balance of the Reference Obligation or Valuation Obligation (as applicable) shall not include accrued but unpaid interest; or
- (iii) neither “**Include Accrued Interest**” nor “**Exclude Accrued Interest**” is specified in the relevant Final Terms, the Calculation Agent shall determine in its sole discretion, based on the then current market practice in the market of the Reference Obligation or Valuation Obligation (as applicable) whether the Outstanding Principal Balance of the Reference Obligation or Valuation Obligation (as applicable) shall include or exclude accrued but unpaid interest and, if applicable, the amount thereof; or
- (c) Credit Linked Condition 0 (*Partial Cash Settlement Due to Impossibility or Illegality*) is applicable, the Calculation Agent shall determine in its sole discretion, based on the then current market practice in the market of the relevant Undeliverable Obligation, Undeliverable Loan Obligation, Undeliverable Participation or Unassignable Obligation, whether such Quotations shall include or exclude accrued but unpaid interest.

2.7 *Miscellaneous provisions relating to Redemption:*

If the Credit Linked Notes are partially redeemed, the relevant Credit Linked Notes or, if the Credit Linked Notes are represented by a Global Note, such Global Note, shall be endorsed to reflect such partial redemption. Upon such partial redemption, the outstanding principal amount of each Note shall be reduced for all purposes (including accrual of interest thereon) accordingly.

Redemption of any Credit Linked Note in accordance with Credit Linked Condition 0, together with payment of interest, if any, due thereon shall discharge all or the relevant portion of the obligations of the Issuer in relation thereto.

Any amount payable under Credit Linked Condition 0 shall be rounded downwards to the nearest Sub-unit of the relevant currency.

3. Interest

3.1 *Cessation of Interest Accrual:*

Upon the occurrence of an Event Determination Date in respect of any Reference Entity, interest on such Credit Linked Note (or, in the case of Basket CLNs, the relevant portion thereof) shall cease to accrue with effect from and including either:

- (a) the Interest Payment Date immediately preceding such Event Determination Date (or, in the case of an Event Determination Date occurring during the first Interest Period, the Interest Commencement Date); or
- (b) if so specified in the Final Terms, such Event Determination Date.

3.2 *Interest following Scheduled Maturity:*

Subject to Credit Linked Condition 0, if ‘Continuation of Interest Accrual’ is specified as applicable in the Final Terms and an Extension Notice has been given, each Credit Linked Note (or, in the case of Basket CLNs, the relevant portion thereof) which is outstanding following the Scheduled Maturity Date shall continue to bear interest from (and including) the Scheduled Maturity Date to (but excluding) the related CLN Maturity Date at a rate of interest equal to either:

- (a) the rate that the Guarantor would pay to an independent customer in respect of overnight deposits in the currency of the Credit Linked Notes; or

Additional Terms and Conditions for Credit Linked Notes

- (b) such other rate as shall be specified for such purpose in the Final Terms.

3.3 ***Interest at Redemption:***

If the Credit Linked Notes are redeemed pursuant to the General Conditions or these Credit Linked Notes Conditions, the Scheduled Maturity Date, the CLN Maturity Date (if not the Scheduled Maturity Date), the last Auction Settlement Date, the last Cash Settlement Date or the last Delivery Date, as the case may be, shall be an Interest Payment Date in respect of each Credit Linked Note and the Issuer shall pay any interest that has accrued but which has not been previously paid in respect of each Credit Linked Note on such Interest Payment Date

4. **Physical Settlement**

4.1 ***Delivery and payment:***

If Physical Settlement applies to any Credit Linked Note, then following the occurrence of an Event Determination Date the Issuer shall, on or prior to the related Physical Settlement Date and subject to Credit Linked Condition 0, 0 and 0, deliver to the Calculation Agent and Noteholders a Notice of Physical Settlement on or prior to the NOPS Cut-off Date, and, on or prior to the related Physical Settlement Date, redeem such Credit Linked Note (or, in the case of Basket CLNs, the relevant portion thereof), respectively, by:

- (a) Delivering a *pro rata* share (the “**Entitlement**”) of the Deliverable Obligations specified in the related Notice of Physical Settlement or NOPS Amendment Notice (as applicable); and
- (b) paying such Note’s *pro rata* portion of the related Physical Settlement Adjustment Rounding Amount.

4.2 ***Partial Cash Settlement due to Impossibility or Illegality:***

- (a) If, due to an event beyond the control of the Issuer, it is impossible or illegal for the Issuer to Deliver or, due to an event beyond the control of the Issuer or any Noteholder, it is impossible or illegal for the relevant Noteholder to accept Delivery of any of the Deliverable Obligations (other than a Deliverable Obligation described in paragraph (d) of the definition of “Deliverable Obligation”) specified in a Notice of Physical Settlement or any NOPS Amendment Notice, as applicable, on the related Physical Settlement Date (including, without limitation, failure of the relevant clearance system or due to any law, regulation or court order, but excluding market conditions or the failure to obtain requisite consent with respect to Delivery of Loans), then on such date the Issuer shall Deliver any of the Deliverable Obligations specified in the Notice of Physical Settlement or any NOPS Amendment Notice, as applicable, for which it is possible and legal to take Delivery. If any Undeliverable Obligations are not Delivered to the relevant Noteholder on or prior to the Latest Permissible Physical Settlement Date, then Partial Cash Settlement shall apply with respect to such Undeliverable Obligations and, accordingly, the Issuer shall pay the relevant Noteholders an amount equal to the Partial Cash Settlement Amount to be apportioned *pro rata* amongst the relevant Noteholders on the Partial Cash Settlement Date.

- (b) ***Partial Cash Settlement of Consent Required Loans:***

If:

- (i) “Partial Cash Settlement of Consent Required Loans” is specified as applicable in the relevant Final Terms;
- (ii) the Deliverable Obligations specified in the Notice of Physical Settlement or any NOPS Amendment Notice, as applicable include Consent Required Loans that, due to the non-receipt of any requisite consents, are not, on the Physical Settlement Date, capable of being assigned or novated to the Noteholders or their respective designees and such

Additional Terms and Conditions for Credit Linked Notes

consents are not obtained or deemed given by the Latest Permissible Physical Settlement Date; and

- (iii)(A) “Direct Loan Participation” is not specified as a Deliverable Obligation Characteristic in the relevant Final Terms, or (B) “Direct Loan Participation” is specified as a Deliverable Obligation Characteristic in the relevant Final Terms and the relevant participation is not effected on or before the Latest Permissible Physical Settlement Date,

Cash Settlement pursuant to this Credit Linked Condition 0 (*Partial Cash Settlement*) shall be deemed to apply with respect to the Deliverable Obligations specified in the Notice of Physical Settlement or any NOPS Amendment Notice, as applicable that consist of Consent Required Loans for which consents are not obtained or deemed given (the “**Undeliverable Loan Obligations**”).

(c) *Partial Cash Settlement of Assignable Loans:*

If:

- (i) “Partial Cash Settlement of Assignable Loans” is specified as applicable in the relevant Final Terms;
- (ii) the Deliverable Obligations specified in the Notice of Physical Settlement or any NOPS Amendment Notice, as applicable include Assignable Loans that, due to the non-receipt of any requisite consents, are not, on the Physical Settlement Date, capable of being assigned or novated to Seller or its designee and such consents are not obtained or deemed given by the Latest Permissible Physical Settlement Date; and
- (iii)(A) “Direct Loan Participation” is not specified as a Deliverable Obligation Characteristic in the relevant Final Terms, or (B) “Direct Loan Participation” is specified as a Deliverable Obligation Characteristic in the relevant Final Terms and the relevant participation is not effected on or before the Latest Permissible Physical Settlement Date,
- (d) Cash Settlement pursuant to this Credit Linked Condition 0 (*Partial Cash Settlement*) shall be deemed to apply to the Credit Linked Notes with respect to the Deliverable Obligations specified in the Notice of Physical Settlement or any NOPS Amendment Notice, as applicable, that consist of Assignable Loans for which consents are not obtained or deemed given (the “**Unassignable Obligations**”).
- (e) *Partial Cash Settlement of Participation:*

If:

- (i) “Partial Cash Settlement of Participations” is specified as applicable in the relevant Final Terms; and
- (ii) the Deliverable Obligations include Direct Loan Participations and the relevant participation is not effected on or before the Latest Permissible Physical Settlement Date,

Cash Settlement pursuant to this Credit Linked Condition 0 (*Partial Cash Settlement*) shall be deemed to apply with respect to the Deliverable Obligations specified in the Notice of Physical Settlement or any NOPS Amendment Notice, as applicable, that consist of Direct Loan Participations in respect of which the relevant participation is not effected (the “**Undeliverable Participations**”).

4.3 *Non-Delivery of Deliverable Obligations:*

Additional Terms and Conditions for Credit Linked Notes

If the Issuer does not Deliver (including following the occurrence of a Hedge Disruption Event) any Deliverable Obligation specified in a Notice of Physical Settlement or NOPS Amendment Notice (as applicable) other than as a result of an event or circumstance contemplated in Credit Linked Condition 0 above (including following the occurrence of a Hedge Disruption Event), such failure shall not constitute an Event of Default for the purpose of the Notes and the Issuer may continue to attempt to Deliver the Deliverable Obligations that are Bonds or Loans until the Extended Physical Settlement Date. If, as at the relevant Extended Physical Settlement Date, any such Deliverable Obligations have not been Delivered, then Partial Cash Settlement shall apply with respect to such Deliverable Obligations and the Issuer shall pay to the Noteholders an amount equal to the Partial Cash Settlement Amount to be apportioned *pro rata* amongst the Noteholders on the Partial Cash Settlement Date.

4.4 Aggregation and Rounding:

Where a Noteholder holds Credit Linked Notes in an aggregate nominal amount outstanding (or, in the case of Partly Paid Notes, a paid-up aggregate nominal amount outstanding) greater than the Specified Denomination, the Outstanding Principal Balance of the Deliverable Obligations to be Delivered in respect of the Credit Linked Notes of such Noteholder shall be aggregated for the purposes of this Credit Linked Condition 0. If the nominal amount of the Deliverable Obligations to be Delivered in respect of each Credit Linked Note to be redeemed pursuant to this Credit Linked Condition 0 on any occasion is not equal to an authorised denomination (or integral multiple thereof) of such Deliverable Obligations then the nominal amount of Deliverable Obligations to be Delivered will be rounded down to the nearest authorised denomination or multiple thereof, or, if none, to zero. In such circumstances, the Deliverable Obligations that were not capable of being Delivered shall, if and to the extent practicable, be sold by the Issuer or such other agent as may be appointed by the Issuer for such purpose and, if they are so sold, the Issuer shall make payment in respect of each Credit Linked Note in an amount equal to its *pro rata* share of the related net sale proceeds as soon as reasonably practicable following receipt thereof.

4.5 Delivery and Fees

The Delivery of any of the Deliverable Obligations pursuant to the provisions of this Credit Linked Condition shall be made in such commercially reasonable manner as the Issuer shall, in its sole discretion, determine to be appropriate for such Delivery. Subject as set out in the definition of “Deliver”:

- (a) any recordation, processing or similar fee reasonably incurred by the Issuer and/or any of its Affiliates and payable to the agent under a Loan in connection with an assignment or novation (where Deliverable Obligations include Assignable Loans or Consent Required Loans) shall be payable by the relevant Noteholders, and if any Stamp Tax is payable in connection with the Delivery of any Deliverable Obligations, payment thereof shall be made by the relevant Noteholders; and
- (b) any other expenses arising from the Delivery and/or transfer of the Deliverable Obligations shall be for the account of the Noteholders or the Issuer, as appropriate, determined by the Calculation Agent in accordance with then current market conventions. Delivery and/or transfer of the Deliverable Obligations shall be delayed until all expenses relating to such Delivery or transfer payable by the Noteholders have been paid to the satisfaction of the Issuer.

4.6 Asset Transfer Notice:

A Noteholder will not be entitled to any of the amounts or assets specified as being due to it in this Credit Linked Condition 0 upon the occurrence of an Event Determination Date and delivery of a Notice of Physical Settlement unless it has presented or surrendered (as is appropriate) the relevant Credit Linked Note and delivered an Asset Transfer Notice in accordance with Credit Linked Condition 0 (*Delivery*) below. For so long as the Credit Linked Notes are held in any clearing system, any communication from such clearing system on behalf of the Noteholder containing the information required in an Asset Transfer Notice will be treated as an Asset Transfer Notice. For as long as the Notes are represented by a Global Note, surrender of Credit Linked Notes for such purpose will be effected by presentation of the Global Note and its endorsement to note the principal amount of Credit Linked Notes to which the relevant Asset Transfer Notice relates.

Additional Terms and Conditions for Credit Linked Notes

4.7 *NOPS Amendment Notice:*

The Issuer may, from time to time, notify the Calculation Agent and Noteholders (each such notification, a “**NOPS Amendment Notice**”) that the Issuer is replacing, in whole or in part, one or more Deliverable Obligations specified in the Notice of Physical Settlement or a prior NOPS Amendment Notice, as applicable, (to the extent the relevant Deliverable Obligation has not been Delivered as of the date such NOPS Amendment Notice is effective). A NOPS Amendment Notice shall contain a revised detailed description of each replacement Deliverable Obligation that the Issuer will Deliver to Noteholders (each, a “**Replacement Deliverable Obligation**”) and shall also specify the Outstanding Amount of each Deliverable Obligation identified in the Notice of Physical Settlement or a prior NOPS Amendment Notice, as applicable, that is being replaced (with respect to each such Deliverable Obligation, the “**Replaced Deliverable Obligation Outstanding Amount**”). The Outstanding Amount of each Replacement Deliverable Obligation identified in a NOPS Amendment Notice shall be determined by applying the Revised Currency Rate to the relevant Replaced Deliverable Obligation Outstanding Amount. The Outstanding Amount of the Replacement Deliverable Obligations specified in any NOPS Amendment Notice in aggregate with the Outstanding Amount of the Deliverable Obligations specified in the Notice of Physical Settlement or any earlier NOPS Amendment Notice which, in each case, are not being replaced must not be greater than the Aggregate Outstanding Amount. Each such NOPS Amendment Notice must be effective on or prior to the Physical Settlement Date (determined without reference to any change resulting from such NOPS Amendment Notice).

Notwithstanding the foregoing, the Issuer may correct any errors or inconsistencies in the detailed description of each Deliverable Obligation contained in the Notice of Physical Settlement or any NOPS Amendment Notice, as applicable, by notice to the Calculation Agent and Noteholders prior to the relevant Delivery Date and (ii) if Asset Package Delivery is applicable, the Issuer shall on the NOPS Effective Date, or as soon as reasonably practicable thereafter (but in any case, prior to the Delivery Date), notify the Calculation Agent and Noteholders of the detailed description of the Asset Package, if any, that it intends to Deliver to Noteholders in lieu of the Prior Deliverable Obligation or Package Observable Bond, if any, specified in the Notice of Physical Settlement or NOPS Amendment Notice, as applicable, it being understood in each case that such notice shall not constitute a NOPS Amendment Notice.

4.8 *Delivery:*

(1) *Procedure*

In relation to Notes to which Physical Settlement applies, in order to obtain Delivery of the Entitlement in respect of any Note, the relevant Noteholder must:

- (a) if such Note is represented by a Global Note, the relevant Noteholder must deliver to Euroclear or Clearstream, Luxembourg (as applicable), with a copy to the Fiscal Agent and any entity appointed by the Issuer to Deliver the Entitlement on its behalf (the “**Delivery Agent**”) not later than the close of business in each place of receipt on the Cut-Off Date, a duly completed Asset Transfer Notice in compliance with the requirements of this Credit Linked Condition 0 (*Delivery*) and in a form acceptable to the Issuer; and
- (b) if such Note is in definitive form, the relevant Noteholder must deliver to any Paying Agent, with a copy to the Fiscal Agent and the Delivery Agent (as defined above) not later than the close of business in each place of reception on the Cut-Off Date, a duly completed Asset Transfer Notice in compliance with the requirements of this Credit Linked Condition 0 (*Delivery*) and in a form acceptable to the Issuer.

For the purposes hereof, “**Cut-off Date**” means the date specified as such in the applicable Final Terms or, if not so specified, the fourth Business Day immediately preceding the Settlement Date.

Copies of the Asset Transfer Notice may be obtained during normal business hours from the specified office of the Fiscal Agent or any Paying Agent.

Additional Terms and Conditions for Credit Linked Notes

An Asset Transfer Notice may only be delivered (i) if such Note is represented by a Global Note, in such manner as is acceptable to Euroclear or Clearstream, Luxembourg, as the case may be, or (ii) if such Note is in definitive form, in writing.

If this Note is in definitive form, this Note must be delivered together with the duly completed Asset Transfer Notice.

The Asset Transfer Notice shall:

- (i) specify the name, address and contact telephone number of the relevant Noteholder and the person from whom the Issuer or Delivery Agent may obtain details for the Delivery of the Entitlement;
- (ii) specify the series number of the Notes and the number of Notes which are the subject of such notice;
- (iii) in the case of Notes represented by a Global Note, specify the nominal amount of Notes which are the subject of such notice and the number of the Noteholder's account at the relevant clearing system to be debited with such Notes and irrevocably instruct and authorise the relevant clearing system to debit the relevant Noteholder's account with such Notes on or before the Delivery Date;
- (iv) include an undertaking to pay all Expenses (as defined below) and, in the case of Notes represented by a Global Note, an authority to the relevant clearing system to debit a specified account of the Noteholder with the relevant clearing system in respect thereof and to pay such Expenses;
- (v) include such details as are required for delivery or Delivery of the Entitlement which may include account details and/or the name and address of any person(s) into whose name evidence of the Entitlement is to be registered and/or any bank, broker or agent to whom documents evidencing the Entitlement are to be delivered or Delivered and specify the name and number of the Noteholder's account to be credited with any cash payable by the Issuer;
- (vi) certify that the beneficial owner of each Note is not a U.S. person (as defined in the Asset Transfer Notice), the Note is not being redeemed within the United States or on behalf of a U.S. person and no cash, securities or other property have been or will be delivered within the United States or to, or for the account or benefit of, a U.S. person in connection with any redemption thereof;
- (vii) authorise the production of such certification in any applicable administrative or legal proceedings.

(2) *Verification of the Noteholder*

In the case of Notes represented by a Global Note, upon receipt of an Asset Transfer Notice, the relevant clearing system shall verify that the person delivering the Asset Transfer Notice is the holder of the Notes described therein according to its records. Subject thereto, the relevant clearing system will confirm to the Fiscal Agent the series number and number of Notes the subject of such notice, the relevant account details and the details for the delivery of the Entitlement of each Note. Upon receipt of such confirmation, the Fiscal Agent will inform the Issuer and any Delivery Agent thereof and the Issuer will countersign the Asset Transfer Notice as confirmation that the Fiscal Agent is authorised and instructed to endorse or procure the endorsement of the Global Note to note the cancellation of the principal amount of Credit Linked Notes to which the relevant Asset Transfer Notice relates. The relevant clearing system will on or before the Delivery Date debit the securities account of the relevant Noteholder with the relevant Notes.

Additional Terms and Conditions for Credit Linked Notes

(3) *Determinations and Delivery*

Any determination as to whether an Asset Transfer Notice is duly completed and in proper form shall be made, in the case of Notes represented by a Global Note, by the relevant clearing system or, in the case of Notes in definitive form, by the relevant Paying Agent, or in each case in consultation with the Fiscal Agent, and shall be conclusive and binding on the Issuer, the Fiscal Agent, any Delivery Agent and the relevant Noteholder. Subject as set out below, any Asset Transfer Notice so determined to be incomplete or not in proper form, or which is not copied to the Fiscal Agent and any Delivery Agent immediately after being delivered or sent as provided in paragraph (1) above, shall be null and void.

If such Asset Transfer Notice is subsequently corrected to the satisfaction of, in the case of Notes represented by a Global Note, the relevant clearing system, or, in the case of Notes in definitive form, by the relevant Paying Agent, or in each case in consultation with the Fiscal Agent, it shall be deemed to be a new Asset Transfer Notice submitted at the time such correction was delivered as provided above. No Asset Transfer Notice may be withdrawn after receipt thereof by the relevant clearing system or a Paying Agent, as the case may be, as provided above. After delivery of an Asset Transfer Notice, the relevant Noteholder may not transfer the Notes which are the subject of such notice. The Entitlement will be delivered at the risk of the relevant Noteholder, in the manner provided below on the Settlement Date (such date, subject to adjustment in accordance with this Credit Linked Condition, the “**Delivery Date**”), **provided that** the Asset Transfer Notice is duly delivered as provided above on or prior to the Cut-Off Date.

If a Noteholder fails to give an Asset Transfer Notice as provided herein with a copy to the Fiscal Agent and the Delivery Agent, on or prior to the Cut-Off Date, then the Entitlement will be Delivered as soon as practicable after the date fixed for redemption (in which case, such date of delivery shall be the Delivery Date) or (in the case of Credit Linked Notes) the Settlement Date at the risk of such Noteholder in the manner provided below. For the avoidance of doubt, in such circumstances such Noteholder shall not be entitled to any payment, whether of interest or otherwise, as a result of such Delivery Date falling after the date fixed for redemption or the originally designated Settlement Date, as applicable and no liability in respect thereof shall attach to the Issuer.

The Issuer (or any Delivery Agent on its behalf) shall at the risk of the relevant Noteholder, Deliver the Deliverable Obligations comprising the Entitlement, in such commercially reasonable manner as the Issuer (or such Delivery Agent) shall in its sole discretion determine and notify to the person designated by the Noteholder in the relevant Asset Transfer Notice or in such manner as is specified in the applicable Final Terms. All costs, taxes, duties and/or expenses including stamp duty, stamp duty reserve tax and/or other costs, duties or taxes (“**Expenses**”) arising from the Delivery of the Deliverable Obligations comprising the Entitlement in respect of such Notes shall be for the account of the relevant Noteholder and no Delivery of the Deliverable Obligations comprising the Entitlement shall be made until all Expenses have been paid to the satisfaction of the Issuer by the relevant Noteholder.

(4) *Asset Package Delivery*

Asset Package Delivery will apply if an Asset Package Credit Event occurs, unless (i) such Asset Package Credit Event occurs prior to the Credit Event Backstop Date determined in respect of the Credit Event specified in the Credit Event Notice or DC Credit Event Announcement applicable to the Event Determination Date, or (ii) if the Reference Entity is a Sovereign, no Package Observable Bond exists immediately prior to such Asset Package Credit Event **provided that** if a Transaction Type is specified as applicable for a Reference Entity which is a Sovereign in the relevant Final Terms and the ‘2014 Sovereign No Asset Package Delivery Supplement’ is specified as applicable for such Transaction Type in the Physical Settlement Matrix, it shall be deemed that no Package Observable Bond exists with respect to such Reference Entity that is a Sovereign (even if such a Package Observable Bond has been published by ISDA) and accordingly Asset Package Delivery shall not apply.

If Asset Package Delivery applies, (i) Delivery of a Prior Deliverable Obligation or a Package Observable Bond specified in the Notice of Physical Settlement or NOPS Amendment Notice, as applicable, may be satisfied by Delivery of the related Asset Package, and such Asset Package shall be treated as having the same currency, Outstanding Principal Balance or Due and Payable Amount, as applicable, as the Prior Deliverable Obligation or

Additional Terms and Conditions for Credit Linked Notes

Package Observable Bond to which it corresponds had immediately prior to the Asset Package Credit Event, (ii) each Asset in the Asset Package shall be Delivered **provided that** if any such Asset is not a Bond, it shall be treated as if it were a Loan for these purposes, (iii) if the Asset Package is zero, the Outstanding Amount of the Prior Deliverable Obligation or Package Observable Bond shall be deemed to have been Delivered in full three Business Days following the date on which the Issuer has notified Noteholders and the Calculation Agent of the detailed description of the Asset Package that it intends to Deliver in the Notice of Physical Settlement, (iv) the Issuer may satisfy its obligation to make Delivery of the Prior Deliverable Obligation or Package Observable Bond in part by Delivery of each Asset in the Asset Package in the correct proportion and (v) if the relevant Asset is a Non-Transferable Instrument or Non-Financial Instrument, the Asset shall be deemed to be an amount of cash equal to the Asset Market Value.

5. Provisions relating to Obligation Category and Obligation Characteristics and Deliverable Obligation Category and Deliverable Obligation Characteristics

5.1 *Obligation Characteristics:*

If either of the Obligation Characteristics “Listed” or “Not Domestic Issuance” is specified in the applicable Final Terms, the Final Terms shall be construed as though the relevant Obligation Characteristic had been specified as an Obligation Characteristic only with respect to Bonds.

5.2 *Deliverable Obligation Category and Characteristics:*

- (a) If any of the Deliverable Obligation Characteristics “Listed,” “Not Domestic Issuance” or “Not Bearer” is specified in the applicable Final Terms, such Final Terms shall be construed as though such Deliverable Obligation Characteristic had been specified as a Deliverable Obligation Characteristic only with respect to Bonds.
- (b) If the Deliverable Obligation Characteristic “Transferable” is specified in the applicable Final Terms, such Final Terms shall be construed as though such Deliverable Obligation Characteristic had been specified as a Deliverable Obligation Characteristic only with respect to Deliverable Obligations that are not Loans.
- (c) If any of the Deliverable Obligation Characteristics “Assignable Loan,” “Consent Required Loan” or “Direct Loan Participation” is specified in the applicable Final Terms, such Final Terms shall be construed as though such Deliverable Obligation Characteristic had been specified as a Deliverable Obligation Characteristic only with respect to Loans.
- (d) If more than one of “Assignable Loan,” “Consent Required Loan” and “Direct Loan Participation” are specified as Deliverable Obligation Characteristics in the applicable Final Terms, the Deliverable Obligations may include any Loan that satisfies any one of such Deliverable Obligation Characteristics specified and need not satisfy all such Deliverable Obligation Characteristics.
- (e) For purposes of the application of the Deliverable Obligation Characteristic “Maximum Maturity,” remaining maturity shall be determined on the basis of the terms of the Deliverable Obligation in effect at the time of making such determination and, in the case of a Deliverable Obligation that is due and payable, the remaining maturity shall be zero.
- (f) If “Financial Reference Entity Terms” and “Governmental Intervention” are specified as applicable in the relevant Final Terms in respect of a Reference Entity, if an obligation would otherwise satisfy a particular Obligation Characteristic or Deliverable Obligation Characteristic, the existence of any terms in the relevant obligation in effect at the time of making the determination which permit the Reference Entity’s obligations to be altered, discharged, released or suspended in circumstances which would constitute a Governmental Intervention, shall not

Additional Terms and Conditions for Credit Linked Notes

cause such obligation to fail to satisfy such Obligation Characteristic or Deliverable Obligation Characteristic.

- (g) For the purposes of determining the applicability of Deliverable Obligation Characteristics and the requirements specified in Credit Linked Condition 0 (*Mod R*) and Credit Linked Condition 0 (*Mod Mod R*) to a Prior Deliverable Obligation or a Package Observable Bond, any such determination shall be made by reference to the terms of the relevant obligation in effect immediately prior to the Asset Package Credit Event.
- (h) If “Subordinated European Insurance Terms” is specified as applicable in the relevant Final Terms in respect of a Reference Entity, if an obligation would otherwise satisfy the “Maximum Maturity” Deliverable Obligation Characteristic, the existence of any Solvency Capital Provisions in such obligation shall not cause it to fail to satisfy such Deliverable Obligation Characteristic.

5.3 Guarantees:

If an Obligation or a Deliverable Obligation is a Relevant Guarantee, the following will apply:

- (a) For purposes of the application of the Obligation Category or the Deliverable Obligation Category, the Relevant Guarantee shall be deemed to satisfy the same category or categories as those that describe the Underlying Obligation.
- (b) For purposes of the application of the Obligation Characteristics or the Deliverable Obligation Characteristics, both the Relevant Guarantee and the Underlying Obligation must satisfy on the relevant date or dates each of the applicable Obligation Characteristics or Deliverable Obligation Characteristics, if any, specified in the relevant Final Terms from the following list: “Not Subordinated,” “Specified Currency,” “Not Sovereign Lender,” “Not Domestic Currency” and “Not Domestic Law.”
- (c) For purposes of the application of the Obligation Characteristics or the Deliverable Obligation Characteristics, only the Underlying Obligation must satisfy on the relevant date or dates each of the applicable Obligation Characteristics or the Deliverable Obligation Characteristics, if any, specified in the relevant Final Terms from the following list: “Listed,” “Not Domestic Issuance,” “Assignable Loan,” “Consent Required Loan,” “Direct Loan Participation,” “Transferable,” “Maximum Maturity,” “Accelerated” or “Matured” and “Not Bearer.”
- (d) For purposes of the application of the Obligation Characteristics or the Deliverable Obligation Characteristics to an Underlying Obligation, references to the Reference Entity shall be deemed to refer to the Underlying Obligor.
- (e) For the avoidance of doubt the provisions of this Credit Linked Condition 0 apply in respect of the definitions of “Obligation,” “Valuation Obligation” and “Deliverable Obligation” as the context admits.

6. Succession

6.1 Provisions for determining a Successor

- (a) The Calculation Agent will be responsible for determining, as soon as reasonably practicable after it becomes aware of the existence of the relevant Successor, any Successor or Successors; provided that the Calculation Agent will not make such determination if, at the time of determination, ISDA has publicly announced that the relevant Credit Derivatives Determinations Committee has Resolved that there is no Successor based on the relevant succession to Relevant Obligations.

Additional Terms and Conditions for Credit Linked Notes

- (b) The Calculation Agent will make all calculations and determinations required to be made in relation to the determination of any Successor or Successors on the basis of Eligible Information and will notify the Issuer of any such calculation or determination as soon as practicable.
- (c) In calculating the percentages used to determine whether an entity qualifies as a Successor, if there is a Steps Plan, the Calculation Agent shall consider all related successions in respect of such Steps Plan in aggregate as if forming part of a single succession.
- (d) An entity may only be a Successor if:
 - (i) either (A) the related Succession Date occurs on or after the Successor Backstop Date, or (B) such entity is a Universal Successor in respect of which the Succession Date occurred on or after January 1, 2014;
 - (ii) the Reference Entity had at least one Relevant Obligation outstanding immediately prior to the Succession Date and such entity succeeds to all or part of at least one Relevant Obligation of the Reference Entity; and
 - (iii) where the Reference Entity is a Sovereign, such entity succeeded to the Relevant Obligations by way of a Sovereign Succession Event.
- (e) For purposes of the provisions of these Credit Linked Notes Conditions relating to the determination of a Successor, “**succeed**” means, with respect to the Reference Entity and its Relevant Obligations, that an entity other than the Reference Entity (i) assumes or becomes liable for such Relevant Obligations whether by operation of law or pursuant to any agreement (including, with respect to a Reference Entity that is a Sovereign, any protocol, treaty, convention, accord, concord, entente, pact or other agreement), or (ii) issues Bonds or incurs Loans (the “**Exchange Bonds or Loans**”) that are exchanged for Relevant Obligations, and in either case the Reference Entity is not thereafter a direct obligor or a provider of a Relevant Guarantee with respect to such Relevant Obligations or such Exchange Bonds or Loans, as applicable, and “**succeeded**” and “**succession**” shall be construed accordingly.
- (f) In the case of an exchange offer, the determination required pursuant to the definition of ‘Successor’ shall be made on the basis of the outstanding principal balance of Relevant Obligations exchanged and not on the basis of the outstanding principal balance of the Exchange Bonds or Loans.
- (g) If two or more entities (each, a “**Joint Potential Successor**”) jointly succeed to a Relevant Obligation (the “**Joint Relevant Obligation**”) either directly or as a provider of a Relevant Guarantee, then (i) if the Joint Relevant Obligation was a direct obligation of the Reference Entity, it shall be treated as having been succeeded by the Joint Potential Successor (or Joint Potential Successors, in equal parts) which succeeded to such Joint Relevant Obligation as direct obligor or obligors, or (ii) if the Joint Relevant Obligation was a Relevant Guarantee, it shall be treated as having been succeeded to by the Joint Potential Successor (or Joint Potential Successors, in equal parts) which succeeded to such Joint Relevant Obligation as guarantor or guarantors, if any, or otherwise by each Joint Potential Successor in equal parts.
- (h) The Calculation Agent may make such adjustments to the terms of the Credit Linked Notes as it considers appropriate (including, without limitation, in respect of future amounts payable on the Notes) to account for any payments that were made (or other actions that were taken) in respect of the Credit Linked Notes between the Succession Date and the date on which it determines the existence of one or more Successor.

Additional Terms and Conditions for Credit Linked Notes

6.2 *Single Reference Entity:*

Where the Notes are Single Reference Entity CLNs and more than one Successor has been identified, each Credit Linked Note will be deemed for all purposes to have been divided into the same number of new Credit Linked Notes as there are Successors, with the following terms:

- (a) each Successor will be a Reference Entity for the purposes of one of the deemed new Credit Linked Notes;
- (b) in respect of each deemed new Credit Linked Note, the Reference Entity Notional Amount will be the Reference Entity Notional Amount applicable to the original Reference Entity divided by the number of Successors; and
- (c) all other terms and conditions of the original Credit Linked Notes will be replicated in each deemed new Credit Linked Note except to the extent that modification is required, as determined by the Calculation Agent in its sole discretion, to preserve the economic effects of the original Credit Linked Notes in the deemed new Credit Linked Notes (considered in the aggregate).

6.3 *Nth-to-Default CLNs:*

Where the Notes are Nth-to-Default CLNs:

- (a) where more than one Successor has been identified (other than for a Reference Entity in respect of which a Credit Event has occurred), each Credit Linked Note will be deemed for all purposes to have been divided into a number of new Credit Linked Notes equal to the number of Successors. Each such new Credit Linked Note shall include a Successor and each and every one of the Reference Entities unaffected by such succession and the provisions of Credit Linked Condition 0 to 0 (inclusive) shall apply thereto;
- (b) if “Substitution” is specified as not being applicable in the Final Terms, where any Reference Entity (the “**Surviving Reference Entity**”) (other than a Reference Entity that is subject to the succession) would be a Successor to any other Reference Entity (the “**Legacy Reference Entity**”) pursuant to a succession, such Surviving Reference Entity shall be deemed to be a Successor to the Legacy Reference Entity; and
- (c) if “Substitution” is specified as being applicable in the Final Terms, where the Surviving Reference Entity (other than a Reference Entity that is subject to the succession) would be a Successor to a Legacy Reference Entity:
 - (i) such Surviving Reference Entity shall be deemed not to be a Successor to the Legacy Reference Entity; and
 - (ii) the Replacement Reference Entity shall be deemed to be a Successor to the Legacy Reference Entity.

6.4 *Basket CLNs:*

Where the Credit Linked Notes are Basket CLNs, and one or more Successors have been identified in respect of a Reference Entity (the “**Affected Entity**”) then:

- (a) the Affected Entity will no longer be a Reference Entity (unless it is a Successor as described in (ii) below);
- (b) each Successor will be deemed a Reference Entity (in addition to each Reference Entity which is not an Affected Entity);

Additional Terms and Conditions for Credit Linked Notes

- (c) the Reference Entity Notional Amount for each such Successor will equal the Reference Entity Notional Amount of the Affected Entity divided by the number of Successors;
- (d) the Calculation Agent may, at its discretion, make any modifications to the terms of the Notes which it determines are required to preserve the economic effects of the Notes prior to the relevant succession (considered in the aggregate); and
- (e) for the avoidance of doubt, a Reference Entity may, as a result of a succession, be represented in the basket with respect to multiple Reference Entity Notional Amounts.

6.5 *Substitute Reference Obligations for Reference Obligation Only Trades:*

If the event set out in sub-paragraph (a) of the definition of “Substitution Event” occurs with respect to the Reference Obligation for a Reference Obligation Only Trade, the Substitution Event Date shall be the CLN Maturity Date and the Issuer shall make a payment of the outstanding principal amount of the Credit Linked Notes as described in Credit Linked Condition 0.

Notwithstanding the definition of “Substitute Reference Obligation,” (i) no Substitute Reference Obligation shall be determined in respect of a Reference Obligation Only Trade in respect of the relevant Reference Entity and (ii) if the events set out in sub-paragraphs (b) or (c) of the definition of “Substitution Event” occur with respect to the Reference Obligation for a Reference Entity in respect of which Reference Obligation Only Trade is applicable, such Reference Obligation shall continue to be the Reference Obligation.

7. Provisions relating to LPN Reference Entities

The following provisions shall apply if the relevant Final Terms provides that “LPN Reference Entity” is applicable:

- (a) Multiple Holder Obligation will not be applicable with respect to any Reference Obligation and any Underlying Loan;
- (b) each Reference Obligation will be an Obligation notwithstanding anything to the contrary in these Credit Linked Notes Conditions, and in particular, that the obligation is not an obligation of the Reference Entity;
- (c) each Reference Obligation will be a Deliverable Obligation notwithstanding anything to the contrary in these Credit Linked Notes Conditions, and in particular, that the obligation is not an obligation of the Reference Entity;
- (d) for the avoidance of doubt, with respect to any LPN Reference Obligation that specifies an Underlying Loan or an Underlying Finance Instrument, the outstanding principal balance shall be determined by reference to the Underlying Loan or Underlying Finance Instrument (as applicable) relating to such LPN Reference Obligation; and
- (e) the “Not Subordinated” Obligation Characteristic and Deliverable Obligation Characteristic shall be construed as if no Reference Obligation was specified in respect of the Reference Entity.

8. Restructuring Credit Event

8.1 *Multiple Credit Event Notices:*

Upon the occurrence of an M(M)R Restructuring with respect to a Reference Entity:

- (a) the Calculation Agent may deliver multiple Credit Event Notices with respect to such M(M)R Restructuring, each such notice setting forth the amount of the relevant Reference Entity Notional Amount to which such Credit Event Notice applies (the “**Exercise Amount**”) **provided that** if the Credit Event Notice does not specify an Exercise Amount, the then outstanding Reference Entity

Additional Terms and Conditions for Credit Linked Notes

Notional Amount (and not a portion thereof) will be deemed to have been specified as the Exercise Amount;

- (b) if the Calculation Agent has delivered a Credit Event Notice that specifies, for each Note, an Exercise Amount that is less than the principal amount outstanding of such Note, the rights and obligations of the parties shall, with effect from the date such Credit Event Notice is effective, be construed as if such Note had split into two Notes, one of which has a principal amount outstanding equal to the Exercise Amount and, upon the occurrence of an Event Determination Date, will be settled in accordance with the applicable Settlement Method or Fallback Settlement Method, as applicable, and the other of which will have a principal amount outstanding equal to the principal amount outstanding of such Note prior to the delivery of such Credit Event Notice minus the Exercise Amount and will continue in effect with such modifications as the Calculation Agent determines are required in order to preserve the economic effects of the two Notes so split (considered in aggregate); and
- (c) the Exercise Amount in connection with a Credit Event Notice describing an M(M)R Restructuring must be an amount that is at least 1,000,000 units of the Specified Currency (or, if Japanese Yen, 100,000,000 units) in which the relevant Reference Entity Notional Amount is denominated or any integral multiple thereof or the entire relevant Reference Entity Notional Amount.

In the case of an Nth-to-Default CLN, once an Event Determination Date has occurred in respect of the Nth Reference Entity where the Credit Event is an M(M)R Restructuring, no further Credit Event Notices may be delivered in respect of any other Reference Entity (save to the extent that the Credit Linked Notes are deemed to have been divided into new Credit Linked Notes pursuant to Credit Linked Condition 0).

If any Credit Linked Note is subject to partial redemption in accordance with this Credit Linked Condition 0, the relevant Credit Linked Note or, if the Credit Linked Notes are represented by a Global Note, such Global Note shall be endorsed to reflect such partial redemption.

8.2 *Mod R:*

In respect of any Reference Entity for which Restructuring is an applicable Credit Event, if (i) “Physical Settlement” or “Cash Settlement” is specified to be the Settlement Method in the Final Terms (or is applicable as the Fallback Settlement Method), (ii) “Mod R” is specified as applicable in respect of such Reference Entity in the Final Terms, and (iii) Restructuring is the only Credit Event specified in a Credit Event Notice, then unless the Deliverable Obligation or Valuation Obligation (as applicable) is a Prior Deliverable Obligation and Asset Package Delivery applies due to a Governmental Intervention, a Deliverable Obligation or, as applicable, Valuation Obligation, may only be specified in a Notice of Physical Settlement, any NOPS Amendment Notice or, as applicable, selected by the Issuer to form part of the related Valuation Obligations Portfolio only if it:

- (a) is a Fully Transferable Obligation; and
- (b) has a final maturity date not later than the applicable Restructuring Maturity Limitation Date,

in each case, as of both the NOPS Effective Date and the Delivery Date or, as applicable, as of the Relevant Valuation Date.

8.3 *Mod Mod R:*

In respect of any Reference Entity for which Restructuring is an applicable Credit Event, if (i) “Physical Settlement” or “Cash Settlement” is specified to be the Settlement Method in the Final Terms (or is applicable as the Fallback Settlement Method), (ii) “Mod Mod R” is specified as applicable in respect of such Reference Entity in the Final Terms, and (iii) Restructuring is the only Credit Event specified in a Credit Event Notice, then unless the Deliverable Obligation or Valuation Obligation (as applicable) is a Prior Deliverable Obligation and Asset Package

Additional Terms and Conditions for Credit Linked Notes

Delivery applies due to a Governmental Intervention, a Deliverable Obligation or, as applicable, Valuation Obligation, may only be specified in the Notice of Physical Settlement, any NOPS Amendment Notice or, as applicable, selected by the Issuer to form part of the related Valuation Obligations Portfolio, only if it:

- (a) is a Conditionally Transferable Obligation; and
- (b) has a final maturity date not later than the applicable Modified Restructuring Maturity Limitation Date,

in each case, as of both the NOPS Effective Date and the Delivery Date or, as applicable, as of the Relevant Valuation Date. Notwithstanding the foregoing, for purposes of the above, in the case of a Restructured Bond or Loan with a final maturity date on or prior to the 10-year Limitation Date, the final maturity date of such Bond or Loan shall be deemed to be the earlier of such final maturity date or the final maturity date of such Bond or Loan immediately prior to the relevant Restructuring.

If the relevant Deliverable Obligation specified in the Notice of Physical Settlement (or any NOPS Amendment Notice, as applicable) is a Conditionally Transferable Obligation with respect to which consent is required to novate, assign or transfer and the requisite consent is refused (whether or not a reason is given for such refusal and, where a reason is given for such refusal, regardless of that reason) or is not received by the Physical Settlement Date, the Issuer shall, as soon as reasonably practicable, notify the relevant Noteholders of such refusal (or deemed refusal) and:

- (x) each such Noteholder may designate a third party (which may or may not be an Affiliate of such Noteholder) to take Delivery of the Deliverable Obligation on its behalf; and
- (y) if a Noteholder does not designate a third party that takes Delivery on or prior to the date which is three CLN Business Days after the Physical Settlement Date, then the Issuer will redeem the Notes in respect of which Delivery has not occurred by payment of the relevant Partial Cash Settlement Amount to such Noteholder. For the avoidance of doubt, Credit Linked Condition 0 will not apply to this paragraph.

8.4 *Determination of final maturity date*

For the purposes of making a determination pursuant to “Mod R” and “Mod Mod R,” final maturity date shall, subject to the provisions of Credit Linked Note Condition 0 (*Mod Mod R*), be determined on the basis of the terms of the Deliverable Obligation or, as applicable, Valuation Obligation in effect at the time of making such determination and, in the case of a Deliverable Obligation or, as applicable, Valuation Obligation that is due and payable, the final maturity date shall be deemed to be the date on which such determination is made.

8.5 *Multiple Holder Obligations:*

Unless “Multiple Holder Obligation” is specified as not applicable in the relevant Final Terms, then, notwithstanding anything to the contrary in the definition of Restructuring and related provisions, the occurrence of, agreement to or announcement of any of the events described in sub-paragraphs (a)(i) to (v) of the definition of Restructuring shall not be a Restructuring unless the Obligation in respect of any such events is a Multiple Holder Obligation.

9. Miscellaneous Provisions relating to Credit Linked Notes

9.1 *Determinations of the Calculation Agent:*

The determination by the Calculation Agent of any amount or of any state of affairs, circumstance, event or other matter, or the formation of any opinion or the exercise of any discretion required or permitted to be determined, formed or exercised by the Calculation Agent pursuant to the Credit Linked Notes Conditions shall (in the absence of manifest error) be final and binding on the Issuer and the Noteholders. In performing its duties pursuant to the Credit Linked Notes, the Calculation Agent shall act in its sole and absolute discretion and, unless otherwise

Additional Terms and Conditions for Credit Linked Notes

expressly stated, is not bound to follow or act in accordance with any determination of the relevant Credit Derivatives Determinations Committee. Whenever the Calculation Agent is required to make any determination it may, *inter alia*, decide issues of construction and legal interpretation. If the Calculation Agent chooses to rely on the determinations of the relevant Credit Derivatives Determinations Committee it may do so without liability. Any delay, deferral or forbearance by the Calculation Agent in the performance or exercise of any of its obligations or its discretion under the Credit Linked Notes including, without limitation, the giving of any notice by it to any person, shall not affect the validity or binding nature of any later performance or exercise of such obligation or discretion, and none of the Calculation Agent or the Issuer shall, in the absence of wilful misconduct and gross negligence, bear any liability in respect of, or consequent upon, any such delay, deferral or forbearance.

Because the Calculation Agent is an affiliate of the Issuer, the economic interests of the Calculation Agent and its affiliates may be adverse to the interests of the Noteholders of the Credit Linked Notes, including with respect to certain determinations and judgments that the Calculation Agent must make, including, designation of a Credit Event and selecting the obligations of the Reference Entity for valuation purposes.

9.2 *Reversal of DC Resolutions*

If, where the Calculation Agent has relied upon a DC Resolution for the purposes of making a calculation or determination with respect to the Notes, ISDA or the DC Secretary publicly announces that such DC Resolution has been reversed by a subsequent DC Resolution, such reversal will be taken into account for the purposes of any subsequent calculations, provided that the ISDA public announcement occurs prior to the DC Resolution Reversal Cut-off Date (or where redeemed in part, save to the extent of any such redemption). The Calculation Agent, acting in a commercially reasonable manner, will make any adjustment to any future payments as are required to take account of such reversal, including any payment of additional interest or any reduction in any interest or any other amount payable under the Notes. For the avoidance of doubt, no accruals of interest shall be taken into account when calculating any such adjustment payment.

9.3 *Change in Standard Terms and Market Conventions:*

The Calculation Agent, acting reasonably, may (but shall not be obligated to) modify these Credit Linked Notes Conditions from time to time with effect from a date designated by the Calculation Agent to the extent reasonably necessary to ensure consistency with prevailing market standards or market trading conventions, which are, pursuant to the agreement of leading dealers in the credit derivatives market or any relevant committee established by ISDA, a market-wide protocol, any applicable law or regulation or the rules of any applicable exchange or clearing system, which would be applicable to any Notional Credit Derivative Transaction or any Hedge Transaction entered into prior to such date or terms thereof or to conform the Issuer's obligations under the notes with the Issuer's rights under any Hedge Transaction. The Calculation Agent shall notify the Issuer and the Noteholders as soon as reasonably practicable upon making any such determination. For the avoidance of doubt, the Calculation Agent may not, without the consent of the Issuer, amend pursuant to this Credit Linked Condition 0 any of the terms and conditions of the Credit Linked Notes other than the applicable Credit Linked Notes Conditions. In particular, the Calculation Agent may make such modifications as may be necessary to ensure consistency with any successor provisions which are published by ISDA and which supersede the 2014 ISDA Credit Derivatives Definitions ("**Successor Provisions**") for the purposes of credit derivatives transactions generally (including with respect to transactions which are entered into prior to the relevant date of publication and which are outstanding as of that date) and/or may apply and rely on determinations of the Credit Derivatives Determinations Committee made in respect of a relevant Reference Entity under any such Successor Provisions notwithstanding any discrepancy between the terms of such Successor Provisions and these Credit Linked Notes Conditions.

9.4 *Delivery of Notices:*

As soon as reasonably practicable after receiving a Credit Event Notice or Notice of Publicly Available Information from the Calculation Agent, the Issuer shall promptly inform, or shall procure that the Calculation Agent informs the Noteholders in accordance with Condition 19 (*Notices*) provided that any failure or delay in giving such notice to Noteholders shall not affect the rights of the Issuer in relation thereto. Resolutions of the Credit Derivatives

Additional Terms and Conditions for Credit Linked Notes

Determinations Committee are, as of the date hereof, available on the website of the Credit Derivatives Determinations Committees (<http://dc.isda.org/>).

9.5 Effectiveness of Notices:

Any notice referred to in Credit Linked Condition 0 above which is delivered on or prior to 4:00 p.m. (London time) on a London Business Day is effective on such date and if delivered after such time or on a day that is not a London Business Day, is deemed effective on the next following London Business Day.

9.6 Excess Amounts:

If, on a CLN Business Day, the Calculation Agent reasonably determines that an Excess Amount has been paid to Noteholders on or prior to such day, then following notification of the determination of an Excess Amount to the Issuer and Noteholders in accordance with Condition 19 (*Notices*), the Issuer may deduct any such Excess Amount from future payments in relation to the Notes (whether interest or principal) or may reduce the amount of any assets deliverable under the terms of the Notes to the extent that it determines, acting reasonably, to be necessary to compensate for such Excess Amount.

9.7 Timing:

Subject to the provisions relating to timing in Credit Linked Condition 0 and the definition of “Failure to Pay,” in order to determine the day on which an event occurs for purposes of the Credit Derivatives Definitions, the demarcation of days shall be made by reference to Greenwich Mean Time (or, if the Transaction Type of a Reference Entity relates to Japan, Tokyo time), irrespective of the time zone in which such event occurred. Any event occurring at midnight shall be deemed to have occurred immediately prior to midnight.

9.8 Payment Timing:

Notwithstanding the ‘Credit Event Notice’ definition and Credit Linked Condition 0 (*Timing*) above, if a payment is not made by the Reference Entity on its due date or, as the case may be, on the final day of the relevant Grace Period, then such failure to make a payment shall be deemed to have occurred on such day prior to midnight Greenwich Mean Time (or, if the Transaction Type of the Reference Entity relates to Japan, Tokyo time), irrespective of the time zone of its place of payment.

9.9 Business Day Convention:

If the last day of any period calculated by reference to calendar days falls on a day that is not a Business Day, such last day shall be subject to adjustment in accordance with the applicable Business Day Convention; *provided that* if the last day of any period is the Credit Event Backstop Date or the Successor Backstop Date, such last day shall not be subject to any adjustment in accordance with any Business Day Convention.

9.10 Frustration:

In the absence of other reasons, the Credit Linked Notes will not be considered frustrated, or otherwise void or voidable (whether for mistake or otherwise) solely because:

- (a) the Reference Entity does not exist on, or ceases to exist on or following, the Trade Date; and/or
- (b) Obligations, Deliverable Obligations or the Reference Obligation do not exist on, or cease to exist on or following, the Trade Date.

10. Amendments to the General Conditions

In respect of a Series of Credit Linked Notes, the Terms and Conditions of the Notes shall be amended as follows:

- (a) Condition 10.1 (*Redemption at Maturity*) shall be amended as follows:

Additional Terms and Conditions for Credit Linked Notes

"Unless previously redeemed or purchased and cancelled as provided below, each Credit Linked Note will be redeemed in accordance with the Credit Linked Notes Conditions and the applicable Final Terms."

11. Definitions

"Accelerated or Matured" means an obligation under which the principal amount owed, whether by reason of maturity, acceleration, termination or otherwise, is due and payable in full in accordance with the terms of such obligation, or would have been but for, and without regard to, any limitation imposed under any applicable insolvency laws.

"Additional Credit Event" means an additional credit event as defined in the Final Terms.

"Additional Credit Linked Note Disruption Event" means any of Change in Law, Hedging Disruption, and/or Increased Cost of Hedging, in each case if specified as applying in the applicable Final Terms.

"Additional LPN" means any LPN issued by an LPN Issuer, for the sole purpose of providing funds for the LPN Issuer to provide financing to the Reference Entity via an:

- (a) Underlying Loan; or
- (b) Underlying Finance Instrument:

provided that:

- (i) either:
 - (A) in the event that there is an Underlying Loan with respect to such LPN, the Underlying Loan satisfies the Obligation Characteristics specified in respect of the Reference Entity; or
 - (B) in the event that there is an Underlying Finance Instrument with respect to such LPN the Underlying Finance Instrument satisfies the Not Subordinated, Not Domestic Law and Not Domestic Currency Obligation Characteristics;
- (ii) the LPN satisfies the following Deliverable Obligation Characteristics: Transferable, Not Bearer, Specified Currencies – Standard Specified Currencies, Not Domestic Law, Not Domestic Issuance; and
- (iii) the LPN Issuer has, as of the issue date of such obligation, granted a First Ranking Interest over or in respect of certain of its rights in relation to the relevant Underlying Loan or Underlying Finance Instrument (as applicable) for the benefit of holders of the LPNs.

"Additional Obligation" means each of the obligations listed as an Additional Obligation of the Reference Entity in the relevant "LPN Reference Obligation List" as published by Markit Group Limited, or any successor thereto, which list is currently available at <http://www.markit.com/marketing/services.php>.

"Additional Provisions" means any additional provisions from time to time published by ISDA for use in the over-the-counter credit derivatives market and specified as applicable in the relevant Final Terms in relation to a Reference Entity which may include:

- (a) the Additional Provisions for Physically Settled Default Swaps - Monoline Insurer as Reference Entity, as published by ISDA on 21 January 2005; or
- (b) any other provisions specified in relation to such Reference Entity.

Additional Terms and Conditions for Credit Linked Notes

“**Affected Entity**” has the meaning given to such term in Credit Linked Condition 0 above.

“**Affiliate**” means, in relation to any person, any entity controlled, directly or indirectly, by the person, any entity that controls, directly or indirectly, the person or any entity directly or indirectly under common control with the person. For this purpose, “control” of any entity or person means ownership of a majority of the voting power of the entity or person.

“**Asset**” means each obligation, equity, amount of cash, security, fee (including any “early-bird” or other consent fee), right and/or other asset, whether tangible or otherwise and whether issued, incurred, paid or provided by the Reference Entity or a third party (or any value which was realized or capable of being realized in circumstances where the right and/or other asset no longer exists).

“**Asset Market Value**” means the market value of an Asset, as the Calculation Agent shall determine by reference to an appropriate specialist valuation or in accordance with the methodology determined by the Credit Derivatives Determinations Committee or in any other commercially reasonable manner selected by the Calculation Agent.

“**Asset Package**” means, in respect of an Asset Package Credit Event, all of the Assets in the proportion received or retained by a Relevant Holder in connection with such relevant Asset Package Credit Event (which may include the Prior Deliverable Obligation or Package Observable Bond, as the case may be). If the Relevant Holder is offered a choice of Assets or a choice of combinations of Assets, the Asset Package will be the Largest Asset Package. If the Relevant Holder is offered, receives and retains nothing, the Asset Package shall be deemed to be zero.

“**Asset Package Credit Event**” means:

- (a) if “Financial Reference Entity Terms” and “Governmental Intervention” are specified as applicable in the relevant Final Terms in respect of the relevant Reference Entity:
 - (i) a Governmental Intervention; or
 - (ii) a Restructuring in respect of the Reference Obligation, if “Restructuring” is specified as applicable in the Final Terms in respect of the relevant Reference Entity and such Restructuring does not constitute a Governmental Intervention; and
- (b) if the Reference Entity is a Sovereign and “Restructuring” is specified in the Final Terms as being applicable, a Restructuring.

In each case, whether or not such event is specified as the applicable Credit Event in the Credit Event Notice or the DC Credit Event Announcement.

“**Assignable Loan**” means a Loan that is capable of being assigned or novated to, at a minimum, commercial banks or financial institutions (irrespective of their jurisdiction of organisation) that are not then a lender or a member of the relevant lending syndicate, without the consent of the Reference Entity or the guarantor, if any, of such Loan (or the consent of the applicable borrower if the Reference Entity is guaranteeing such Loan) or any agent, and if specified as applicable to a Deliverable Obligation Category, the Assignable Loan Deliverable Obligation Characteristic shall be applicable only in respect of obligations within that Deliverable Obligation Category that are Loans.

“**Auction**” has the meaning set forth in the relevant Transaction Auction Settlement Terms.

“**Auction Cancellation Date**” has the meaning set forth in the Transaction Auction Settlement Terms.

“**Auction Covered Transaction**” has the meaning set forth in the Transaction Auction Settlement Terms.

“**Auction Final Price**” has the meaning set forth in the Transaction Auction Settlement Terms or the Parallel Auction Settlement Terms identified by the Issuer in the Auction Settlement Amount Notice.

Additional Terms and Conditions for Credit Linked Notes

“**Auction Final Price Determination Date**” has the meaning set forth in the Transaction Auction Settlement Terms.

“**Auction Settlement Amount**” means, in relation to any Reference Entity and unless otherwise specified in the Final Terms, an amount in the Settlement Currency as determined by the Calculation Agent in accordance with the formula below:

$$\text{Auction Settlement Amount} = \text{Max } 0, [(A \times B) - C]$$

Where:

“**A**” means the Reference Entity Notional Amount;

“**B**” means the relevant Auction Final Price; and

“**C**” means the Unwind Costs (unless the applicable Final Terms specify that Unwind Costs are not applicable, in which event “**C**” means zero).

“**Auction Settlement Amount Notice**” means a notice given by the Issuer to the Calculation Agent and the Noteholders in accordance with Condition 19 (*Notices*), on or prior to the date which is 65 Business Days following the Final List Publication Date specifying:

- (a) the Transaction Auction Settlement Terms or Parallel Auction Settlement Terms which the Issuer has elected to apply to the Credit Linked Notes (**provided that** the Issuer may only elect to apply any Parallel Auction Settlement Terms (which it may choose in its sole discretion) in the circumstances set out in sub-paragraphs (b) or (c)(ii) of the definition of “No Auction Announcement Date”); and
- (b) the Auction Settlement Amount.

“**Auction Settlement Date**” means:

- (a) the date that is three CLN Business Days following delivery by the Issuer of the Auction Settlement Amount Notice to the Calculation Agent and the Noteholders in accordance with Condition 19 (*Notices*); or
- (b) (if “Settlement Deferral” is specified as applicable) if later, the Scheduled Maturity Date. For the avoidance of doubt, this shall be without prejudice to Credit Linked Condition 0 (*Cessation of Interest Accrual*).

“**Bankruptcy**” means the Reference Entity:

- (a) is dissolved (other than pursuant to a consolidation, amalgamation or merger);
- (b) becomes insolvent or is unable to pay its debts or fails or admits in writing in a judicial, regulatory or administrative proceeding or filing its inability generally to pay its debts as they become due;
- (c) makes a general assignment, arrangement, scheme or composition with or for the benefit of its creditors generally or such a general assignment, arrangement, scheme or composition becomes effective;
- (d) institutes or has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other similar relief under any bankruptcy or insolvency law or other law affecting creditors’ rights, or a petition is presented for its winding-up or liquidation, and, in the case of any such proceeding or petition instituted or presented against it, such proceeding or petition:

Additional Terms and Conditions for Credit Linked Notes

- (i) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation; or
 - (ii) is not dismissed, discharged, stayed or restrained in each case within thirty calendar days of the institution or presentation thereof;
- (e) has a resolution passed for its winding-up or liquidation (other than pursuant to a consolidation, amalgamation or merger);
- (f) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets;
- (g) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within thirty calendar days thereafter; or
- (h) causes or is subject to any event with respect to which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in subparagraphs (a) to (g) above.

“Basket CLN” means Credit-Linked Notes where the Issuer purchases credit protection from the Noteholders in respect of a basket of Reference Entities (other than on an Nth-to-default basis), as specified in the Final Terms.

“Bond” means any obligation of a type included in the “Borrowed Money” Obligation Category that is in the form of, or represented by, a bond, note (other than notes delivered pursuant to Loans), certificated debt security or other debt security and shall not include any other type of Borrowed Money.

“Bond or Loan” means any obligation that is either a Bond or a Loan.

“Borrowed Money” means any obligation (excluding an obligation under a revolving credit arrangement for which there are no outstanding unpaid drawings in respect of principal) for the payment or repayment of borrowed money (which term shall include, without limitation, deposits and reimbursement obligations arising from drawings pursuant to letters of credit).

“Business Day Convention,” in relation to any particular date, has the meaning given in the relevant Final Terms and, if so specified in the relevant Final Terms, may have different meanings in relation to different dates and, in this context, the following expressions shall have the following meanings:

- (a) “Following Business Day Convention” means that the relevant date shall be postponed to the first following day that is a CLN Business Day;
- (b) “Modified Following Business Day Convention” means that the relevant date shall be postponed to the first following day that is a CLN Business Day unless that day falls in the next calendar month in which case that date will be the first preceding day that is a CLN Business Day;
- (c) “Preceding Business Day Convention” means that the relevant date shall be brought forward to the first preceding day that is a CLN Business Day; and
- (d) “No Adjustment” means that the relevant date shall not be adjusted in accordance with any Business Day Convention.

Additional Terms and Conditions for Credit Linked Notes

“Capped Reference Entity” means, unless otherwise specified in the Final Terms, a Reference Entity having a specified Transaction Type in respect of which “60 CLN Business Days Cap on Settlement” is expressed as applying in the Physical Settlement Matrix.

“Cash Settlement Amount” means, in relation to any Reference Entity an amount in the Settlement Currency as determined by the Calculation Agent in accordance with the formula below:

$$\text{Cash Settlement Amount} = \text{Max } 0, [(A \times B) - C]$$

Where:

“A” means the Reference Entity Notional Amount;

“B” means the Weighted Average Final Price, or if specified as Not Applicable in the applicable Final Terms, the Final Price; and

“C” means the Unwind Costs (unless the applicable Final Terms specify that Unwind Costs are not applicable, in which event “C” means zero).

“Cash Settlement Date” means:

- (a) the date that is the number of CLN Business Days specified in the Final Terms (or, if a number of CLN Business Days is not specified, three CLN Business Days) immediately following the determination of the Weighted Average Final Price; or
- (b) (if “Settlement Deferral” is specified as applicable) if later, the Scheduled Maturity Date. For the avoidance of doubt, this shall be without prejudice to Credit Linked Condition 0 (*Cessation of Interest Accrual*).

“Change in Law” means that, on or after the Trade Date (as specified in the applicable Final Terms) (A) due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law, solvency or capital requirements), or (B) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority or financial authority), or the combined effect thereof if occurring more than once, the Issuer determines in its sole and absolute discretion that:

- (a) it is unable to perform its obligations in respect of the Notes or it has become illegal to hold, acquire or dispose of any relevant hedge positions in respect of the Notes; or
- (b) it or any of its Affiliates would incur a materially increased cost (including, without limitation, in respect of any tax, solvency or capital requirements) in maintaining the Notes in issue or in holding, acquiring or disposing of any relevant hedge positions of the Notes.

“CLN Business Day” means in respect of any Reference Entity (a)(i) a day on which commercial banks and foreign exchange markets are generally open to settle payments in the place or places and on the days specified for that purpose in the relevant Final Terms, and/or (ii) a TARGET Settlement Day (if “TARGET Settlement Day” is specified in the relevant Final Terms), and/or (iii) if a Transaction Type is specified as applicable in respect of a Reference Entity in the Final Terms, each ‘Business Day’ specified for such Transaction Type in the Physical Settlement Matrix (by reference to the Specified Currency), or (b) if a place or places or such terms are not so specified, (i) if the Notes are denominated in the euro, a TARGET Settlement Day, or (ii) otherwise, a day on which commercial banks and foreign exchange markets are generally open to settle payments in the principal financial city in the jurisdiction of the currency of denomination of the Notes. A reference to ‘Business Days’ in the Physical Settlement Matrix shall be deemed to be a reference to CLN Business Days.

Additional Terms and Conditions for Credit Linked Notes

“CLN Dealer” means a dealer in obligations of the type of Obligation(s) (as the case may be) for which quotations are to be obtained (as selected by the Calculation Agent) and may include the Calculation Agent or its Affiliate and a Noteholder or its Affiliate.

“CLN Early Redemption Amount” means a fair market value of the Notes, as determined by the Calculation Agent in its sole discretion, acting in a commercially reasonable manner having regard to (i) credit spreads of the relevant Reference Entities published by market makers; (ii) the yield to maturity of the Notes; and (iii) the cost to the Issuer and/or its Affiliates of unwinding any underlying related hedging arrangements (including without limitation any Unwind Costs).

“CLN Maturity Date” means either:

- (a) the Scheduled Maturity Date; or
- (b) where the Issuer delivers an Extension Notice in relation to a Reference Entity to the Calculation Agent and the Noteholders at or prior to 11:00 a.m. (London time) on the date falling one London Business Day prior to the Scheduled Maturity Date, either:
 - (i) the date falling two Business Days after the latest to occur of the expiry of the Notice Delivery Period, the expiry of the Post Dismissal Additional Period or the latest date on which it would be possible for the Calculation Agent to deliver a Credit Event Notice; or
 - (ii) if a Credit Event Resolution Request Date has occurred on or prior to the expiry of the Notice Delivery Period or the Post Dismissal Additional Period in relation to a Reference Entity and unless otherwise elected by the Issuer by written notice to the Calculation Agent and the Noteholders, the date falling 15 Business Days following any date on which the Credit Derivatives Determinations Committee Resolves that the relevant event does not constitute a Credit Event, or Resolves not to make such determination.

“Conditionally Transferable Obligation” means a Deliverable Obligation that is either Transferable, in the case of Bonds, or capable of being assigned or novated to all Modified Eligible Transferees without the consent of any person being required, in the case of any Deliverable Obligation other than Bonds, in each case, as of both the NOPS Effective Date and the Delivery Date or the Relevant Valuation Date (as applicable), **provided, however, that** a Deliverable Obligation other than Bonds will be a Conditionally Transferable Obligation notwithstanding that consent of the Reference Entity or the guarantor, if any, of a Deliverable Obligation other than Bonds (or the consent of the relevant obligor if the Reference Entity is guaranteeing such Deliverable Obligation) or any agent is required for such novation, assignment or transfer so long as the terms of such Deliverable Obligation provide that such consent may not be unreasonably withheld or delayed. Any requirement that notification of novation, assignment or transfer of a Deliverable Obligation be provided to a trustee, fiscal agent, administrative agent, clearing agent or paying agent for a Deliverable Obligation shall not be considered to be a requirement for consent for purposes of this definition of “Conditionally Transferable Obligation.”

“Conforming Reference Obligation” means a Reference Obligation which is a Deliverable Obligation determined in accordance with sub-paragraph (a) of the definition of ‘Deliverable Obligation’.

“Consent Required Loan” means a Loan that is capable of being assigned or novated with the consent of the Reference Entity or the guarantor, if any, of such Loan (or the consent of the relevant borrower if a Reference Entity is guaranteeing such Loan) or any agent, and, if specified as applicable to a Deliverable Obligation Category, the Consent Required Loan Deliverable Obligation Characteristic shall be applicable only in respect of obligations within the Deliverable Obligation Category that are Loans.

“Credit Derivatives Auction Settlement Terms” means, in relation to a Reference Entity, the Credit Derivatives Auction Settlement Terms published by ISDA with respect to such Reference Entity, a form of which will be published by ISDA on its website at www.isda.org (or any successor website thereto) from time to time and as may be amended from time to time.

Additional Terms and Conditions for Credit Linked Notes

“Credit Derivatives Definitions” means the 2014 ISDA Credit Derivatives Definitions and, in addition, if Additional Provisions are specified to be applicable with respect to the Credit Linked Notes in the Final Terms, as supplemented by the Additional Provisions.

“Credit Derivatives Determinations Committee” means each committee established pursuant to the DC Rules for purposes of reaching certain DC Resolutions in connection with credit derivative transactions incorporating the 2014 Credit Derivatives Definitions, as published by ISDA.

“Credit Event” means the occurrence of one or more of Bankruptcy, Failure to Pay, Obligation Acceleration, Obligation Default, Repudiation/Moratorium, Restructuring, Governmental Intervention or Additional Credit Event as specified with respect to a Reference Entity in the applicable Final Terms. If an occurrence would otherwise constitute a Credit Event, such occurrence will constitute a Credit Event whether or not such occurrence arises directly or indirectly from, or is subject to a defense based upon:

- (a) any lack or alleged lack of authority or capacity of the Reference Entity to enter into any Obligation or, as applicable, an Underlying Obligor to enter into any Underlying Obligation;
- (b) any actual or alleged unenforceability, illegality, impossibility or invalidity with respect to any Obligation or, as applicable, any Underlying Obligation, however described;
- (c) any applicable law, order, regulation, decree or notice, however described, or the promulgation of, or any change in, the interpretation by any court, tribunal, regulatory authority or similar administrative or judicial body with competent or apparent jurisdiction of any applicable law, order, regulation, decree or notice, however described; or
- (d) the imposition of, or any change in, any exchange controls, capital restrictions or any other similar restrictions imposed by any monetary or other authority, however described.

“Credit Event Backstop Date” means the date that is 60 calendar days prior to the Trade Date. The Credit Event Backstop Date shall not be subject to adjustment in accordance with any Business Day Convention.

“Credit Event Notice” means an irrevocable notice from the Calculation Agent to the Issuer (which may be in writing (including by facsimile and/or email and/or by telephone)) that describes a Credit Event that occurred on or after the Credit Event Backstop Date and on or prior to the Extension Date. Any Credit Event Notice that describes a Credit Event that occurred after the Scheduled Maturity Date must relate to the relevant Potential Failure to Pay, in the case of a Grace Period Extension Date, or the relevant Potential Repudiation/Moratorium, in the case of a Repudiation/Moratorium Evaluation Date. A Credit Event Notice that describes a Credit Event other than an M(M)R Restructuring must be in respect of the full relevant Reference Entity Notional Amount.

A Credit Event Notice must contain a description in reasonable detail of the facts relevant to the determination that a Credit Event has occurred, **provided that** where an Event Determination Date has occurred pursuant to sub-paragraph (b) of the definition thereof, a reference to the relevant DC Credit Event Announcement shall suffice. The Credit Event that is the subject of the Credit Event Notice need not be continuing on the date the Credit Event Notice is effective.

“Credit Event Resolution Request Date” means, with respect to a DC Credit Event Question, the date as publicly announced by the DC Secretary that the relevant Credit Derivatives Determinations Committee Resolves to be the date on which:

- (a) the DC Credit Event Question was effective; and
- (b) the relevant Credit Derivatives Determinations Committee was in possession of Publicly Available Information with respect to such DC Credit Event Question.

Additional Terms and Conditions for Credit Linked Notes

“**Currency Amount**” means with respect to:

- (a) a Deliverable Obligation specified in a Notice of Physical Settlement or any NOPS Amendment Notice (as applicable), or a selected Valuation Obligation that is denominated in a currency other than the Settlement Currency, an amount converted to the Settlement Currency using a conversion rate determined by reference to the Currency Rate; and
- (b) a Replacement Deliverable Obligation specified in a NOPS Amendment Notice, an amount converted to the Settlement Currency (or, if applicable, back into the Settlement Currency) using a conversion rate determined by reference to the Currency Rate, if any, and each Revised Currency Rate used to convert each Replaced Deliverable Obligation Outstanding Amount specified in each NOPS Amendment Notice with respect to that portion of the relevant Reference Entity Notional Amount into the currency of denomination of the relevant Replacement Deliverable Obligation.

“**Currency Rate**” means with respect to:

- (a) a Deliverable Obligation specified in the Notice of Physical Settlement or any NOPS Amendment Notice (as applicable), or a selected Valuation Obligation, the rate of conversion between the Settlement Currency and the currency in which the Outstanding Amount of such Deliverable Obligation or Valuation Obligation, as applicable is denominated that is either:
 - (i) determined by reference to the Currency Rate Source as at the Next Currency Fixing Time; or
 - (ii) if such rate is not available at such time, as the Calculation Agent shall determine in a commercially reasonable manner; and
- (b) a Replacement Deliverable Obligation specified in a NOPS Amendment Notice, the Revised Currency Rate.

“**Currency Rate Source**” means the mid-point rate of conversion published by WM/Reuters at 4:00 p.m. (London time), or any successor rate source approved by the relevant Credit Derivatives Determinations Committee.

“**DC Announcement Coverage Cut-off Date**” means, with respect to a DC Credit Event Announcement, the Auction Final Price Determination Date, the Auction Cancellation Date, or the date that is fourteen calendar days following the No Auction Announcement Date, if any, as applicable.

“**DC Credit Event Announcement**” means, with respect to the Reference Entity, a public announcement by the DC Secretary that the relevant Credit Derivatives Determinations Committee has Resolved that an event that would constitute a Credit Event for purposes of a Notional Credit Derivative Transaction has occurred on or after the Credit Event Backstop Date and on or prior to the Extension Date, **provided that** if the Credit Event occurred after the Scheduled Maturity Date, the DC Credit Event Announcement must relate to the relevant Potential Failure to Pay, in the case of a Grace Period Extension Date, or the relevant Potential Repudiation/Moratorium, in the case of a Repudiation/Moratorium Evaluation Date.

“**DC Credit Event Meeting Announcement**” means, with respect to the Reference Entity, a public announcement by the DC Secretary that a Credit Derivatives Determinations Committee will be convened to Resolve the matters described in a DC Credit Event Question.

“**DC Credit Event Question**” means a notice to the DC Secretary requesting that a Credit Derivatives Determinations Committee be convened to Resolve whether an event that would constitute a Credit Event for purposes of a Notional Credit Derivative Transaction has occurred.

Additional Terms and Conditions for Credit Linked Notes

“DC Credit Event Question Dismissal” means, with respect to the Reference Entity, a public announcement by the DC Secretary that the relevant Credit Derivatives Determinations Committee has Resolved not to determine the matters described in a DC Credit Event Question.

“DC No Credit Event Announcement” means, with respect to the Reference Entity, a public announcement by the DC Secretary that the relevant Credit Derivatives Determinations Committee has Resolved that an event that is the subject of a DC Credit Event Question does not constitute a Credit Event.

“DC Resolution” means a resolution made by a relevant Credit Derivatives Determinations Committee or, if the context requires, the meaning given to that term in the DC Rules.

“DC Resolution Reversal Cut-off Date” means the earliest to occur of the Auction Final Price Determination Date, a Valuation Date, a Physical Settlement Date, a Delivery Date, the CLN Maturity Date or other redemption date of the Credit Linked Notes or the date on which instructions are given by or on behalf of the Issuer for any such redemption or any date (if earlier) of termination or settlement in whole or in part of any Hedge Transaction as a result of the original DC Resolution by or on behalf of the Issuer, the Guarantor and/or any of its Affiliates.

“DC Rules” means the Credit Derivatives Determinations Committees Rules, as published by ISDA on its website at www.isda.org (or any successor website thereto) from time to time and as amended from time to time in accordance with the terms thereof.

“DC Secretary” has the meaning given to that term in the DC Rules.

“Default Requirement” means the amount specified as such in the Final Terms or its equivalent in the relevant Obligation Currency (or, if no such amount is specified, U.S.\$ 10,000,000 or its equivalent in the relevant Obligation Currency) in either case, as of the occurrence of the relevant Credit Event.

“Deliver” means to deliver, novate, transfer (including, in the case of a Guarantee, transfer of the benefit of the Guarantee), assign or sell, as appropriate, in the manner customary for the settlement of the applicable Deliverable Obligations (which shall include executing all necessary documentation and taking any other necessary actions), in order to convey all right, title (or, with respect to Deliverable Obligations where only equitable title is customarily conveyed, all equitable title) and interest in the Deliverable Obligations specified in the Notice of Physical Settlement or any NOPS Amendment Notice, as applicable, to the Issuer or the Noteholders, as the case may be, free and clear of any and all liens, charges, claims or encumbrances (excluding any liens routinely imposed on all securities in a relevant clearance system, but including, without limitation, any counterclaim, defence (other than a counterclaim or defence based on the factors set forth in sub-paragraphs (a) to (d) of the definition of “Credit Event” or right of set-off by or of the Reference Entity or any applicable Underlying Obligor)); **provided that** (i) if a Deliverable Obligation is a Direct Loan Participation, “Deliver” means to create (or procure the creation of) a participation in favour of the Issuer or the Noteholders, as the case may be, and (ii) if a Deliverable Obligation is a Guarantee, “Deliver” means to Deliver both the Underlying Obligation and the Guarantee, **provided further that** if the Guarantee has a Fixed Cap, (A) “Deliver” means to Deliver the Underlying Obligation, the Guarantee and all claims to any amounts which are subject to such Fixed Cap and (B) those claims shall be deemed to be Deliverable Obligations for purposes of any physical settlement. “Delivery” and “Delivered” will be construed accordingly.

In the case of a Loan, Delivery shall be effected using documentation substantially in the form of the documentation customarily used in the relevant market for Delivery of such Loan at that time. Notwithstanding the previous sentence, in the case of a Loan, the Issuer and each Noteholder agrees to comply, for the purposes of the settlement of the Credit Linked Notes with the provisions of any documentation (which term shall be deemed to include any market advisory that the relevant Credit Derivatives Determinations Committee Resolves to approve for such purpose) that the relevant Credit Derivatives Determinations Committee Resolves constitutes documentation customarily used in the relevant market for Delivery of such Loan at that time, as such documentation may be amended to the extent the relevant Credit Derivatives Determinations Committee Resolves is appropriate, which is consistent with the delivery and payment obligations of the parties hereunder. The Issuer agrees, and each Noteholder is deemed to further agree, that compliance by the Issuer with the provisions of any such documentation shall be required for, and, without further action, constitute, Delivery for the purposes of this definition (to the extent

Additional Terms and Conditions for Credit Linked Notes

that such documentation contains provisions describing how Delivery should be effected) and neither the Issuer nor any Noteholder shall be permitted to request that any party take nor shall the Issuer or any Noteholder be required to take, any action or make any payment in connection with such Delivery, as applicable, unless otherwise contemplated by such documentation.

“Deliverable Obligation” means, subject to Credit Linked Notes Conditions 8.1, 8.2 and 8.3:

- (a) any obligation of the Reference Entity (either directly or as provider of a Relevant Guarantee) described by the applicable Deliverable Obligation Category and having each of the applicable Deliverable Obligation Characteristics, if any, as of both the NOPS Effective Date and the Delivery Date as selected by the Calculation Agent in its sole discretion;
- (b) the Reference Obligation;
- (c) solely in relation to a Restructuring Credit Event applicable to a Reference Entity which is a Sovereign, and unless Asset Package Delivery is specified as being applicable in the relevant Final Terms, any Sovereign Restructured Deliverable Obligation; and
- (d) if Asset Package Delivery is specified as being applicable in the relevant Final Terms, any Prior Deliverable Obligation (if “Financial Reference Entity Terms” is specified as applicable in the relevant Final Terms) or any Package Observable Bond (if the Reference Entity is a Sovereign),

in each case, (i) unless it is an Excluded Deliverable Obligation and (ii) **provided that** the obligation has an Outstanding Principal Balance or Due and Payable Amount that is greater than zero (determined for purposes of sub-paragraph (d) above, immediately prior to the relevant Asset Package Credit Event).

“Deliverable Obligation Category” means one of Payment, Borrowed Money, Reference Obligation Only, Bond, Loan, or Bond or Loan as specified in relation to a Reference Entity. If any of Payment, Borrowed Money, Loan or Bond or Loan is specified as the Deliverable Obligation Category and more than one of Assignable Loan, Consent Required Loan and Direct Loan Participation are specified as Deliverable Obligation Characteristics, the Deliverable Obligations may include any Loan that satisfies any one of such Deliverable Obligation Characteristics specified and need not satisfy all such Deliverable Obligation Characteristics. No Deliverable Obligation Characteristics are applicable to Reference Obligations Only.

“Deliverable Obligation Characteristics” means any one or more of Not Subordinated, Specified Currency, Not Sovereign Lender, Not Domestic Currency, Not Domestic Law, Listed, Not Domestic Issuance, Assignable Loan, Consent Required Loan, Direct Loan Participation, Transferable, Maximum Maturity, Accelerated or Matured and Not Bearer as specified in relation to a Reference Entity.

“Deliverable Obligation Provisions,” in relation to any Reference Entity, has the meaning set forth in the Credit Derivatives Auction Settlement Terms.

“Deliverable Obligation Terms,” in relation to any Reference Entity, has the meaning set forth in the relevant Credit Derivatives Auction Settlement Terms.

“Delivery Date” means, with respect to a Deliverable Obligation or an Asset Package, the date on which such Deliverable Obligation or Asset Package is Delivered (or deemed Delivered, as applicable).

“Direct Loan Participation” means a Loan in respect of which, pursuant to a participation agreement, the Issuer is capable of creating, or procuring the creation of, a contractual right in favour of each Noteholder that provides each Noteholder with recourse to the participation seller for a specified share in any payments due under the relevant

Additional Terms and Conditions for Credit Linked Notes

Loan which are received by such participation seller, any such agreement to be entered into between each Noteholder and either:

- (a) the Issuer (to the extent that the Issuer is then a lender or member of the relevant lending syndicate); or
- (b) a Qualifying Participation Seller (if any) (to the extent such Qualifying Participation Seller is then a lender or a member of the relevant lending syndicate).

“Domestic Currency” means the currency specified as such in the Final Terms and any successor currency thereto or, if no such currency is specified, the lawful currency and any successor currency of:

- (a) the Reference Entity, if the Reference Entity is a Sovereign; or
- (b) the jurisdiction in which the Reference Entity is organized, if the Reference Entity is not a Sovereign.

“Domestic Law” means each of the laws of (a) the Reference Entity, if such Reference Entity is a Sovereign, or (b) the jurisdiction in which the Reference Entity is organized, if such Reference Entity is not a Sovereign.

“Downstream Affiliate” means an entity whose outstanding Voting Shares were, at the date of issuance of the Qualifying Guarantee, more than 50 per cent. owned, directly or indirectly, by the Reference Entity.

“Due and Payable Amount” means the amount that is due and payable by the Reference Entity under the obligation whether by reason of maturity, acceleration, termination or otherwise (excluding sums in respect of default interest, indemnities, tax gross-ups and other similar amounts) less all or any portion of such amount which, pursuant to the terms of the obligation (a) is subject to any Prohibited Action, or (b) may otherwise be reduced as a result of the effluxion of time or the occurrence or non-occurrence of an event or circumstance (other than by way of (i) payment or (ii) a Permitted Contingency), in each case, determined in accordance with the terms of the obligation in effect on either (A) the NOPS Effective Date (or if the terms of the obligation are amended after such date but on or prior to the Delivery Date, the Delivery Date) or (B) the Relevant Valuation Date, as applicable.

“Eligible Information” means information which is publicly available or which can be made public without violating any law, agreement, understanding or other restriction regarding the confidentiality of such information.

“Eligible Transferee” means each of the following:

- (a) each of:
 - (i) any bank or other financial institution;
 - (ii) an insurance or reinsurance company;
 - (iii) a mutual fund, unit trust or similar collective investment vehicle (other than an entity described in sub-paragraph (c)(i) below); and
 - (iv) a registered or licensed broker or dealer (other than a natural person or proprietorship),

provided, however, in each case that such entity has total assets of at least U.S.\$500,000,000;

- (b) an Affiliate of an entity specified in (a) above;
- (c) each of a corporation, partnership, proprietorship, organisation, trust or other entity:

Additional Terms and Conditions for Credit Linked Notes

- (i) that is an investment vehicle (including, without limitation, any hedge fund, issuer of collateralised debt obligations, commercial paper conduit or other special purpose vehicle) that:
 - (A) has total assets of at least U.S.\$100,000,000; or
 - (B) is one of a group of investment vehicles under common control or management having, in aggregate, total assets of at least U.S.\$100,000,000; or
- (ii) that has total assets of at least U.S.\$500,000,000; or
- (iii) the obligations of which under an agreement, contract or transaction are guaranteed or otherwise supported by a letter of credit or keepwell, support, or other agreement by an entity described in paragraphs (a), (b), (c)(ii) or (d) hereof; and
- (d) any:
 - (i) Sovereign; or
 - (ii) entity or organization established by treaty or other arrangement between two or more Sovereigns including, without limiting the foregoing, the International Monetary Fund, European Central Bank, International Bank for Reconstruction and Development and European Bank for Reconstruction and Development,

and where references in this definition to U.S.\$ include such equivalent amounts in other currencies as may be determined by the Calculation Agent.

“**Event Determination Date**” means with a respect to a Credit Event:

- (a) subject to sub-paragraph (b) below, the Notice Delivery Date, if the Notice Delivery Date occurs during either the Notice Delivery Period or the Post Dismissal Additional Period, **provided that** neither (A) a DC Credit Event Announcement has occurred nor (B) a DC No Credit Event Announcement has occurred, in each case, with respect to the Credit Event specified in the Credit Event Notice; or
- (b) notwithstanding sub-paragraph (a) above, the Credit Event Resolution Request Date, if a DC Credit Event Announcement has occurred, the Credit Event Resolution Request Date has occurred on or prior to the last day of the Notice Delivery Period (including prior to the Trade Date) and either:
 - i. the Credit Event is not an M(M)R Restructuring; and
 - ii. the Trade Date occurs on or prior to a DC Announcement Coverage Cut-off Date; or
 - iii. the Credit Event is an M(M)R Restructuring; and
 - iv. a Credit Event Notice is delivered by the Calculation Agent to the Issuer and is effective on or prior to the Exercise Cut-off Date,

provided that:

- (i) no Physical Settlement Date, Cash Settlement Date or CLN Maturity Date has occurred on or prior to the date on which the DC Credit Event Meeting Announcement occurs;
- (ii) if any Valuation Date or Delivery Date, as applicable, has occurred on or prior to the date on which the DC Credit Event Meeting Announcement occurs, an Event Determination

Additional Terms and Conditions for Credit Linked Notes

Date shall be deemed to have occurred only with respect to the portion of the Reference Entity Notional Amount, if any, with respect to which no Valuation Date or Delivery Date, as applicable, has occurred; and

- (iii) no Credit Event Notice specifying an M(M)R Restructuring as the only Credit Event has previously been delivered by the Calculation Agent to the Issuer, (A) unless the M(M)R Restructuring specified in such Credit Event Notice is also the subject of the DC Credit Event Question resulting in the occurrence of the Credit Event Resolution Request Date, (B) unless, and to the extent that, the Exercise Amount specified in such Credit Event Notice was less than the then outstanding relevant Reference Entity Notional Amount, or (C) unless the Notional Credit Derivative Transaction would be an Auction Covered Transaction and the Deliverable Obligations set out on the Final List are identical to the Permissible Deliverable Obligations for such Notional Credit Derivative Transaction.

“Excess Amount” means any amount paid to the Noteholders but which was not due on the Notes, as a result of the occurrence of a DC Credit Event Announcement, Event Determination Date or Credit Event Resolution Request Date on or around the date on which the amount in question would otherwise have been required to be paid.

“Excluded Deliverable Obligation” means:

- (a) any obligation of the Reference Entity specified as such or of a type specified in the relevant Final Terms;
- (b) any principal only component of a Bond from which some or all of the interest components have been stripped; and
- (c) if Asset Package Delivery is applicable, any obligation issued or incurred on or after the date of the relevant Asset Package Credit Event.

“Excluded Obligation” means:

- (a) any obligation of the Reference Entity specified as such or of a type described in the applicable Final Terms;
- (b) if “Financial Reference Entity Terms” is specified as applicable in respect of the Reference Entity in the relevant Final Terms and the Reference Entity is a Senior Transaction, then for purposes of determining whether a Governmental Intervention or Restructuring has occurred, any Subordinated Obligation; and
- (c) if “Financial Reference Entity Terms” is specified as applicable in respect of the Reference Entity in the relevant Final Terms and the Reference Entity is a Subordinated Transaction, then for purposes of determining whether a Governmental Intervention or Restructuring has occurred, any Further Subordinated Obligation.

“Exercise Amount” has the meaning given to it in Credit Linked Condition 0.

“Exercise Cut-off Date” means the date that is the later of:

- (a) 65 Business Days following the Final List Publication Date;
- (b) 15 CLN Business Days following the Auction Final Price Determination Date, if any;
- (c) 15 CLN Business Days following the Auction Cancellation Date, if any; or
- (d) 15 CLN Business Days following the No Auction Announcement Date, if any,

Additional Terms and Conditions for Credit Linked Notes

or such later date as the relevant Credit Derivatives Determinations Committee Resolves.

“Extended Physical Settlement Date” means:

- (a) in the case of a Capped Reference Entity, the 60th CLN Business Day following the Physical Settlement Date (the “60th CLN Settlement Date”), **provided that** if, under the terms of a Hedge Transaction, the Original Bonds and Original Loans, may not be received by the Issuer and/or any of its Affiliates on or before the 60th CLN Settlement Date but the Issuer and/or any of its Affiliates may, in accordance with the terms of the Hedge Transaction, receive or otherwise obtain such Original Bonds or such Original Loans or other Bonds or Loans in lieu thereof on or before the date falling three CLN Business Days (in a case where Original Bonds may be received or otherwise obtained after the Extended Physical Settlement Date) or ten CLN Business Days (in a case where Original Loans or other Loans or Bonds in lieu thereof may be received or otherwise obtained after the Extended Physical Settlement Date) after the 60th CLN Settlement Date, such date may be further extended to a date falling up to three CLN Business Days or ten CLN Business Days, respectively, after the original 60th CLN Settlement Date, or to such earlier date as the Calculation Agent may determine, in its absolute discretion; and
- (b) in the case of a Non-Capped Reference Entity, such date as the Calculation Agent may determine in its absolute discretion, **provided that** such date falls no later than the 120th CLN Business Day following the Physical Settlement Date or, in the absence of such determination, such 120th CLN Business Day.

“Extension Date” means the latest of:

- (a) the Scheduled Maturity Date;
- (b) the Grace Period Extension Date if:
 - (i) Failure to Pay is an applicable Credit Event in relation to any Reference Entity and Grace Period Extension is specified as applicable in relation to such Reference Entity;
 - (ii) the Potential Failure to Pay with respect to the relevant Failure to Pay occurs on or prior to the Scheduled Maturity Date; and
 - (iii) the Issuer delivers an Extension Notice under sub-paragraph (b) of the definition thereof;
- (c) the Repudiation/Moratorium Evaluation Date (if any) if:
 - (i) Repudiation/Moratorium is an applicable Credit Event in relation to any Reference Entity; and
 - (ii) the Issuer delivers an Extension Notice under sub-paragraph (c) of the definition thereof.

“Extension Notice” means a notice from the Issuer to the Calculation Agent and the Noteholders giving notice of the following in relation to a Reference Entity:

- (a) without prejudice to sub-paragraphs (b), (c) or (d) below, that a Credit Event has occurred or may occur on or prior to the Scheduled Maturity Date; or
- (b) that a Potential Failure to Pay has occurred or may occur on or prior to the Scheduled Maturity Date; or
- (c) that a Potential Repudiation/Moratorium has occurred or may occur on or prior to the Scheduled Maturity Date (a **“Repudiation/Moratorium Extension Notice”**) and, unless “Notice of Publicly Available Information” is specified as not applicable in the related Final Terms, attaching a Notice

Additional Terms and Conditions for Credit Linked Notes

of Publicly Available Information. A Repudiation/Moratorium Extension Notice must contain a description in reasonable detail of the facts relevant to the determination that a Potential Repudiation/Moratorium has occurred and indicate the date of the occurrence. The Potential Repudiation/Moratorium that is the subject of the Repudiation/Moratorium Extension Notice need not be continuing on the date the Repudiation/Moratorium Extension Notice is effective; or

- (d) that a Credit Event Resolution Request Date has occurred or may occur on or prior to the last day of the Notice Delivery Period.

“Failure to Pay” means, after the expiration of any applicable Grace Period (after the satisfaction of any conditions precedent to the commencement of such Grace Period), the failure by the Reference Entity to make, when and where due, any payments in an aggregate amount of not less than the Payment Requirement under one or more Obligations in accordance with the terms of such Obligations at the time of such failure.

If “Credit Deterioration Requirement” is specified as applicable in the applicable Final Terms, then, notwithstanding the foregoing, it shall not constitute a Failure to Pay if such failure does not directly or indirectly either result from, or result in, a deterioration in the creditworthiness or financial condition of the Reference Entity.

If an occurrence that would constitute a Failure to Pay (a) is a result of a redenomination that occurs as a result of action taken by a Governmental Authority which is of general application in the jurisdiction of such Governmental Authority and (b) a freely available market rate of conversion existed at the time of the redenomination, then such occurrence will be deemed not to constitute a Failure to Pay unless the redenomination itself constituted a reduction in the rate or amount of interest, principal or premium payable (as determined by reference to such freely available market rate of conversion) at the time of such redenomination.

“Fallback Settlement Event” means:

- (a) an Auction Cancellation Date occurs;
- (b) a No Auction Announcement Date occurs (and in circumstances where the No Auction Announcement Date occurs pursuant to sub-paragraph (b) or (c)(ii) of the definition thereof, the Issuer has not exercised the Movement Option);
- (c) a DC Credit Event Question Dismissal occurs; or
- (d) an Event Determination Date has occurred pursuant to sub-paragraph (a) of the definition of Event Determination Date and no Credit Event Resolution Request Date has occurred on or prior to the date falling three CLN Business Days after such Event Determination Date.

“Fallback Settlement Method” means Cash Settlement or Physical Settlement, as specified in the Final Terms.

“Final List” has the meaning given to that term in the DC Rules.

“Final List Publication Date” means, in respect of a Credit Event, the date on which the last Final List in respect of such Credit Event, if any, is published by ISDA.

“Final Price” means

- (a) the price specified in the Final Terms as being the Final Price with respect to a Reference Entity; or
- (b) subject to (a) above, the price of the Reference Obligation or, as applicable, any Valuation Obligation, Deliverable Obligation or Undeliverable Obligation, expressed as a percentage of its Outstanding Principal Balance or Due and Payable Amount (or, as the case may be, the Outstanding Amount of the relevant Prior Deliverable Obligation or Package Observable Bond

Additional Terms and Conditions for Credit Linked Notes

immediately prior to the Asset Package Credit Event), as applicable, determined in accordance with:

- (i) the highest Quotation obtained by the Calculation Agent (or otherwise in accordance with the definition of “Quotation”) with respect to the Relevant Valuation Date (or, in the case of a relevant Asset other than Borrowed Money and other than a Non-Transferable Instrument or Non-Financial Instrument, such other market value of the relevant Asset as may be determined by the Calculation Agent in a commercially reasonable manner); or
- (ii) if the relevant Asset is a Non-Transferable Instrument or Non-Financial Instrument, the relevant Asset Market Value.

For the avoidance of doubt, if the Asset Package is or is deemed to be zero, the Final Price shall be zero.

“**First Ranking Interest**” means an Interest which is expressed as being “first ranking,” “first priority,” or similar (“**First Ranking**”) in the document creating such Interest (notwithstanding that such Interest may not be First Ranking under any insolvency laws of any relevant insolvency jurisdiction of the LPN Issuer).

“**Fixed Cap**” means, with respect to a Guarantee, a specified numerical limit or cap on the liability of the Reference Entity in respect of some or all payments due under the Underlying Obligation, **provided that** a Fixed Cap shall exclude a limit or cap determined by reference to a formula with one or more variable inputs (and for these purposes, the outstanding principal or other amounts payable pursuant to the Underlying Obligation shall not be considered to be variable inputs).

“**Full Quotation**” means each firm bid quotation obtained from a CLN Dealer at the Valuation Time, to the extent reasonably practicable, for an amount of the Reference Obligation, Deliverable Obligation or, as the case may be, Undeliverable Obligations with an Outstanding Principal Balance or Due and Payable Amount (as applicable) equal to the Quotation Amount.

“**Fully Transferable Obligation**” means a Deliverable Obligation that is either Transferable, in the case of Bonds, or capable of being assigned or novated to all Eligible Transferees without the consent of any person being required, in the case of any Deliverable Obligation other than Bonds, in each case, as of both the NOPS Effective Date and the Delivery Date or the Relevant Valuation Date (as applicable). Any requirement that notification of novation, assignment or transfer of a Deliverable Obligation be provided to a trustee, fiscal agent, administrative agent, clearing agent or paying agent for a Deliverable Obligation shall not be considered to be a requirement for consent for purposes of this definition of “Fully Transferable Obligation.”

“**Further Subordinated Obligation**” means, if the Reference Obligation or Prior Reference Obligation, as applicable, is a Subordinated Obligation, any obligation which is Subordinated thereto.

“**Governmental Authority**” means:

- (a) any de facto or de jure government (or any agency, instrumentality, ministry or department thereof);
- (b) any court, tribunal, administrative or other governmental, inter-governmental or supranational body;
- (c) any authority or any other entity (private or public) either designated as a resolution authority or charged with the regulation or supervision of the financial markets (including a central bank) of the Reference Entity or some or of all of its obligations; or
- (d) any other authority which is analogous to any of the entities specified in sub-paragraphs (a) to (c) above.

Additional Terms and Conditions for Credit Linked Notes

“Governmental Intervention” means that, with respect to one or more Obligations and in relation to an aggregate amount of not less than the Default Requirement, any one or more of the following events occurs as a result of action taken or an announcement made by a Governmental Authority pursuant to, or by means of, a restructuring and resolution law or regulation (or any other similar law or regulation), in each case, applicable to the Reference Entity in a form which is binding, irrespective of whether such event is expressly provided for under the terms of such Obligation:

- (a) any event which would affect creditors’ rights so as to cause:
 - (i) a reduction in the rate or amount of interest payable or the amount of scheduled interest accruals (including by way of redenomination);
 - (ii) a reduction in the amount of principal or premium payable at redemption (including by way of redenomination);
 - (iii) a postponement or other deferral of a date or dates for either (I) the payment or accrual of interest, or (II) the payment of principal or premium; or
 - (iv) a change in the ranking in priority of payment of any Obligation, causing the Subordination of such Obligation to any other Obligation;
- (b) an expropriation, transfer or other event which mandatorily changes the beneficial holder of the Obligation;
- (c) a mandatory cancellation, conversion or exchange; or
- (d) any event which has an analogous effect to any of the events specified in sub-paragraphs (a) to (c) above.

For purposes of the above, the term Obligation shall be deemed to include Underlying Obligations for which the Reference Entity is acting as provider of a Guarantee.

“Grace Period” means:

- (a) subject to sub-paragraphs (b) and (c), the applicable grace period with respect to payments under and in accordance with the terms of such Obligation in effect as of the date as of which such Obligation is issued or incurred;
- (b) if Grace Period Extension is applicable in relation to the Reference Entity, a Potential Failure to Pay has occurred on or prior to the Scheduled Maturity Date and the applicable grace period cannot, by its terms, expire on or prior to the Scheduled Maturity Date, the Grace Period shall be deemed to be the lesser of such grace period and the period specified as such in the applicable Final Terms or, if no period is specified, thirty calendar days; and
- (c) if, as of the date as of which an Obligation is issued or incurred, no grace period with respect to payments or a grace period with respect to payments of less than three Grace Period Business Days is applicable under the terms of such Obligation, a Grace Period of three Grace Period Business Days shall be deemed to apply to such Obligation; **provided that**, unless Grace Period Extension is specified as applicable in relation to the relevant Reference Entity in the Final Terms, such deemed Grace Period shall expire no later than the Scheduled Maturity Date.

“Grace Period Business Day” means a day on which commercial banks and foreign exchange markets are generally open to settle payments in the place or places and on the days specified for that purpose in the relevant Obligation or, if a place or places are not so specified, (a) if the Obligation Currency is the euro, a TARGET

Additional Terms and Conditions for Credit Linked Notes

Settlement Day, or (b) otherwise, a day on which commercial banks and foreign exchange markets are generally open to settle payments in the principal financial city in the jurisdiction of the Obligation Currency.

“Grace Period Extension Date” means, if:

- (a) Grace Period Extension is specified as applicable in relation to a Reference Entity in the Final Terms; and
- (b) a Potential Failure to Pay occurs on or prior to the Scheduled Maturity Date, the date that is the number of days in the Grace Period after the date of such Potential Failure to Pay.

“Guarantee” means a Relevant Guarantee or a guarantee which is the Reference Obligation.

“Hedge Disruption Event” means the Issuer any of its Affiliates has not received the relevant Deliverable Obligations and/or cash under the terms of a Hedge Transaction.

“Hedge Transaction” means any transaction or trading position entered into or held by the Issuer, and/or any of their Affiliates to hedge, directly or indirectly, the Issuer’s obligations or positions (whether in whole or in part) in respect of the Credit Linked Notes.

“Hedging Disruption” means that the Issuer and/or any of its Affiliates is unable, after using commercially reasonable efforts, to (A) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) or any futures or options contract(s) it deems necessary to hedge its exposure with respect to the Notes, or (B) freely realise, recover, remit, receive, repatriate or transfer the proceeds of any such transaction(s) or asset(s) or any futures or options contract(s) or any relevant hedge positions relating to the Notes.

“Increased Cost of Hedging” means that the Issuer and/or any of its respective Affiliates would incur a materially increased (as compared with circumstances existing on the Trade Date) amount of tax, duty, expense or fee (other than brokerage commissions) to (A) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the market risk (including, without limitation, equity price risk, foreign exchange risk and interest rate risk) of the Issuer issuing and performing its obligations with respect to the Notes, or (B) realise, recover or remit the proceeds of any such transaction(s) or asset(s), **provided that** any such materially increased amount that is incurred solely due to the deterioration of the creditworthiness of the Issuer and/or any of its respective Affiliates shall not be deemed an Increased Cost of Hedging.

“Indicative Quotation” shall mean each bid quotation obtained from a CLN Dealer at the Valuation Time for (to the extent reasonably practicable) an amount of the Undeliverable Obligation equal to the Quotation Amount, which reflects such CLN Dealer’s reasonable assessment of the price of such Undeliverable Obligation based on such factors as such CLN Dealer may consider relevant, which may include historical prices and recovery rates.

“Interest” means, for the purposes of the definition of “First Ranking Interest,” a charge, security interest or other type of interest having similar effect.

“ISDA” means the International Swaps and Derivatives Association, Inc. (or any successor thereto).

“Largest Asset Package” means, in respect of a Prior Deliverable Obligation or a Package Observable Bond, as the case may be, the package of Assets for which the greatest amount of principal has been or will be exchanged or converted (including by way of amendment), as determined by the Calculation Agent by reference to Eligible Information. If, in the sole determination of the Calculation Agent, this cannot be reasonably determined, the Largest Asset Package will be the package of Assets with the highest immediately realizable value, determined by the Calculation Agent in accordance with the methodology, if any, determined by the relevant Credit Derivatives Determinations Committee.

“Latest Maturity Restructured Bond or Loan” has the meaning given to it in the definition of Restructuring Maturity Limitation Date.

Additional Terms and Conditions for Credit Linked Notes

“Latest Permissible Physical Settlement Date” means, in respect of a Potential Cash Settlement Event, in respect of a Deliverable Obligation comprised of Loans where “Partial Cash Settlement of Consent Required Loan,” “Partial Cash Settlement of Assignable Loans” or “Partial Cash Settlement of Participations” is specified as applicable in respect of the relevant Reference Entity, the date that is 15 CLN Business Days after the Physical Settlement Date, or in respect of any other Potential Cash Settlement Event, 30 calendar days following the Physical Settlement Date.

“Legacy Reference Entity” has the meaning given to such term in Credit Linked Condition 0 above.

“Limitation Date” means, in respect of a Credit Event that is a Restructuring, the first of March 20, June 20, September 20 or December 20 in any year to occur on or immediately following the date that is one of the following numbers of years after the Restructuring Date: 2.5 years (the **“2.5-year Limitation Date”**), 5 years, 7.5 years, 10 years (the **“10-year Limitation Date”**), 12.5 years, 15 years or 20 years, as applicable. Limitation Dates shall not be subject to adjustment in accordance with any Business Day Convention.

“Listed” means an obligation that is quoted, listed or ordinarily purchased and sold on an exchange and, if specified as applicable to an Obligation Category, the Listed Obligation Characteristic shall be applicable only in respect of obligations within that Obligation Category that are Bonds or, if specified as applicable to a Deliverable Obligation Category, the Listed Deliverable Obligation Characteristic shall be applicable only in respect of obligations within that Deliverable Obligation Category that are Bonds.

“Loan” means any obligation of a type included in the Borrowed Money Obligation Category that is documented by a term loan agreement, revolving loan agreement or other similar credit agreement and shall not include any other type of Borrowed Money.

“London Business Day” means a day on which commercial banks and foreign exchange markets are generally open to settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London.

“LPN” means any bond issued in the form of a loan participation note.

“LPN Issuer” means, in respect of any LPN, the entity which issued the relevant LPN.

“LPN Reference Obligation” means each Reference Obligation other than any Additional Obligation which is issued for the sole purpose of providing funds to the LPN Issuer to finance an Underlying Loan. For the avoidance of doubt, any change to the issuer of an LPN Reference Obligation in accordance with its terms shall not prevent such LPN Reference Obligation from constituting a Reference Obligation.

“Maximum Maturity” means an obligation that has a remaining maturity of not greater than the period specified in the relevant Final Terms (or if no such period is specified, thirty years).

“Merger Event” means that at any time during the period from (and including) the Trade Date to (but excluding) the Scheduled Maturity Date the Issuer or a Reference Entity consolidates or amalgamates with, or merges into, or transfers all or substantially all of its assets to the other or the Issuer and a Reference Entity become Affiliates.

“Merger Event Redemption Date” means the date specified as such in the applicable Final Terms.

“Minimum Quotation Amount” means the amount specified as such in the applicable Final Terms (or its equivalent in the relevant Obligation Currency) or, if no such amount is so specified, the lower of:

- (a) U.S.\$1,000,000 (or its equivalent in the relevant Obligation Currency); and
- (b) the Quotation Amount.

“M(M)R Restructuring” means a Restructuring Credit Event in respect of which either “Mod R” or “Mod Mod R” is specified as applicable in the relevant Final Terms.

Additional Terms and Conditions for Credit Linked Notes

“**Modified Eligible Transferee**” means any bank, financial institution or other entity which is regularly engaged in or established for the purpose of making, purchasing or investing in loans, securities and other financial assets.

“**Modified Restructuring Maturity Limitation Date**” means, with respect to a Deliverable Obligation, the Limitation Date occurring on or immediately following the Scheduled Maturity Date. Subject to the foregoing, if the Scheduled Maturity Date is later than the 10-year Limitation Date, the Modified Restructuring Maturity Limitation Date will be the Scheduled Maturity Date.

“**Movement Option**” means, with respect to an M(M)R Restructuring to which a No Auction Announcement Date has occurred pursuant to sub-paragraphs (b) or (c)(ii) of the definition of “No Auction Announcement Date,” the option of the Issuer to apply to the Credit Linked Notes, for purposes of settlement, the Parallel Auction Settlement Terms, if any, for purposes of which the Permissible Deliverable Obligations are more limited than the Deliverable Obligations that the Issuer could specify in any Notice of Physical Settlement (**provided that** if more than one such set of Parallel Auction Settlement Terms are published, the Parallel Auction Settlement Terms specifying the greatest number of such Permissible Deliverable Obligations shall apply). The Issuer will determine which Parallel Auction Settlement Terms, if any, apply with respect to the Credit Linked Notes. If the Issuer does not notify the Calculation Agent of its intention to exercise the Movement Option on or prior to the day falling one CLN Business Day following the Exercise Cut-off Date (or such other date as the relevant Credit Derivatives Determinations Committee has Resolved), the Credit Linked Notes will be settled in accordance with the Fallback Settlement Method.

“**Multiple Holder Obligation**” means an Obligation that:

- (a) at the time of the event which constitutes a Restructuring Credit Event is held by more than three holders that are not Affiliates of each other; and
- (b) with respect to which a percentage of holders (determined pursuant to the terms of the Obligation as in effect on the date of such event) at least equal to sixty-six and two-thirds is required to consent to the event which constitutes a Restructuring Credit Event, **provided that** any Obligation that is a Bond shall be deemed to satisfy this requirement.

“**N**” or “**Nth**” means, where the relevant Final Terms specify that “Nth-to-Default CLN” is applicable, such number as may be specified in such Final Terms.

“**Next Currency Fixing Time**” means 4.00 p.m. (London time) on the London Business Day immediately following the date on which the Notice of Physical Settlement or relevant NOPs Amendment Notice, as applicable, is effective or, as applicable, the date of selection of Valuation Obligations.

“**No Auction Announcement Date**” means, with respect to any Reference Entity and a Credit Event, the date on which the DC Secretary first publicly announces that:

- (a) no Transaction Auction Settlement Terms and, if applicable, no Parallel Auction Settlement Terms will be published;
- (b) following the occurrence of an M(M)R Restructuring, no Transaction Auction Settlement Terms will be published, but Parallel Auction Settlement Terms will be published; or
- (c) the relevant Credit Derivatives Determinations Committee has Resolved that no Auction will be held with respect to such Reference Entity and Credit Event following a prior public announcement by the DC Secretary to the contrary, in circumstances where either (i) no Parallel Auction will be held, or (ii) one or more Parallel Auctions will be held.

“**Non-Capped Reference Entity**” means a Reference Entity which is not a Capped Reference Entity.

Additional Terms and Conditions for Credit Linked Notes

“Non-Conforming Reference Obligation” means a Reference Obligation which is not a Conforming Reference Obligation.

“Non-Conforming Substitute Reference Obligation” means an obligation which would be a Deliverable Obligation determined in accordance with sub-paragraph (a) of the definition of ‘Deliverable Obligation’ on the Substitution Date but for one or more of the same reasons which resulted in the Reference Obligation constituting a Non-Conforming Reference Obligation on the date it was issued or incurred and/or immediately prior to the Substitution Event Date (as applicable).

“Non-Financial Instrument” means any Asset which is not of the type typically traded in, or suitable for being traded in, financial markets.

“Non-Standard Reference Obligation” means, in respect of a Reference Entity, the Original Non-Standard Reference Obligation specified for such Reference Entity or, if a Substitute Reference Obligation has been determined for such Original Non-Standard Reference Obligation, such Substitute Reference Obligation.

“Non-Transferable Instrument” means any Asset which is not capable of being transferred to institutional investors, excluding due to market conditions.

“NOPS Amendment Notice” means a notice from the Issuer to the Calculation Agent notifying it, that the Issuer is replacing, in whole or in part, one or more Deliverable Obligations specified in the Notice of Physical Settlement or a prior NOPS Amendment Notice, as applicable, (to the extent the relevant Deliverable Obligation has not been Delivered as of the date such NOPS Amendment Notice is effective).

“NOPS Cut-off Date” means, subject, where applicable, to Credit Linked Condition 0 (*Suspension of Obligations*):

- (a) subject to sub-paragraph (b) below, the later of:
 - (i) the thirtieth calendar day after the Event Determination Date; and
 - (ii) the tenth calendar day after either the date of the relevant DC Credit Event Announcement or of the relevant DC Credit Event Question Dismissal, if any (or, if the relevant Credit Event is an M(M)R Restructuring, the tenth calendar day after the Exercise Cut-off Date); or
- (b) if “Physical Settlement” is applicable pursuant to the Fallback Settlement Method in accordance with sub-paragraph (a) or (b) of the definition of ‘Fallback Settlement Event’ and:
 - (i) the relevant Credit Event is not an M(M)R Restructuring, the later of:
 - (A) the date determined pursuant to sub-paragraph (a)(i) above; and
 - (B) the thirtieth calendar day after the Auction Cancellation Date or the No Auction Announcement Date occurring pursuant to sub-paragraphs (a) or (c)(i) of the definition of ‘No Auction Announcement Date’, as applicable; or
 - (ii) the relevant Credit Event is an M(M)R Restructuring, either:
 - (A) the later of:
 - (I) the date determined pursuant to sub-paragraph (a)(i) above; and
 - (II) the thirtieth calendar day after:

Additional Terms and Conditions for Credit Linked Notes

- (a) a No Auction Announcement Date occurring pursuant to sub-paragraph (a) of the definition of ‘No Auction Announcement Date’, if any;
 - (b) a No Auction Announcement Date occurring pursuant to sub-paragraph (c)(i) of the definition of ‘No Auction Announcement Date’, if any; or
 - (c) the Auction Cancellation Date, if any, as applicable; or
- (B) the later of the Parallel Notice of Physical Settlement Date (or, if more than one should occur, the last Parallel Notice of Physical Settlement Date), and the Relevant City Business Day immediately following the Parallel Auction Cancellation Date, if any (or, if more than one should occur, the last Parallel Auction Cancellation Date), as applicable, in circumstances where either:
 - (I) a No Auction Announcement Date occurs pursuant to sub-paragraph (b) of the definition of ‘No Auction Announcement Date’ and the Issuer has not exercised the Movement Option; or
 - (II) a No Auction Announcement Date occurs pursuant to sub-paragraph (c)(ii) of the definition of ‘No Auction Announcement Date’ and the Issuer has not exercised the Movement Option,

provided that in the case of sub-paragraphs (a)(ii) and (b) above, the relevant Credit Event Resolution Request Date, if any, occurred on or prior to the date described in sub-paragraph (a)(i) above and further **provided that** the NOPS Cut-off Date may be adjusted by the Calculation Agent using its discretion in order to match any Hedge Transaction.

“NOPS Effective Date” means the date on which an effective Notice of Physical Settlement or NOPS Amendment Notice, as the case may be, is delivered by the Issuer.

“Not Bearer” means any obligation that is not a bearer instrument unless interests with respect to such bearer instrument are cleared via Euroclear, Clearstream, Luxembourg or any other internationally recognised clearing system and, if specified as applicable to a Deliverable Obligation Category, the Not Bearer Deliverable Obligation Characteristic shall be applicable only in respect of obligations within that Deliverable Obligation Category that are Bonds.

“Not Domestic Currency” means any obligation that is payable in any currency other than the applicable Domestic Currency, **provided that** a Standard Specified Currency shall not constitute a Domestic Currency.

“Not Domestic Issuance” means any obligation other than an obligation that was issued (or reissued, as the case may be), or intended to be offered for sale primarily in the domestic market of the Reference Entity. Any obligation that is registered or, as a result of some other action having been taken for such purpose, is qualified for sale outside the domestic market of the Reference Entity (regardless of whether such obligation is also registered or qualified for sale within the domestic market of the Reference Entity) shall be deemed not to be issued (or reissued, as the case may be), or intended to be offered for sale primarily in the domestic market of the Reference Entity.

“Not Domestic Law” means any obligation that is not governed by the applicable Domestic Law, **provided that** the laws of England and the laws of the State of New York shall not constitute a Domestic Law.

“Not Sovereign Lender” means any obligation that is not primarily owed to (A) a Sovereign or (B) any entity or organization established by treaty or other arrangement between two or more Sovereigns including, without limiting the foregoing, the International Monetary Fund, European Central Bank, International Bank for Reconstruction and

Additional Terms and Conditions for Credit Linked Notes

Development and European Bank for Reconstruction and Development, which shall include, without limitation, obligations generally referred to as “Paris Club debt.”

“**Not Subordinated**” means an obligation that is not Subordinated to (I) the Reference Obligation or (II) the Prior Reference Obligation, if applicable.

“**Notice Delivery Date**” means the first date on which both an effective Credit Event Notice and, unless “Notice of Publicly Available Information” is specified as not applicable in the relevant Final Terms, an effective Notice of Publicly Available Information, have been delivered by the Calculation Agent to the Issuer.

“**Notice Delivery Period**” means the period from and including the Trade Date to and including the date that is 15 CLN Business Days (or such other number of days as may be specified in the Final Terms) after the Extension Date.

“**Notice of Physical Settlement**” means a notice from the Issuer to the Calculation Agent and Noteholders that (a) confirms that the Issuer intends to settle the Notes and requires performance in accordance with Credit Linked Condition 0 (*Physical Settlement*), (b) contains a detailed description of each Deliverable Obligation that the Issuer intends to Deliver to Noteholders, including, if available and applicable, the CUSIP or ISIN number (or, if such identifying number is not available or applicable, the rate and tenor) of each such Deliverable Obligation and (c) specifies the Outstanding Principal Balance or Due and Payable Amount, as applicable, or the equivalent amount in the Settlement Currency (in each case, the “**Outstanding Amount**”) and, if different, the face amount, of each such Deliverable Obligation and the aggregate Outstanding Amount of all Deliverable Obligations specified in the Notice of Physical Settlement that Issuer intends to Deliver to Noteholders (the “**Aggregate Outstanding Amount**”).

“**Notice of Publicly Available Information**” means an irrevocable notice from the Calculation Agent (which may be by telephone) to the Issuer that cites Publicly Available Information confirming the occurrence of the Credit Event or Potential Repudiation/Moratorium, as applicable, described in the Credit Event Notice or Repudiation/Moratorium Extension Notice. The notice must contain a copy, or a description in reasonable detail, of the relevant Publicly Available Information. If Notice of Publicly Available Information is specified as applicable in the Final Terms and a Credit Event Notice or Repudiation/Moratorium Extension Notice, as applicable, contains Publicly Available Information, such Credit Event Notice or Repudiation/Moratorium Extension Notice will also be deemed to be a Notice of Publicly Available Information.

“**Notional Credit Derivative Transaction**” means, with respect to any Credit Linked Note and a Reference Entity, a hypothetical market standard credit default swap transaction entered into by the Issuer, as Buyer (as defined in the Credit Derivatives Definitions), incorporating the terms of the Credit Derivatives Definitions and under the terms of which:

- (a) the “Trade Date” is the Trade Date, if specified in the Final Terms and if not, the Issue Date;
- (b) the “Scheduled Termination Date” is the Scheduled Maturity Date;
- (c) the “Reference Entit(y)(ies)” thereunder is(are) such Reference Entit(y)(ies);
- (d) the applicable “Transaction Type,” if any, is the Transaction Type(s) for the purposes of such Credit Linked Note; and
- (e) the remaining terms as to credit linkage are consistent with the terms of such Credit Linked Note as it relates to such Reference Entity.

“**Nth-to-Default CLN**” means any First-to-Default CLN or any other nth-to-default Credit Linked Notes where the Issuer purchases credit protection from the Noteholders in respect of two or more Reference Entities, as specified in the Final Terms.

Additional Terms and Conditions for Credit Linked Notes

“**Obligation**” means:

- (a) any obligation of the Reference Entity (either directly or as provider of a Relevant Guarantee) described by the applicable Obligation Category and having each of the applicable Obligation Characteristics, if any, in each case, immediately prior to the relevant Credit Event, as selected by the Calculation Agent in its sole discretion; and
- (b) the Reference Obligation,

in each case, unless it is an Excluded Obligation.

“**Obligation Acceleration**” means one or more Obligations in an aggregate amount of not less than the Default Requirement have become due and payable before they would otherwise have been due and payable as a result of, or on the basis of, the occurrence of a default, event of default or other similar condition or event (however described), other than a failure to make any required payment, in respect of the Reference Entity under one or more Obligations.

“**Obligation Category**” means Payment, Borrowed Money, Reference Obligation Only, Bond, Loan, or Bond or Loan, only one of which shall be specified in relation to a Reference Entity.

“**Obligation Characteristics**” means any one or more of Not Subordinated, Specified Currency, Not Sovereign Lender, Not Domestic Currency, Not Domestic Law, Listed and Not Domestic Issuance as specified in relation to a Reference Entity.

“**Obligation Currency**” means the currency or currencies in which an Obligation is denominated.

“**Obligation Default**” means one or more Obligations in an aggregate amount of not less than the Default Requirement have become capable of being declared due and payable before they would otherwise have been due and payable as a result of, or on the basis of, the occurrence of a default, event of default, or other similar condition or event (howsoever described), other than a failure to make any required payment, in respect of the Reference Entity under one or more Obligations.

“**Original Bonds**” means any Bonds comprising part of the relevant Deliverable Obligations.

“**Original Loans**” means any Loans comprising part of the relevant Deliverable Obligations.

“**Original Non-Standard Reference Obligation**” means, in relation to a Reference Entity, the obligation of such Reference Entity (either directly or as provider of a guarantee) which is specified as the Reference Obligation for such Reference Entity in the applicable Final Terms (if any is so specified) **provided that**, if an obligation is not an obligation of such Reference Entity, such obligation will not constitute a valid Original Non-Standard Reference Obligation for purposes of the Reference Entity (other than for the purposes of determining the Seniority Level and for the “Not Subordinated” Obligation Characteristic or “Not Subordinated” Deliverable Obligation Characteristic) unless (a) expressed otherwise in the applicable Final Terms, or (b) Reference Obligation Only Trade is specified as applicable in the Final Terms for such Reference Entity.

“**Outstanding Amount**” means the Outstanding Principal Balance or Due and Payable Amount, as applicable.

“**Outstanding Principal Balance**” means in relation to an obligation an amount calculated as follows:

- (a) first, by determining, in respect of the obligation, the amount of the Reference Entity’s principal payment obligations and, where applicable in accordance with Credit Linked Condition 0 (*Accrued Interest on Deliverable Obligations, Valuation Obligations*), the Reference Entity’s accrued but unpaid interest payment obligations (which, in the case of a Guarantee will be the lower of (A) the Outstanding Principal Balance (including accrued but unpaid interest, where applicable) of the Underlying Obligation (determined as if references to the Reference Entity were references to the Underlying Obligor) and (B) the amount of the Fixed Cap, if any);

Additional Terms and Conditions for Credit Linked Notes

- (b) second, by subtracting all or any portion of such amount which, pursuant to the terms of the obligation, (A) is subject to any Prohibited Action, or (B) may otherwise be reduced as a result of the effluxion of time or the occurrence or non-occurrence of an event or circumstance (other than by way of (I) payment or (II) a Permitted Contingency) (the amount determined in sub-paragraph (a) above less any amounts subtracted in accordance with this sub-paragraph (b), the, the “Non-Contingent Amount”); and
- (c) third, by determining the Quantum of the Claim, which shall then constitute the Outstanding Principal Balance,

in each case, determined:

- (i) unless otherwise specified, in accordance with the terms of the obligation in effect on either (I) the NOPS Effective Date (or if the terms of the obligation are amended after such date but on or prior to the Delivery Date, the Delivery Date), or (II) the Relevant Valuation Date, as applicable; and
- (ii) with respect to the Quantum of the Claim only, in accordance with any applicable laws (insofar as such laws reduce or discount the size of the claim to reflect the original issue price or accrued value of the obligation).

For the purposes of (ii) above, “applicable laws” shall include any bankruptcy or insolvency law or other law affecting creditors’ rights to which the relevant obligation is, or may become, subject.

If “Fallback Discounting” is specified as applicable in the applicable Final Terms, then notwithstanding the above, if

- (a) the Outstanding Principal Balance of an obligation is not reduced or discounted under (B) above,
- (b) that obligation is either a Bond that has an issue price less than ninety-five per cent of the principal redemption amount or a Loan where the amount advanced is less than ninety-five per cent of the principal repayment amount, and
- (c) such Bond or Loan does not include provisions relating to the accretion over time of the amount which would be payable on an early redemption or repayment of such Bond or Loan that are customary for the applicable type of Bond or Loan as the case may be,

then the Outstanding Principal Balance of such Bond or Loan shall be the lesser of

- (i) the Non-Contingent Amount; and
- (ii) an amount determined by straight line interpolation between the issue price of the Bond or the amount advanced under the Loan and the principal redemption amount or principal repayment amount, as applicable.

For the purposes of determining whether the issue price of a Bond or the amount advanced under a Loan is less than ninety-five per cent of the principal redemption amount or principal repayment amount (as applicable) or, where applicable, for applying straight line interpolation:

- (a) where such Bond or Loan was issued as a result of an exchange offer, the issue price or amount advanced of the new Bond or Loan resulting from the exchange shall be deemed to be equal to the aggregate Outstanding Principal Balance of the original obligation(s) that were tendered or exchanged (the “**Original Obligation(s)**”) at the time of such exchange (determined without regard to market or trading value of the Original Obligation(s)); and

Additional Terms and Conditions for Credit Linked Notes

- (b) in the case of a Bond or Loan that is fungible with a prior debt obligation previously issued by the Reference Entity, such Bond or Loan shall be treated as having the same issue price or amount advanced as the prior debt obligation. In circumstances where a holder would have received more than one obligation in exchange for the Original Obligation(s), the Calculation Agent will determine the allocation of the aggregate Outstanding Principal of the Original Obligation(s) amongst each of the resulting obligations for the purpose of determining the issue price or amount advanced of the relevant Bond or Loan. Such allocation will take into account the interest rate, maturity, level of subordination and other terms of the obligations that resulted from the exchange and shall be made by the Calculation Agent in accordance with the methodology (if any) determined by the relevant Credit Derivatives Determinations Committee.

“Package Observable Bond” means, in respect of a Reference Entity which is a Sovereign, any obligation (a) which is identified as such and published by ISDA on its website at www.isda.org from time to time (or any successor website thereto) or by a third party designated by ISDA on its website from time to time and (b) which fell within the definition of Deliverable Obligation set out in sub-paragraph (a) or (b) of the definition of Deliverable Obligation, in each case, immediately preceding the date on which the relevant Asset Package Credit Event was legally effective,

“Parallel Auction” means “Auction” as defined in any relevant Parallel Auction Settlement Terms.

“Parallel Auction Cancellation Date” means “Auction Cancellation Date” as defined in any relevant Parallel Auction Settlement Terms.

“Parallel Auction Settlement Terms” means, following the occurrence of an M(M)R Restructuring, any Credit Derivatives Auction Settlement Terms published by ISDA with respect to such M(M)R Restructuring, and for which the Deliverable Obligation Terms are the same as the Deliverable Obligation Provisions applicable to a Notional Credit Derivative Transaction and for which such Notional Credit Derivative Transaction would not be an Auction Covered Transaction.

“Parallel Notice of Physical Settlement Date” means ‘Notice of Physical Settlement Date’ as defined in the relevant Parallel Auction Settlement Terms.

“Partial Cash Settlement Amount” means, where the applicable Settlement Method is Physical Settlement, an amount determined by the Calculation Agent equal to the aggregate, for each Undeliverable Obligation, of:

- (a) the Final Price of such Undeliverable Obligations multiplied by;
- (b) the relevant Outstanding Principal Balance, Due and Payable Amount or Currency Amount, as applicable, of such Undeliverable Obligation specified in the relevant Notice of Physical Settlement or NOPS Amendment Notice (as applicable).

“Partial Cash Settlement Date” means the date falling three CLN Business Days (unless otherwise specified in relation to a Reference Entity) after the calculation of the Final Price.

“Payment” means any obligation (whether present or future, contingent or otherwise) for the payment or repayment of money, including, without limitation, Borrowed Money.

“Payment Requirement” means the amount specified as such in the applicable Final Terms or its equivalent in the relevant Obligation Currency (or, if no such amount is specified, U.S.\$ 1,000,000 or its equivalent in the relevant Obligation Currency as determined by the Calculation Agent in a commercially reasonable manner) in either case as of the occurrence of the relevant Failure to Pay or Potential Failure to Pay, as applicable.

“Permissible Deliverable Obligations” has the meaning set forth in the relevant Credit Derivatives Auction Settlement Terms, being either all or the portion of the Deliverable Obligations included on the Final List pursuant to the Deliverable Obligation Terms that are applicable to that Auction.

Additional Terms and Conditions for Credit Linked Notes

“Permitted Contingency” means, with respect to an obligation, any reduction to the Reference Entity’s payment obligations:

- (a) as a result of the application of:
 - (i) any provisions allowing a transfer, pursuant to which another party may assume all of the payment obligations of the Reference Entity;
 - (ii) provisions implementing the Subordination of the obligation;
 - (iii) provisions allowing for a Permitted Transfer in the case of a Qualifying Guarantee (or provisions allowing for the release of the Reference Entity from its payment obligations in the case of any other Guarantee);
 - (iv) any Solvency Capital Provisions, if “Subordinated European Insurance Terms” is specified as applicable in the relevant Final Terms in respect of the Reference Entity; or
 - (v) provisions which permit the Reference Entity’s obligations to be altered, discharged, released or suspended in circumstances which would constitute a Governmental Intervention, if “Financial Reference Entity Terms” is specified as applicable in the relevant Final Terms in respect of the Reference Entity; or
- (b) which is within the control of the holders of the obligation or a third party acting on their behalf (such as an agent or trustee) in exercising their rights under or in respect of such obligation.

“Permitted Transfer” means, with respect to a Qualifying Guarantee, a transfer to and the assumption by any single transferee of such Qualifying Guarantee (including by way of cancellation and execution of a new guarantee) on the same or substantially the same terms, in circumstances where there is also a transfer of all (or substantially all) of the assets of the Reference Entity to the same single transferee.

“Physical Settlement Adjustment” means a reduction to the Outstanding Amount of Deliverable Obligations specified in a Notice of Physical Settlement or NOPS Amendment Notice, by an amount of Deliverable Obligations having a liquidation value equal to the Unwind Costs (only if positive) rounded upwards to the nearest whole denomination of a Deliverable Obligation, such amount to be determined by the Calculation Agent. For the avoidance of doubt, if the applicable Final Terms specifies that Unwind Costs are not applicable, the Physical Settlement Adjustment shall be zero.

“Physical Settlement Adjustment Rounding Amount” means an amount (if any) equal to the difference between the absolute value of the Physical Settlement Adjustment and the liquidation value of such whole number of Deliverable Obligations as are not required to be Delivered by the Issuer by way of compensation for any Unwind Costs.

“Physical Settlement Date” means the last day of the longest Physical Settlement Period following the NOPS Cut-off Date as the Calculation Agent may designate in its sole discretion. If all Deliverable Obligations specified in the Notice of Physical Settlement or any NOPS Amendment Notice, as applicable are Delivered on or before the day so designated, the date that Delivery of such Deliverable Obligations is completed shall be deemed to be the Physical Settlement Date.

“Physical Settlement Matrix” means the “Credit Derivatives Physical Settlement Matrix,” as most recently amended and supplemented as at the Trade Date (unless otherwise specified in respect of a Reference Entity) and as published by ISDA on its website at www.isda.org (or any successor website thereto), **provided that** any reference therein to:

- (a) “Confirmation” shall be deemed to be a reference to the applicable Final Terms;

Additional Terms and Conditions for Credit Linked Notes

- (b) “Floating Rate Payer Calculation Amount” shall be deemed to be a reference to the Specified Currency;
- (c) “Section 3.3 of the Definitions” shall be deemed to be a reference to “Credit Event Notice” as defined in these Credit Linked Notes Conditions;
- (d) “Section 3.9” shall be deemed to be a reference to Credit Linked Condition 0; and
- (e) “Section 8.6” shall be deemed to be a reference to “Physical Settlement Period” as defined in these Credit Linked Notes Conditions.

“**Physical Settlement Period**” means, subject to Credit Linked Condition 0, the number of CLN Business Days specified as such in relation to a Reference Entity or, if a number of CLN Business Days is not so specified, then, with respect to a Deliverable Obligation specified in the Notice of Physical Settlement or any NOPS Amendment Notice, as applicable, the longest number of CLN Business Days for settlement in accordance with then current market practice of such Deliverable Obligation, as determined by the Calculation Agent **provided that** if the Issuer has notified the Calculation Agent and Noteholders that it intends to Deliver an Asset Package in lieu of a Prior Deliverable Obligation or a Package Observable Bond, the Physical Settlement Period shall be thirty CLN Business Days.

“**Post Dismissal Additional Period**” means the period from and including the date of the DC Credit Event Question Dismissal to and including the date that is sixteen calendar days thereafter (**provided that** the relevant Credit Event Resolution Request Date occurred on or prior to the end of the last day of the Notice Delivery Period (including prior to the Trade Date)).

“**Potential Cash Settlement Event**” means an event beyond the control of the Issuer (including, without limitation, failure of the relevant clearance system; or the failure to obtain any requisite consent with respect to the Delivery of Loans or the non-receipt of any such requisite consents or any relevant participation (in the case of Direct Loan Participation) is not effected; or due to any law, regulation or court order, but excluding markets conditions or any contractual, statutory and/or regulatory restriction relating to the relevant Deliverable Obligation, or due to the failure of the Noteholder to give the Issuer details of accounts for settlement; or a failure of the Noteholder to open or procure the opening of such accounts or if the Noteholders are unable to accept Delivery of the portfolio of Deliverable Obligations for any other reason).

“**Potential Failure to Pay**” means the failure by the Reference Entity to make, when and where due, any payments in an aggregate amount of not less than the Payment Requirement under one or more Obligations in accordance with the terms of such Obligations at the time of such failure, without regard to any grace period or any conditions precedent to the commencement of any grace period applicable to such Obligations.

“**Potential Repudiation/Moratorium**” means the occurrence of an event described in subparagraph (a) of the definition of “Repudiation/Moratorium.”

“**Prior Deliverable Obligation**” means:

- (a) if a Governmental Intervention has occurred (whether or not such event is specified as the applicable Credit Event in the Credit Event Notice or the DC Credit Event Announcement), any obligation of the Reference Entity which (i) existed immediately prior to such Governmental Intervention, (ii) was the subject of such Governmental Intervention and (iii) fell within the definition of Deliverable Obligation set out in sub paragraph (a) or (b) of the definition of ‘Deliverable Obligation’, in each case, immediately preceding the date on which such Governmental Intervention was legally effective; or
- (b) if a Restructuring which does not constitute a Governmental Intervention has occurred in respect of the Reference Obligation (whether or not such event is specified as the applicable Credit Event

Additional Terms and Conditions for Credit Linked Notes

in the Credit Event Notice or the DC Credit Event Announcement), such Reference Obligation, if any.

“Prior Reference Obligation” means, in circumstances where there is no Reference Obligation applicable to a Reference Entity, (I) the Reference Obligation most recently applicable thereto, if any, and otherwise, (II) the obligation specified in the relevant Final Terms as the Reference Obligation, if any, if such Reference Obligation was redeemed on or prior to the Trade Date and otherwise, (III) any unsubordinated Borrowed Money obligation of the Reference Entity.

“Private-side Loan” means a Loan in respect of which the documentation governing its terms is not publicly available or capable of being made public without violating a law, agreement, understanding or other restriction regarding the confidentiality of such information.

“Prohibited Action” means any counterclaim, defence (other than a counterclaim or defence based on the factors set forth in sub-paragraphs (a) to (d) of the definition of ‘Credit Event’) or right of setoff by or of the Reference Entity or any applicable Underlying Obligor.

“Public Source” means each source of Publicly Available Information specified as such in the applicable Final Terms (or, if no such source is specified in the Final Terms, each of Bloomberg, Reuters, Dow Jones, Newswires, The Wall Street Journal, The New York Times, Nihon Keizai Shimbun, Asahi Shimbun, Yomiuri Shimbun, Financial Times, La Tribune, Les Echos, The Australian Financial Review and Debtwire (and successor publications), the main source(s) of business news in the country in which the Reference Entity is organised and any other internationally recognised published or electronically displayed news sources).

“Publicly Available Information” means:

- (a) information that reasonably confirms any of the facts relevant to the determination that the Credit Event or Potential Repudiation/Moratorium, as applicable, described in a Credit Event Notice or Repudiation/Moratorium Extension Notice have occurred and which:
 - (i) has been published in or on not less than two Public Sources, regardless of whether the reader or user thereof pays a fee to obtain such information provided that, if the Issuer, the Guarantor or the Calculation Agent or any of their respective Affiliates is cited as the sole source of such information, then such information shall not be deemed to be Publicly Available Information unless the Issuer, the Guarantor or the Calculation Agent or the relevant Affiliate is acting in its capacity as trustee, fiscal agent, administrative agent, clearing agent or paying agent, facility agent or agent bank (or any equivalent role) for an Obligation;
 - (ii) is information received from or published by (A) a Reference Entity (or for a Reference Entity which is a Sovereign any agency, instrumentality, ministry, department or other authority thereof acting in a governmental capacity (including, without limiting the foregoing, the central bank) of such Sovereign) or (B) a trustee, fiscal agent, administrative agent, clearing agent, paying agent, facility agent or agent bank for an Obligation; or
 - (iii) is information contained in any order, decree, notice, petition or filing, however described, of or filed with a court, tribunal, exchange, regulatory authority or similar administrative, regulatory or judicial body,

provided that where any information of the type described in sub-paragraphs (ii) or (iii) above is not publicly available, it can only constitute Publicly Available Information if it can be made public without violating any law, agreement, understanding or other restriction regarding the confidentiality of such information.

Additional Terms and Conditions for Credit Linked Notes

- (b) In relation to any information of any type described in sub-paragraphs (a)(ii) or (iii) above, the Calculation Agent may assume that such information has been disclosed to it without violating any law, agreement, understanding or other restriction regarding the confidentiality of such information and that the party delivering such information has not taken any action or entered into any agreement or understanding with the Reference Entity or any Affiliate of the Reference Entity that would be breached by, or would prevent, the disclosure of such information to the party receiving such information.
- (c) In relation to a Repudiation/Moratorium Credit Event, Publicly Available Information must relate to the events described in both sub-paragraphs (a)(i) and (ii) of the definition of Repudiation/Moratorium.
- (d) Publicly Available Information need not state:
 - (i) in relation to the definition of “Downstream Affiliate,” the percentage of Voting Shares owned, directly or indirectly, by the Reference Entity; and
 - (ii) that such occurrence:
 - (A) has met the Payment Requirement or Default Requirement;
 - (B) is the result of exceeding any applicable Grace Period; or
 - (C) has met the subjective criteria specified in certain Credit Events.

“**Qualifying Affiliate Guarantee**” means a Qualifying Guarantee provided by the Reference Entity in respect of an Underlying Obligation of a Downstream Affiliate of the Reference Entity.

“**Qualifying Guarantee**” means a guarantee evidenced by a written instrument (which may include a statute or regulation), pursuant to which the Reference Entity irrevocably agrees, undertakes, or is otherwise obliged to pay all amounts of principal and interest (except for amounts which are not covered due to the existence of a Fixed Cap) due under an Underlying Obligation for which the Underlying Obligor is the obligor, by guarantee of payment and not by guarantee of collection (or, in either case, any legal arrangement which is equivalent thereto in form under the relevant governing law).

A Qualifying Guarantee shall not include any guarantee:

- (a) which is structured as a surety bond, financial guarantee insurance policy or letter of credit (or any legal arrangement which is equivalent thereto in form); or
- (b) pursuant to the terms applicable thereto, the principal payment obligations of the Reference Entity can be discharged, released, reduced, assigned or otherwise altered as a result of the occurrence or non-occurrence of an event or circumstance, in each case, other than:
 - (i) by payment;
 - (ii) by way of Permitted Transfer;
 - (iii) by operation of law;
 - (iv) due to the existence of a Fixed Cap; or
 - (v) due to:

Additional Terms and Conditions for Credit Linked Notes

- (A) provisions permitting or anticipating a Governmental Intervention, if “Financial Reference Entity Terms” is specified as applicable in the relevant Final Terms in respect of the Reference Entity; or
- (B) any Solvency Capital Provisions, if “Subordinated European Insurance Terms” is specified as applicable in the relevant Final Terms in respect of the Reference Entity.

If the guarantee or Underlying Obligation contains provisions relating to the discharge, release, reduction, assignment or other alteration of the principal payment obligations of the Reference Entity and such provisions have ceased to apply or are suspended at the time of the relevant determination, in accordance with the terms of such guarantee or Underlying Obligation, due to or following the occurrence of (I) a non-payment in respect of the guarantee or the Underlying Obligation, or (II) an event of the type described in the definition of ‘Bankruptcy’ in respect of the Reference Entity or the Underlying Obligor, then it shall be deemed for these purposes that such cessation or suspension is permanent, notwithstanding the terms of the guarantee or Underlying Obligation.

In order for a guarantee to constitute a Qualifying Guarantee:

- (a) the benefit of such guarantee must be capable of being Delivered together with the Delivery of the Underlying Obligation; and
- (b) if a guarantee contains a Fixed Cap, all claims to any amounts which are subject to such Fixed Cap must be capable of being Delivered together with the Delivery of such guarantee.

“Qualifying Participation Seller” means any participation seller that meets the requirements specified in relation to a Reference Entity. If no such requirements are specified, there shall be no Qualifying Participation Seller.

“Quantum of the Claim” means the lowest amount of the claim which could be validly asserted against the Reference Entity in respect of the Non-Contingent Amount if the obligation had become redeemable, been accelerated, terminated or had otherwise become due and payable at the time of the relevant determination, **provided that** the Quantum of the Claim cannot exceed the Non-Contingent Amount.

“Quotation” means, in respect of a Reference Obligation, Deliverable Obligation, Valuation Obligation or Undeliverable Obligation, as the case may be, each Full Quotation and the Weighted Average Quotation obtained and expressed as a percentage of its Outstanding Principal Balance or Due and Payable Amount, as applicable, with respect to a Relevant Valuation Date in the manner that follows:

- (a) The Calculation Agent shall attempt to obtain Full Quotations with respect to each Relevant Valuation Date from five or more CLN Dealers. If the Calculation Agent is unable to obtain two or more such Full Quotations on the same CLN Business Day within three CLN Business Days of a Relevant Valuation Date, then on the next following CLN Business Day (and, if necessary, on each CLN Business Day thereafter until the tenth CLN Business Day following the Relevant Valuation Date) the Calculation Agent shall attempt to obtain Full Quotations from five or more CLN Dealers and, if two or more Full Quotations are not available, a Weighted Average Quotation.
- (b) If the Calculation Agent is unable to obtain two or more Full Quotations or a Weighted Average Quotation on the same CLN Business Day on or prior to the tenth CLN Business Day following the applicable Relevant Valuation Date, the Quotations shall be deemed to be any Full Quotation obtained from a CLN Dealer at the Valuation Time on such tenth CLN Business Day or, if no Full Quotation is obtained, the weighted average of any firm quotations for the Reference Obligation, Deliverable Obligation, Valuation Obligation or Undeliverable Obligation, as applicable, obtained from CLN Dealers at the Valuation Time on such tenth CLN Business Day with respect to the aggregate portion of the Quotation Amount for which such quotations were obtained and a

Additional Terms and Conditions for Credit Linked Notes

quotation deemed to be zero for the balance of the Quotation Amount for which firm quotations were not obtained on such day.

“Quotation Amount” means:

- (a) with respect to a Reference Obligation or Valuation Obligation, the amount specified in relation to a Reference Entity (which may be specified by reference to an amount in a currency or by reference to the Representative Amount) or, if no amount is so specified, the Reference Entity Notional Amount (or, in either case, its equivalent in the relevant Obligation Currency converted by the Calculation Agent in a commercially reasonable manner by reference to exchange rates in effect at the time that the relevant Quotation is being obtained);
- (b) with respect to each type or issue of Deliverable Obligation to be Delivered on or prior to the Physical Settlement Date, an amount equal to the Outstanding Principal Balance or Due and Payable Amount (or, in either case, its equivalent in the relevant Obligation Currency as calculated in the same manner as (a) above) of such Deliverable Obligation; and
- (c) with respect to each type or issue of Undeliverable Obligation, an amount equal to the Outstanding Principal Balance or Due and Payable Amount (or, in either case, its equivalent in the relevant Obligation Currency as calculated in the same manner as (a) above) of such Undeliverable Obligation.

“Reference Entity” or **“Reference Entities”** means the reference entity or reference entities specified in the Final Terms. Any Successor to a Reference Entity either:

- (a) identified by the Calculation Agent in accordance with the definition of “Successor” on or following the Trade Date; or
- (b) identified pursuant to a DC Resolution in respect of a Successor Resolution Request Date and publicly announced by the DC Secretary on or following the Trade Date,

shall, in each case, with effect from the Succession Date, be the Reference Entity for the Credit Linked Notes, as the terms of which may be modified pursuant to the provisions described in Credit Linked Condition 0.

“Reference Entity Notional Amount” means in respect of any Reference Entity, the amount in which the Issuer has purchased credit protection in respect of such Reference Entity, as set out in the Final Terms (or, if no such amount is specified, the Aggregate Nominal Amount of the Notes divided by the number of Reference Entities), subject to Credit Linked Condition 0.

“Reference Obligation” means the Standard Reference Obligation, if any, unless:

- (a) “Standard Reference Obligation” is specified as not applicable in the Final Terms in respect of the Reference Entity, in which case the Reference Obligation will be the Non-Standard Reference Obligation, if any; or
- (b) if **“Standard Reference Obligation”** is specified as applicable in the relevant Final Terms in respect of the Reference Entity (or no election is specified in the relevant Final Terms), (ii) there is no Standard Reference Obligation and (iii) a Non-Standard Reference Obligation is specified in the relevant Final Terms in respect of the Reference Entity, in which case the Reference Obligation will be (A) the Non-Standard Reference Obligation to but excluding the first date of publication of the Standard Reference Obligation and (B) the Standard Reference Obligation from such date onwards, **provided that** the Standard Reference Obligation that is published would have been eligible to be selected as a Substitute Reference Obligation.

Additional Terms and Conditions for Credit Linked Notes

“Reference Obligation Only” means any obligation that is a Reference Obligation and no Obligation Characteristics or, as the case may be, Deliverable Obligation Characteristics shall be applicable where Reference Obligation Only applies.

“Reference Obligation Only Trade” means a Reference Entity in respect of which (a) “Reference Obligation Only” is specified as the Obligation Category and the Deliverable Obligation Category for such Reference Entity in the applicable Final Terms and (b) “Standard Reference Obligation” is specified as not applicable for such Reference Entity in the applicable Final Terms.

“Relevant City Business Day” has the meaning given to that term in the DC Rules.

“Relevant Guarantee” means a Qualifying Affiliate Guarantee or, if “All Guarantees” is specified as applicable in the related Final Terms, a Qualifying Guarantee.

“Relevant Holder” means a holder of the Prior Deliverable Obligation or Package Observable Bond, as the case may be, with an Outstanding Principal Balance or Due and Payable Amount, as applicable, immediately prior to the relevant Asset Package Credit Event, equal to the Outstanding Amount specified in respect of such Prior Deliverable Obligation or Package Observable Bond in the Notice of Physical Settlement, or NOPS Amendment Notice, as applicable.

“Relevant Obligations” means the Obligations of the Reference Entity which fall within the Obligation Category “Bond or Loan” and which are outstanding immediately prior to the Succession Date (or, if there is a Steps Plan, immediately prior to the legally effective date of the first succession), **provided that**:

- (a) any Bonds or Loans outstanding between the Reference Entity and any of its Affiliates, or held by the Reference Entity, shall be excluded;
- (b) if there is a Steps Plan, the Calculation Agent shall, for purposes of the determination required to be made under sub-paragraph (a) of the definition of ‘Successor’, make the appropriate adjustments required to take account of any Obligations of the Reference Entity which fall within the Obligation Category “Bond or Loan” that are issued, incurred, redeemed, repurchased or cancelled from and including the legally effective date of the first succession to and including the Succession Date;
- (c) if “Financial Reference Entity Terms” is specified as applicable in respect of the Reference Entity in the related Final Terms and Senior Transaction is applicable in respect of the Reference Entity, the Relevant Obligations shall only include the Senior Obligations of the Reference Entity which fall within the Obligation Category “Bond or Loan;” and
- (d) if “Financial Reference Entity Terms” is specified as applicable in respect of the Reference Entity in the related Final Terms and Subordinated Transaction is applicable in respect of the Reference Entity, Relevant Obligations shall exclude Senior Obligations and any Further Subordinated Obligations of the Reference Entity which fall within the Obligation Category “Bond or Loan,” **provided that** if no such Relevant Obligations exist, “Relevant Obligations” shall have the same meaning as it would if “Senior Transaction were applicable in respect of the Reference Entity.

“Relevant Valuation Date” means the Settlement Valuation Date or Valuation Date, as the case may be.

“Replaced Deliverable Obligation Outstanding Amount” means the Outstanding Amount of each Deliverable Obligation identified in the Notice of Physical Settlement or a prior NOPS Amendment Notice, as applicable, that is being replaced.

“Replacement Deliverable Obligation” means each replacement Deliverable Obligation that the Issuer will, subject to Credit Linked Condition 0, Deliver to the Noteholders in lieu of each original Deliverable Obligation which has not been Delivered as at the date of such NOPS Amendment Notice.

Additional Terms and Conditions for Credit Linked Notes

“Replacement Reference Entity” means an entity selected by the Calculation Agent in its discretion which is incorporated in the same geographical area, has the same Transaction Type as the Legacy Reference Entity and which is of a similar or better credit quality than the Legacy Reference Entity, as measured by Standard & Poor’s Ratings Services and/or by Moody’s Investors Service Ltd., at the date of the relevant succession **provided that** in selecting any Replacement Reference Entity, the Calculation Agent is under no obligation to the Noteholders, the Issuer or any other person and, **provided that** the Successor selected meets the criteria specified above, is entitled, and indeed will endeavour, to select the least credit-worthy of the Successors. In making any selection, the Calculation Agent will not be liable to account to the Noteholders, the Issuer or any other person for any profit or other benefit to it or any of its Affiliates which may result directly or indirectly from any such selection.

“Representative Amount” means an amount that is representative for a single transaction in the relevant market and at the relevant time, such amount to be determined by the Calculation Agent.

“Repudiation/Moratorium” means the occurrence of both of the following events:

- (a) an authorised officer of the Reference Entity or a Governmental Authority:
 - (i) disaffirms, disclaims, repudiates or rejects, in whole or in part, or challenges the validity of, one or more Obligations in an aggregate amount of not less than the Default Requirement; or
 - (ii) declares or imposes a moratorium, standstill, roll-over or deferral, whether de facto or de jure, with respect to one or more Obligations in an aggregate amount of not less than the Default Requirement; and
- (b) a Failure to Pay, determined without regard to the Payment Requirement, or a Restructuring, determined without regard to the Default Requirement, with respect to any such Obligation occurs on or prior to the Repudiation/Moratorium Evaluation Date.

“Repudiation/Moratorium Evaluation Date” means, if a Potential Repudiation/Moratorium occurs on or prior to the Scheduled Maturity Date:

- (a) if the Obligations to which such Potential Repudiation/Moratorium relates include Bonds, the date that is the later of:
 - (i) the date that is 60 days after the date of such Potential Repudiation/Moratorium; and
 - (ii) the first payment date under any such Bond after the date of such Potential Repudiation/Moratorium (or, if later, the expiration date of any applicable Grace Period in respect of such payment date); and
- (b) if the Obligations to which such Potential Repudiation/Moratorium relates do not include Bonds, the date that is 60 days after the date of such Potential Repudiation/Moratorium.

“Repudiation/Moratorium Extension Notice” has the meaning given to such term in the definition of ‘Extension Notice’.

“Resolve” has the meaning given to that term in the DC Rules, and **“Resolved”** and **“Resolves”** shall be interpreted accordingly.

“Restructured Bond or Loan” means an Obligation which is a Bond or Loan and in respect of which the relevant Restructuring has occurred.

Additional Terms and Conditions for Credit Linked Notes

“Restructuring” means:

- (a) that, with respect to one or more Obligations and in relation to an aggregate amount of not less than the Default Requirement, any one or more of the following events occurs in a form that binds all holders of such Obligation, is agreed between the Reference Entity or a Governmental Authority and a sufficient number of holders of such Obligation to bind all holders of the Obligation or is announced (or otherwise decreed) by the Reference Entity or a Governmental Authority in a form that binds all holders of such Obligation (including, in each case, in respect of Bonds only, by way of an exchange), and such event is not expressly provided for under the terms of such Obligation in effect as of the later of the Credit Event Backstop Date and the date as of which such Obligation is issued or incurred:
 - (i) a reduction in the rate or amount of interest payable or the amount of scheduled interest accruals (including by way of redenomination);
 - (ii) a reduction in the amount of principal or premium payable at redemption (including by way of redenomination);
 - (iii) a postponement or other deferral of a date or dates for either (A) the payment or accrual of interest, or (B) the payment of principal or premium;
 - (iv) a change in the ranking in priority of payment of any Obligation, causing the Subordination of such Obligation to any other Obligation; or
 - (v) any change in the currency of any payment of interest, principal or premium to any currency other than the lawful currency of Canada, Japan, Switzerland, the United Kingdom and the United States of America and the euro and any successor currency to any of the aforementioned currencies (which in the case of the euro, shall mean the currency which succeeds to and replaces the euro in whole).
- (b) Notwithstanding the provisions of sub-paragraph (a) above, none of the following shall constitute a Restructuring:
 - (i) the payment in euros of interest, principal or premium in relation to an Obligation denominated in a currency of a Member State of the European Union that adopts or has adopted the single currency in accordance with the Treaty establishing the European Community, as amended by the Treaty on European Union;
 - (ii) the redenomination from euros into another currency, if (A) the redenomination occurs as a result of action taken by a Governmental Authority of a Member State of the European Union which is of general application in the jurisdiction of such Governmental Authority and (B) a freely available market rate of conversion between euros and such other currency existed at the time of such redenomination and there is no reduction in the rate or amount of interest, principal or premium payable, as determined by reference to such freely available market rate of conversion;
 - (iii) the occurrence of, agreement to or announcement of any of the events described in sub-paragraphs (a)(i) to (v) above due to an administrative adjustment, accounting adjustment or tax adjustment or other technical adjustment occurring in the ordinary course of business; and
 - (iv) the occurrence of, agreement to or announcement of any of the events described in sub-paragraphs (a)(i) to (v) above in circumstances where such event does not directly or indirectly result from a deterioration in the creditworthiness or financial condition of the Reference Entity, **provided that** in respect of sub-paragraph (a)(v) above only, no such

Additional Terms and Conditions for Credit Linked Notes

deterioration in the creditworthiness or financial condition of the Reference Entity is required where the redenomination is from euros into another currency and occurs as a result of action taken by a Governmental Authority of a Member State of the European Union which is of general application in the jurisdiction of such Governmental Authority.

For purposes of sub-paragraphs (a) and (b) above and the definition of ‘Multiple Holder Obligation’, the term Obligation shall be deemed to include Underlying Obligations for which the Reference Entity is acting as provider of a Guarantee. In the case of a Guarantee and an Underlying Obligation, references to the Reference Entity in sub-paragraph (a) above shall be deemed to refer to the Underlying Obligor and the reference to the Reference Entity in sub-paragraph (b) above shall continue to refer to the Reference Entity.

If an exchange has occurred, the determination as to whether one of the events described under sub-paragraphs (a)(i) to (v) above has occurred will be based on a comparison of the terms of the Bond immediately prior to such exchange and the terms of the resulting obligations immediately following such exchange.

“**Restructuring Date**” means the date on which a Restructuring is legally effective in accordance with the terms of the documentation governing such Restructuring.

“**Restructuring Maturity Limitation Date**” means, with respect to a Deliverable Obligation, the Limitation Date occurring on or immediately following the Scheduled Maturity Date **provided that**, if the final maturity date of the Restructured Bond or Loan with the latest final maturity date of any Restructured Bond or Loan occurs prior to the 2.5-year Limitation Date (such Restructured Bond or Loan, a “**Latest Maturity Restructured Bond or Loan**”) and the Scheduled Maturity Date occurs prior to the final maturity date of such Latest Maturity Restructured Bond or Loan, then the Restructuring Maturity Limitation Date will be the final maturity date of such Latest Maturity Restructured Bond or Loan.

“**Revised Currency Rate**” means, with respect to a Replacement Deliverable Obligation specified in a NOPS Amendment Notice, the rate of conversion between the currency in which the Replaced Deliverable Obligation Outstanding Amount is denominated and the currency in which the Outstanding Amount of such Replacement Deliverable Obligation is denominated that is determined either:

- (a) by reference to the Currency Rate Source as at the Next Currency Fixing Time; or
- (b) if such rate is not available at such time, as the Calculation Agent shall determine in a commercially reasonable manner.

“**Scheduled Maturity Date**” means the date specified as such in the applicable Final Terms which shall not be subject to adjustment in accordance with any Business Day Convention unless otherwise specified in the applicable Final Terms.

“**Senior Obligation**” means any obligation which is no Subordinated to any unsubordinated Borrowed Money obligation of the Reference Entity.

“**Senior Transaction**” means a Reference Entity for which (a) the Reference Obligation or Prior Reference Obligation, as applicable, is a Senior Obligation, or (b) there is no Reference Obligation or Prior Reference Obligation.

“**Seniority Level**” means, with respect to an obligation of the Reference Entity, (a) “Senior Level” or “Subordinated Level” as specified in the relevant Final Terms, or (b) if no such seniority level is specified in the relevant Final Terms, “Senior Level” if the Original Non-Standard Reference Obligation is a Senior Obligation or “Subordinated Level” if the Original Non-Standard Reference Obligation is a Subordinated Obligation, failing which (c) “Senior Level.”

“**Settlement Currency**” means the currency specified as such in the applicable Final Terms, or if no currency is so specified in the Final Terms, the Specified Currency.

Additional Terms and Conditions for Credit Linked Notes

“Settlement Method” means the settlement method specified as such in the Final Terms and if no Settlement Method is specified in the Final Terms, Auction Settlement.

“Settlement Valuation Date” means the date being three CLN Business Days prior to the Delivery Date **provided that** if a Notice of Physical Settlement or NOPS Amendment Notice (as applicable) is given or, as the case may be, changed at any time after the third CLN Business Day prior to the Physical Settlement Date, the Settlement Valuation Date shall be the date which is three CLN Business Days after such Notice of Physical Settlement is given.

“Single Reference Entity CLN” means Credit Linked Notes where the Issuer purchases credit protection from the Noteholders in respect of only one Reference Entity.

“Solvency Capital Provisions” means any terms in an obligation which permit the Reference Entity’s payment obligations thereunder to be deferred, suspended, cancelled, converted, reduced or otherwise varied and which are necessary in order for the obligation to constitute capital resources of a particular tier.

“Sovereign” means any state, political subdivision or government, or any agency, instrumentality, ministry, department or other authority acting in a governmental capacity (including without limiting the foregoing, the central bank) thereof.

“Sovereign Restructured Deliverable Obligation” means an Obligation of a Reference Entity which is a Sovereign (either directly or as provider of a Relevant Guarantee) (a) in respect of which a Restructuring that is the subject of the Credit Event Notice or DC Credit Event Announcement has occurred and (b) which fell within paragraph (a) of the definition of ‘Deliverable Obligation’ immediately preceding the date on which such Restructuring is legally effective in accordance with the terms of the documentation governing such Restructuring.

“Sovereign Succession Event” means, with respect to a Reference Entity that is a Sovereign, an annexation, unification, secession, partition, dissolution, consolidation, reconstitution or other similar event.

“Specified Currency” means an obligation that is payable in the currency or currencies specified as such in the relevant Final Terms (or, if “Specified Currency” is specified in the relevant Final Terms and no currency is so specified, any Standard Specified Currency), **provided that** if the euro is a Specified Currency, “Specified Currency” shall also include an obligation that was previously payable in the euro, regardless of any redenomination thereafter if such redenomination occurred as a result of action taken by a Governmental Authority of a Member State of the European Union which is of general application in the jurisdiction of such Governmental Authority.

“SRO List” means the list of Standard Reference Obligations as published by ISDA on its website at www.isda.org from time to time (or any successor website thereto) or by a third party designated by ISDA on its website from time to time.

“Standard Reference Obligation” means, in respect of a Reference Entity, the obligation of such Reference Entity with the relevant Seniority Level which is specified from time to time on the SRO List, as determined by the Calculation Agent in its sole discretion. If, in the determination of the Calculation Agent, the Standard Reference Obligation for a Reference Entity is removed from the SRO List, such obligation shall cease to be the Reference Obligation for such Reference Entity (other than for purposes of the “Not Subordinated” Obligation Characteristic or “Not Subordinated” Deliverable Obligation Characteristic) and there shall be no Reference Obligation for such Reference Entity unless and until, in the determination of the Calculation Agent, such obligation is subsequently replaced on the SRO List, in which case, the new Standard Reference Obligation in respect of such Reference Entity shall constitute the Reference Obligation for such Reference Entity.

“Standard Specified Currencies” means each of the lawful currencies of Canada, Japan, Switzerland, France, Germany, the United Kingdom and the United States of America and the euro and any successor currency to any of the aforementioned currencies (which in the case of the euro, shall mean the currency which succeeds to and replaces the euro in whole) (and each a “**Standard Specified Currency**”).

Additional Terms and Conditions for Credit Linked Notes

“Steps Plan” means a plan evidenced by Eligible Information contemplating that there will be a series of successions to some or all of the Relevant Obligations of the Reference Entity, by one or more entities.

“Subordinated Obligation” means any obligation which is Subordinated to any unsubordinated Borrowed Money obligation of the Reference Entity or which would be so Subordinated if any unsubordinated Borrowed Money obligation of the Reference Entity existed.

“Subordinated Transaction” means a Reference Entity for which the Reference Obligation or Prior Reference Obligation, as applicable, is a Subordinated Obligation.

“Subordination” means, with respect to an obligation (the **“Second Obligation”**) and another obligation of the Reference Entity to which such obligation is being compared (the **“First Obligation”**), a contractual, trust or similar arrangement providing that (I) upon the liquidation, dissolution, reorganization or winding-up of the Reference Entity, claims of the holders of the First Obligation are required to be satisfied prior to the claims of the holders of the Second Obligation, or (II) the holders of the Second Obligation will not be entitled to receive or retain principal payments in respect of their claims against the Reference Entity at any time that the Reference Entity is in payment arrears or is otherwise in default under the First Obligation. “Subordinated” will be construed accordingly. For purposes of determining whether Subordination exists or whether an obligation is Subordinated with respect to another obligation to which it is being compared, (x) the existence of preferred creditors arising by operation of law or of collateral, credit support or other credit enhancement or security arrangements shall not be taken into account, except that, notwithstanding the foregoing, priorities arising by operation of law shall be taken into account where the Reference Entity is a Sovereign and (y) in the case of the Reference Obligation or the Prior Reference Obligation, as applicable, the ranking in priority of payment shall be determined as of the date as of which it was issued or incurred (or in circumstances where the Reference Obligation or a Prior Reference Obligation is the Standard Reference Obligation and “Standard Reference Obligation” is applicable, then the priority of payment of the Reference Obligation or the Prior Reference Obligation, as applicable, shall be determined as of the date of selection) and, in each case, shall not reflect any change to such ranking in priority of payment after such date.

“Substitute Reference Obligation” means, with respect to a Non-Standard Reference Obligation to which a Substitution Event has occurred, the obligation that will replace the Non-Standard Reference Obligation, determined by the Calculation Agent as follows:

- (a) The Calculation Agent shall identify the Substitute Reference Obligation in accordance with sub-paragraphs (c), (d) and (e) below to replace the Non-Standard Reference Obligation; **provided that** the Calculation Agent will not identify an obligation as the Substitute Reference Obligation if, at the time of the determination, such obligation has already been rejected as the Substitute Reference Obligation by the relevant Credit Derivatives Determinations Committee and such obligation has not changed materially since the date of such DC Resolution.
- (b) If any of the events set forth under sub-paragraphs (a)(i) or (iii) of the definition of ‘Substitution Event’ have occurred with respect to the Non-Standard Reference Obligation, the Non-Standard Reference Obligation will cease to be the Reference Obligation (other than for purposes of the “Not Subordinated” Obligation Characteristic or “Not Subordinated” Deliverable Obligation Characteristic and sub-paragraph (c)(ii) below). If the event set forth in sub-paragraph (a)(ii) of the definition of ‘Substitution Event’ has occurred with respect to the Non-Standard Reference Obligation and no Substitute Reference Obligation is available, the Non-Standard Reference Obligation will continue to be the Reference Obligation until the Substitute Reference Obligation is identified or, if earlier, until any of the events set forth under sub-paragraphs (a)(i) or (a)(iii) of the definition of ‘Substitution Event’ occur with respect to such Non-Standard Reference Obligation.
- (c) The Substitute Reference Obligation shall be an obligation that on the Substitution Date:
 - (i) is a Borrowed Money obligation of the Reference Entity (either directly or as provider of a guarantee);

Additional Terms and Conditions for Credit Linked Notes

- (ii) satisfies the Not Subordinated Deliverable Obligation Characteristic as of the date it was issued or incurred (without reflecting any change to the priority of payment after such date) and on the Substitution Date; and
- (iii)
 - (A) if the Non-Standard Reference Obligation was a Conforming Reference Obligation when issued or incurred and immediately prior to the Substitution Event Date:
 - (I) is a Deliverable Obligation (other than a Loan) determined in accordance with sub-paragraph (a) of the definition of 'Deliverable Obligation'; or if no such obligation is available;
 - (II) is a Loan (other than a Private-side Loan) which constitutes a Deliverable Obligation determined in accordance with sub-paragraph (a) of the definition of 'Deliverable Obligation';
 - (B) if the Non-Standard Reference Obligation was a Bond (or any other Borrowed Money obligation other than a Loan) which was a Non-Conforming Reference Obligation when issued or incurred and/or immediately prior to the Substitution Event Date:
 - (I) is a Non-Conforming Substitute Reference Obligation (other than a Loan); or if no such obligation is available;
 - (II) is a Deliverable Obligation (other than a Loan) determined in accordance with sub-paragraph (a) of the definition of 'Deliverable Obligation'; or if no such obligation is available;
 - (III) is a Non-Conforming Substitute Reference Obligation which is a Loan (other than a Private-side Loan); or if no such obligation is available;
 - (IV) is a Loan (other than a Private-side Loan) which constitutes a Deliverable Obligation determined in accordance with sub-paragraph (a) of the definition of 'Deliverable Obligation'; or
 - (C) if the Non-Standard Reference Obligation was a Loan which was a Non-Conforming Reference Obligation when incurred and/or immediately prior to the Substitution Event Date:
 - (I) is a Non-Conforming Substitute Reference Obligation which is a Loan (other than a Private-side Loan); or if no such obligation is available,
 - (II) is a Non-Conforming Substitute Reference Obligation (other than a Loan); or if no such obligation is available,
 - (III) is a Deliverable Obligation (other than a Loan) determined in accordance with sub-paragraph (a) of the definition of 'Deliverable Obligation'; or if no such obligation is available,
 - (IV) is a Loan (other than a Private-side Loan) which constitutes a Deliverable Obligation determined in accordance with sub-paragraph (a) of the definition of 'Deliverable Obligation'.
- (d) If more than one potential Substitute Reference Obligation is identified pursuant to the process described in sub-paragraph (c), the Substitute Reference Obligation will be the potential Substitute

Additional Terms and Conditions for Credit Linked Notes

Reference Obligation that most closely preserves the economic equivalent of the delivery and payment obligations of the Credit Linked Notes, as determined by the Calculation Agent. The Calculation Agent will notify the Issuer of the Substitute Reference Obligation as soon as reasonably practicable after it has been identified in accordance with sub-paragraph (c) and the Substitute Reference Obligation shall replace the original Reference Obligation immediately upon such notification.

- (e) If a Substitution Event has occurred with respect to the Non-Standard Reference Obligation and the Calculation Agent determines that no Substitute Reference Obligation is available for the Non-Standard Reference Obligation, then, subject to sub-paragraph (a) and notwithstanding the fact that the Non-Standard Reference Obligation may have ceased to be the Reference Obligation in accordance with sub-paragraph (b), the Calculation Agent shall use reasonable commercial efforts to continue to attempt to identify the Substitute Reference Obligation.

“Substitution Date” means, with respect to a Substitute Reference Obligation, the date on which the Calculation Agent notifies the Issuer that such Substitute Reference Obligation has been identified in accordance with the definition of ‘Substitute Reference Obligation’.

“Substitution Event” means, with respect to the Non-Standard Reference Obligation (other than a Standard Reference Obligation):

- (a) the Non-Standard Reference Obligation is redeemed in whole;
- (b) the aggregate amounts due under the Non-Standard Reference Obligation have been reduced by redemption or otherwise below U.S.\$ 10,000,000 (or its equivalent in the relevant Obligation Currency, as determined by the Calculation Agent); or
- (c) for any reason, other than due to the existence or occurrence of a Credit Event, the Non-Standard Reference Obligation is no longer an obligation of the Reference Entity (either directly or as provider of a guarantee),

and for the purposes of identification of the Non-Standard Reference Obligation, any change in the Non-Standard Reference Obligation’s CUSIP or ISIN number or other similar identifier will not, in and of itself, constitute a Substitution Event.

If an event described in sub-paragraphs (i) or (ii) above has occurred on or prior to the Trade Date, then a Substitution Event shall be deemed to have occurred pursuant to sub-paragraphs (i) or (ii) above, as the case may be, on the Trade Date.

“Substitution Event Date” means, with respect to the Reference Obligation, the date of the occurrence of the relevant Substitution Event.

“Succession Date” means the legally effective date of an event in which one or more entities succeed to some or all of the Relevant Obligations of the Reference Entity; **provided that** if at such time, there is a Steps Plan, the Succession Date will be the legally effective date of the final succession in respect of such Steps Plan, or if earlier (i) the date on which a determination of the Calculation Agent in accordance with the definition of “Successor” would not be affected by any further related successions in respect of such Steps Plan, or (ii) the occurrence of an Event Determination Date in respect of the Reference Entity or any entity which would constitute a Successor.

“Successor” means, subject to Credit Linked Condition 0 (*Succession*), in relation to any Reference Entity, each Successor that ISDA has publicly announced, including prior to the Trade Date, that the relevant Credit Derivatives Determinations Committee has Resolved is a Successor to the original Reference Entity on or following the

Additional Terms and Conditions for Credit Linked Notes

Successor Backstop Date in accordance with the DC Rules; or if no Successor has been identified by a Credit Derivatives Determinations Committee:

- (a) subject to sub-paragraph (g) below, if one entity succeeds, either directly or as a provider of a Relevant Guarantee, to seventy-five per cent or more of the Relevant Obligations of the Reference Entity, that entity will be the sole Successor in respect of the relevant Reference Entity;
- (b) if only one entity succeeds, either directly or as a provider of a Relevant Guarantee, to more than twenty-five per cent (but less than seventy-five per cent) of the Relevant Obligations of the Reference Entity, and not more than twenty-five per cent of the Relevant Obligations of the Reference Entity remain with the Reference Entity, the entity that succeeds to more than twenty-five per cent of the Relevant Obligations will be the sole Successor in respect of the relevant Reference Entity;
- (c) if more than one entity each succeeds, either directly or as a provider of a Relevant Guarantee, to more than twenty-five per cent of the Relevant Obligations of the Reference Entity, and not more than twenty-five per cent of the Relevant Obligations of the Reference Entity remain with the Reference Entity, the entities that succeed to more than twenty-five per cent of the Relevant Obligations will each be a Successor;
- (d) if one or more entities each succeeds, either directly or as a provider of a Relevant Guarantee, to more than twenty-five per cent of the Relevant Obligations of the Reference Entity, and more than twenty-five per cent of the Relevant Obligations of the Reference Entity remain with the Reference Entity, each such entity and the Reference Entity will each be a Successor;
- (e) if one or more entities succeed, either directly or as a provider of a Relevant Guarantee, to a portion of the Relevant Obligations of the Reference Entity, but no entity succeeds to more than twenty-five per cent of the Relevant Obligations of the Reference Entity and the Reference Entity continues to exist, there will be no Successor and the Reference Entity will not be changed in any way as a result of such succession;
- (f) if one or more entities succeed, either directly or as a provider of a Relevant Guarantee, to a portion of the Relevant Obligations of the Reference Entity, but no entity succeeds to more than twenty-five per cent of the Relevant Obligations of the Reference Entity and the Reference Entity ceases to exist, the entity which succeeds to the greatest percentage of Relevant Obligations will be the Successor (**provided that** if two or more entities succeed to an equal percentage of Relevant Obligations, each such entity will be a Successor); and
- (g) in respect of a Reference Entity which is not a Sovereign, if one entity assumes all of the obligations (including at least one Relevant Obligation) of the Reference Entity, and at the time of the determination either (A) the Reference Entity has ceased to exist, or (B) the Reference Entity is in the process of being dissolved (howsoever described) and the Reference Entity has not issued or incurred any Borrowed Money obligation at any time since the legally effective date of the assumption, such entity (the “**Universal Successor**”) will be the sole Successor in respect of the relevant Reference Entity.

“**Successor Backstop Date**” means for purposes of any Successor the date that is ninety calendar days prior to the Trade Date **provided however that** the Successor Backstop Date may be adjusted by the Calculation Agent using its discretion in order to match any Hedge Transaction. The Credit Event Backstop Date shall not be subject to adjustment in accordance with any Business Day Convention.

“**Successor Resolution Request Date**” means, with respect to a notice to the DC Secretary requesting that a Credit Derivatives Determinations Committee be convened to Resolve one or more Successors to the Reference Entity, the date, as publicly announced by the DC Secretary, that the relevant Credit Derivatives Determinations Committee Resolves to be the date on which such notice is effective.

Additional Terms and Conditions for Credit Linked Notes

“**Surviving Reference Entity**” has the meaning given to such term in Credit Linked Condition 0 above.

“**TARGET Settlement Day**” means any day on which TARGET2 (the Trans-European Automated Real-time Gross settlement Express Transfer system) is open.

“**Trade Date**” means the date specified as such in the applicable Final Terms.

“**Transaction Auction Settlement Terms**” means, in respect of any Reference Entity and a related Credit Event, the Credit Derivatives Auction Settlement Terms published by ISDA in respect of such Credit Event and in respect of which the relevant Notional Credit Derivative Transaction would be an Auction Covered Transaction.

“**Transaction Type**” means, unless otherwise specified in the Final Terms, each “Transaction Type” specified as such in the Physical Settlement Matrix from time to time.

“**Transferable**” means an obligation that is transferable to institutional investors without any contractual, statutory or regulatory restriction, **provided that** none of the following shall be considered contractual, statutory or regulatory restrictions:

- (a) contractual, statutory or regulatory restrictions that provide for eligibility for resale pursuant to Rule 144A or Regulation S promulgated under the United States Securities Act of 1933, as amended (and any contractual, statutory or regulatory restrictions promulgated under the laws of any jurisdiction having a similar effect in relation to the eligibility for resale of an obligation);
- (b) restrictions on permitted investments such as statutory or regulatory investment restrictions on insurance companies and pension funds; or
- (c) restrictions in respect of blocked periods on or around payment dates or voting periods.

“**Undeliverable Obligation**” means a Deliverable Obligation included in the Notice of Physical Settlement or NOPS Amendment Notice (as applicable) which, on the Settlement Date for such Deliverable Obligation, the Calculation Agent determines for any reason (including without limitation, failure by the Noteholder to deliver an Asset Transfer Notice, failure of the relevant clearance system or due to any law, regulation, court order or market conditions or the non-receipt of any requisite consents with respect to the Delivery of Loans) it is impracticable, impossible or illegal to Deliver on the Settlement Date.

“**Underlying Finance Instrument**” means where the LPN Issuer provides finance to the Reference Entity by way of a deposit, loan or other Borrowed Money instrument.

“**Underlying Loan**” means a loan advanced to the Reference Entity by an LPN Issuer.

“**Underlying Obligation**” means, with respect to a guarantee, the obligation which is the subject of the guarantee.

“**Underlying Obligor**” means with respect to an Underlying Obligation, the issuer in the case of a Bond, the borrower in the case of a Loan, or the principal obligor in the case of any other Underlying Obligation.

“**Unwind Costs**” means the amount specified in the applicable Final Terms or if “**Standard Unwind Costs**” are specified in the applicable Final Terms (or in the absence of any such specification), an amount, subject to a minimum of zero, determined by the Calculation Agent equal to the sum of (without duplication) all costs, expenses (including loss of funding), tax and duties incurred by the Issuer or the Guarantor in connection with the redemption of the Credit Linked Notes and the related termination, settlement or re-establishment of any Hedge Transaction, such amount to be apportioned *pro rata* amongst the principal amount of each Credit Linked Note outstanding.

“**Valuation Date**” means:

- (a) any CLN Business Day falling in the period between the 5th and the 122nd CLN Business Day following the Event Determination Date (or, if the Event Determination Date occurs pursuant to

Additional Terms and Conditions for Credit Linked Notes

sub-paragraph (b)(i) of the definition of ‘Event Determination Date’ the day on which the DC Credit Event Announcement Date occurs), or, following any Auction Cancellation Date or No Auction Announcement Date, such later CLN Business Day (in each case, as selected by the Calculation Agent in its sole and absolute discretion); or

- (b) if “Cash Settlement” is applicable as a Fallback Settlement Method, any CLN Business Day falling between the 5th and the 122nd CLN Business Day following the Event Determination Date, or, following any Auction Cancellation Date or No Auction Announcement Date, such later CLN Business Day (in each case, as selected by the Calculation Agent in its sole and absolute discretion); or
- (c) if Partial Cash Settlement applies, the date which is up to fifteen CLN Business Days after the Latest Permissible Physical Settlement Date or, as applicable, the Extended Physical Settlement Date (as selected by the Calculation Agent in its sole and absolute discretion).

“**Valuation Obligation**” means, in respect of a Reference Entity, notwithstanding anything to the contrary in the Credit Linked Notes Conditions, one or more obligations of such Reference Entity (either directly or as provider of a Qualifying Guarantee or, as the case may be, Qualifying Affiliate Guarantee), which would constitute a “Deliverable Obligation” if Physical Settlement were the applicable Settlement Method and/or any Asset in the related Asset Package in respect of a Prior Deliverable Obligation or Package Observable Bond, in each case, as selected by the Issuer in its sole and absolute discretion on the applicable Valuation Date, **provided that**, for such purpose:

- (a) any reference to the words “Delivery Date” or “NOPS Effective Date” in the definitions of “Conditionally Transferable Obligation,” “Deliverable Obligation,” within any of the terms comprising “Deliverable Obligation Category” or “Deliverable Obligation Characteristic” and “Due and Payable Amount” shall be deemed to be a reference to the words “Relevant Valuation Date;”
- (b) the deletion of the words “being Delivered” in the definition of “Deliverable Obligation;” and
- (c) in respect of any Asset in the related Asset Package in respect of a Prior Deliverable Obligation or Package Observable Bond, any reference to “Outstanding Principal Balance,” “Due and Payable Amount” or “Outstanding Amount” in the definitions of “Final Price,” “Full Quotation,” “Quotation,” “Quotation Amount” and “Weighted Average Quotation” shall be deemed to be a reference to the words “Outstanding Amount of the relevant Prior Deliverable Obligation or Package Observable Bond immediately prior to the Asset Package Credit Event.”

“**Valuation Obligations Portfolio**” means one or more Valuation Obligations of a Reference Entity selected by the Calculation Agent in its discretion, each in an Outstanding Amount selected by the Calculation Agent in its sole and absolute discretion **provided that** the aggregate of such Outstanding Amounts (or in each case the equivalent in the Specified Currency thereof (converted at the foreign exchange rate prevailing on any date from (and including) the Event Determination Date to (and including) the Valuation Date, as selected by the Calculation Agent in its sole and absolute discretion)), shall not exceed the relevant Reference Entity Notional Amount.

“**Valuation Time**” means the time specified in relation to a Reference Entity or, if no time is so specified, 11.00 a.m. in the principal trading market for the relevant Valuation Obligation or Undeliverable Obligation, as the case may be.

“**Voting Shares**” means those shares or other interests that have the power to elect the board of directors or similar governing body of an entity.

“**Weighted Average Final Price**” means the weighted average of the Final Prices determined for each selected Valuation Obligation in the Valuation Obligations Portfolio, weighted by the Currency Amount of each such Valuation Obligation (or its equivalent in the Settlement Currency, converted by the Calculation Agent, in a commercially reasonable manner, by reference to exchange rates in effect at the time of such determination).

Additional Terms and Conditions for Credit Linked Notes

“Weighted Average Quotation” means the weighted average of firm bid quotations obtained from CLN Dealers at the Valuation Time, to the extent reasonably practicable, each for an amount of the Reference Obligation, Deliverable Obligation or Undeliverable Obligation, as the case may be, with an Outstanding Principal Balance or Due and Payable Amount, as applicable, of as large a size as available but less than the Quotation Amount (but of a size at least equal to the Minimum Quotation Amount) that in aggregate are approximately equal to the Quotation Amount.

Additional Terms and Conditions for Credit Linked Notes

ANNEX A TO THE ADDITIONAL TERMS AND CONDITIONS FOR CREDIT LINKED NOTES AUCTION SETTLEMENT TERMS ANNEX

Capitalised terms used but not defined in this summary have the meaning specified in the Credit Derivatives Determinations Committees Rules, as published by ISDA on its website at www.isda.org (or any successor website thereto) as of 28 September 2018 (the “**DC Rules**”) and the Form of Auction Settlement Terms (as defined below) or in the Additional Terms and Conditions for Credit Linked Notes. All times of day in this summary refer to such times in London.

Publication of Credit Derivatives Auction Settlement Terms

A Credit Derivatives Determinations Committee may determine that a Credit Event has occurred in respect of a Reference Entity (such entity, an “**Affected Reference Entity**”) and that one or more auctions will be held in order to settle affected transactions referencing such Affected Reference Entity based upon an Auction Final Price determined in accordance with an auction procedure as set forth in the Form of Auction Settlement Terms (each, an “**Auction**”). If an Auction is to be held, the Credit Derivatives Determinations Committee will publish Credit Derivatives Auction Settlement Terms in respect of the relevant Affected Reference Entity, based upon the Form of Auction Settlement Terms first published as Annex B to the 2009 ISDA Credit Derivatives Determinations Committees and Auction Settlement Supplement to the 2003 ISDA Credit Derivatives Definitions, published by the International Swaps and Derivatives Association, Inc. (“**ISDA**”) on 12 March 2009 (the “**Form of Auction Settlement Terms**”).

Noteholders should note that the Credit Derivatives Determinations Committees have the power to amend the form of Credit Derivatives Auction Settlement Terms for a particular auction and that this summary may therefore not be accurate in all cases. The following does not purport to be a complete summary and prospective investors must refer to the Form of Auction Settlement Terms for detailed information regarding the auction methodology set forth therein (the “**Auction Methodology**”). The Auction and the Auction Methodology apply to credit default swaps on a Reference Entity and do not apply specifically to the Credit Linked Notes. A copy of the Form of Auction Settlement Terms is currently available at www.isda.org. The Credit Derivatives Determinations Committee will additionally make several related determinations, including the date on which the Auction will be held (the “**Auction Date**”), the institutions that will act as participating bidders in the Auction (the “**Participating Bidders**”) and the supplemental terms that are detailed in Schedule 1 to the Form of Auction Settlement Terms. The Credit Derivatives Determinations Committee may also amend the Form of Auction Settlement Terms for a particular auction and may determine that a public comment period is necessary in order to effect such an amendment if such amendment is not contemplated by the DC Rules.

Auction Methodology

Determining the Auction Currency Rate

On the Auction Currency Fixing Date, the Administrators will determine the rate of conversion (each, an “**Auction Currency Rate**”) as between the Relevant Currency and the currency of denomination of each Deliverable Obligation (each, a “**Relevant Pairing**”) by reference to a Currency Rate Source or, if such Currency Rate Source is unavailable, by seeking mid-market rates of conversion from Participating Bidders (determined by each such Participating Bidder in a commercially reasonable manner) for each such Relevant Pairing. If rates of conversion are sought from Participating Bidders and more than three such rates are obtained by the Administrators, the Auction Currency Rate will be the arithmetic mean of such rates, without regard to the rates having the highest and lowest values. If exactly three rates are obtained, the Auction Currency Rate will be the rate remaining after disregarding the rates having the highest and lowest values. For this purpose, if more than one rate has the same highest or lowest value, then one of such rates shall be disregarded. If fewer than three rates are obtained, it will be deemed that the Auction Currency Rate cannot be determined for such Relevant Pairing.

Additional Terms and Conditions for Credit Linked Notes

Initial Bidding Period

During the Initial Bidding Period, Participating Bidders will submit to the Administrators: (a) Initial Market Bids; (b) Initial Market Offers; (c) Dealer Physical Settlement Requests; and (d) Customer Physical Settlement Requests (to the extent received from customers).

Initial Market Bids and Initial Market Offers are firm quotations, expressed as percentages, to enter into credit derivative transactions in respect of the Affected Reference Entity on terms equivalent to the Representative Auction-Settled Transaction.

The Initial Market Bid and Initial Market Offer submitted by each Participating Bidder must differ by no more than the designated Maximum Initial Market Bid-Offer Spread and must be an integral multiple of the Relevant Pricing Increment (each as determined by the Credit Derivatives Determinations Committee and specified in the Credit Derivatives Auction Settlement Terms in respect of the relevant Affected Reference Entity). The Initial Market Bid must be less than the Initial Market Offer.

Dealer Physical Settlement Requests and Customer Physical Settlement Requests are firm commitments, submitted by a Participating Bidder, on its own behalf or on behalf of a customer, as applicable, to enter into a Representative Auction-Settled Transaction, in each case, as seller (in which case, such commitment will be a “**Physical Settlement Buy Request**”) or as buyer (in which case, such commitment will be a “**Physical Settlement Sell Request**”). Each Dealer Physical Settlement Request must be, to the best of such Participating Bidder’s knowledge and belief, in the same direction as, and not in excess of, its Market Position. Each Customer Physical Settlement Request must be, to the best of the relevant customer’s knowledge and belief (aggregated with all Customer Physical Settlement Requests submitted by such customer), in the same direction as, and not in excess of, its Market Position.

If the Administrators do not receive valid Initial Market Bids and Initial Market Offers from at least a minimum number of Participating Bidders (as determined by the Credit Derivatives Determinations Committee and specified in the Credit Derivatives Auction Settlement Terms in respect of the relevant Affected Reference Entity), the timeline will be adjusted and the Initial Bidding Period extended, with the Auction recommencing at such time(s) specified by the Administrators, otherwise it will proceed as follows.

Determination of Open Interest, Initial Market Midpoint and Adjustment Amounts

The Administrators will calculate the Open Interest, the Initial Market Midpoint and any Adjustment Amounts in respect of the Auction.

The Open Interest is the difference between all Physical Settlement Sell Requests and all Physical Settlement Buy Requests.

To determine the Initial Market Midpoint, the Administrators will: (a) sort the Initial Market Bids in descending order and the Initial Market Offers in ascending order, identifying non-tradeable markets for which bids are lower than offers; (b) sort non-tradeable markets in terms of tightness of spread between Initial Market Bid and Initial Market Offer; and (c) identify that half of the non-tradeable markets with the tightest spreads. The Initial Market Midpoint is determined as the arithmetic mean of the Initial Market Bids and Initial Market Offers contained in the half of non-tradeable markets with the tightest spreads.

Any Participating Bidder whose Initial Market Bid or Initial Market Offer forms part of a tradeable market will be required to make a payment to ISDA on the third Business Day after the Auction Final Price Determination Date (an “**Adjustment Amount**”), calculated in accordance with the Auction Methodology. Any payments of Adjustment Amounts shall be used by ISDA to defray any costs related to any auction that ISDA has coordinated, or that ISDA will in the future coordinate, for purposes of settlement of credit derivative transactions.

If for any reason no single Initial Market Midpoint can be determined, the procedure set out above may be repeated.

Additional Terms and Conditions for Credit Linked Notes

At or prior to the Initial Bidding Information Publication Time on any day on which the Initial Bidding Period has successfully concluded, the Administrators publish the Open Interest, the Initial Market Midpoint and the details of any Adjustment Amounts in respect of the Auction.

If the Open Interest is zero, the Auction Final Price will be the Initial Market Midpoint.

Submission of Limit Order Submissions

In the event that the Open Interest does not equal zero, a subsequent bidding period will be commenced during the Initial Bidding Period which: (a) if the Open Interest is an offer to sell Deliverable Obligations, Participating Bidders submit Limit Bids; or (b) if the Open Interest is a bid to purchase Deliverable Obligations, Limit Offers, in each case, on behalf of customers and for their own account.

Matching bids and offers

If the Open Interest is a bid to purchase Deliverable Obligations, the Administrators will match the Open Interest against all Initial Market Offers and Limit Offers, as further described in the Auction Methodology. If the Open Interest is an offer to sell Deliverable Obligations, the Administrators will match the Open Interest against all Initial Market Bids and Limit Bids, as further described in the Auction Methodology.

(a) Auction Final Price when the Open Interest is Filled

The Auction Final Price will be the price associated with the matched Initial Market Bids and Limit Bids or Initial Market Offers and Limit Offers, as applicable, that is the highest offer or the lowest bid, as applicable, **provided that:** (a) if the Open Interest is an offer to sell and the price associated with the lowest matched bid exceeds the Initial Market Midpoint by more than the “Cap Amount” (being the percentage that is equal to one half of the Maximum Initial Market Bid-Offer Spread (rounded to the nearest Relevant Pricing Increment)), then the Auction Final Price will be the Initial Market Midpoint plus the Cap Amount; and (b) if the Open Interest is a bid to purchase and the Initial Market Midpoint exceeds the price associated with the highest offer by more than the Cap Amount, then the Auction Final Price will be the Initial Market Midpoint minus the Cap Amount.

(b) Auction Final Price when the Open Interest is Not Filled

If, once all the Initial Market Bids and Limit Bids or Initial Market Offers and Limit Offers, as applicable, have been matched to the Open Interest, part of the Open Interest remains, the Auction Final Price will be: (a) if the Open Interest is a bid to purchase Deliverable Obligations, the greater of (i) zero, and (ii) the highest Limit Offer or Initial Market Offer received; or (b) if the Open Interest is an offer to sell Deliverable Obligations, zero.

(c) 100 per cent. Cap to Auction Final Price

In all cases, if the Auction Final Price determined pursuant to the Auction Methodology is greater than 100 per cent., then the Auction Final Price will be deemed to be 100 per cent.

Publication of Auction Final Price

At or prior to the Subsequent Bidding Information Publication Time on any day on which the subsequent bidding period has successfully concluded, the Administrators will publish on their websites: (a) the Auction Final Price; (b) the names of the Participating Bidders who submitted bids, offers, valid Dealer Physical Settlement Requests and valid Customer Physical Settlement Requests, together with the details of all such bids and offers submitted by each; and (c) the details and size of all matched trades.

Additional Terms and Conditions for Credit Linked Notes

Restructuring

Following certain Restructuring credit events, more than one auction may be held and there may be more than one Auction Final Price and credit default swaps are grouped into buckets by maturity and depending on which party triggers the credit default swap. Deliverable obligations will be identified for each bucket (any deliverable obligations included in a shorter bucket will also be deliverable for all longer buckets). If the Credit Derivatives Determinations Committee determines to hold an auction for a particular bucket, then that auction will be held according to the existing auction methodology that has previously been used for Bankruptcy and Failure to Pay credit events as described in the summary below, except that the deliverable obligations will be limited to those falling within the relevant maturity bucket.

Execution of Trades Formed in the Auction

Each Participating Bidder whose Limit Bid or Initial Market Bid (or Limit Offer or Initial Market Offer if applicable) is matched against the Open Interest, and each Participating Bidder that submitted a Customer Physical Settlement Request or Dealer Physical Settlement Request, is deemed to have entered into a Representative Auction-Settled Transaction, and each customer that submitted such a Limit Bid, Limit Offer, or Physical Settlement Request is deemed to have entered into a Representative Auction-Settled Transaction with the dealer through whom the customer submitted such bid or offer. Accordingly, each such Participating Bidder or customer that is a seller of Deliverable Obligations pursuant to a trade formed in the auction must deliver to the buyer to whom such Participating Bidder or customer has been matched a Notice of Physical Settlement indicating the Deliverable Obligations that it will deliver, and such Deliverable Obligations will be sold to the buyer in exchange for payment of the Auction Final Price.

Timing of Auction Settlement Provisions

If an Auction is held in respect of an Affected Reference Entity, it is expected that the relevant Auction Date will occur on the third Business Day immediately prior to the 30th calendar day after which the relevant Credit Derivatives Determinations Committee received the request from an eligible market participant (endorsed by a member of the relevant Credit Derivatives Determinations Committee) to resolve whether a Credit Event has occurred with respect to such Reference Entity.

In respect of an Affected Reference Entity for which an Auction is held, the Auction Settlement Date will occur on a Business Day following the Auction Final Price Determination Date, as determined by the Credit Derivatives Determinations Committee and specified in the Credit Derivatives Auction Settlement Terms in respect of the relevant Affected Reference Entity.

Additional Terms and Conditions for Credit Linked Notes

ANNEX B TO THE ADDITIONAL TERMS AND CONDITIONS FOR CREDIT LINKED NOTES AUCTION SETTLEMENT TERMS ANNEX

In making certain determinations with respect to the Credit Linked Notes, the Calculation Agent may but is not bound to follow or act in accordance with any determination of the relevant Credit Derivatives Determinations Committees. This Annex sets forth a summary of the DC Rules and is subject to the rules as published by ISDA from time to time and as amended from time to time. This summary is not intended to be exhaustive and prospective investors should also read the DC Rules and reach their own views prior to making any investment decisions. A copy of the DC Rules published by ISDA is available at: www.isda.org (or any successor website thereto).

Capitalised terms used but not defined in this summary have the meaning specified in the DC Rules.

Establishment of the Credit Derivatives Determinations Committees

In accordance with the DC Rules, a Credit Derivatives Determinations Committee has been formed for each of the regions of (a) the Americas, (b) Asia Ex-Japan, (c) Australia-New Zealand, (d) Europe, Middle East and Africa and (e) Japan. The Credit Derivatives Determinations Committees will act in accordance with the DC Rules and will make determinations that are relevant for Credit Derivative Transactions that incorporate, or are deemed to incorporate, the 2014 ISDA Credit Derivatives Definitions (the “**2014 Definitions**”). ISDA (or an appointee thereof) will serve as the DC Secretary of each Credit Derivatives Determinations Committee and will perform administrative duties and make certain determinations as provided for under the DC Rules.

Decision-making Process of the Credit Derivatives Determinations Committees

Each DC Resolution by a Credit Derivatives Determinations Committee will apply to Credit Derivative Transactions that incorporate, or are deemed to incorporate, the 2014 Definitions and for which the relevant provisions are not materially inconsistent with the provisions with respect to which the Credit Derivatives Determinations Committee bases its determination. As a result, determinations by the Credit Derivatives Determinations Committees are not applicable to the Noteholders, unless specified otherwise in the terms of the Credit Linked Notes. The Credit Derivatives Determinations Committees shall have no ability to amend the terms of the Credit Linked Notes. Furthermore, the institutions on the Credit Derivatives Determinations Committees owe no duty to the Noteholders. See “*Risk Factors - Rights Associated with Credit Derivatives Determinations Committees*” for further information. The terms of the Credit Linked Notes provide that the Noteholders will be subject to certain determinations by the Credit Derivatives Determinations Committees. The Credit Derivatives Determinations Committees will be able to make determinations without action or knowledge by the Noteholders.

A Credit Derivatives Determinations Committee will be convened upon referral of (i) a question to the DC Secretary by an identified eligible market participant and the agreement of at least one of the voting members of the relevant Credit Derivatives Determinations Committee to deliberate the question, or (ii) a question to the DC Secretary by an unidentified eligible market participant and the agreement of at least two of the voting members of the relevant Credit Derivatives Determinations Committee to deliberate the question, or (iii) a question to the DC Secretary by an eligible market participant which is an Eligible CCP (being an eligible clearing entity) and such question is not designated as a “General Interest Question” and relates to an eligible cleared Reference Entity with respect to such Eligible CCP and to certain specified matters such as a Credit Event, Potential Repudiation/Moratorium and/or Successor. The DC Secretary will convene the Credit Derivatives Determinations Committee for the region to which the referred question relates, as determined in accordance with the DC Rules. Any party to a transaction that incorporates, or is deemed to incorporate, the 2014 Definitions may refer a question to the DC Secretary for a Credit Derivatives Determinations Committee to consider. Therefore, a binding determination may be made with respect to the Credit Linked Notes without any action by the Noteholders. Noteholders (in their capacity as holders of the Credit Linked Notes) will not be able to refer questions to the Credit Derivatives Determinations Committees.

Once a question is referred to a Credit Derivatives Determinations Committee, a DC Resolution may result quickly, as a binding vote usually must occur within two business days of the first meeting held with respect to such question unless the timeframe is extended by agreement of at least 80% of the voting members participating in a vote held in accordance with the DC Rules. In addition, voting members of the Credit Derivatives Determinations Committees

Additional Terms and Conditions for Credit Linked Notes

are required to participate in each binding vote, subject only to limited abstention rights. Notices of questions referred to the Credit Derivatives Determinations Committees, meetings held to deliberate such questions, meeting statements and the results of binding votes will be published on the ISDA website and neither the Issuer, the Calculation Agent nor any of their respective Affiliates shall be obliged to inform the Noteholders of such information (other than as expressly provided in the Credit Linked Notes Conditions). Noteholders shall therefore be responsible for obtaining such information. See *“Risk Factors – Rights Associated with Credit Derivatives Determinations Committees.”*

The Credit Derivatives Determinations Committees have the ability to make determinations that may materially affect the Noteholders. The Credit Derivatives Determinations Committees will be able to make a broad range of determinations in accordance with the DC Rules that may be relevant to the Credit Linked Notes and materially affect the Noteholders. For each of the general types of questions discussed below, the Credit Derivatives Determinations Committees may determine component questions that arise under the 2014 Definitions, or the DC Rules and that are related to the initial question referred. Since the terms governing the credit-linked elements of the Credit Linked Notes are substantially similar to the 2014 Definitions, such determinations may affect the Noteholders, as further described below.

Credit Events

The Credit Derivatives Determinations Committees will be able to determine whether a Credit Event has occurred and, if applicable, the date of occurrence of such Credit Event. Related questions that are also within the scope of the Credit Derivatives Determinations Committees are whether a Potential Failure to Pay or a Potential Repudiation/Moratorium has occurred. In addition, the Credit Derivatives Determinations Committees will also determine, where necessary, whether the required Publicly Available Information has been provided. Each of these determinations, other than whether the required Publicly Available Information has been provided, requires the agreement of at least 80% of the voting members participating in a binding vote held in accordance with the DC Rules in order to avoid the referral of the question to the external review process, as described further below. The determination of whether the required Publicly Available Information has been provided requires the agreement of at least a majority of the voting members participating in a binding vote held in accordance with the DC Rules and is not eligible for external review. Each of these determinations may affect whether an Event Determination Date will occur under the Credit Linked Notes. If the Credit Derivatives Determinations Committee Resolves that a Credit Event has occurred with respect to one of the Reference Entity(ies) on or after the Credit Event Backstop Date, then an Event Determination Date is deemed to have occurred in respect of the Credit Linked Notes.

Successors

The Credit Derivatives Determinations Committees will be able to determine whether there are any Successor or Successors to a Reference Entity and the relevant Succession Date. In addition, the Credit Derivatives Determinations Committees will also determine the identity of the Successor(s) in accordance with the DC Rules. For a Reference Entity that is not a Sovereign, the Credit Derivatives Determinations Committees will determine the Relevant Obligation(s) of the Reference Entity (including any adjustments required to be made if there is a Steps Plan), the proportion of the Relevant Obligation(s) to which each purported Successor succeeds and the Succession Date. For a Reference Entity that is a Sovereign, the Credit Derivatives Determinations Committees will determine the Relevant Obligation(s) of the Reference Entity (including any adjustments to be made if there is a Steps Plan), whether a Sovereign Succession Event has occurred, if so the proportion of the Relevant Obligation(s) to which each purported Successor succeeds, and the Succession Date. Each of these determinations requires the agreement of at least 80% of the voting members participating in a binding vote held in accordance with the DC Rules in order to avoid the referral of the question to the external review process, as described further below, except for the actual identification of the Successor(s) for a Reference Entity (which only requires a majority and is not eligible for external review). The Calculation Agent may use the relevant DC Resolutions of the Credit Derivatives Determinations Committees in order to determine Successor(s) to the Reference Entity(ies).

Additional Terms and Conditions for Credit Linked Notes

Other Questions

The Credit Derivatives Determinations Committees will be able to determine whether circumstances have occurred that require a Substitute Reference Obligation to be identified and, if so, the appropriate Substitute Reference Obligation. The Credit Derivatives Determinations Committees may also make determinations in relation to (i) Standard Reference Obligations and if applicable replacement Standard Reference Obligations in accordance with the Standard Reference Obligation Rules and (ii) whether or not Asset Package Delivery is applicable pursuant to the 2014 Definitions and if so, any Asset Package relating to a Prior Deliverable Obligation or Package Observable Bond, as applicable. In addition, the Credit Derivatives Determinations Committees will be able to determine whether an entity that acts as seller of protection under one or more transactions (such entity, the “**Relevant Seller**”) or a Reference Entity has consolidated or amalgamated with, or merged into, or transferred all or substantially all its assets to, the Reference Entity or the Relevant Seller, as applicable, or that the Relevant Seller and the Affected Reference Entity have become Affiliates. Each of these determinations requires the agreement of at least 80% of the voting members participating in a binding vote held in accordance with the DC Rules in order to avoid the referral of the question to the external review process, as described further below. The Calculation Agent may follow such DC Resolutions in making the equivalent determinations with respect to the Credit Linked Notes.

The Credit Derivatives Determinations Committees will be able to determine other referred questions that are relevant to the credit derivatives market as a whole and are not merely a matter of bilateral dispute. Such questions require the agreement of at least 80% of the voting members participating in a binding vote held in accordance with the DC Rules for each Credit Derivatives Determinations Committee implicated by the relevant question, as determined in accordance with the DC Rules, in order to avoid the possible referral of the question to the external review process, as described further below. Furthermore, the question relating to such DC Resolution may also be referred to the external review process if at least a majority of the voting members participating in a binding vote held in accordance with the DC Rules agree. Any guidance given by the Credit Derivatives Determinations Committees with respect to questions of interpretation of the 2014 Definitions are likely to influence the Calculation Agent in interpreting equivalent provisions under the Credit Linked Notes.

Any such question can be submitted to the Credit Derivatives Determinations Committees by an unidentified eligible market participant for deliberation. The relevant Credit Derivatives Determinations Committee(s) will deliberate such question upon the agreement of at least two of the voting members of the relevant Credit Derivatives Determinations Committee to deliberate the question. Once the deliberations on such question have commenced, the relevant Credit Derivatives Determinations Committee will proceed in accordance with the procedures described above with respect to the relevant question category, except that the identity of the eligible market participant who submitted the question will not be revealed to the members of the Credit Derivatives Determinations Committees or the general public.

External Review

As described immediately above, certain questions deliberated by the Credit Derivatives Determinations Committees are subject to an external review process if the required threshold is not met during the binding vote held with respect to such question. For such questions, if at least 80% of the voting members participating in a binding vote held in accordance with the DC Rules fail to agree, the question will be automatically referred to the external review process. Questions that are not eligible for external review often require only a simple majority of participating voting members to agree in order to reach a DC Resolution.

Questions referred to external review will be considered by a panel of three independent individuals who will be selected by either the relevant Credit Derivatives Determinations Committee or by the DC Secretary at random. The default duration of the external review process (which can be modified by the relevant Credit Derivatives Determinations Committee in accordance with the DC Rules) is twelve business days from the referral of the question and contemplates the receipt of both written submissions and oral argument. Any member of ISDA may provide written submissions to the external reviewers, which will be made available to the public on the ISDA website, and the conclusion reached in accordance with the external review process will be binding on the Noteholders. In instances where the vote of the relevant Credit Derivatives Determinations Committee was less than

Additional Terms and Conditions for Credit Linked Notes

or equal to 60%, the decision of a majority of the external reviewers will be determinative. However, in instances where the vote of the relevant Credit Derivatives Determinations Committee was between 60% and 80%, all three external reviewers must agree in order to overturn the vote of the Credit Derivatives Determinations Committee.

Noteholders should be aware that the external reviewers may not consider new information that was not available to the relevant Credit Derivatives Determinations Committee at or prior to the time of the binding vote and questions may be returned to the Credit Derivatives Determinations Committee for another vote if new information becomes available. In addition, if the external reviewers fail to arrive at a decision for any reason, the entire process will be repeated. As a result, the external review process may be elongated in certain situations, leaving questions that may materially affect the Noteholders unresolved for a period of time.

The Composition of the Credit Derivatives Determinations Committees

Each Credit Derivatives Determinations Committee is composed of fifteen voting members and three non-voting consultative members. Ten of the voting members are dealer institutions, with eight serving across all regions and two potentially varying by region. The other five voting members are non-dealer institutions that serve across all regions. The three non-voting consultative members consist of one dealer institution and one non-dealer institution that serve across all regions and one dealer institution that could potentially vary by region.

Noteholders will have no role in the composition of the Credit Derivatives Determinations Committees. Separate criteria apply with respect to the selection of dealer and non-dealer institutions to serve on the Credit Derivatives Determinations Committees and the Noteholders will have no role in establishing such criteria. In addition, the composition of the Credit Derivatives Determinations Committees will change from time to time in accordance with the DC Rules, as the term of an institution may expire or an institution may be required to be replaced. The Noteholders will have no control over the process for selecting institutions to participate on the Credit Derivatives Determinations Committees and, to the extent provided for in the Credit Linked Notes, will be subject to the determinations made by such selected institutions in accordance with the DC Rules.

No recourse against Credit Derivatives Determinations Committee

Noteholders will have no recourse against either the institutions serving on the Credit Derivatives Determinations Committees or the external reviewers. Institutions serving on the Credit Derivatives Determinations Committees and the external reviewers, among others, disclaim any duty of care or liability arising in connection with the performance of duties or the provision of advice under the DC Rules, except in the case of gross negligence, fraud or wilful misconduct. Furthermore, the institutions on the Credit Derivatives Determinations Committees do not owe any duty to the Noteholders and the Noteholders will be prevented from pursuing claims with respect to actions taken by such institutions under the DC Rules.

Noteholders should also be aware that institutions serving on the Credit Derivatives Determinations Committees have no duty to research or verify the veracity of information on which a specific determination is based. In addition, the Credit Derivatives Determinations Committees are not obligated to follow previous determinations and, therefore, could reach a conflicting determination for a similar set of facts.

Noteholders shall be responsible for obtaining information relating to deliberations of the Credit Derivatives Determinations Committees. Notices of questions referred to the Credit Derivatives Determinations Committees, meetings held to deliberate such questions and the results of binding votes will be published on the ISDA website and neither the Issuer, the Calculation Agent nor any of their respective Affiliates shall be obliged to inform the Noteholders of such information (other than as expressly provided in the Credit Linked Notes Conditions). Failure by the Noteholders to be aware of information relating to deliberations of a Credit Derivatives Determinations Committee will have no effect under the Notes and Noteholders are solely responsible for obtaining any such information.

Additional Terms and Conditions for Credit Linked Notes

Amendments to the DC Rules

The DC Rules may be amended from time to time without the consent or input of the Noteholders and the powers of the Credit Derivatives Determinations Committees may be expanded or modified as a result.

Additional Terms and Conditions for Credit Linked Notes

ANNEX C TO THE ADDITIONAL TERMS AND CONDITIONS FOR CREDIT LINKED NOTES AUCTION SETTLEMENT TERMS ANNEX

FORM OF ASSET TRANSFER NOTICE BANCO BRADESCO S.A.

U.S.\$ 10,000,000,000 GLOBAL MEDIUM-TERM NOTE PROGRAMME [title of relevant Series of Notes]

When completed, this Notice should be delivered (if the Note to which this Notice relates is represented by a Global Note) in such manner as is acceptable to Euroclear or Clearstream, Luxembourg, as the case may be, to Euroclear or Clearstream, Luxembourg (as applicable) with a copy to the Issuer and the Fiscal Agent or (if the Note to which this Notice relates is in definitive form) should be delivered in writing or by tested telex with the Note to any Paying Agent with a copy to the Issuer and the Fiscal Agent not later than the close of business in each place of reception on the Cut-Off Date.

[To: Euroclear Bank S.A./N.V. 1 Boulevard du Roi Albert II B-1210 Brussels Belgium Attention: Custody Processing Department Telex: 61025 MGTEC B]	or:	[Clearstream Banking, <i>société anonyme</i> 42 Avenue JF Kennedy L-2967 Luxembourg Attention: OCE Department Telex: 2791] ^{1**}

[To:]	[or:]

[Copy: <i>In the case of Bearer Notes</i> [Paying Agent]]	Copy: [Issuer] [Insert Issuer contact details]

* **The Paying Agent with whom any definitive Notes are deposited will not in any circumstances be liable to the depositing Noteholder or any other person for any loss or damage arising from any act, default or omission of such Paying Agent in relation to the said definitive Notes or any of them unless such loss or damage was caused by the fraud or negligence of such Paying Agent or its directors, officers or employees.**

** **Delete as applicable.**

¹Include if the Note to which this Notice relates is represented by a Global Note.

Additional Terms and Conditions for Credit Linked Notes

Failure properly to complete and deliver this Notice (in the determination of [[Euroclear/Clearstream, Luxembourg*]²/the Issuer¹]) may result in this Notice being treated as null and void.

Expressions defined in the terms and conditions of the Notes as amended and/or supplemented by the applicable Final Terms shall bear the same meanings herein.

I/We*, the [Accountholder²/Noteholder¹] specified in 1 below, being the holder of the Notes, request that the Issuer deliver the relevant Entitlement(s) to which I am/we are* entitled in relation to such Notes, all in accordance with the Conditions.

1.Name(s), Address(es) and Telephone number(s) of [Accountholder¹/Noteholder²]

2.Details required for delivery of the relevant Entitlement(s) as set out in applicable Final Terms

[Insert details for delivery which may include account details and/or the name and address of any person(s) into whose name evidence of the Entitlement is to be registered and/or any bank, broker or agent to whom documents evidencing the Entitlement are to be delivered.]

3.Name, address and telephone number of person from whom details may be obtained for the delivery of the relevant Entitlement if delivery is to be made otherwise than in the manner specified in the applicable Final Terms

[4.] **[Nominal amount of Notes subject of this Notice]²**

[5.] **[Instructions to Euroclear/Clearstream, Luxembourg]**

I/We* hereby irrevocably authorise and instruct Euroclear/Clearstream, Luxembourg* to debit the Note(s) referred to above from the Account referred to below on or before the Delivery Date.

Account No:

Name:]²

[6.] **[Delivery Expenses]**

I/We* hereby irrevocably undertake to pay all expenses in respect of the delivery of the relevant Entitlement(s) [and irrevocably authorise Euroclear/Clearstream, Luxembourg* to debit my/our* specified account at Euroclear/Clearstream, Luxembourg* in respect thereof] and to pay such Expenses. The account specified for such purpose is:

Account No:

Name:]²

[7.] **Noteholder's [Euroclear/Clearstream, Luxembourg*]² Account for payment of any cash amount specified in the applicable Final Terms as being payable**

I/We* hereby instruct that any [dividends/amounts payable or any other cash amount, specified in the applicable Final Terms payable to me/us]* shall be credited to the [Euroclear/Clearstream, Luxembourg*]² Account referred to below.

¹ Delete if the Note to which this Notice relates is in definitive form.

² Include if the Note to which this Notice is represented by a Global Note.

Additional Terms and Conditions for Credit Linked Notes

	Account No: Name: [Name and address of bank or institution at which such Account is held:] ²
[8.]	I/We* hereby certify that (a) the beneficial owner of each Note is not a 'US Person' as defined in Regulation S under the United States Securities Act of 1933, as amended (US Person), (b) the Note is not being redeemed within the United States or by or on behalf of a US Person and (c) no cash, securities or other property have been or will be delivered within the United States or to, or for the account or benefit of, a US Person in connection with any redemption thereof.
[9.]	Authorisation of production in proceedings I/We* hereby authorise the production of this Notice in any administrative or legal proceedings instituted in connection with the Note or Notes to which this Notice relates. DESPATCH BY POST OR COURIER WILL BE MADE AT THE RISK AND EXPENSE OF THE NOTEHOLDER. Signed Date

Acknowledgement and acceptance from the Issuer to the [Paying Agent] to arrange the mark-down and cancellation of the [Notes] for a nominal amount of that specified in item [4] of this Asset Transfer Notice as of the effective date of []

BANCO BRADESCO S.A.

.....

² Include if the Note to which this Notice relates is represented by a Global Note.

BOOK-ENTRY; DELIVERY AND FORM

General

Unless otherwise specified in the applicable Final Terms, the Notes shall be represented initially by one or more global Notes (collectively, the “**Global Notes**”). Registered Notes shall be represented initially by one or more Global Notes in registered form, without Coupons (each, a “**Global Note Certificate**”), which shall be registered in the name of DTC, as depositary, or a successor or nominee thereof, and which shall be deposited on behalf of the purchasers thereof with a custodian for DTC. Beneficial interests in the Restricted Global Note Certificates and Unrestricted Global Note Certificates shall be represented through book-entry accounts of financial institutions acting on behalf of beneficial owners as direct and indirect participants in DTC. Purchasers of Notes may elect to hold interests in Restricted Global Note Certificates and Unrestricted Global Note Certificates through any of DTC (in the United States), Clearstream, Luxembourg or Euroclear if they are participants in such systems or indirectly through organizations which are participants in such systems. If specified in the applicable Final Terms, Registered Notes of the same Series sold outside the United States pursuant to Regulation S may be represented, in whole or in part, by a Registered Global Note Certificate that is deposited with or on behalf of a Common Depositary for Euroclear and Clearstream, Luxembourg or a nominee thereof for credit to the respective accounts of beneficial owners of the Notes represented thereby (an “**International Global Note Certificate**”). International Global Note Certificates will be subject to special restrictions and procedures referred to under “— International Global Note Certificates” below. Bearer Notes shall be represented initially by a temporary Global Note in bearer form, without Coupons (a “**Temporary Global Note**”), which shall be deposited with a Common Depositary for Clearstream, Luxembourg and Euroclear, unless otherwise specified in the applicable Final Terms. Beneficial interests in such Temporary Global Note shall be exchangeable for beneficial interests in a Permanent Global Note, in an equal aggregate principal amount, not earlier than the earlier of the 40th day after the applicable closing date (or “restricted period” as such term is defined in United States Treasury Regulations Section 1.163-5(c)(2)(D)(7)) or the date the first interest payment is made upon certification of non-U.S. ownership, as set forth in the Paying Agency Agreement. Such exchange will be made upon certification to the effect that the holder is (i) a person that is not a United States person, (ii) a United States person that is (A) a foreign branch of a United States financial institution (as defined in United States Treasury Regulations Section 1.165-12(c)(1)(v)) purchasing for its own account or for resale or (B) a United States person who acquired Notes through a foreign branch of a United States financial institution and who holds the Notes through such financial institution on the date of such certification (and in each case (A) or (B), that the financial institution agrees to comply with the requirements of section 163(j)(3)(A), (B) or (C) of the United States Internal Revenue Code and the United States Treasury Regulations thereunder or (iii) a financial institution that acquired Notes for purposes of resale during the restricted period (as defined in United States Treasury Regulations Section 1.163-5(c)(2)(i)(D)(7)), and such financial institution certifies that it has not acquired the Notes for purposes of resale directly or indirectly within the United States or its possessions or to a United States person. A financial institution, whether or not described in (i) or (ii) above, that purchases Notes for purposes of resale during the restricted period, may only give the certification described in (iii) above. Except in the limited circumstances described below or as otherwise set forth in the applicable Final Terms, owners of beneficial interests in the Global Notes shall not be entitled to receive Notes in definitive form. See “—Registered Global Note Certificates.”

Registered Notes may be issued in the form of one or more Global Note Certificates in an aggregate principal amount equal to the principal amount of the Notes of such Series, which shall be exchangeable in the limited circumstances described below for Notes in the form of individual note certificates (“**Individual Note Certificates**”).

Bearer Notes will initially be issued in the form of a Temporary Global Note, without Coupons, in an initial aggregate principal amount equal to the principal amount of the Notes of such Series not initially sold to U.S. persons, which shall be exchangeable as described below.

Book-Entry; Delivery and Form

Registered Global Note Certificates

General

Unless otherwise specified in the applicable Final Terms, Registered Notes of the same Series will be represented, in whole or in part, by (i) Global Note Certificate that is deposited with or on behalf of DTC and registered in the name of its nominee and deposited with the custodian for DTC, for credit to the respective accounts of beneficial owners of the Notes represented thereby (a “**U.S. Global Note**”) or (ii) an International Global Note Certificate. Restricted Global Note Certificates and Unrestricted Global Note Certificates are U.S. Global Notes sold in reliance on specific registration exemptions of the Securities Act. U.S. Global Notes will be subject to special restrictions and procedures referred to under “—U.S. Global Notes” below.

U.S. Global Notes

Notes that are sold in reliance on Rule 144A will be represented by a restricted Global Note Certificate (a “**Restricted Global Note Certificate**”), unless otherwise specified in the applicable Final Terms. A Restricted Global Note Certificate (and any Notes issued in exchange therefor) will be subject to certain restrictions on transfer set forth therein and in the Paying Agency Agreement and will bear the legend regarding such restrictions described under “Transfer Restrictions.”

Registered Notes that are sold outside the United States in reliance on Regulation S will be represented by an unrestricted Global Note Certificate (an “**Unrestricted Global Note Certificate**”), unless otherwise specified in the applicable Final Terms. On or prior to the 40th day after the later of the commencement of the offering and the date of delivery of the Notes represented by an Unrestricted Global Note Certificate, a beneficial interest therein may be transferred to a person who takes delivery in the form of an interest in a Restricted Global Note Certificate of the same Series, but only upon receipt by the Registrar of a written certification from the transferor (in the form provided in the Paying Agency Agreement) to the effect that such transfer is being made to a person who the transferor reasonably believes is purchasing for its own account or accounts as to which it exercises sole investment discretion and that such person and each such account is a QIB within the meaning of Rule 144A, in each case in a transaction meeting the requirements of Rule 144A and in accordance with any applicable securities laws of any State of the United States or any other jurisdiction. After such 40th day, such certification requirement will no longer apply to such transfers. Beneficial interests in a Restricted Global Note Certificate may be transferred to a person who takes delivery in the form(s) of an interest in an Unrestricted Global Note Certificate of the same Series, whether before, on or after such 40th day, but only upon receipt by the Registrar of a written certification from the transferor (in the form provided in the Paying Agency Agreement) to the effect that such transfer is being made in accordance with Rule 903 or Rule 904 of Regulation S or Rule 144 and that, if such transfer occurs on or prior to such 40th day, the interest transferred will be held immediately thereafter through Euroclear or Clearstream, Luxembourg. Any beneficial interest in a U.S. Global Note that is transferred to a person who takes delivery in the form of an interest in another U.S. Global Note of the same Series will, upon transfer, cease to be an interest in the former U.S. Global Note, will become an interest in the latter U.S. Global Note and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to beneficial interests in the latter U.S. Global Note for as long as it remains such an interest.

Book-Entry System

Upon the issuance of a U.S. Global Note, DTC or its custodian will credit, on its internal system, the respective principal amount of the individual beneficial interests represented by such U.S. Global Note to the accounts of persons who have accounts with DTC. Ownership of beneficial interests in a U.S. Global Note will be limited to persons who have accounts with DTC (including Euroclear and Clearstream, Luxembourg), or persons who hold interests through participants. Ownership of beneficial interests in the U.S. Global Notes will be shown on, and the transfer of that ownership will be effected only through, records maintained by DTC or its nominee (with respect to interests of participants) and the records of participants (with respect to interests of persons other than participants), which may include Euroclear and Clearstream, Luxembourg, as described below.

Book-Entry; Delivery and Form

So long as DTC, or its nominee, is the registered holder of a U.S. Global Note, DTC or such nominee, as the case may be, will be considered the sole owner and holder of the Notes represented by such U.S. Global Note for all purposes under the Trust Deed, the Paying Agency Agreement and the Notes. Unless DTC notifies the Issuer that it is unwilling or unable to continue as depository for such Note, or ceases to be a "Clearing Agency" registered under the Exchange Act, or an Event of Default has occurred and is continuing with respect to such Note, owners of beneficial interests in such U.S. Global Note will not be entitled to have any portions of such U.S. Global Note registered in their names, will not receive or be entitled to receive physical delivery of Notes in definitive form and will not be considered the owners or holders of such U.S. Global Note (or any Notes represented thereby) under the Trust Deed, the Paying Agency Agreement or the Notes. If DTC is at any time unwilling or unable to continue as a depository and a successor depository is not appointed by the Issuer within 90 days, the Issuer will (i) issue Restricted Individual Note Certificates in exchange for the relevant Restricted Global Note Certificate and/or (ii) issue an International Global Note Certificate in exchange for the relevant Unrestricted Global Note Certificates. In the case of Restricted Individual Note Certificates issued in exchange for Restricted Global Note Certificates, such Restricted Individual Note Certificates will bear, and be subject to, the legend described under "Transfer Restrictions." Except in the limited circumstances described in this paragraph, owners of beneficial interests in a U.S. Global Note will not be entitled to receive physical delivery of Individual Note Certificates. In addition, no beneficial owner of an interest in a U.S. Global Note will be able to transfer that interest except in accordance with DTC's applicable procedures (in addition to those under the Paying Agency Agreement and, if applicable, those of Euroclear and Clearstream, Luxembourg).

Investors may hold their interests in an Unrestricted Global Note Certificate directly through DTC if they are participants in such system and indirectly through organizations which are participants in DTC including Euroclear or Clearstream, Luxembourg. Euroclear and Clearstream, Luxembourg will hold interests in an Unrestricted Global Note Certificate on behalf of their participants through customers' securities accounts in their respective names on the books of their respective depositories, which in turn will hold such interests in customers' securities accounts in the depositories' names on the books of DTC.

Investors may hold their interests in a Restricted Global Note Certificate directly through DTC, if they are participants in such system, or indirectly through organizations which are participants in such system.

Payments of the principal of and any premium, interest, and other amounts on any U.S. Global Note will be made to DTC or its nominee as the registered owner thereof. Neither the Issuer, the Trustee, the Registrar, the Transfer Agent nor any Paying Agent will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in a U.S. Global Note or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

The Issuer expects that DTC or its nominee, upon receipt of any payment in respect of a U.S. Global Note held by it or its nominee, will immediately credit participants' accounts with payments in amounts proportionate to their respective beneficial interests in the principal amount of such U.S. Global Note as shown on the records of DTC or its nominee. The Issuer also expects that payments by participants to owners of beneficial interests in a U.S. Global Note held through such participants will be governed by standing instructions and customary practices, as is now the case with securities held for the accounts of customers registered in the names of nominees for such customers. Such payments will be the responsibility of such participants.

Transfers between participants in DTC will be effected in accordance with DTC's procedures and will be settled in same-day funds. The laws of some States of the United States require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer beneficial interests in a U.S. Global Note to such persons may be limited. Because DTC can only act on behalf of participants, who in turn act on behalf of indirect participants and certain banks, the ability of a person having a beneficial interest in a U.S. Global Note to pledge such interest to persons or entities that do not participate in the DTC system, or otherwise take actions in respect of such interest, may be affected by the lack of a physical certificate of such interest. Transfers between participants in Euroclear and Clearstream, Luxembourg will be effected in the ordinary way in accordance with their respective rules and operating procedures.

Book-Entry; Delivery and Form

Subject to compliance with the transfer restrictions applicable to the Notes described above, cross-market transfers between DTC, on the one hand, and directly or indirectly through Euroclear or Clearstream, Luxembourg participants, on the other hand, will be effected in DTC in accordance with DTC rules on behalf of Euroclear or Clearstream, Luxembourg, as the case may be, by its respective depositary; however, such cross-market transactions will require delivery of instructions to Euroclear or Clearstream, Luxembourg, as the case may be, by the counterparty in such system in accordance with its rules and procedures and within its established deadlines. Euroclear or Clearstream, Luxembourg, as the case may be, will, if the transaction meets its settlement requirements, deliver instructions to its respective depositary to take action to effect final settlement on its behalf by delivering or receiving interests in any U.S. Global Note in DTC, and making or receiving payment in accordance with normal procedures for same-day funds settlement applicable to DTC. Euroclear participants and Clearstream, Luxembourg participants may not deliver instructions directly to the depositaries for Euroclear or Clearstream, Luxembourg.

Because of time zone differences, the securities account of a Euroclear or Clearstream, Luxembourg participant purchasing an interest in a U.S. Global Note from a DTC participant will be credited during the securities settlement processing day (which must be a business day for Euroclear or Clearstream, Luxembourg, as the case may be) immediately following the DTC settlement date and such credit of any transactions in interests in a U.S. Global Note settled during such processing day will be reported to the relevant Euroclear or Clearstream, Luxembourg participant on such day. Cash received in Euroclear or Clearstream, Luxembourg as a result of sales of interests in a U.S. Global Note by or through a Euroclear or Clearstream, Luxembourg participant will be received for value on the DTC settlement date but will be available in the relevant Euroclear or Clearstream, Luxembourg cash account only as of the business day following settlement in DTC.

DTC has advised the Issuer that it will take any action permitted to be taken by a holder of a U.S. Global Note (including the presentation of Notes for exchange as described below) only at the direction of one or more participants to whose account with DTC interests in such U.S. Global Note are credited and only in respect of such portion of the aggregate principal amount of such U.S. Global Note as to which such participant or participants has or have given such direction. However, if there is an Event of Default under a U.S. Global Note, DTC will exchange such U.S. Global Note for legended Notes in definitive form, which it will distribute to its participants.

DTC has advised the Issuer as follows: DTC is a limited purpose trust company organized under the laws of the State of New York, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the Uniform Commercial Code and a “Clearing Agency” registered pursuant to the provisions of Section 17A of the Exchange Act. DTC was created to hold securities for its participants and facilitate the clearance and settlement of securities transactions between participants through electronic book-entry changes in accounts of its participants, thereby eliminating the need for physical movement of certificates. Participants include securities brokers and dealers, banks, trust companies and clearing corporations and may include certain other organizations. Indirect access to the DTC system is available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a participant, either directly or indirectly.

Although DTC, Clearstream, Luxembourg and Euroclear have agreed to the foregoing procedures in order to facilitate transfers of interests in the U.S. Global Notes among participants of DTC, Clearstream, Luxembourg and Euroclear, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. Neither the Issuer nor the Trustee will have any responsibility for the performance by DTC, Clearstream, Luxembourg or Euroclear or their respective participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

International Global Note Certificates

Registered Notes sold outside the United States in reliance on Regulation S, which are not part of a Series which is also offered in the United States, may be represented, in whole or in part, by an international global note certificate (an “**International Global Note Certificate**”) that is deposited with or on behalf of the Common Depositary for Euroclear and Clearstream, Luxembourg, or a nominee thereof, outside the United States for credit to the respective accounts of beneficial owners of the Notes represented thereby.

Book-Entry; Delivery and Form

Investors may hold their interests in an International Global Note Certificate through Euroclear or Clearstream, Luxembourg, if they are participants in such systems, or indirectly through organizations that are participants in such systems. Euroclear and Clearstream, Luxembourg will hold interests in an International Global Note Certificate on behalf of their participants through customers' securities accounts in their respective names on the books of their respective depositaries.

So long as the Common Depositary, or its nominee, is the registered holder of an International Global Note Certificate, the Common Depositary or such nominee, as the case may be, will be considered the sole owner and holder of the Notes represented by such International Global Note Certificate for all purposes under the Trust Deed, the Paying Agency Agreement and such Notes. Owners of beneficial interests in an International Global Note Certificate will not be entitled to have any portion of such International Global Note Certificate registered in their names, will not receive or be entitled to receive delivery of Individual Note Certificates in exchange for their interests in an International Global Note Certificate and will not be considered the owners or holders of such International Global Note Certificate (or any Notes represented thereby) under the Trust Deed, the Paying Agency Agreement or the Notes. In addition, no beneficial owner of an interest in an International Global Note Certificate will be able to transfer that interest except in accordance with applicable procedures of Euroclear and Clearstream, Luxembourg (in addition to those under the Paying Agency Agreement referred to herein).

Payments of the principal of and any premium, interest and other amounts on any International Global Note Certificate will be made to the Common Depositary or its nominee as the registered owner thereof. Neither the Issuer, the Trustee, the Registrar, the Transfer Agent nor any Paying Agent will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in an International Global Note Certificate or for maintaining, supervising, or reviewing any records relating to such beneficial ownership interests.

The Issuer expects that each of Euroclear and Clearstream, Luxembourg, upon receipt of any such payment in respect of an International Global Note Certificate held by a Common Depositary or its nominee, will immediately credit participants' accounts with payments in amounts proportionate to their respective beneficial interests in the principal amount of such International Global Note Certificate as shown on the records of Euroclear or Clearstream, Luxembourg, as the case may be. The Issuer also expects that payments by participants to owners of beneficial interests in an International Global Note Certificate held through such participants will be governed by standing instructions and customary practices, as is now the case with securities held for the accounts of customers registered in the names of nominees for such customers. Such payments will be the responsibility of such participants.

All Notes represented by an International Global Note Certificate will be offered and sold pursuant to Regulation S, and the restrictions on and procedures for transfer of beneficial interests in such International Global Note Certificate and any Restricted Global Note Certificate of the same Series will be the procedures applicable to Unrestricted Global Note Certificates and Restricted Global Note Certificates described above under "— U.S. Global Notes," with such modifications as may be specified in such Notes and the applicable Final Terms.

Bearer Notes

Bearer Notes shall initially be issued in the form of a Temporary Global Note, without Coupons, in an initial aggregate principal amount equal to the principal amount of the Notes of such Series not initially sold to U.S. persons, which shall be exchangeable, unless otherwise specified in the Final Terms, (i) for a Permanent Global Note, without Coupons attached (together with Temporary Global Notes, "**Global Bearer Notes**"), which shall in turn be exchangeable (in whole, but not in part) in limited circumstances in the form of Definitive Bearer Notes, with or without Coupons attached, or for interests in a Global Note Certificate of such Series, (ii) in whole but not in part, directly for Definitive Bearer Notes, with or without Coupons attached, which shall in turn be exchangeable at the option of the Noteholder for interests in a Global Note Certificate of such Series or (iii) directly for interests in a Global Note Certificate. Purchasers in the United States (including its territories, its possessions and other areas subject to its jurisdiction) will not be able to receive Bearer Notes.

Book-Entry; Delivery and Form

The Issue Agent shall deliver each Temporary Global Note executed and authenticated as provided in the Trust Deed to the Common Depositary for the benefit of Euroclear and Clearstream, Luxembourg for credit against payment in immediately available funds on the date of settlement to the respective accounts of the holders of the Notes of the Series represented by such Temporary Global Note.

So long as the Common Depositary, or its nominee, is the bearer of a Global Bearer Note, the Common Depositary or such nominee, as the case may be, will be considered the sole owner and holder of the Notes represented by such Global Bearer Note for all purposes under the Trust Deed, the Paying Agency Agreement and such Notes. Owners of beneficial interests in a Global Bearer Note will not be considered the owners or holders of such Global Bearer Note (or any Notes represented thereby) under the Trust Deed, the Paying Agency Agreement or the Notes. In addition, no beneficial owner of an interest in a Global Bearer Note will be able to transfer that interest except in accordance with applicable procedures of Euroclear and Clearstream, Luxembourg (in addition to those under the Paying Agency Agreement referred to herein).

Payments of the principal of and any premium, interest and other amounts on any Global Bearer Note will be made to the Common Depositary for Euroclear and Clearstream, Luxembourg or its nominees as the bearer thereof. Neither the Issuer, the Trustee nor any Paying Agent will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in a Global Bearer Note or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

The Issuer expects that each of Euroclear and Clearstream, Luxembourg, upon receipt of any such payment in respect of a Global Bearer Note held by a Common Depositary or its nominee, will immediately credit participants' accounts with payments in amounts proportionate to their respective beneficial interests in the principal amount of such Global Bearer Note as shown on the records of Euroclear or Clearstream, Luxembourg, as the case may be. The Issuer also expects that payments by participants to owners of beneficial interests in a Global Bearer Note held through such participants will be governed by standing instructions and customary practices, as is now the case with securities held for the accounts of customers registered in the names of nominees for such customers. Such payments will be the responsibility of such participants.

On or after the date (the “**Exchange Date**”) which is the earlier of (i) the first Business Day following the expiration of a period of 40 days after the date on which the Notes of such Series were issued and (ii) the first day on which interest, if any, is paid on the Notes of such Series, beneficial interests in the Temporary Global Note of a Series as to which the Issue Agent has received certification as to the non-U.S. beneficial ownership thereof as required by U.S. Treasury regulations and as set forth in the Paying Agency Agreement will, upon presentation thereof by the Common Depositary to the Issue Agent, be exchanged (i) for interests in a Permanent Global Note of such Series, (ii) directly for interests in a Global Note Certificate of such Series or (iii) in whole but not in part, directly for one or more Definitive Bearer Notes of the same Series, in each case pursuant to the procedures set forth in the next sentence, with respect to that portion of such Temporary Global Note; *provided, however*, that, if Definitive Bearer Notes and (if applicable) Coupons have already been issued in exchange for a portion of such Temporary Global Note or for all of the Notes represented for the time being by such Permanent Global Note because Euroclear and/or Clearstream, Luxembourg do not regard the Permanent Global Note to be fungible with such Definitive Bearer Notes, then such Temporary Global Note may only thereafter be exchanged for Definitive Bearer Notes and (if applicable) Coupons pursuant to the terms of the Trust Deed, the Paying Agency Agreement and of such Notes. At any time after the Exchange Date, upon 40 days' notice (which may be given at any time prior to, on or after the Exchange Date) to the Issue Agent by Euroclear or Clearstream, Luxembourg, as the case may be, acting at the request of or on behalf of the beneficial owner or owners of a Global Bearer Note, and, in the case of a Temporary Global Note, upon receipt of the certifications required by U.S. Treasury regulations referred to above, and, unless otherwise agreed, upon payment by the Holder of reasonable costs, interests in the Temporary Global Note or Permanent Global Note of a Series may be exchanged, in whole but not in part, for Definitive Bearer Notes of such Series with Coupons, if applicable, attached; *provided, however*, that, if Definitive Bearer Notes and (if applicable) Coupons have already been issued in exchange for a portion of such Temporary Global Note or for all of the Notes represented for the time being by such Permanent Global Note because Euroclear and/or Clearstream, Luxembourg do not regard the Permanent Global Note to be fungible with such Definitive Bearer Notes, then such Temporary Global Note may only thereafter be exchanged for Definitive Bearer Notes and (if applicable) Coupons pursuant to

Book-Entry; Delivery and Form

the terms of the Trust Deed, the Paying Agency Agreement and of such Notes. Any Definitive Bearer Note delivered in exchange for a beneficial interest in a Temporary Global Note or Permanent Global Note shall bear substantially the same legends as are set forth on the face of the Temporary or Permanent Global Bearer Note for which it was exchanged. No Bearer Note may be delivered nor may any interest be paid on any Bearer Note until the person entitled to receive such Bearer Note or such interest furnishes the certifications required by U.S. Treasury Regulations referred to above.

Upon the terms and conditions set out in the Paying Agency Agreement, Permanent Global Bearer Notes and Definitive Bearer Notes may be exchanged for the same aggregate principal amount of Individual Note Certificates of the same Series in authorized denominations, or, if so indicated in the applicable Final Terms, for beneficial interests in a Global Note Certificate, at the request in writing of the Holder and, in the case of an exchange of Definitive Bearer Notes, upon surrender of such Definitive Bearer Notes to be exchanged (together with all unmatured Coupons, if any, relating to it) to the specified office of the Registrar, its duly authorized agent or any other Transfer Agent. Where, however, a Definitive Bearer Note is surrendered for exchange after the fifteenth Business Day before the due date for any payment of interest, or such other record Date as may be applicable, the Coupon in respect of that payment of interest need not be surrendered with it. No holder of any Note may require a Permanent Global Note or Definitive Bearer Note to be exchanged for a Registered Note during the period of 30 days ending on the due date for any payment of principal on that Note.

Until exchanged in full, Global Bearer Notes of a Series shall in all respects be entitled to the same benefits under the Trust Deed and the Paying Agency Agreement as Definitive Bearer Notes of such Series authenticated and delivered thereunder, except that principal of and any premium, interest, additional amounts and other amounts on a Temporary Global Note will not be payable unless a certification, as described herein, is given by the persons appearing in the records of Euroclear or Clearstream, Luxembourg as the owner of the Temporary Global Note or portions thereof being presented for payment, and unless a corresponding certification by Euroclear or Clearstream, Luxembourg shall have been delivered prior to each such date on which such amounts are to be paid.

The following legend will appear on all Global Bearer Notes and Definitive Bearer Notes and any related Coupons:

“Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in sections 165(j) and 1287(a) of the Internal Revenue Code.”

The sections referred to in the above legend provide that a United States taxpayer, with certain exceptions, will not be permitted to deduct any loss, and will not be eligible for capital gains treatment with respect to any gain realized on any sale, exchange or redemption of Bearer Notes or any related Coupons.

Notwithstanding any other provision herein, Bearer Notes with maturities of one year or less may be issued as specified in the applicable Final Terms.

TAXATION

PROSPECTIVE PURCHASERS OF THE NOTES ARE ADVISED TO CONSULT THEIR OWN TAX ADVISERS AS TO THE TAX CONSEQUENCES OF PURCHASING THE NOTES, INCLUDING, WITHOUT LIMITATION, THE TAX CONSEQUENCES OF THE RECEIPT OF INTEREST AND THE SALE, REDEMPTION OR REPAYMENT OF THE NOTES.

Brazilian Tax Considerations²

The following discussion is a summary of the Brazilian tax considerations relating to an investment in the Notes by an individual, entity, trust or organization considered to be a resident or a person domiciled outside Brazil for tax purposes (a Non-Resident Holder). The discussion is based on the tax laws of Brazil as in effect on the date hereof and is subject to any change in Brazilian law that may come into effect after such date. The information set forth below is intended to be a general discussion only and does not address all possible tax consequences relating to an investment in the Notes. Prospective purchasers should consult their tax advisers as to the specific tax consequences of acquiring, holding and disposing of the Notes, in particular with regard to Notes having special features such as Notes denominated in a foreign currency as to the holder and Notes subject to currency constraint, sovereign event or credit event provisions.

Tax consequences in Brazil are different if the Notes are issued by us acting through our principal office in Brazil or issued through our Grand Cayman branch.

If payment of income is made to a Non-Resident Holder by the Issuer with respect to Notes issued through our Grand Cayman branch, based on the fact that they are considered to be domiciled outside Brazil for tax purposes, such payment will not generally be subject to withholding or deduction with respect to Brazilian income tax or any other taxes, duties, assessments or governmental charges in Brazil, *provided* that such payments are made with resources held by such entities outside Brazil.

Interest, fees, commissions (including any original issue discount and any redemption premium) and any other income (debt obligations) payable by a Brazilian obligor to an individual, entity, trust or organization domiciled outside Brazil in respect of debt obligations derived from the issuance by a Brazilian issuer of international debt securities previously registered with the Central Bank, such as the Notes, is subject to income tax withheld at source. The rate of withholding tax is generally 15% (including for tax haven jurisdictions), unless a lower rate is provided for in an applicable tax treaty between Brazil and the other country where the beneficiary is domiciled.

Notwithstanding the above, it is possible that income tax withheld at source may be tax creditable in the country where the recipient is domiciled, in accordance with the applicable tax regulations of such country.

According to Normative Ruling No. 1,455 of March 6, 2014 (“**Normative Ruling No. 1,455/2014**”), in the event that the beneficiary of such payments is domiciled in a tax haven jurisdiction, such payments of interest, fees, commissions (including any original issue discounts and any redemption premiums) in respect of debt obligations resulting from the issue of international debt securities by a Brazilian issuer previously registered with the Central Bank, including commercial paper and any other income are also subject to withholding with respect to Brazilian income tax at the general rate of 15%. There is a risk, however, that the tax authorities may modify current laws or apply the rate of 25% to beneficiaries domiciled in tax haven jurisdictions.

For Brazilian tax purposes, “tax haven jurisdictions” is a country or location that (i) does not impose taxation on income, (ii) imposes income tax at a maximum rate lower than 20% or (iii) imposes restrictions on the disclosure of shareholding composition or the ownership of the investment, as per Law No. 9,430, dated December 27, 1996, as amended. Additionally, on June 24, 2008, Law No. 11,727/08 (“**Law 11,727/08**”) created the concept of Privileged Tax Regimes, which encompasses the countries and jurisdictions that (i) do not tax income or tax it at a maximum rate lower than 20%; (ii) grant tax advantages to a Non-Resident entity or individual (a) without the need to carry out a substantial economic activity in the country or a said territory or (b) conditioned to the non-exercise of a substantial economic activity in the country or a said territory; (iii) do not tax proceeds generated abroad or tax them

²NTD: Local counsel to review and update.

Taxation

at a maximum rate lower than 20% or (iv) restrict disclosure about the ownership of assets and ownership rights or restrict disclosure about economic transactions carried out.

On November 28, 2014, the Brazilian tax authorities issued Ordinance 488, which decreased, from 20% to 17%, the minimum threshold for certain specific cases. The reduced 17% threshold applies only to countries and regimes aligned with international standards of fiscal transparency in accordance with rules to be established by the Brazilian tax authorities (Normative Ruling No. 1,530 dated December 19, 2014).

We consider that the best interpretation of the current Brazilian tax legislation, especially in regard to the abovementioned Law 11,727/08, should lead to the conclusion that the concept of Privileged Tax Regimes should only apply for certain Brazilian tax purposes, such as transfer pricing and thin capitalization rules. According to this interpretation, the concept of Privileged Tax Regimes should not be applied in connection with the taxation of payments related to the notes to Non-Residents Holders. Regulations and non-binding tax rulings issued by Brazilian federal tax authorities seem to confirm this interpretation.

Notwithstanding the fact that such “privileged tax regime” concept was enacted in connection with transfer pricing rules and is also applicable to thin capitalization and cross-border interest deductibility rules, Brazilian tax authorities may take the position that such Privileged Tax Regime definition also applies to other types of transactions. In the event that the privileged tax regime concept is interpreted to be applicable to transactions such as payments related to the notes to Non-Residents Holders, this tax law would accordingly result in the imposition of taxation to a Non-Resident that meets the privileged tax regime requirements in the same way applicable to a resident located in tax haven jurisdiction (WHT at a rate of 25%). Prospective investors should therefore consult with their own tax advisors regarding the consequences of the implementation of Law No. 11,727, Normative Instruction No. 1,037/2010, as amended, and of any related Brazilian tax laws or regulations concerning “tax haven jurisdictions” and “privileged tax regimes.”

A lower withholding rate may be applicable in the event that a tax treaty exists between Brazil and the country where the effective beneficiary of the payment is domiciled. Brazil and Japan are signatories to a treaty (the “**Japan Treaty**”) for the avoidance of double taxation. Under the Japan Treaty, payments of interest to entities incorporated in Japan (or a branch thereof) or other types of income deemed similar to income from borrowed funds under Brazilian tax law will be subject to a Brazilian withholding tax rate of 12.5%. We believe and intend to take the position for tax purposes that, as long as such payments are made by the Issuer to a Japanese paying agent pursuant to the terms and conditions of the Notes of each Series and provided further that such Japanese paying agent is a tax resident of Japan and is qualified for the treaty benefits under the Notes, interest (including any original issue discount) will likely be subject to Brazilian tax at a rate of 12.5% pursuant to the Japan Treaty. For this purpose, the Principal Paying Agent must be granted discharge powers and be authorized to receive payments on behalf of the holders of the Notes, which would release the Brazilian debtor from the payment obligations. If the Issuer is not able to rely on the treaty to make the payments, or the payments are not made by us to the Principal Paying Agent any such payments will be subject to the Brazilian withholding tax at the rates referred to above.

In addition, if specified in the applicable Final Terms, the relevant Issuer will make payments with respect to the Notes and will indemnify the Noteholders so that, after payment of all applicable Brazilian taxes collectable by withholding, deduction or otherwise, with respect to principal, interest (including the original issue discount) and additional amounts payable with respect to the Notes (plus any interest and penalties thereon), a Noteholder will retain an amount equal to the amounts that such Noteholder would have retained had no such Brazilian taxes (plus interest and penalties thereon) been payable. If specified in the applicable Final Terms, the relevant Issuer will, subject to certain exceptions, pay Additional Amounts in respect of such withholding or deduction so that the holder receives the net amount due.

According to Law No. 10,833/03, of December 30, 2003, gains assessed on the sale or other disposal of assets located in Brazil may be subject to tax in Brazil, regardless of whether the sale or disposal is made by a non-resident holder to a resident or person domiciled in Brazil or to a non-resident. If the Notes are issued abroad, by our Grand Cayman branch, we believe that gains on the sale or other disposal of the Notes made outside Brazil by a non-resident holder, other than a branch or a subsidiary of a Brazilian resident, would not fall within the definition of

Taxation

assets located in Brazil for the purpose of Law No. 10,833/03 and consequently would not be subject to Brazilian taxes. However, considering the general and unclear scope of Law No. 10,833/03 and the absence of judicial court rulings in respect thereto, it is unpredictable whether such interpretation would ultimately prevail in the courts of Brazil. If this interpretation does not prevail, gains realized by a non-resident holder from the sale or disposition of the Notes may be subject to income tax in Brazil at rates that may vary between 15% to 22.5%, as it will be further detailed below, or 25% if the non-resident is located in a tax haven jurisdiction.

On September 22, 2015, the Brazilian Federal Government enacted the Provisional Measure 692 (“**MP 692**”), converted into Law No. 13,259/16, which introduced a regime based on the application of progressive tax rates for income taxation over capital gains recognized by Brazilian individuals on the disposition of assets in general applicable as from January 1, 2017. Under Law 13,259/16, the Income Tax rates applicable to Brazilian individuals’ capital gains would be: (i) 15.0% for the part of the gain that does not exceed R\$5 million, (ii) 17.5% for the part of the gain that exceeds R\$5 million but does not exceed R\$10 million, (iii) 20% for the part of the gain that exceeds R\$10 million but does not exceed R\$30 million and (iv) 22.5% for the part of the gain that exceeds R\$30 million.

In the event of foreign investors recognizing capital gains with respect to the Notes, and provided that such gains are subject to taxation in Brazil, the withholding income tax would generally apply at progressive rates from 15% up to 22.5%, or 25% if the Holder is resident or domiciled in a tax-haven jurisdiction.

Considering that capital gains arising from transactions held on stock exchange are subject to specific tax rules, which are not included under the scope of Law No. 13,259/16, the provisions of this rule should not apply to such transactions.

Pursuant to Decree No. 6,306, of December 14, 2007, the conversion of foreign currency into Brazilian *reais* and the conversion of Brazilian *reais* into foreign currency are subject to the IOF/Exchange. Currently, the IOF/Exchange rate is 0.38% for most transfers of foreign currency into *reais*. According to Section 15-B of the Decree No. 6,306/07, the liquidation of exchange transactions in connection with foreign financing or loans, for both inflow and outflow of proceeds into and from Brazil, are subject to IOF/Exchange at a zero percent rate. Currently, in the case of the liquidation of foreign exchange transactions (including simultaneous foreign exchange transactions), in connection with the inflow of proceeds to Brazil deriving from foreign loans, including those obtained through the issuance of notes in the international market, with the minimum average term not exceeding 180 days, the IOF/Exchange tax rate is 6% (this rate of 6% will be levied with penalties and interest in the case of financings or international bonds with a minimum average term longer than 180 days in which an early redemption occurs in the first 180 days). In case the minimum average term set forth in law is reduced between the agreement and the liquidation of the foreign financing or loan, the new minimum average term in the liquidation becomes to be applicable.

The Brazilian government may increase the current IOF/Exchange rate at any time, up to a maximum rate of 25%. Any such new rate would only apply to future foreign exchange transactions.

Generally, there are no stamp, transfer or other similar taxes in Brazil with respect to the transfer, assignment or sale of the Notes outside Brazil. Under Brazilian law, the transfer of a Note by gift made by a Noteholder (whether or not a Non-Resident Holder) and involving a resident of Brazil may be subject to Gift Tax (*Imposto Sobre Transmissão Causa Mortis e Doação de Quaisquer Bens ou Direitos*) imposed by some Brazilian states on gifts or bequests by individuals or entities not domiciled or residing in Brazil to individuals or entities domiciled or residing within such states.

Foreign Currency Constraint, Sovereign Event and Credit Event Provisions

Currency constraint, sovereign events or credit events are exceptional circumstances. If any such events materialize, the taxation commented above may not be applicable in a situation where constitutional principles are not observed. Noteholders are encouraged to consult with their legal and tax advisors concerning the tax implications of such events, if and when materialized.

Taxation

Certain U.S. Federal Income Tax Considerations

The following summary discusses the principal U.S. federal income tax consequences of the acquisition, ownership and disposition of the notes. Except as specifically noted below, this discussion applies only to:

- notes purchased on original issuance at their published offer price;
- notes held as capital assets; and
- U.S. holders (as defined below).

This discussion does not describe all of the tax consequences that may be relevant in light of a holder's particular circumstances or to holders subject to special rules, such as:

- financial institutions;
- insurance companies;
- dealers in securities or foreign currencies;
- persons holding notes as part of a hedging transaction, straddle, conversion transaction or other integrated transaction;
- persons required for U.S. federal income tax purposes to accelerate the recognition of any item of gross income with respect to the Notes as a result of such income being recognized on an applicable financial statement;
- U.S. holders whose functional currency is not the U.S. dollar;
- tax-exempt entities;
- partnerships or other entities classified as partnerships for U.S. federal income tax purposes; or
- former citizens and residents of the United States.

This summary is based on the Internal Revenue Code of 1986, as amended to the date hereof (the “**Code**”), administrative pronouncements, judicial decisions and final, temporary and proposed U.S. Treasury Regulations all as of the date of this Base Prospectus and any of which may at any time be repeated, revised or subject to differing interpretation, possibly retroactively so as to result in U.S. federal income tax consequences different from those described below. This discussion does not address any other U.S. federal income tax laws (such as the alternative minimum tax or the Medicare contribution tax on net investment income) nor does it address any non-U.S. tax rules. Persons considering the purchase of the notes should consult the relevant Base Prospectus Supplement for any additional discussion regarding U.S. federal income taxation and should consult their tax advisors with regard to the application of the U.S. federal income tax laws to their particular situations as well as any tax consequences arising under the laws of any state, local or non-U.S. taxing jurisdiction.

This summary does not discuss notes with a maturity of greater than 30 years, the impact of redenomination of a note, notes that by their terms may be retired for an amount less than their principal amount and notes subject to special rules. The tax treatment of certain notes such as, for example, Index-Linked notes or Dual Currency notes, may be specified in the relevant Pricing Supplement. Moreover, this summary does not discuss Bearer notes. In general, U.S. federal income tax law imposes significant limitations on U.S. holders of Bearer notes. U.S. holders should consult their tax advisors regarding the restrictions and penalties imposed under U.S. federal income tax law with respect to Bearer notes and any other tax consequences with respect to the acquisition, ownership and disposition of any of these notes. This summary also does not discuss Credit-Linked Notes. The U.S. federal tax treatment of an investment in Credit-Linked Notes will depend upon the specific terms and conditions of the Notes

Taxation

and the particular circumstances of the investor. U.S. Holders should consult their tax advisors regarding the U.S. federal income tax implications of investing in Credit-Linked Notes.

- As used herein, the term “**U.S. holder**” means a beneficial owner of a note that is for U.S. federal income tax purposes:
- a citizen or individual resident of the United States;
- a corporation created or organized in or under the laws of the United States or of any state thereof or the District of Columbia; or

· an estate or trust the income of which is subject to U.S. federal income taxation regardless of its source.

If an entity that is classified as a partnership for U.S. federal income tax purposes holds notes, the U.S. federal income tax treatment of a partner will generally depend on the status of the partner and upon the activities of the partnership. Partners of partnerships holding notes should consult with their tax advisors regarding the U.S. federal tax consequences of an investment in the notes.

Payments of Stated Interest

Interest paid on a note (and additional amounts, if any) will be taxable to a U.S. holder as ordinary interest income at the time it accrues or is received in accordance with the holder’s method of accounting for U.S. federal income tax purposes, provided that the interest is “qualified stated interest” (as defined below). Interest income earned by a U.S. holder with respect to a note will constitute foreign source income for U.S. federal income tax purposes, which may be relevant in calculating the holder’s foreign tax credit limitation. The rules regarding foreign tax credits are complex and prospective investors should consult their tax advisors about the application of such rules to them in their particular circumstances. Special rules governing the treatment of interest paid with respect to original issue discount notes and Foreign Currency Notes are described under “— *Original Issue Discount*,” “— *Contingent Payment Debt Instruments*,” and “— *Foreign Currency Notes*.”

Original Issue Discount

A note that has an “issue price” that is less than its “stated redemption price at maturity” will be considered to have been issued with original issue discount for U.S. federal income tax purposes (and will be referred to as an “**original issue discount note**”) unless the note satisfies a *de minimis* threshold (as described below) or is a short-term note (as defined below). The “issue price” of a note generally will be the first price at which a substantial amount of the notes is sold to the public (which does not include sales to bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The “stated redemption price at maturity” of a note generally will equal the sum of all payments required to be made under the note other than payments of “qualified stated interest.” “Qualified stated interest” is stated interest unconditionally payable (other than in debt instruments of the issuer) at least annually during the entire term of the note at a single fixed rate of interest, at a single qualified floating rate of interest or at a rate that is determined at a single fixed formula that is based on objective financial or economic information. A rate is a qualified floating rate if variations in the rate can reasonably be expected to measure contemporaneous fluctuations in the cost of newly borrowed funds in the currency in which the note is denominated.

If the difference between a note’s stated redemption price at maturity and its issue price is less than a *de minimis* amount, i.e., $\frac{1}{4}$ of 1 per cent. of the stated redemption price at maturity multiplied by the number of complete years to maturity (or weighted average maturity if any amount included in the stated redemption price at maturity is payable before maturity), the note will not be considered to have original issue discount. U.S. holders of the notes with a *de minimis* amount of original issue discount will include this original issue discount in income, as capital gain, on a pro rata basis as principal payments are made on the note.

U.S. holders of original issue discount notes that mature more than one year from their date of issuance will be required to include original issue discount in income for U.S. federal income tax purposes as it accrues in

Taxation

accordance with a constant yield method based on a compounding of interest, regardless of whether cash attributable to this income is received. Under these rules, U.S. holders generally will have to include in taxable income increasingly greater amounts of original issue discount in successive accrual periods.

A U.S. holder may make an election to include in gross income all interest that accrues on any particular note (including stated interest, acquisition discount, original issue discount, *de minimis* original issue discount, market discount, *de minimis* market discount and unstated interest, as adjusted by any amortizable bond premium or acquisition premium) in accordance with a constant yield method based on the compounding of interest, and generally may revoke such election only with the permission of the U.S. Internal Revenue Service (“**IRS**”) (a “**constant yield election**”). If a U.S. holder makes a constant yield election with respect to a note with market discount (discussed below), the U.S. holder will be treated as having made an election to include market discount in income currently over the life of all debt instruments with market discount acquired by the electing U.S. holder on or after the first day of the first taxable year to which such election applies. U.S. holders should consult their tax advisors about making this election in light of their particular circumstances.

A note that matures one year or less from its date of issuance (a “**short-term note**”) will be treated as being issued at a discount and none of the interest paid on the note will be treated as qualified stated interest regardless of issue price. In general, a cash method U.S. holder of a short-term note is not required to accrue the discount for U.S. federal income tax purposes unless it elects to do so. Cash method U.S. holders who do not elect to accrue the discount should include stated interest payments on short-term notes as ordinary income upon receipt. Cash method U.S. holders who do elect to accrue the discount and certain other holders, including those who report income on the accrual method of accounting for U.S. federal income tax purposes, are required to include the discount in income as it accrues on a straight-line basis, unless another election is made to accrue the discount according to a constant yield method based on daily compounding. In the case of a U.S. holder who is not required and who does not elect to include the discount in income currently, any gain realized on the sale, exchange, or retirement of the short-term note will be ordinary income to the extent of the discount accrued on a straight-line basis (or, if elected, according to a constant yield method based on daily compounding) through the date of sale, exchange or retirement. In addition, those U.S. holders will be required to defer deductions for any interest paid on indebtedness incurred to purchase or carry short-term notes in an amount not exceeding the accrued discount until the accrued discount is included in income.

The issuer may have an unconditional option to redeem, or U.S. holders may have an unconditional option to require the issuer to redeem, a note prior to its stated maturity date. Under applicable regulations, if the issuer has an unconditional option to redeem a note prior to its stated maturity date, this option will be presumed to be exercised if, by utilizing any date on which the note may be redeemed as the maturity date and the amount payable on that date in accordance with the terms of the note as the stated redemption price at maturity, the yield on the note would be lower than its yield to maturity. If the U.S. holders have an unconditional option to require the issuer to redeem a note prior to its stated maturity date, this option will be presumed to be exercised if making the same assumptions as those set forth in the previous sentence, the yield on the note would be higher than its yield to maturity. If it was presumed that an option would be exercised but it is not in fact exercised, the note would be treated solely for purposes of calculating original issue discount as if it were redeemed, and a new note were issued, on the presumed exercise date for an amount equal to the note’s adjusted issue price on that date. The adjusted issue price of an original issue discount note is defined as the sum of the issue price of the note and the aggregate amount of previously accrued original issue discount, less any prior payments other than payments of qualified stated interest.

Market Discount

If a U.S. holder purchases a note (other than a short-term note) for an amount that is less than its stated redemption price at maturity or, in the case of an original issue discount note, its revised issue price, the amount of the difference will be treated as market discount for U.S. federal income tax purposes, unless this difference is less than a specified *de minimis* amount.

A U.S. holder will be required to treat any principal payment (or, in the case of an original issue discount note, any payment that does not constitute qualified stated interest) on, or any gain on the sale, exchange, retirement or other

Taxation

disposition of a note, including disposition in certain nonrecognition transactions, as ordinary income to the extent of the market discount accrued on the note at the time of the payment or disposition unless this market discount has been previously included in income by the U.S. holder pursuant to an election by the holder to include market discount in income as it accrues. An election to include market discount in income as it accrues applies to all debt instruments with market discount acquired by the electing U.S. holder on or after the first day of the first taxable year to which such election applies and may not be revoked without the consent of the IRS. In addition, a U.S. holder that does not elect to include market discount in income currently may be required to defer, until the maturity of the note or its earlier disposition (including certain nontaxable transactions), the deduction of all or a portion of the interest expense on any indebtedness incurred or maintained to purchase or carry such note.

Market discount will accrue on a straight-line basis unless a U.S. holder makes an election with respect to a particular note to accrue on a constant yield basis (as described under “—*Original Issue Discount*”). Such election will result in a deemed election for all market discount bonds acquired by the holder on or after the first day of the first taxable year to which such election applies.

Acquisition Premium and Amortizable Bond Premium

A U.S. holder who purchases a note for an amount that is greater than the note’s adjusted issue price but less than or equal to sum of all amounts payable on the note after the purchase date other than payments of qualified stated interest will be considered to have purchased the note at an acquisition premium. Under the acquisition premium rules, the amount of original issue discount that the U.S. holder must include in its gross income with respect to the note for any taxable year will be reduced by the portion of acquisition premium properly allocable to that year.

If a U.S. holder purchases a note for an amount that is greater than the stated redemption price at maturity, the holder will be considered to have purchased the note with amortizable bond premium equal in amount to the excess of the purchase price over the amount payable at maturity. The holder may elect to amortize this premium, using a constant yield method, over the remaining term of the note. A holder who elects to amortize bond premium must reduce its tax basis in the note by the amount of the premium amortized in any year. An election to amortize bond premium applies to all taxable debt obligations then owned and thereafter acquired by the holder and may be revoked only with the consent of the IRS.

If a U.S. holder makes a constant yield election (as described under “—*Original Issue Discount*”) for a note with amortizable bond premium, such election will result in a deemed election to amortize bond premium for all of the holder’s debt instruments with amortizable bond premium.

Sale, Exchange or Retirement of the Notes

Upon the sale, exchange or retirement of a note, a U.S. holder will recognize taxable gain or loss equal to the difference between the amount realized on the sale, exchange or retirement and the holder’s adjusted tax basis in the note. A U.S. holder’s adjusted tax basis in a note generally will equal the acquisition cost of the note increased by the amount of original issue discount and market discount included in the Holder’s gross income and decreased by any bond premium or acquisition premium previously amortized and by the amount of any payment received from the Issuer other than a payment of qualified stated interest. For these purposes, the amount realized does not include any amount attributable to accrued but unpaid qualified stated interest on the note. Amounts attributable to accrued but unpaid qualified stated interest are treated as payments of interest as described under “—*Payments of Stated Interest*.”

Gain or loss realized on the sale, exchange or retirement of a note will generally be capital gain or loss and will be long-term capital gain or loss if at the time of sale, exchange or retirement the U.S. holder has held the note for more than one year. Exceptions to this general rule apply to the extent of any accrued market discount or, in the case of a short-term note, to the extent of any accrued discount not previously included in the holder’s taxable income. See “—*Original Issue Discount*” and “—*Market Discount*.” In addition, other exceptions to this general rule apply in the case of Foreign Currency Notes, and contingent payment debt instruments. See “—*Foreign Currency Notes*” and “—*Contingent Payment Debt Instruments*.” The deductibility of capital losses is subject to limitations.

Taxation

Gain realized by a U.S. holder on the sale, exchange or retirement of a note generally will be treated as U.S. source income. Consequently, if Brazilian withholding tax is imposed on such gain, the U.S. holder will not be able to use the corresponding foreign tax credit, unless the holder has other foreign-source income of the appropriate type in respect of which the credit may be used. The U.S. foreign tax credit rules are very complex. U.S. holders should consult their advisors with respect to the application of these rules to their particular circumstances.

Substitution of the Issuer

If the Issuer substitutes for itself a Substituted Debtor, or if a “benchmark” is replaced or changed, such substitution or benchmark modification could be treated for U.S. federal income tax purposes as a taxable exchange of (i) the notes as in place prior to such substitution or modification for (ii) the notes as in place after such substitution or modification. See “—*Sale, Exchange or Retirement of the Notes*” above. The IRS and the U.S. Treasury have proposed regulations, upon which taxpayers generally may rely until the promulgation of final regulations, that, in certain circumstances, could reduce the likelihood that a redetermination of a rate of interest resulting from the discontinuation or unavailability of benchmark would result in a “deemed exchange” of the affected notes. Moreover, the IRS has issued guidance that sets forth certain safe harbors pursuant to which replacing a benchmark rate based on LIBOR with an alternative method or index would not result in a deemed exchange. However, there can be no assurance that these regulations, in either their current form or as finalized, or this guidance, will provide any relief from the tax consequences described above if a benchmark is replaced or changed. U.S. holders should consult their own tax advisors as to U.S. federal income tax considerations relating to such an event.

Contingent Payment Debt Instruments

If the terms of the notes provide for certain contingencies that affect the timing and amount of payments (including notes with a variable rate or rates that do not qualify as “variable rate debt instruments” for purposes of the original issue discount rules) they generally will be “contingent payment debt instruments” for U.S. federal income tax purposes. Under the rules that govern the treatment of contingent payment debt instruments, no payment on such notes qualifies as qualified stated interest. Rather, a U.S. holder must account for interest for U.S. federal income tax purposes based on a “comparable yield” and the differences between actual payments on the note and the note’s “projected payment schedule” as described below. The comparable yield is determined by us at the time of issuance of the notes. The comparable yield may be greater than or less than the stated interest, if any, with respect to the notes. Solely for the purpose of determining the amount of interest income that a U.S. holder will be required to accrue on a contingent payment debt instrument, the Issuer will be required to construct a “projected payment schedule” that represents a series of payments the amount and timing of which would produce a yield to maturity on the contingent payment debt instrument equal to the comparable yield.

NEITHER THE COMPARABLE YIELD NOR THE PROJECTED PAYMENT SCHEDULE CONSTITUTES A REPRESENTATION BY THE ISSUER REGARDING THE ACTUAL AMOUNT, IF ANY, THAT THE CONTINGENT PAYMENT DEBT INSTRUMENT WILL PAY.

For U.S. federal income tax purposes, a U.S. holder will be required to use the comparable yield and the projected payment schedule established by the Issuer in determining interest accruals and adjustments, unless the holder timely discloses and justifies the use of a different comparable yield and projected payment schedule to the IRS.

A U.S. holder, regardless of the holder’s method of accounting for U.S. federal income tax purposes, will be required to accrue interest income on a contingent payment debt instrument at the comparable yield, adjusted upward or downward to reflect the difference, if any, between the actual and the projected amount of any contingent payments on the contingent payment instrument (as set forth below).

A U.S. holder will be required to recognize interest income equal to the amount of any net positive adjustment, i.e., the excess of actual payments over projected payments, in respect of a contingent payment debt instrument for a taxable year. A net negative adjustment, i.e., the excess of projected payments over actual payments, in respect of a contingent payment debt instrument for a taxable year:

Taxation

- will first reduce the amount of interest in respect of the contingent payment debt instrument that a holder would otherwise be required to include in income in the taxable year; and
- to the extent of any excess, will give rise to an ordinary loss equal to so much of this excess as does not exceed the excess of:
- the amount of all previous interest inclusions under the contingent payment debt instrument over
- the total amount of the U.S. holder's net negative adjustments treated as ordinary loss on the contingent payment debt instrument in prior taxable years.

A net negative adjustment will not be subject to the two per cent floor limitation imposed on miscellaneous deductions when miscellaneous deductions become available again to individual U.S. holders for tax years beginning on or after January 1, 2026. Any net negative adjustment in excess of the amounts described above will be carried forward to offset future interest income in respect of the contingent payment debt instrument or to reduce the amount realized on a sale, exchange or retirement of the contingent payment debt instrument. Where a U.S. holder purchases a contingent payment debt instrument for a price other than its adjusted issue price, the difference between the purchase price and the adjusted issue price must be reasonably allocated to the daily portions of interest or projected payments with respect to the contingent payment debt instrument over its remaining term and treated as a positive or negative adjustment, as the case may be, with respect to each period to which it is allocated.

Upon a sale, exchange or retirement of a contingent payment debt instrument, a U.S. holder generally will recognize taxable gain or loss equal to the difference between the amount realized on the sale, exchange or retirement and the holder's adjusted basis in the contingent payment debt instrument. A U.S. holder's adjusted basis in a note that is a contingent payment debt instrument generally will be the acquisition cost of the note, increased by the interest previously accrued by the U.S. holder on the note under these rules, disregarding any net positive and net negative adjustments, and decreased by the amount of any noncontingent payments and the projected amount of any contingent payments previously made on the note. A U.S. holder generally will treat any gain as interest income, and any loss as ordinary loss to the extent of the excess of previous interest inclusions in excess of the total net negative adjustments previously taken into account as ordinary losses, and the balance as capital loss. The deductibility of capital losses is subject to limitations. In addition, if a holder recognizes loss above certain thresholds, the holder may be required to file a disclosure statement with the IRS (as described under "*Reportable Transactions*").

A U.S. holder will have a tax basis in any property, other than cash, received upon the retirement of a contingent payment debt instrument equal to the fair value of the property, determined at the time of retirement. The holder's holding period for the property will commence on the day immediately following its receipt. Special rules apply to contingent payment debt instruments that are denominated, or provide for payments, in a currency other than the U.S. dollar ("**Foreign Currency Contingent Payment Debt Instruments**"). Very generally, these instruments are accounted for like a contingent payment debt instrument, as described above, but in the currency of the Foreign Currency Contingent Payment Debt Instruments. The relevant amounts must then be translated into U.S. dollars. The rules applicable to Foreign Currency Contingent Payment Debt Instruments are complex and U.S. holders are urged to consult their own tax advisors regarding the U.S. federal income tax consequences of the acquisition, ownership and disposition of such instruments.

Foreign Currency Notes

The following discussion summarizes the principal U.S. federal income tax consequences to a U.S. holder of the ownership and disposition of the notes that are denominated in a specified currency other than the U.S. dollar or the payments of interest or principal which are determined by reference to a currency other than the U.S. dollar ("**Foreign Currency Notes**").

The rules applicable to Foreign Currency Notes could require some or all gain or loss on the sale, exchange or other disposition of a Foreign Currency Note to be recharacterised as ordinary income or loss. The rules applicable to

Taxation

Foreign Currency Notes are complex and may depend on the holder's particular U.S. federal income tax situation. For example, various elections are available under these rules, and whether a holder should make any of these elections may depend on the holder's particular U.S. federal income tax situation. U.S. holders are urged to consult their tax advisors regarding the U.S. federal income tax consequences of the ownership and disposition of Foreign Currency Notes.

A U.S. holder who uses the cash method of accounting and who receives a payment of qualified stated interest in a foreign currency with respect to a Foreign Currency Note will be required to include in income the U.S. dollar value of the foreign currency payment (determined on the date the payment is received) regardless of whether the payment is in fact converted to U.S. dollars at the time, and this U.S. dollar value will be the U.S. holder's tax basis in the foreign currency.

An accrual method U.S. holder will be required to include in income the U.S. dollar value of the amount of interest income (including original issue discount or market discount, but reduced by acquisition premium and amortizable bond premium, to the extent applicable) that has accrued and is otherwise required to be taken into account with respect to a Foreign Currency Note during an accrual period. The U.S. dollar value of the accrued income will be determined by translating the income at the average rate of exchange for the accrual period or, with respect to an accrual period that spans two taxable years, at the average rate for the partial period within the taxable year. The U.S. holder will recognize ordinary income or loss with respect to accrued interest income on the date the income is actually received. The amount of ordinary income or loss recognized will equal the difference between the U.S. dollar value of the foreign currency payment received (determined on the date the payment is received) in respect of the accrual period and the U.S. dollar value of interest income that has accrued during the accrual period (as determined above). Rules similar to these rules apply in the case of a cash method taxpayer required to currently accrue original issue discount or market discount.

An accrual method U.S. holder or cash method U.S. holder accruing original issue discount may elect to translate interest income (including original issue discount) into U.S. dollars at the spot rate on the last day in the interest accrual period (or, in the case of a partial accrual period, the spot rate on the last day of the partial accrual period in the taxable year) or, if the date of receipt is within five business days of the last day of the interest accrual period, the spot rate on the date of receipt. A U.S. holder that makes this election must apply it consistently to all debt instruments from year to year and cannot change the election without the consent of the IRS.

Original issue discount, market discount, acquisition premium and amortizable bond premium on a Foreign Currency note are to be determined in the relevant foreign currency. Where the taxpayer elects to include market discount in income currently, the amount of market discount will be determined for any accrual period in the relevant foreign currency and then translated into U.S. dollars on the basis of the average rate in effect during the accrual period. Exchange gain or loss realized with respect to such accrued market discount shall be determined in accordance with the rules relating to accrued interest described above. Accrued market discount (other than market discount currently included in income) taken into account upon the receipt of any partial principal payment or upon the sale, retirement or other disposition of a note is translated into U.S. dollars at the spot rate on such payment or disposition date.

If an election to amortize bond premium is made, amortizable bond premium taken into account on a current basis shall reduce interest income in units of the relevant foreign currency. Exchange gain or loss is realized on amortized bond premium with respect to any period by treating the bond premium amortized in the period in the same manner as payments on the sale, exchange or retirement of the Foreign Currency Note, as described below. Any exchange gain or loss will be ordinary income or loss as described below. If the election is not made, any loss realized on the sale, exchange or retirement of a Foreign Currency Note with amortizable bond premium by a U.S. holder who has not elected to amortize the premium will be a capital loss to the extent of the bond premium.

A U.S. holder's tax basis in a Foreign Currency Note, and the amount of any subsequent adjustment to the holder's tax basis, will be the U.S. dollar value amount of the foreign currency amount paid for such Foreign Currency Note, or of the foreign currency amount of the adjustment, determined on the date of the purchase or adjustment. A U.S. holder who purchases a Foreign Currency Note with previously owned foreign currency will recognize ordinary

Taxation

income or loss in an amount equal to the difference, if any, between such U.S. holder's tax basis in the foreign currency and the U.S. dollar fair value of the Foreign Currency Note on the date of purchase.

Gain or loss realized upon the sale, exchange or retirement of a Foreign Currency Note that is attributable to fluctuation in currency exchange rates will be ordinary income or loss that will not be treated as interest income or expense. Gain or loss attributable to fluctuations in exchange rates will equal the difference between (i) the U.S. dollar value of the foreign currency principal amount of the note, determined on the date the payment is received or the note is disposed of, and (ii) the U.S. dollar value of the foreign currency principal amount of the note, determined on the date the U.S. holder acquired the note. Payments received attributable to accrued interest will be treated in accordance with the rules applicable to payments of interest on Foreign Currency Notes described above. The foreign currency gain or loss will be recognized only to the extent of the total gain or loss realized by the holder on the sale, exchange or retirement of the Foreign Currency Note. The source of the foreign currency gain or loss will be determined by reference to the residence of the holder on whose books the note is properly reflected. Any gain or loss realized by these holders in excess of the foreign currency gain or loss will be capital gain or loss except to the extent of any accrued market discount or, in the case of a short-term note, to the extent of any discount not previously included in the holder's income provided that the note is not a Foreign Currency Contingent Payment Debt Instrument. Holders should consult their tax advisors with respect to the tax consequences of receiving payments in a currency different from the currency in which payments with respect to such note accrue.

A U.S. holder will have a tax basis in any foreign currency received on the sale, exchange or retirement of a foreign currency note equal to the U.S. dollar value of the foreign currency, determined at the time of sale, exchange or retirement. A cash method taxpayer who buys or sells a Foreign Currency Note that is traded on an established securities market is required to translate units of foreign currency paid or received into U.S. dollars at the spot rate on the settlement date of the purchase or sale. Accordingly, no exchange gain or loss will result from currency fluctuations between the trade date and the settlement date of the purchase or sale. An accrual method taxpayer may elect the same treatment for all purchases and sales of foreign currency obligations **provided that** the notes are traded on an established securities market. This election cannot be changed without the consent of the IRS. If either (i) the note is not traded on an established securities market or (ii) it is, and the holder is an accrual method taxpayer that does not make the election described above with respect to such note, exchange gain or loss may result from currency fluctuations between the trade date and the settlement date of the purchase or sale. Any gain or loss realized by a U.S. holder on a sale or other disposition of foreign currency (including its exchange for U.S. dollars or its use to purchase Foreign Currency Notes) will be ordinary income or loss.

Information Reporting and Backup Withholding

Information returns may be filed with the IRS in connection with payments on the notes and the proceeds from a sale or other disposition of the notes. A U.S. holder may be subject to U.S. backup withholding on these payments if it fails to provide its tax identification number to the paying agent and comply with certain certification procedures or otherwise establish an exemption from backup withholding. The amount of any backup withholding from a payment to a U.S. holder will be allowed as a credit against the holder's U.S. federal income tax liability and may entitle the holder to a refund, provided that the required information is furnished to the IRS.

Certain Reporting Obligations

A U.S. taxpayer that participates in a "reportable transaction" will be required to disclose its participation to the IRS. The scope and application of these rules is not entirely clear. A U.S. holder may be required to treat a foreign currency exchange loss from the notes as a reportable transaction if the loss exceeds U.S.\$50,000 in a single taxable year if the U.S. holder is an individual or trust, or higher amounts for other U.S. holders. In the event the acquisition, ownership or disposition of the notes constitutes participation in a "reportable transaction" for purposes of these rules, a U.S. holder will be required to disclose its investment by filing Form 8886 with the IRS. Prospective purchasers should consult their tax advisors regarding the application of these rules to the acquisition, ownership or disposition of the notes.

Taxation

In addition, U.S. holders should consult their tax advisors about any additional reporting obligations that may apply as a result of the acquisition, holding or disposition of the notes.

The U.S. federal income tax discussion set forth above is included for general information only and may not be applicable depending upon a holder's particular situation. Holders should consult their tax advisors with respect to the tax consequences to them of the ownership and disposition of the notes, including the tax consequences under state, local, foreign and other tax laws and the possible effects of changes in U.S. federal or other tax laws.

The proposed financial transactions tax ("FTT")

On February 14, 2013, the European Commission published a proposal (the "**Commission's Proposal**") for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**participating Member States**"). However, Estonia has since stated it will not participate, and on 16 March 2016 it completed the formalities required to leave the enhanced co-operation on the FTT.

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of Notes should, however, be exempt.

Under the Commission's Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

Prospective holders of Notes are advised to seek their own professional advice in relation to the FTT.

Cayman Islands Tax Considerations

The following is a general discussion of certain tax considerations for prospective investors in the Notes. The discussion is based upon present law and interpretations of present law, both of which are subject to prospective and retroactive changes. The discussion does not consider any investor's particular circumstances, and it is not intended as tax advice.

PROSPECTIVE INVESTORS SHOULD CONSULT THEIR TAX ADVISERS ABOUT THE TAX CONSEQUENCES OF AN INVESTMENT IN THE NOTES UNDER THE LAWS OF THE CAYMAN ISLANDS, THE UNITED STATES, JURISDICTIONS FROM WHICH WE MAY DERIVE OUR INCOME OR CONDUCT OUR ACTIVITIES AND JURISDICTIONS WHERE INVESTORS ARE SUBJECT TO TAXATION.

Taxation of the issuer

Under current law, save for stamp duty, we are not subject to income, capital, transfer, sales or other taxes in the Cayman Islands.

The issuer was established in January 1982, is registered under Part IX of the Companies Act (2021 Revision) of the Cayman Islands and has been granted a Class B (unrestricted) banking license to operate in the Cayman Islands under the Banks and Trust Companies Act (2021 Revision) of the Cayman Islands (See "*The Issuer*").

Taxation

Taxation to the Noteholders

Payments in respect of the Notes will not be subject to taxation in the Cayman Islands and no withholding will be required on such payments to any holder of a note, and gains derived from the sale of Notes, will not be subject to Cayman Islands income or corporation tax. The Cayman Islands currently have no income, corporation or capital gains tax and no estate duty, inheritance or gift tax.

The holder of any note (or the legal personal representative of such holder) whose note is issued in or brought into the Cayman Islands, for example, for enforcement purposes, will be liable to pay stamp duty imposed under Cayman Islands law on the note.

Noteholders whose Notes are brought into or issued in the Cayman Islands will be liable to pay stamp duty of a maximum of CI\$250 on each note, unless the fixed sum of CI\$500 in respect of the note issue is paid on execution of the Notes.

FATCA

The Cayman Islands government has entered into a Model 1 intergovernmental agreement (the “**IGA**”) with the United States and has implemented local legislation to give effect to the IGA. Under the terms of the IGA and the implementing legislation, the Issuer was required to register with the IRS to obtain a Global Intermediary Identification Number (“**GIIN**”), to register with the Cayman Islands Tax Information Authority and then to comply with Cayman Islands legislation giving effect to the IGA. Under the terms of the IGA and the guidance implementing the IGA, the Issuer will be required to identify any direct or indirect United States account holders (including debt holders and equity holders) of the Issuer and obtain and provide to the Cayman Islands Tax Information Authority certain information about these United States account holders. Such information will then be automatically exchanged by the Cayman Islands Tax Information Authority with the IRS on an annual basis. Withholding is not expected to be imposed on payments made to the Issuer, or on payments made by the Issuer to the Noteholders (other than perhaps certain passthru withholding).

Noteholders who are resident in the United Kingdom for tax purposes should be aware that the United Kingdom has signed an intergovernmental automatic information exchange agreement with the Cayman Islands modeled on the intergovernmental agreement between the United Kingdom and the United States that implements the United States FATCA legislation, the provisions of which have been implemented in the Cayman Islands pursuant to, in particular, The Tax Information Authority (International Tax Compliance) (United Kingdom) Regulations 2014. Pursuant to these arrangements with the United Kingdom, the Cayman Islands will, subject to any applicable exemptions, require the Issuer to identify any direct or indirect United Kingdom resident account holders (including debt holders and equity holders) of the Issuer and obtain and provide to the Cayman Islands Tax Information Authority certain information about such United Kingdom resident account holders. Such information will then be automatically exchanged by the Cayman Islands Tax Information Authority with the United Kingdom tax authorities.

A Noteholder that is resident in the United States or United Kingdom for tax purposes or is an entity that is identified as having one or more controlling persons that is resident in the United States or United Kingdom for tax purposes will generally be required to provide to the Issuer, or agents on its behalf, information which identifies such United States or United Kingdom tax resident persons and the extent of their respective interests in the Issuer. Noteholders who may be affected should consult their own tax advisers regarding the possible implications of these rules.

In February 2014, the OECD announced the ‘Common Reporting Standard’ (“**CRS**”), which is an international standard for financial account reporting. The CRS requires the collection by each participant jurisdiction of information regarding tax residents of other CRS participant jurisdictions. In October 2014, the Cayman Islands Government signed up to the multi-lateral competent authority agreement (“**MCAA**”) that is being adopted by those countries committing to the CRS. The Cayman Islands Government and other governments that have signed up to the CRS and the MCAA (“**Future Reporting Jurisdictions**”) have implemented (or will implement) local CRS-enabling legislation. Beginning in 2016, information was collected for the first exchange of information under CRS

Taxation

in 2017. Relevant Cayman entities must therefore comply with the CRS-enabling legislation in addition to any FATCA implementing legislation. Reporting is effected through the Cayman Islands Automatic Exchange of Information portal.

The MCAA and reporting obligations under the CRS are similar to the UK IGA and have replaced the UK IGA with effect from 2017.

Details of the CRS and the jurisdictions in respect of which reporting will be required can be found at <http://www.oecd.org/tax/transparency/automaticexchangeofinformation.htm>.

Economic Substance

The Cayman Islands economic substance regime is set forth within the International Tax Co-operation (Economic Substance) Act (2021 Revision), as supplemented by the International Tax Co-operation (Economic Substance) (Prescribed Date) Regulations, 2018 and the International Tax Co-operation (Economic Substance) Regulations, 2020, as well as consequential amendments to the Companies Act (2021 Revision) and the Local Companies (Control) Act (2019 Revision) (taken together, the “**ES Act**”). The ES Act came into force on 1 January 2019.

Additional guidance on the economic substance requirements under the ES Act is contained within version 3.0 of the Cayman Islands economic substance guidance notes released by the Cayman Islands Government on 13 July 2020 (the “**ES Guidance Notes**”).

Under the ES Act, the economic substance test (“**ES Test**”) requires that a relevant entity conducting a relevant activity:

- conducts core income generating activities (“**CIGA**”) in relation to that relevant activity;
- is directed and managed in an appropriate manner in the Cayman Islands in relation to that relevant activity; and
- having regard to the level of relevant income derived from the relevant activity carried out in the Cayman Islands:
 - i. has an adequate amount of operating expenditure incurred in the Cayman Islands;
 - ii. has an adequate physical presence (including maintaining a place of business or plant, property and equipment) in the Cayman Islands; and
 - iii. has an adequate number of full-time employees or other personnel with appropriate qualifications in the Cayman Islands.

The ES Act prescribes certain notification and reporting obligations beginning in 2020. All entities (other than exempted limited partnerships and trusts) are required to make a notification filing (the “**ES Notification**”). ES Notifications will be made via the General Registry system of the Registrar of Companies of the Cayman Islands (the “**Registrar**”). ES Notifications for 2020 are due by no later than March 31, 2021.

In addition to making the ES Notification filing, relevant entities carrying on relevant activities that are required to satisfy the ES Test must also prepare and submit an annual report (“**ES Return**”) to the Cayman Islands Tax Information Authority (“**TIA**”), so that the TIA may determine whether the ES Test has been satisfied in relation to that relevant activity. The ES Return must be submitted to the TIA by no later than twelve months after the last day of the end of each financial year of the relevant entity commencing on or after January 1, 2019.

If the TIA reviews the ES Return filed and determines the ES Test is not satisfied, the entity may be subject to an initial penalty of CI\$10,000 (US\$12,195) and in a subsequent year CI\$100,000 (US\$121,951). The ES Act also

Taxation

provides for penalties for the failure to file an ES Return. That penalty is CI\$5,000 (US\$6,098) plus CI\$500 (US\$610) for each additional day the default continues.

It is an offence for a person to knowingly or wilfully supply false or misleading information to the TIA under the ES Act. Such an offence is punishable on summary conviction by a fine of CI\$10,000 (US\$12,195) or with imprisonment for a term of five years, or both.

We are a relevant entity carrying on the relevant activity of banking business under the ES Act. As such, unless an exemption under the ES Act is available, Banco Bradesco will be required to satisfy the regulatory obligations described above, including satisfying the ES Test under the ES Act. Should the TIA determine that for any given year Banco Bradesco has failed to satisfy the ES Test, Banco Bradesco could be assessed penalties as prescribed under the ES Act.

THE ABOVE INFORMATION IS SET FORTH IN SUMMARY FORM ONLY AND IS NOT INTENDED TO CONSTITUTE A COMPLETE ANALYSIS OF ALL TAX CONSEQUENCES RELATING TO THE OWNERSHIP OF THE NOTES.

Withholding tax

All payments of interest and principal by the Issuers in the context of the holding, disposal, redemption or repurchase of the Notes can be made free and clear of any withholding or deduction for or on account of any taxes of whatsoever nature imposed, levied, withheld, or assessed by Luxembourg or any political subdivision or taxing authority thereof or therein, in accordance with the applicable Luxembourg law, subject however to the application, as regards Luxembourg resident individuals (in the context of their private wealth), of the Luxembourg law of December 23, 2005, as amended (the “**Luxembourg Law**”) which provides for a 20 per cent, withholding tax on savings income (*i.e.* with certain exemptions, savings income within the meaning of the Law) paid by a paying agent within the meaning of the Luxembourg Law established in Luxembourg.

Pursuant to the Luxembourg Law, Luxembourg resident individuals can opt to self declare and pay a 20 per cent tax on interest payments made by paying agents located in a Member State of the European Union other than Luxembourg, or in a Member State of the European Economic Area.

The 20 per cent withholding tax, or the 20 per cent self-declared tax on interest payments, are final when Luxembourg resident individuals are acting in the context of the management of their private wealth.

Responsibility for the withholding of tax in application of the Luxembourg Law is assumed by any Luxembourg paying agent within the meaning of the Luxembourg Law and not by the Issuers.

SUBSCRIPTION AND SALE

The following is subject to change in the applicable Final Terms. In addition, the Dealers who have agreed to purchase Notes of a Series from the Issuer will be specified in the applicable Final Terms.

Notes may be sold from time to time by the Issuer to or through the Dealers or to any other person or institution. The arrangements under which Notes may from time to time be agreed to be sold by the Issuer to the Dealers as principal or through the Dealers, as agents, are set out in the Dealership Agreement. Any such agreement will, among other things, make provision for the form and terms and conditions of the relevant Notes, the price at which such Notes will be purchased by the Dealers and the commissions or other agreed deductibles (if any) payable or allowable by the Issuer in respect of such purchase. The Dealership Agreement makes provision for resignation of existing Dealers and the appointment of additional Dealers.

General

No action has been or will be taken in any jurisdiction by the Dealers or the Issuers that would permit a public offering of any of the Notes, or possession or distribution of this Base Prospectus, or any part thereof including any Final Terms, or any other offering or publicity material relating to the Notes, in any country or jurisdiction where action for that purpose is required. The Dealer has agreed and each further Dealer appointed under the Program will be required to agree that it will comply with all applicable laws and regulations in each jurisdiction in which it acquires, offers, sells or delivers Notes or has in its possession or distributes this Base Prospectus, or any part thereof including any Final Terms, or any such other material, in all cases at its own expense. The Dealer has agreed, and each further Dealer appointed under the Program will be required to agree that it will also ensure that no obligations are imposed on the Issuers in any such jurisdiction as a result of any of the foregoing actions (except to the extent that such actions are the actions of the Issuers). The Issuers will have no responsibility for, and the Dealer has agreed and each further Dealer appointed under the Program will be required to agree, that it will obtain any consent, approval or permission required by it for the acquisition, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in or from which it may make any acquisition, offer, sale or delivery.

United States of America

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S under the Securities Act or pursuant to an exemption from the registration requirements of the Securities Act.

- (1) Each Dealer will represent and agree that it has not offered or sold Notes and will not offer and sell Notes (i) as part of its distribution at any time and (ii) otherwise until 40 days after the completion of the distribution of the Series of which such Notes are a part, as determined and certified to the Issue Agent or the Issuer by the relevant Dealer (or, in the case of a sale of a Series of Notes to or through more than one Dealer, by each of such Dealers as to the Notes of such Series purchased by or through it, in which case the Issue Agent or the Issuer shall notify each such Dealer when all such Dealers have so certified), except in accordance with Rule 903 of Regulation S under the Securities Act or in the case of offers and sales by any Dealer (through one or more of its affiliates), except as provided in paragraph (2) below. Accordingly, each Dealer will represent and agree that neither it, its affiliates (if any) nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts with respect to Notes, and it and they have complied and will comply with the offering restrictions requirements of Regulation S. Each Dealer will agree that, at or prior to confirmation of sale of Notes (other than sale of Notes in registered form pursuant to paragraph (2) below), it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Notes from it during the restricted period a confirmation or notice to substantially the following effect:

“The Notes covered hereby have not been registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”), and may not be offered or sold within the United States or to, or for the account or benefit of,

Subscription and Sale

U.S. persons (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of the Series of Notes of which such Notes are a part, as determined and certified by [*Name of Dealer or Dealers, as the case may be*], except in either case in accordance with Regulation S under, or pursuant to an available exemption from the registration requirements of, the Securities Act. Terms used above have the meaning given to them by Regulation S.”

Terms used in this paragraph (1) have the meanings given to them by Regulation S.

- (2) Each Dealer will agree that it will not, acting either as principal or agent, offer or sell any Notes in the United States other than Notes in registered form bearing a restrictive legend thereon, and it will not, acting either as principal or agent, offer, sell, reoffer or resell any of such Notes (or approve the resale of any of such Notes):
- (a) except (A) inside the United States through a U.S. broker dealer that is registered under the United States Securities Exchange Act of 1934 (the “**Exchange Act**”) to institutional investors, each of which such Dealer reasonably believes (i) is a “qualified institutional buyer” (as defined in Rule 144A thereunder), or a fiduciary or agent purchasing Notes for the account of one or more institutional accredited investors or qualified institutional buyers, and (ii) has such knowledge and experience in financial and business matters that it is capable of evaluating and bearing the risks of investing in the Notes or is represented by a fiduciary or agent with sole investment discretion having such knowledge and experience or (B) otherwise in accordance with the restrictions on transfer set forth in such Notes, the Dealership Agreement, the Base Prospectus and the relevant Final Terms; or
 - (b) by means of any form of general solicitation or general advertisement, including but not limited to (A) any advertisement, article, notice or other communication published in any newspaper, magazine or similar media or broadcast over television or radio and (B) any seminar or meeting whose attendees have been advised by any general solicitation or general advertising.

Prior to the sale of any Notes in registered form bearing a restrictive legend thereon, the selling Dealer shall have provided each offeree that is a U.S. person (as defined in Regulation S) with a copy of the Base Prospectus in the form the Issuer and the Dealers shall have agreed most recently shall be used for offers and sales in the United States.

- (3) Each Dealer will represent and agree that in connection with each sale to a qualified institutional buyer it has taken or will take reasonable steps to ensure that the purchaser is aware that the Notes have not been and will not be registered under the Securities Act and that transfers of Notes are restricted as set forth herein and, in the case of sales in reliance upon Rule 144A, that the selling Dealer may rely upon the exemption provided by Rule 144A under the Securities Act.

The Bearer Notes are also subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a U.S. person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the Code and regulations thereunder.

Each Dealer (or, in the case of a sale of a Series of Notes to or through more than one Dealer, each of such Dealers, as to Notes of such Series purchased by or through it, in which case the Issue Agent or the Issuer shall notify each such Dealer when all such Dealers have certified as provided in this paragraph) who has purchased Notes of any Series in accordance with the Dealership Agreement will agree to determine and certify to the Issue Agent or the Issuer the completion of the distribution of such Series of Notes as aforesaid. In order to facilitate compliance by each Dealer with the foregoing, the Issuer will agree that, prior to such certification with respect to such Series, it will notify each relevant Dealer in writing of each acceptance by the Issuer of an offer to purchase and of any issue of Notes or other debt obligations of the

Subscription and Sale

Issuer which are denominated in the same currency or composite currency and which have substantially the same terms and maturity date as the Notes of such Series.

In addition, until 40 days after the commencement of the offering of any Series of Notes, an offer or sale of Notes within the United States by any dealer that is not participating in the offering of such Series of Notes may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A.

European Economic Area

Prohibition of Sales to EEA Retail Investors

Unless the Final Terms in respect of any Notes specifies the “Prohibition of Sales to EEA Retail Investors” as “Not Applicable,” any Notes which are the subject of the offering contemplated by this Base Prospectus (as completed by the Final Terms) in relation thereto are not intended to be offered, sold or otherwise made available to, and should not be offered, sold or otherwise made available to, any retail investor in the EEA. For the purposes of this provision:

- (a) the expression “**retail investor**” means a person who is one (or more) of the following:
 - (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “**MiFID II**”); or
 - (ii) a customer within the meaning of Directive 2016/97/EU (as amended, the “**Insurance Distribution Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
 - (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (as amended, the “**Prospectus Regulation**”); and
- (b) the expression an “**offer**” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

Public Offer Selling Restriction under the Prospectus Regulation

If the Final Terms in respect of any Notes specifies “Prohibition of Sales to EEA Retail Investors” as “Not Applicable,” in relation to each Member State of the EEA (each, a “**Relevant State**”), no offer of Notes should be made which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto to the public in that Relevant State except that it may, make an offer of such Notes to the public in that Relevant State

- (a) *Qualified investors*: at any time to any legal entity which is a qualified investor as defined in the Prospectus Regulation;
- (b) *Fewer than 150 offerees*: at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation), subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (c) *Other exempt offers*: at any time in any other circumstances falling within Article 1(4) of the Prospectus Regulation.

provided that no such offer of Notes referred to in (a) to (c) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

Subscription and Sale

For the purposes of this provision, the expression an “**offer of Notes to the public**” in relation to any Notes in any Relevant State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

United Kingdom

Prohibition of Sales to UK Retail Investors

Unless the Final Terms in respect of any Notes specifies “Prohibition of Sales to UK Retail Investors” as “Not Applicable,” any Notes which are the subject of the offering contemplated by this Base Prospectus (as completed by the Final Terms) in relation thereto are not intended to be offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the United Kingdom (the “**UK**”). For the purposes of this provision:

- (a) the expression "retail investor" means a person who is one (or more) of the following:
 - (i) a retail client as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**"); or
 - (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the “**FSMA**”) and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or
 - (iii) not a qualified investor as defined in Article 2 of Prospectus Regulation as it forms part of domestic law by virtue of the EUWA (the “**UK Prospectus Regulation**”).
- (b) the expression an “**offer**” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

Public Offer Selling Restriction Under The UK Prospectus Regulation

If the Final Terms in respect of any Notes specifies “Prohibition of Sales to UK Retail Investors” as “Not Applicable,” no offer of Notes should be made which is the subject of the offering contemplated by this Base Prospectus to the public in the UK, except that it may make an offer of such Notes to the public in the UK:

- (a) *Qualified investors*: at any time to any legal entity which is a qualified investor as defined in Article 2 of the UK Prospectus Regulation;
- (b) *Fewer than 150 offerees*: at any time to fewer than 150, natural or legal persons (other than qualified investors as defined in Article 2 of the UK Prospectus Regulation) in the UK, subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (c) *Other exempt offers*: at any time in any other circumstances falling within section 86 of the FSMA.

provided that no such offer of Notes referred to in (a) to (c) above shall require the Issuer or any Dealer to publish a prospectus pursuant to section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation.

For the purposes of this provision, the expression an “**offer of Notes to the public**” in relation to any Notes in the UK means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe.

Subscription and Sale

Other UK Regulatory Restrictions

Each Dealer will be required to represent and agree that:

No deposit-taking: in relation to any Notes having a maturity of less than one year:

- (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business; and
- (ii) it has not offered or sold and will not offer or sell any Notes other than to:
 - (A) persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses; or
 - (B) who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses,

where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;

- (iii) *Financial promotion*: it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and
- (iv) *General compliance*: it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the UK.

Brazil

Each Dealer has agreed that it has not offered or sold, and will not offer or sell, any Notes to the general public in Brazil, except in compliance with applicable Brazilian laws to the general public.

The Notes have not been and will not be issued nor placed, distributed, offered or negotiated in the Brazilian capital markets. The issuance of the Notes has not been nor will be registered with the CVM. Any public offering or distribution, as defined under Brazilian laws and regulations, of Notes in Brazil is not legal without prior registration under Law No. 6,385 of December 7, 1976, as amended, and Instruction No. 400, issued by the CVM on December 29, 2003, as amended, or issued in accordance with Instruction No. 476, issued by the CVM on January 16, 2009, as amended. Documents relating to the offering of the Notes, as well as information contained therein, may not be supplied to the public in Brazil (as the offering of the Notes is not a public offering of securities in Brazil), nor be used in connection with any offer for subscription or sale of the Notes to the public in Brazil. Therefore, each of the Dealers has represented, warranted and agreed that it has not offered or sold, and will not offer or sell, the Notes in Brazil, except in circumstances which do not constitute a public offering, placement, distribution or negotiation of securities in the Brazilian capital markets regulated by Brazilian legislation.

Persons wishing to offer or acquire the Notes within Brazil should consult with their own counsel as to the applicability of registration requirements or any exemption therefrom.

Chile

Pursuant to Law No. 18,045 of Chile (the securities market law of Chile) and Rule (*Norma de Carácter General*) No. 336, dated June 27, 2012, issued by the Superintendencia de Valores y Seguros de Chile (“**SVS**” and “**Rule 336**”), the Notes may be privately offered in Chile to certain “qualified investors” identified as such by Rule 336 (which in turn are further described in Rule N. 216, dated June 12, 2008, of the SVS).

Rule 336 requires the following information to be provided to prospective investors in Chile:

Subscription and Sale

1. The date of commencement of the offer is . The offer of the Notes is subject to Rule 336, issued by the SVS;
2. the subject matter of this offer are securities not registered with the Securities Registry (*Registro de Valores*) of the SVS, nor with the foreign securities registry (*Registro de Valores Extranjeros*) of the SVS, due to the Notes not being subject to the oversight of the SVS;
3. since the Notes are not registered in Chile there is no obligation by the issuer to make publicly available information about the Notes in Chile; and
4. the Notes shall not be subject to public offering in Chile unless registered with the relevant Securities Registry of the SVS.

Información a los Inversionistas Chilenos

De conformidad con la ley N. 18.045, de mercado de valores y la Norma de Carácter General N. 336 (la “NCG 336”), de 27 de junio de 2012, de la Superintendencia de Valores y Seguros de Chile (la “SVS”), los bonos pueden ser ofrecidos privadamente a ciertos “inversionistas calificados,” a los que se refiere la NCG 336 y que se definen como tales en la Norma de Carácter General N. 216, de 12 de junio de 2008, de la SVS.

La siguiente información se proporciona a potenciales inversionistas de conformidad con la NCG 336:

1. *La oferta de los bonos comienza el , y se encuentra acogida a la Norma de Carácter General N. 336, de fecha 27 de junio de 2012, de la SVS;*
2. *La oferta versa sobre valores no inscritos en el Registro de Valores o en el Registro de Valores Extranjeros que leva la SVS, por lo que tales valores no están sujetos a la fiscalización de esa Superintendencia;*
3. *Por tratarse de valores no inscritos en Chile no existe la obligación por parte del emisor de entregar en Chile información pública sobre los mismos; y*
4. *Estos valores no podrán ser objeto de oferta pública en Chile mientras no sean inscritos en el Registro de Valores correspondiente.*

Colombia

The Notes have not been and will not be offered in Colombia through a public offering of securities pursuant to Colombian laws and regulations, nor will they be registered in the Colombian National Registry of Securities and Issuers or listed on a regulated securities trading system such as the Colombian Stock Exchange.

Germany

Each Dealer has agreed that it is aware of the fact that no German selling prospectus (*Verkaufsprospekt*) has been or will be published with respect to the Program and that such Dealer will comply with the Securities Selling Prospectus Act (the “SSPA”) of the Federal Republic of Germany (*Wertpapierverkaufsprospektgesetz*). In particular, each Dealer has undertaken not to engage in public offering (*öffentliches Anbieten*) or other selling activities in the Federal Republic of Germany with respect to any Notes issued under the Program otherwise than in accordance with the SSPA and any other legislation replacing or supplementing the SSPA and all other applicable laws and regulations.

Hong Kong

The Notes may not be offered or sold by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap.32, Laws of Hong Kong), or (ii) to “professional investors” within the meaning of the Securities and Futures Ordinance (Cap.571, Laws of Hong Kong) and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a “prospectus” within the meaning of the Companies Ordinance (Cap.32, Laws of Hong Kong), and no advertisement,

Subscription and Sale

invitation or document relating to the Notes may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” within the meaning of the Securities and Futures Ordinance (Cap.571, Laws of Hong Kong) and any rules made thereunder.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan, Law No. 25 of 1948 (the “**Securities and Exchange Law**”) and each Dealer has agreed and each further Dealer appointed under the Program will be required to agree that it will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to others for reoffering or resale, directly or indirectly, in Japan or to a resident of Japan except pursuant to an exception from the registration requirements or otherwise in compliance with the Securities and Exchange Law and any other applicable laws, regulations and ministerial guidelines of Japan.

Peru

The Notes and the information contained in this Base Prospectus are not being publicly marketed or offered in Peru and will not be distributed or caused to be distributed to the general public in Peru. Peruvian securities laws and regulations on public offerings will not be applicable to the offering of the Notes and therefore, the disclosure obligations set forth therein will not be applicable to the Issuer or the Dealers of the Notes before or after their acquisition by prospective investors. The Notes and the information contained in this Base Prospectus have not been and will not be reviewed, confirmed, approved or in any way submitted to the Peruvian Superintendency of Capital Markets (*Superintendencia del Mercado de Valores*) or the SMV and the Notes have not been registered under the Securities Market Law (*Ley del Mercado de Valores*) or any other Peruvian regulations. Accordingly, the Notes cannot be offered or sold within Peruvian territory except to the extent any such offering or sale qualifies as a private offering under Peruvian regulations and complies with the provisions on private offerings set forth therein.

Singapore

Each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that this Base Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore (the “**MAS**”). Accordingly, each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Base Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the “**SFA**”)) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

Subscription and Sale

- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

Securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

- (1) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (2) where no consideration is or will be given for the transfer;
- (3) where the transfer is by operation of law; or
- (4) as specified in Section 276(7) of the SFA.
- (5) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) Securities and Securities-based Derivatives Contracts) Regulations 2018.

Switzerland

The Notes may not and will not be publicly offered, distributed or re-distributed in or from Switzerland and neither this document nor any other solicitation for investments in the Notes may be communicated or distributed in Switzerland in any way that could constitute a public offering within the meaning of Articles 1156 or 652a of the Swiss Code of Obligations. The Notes are not a collective investment within the meaning of the Federal Collective Investment Schemes Act of June 23, 2006 (*Bundesgesetz über die kollektiven Kapitalanlagen*, KAG). This Base Prospectus may not be copied, reproduced, distributed or passed on to others without the Dealer's prior written consent. This document is not a prospectus within the meaning of Articles 1156 and 652a of the Swiss Code of Obligations or a listing prospectus according to articles 27 *et seq.* of the Listing Rules of SIX Exchange Regulation, the regulator of SIX Swiss Exchange AG, and may not comply with the information standards required thereunder. We will not apply for a listing of the Notes on any Swiss stock exchange or other Swiss regulated market and this document may not comply with the information required under the relevant listing rules. The Notes offered hereby have not been and will not be registered with the Swiss Federal Financial Market Supervisory Authority ("FINMA") and have not been and will not be authorized under the Federal Collective Investment Schemes Act of June 23, 2006 (*Bundesgesetz über die kollektiven Kapitalanlagen*, KAG). The investor protection afforded by the Federal Collective Investment Schemes Act (*Bundesgesetz über die kollektiven Kapitalanlagen*, KAG) does not extend to acquirers of the Notes.

The Cayman Islands

Each Dealer has agreed that it has not offered or sold, and will not offer or sell, any Notes issued by Bradesco Grand Cayman branch to the public in the Cayman Islands and that it shall not distribute this Base Prospectus or any other offering material to the public in the Cayman Islands. Notes may be issued to ordinary non-resident and exempted companies and to certain other non-resident or exempted entities established in the Cayman Islands and engaged in offshore business.

Each Dealer has agreed to comply with any direction of the Registrar of Companies of the Cayman Islands prohibiting (a) the sale of Notes in the Cayman Islands or (b) any invitation to the public in the Cayman Islands to subscribe for the Notes.

TRANSFER RESTRICTIONS

Each prospective purchaser of Notes offered in reliance on Rule 144A by accepting delivery of this Base Prospectus will be deemed to have represented and agreed that such offeree acknowledges that this Base Prospectus is personal to such offeree and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire the Notes other than pursuant to Rule 144A or in offshore transactions in accordance with Regulation S. Distribution of this Base Prospectus, or disclosure of any of its contents to any person other than such offeree and those persons, if any, retained to advise such offeree with respect thereto is unauthorized, and any disclosure of any of its contents, without the prior written consent of the Issuer, is prohibited.

Each purchaser of Notes offered and sold in reliance on Rule 144A will be deemed to have represented and agreed as follows (terms used in this paragraph that are defined in Rule 144A or in Regulation S are used herein as defined therein):

- (1) The purchaser (A) is a qualified institutional buyer, (B) is aware that the sale to it is being made in reliance on Rule 144A and (C) is acquiring such Notes for its own account or for the account of a qualified institutional buyer.
- (2) The Notes are being offered only in a transaction not involving any public offering in the United States within the meaning of the Securities Act, the Notes have not been and will not be registered under the Securities Act, and, if in the future the purchaser decides to offer, resell, pledge or otherwise transfer such Notes, such Notes may be offered, sold, pledged, or otherwise transferred only (A) to a person who the seller reasonably believes is a qualified institutional buyer in a transaction meeting the requirements of Rule 144A, (B) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S or (C) pursuant to an exemption from registration under the Securities Act provided by Rule 144 thereunder (if available), in each case in accordance with any applicable securities laws of any State of the United States or any other jurisdiction.
- (3) The purchaser understands that Notes of a Series offered in reliance on Rule 144A will be represented by a Restricted Global Note Certificate. Before any interest in such Restricted Global Note Certificate may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in an Unrestricted Global Note Certificate, the seller will be required to provide the Trustee and the Registrar with a written certification (in the form provided in the Trust Deed) as to compliance with the transfer restrictions referred to in clause (2)(B) or (2)(C) above.

In order to effectuate the foregoing restrictions on resales and other transfers of the Definitive Bearer Notes or Individual Note Certificates sold or issued in exchange for a Note sold pursuant to Rule 144A, if any resale or transfer of a Note is proposed to be made (otherwise than to or through a Dealer or in reliance on Rule 144A or Regulation S), (i) directly by the holder of a Note, or (ii) through the services of a dealer other than a Dealer, the prospective purchaser of the Note, in the case of a resale or transfer of a Note to be made directly by the holder of such Note, or such dealer, in the case of a resale or transfer of such Note to be made through such dealer, shall deliver a letter to the Issuer substantially in the form provided in the Paying Agency Agreement, appropriately completed. If any resale or transfer of a Note is proposed to be made to a Dealer in reliance on Rule 144A or Regulation S, either (i) the holder of such Note shall have made the appropriate notation on the transfer notice set forth on such Note or otherwise advised the Issue Agent in writing that it is relying on Rule 144A or Regulation S in connection with such transfer or is transferring such Note to a Dealer or (ii) the prospective purchaser, its agent or a Dealer shall deliver a letter to the Issue Agent substantially in the form prescribed in the Paying Agency Agreement, appropriately completed along with the Note presented for transfer. Inquiries concerning transfers of Notes should be made to any Dealer.

In order to effectuate the foregoing restrictions on resales and other transfers of the Definitive Bearer Notes or Individual Note Certificates sold or issued in exchange for a Note sold pursuant to Rule 144A, if any resale or transfer of a Note is proposed to be made (otherwise than to or through a Dealer or in reliance on Rule 144A or Regulation S), (i) directly by the holder of a Note, or (ii) through the services of a dealer other than a Dealer, the prospective purchaser of the Note, in the case of a resale or transfer of a Note to be made directly by the holder of

Transfer Restrictions

such Note, or such dealer, in the case of a resale or transfer of such Note to be made through such dealer, shall deliver a letter to the Issuer substantially in the form provided in the Paying Agency Agreement, appropriately completed. If any resale or transfer of a Note is proposed to be made to a Dealer or in reliance on Rule 144A or Regulation S, either (i) the holder of such Note shall have made the appropriate notation on the transfer notice set forth on such Note or otherwise advised the Issue Agent in writing that it is relying on Rule 144A or Regulation S in connection with such transfer or is transferring such Note to a Dealer or (ii) the prospective purchaser, its agent or a Dealer shall deliver a letter to the Issue Agent substantially in the form prescribed in the Paying Agency Agreement, appropriately completed along with the Note presented for transfer. Inquiries concerning transfers of Notes should be made to any Dealer.

The Restricted Global Note Certificates will bear a legend to the following effect unless the Issuer determines otherwise in compliance with applicable law:

“THIS NOTE HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED, AND PRIOR TO THE DATE WHICH IS SIX MONTHS AFTER THE ORIGINAL ISSUE DATE HEREOF MAY BE TRANSFERRED ONLY PURSUANT TO THE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF SUCH ACT PROVIDED BY EITHER RULE 144A OR REGULATION S THEREUNDER.”

Individual Note Certificates issued in exchange for an interest in a Restricted Global Note Certificate will bear the following legend and be subject to the transfer restrictions set forth therein:

“THIS NOTE HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED, AND MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED WITHOUT REGISTRATION UNDER SUCH ACT UNLESS AN EXEMPTION FROM REGISTRATION IS AVAILABLE. THE PURCHASER OF THIS NOTE, BY ITS ACCEPTANCE HEREOF, WHETHER UPON ORIGINAL ISSUANCE OR SUBSEQUENT TRANSFER, ACKNOWLEDGES THE RESTRICTIONS ON THE TRANSFER OF THIS NOTE SET FORTH BELOW AND AGREES THAT IT SHALL TRANSFER SUCH NOTES ONLY AS PROVIDED IN THE PAYING AGENCY AGREEMENT REFERRED TO HEREIN. IN ADDITION, THE PURCHASER REPRESENTS THAT IT IS ACQUIRING THIS NOTE FOR INVESTMENT AND NOT WITH A VIEW TO ANY SALE OR DISTRIBUTION HEREOF, SUBJECT TO ITS ABILITY TO RESELL THIS NOTE PURSUANT TO RULE 144A OR REGULATION S OR AS OTHERWISE PROVIDED BELOW AND SUBJECT IN ANY CASE TO ANY REQUIREMENT OF LAW THAT THE DISPOSITION OF THE PROPERTY OF ANY PURCHASER SHALL AT ALL TIMES BE AND REMAIN WITHIN ITS CONTROL.

BY ITS ACCEPTANCE OF THIS NOTE, THE PURCHASER AGREES THAT, PRIOR TO THE DATE WHICH IS SIX MONTHS AFTER THE ORIGINAL ISSUE DATE HEREOF, THIS NOTE MAY BE TRANSFERRED ONLY (A) PURSUANT TO THE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF SUCH ACT PROVIDED BY EITHER RULE 144A OR REGULATION S THEREUNDER, (B) TO A DEALER (AS DEFINED IN THE PAYING AGENCY AGREEMENT) OR (C) PURSUANT TO AN EXEMPTION FROM SUCH REGISTRATION REQUIREMENTS AS CONFIRMED IN AN OPINION OF COUNSEL SATISFACTORY TO THE ISSUER. IF REQUESTED BY THE ISSUER OR BY A DEALER, THE PURCHASER AGREES TO PROVIDE THE INFORMATION NECESSARY TO DETERMINE WHETHER THE TRANSFER OF THIS NOTE IS PERMISSIBLE UNDER THE SECURITIES ACT. THIS NOTE AND RELATED DOCUMENTATION MAY BE AMENDED OR SUPPLEMENTED FROM TIME TO TIME TO MODIFY THE RESTRICTIONS ON AND PROCEDURES FOR REALES AND OTHER TRANSFERS OF THIS NOTE TO REFLECT ANY CHANGE IN APPLICABLE LAW OR REGULATION (OR THE INTERPRETATION THEREOF) OR IN PRACTICES RELATED TO THE RESALE OR TRANSFER OF RESTRICTED SECURITIES GENERALLY. BY THE ACCEPTANCE OF THIS NOTE, THE HOLDER HEREOF SHALL BE DEEMED TO HAVE AGREED TO ANY SUCH AMENDMENT OR SUPPLEMENT.

Transfer Restrictions

THE FOREGOING LEGENDS MAY BE REMOVED FROM THIS NOTE ON SATISFACTION OF THE CONDITIONS SPECIFIED IN THE PAYING AGENCY AGREEMENT.”

The Paying Agency Agreement provides that such legends will not be removed unless the Registrar is advised that the relevant Note is being transferred pursuant to Regulation S or unless there is delivered to the Issuer and the Registrar satisfactory evidence, which may include an opinion of U.S. counsel, to the effect that neither such legends nor the restrictions on transfer set forth therein are required to ensure that transfers of such Note comply with the provisions of Rule 144A, Rule 144 or Regulation S under the Securities Act or that such Note is not a “restricted security” within the meaning of Rule 144 under the Securities Act. As a general matter, the legends may be removed from any Note six months after the original issue date thereof, *provided* that during such six-month period such Note has not been acquired by the Issuer or any affiliate thereof.

LEGAL MATTERS

The validity of the issuance of the Notes and certain matters in connection with Brazilian law will be passed upon for the Issuers and the Dealers by Pinheiro Neto Advogados, Brazilian counsel for the Issuers, and by Machado, Meyer, Sendacz e Opice Advogados, Brazilian counsel for the Dealers. The validity of the issuance of the Notes and certain matters in connection with Cayman Islands law will be passed upon for the Issuers and the Dealers by Appleby (Cayman) Ltd, Cayman Islands counsel to the Issuers. The validity of the Notes will be passed on for the Issuer by Clifford Chance, English law and U.S. counsel to the Issuer. The validity of the Notes will be passed on for the Dealers by Cleary Gottlieb Steen & Hamilton LLP, English law and U.S. counsel to the Dealers.

INDEPENDENT AUDITORS

The consolidated financial statements as of and for the years ended December 31, 2020 and 2019, and as of and for the years ended December 31, 2019 and 2018, included elsewhere in this Base Prospectus have been audited by KPMG Auditores Independentes, independent auditors, as stated in their auditors' reports appearing herein. The audit reports covering the aforementioned consolidated financial statements specify that KPMG Auditores Independentes also audited the consolidated statement of added value ("**DVA**"), for the years ended December 31, 2020, 2019 and 2018.

KPMG Auditores Independentes is duly registered with the Brazilian Federal Accounting Council (*Conselho Federal de Contabilidade*), a Brazilian accountancy regulatory body, under the number 2SP014428/O-6, with IBRACON and with the CVM. The offices of KPMG Auditores Independentes are located at Av. Dionysia Alves Barreto, 500 – 10th floor – Conj. 1001, Osasco, SP Brazil.

General Information

GENERAL INFORMATION

- (1) The establishment of the Program and the issuance of the Notes thereunder by us are authorized by our by-laws and by a resolution of our Board of Directors, passed on April 23, 1999. Pursuant to a resolution of our Board of Directors, passed on February 6, 2001, the Program amount was increased to U.S.\$1,500,000,000. Pursuant to a resolution of our Board of Directors passed on May 21, 2003, the Program amount was increased to U.S.\$2,500,000,000. Pursuant to a resolution of our Board of Directors passed on May 10, 2010, the Program amount was increased to U.S.\$5,000,000,000. Pursuant to a resolution of our Board of Directors passed on March 7, 2012, the Program amount was increased to U.S.\$10,000,000,000. Pursuant to Brazilian law and our by-laws, we are not required to have approval from our Board of Directors where our annual update of the Program involves only the update of the Base Prospectus. All necessary applicable consents, approvals, authorizations and other orders of all regulatory authorities under the laws of Brazil have been given for the establishment of the Program, the issue of Notes under the Program and the execution of any document in connection therewith and are in full force and effect. Where the Issuer is acting through its principal office in Brazil in an issuance of Notes under the Program, the Issuer shall be required to fulfill the following additional requirements: (i) the electronic registration of the financial terms and conditions of the Notes under the relevant Financial Transaction Registration mode of the Central Bank (“ROF”) for the issue of any series of Notes, which shall be obtained prior to any such issuance; (ii) the registration in the ROF of the relevant schedule of payments, which shall be obtained after the entry into Brazil of the related proceeds; (iii) the obtaining of further authorizations from the Central Bank, if then required, to make payments outside Brazil other than scheduled payments of principal, interest, commissions, fees and expenses as contemplated by the ROF; and (iv) any necessary amendments or revalidations to the ROF and schedules of payments.
- (2) Application has been made for Notes to be issued under the Program to be admitted for listing on the official list of the Luxembourg Stock Exchange and to be admitted to trading on the Euro MTF Market of the Luxembourg Stock Exchange. However, a Series of Notes may be issued pursuant to the Program which will not be listed on the official list of the Luxembourg Stock Exchange or admitted to listing, trading and/or quotation by any other listing authority, stock exchange and/or quotation system or which will be admitted to listing, trading and/or quotation by such listing authority, stock exchange and/or quotation system as the Issuer and the relevant Dealer(s) may agree.
- (3) The Notes have been accepted for clearance through the Euroclear and Clearstream, Luxembourg clearance systems. The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210, Brussels, Belgium, and the address of Clearstream is 42 Avenue John Fitzgerald Kennedy, L-1855, Luxembourg, Luxembourg. The appropriate Common Code and International Securities Identification Number for each series of Notes will be set forth in the Final Terms relating thereto. In addition, we will (or, in relation to Notes denominated in a currency other than U.S. dollars, may) make an application with respect to each Series of Notes sold pursuant to Rule 144A for such Notes to be accepted for trading in book-entry form by DTC. All payments of principal and interest with respect to Notes denominated in any currency other than U.S. dollars and registered in the name of the nominee for DTC will be converted to U.S. dollars unless the relevant participants in DTC elect to receive such payment of principal or interest in that other currency. Acceptance of each Series of Notes for trading through DTC will be confirmed in the Final Terms relating thereto.
- (4) Copies of the Base Prospectus, any Final Terms, the Trust Deed, the Paying Agency Agreement, our by-laws, our audited consolidated financial statements as of and for the years ended December 31, 2020, 2019 and 2018 (in English), as well as our latest unaudited interim consolidated financial statements (in English), which we produce on a quarterly basis, may be obtained, during the term of the Notes: (i) in the City of Luxembourg, at the office of the Listing Agent for the Notes on the Luxembourg Stock Exchange and (ii) at the office of any Paying Agent.
- (5) Our audited consolidated financial statements as of and for the years ended December 31, 2020 and 2019, included elsewhere in this Base Prospectus, have been prepared in accordance with Accounting Practices Adopted by Banks in Brazil.

General Information

- (6) None of us, nor any of our subsidiaries are or have been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which we are aware) during the 12 months preceding the date of this Base Prospectus which may have or have had in the recent past significant effects on our financial position or profitability.
- (7) There has been no material adverse change in our prospects since December 31, 2020.
- (8) There has been no significant change in our financial or trading position since December 31, 2020.
- (9) Each Final Terms will set forth, regarding each Series of Notes, if any, in respect of which this Base Prospectus is being delivered, certain information relating to the issuance of Notes under the Program. A form of Final Terms is attached to this Base Prospectus as Annex A.
- (10) We will not provide any post issuance information, except if required by any applicable laws and regulation.
- (11) The Base Prospectus and the Final Terms of each tranche of Notes listed on the official list of the Luxembourg Stock Exchange will be available on the Luxembourg Stock Exchange website (www.bourse.lu). No other information available on the website of the Luxembourg Stock Exchange at www.bourse.lu is incorporated by reference herein.
- (12) We have given an undertaking in connection with the listing of the Notes on the official list of the Luxembourg Stock Exchange to the effect that, so long as any Note remains outstanding and listed on the official list of the Luxembourg Stock Exchange, in the event of any material adverse change in the financial condition of any of us which is not reflected in the Base Prospectus, we will prepare a supplement to the Base Prospectus or a new Base Prospectus. If the terms of the Program are modified or amended in a manner which would make the Base Prospectus, as supplemented, inaccurate or misleading, a new Base Prospectus will be prepared.
- (13) The Legal Entity Identifier (LEI) for Banco Bradesco S.A., acting through its principal office in Brazil, is 549300CTUU1RFXHQJE44.

DIFFERENCES BETWEEN ACCOUNTING PRACTICES ADOPTED BY BANKS IN BRAZIL AND IFRS

Our consolidated financial statements included elsewhere in this Base Prospectus have been prepared in accordance with Accounting Practices Adopted in Brazil applicable to institutions authorized to operate by the Central Bank. See “Presentation of Financial Information” for a description of the components of Accounting Practices Adopted by Banks in Brazil.

There are certain differences between the Accounting Practices Adopted by Banks in Brazil and IFRS as issued by the IASB.

The CMN regulations applicable to financial institutions and other entities authorized to operate by the Central Bank (and which are listed or otherwise required to maintain an Audit Committee) require us to prepare financial statements in accordance with IFRS. Accordingly, we prepared financial statements in accordance with IFRS as of and for the years ended December 31, 2020 and 2019. However, those financial statements are not included or incorporated by reference in this Base Prospectus. This section is not intended to identify or quantify the impact of any differences that may exist between the Accounting Practices adopted by Banks in Brazil and IFRS. The following text is a summary of some of these differences. This summary, however, is neither intended to be, nor should it be interpreted as, exhaustive.

By reading this summary, prospective investors should also consider the following:

- this summary describes certain differences between Accounting Practices adopted by Banks in Brazil and IFRS as of December 31, 2020;
- this summary does not reflect differences between Accounting Practices adopted by Banks in Brazil and IFRS resulting from: (i) future changes in accounting standards or; (ii) transactions or events that may occur in the future. Additionally, no attempt has been made to identify any future events or decisions of the regulatory bodies that promulgate Accounting Practices adopted by Banks in Brazil and IFRS; and
- the differences between Accounting Practices adopted by Banks in Brazil and IFRS may be significant to our financial position or results of operations. Prospective investors unfamiliar with the Accounting Practices Adopted by Banks in Brazil should consult their own professional advisors in order to understand the differences between the Accounting Practices adopted by Banks in Brazil and IFRS, and how those differences might affect the financial information presented in this Base Prospectus.

This summary does not address differences related solely to the classification of amounts in the financial statements or footnote disclosures.

Business combinations

Under Accounting Practices adopted by Banks in Brazil, there is no specific statement addressing the accounting treatment of business combinations involving financial institutions. Only the assets and liabilities recorded in the opening balance of the acquired entity are recorded by the acquirer, and the goodwill or negative goodwill on acquisitions corresponds to the difference between the amount paid by the acquirer and the book value of the assets and liabilities recorded in the acquired entity. Any shares or debts issued as payment in the acquisition of entities are recorded at their face value on the date of business combination. The goodwill arising from business combinations may be amortized.

For acquisitions that took place as of September 1, 2008, for the purposes of IFRS, we record the assets and liabilities arising from the business combinations at fair value. The shares issued by us in business combinations are recorded at fair value on the date of the transfer of control. Other assets submitted as payment are also measured at

Differences between Accounting Practices Adopted by Banks in Brazil and IFRS

fair value. The goodwill recorded in business combination is tested annually for the purposes of determining the recoverable amount, as required by IAS 36 – Impairment of Assets.

Classification of financial assets

Under Accounting Practices adopted by Banks in Brazil, only the securities are classified in categories and these are determined in accordance with Management's intent and the financial capacity of our group.

For the purposes of IFRS, all financial assets are classified into categories and are based on both the business model for the management of these assets and the characteristics of their contractual cash flows.

Deferral of financial service fees and direct costs

Under Accounting Practices adopted by Banks in Brazil, on our consolidated income statement, we record the fees charged for financial services and the portion of direct costs related to certain financial assets, primarily loans and receivables, at the time of origination. Direct costs related to commissions paid to merchants and agents are recorded under "Other assets – Prepaid expenses" and presented in the income statement for the respective agreement terms.

For the purposes of IFRS, financial service fees and direct costs related to the origination of these financial assets are deferred and recorded as an adjustment in the effective interest rate. The direct costs related to commissions paid to merchants and dealers are part of the effective interest rate and are recorded in the loans and receivables accounts.

Impairment of loans and receivables

Under Accounting Practices adopted by Banks in Brazil, allowance for loan losses are determined based on a risk assessment of the performance of credit operations, in an amount considered sufficient to cover probable losses, according to the requirements set out by CMN Resolution No. 2,682 of December 21, 1999.

Under IFRS, allowance for loan losses are determined based on expected losses, in accordance with the requirements of IFRS 9.

Deferred income tax and social contribution on IFRS adjustments

Deferred income tax and social contribution are recorded on differences between the Accounting Practices adopted by Banks in Brazil and IFRS.

Supplementary coverage provision

Insufficient provision resulting from TAP, which in compliance with SUSEP Circular 543/16, is fully offset by the portion corresponding to the difference between the market value and the book value of the securities classified as "held to maturity" that are used as collateral of technical provisions. This procedure does not apply under IFRS 4, which determines the accounting for this insufficiency and Supplementary Coverage Provision.

Leases

Under accounting practices adopted by Brazilian Banks, as a lessee, lease payments are recorded as expenses on an accrual basis.

For IFRS purposes, the guidelines of IFRS 16 must be observed, which establishes that at the beginning of a lease contract, a liability must be recognized for the present value of lease payments (lease liability) and an asset representing the right to use the asset object during the lease term (a right-of-use asset). The interest expenses on the lease liability and the depreciation expenses of the right of use asset must be recognized separately in the income statement.

ANNEX A

FORM OF FINAL TERMS

Final Terms dated []

[BANCO BRADESCO S.A.]

*(a company incorporated under the laws of the Federative Republic of Brazil),
acting through its principal office in Brazil]*

[BANCO BRADESCO S.A.]

acting through its Grand Cayman branch]

(LEI 549300CTUU1RFXHQJE44)

**Issue of [Aggregate Principal Amount of Tranche] [Title of Notes]
under the US\$10,000,000,000
Global Medium-Term Note Program**

PART A - CONTRACTUAL TERMS

[PROHIBITION OF SALES TO EEA RETAIL INVESTORS] – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“EEA”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “**MiFID II**”); or (ii) a customer within the meaning of Directive 2016/97/EU (as amended, the “**Insurance Distribution Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129. Consequently, no key information document required by Regulation (EU) No 1286/2014 (the “**PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.] *[Delete this selling restriction in case of sales to a retail client where a KID has been prepared.]*

This document has been prepared on the basis that any offer of notes in any member state of the EEA will only be made pursuant to an exemption under the Prospectus Regulation from the requirement to publish or supplement a prospectus for offers of notes.

[PROHIBITION OF SALES TO UK RETAIL INVESTORS] – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (“UK”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (“**EUWA**”); or (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the Financial Services and Markets Act 2000 (the “**FSMA**”) and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the “**UK PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.] *[Delete this selling restriction in case of sales to a retail client where a KID has been prepared.]*

[MIFID II product governance / Professional investors and ECPs only target market] – Solely for the purposes of [the/each] manufacturer’s product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each

Form of Final Terms

as defined in MiFID II; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a “**distributor**”) should take into consideration the manufacturer[’s/s’] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer[’s/s’] target market assessment) and determining appropriate distribution channels.] *[Delete this in case of sales to retail clients. If no sales to retail clients, keep these selling restrictions and make the necessary adjustments to the language to reflect if there is more than one manufacturer]*

[MiFID II product governance / Retail investors, professional investors and ECPs target market – Solely for the purposes of [the/each] manufacturer’s product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties, professional clients and retail clients each as defined in Directive 2014/65/EU (as amended, “**MiFID II**”); (ii) all channels for distribution to eligible counterparties and professional clients are appropriate; and (iii) the following channels for distribution of the Notes to retail clients are appropriate - investment advice, portfolio management, non-advised sales and pure execution services - subject to the distributor’s suitability and appropriateness obligations under MiFID II, as applicable. Any person subsequently offering, selling or recommending the Notes (a “**distributor**”) should take into consideration the manufacturer[’s/s’] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer[’s/s’] target market assessment) and determining appropriate distribution channels, subject to the distributor’s suitability and appropriateness obligations under MiFID II, as applicable. *[Keep this in case of sales to retail clients and make the necessary adjustments to the language to reflect if there is more than one manufacturer]*

UK MIFIR product governance / Retail investors, professional investors and ECPs target market – Solely for the purposes of [the/each] manufacturer’s product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is retail clients, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (“**EUWA**”), and eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook (“**COBS**”) and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA (“**UK MiFIR**”); (ii) all channels for distribution to eligible counterparties and professional clients are appropriate; and (iii) the following channels for distribution of the Notes to retail clients are appropriate - investment advice, portfolio management, non-advised sales and pure execution services - subject to the distributor’s suitability and appropriateness obligations under COBS, as applicable. *[Consider any negative target market].* Any person subsequently offering, selling or recommending the Notes (a “**distributor**”) should take into consideration the manufacturer[’s/s’] target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the “**UK MiFIR Product Governance Rules**”) is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer[’s/s’] target market assessment) and determining appropriate distribution channels, subject to the distributor’s suitability and appropriateness obligations under COBS, as applicable.] *[Keep this in case of sales to retail clients in the UK and make the necessary adjustments to the language to reflect if there is more than one manufacturer]*

[UK MIFIR product governance / Professional investors and ECPs only target market – Solely for the purposes of [the/each] manufacturer’s product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook (“**COBS**”), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (“**UK MiFIR**”); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. *[Consider any negative target market]* Any person subsequently offering, selling or recommending the Notes (a “**distributor**”) should take into consideration the manufacturer[’s/s’] target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the “**UK MiFIR Product Governance Rules**”) is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer[’s/s’] target market assessment) and determining appropriate distribution channels.]

Form of Final Terms

[SINGAPORE SFA PRODUCT CLASSIFICATION – In connection with Section 309B of the Securities and Futures Act (Chapter 289) of Singapore (the “SFA”) and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the “CMP Regulations 2018”), unless otherwise specified before an offer of Notes, the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes to be issued under the Program are ‘prescribed capital markets products’ (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAAN16: Notice on Recommendations on Investment Products).] *[Only keep in case of sales to Singapore]*

This document constitutes the Final Terms of the Notes described herein. Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the “**Conditions**”) set forth in the Base Prospectus dated [] [and the Base Prospectus Supplement dated []]. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus [as so supplemented]. [The Base Prospectus [and the Base Prospectus Supplement] [is] [are] available for viewing at [address] [and] [website] and copies may be obtained from [address].]

[The following alternative language applies if the first tranche of an issue which is being increased was issued under a Base Prospectus with an earlier date.]

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the “**Conditions**”) set forth in the Base Prospectus dated [] [and the Base Prospectus Supplement dated []]. These Final Terms contain the final terms of the Notes described herein and must be read in conjunction with the Base Prospectus dated [] [and the Supplement to the Base Prospectus dated []], which [together] constitute[s] a Base Prospectus, save in respect of the Conditions which are extracted from the Base Prospectus dated [] [and the Supplement to the Base Prospectus dated []] and are attached hereto. Full information on the Issuer and the offer of the Notes described herein is only available on the basis of a combination of these Final Terms and the Base Prospectuses dated [] and [] [and the Base Prospectus Supplements dated [] and []]. The Base Prospectuses [and the Base Prospectus Supplements] are available for viewing at [[address] [and] [website]] and copies may be obtained from [address].

[Include whichever of the following apply or specify as “Not Applicable” (N/A). Note that, save as otherwise indicated, the numbering should remain as set out below, even if “Not Applicable” is indicated for individual paragraphs or sub paragraphs. Italics denote guidance for completing the Final Terms.]

1. Issuer: []
2. (i) Series Number: []
(ii) Tranche Number: []

(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible).

3. Specified Currency or Currencies: (Condition 2.6) []
4. Aggregate Nominal Amount:
[(i)] Series: []
[(ii)] Tranche: []

Form of Final Terms

5.	[(i)] Issue Price:	[] per cent. of the Aggregate Nominal Amount [plus accrued interest from <i>[insert date]</i> (if applicable)]
	[(ii)] Net proceeds:	[] (Required only for listed issues)
6.	(i) Specified Denominations: (Conditions 2.4 to 2.5)	[]
	(ii) Calculation Amount:	[]
7.	(i) Issue Date:	[]
	(ii) Interest Commencement Date (if different from the Issue Date):	[]
8.	Maturity Date:	<i>[specify date or (for Floating Rate Notes) Interest Payment Date falling in or nearest to the redemption month]</i>
9.	Interest Basis:	[[]% Fixed Rate] [[specify reference rate] +/- []% Floating Rate] [Zero Coupon] [Index Linked Interest] [Other (<i>specify</i>)] (further particulars specified below)
10.	Redemption/Payment Basis:	[Redemption at par] [Index Linked Redemption] [Dual Currency] [Partly Paid] [Installment] [Other (<i>specify</i>)]
11.	Change of Interest or Redemption/Payment Basis:	<i>[Specify details of any provision for convertibility of Notes into another interest or redemption/payment basis]</i>
12.	Dates for payment of installment amounts (Installment Notes): (Condition 10.1)	<i>[Specify dates (or Interest Payment Dates occurring in months and years if FRN Convention applies)]</i>
13.	Maturity Redemption Amount: (Condition 10.1)	[] per Calculation Amount
14.	Installment amounts: (Condition 10.1)	<i>[Specify]</i>
15.	Put/Call Options:	[Investor Put] [Issuer Call] [(further particulars specified below)]
16.	Status of the Notes:	[Unsubordinated]
17.	Method of distribution:	[Syndicated/Non-syndicated]

Form of Final Terms

18. Listing and Trading: [Application has been made to list the Notes on the Luxembourg Stock Exchange and to trade the Notes on the Euro MTF market of the Luxembourg Stock Exchange. The first trading day on the Euro MTF market of the Luxembourg Stock Exchange is expected to be [date]/ Other (*specify*)/None]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

19. Fixed Rate Note Provisions: (Condition 6) [Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
- (i) Rate[(s)] of Interest: [] per cent. *per annum* [payable [annually/semi/annually/quarterly/monthly] in arrear]
 - (ii) Interest Payment Date(s): [] in each year [adjusted in accordance with [*specify Business Day Convention and any applicable Business Centre(s) for the definition of "Business Day"*]/not adjusted]
 - (iii) Fixed Coupon Amount[(s)]: [] per Calculation Amount
 - (iv) Broken Amount(s): [*Insert particulars of any initial or final broken interest amounts which do not correspond with the Fixed Coupon Amount(s)*]
 - (v) Day Count Fraction: [30/360/Actual/Actual (ISMA). *If neither of these applies give details.*]
 - (vi) Determination Dates: [] in each year (*insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon. N.B. only relevant where Day Count Fraction is Actual/Actual ([ISMA])*)
 - (vii) Other terms relating to the method of calculating interest for Fixed Rate Notes: [Not Applicable/give details] (*consider if day count fraction, particularly for euro denominated issues should be on an Actual/Actual or other basis. Also consider what should happen to unmatured coupons in the event of early redemption of the Notes.*)
20. Floating Rate Note Provisions: (Condition 7) [Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph.*)
- (i) Interest Period(s): []
 - (ii) Specified Interest Payment Dates: []
 - (iii) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/ Modified Following Business Day Convention/Preceding Business Day Convention/other (*give details*)]

Form of Final Terms

(iv)	Additional Business Centre(s):	[Not Applicable/(give details)]
(v)	Manner in which the Rate(s) of Interest is/are to be determined: (Conditions 7.8)	[Screen Rate Determination/ISDA Determination/other (give details)]
(vi)	Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the London Paying Agent):	<i>[name]</i> shall be the Calculation Agent (no need to specify if London Paying Agent is to perform this function).
(vii)	Screen Rate Determination:	
	☐ Reference Rate:	<i>[For example LIBOR or EURIBOR]</i>
	☐ Interest Determination Date(s):	[]
	☐ Relevant Screen Page:	<i>[For example, Reuters Screen LIBOR01]</i>
	☐ Relevant Time:	<i>[For example 11:00 am London time/Brussels time]</i>
	☐ Relevant Financial Centre:	<i>[For example, London/Euro-zone where Euro-zone means the region comprised of the countries whose lawful currency is the euro]</i>
	☐ Reference Banks:	<i>[specify]</i>
(viii)	ISDA Determination:	
	☐ Floating Rate Option:	[]
	☐ Designated Maturity:	[]
	☐ Reset Date:	[]
(ix)	Margin(s):	[+/-][] per cent. <i>per annum</i>
(x)	Minimum Rate of Interest:	[] per cent. <i>per annum</i>
(xi)	Maximum Rate of Interest:	[] per cent. <i>per annum</i>
(xii)	Day Count Fraction:	[]
(xiii)	Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions:	[]
21.	Zero Coupon Note Provisions	[Applicable/Not Applicable] <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>

Form of Final Terms

(i)	[Amortisation/Accrual] Yield:	[] per cent. <i>per annum</i>
(ii)	Reference Price:	[]
(iii)	Any other formula/basis of determining amount payable:	<i>[Consider whether it is necessary to specify a Day Count Fraction for the purposes of Condition [10(i)]]</i>
22.	Index-Linked Interest Note Provisions	<i>[Applicable/Not Applicable] (If not applicable, delete the remaining subparagraphs of this paragraph – if applicable, complete terms MUST be set out in these Final Terms)</i>
(i)	Index/Formula:	<i>[Give or annex details]</i>
(ii)	Calculation Agent responsible for calculating the interest due:	<i>[Provide Name and Address]</i>
(iii)	Provisions for determining Coupon where calculation by reference to Index and/or Formula is impossible or impracticable:	[]
(iv)	Specified Period(s)/Specified Interest Payment Dates:	[]
(v)	Business Day Convention:	<i>[Floating Rate Convention/Following Business Day Convention/Modified Following Business Convention/Preceding Business Day Convention/other (give details)]</i>
(vi)	Additional Business Centre(s):	[]
(vii)	Minimum Rate of Interest:	[] per cent. <i>per annum</i>
(viii)	Maximum Rate of Interest:	[] per cent. <i>per annum</i>
(ix)	Day Count Fraction:	[]
23.	Dual Currency Note Provisions	<i>[Applicable/Not Applicable] (If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
(i)	Rate of Exchange/method of calculating Rate of Exchange:	<i>[Give details]</i>
(ii)	Calculation Agent, if any, responsible for calculating the principal and/or interest due:	[]
(iii)	Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable:	[]

Form of Final Terms

- (iv) Person at whose option Specified Currency(ies) is/are payable: []

PROVISIONS RELATING TO REDEMPTION

24. Early Redemption for Taxation Reasons:
(Condition 10.2)

- (i) Early Redemption Amount (Tax): [] per Calculation Amount
- (ii) Date after which changes in law, etc. entitle Issuer to redeem: *[Specify, if not the Issue Date]*

25. Optional Early Redemption (Call): [Yes/No]
(Condition 10.3)

- (i) Early Redemption Amount (Call): [] per Calculation Amount
- (ii) Series redeemable in part: *[Specify, otherwise redemption will only be permitted of entire Series]*
- (iii) Call Option Date(s)/Call Option Period: *[Specify]*

26. Optional Early Redemption (Put): [Yes/No]
(Condition 10.6)

- (i) Early Redemption Amount (Put): [] per Calculation Amount
- (ii) Put Date(s)/Put Period: *[Specify]*

27. Events of Default: (Condition 11)

- (i) Early Termination Amount: [] per Calculation Amount
- (ii) Any additional (or modifications to) Events of Default: *[Specify]*

GENERAL PROVISIONS APPLICABLE TO THE NOTES

28. **Form of Notes:**

Bearer Notes:

[Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes on [] days' notice/at any time/in the limited circumstances described in the Permanent Global Note]

[Temporary Global Note exchangeable for Definitive Notes on [] days' notice]

[Permanent Global Note exchangeable for Definitive Notes on [] days' notice/at any time/in the limited circumstances described in the Permanent Global Note]

Form of Final Terms

In relation to any issue of Bearer Notes which are expressed to be Global Notes exchangeable for Definitive Notes in accordance with the preceding paragraph, such notes shall be tradeable only in principal amounts of at least the Specified Denomination (or if more than one Specified Denomination, the lowest Specified Denomination)

Registered Notes:

[Unrestricted Global Note Certificate exchangeable for unrestricted Individual Note Certificates on [] days' notice/at any time/in the limited circumstances described in the Unrestricted Global Note Certificate]

[and]

[Restricted Global Note Certificate exchangeable for Restricted Individual Note Certificates on [] days' notice/at any time/in the limited circumstances described in the Restricted Global Note Certificate]

In relation to any issue of Registered Notes which are expressed to be Global Notes exchangeable for Definitive Notes in accordance with the preceding paragraph, such notes shall be tradable only in principal amounts of at least the Specified Denomination (or if more than one Specified Denomination, the lowest Specified Denomination)

29. Additional Financial Centre(s) or other special provisions relating to Business Days:	[Not Applicable/give details. Note that this item relates to the date and place of payment, and not interest period end dates, to which item 18(ii) relates]
30. Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature):	[Yes/No. If yes, give details]
31. Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment:	[Not Applicable/give details]
32. Details relating to Installment Notes: amount of each installment, date on which each payment is to be made:	[Not Applicable/give details]
33. Redenomination, renominatisation and reconventioning provisions:	[Not Applicable/The provisions [in Condition 23] apply]

Form of Final Terms

34. Consolidation provisions: [Not Applicable/The provisions [in Condition 20 (*Further issues*)] apply]
- (If the offer is being made simultaneously in the markets of two or more countries and if a tranche has been or is being reserved for certain of these, indicate any such tranche.)*
35. Process for notification to applicants of the amount allotted and indication whether dealing may begin before notification is made: []
36. Name and address of the co-ordinator(s) of the global offer and of any single parts of the offer: []
- (To the extent known to the Issuer, also include details of the placers in the various countries where the offer takes place.)*
37. Name and address of any paying agents and depository agents in each country: []
38. Entities agreeing to underwrite the issue on a firm commitment basis, and entities agreeing to place the issue without a firm commitment or under “best efforts” arrangements: []
- (Where not all of the issue is underwritten, a statement of the portion not covered must be included.)*
39. When the underwriting agreement has been or will be reached: []
40. Other final terms:
- The definition of Payment Business Day shall be deemed replaced with the following definition:
- “Payment Business Day”** means any day which is a day on which banks in [*insert place of principal financial centre for the applicable currency*] are open for presentation and payment of bearer debt securities and for dealings in foreign currencies.”
- (Insert any further final terms)*

DISTRIBUTION

41. (i) If syndicated, names of Managers: [Not Applicable/*give names*]
- (ii) Date of Subscription Agreement: []
- (iii) Stabilising Managers (if any): [Not Applicable/*give name*]

Form of Final Terms

42. If non-syndicated, name of Dealer: [Not Applicable/*give name*]
43. Total commission and concession: [3 per cent. of the Aggregate Nominal Amount]
44. U.S. Selling Restrictions: [Reg. S Compliance Category]; (*In the case of Bearer Notes*) – [TEFRA C/TEFRA D/TEFRA not applicable] (*In the case of Registered Notes*) – [Not] Rule 144A Eligible
45. Prohibition of Sales to EEA Retail Investors: [Applicable]/[Not Applicable]
(*If the Notes clearly do not constitute “packaged” products, “Not Applicable” should be specified. If the offer of the Notes may constitute “packaged” products, “Applicable” should be specified.*)
46. Prohibition of Sales to UK Retail Investors: [Applicable]/[Not Applicable]
(*If the Notes clearly do not constitute “packaged” products, or the Notes do constitute “packaged” products and a key information document will be prepared in the UK, “Not Applicable” should be specified. If the Notes may constitute “packaged” products, “Applicable” should be specified.*)
47. Non-exempt Offer: [Not Applicable/*The [C/D] Rules are applicable*]
48. Additional selling restrictions: [Not Applicable/*give details*]

OPERATIONAL INFORMATION

49. ISIN code: []
50. Common code: []
51. CUSIP number(s): [Not Applicable/details]
52. Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking Société Anonyme and the relevant identification number(s): [Not Applicable/*give name(s) and number(s)*]
53. Delivery: Delivery [against/free of] payment
54. Principal Paying Agent: []
55. Name and addresses of additional Paying Agent(s) (if any): []

[LISTING AND ADMISSION TO TRADING APPLICATION

These Final Terms comprise the final terms required to list and have admitted to trading the issue of Notes described herein pursuant to the listing of the US\$10,000,000,000 Global Medium-Term Note Program of Banco Bradesco S.A., acting through its principal office in Brazil and Banco Bradesco S.A., acting through its Grand Cayman branch.]

Form of Final Terms

[STABILISING

In connection with the issue of the Notes, [insert name of Stabilising Manager] (the “**Stabilising Manager**”) (or persons acting on behalf of the Stabilising Manager) may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager (or persons acting on behalf of the Stabilising Manager) will undertake such action. Any stabilization action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Senior Notes is made and, if begun, may be ended at any time, but it must be no later than the earlier of 30 days after the issue date of the Senior Notes and 60 days after the date of the allotment of the Notes. Any stabilization action or over allotment shall be conducted in accordance with applicable law.]

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in these Final Terms. [[] has been extracted from information published by []. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by [], no facts have been omitted which would render the reproduced inaccurate or misleading.]

Signed on behalf of the Issuer:

By: _____

Name:

Title:

ANNEX B

FORM OF FINAL TERMS FOR CREDIT LINKED NOTES

Final Terms dated []

[BANCO BRADESCO S.A.
(a company incorporated under the laws of the Federative Republic of Brazil),
acting through its principal office in Brazil]

[BANCO BRADESCO S.A.
acting through its Grand Cayman branch]

(LEI 549300CTUU1RFXHQJE44)

Issue of [Aggregate Principal Amount of Tranche] Credit Linked Notes due []
under the US\$10,000,000,000
Global Medium-Term Note Program

PART A - CONTRACTUAL TERMS

[PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“EEA”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “**MiFID II**”); or (ii) a customer within the meaning of Directive 2016/97/EU (as amended, the “**Insurance Distribution Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129. Consequently, no key information document required by Regulation (EU) No 1286/2014 (the “**PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.] *[Delete this selling restriction in case of sales to a retail client where a KID has been prepared.]*

This document has been prepared on the basis that any offer of notes in any member state of the EEA will only be made pursuant to an exemption under the Prospectus Regulation from the requirement to publish or supplement a prospectus for offers of notes.

[PROHIBITION OF SALES TO UK RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (“UK”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (“**EUWA**”); or (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the Financial Services and Markets Act 2000 (the “**FSMA**”) and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the “**UK PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.] *[Delete this selling restriction in case of sales to a retail client where a KID has been prepared.]*

[MiFID II product governance / Professional investors and ECPs only target market – Solely for the purposes of [the/each] manufacturer’s product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Notes to eligible counterparties and professional

clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a “**distributor**”) should take into consideration the manufacturer[‘s/s’] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer[‘s/s’] target market assessment) and determining appropriate distribution channels.] *[Delete this in case of sales to retail clients. If no sales to retail clients, keep these selling restrictions and make the necessary adjustments to the language to reflect if there is more than one manufacturer]*

[MiFID II product governance / Retail investors, professional investors and ECPs target market – Solely for the purposes of [the/each] manufacturer’s product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties, professional clients and retail clients each as defined in Directive 2014/65/EU (as amended, “**MiFID II**”); (ii) all channels for distribution to eligible counterparties and professional clients are appropriate; and (iii) the following channels for distribution of the Notes to retail clients are appropriate - investment advice, portfolio management, non-advised sales and pure execution services - subject to the distributor’s suitability and appropriateness obligations under MiFID II, as applicable. Any person subsequently offering, selling or recommending the Notes (a “**distributor**”) should take into consideration the manufacturer[‘s/s’] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer[‘s/s’] target market assessment) and determining appropriate distribution channels, subject to the distributor’s suitability and appropriateness obligations under MiFID II, as applicable. *[Keep this in case of sales to retail clients and make the necessary adjustments to the language to reflect if there is more than one manufacturer]*

UK MIFIR product governance / Retail investors, professional investors and ECPs target market – Solely for the purposes of [the/each] manufacturer’s product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is retail clients, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (“**EUWA**”), and eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook (“**COBS**”) and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA (“**UK MiFIR**”); (ii) all channels for distribution to eligible counterparties and professional clients are appropriate; and (iii) the following channels for distribution of the Notes to retail clients are appropriate - investment advice, portfolio management, non-advised sales and pure execution services - subject to the distributor’s suitability and appropriateness obligations under COBS, as applicable. *[Consider any negative target market]*. Any person subsequently offering, selling or recommending the Notes (a “**distributor**”) should take into consideration the manufacturer[‘s/s’] target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the “**UK MiFIR Product Governance Rules**”) is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer[‘s/s’] target market assessment) and determining appropriate distribution channels, subject to the distributor’s suitability and appropriateness obligations under COBS, as applicable.] *[Keep this in case of sales to retail clients in the UK and make the necessary adjustments to the language to reflect if there is more than one manufacturer]*

[UK MIFIR product governance / Professional investors and ECPs only target market – Solely for the purposes of [the/each] manufacturer’s product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook (“**COBS**”), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (“**UK MiFIR**”); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. *[Consider any negative target market]*. Any person subsequently offering, selling or recommending the Notes (a “**distributor**”) should take into consideration the manufacturer[‘s/s’] target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the “**UK MiFIR Product Governance Rules**”) is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer[‘s/s’] target market assessment) and determining appropriate distribution channels.]

[SINGAPORE SFA PRODUCT CLASSIFICATION – In connection with Section 309B of the Securities and Futures Act (Chapter 289) of Singapore (the “**SFA**”) and the Securities and Futures (Capital Markets Products)

Regulations 2018 of Singapore (the “**CMP Regulations 2018**”), unless otherwise specified before an offer of Notes, the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes to be issued under the Program are ‘prescribed capital markets products’ (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAAN16: Notice on Recommendations on Investment Products).] *[Only keep in case of sales to Singapore]*

This document constitutes the Final Terms of the Notes described herein. Terms used herein shall be deemed to be defined as such for the purposes of the Conditions as supplemented by the Additional Terms and Conditions for Credit Linked Notes (the “**Conditions**”) set forth in the Base Prospectus dated [] [and the Base Prospectus Supplement dated []]. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus [as so supplemented]. [The Base Prospectus [and the Base Prospectus Supplement] [is] [are] available for viewing at [address] [and] [website] and copies may be obtained from [address].]

[The following alternative language applies if the first tranche of an issue which is being increased was issued under a Base Prospectus with an earlier date.]

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions as supplemented by the Additional Terms and Conditions for Credit Linked Notes (the “**Conditions**”) set forth in the Base Prospectus dated [] [and the Base Prospectus Supplement dated []]. These Final Terms contain the final terms of the Notes described herein and must be read in conjunction with the Base Prospectus dated [] [and the Supplement to the Base Prospectus dated []], which [together] constitute[s] a Base Prospectus, save in respect of the Conditions which are extracted from the Base Prospectus dated [] [and the Supplement to the Base Prospectus dated []] and are attached hereto. Full information on the Issuer and the offer of the Notes described herein is only available on the basis of a combination of these Final Terms and the Base Prospectuses dated [] and [] [and the Base Prospectus Supplements dated [] and []]. The Base Prospectuses [and the Base Prospectus Supplements] are available for viewing at [[address] [and] [website]] and copies may be obtained from [address].

[Include whichever of the following apply or specify as “Not Applicable” (N/A). Note that, save as otherwise indicated, the numbering should remain as set out below, even if “Not Applicable” is indicated for individual paragraphs or sub paragraphs. Italics denote guidance for completing the Final Terms.]

1. Issuer: []
2. (i) Series Number: []
- (ii) Tranche Number: []

(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible).

3. Specified Currency or Currencies: (Condition 2.6) []
4. Aggregate Nominal Amount:
 - (i) Series: []
 - (ii) Tranche: []
5. Issue Price: [] per cent. of the Aggregate Nominal Amount [plus accrued interest from *[insert date]* (if applicable)]
6. (i) Specified Denominations: []
(Conditions 2.4 to 2.5)

	(ii)	Calculation Amount:	[]
7.	(i)	Issue Date:	[]
	(ii)	Interest Commencement Date (if different from the Issue Date):	Not Applicable
8.		Maturity Date:	[], (the “ Scheduled Maturity Date ”), <i>provided, however</i> , that if the Issuer delivers an Extension Notice at or prior to 11.00 a.m. (London time) on the date falling three Business Days prior to the Scheduled Maturity Date, the Notes will not be redeemed on the Scheduled Maturity Date and the provisions of Condition 2 of the Additional Terms and Conditions for Credit Linked Notes will apply.
		Interest Basis:	[[]% Fixed Rate] [[specify reference rate] +/- []% Floating Rate] [Zero Coupon] [Other (specify)] (further particulars specified below)
10.		Redemption/Payment Basis:	Redemption at par, subject to the provisions of Condition 1 of the Additional Terms and Conditions for Credit Linked Notes.
11.		Change of Interest or Redemption/Payment Basis:	Not Applicable
12.		Dates for payment of installment amounts (Installment Notes): (Condition 10.1)	Not Applicable
13.		Maturity Redemption Amount: (Condition 10.1)	Outstanding Principal Amount, subject to the provisions of Condition 1 of the Additional Terms and Conditions for Credit Linked Notes.
14.		Installment amounts: (Condition 10.1)	Not Applicable
15.		Put/Call Options:	Not Applicable
16.		Status of the Notes:	Senior
17.		Method of distribution:	[Syndicated/Non-syndicated]
18.		Listing and Trading:	None

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

19.		Fixed Rate Note Provisions: (Condition 6)	[Applicable, subject to the provisions of Condition 3 of the Additional Terms and Conditions for Credit Linked Notes./ Not Applicable] (If not applicable, delete the remaining sub-paragraphs of this paragraph)
	(i)	Rate[(s)] of Interest:	[] per cent. <i>per annum</i> [payable [annually/semi/annually/quarterly/monthly] in arrear]
	(ii)	Interest Payment Date(s):	[] in each year [adjusted in accordance with <i>[specify Business Day Convention and any applicable Business Centre(s) for the definition of “Business Day”]</i> /not adjusted]

(iii)	Fixed Coupon Amount[(s)]:	[] per Calculation Amount, subject to the provisions of Condition 3 of the Additional Terms and Conditions for Credit Linked Notes.
(iv)	Broken Amount(s):	Not Applicable
(v)	Day Count Fraction:	[30/360/Actual/Actual (ISMA). <i>If neither of these applies give details.</i>]
(vi)	Determination Dates:	Not Applicable
(vii)	Other terms relating to the method of calculating interest for Fixed Rate Notes:	Interest shall be payable in arrears on each Interest Payment Date, subject to the provisions of Condition 3 of the Additional Terms and Conditions for Credit Linked Notes.
20.	Floating Rate Note Provisions: (Condition 7)	[Applicable, subject to the provisions of Condition 3 of the Additional Terms and Conditions for Credit Linked Notes. /Not Applicable] (If not applicable, delete the remaining sub-paragraphs of this paragraph)
(i)	Interest Period(s):	[]
(ii)	Specified Interest Payment Dates:	[]
(iii)	Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/ Modified Following Business Day Convention/Preceding Business Day Convention/other (give details)]
(iv)	Additional Business Centre(s):	[Not Applicable/(give details)]
(v)	Manner in which the Rate(s) of Interest is/are to be determined: (Conditions 7.8)	[Screen Rate Determination/ISDA Determination/other (give details)]
(vi)	Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the London Paying Agent):	[name] shall be the Calculation Agent (no need to specify if London Paying Agent is to perform this function).
(vii)	Screen Rate Determination:	
☐	Reference Rate:	[For example LIBOR or EURIBOR]
☐	Interest Determination Date(s):	[]
☐	Relevant Screen Page:	[For example, Reuters Screen LIBOR01]
☐	Relevant Time:	[For example 11:00 am London time/Brussels time]
☐	Relevant Financial Centre:	[For example, London/Euro-zone where Euro-zone means the region comprised of the countries whose lawful currency is the euro]
☐	Reference Banks:	[specify]
(viii)	ISDA Determination:	
☐	Floating Rate Option:	[]

☐	Designated Maturity:	[]
☐	Reset Date:	[]
(xii)	Day Count Fraction:	[]
(xiii)	Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions:	[]
21.	Zero Coupon Note Provisions	[Applicable, subject to the provisions of Condition 3 of the Additional Terms and Conditions for Credit Linked Notes. /Not Applicable] (If not applicable, delete the remaining sub-paragraphs of this paragraph)
	(i) [Amortisation/Accrual] Yield:	[] per cent. <i>per annum</i>
	(ii) Reference Price:	[]
	(iii) Any other formula/basis of determining amount payable:	<i>[Consider whether it is necessary to specify a Day Count Fraction for the purposes of Condition [10(i)]]</i>
22.	Index-Linked Interest Note Provisions	Not Applicable
23.	Dual Currency Note Provisions	Not Applicable

PROVISIONS RELATING TO REDEMPTION

24.	Early Redemption for Taxation Reasons: (Condition 10.2)	
	(i) Early Redemption Amount (Tax):	Outstanding Principal Amount
	(ii) Date after which changes in law, etc. entitle Issuer to redeem:	Issue Date
25.	Optional Early Redemption (Call): (Condition 10.3)	No
26.	Optional Early Redemption (Put): (Condition 10.6)	No
27.	Events of Default: (Condition 11)	
	(i) Early Termination Amount:	Outstanding Principal Amount
	(ii) Any additional (or modifications to) Events of Default:	Not Applicable

PROVISIONS RELATING TO CREDIT LINKED NOTES

28.	Credit Linked Note Provisions:	[Applicable]/[Not Applicable]

(If not applicable, delete the remaining sub-paragraphs of this paragraph)

(i)	Type of Credit Linked Notes	[Single Reference Entity CLN] [Nth-to-Default CLN] N: [] [Basket CLN]
(ii)	Substitution:	[Applicable] [Not applicable] [“Reference Obligation Only Trade” is Applicable]
(iii)	Transaction Type:	[Include for the/each Reference Entity]/[Not Applicable] [If a Transaction Type applies, insert: The “Standard Terms” in respect of [the/a] Reference Entity will be the standard terms set out in the Credit Derivatives Physical Settlement Matrix dated [<i>insert date</i>] as published by ISDA on its website at www.isda.org, in relation to the Transaction Type for [the/such] Reference Entity]
(iv)	Trade Date:	[•]
(v)	Scheduled Maturity Date	[•]
(vi)	Calculation Agent responsible for making calculations and determinations pursuant to the Credit Linked Notes Conditions:	[Banco Bradesco S.A., acting through its principal office in Brazil]
(vii)	Reference Entity(ies):	[•]
(viii)	Reference Entity Notional Amount:	[•]/[In respect of each Reference Entity, an amount in the Specified Currency equal to the Aggregate Nominal Amount of the Notes]/[In respect of each Reference Entity, an amount in the Specified Currency equal to [<i>insert fraction</i>] of the Aggregate Nominal Amount of the Notes]
(ix)	Reference Obligation(s):	[The below Reference Obligation[s] in respect of the Reference Entit[y][ies]]/[Standard Reference Obligation is applicable. The Seniority Level is [Senior Level / Subordinated Level]]

[List first Reference Entity if more than one]

[Primary Obligor:

Guarantor: [•]/[Not applicable]

Maturity: [•]

Coupon: [•]

CUSIP/ISIN: [•]

Original Issue Amount: [•]

*[If more than one Reference Entity,
repeat the above for each
Reference Entity]*

(x) All Guarantees: [Applicable][Not applicable][As per the
Standard Terms]

(xi) Credit Events: [As per the Standard Terms]

[Bankruptcy]

[Failure to Pay]

[Credit Deterioration Requirement]
[Applicable]/[Not Applicable]

[Fallback Discounting] [Applicable]/[Not
Applicable]

[Grace Period Extension] [Applicable]/[Not
applicable]

[If applicable: Grace Period: *specify*][As set
out in the Credit Linked Notes Conditions]

[Obligation Default]

[Obligation Acceleration]

[Repudiation/Moratorium]

[Restructuring]

[Provisions relating to Restructuring Credit
Event: [Mod R/Mod Mod R] applicable]

[Credit Linked Condition 0 (*Multiple Holder
Obligations*) shall not apply]

[Governmental Intervention]

Default Requirement: *specify* [As per Credit Linked Condition 0]

Payment Requirement: *specify* [As per Credit Linked Condition 0]

- (xii) Obligation(s):
- Obligation Category: [As per the Standard Terms]
- [Payment] [Borrowed Money] [Reference Obligation Only] [Bond] [Loan] [Bond or Loan]
- (select one only)*
- Obligation Characteristics: [As per the Standard Terms]
- [Not Subordinated] [Specified Currency: *specify currency*/Standard Specified Currency] [Not Sovereign Lender] [Not Domestic Currency: Domestic Currency means *specify currency*] [Not Domestic Law] [Listed] [Not Domestic Issuance]
- (select all of which apply)*
- (xiii) Excluded Obligation(s): [*specify*][Not applicable]
- (xiv) Settlement Method: [Auction Settlement]/[Physical Settlement]/[Cash Settlement]
- (xv) Fallback Settlement Method: [Cash Settlement]/[Physical Settlement]/[Not applicable]
- (xvi) Settlement Deferral: [Applicable]/ [Not applicable]
- (xvii) Cut-off Date: [•]/[As per Credit Linked Condition 4.8]/[Not applicable]
- (xviii) Settlement Currency [*Specify*]
- (xix) Merger Event: [Credit Linked Condition 0 [Applicable]/[Not applicable]
- (If applicable):
- [Merger Event Redemption Date: [•]]
- (xx) LPN Reference Entities: [Applicable] [Not applicable]
- (xxi) Financial Reference Entity Terms: [Applicable] [Not applicable] [“Governmental Intervention” is applicable] [As per the Standard Terms]
- (xxii) Subordinated European Insurance Terms: [Applicable][Not applicable][As per the Standard Terms]

(xxiii)	Terms relating to Cash Settlement:	[As per the Credit Linked Notes Conditions]/[Not applicable]
	Weighted Average Final Price:	[Applicable]/[Not applicable]
	Final Price:	[As per Credit Linked Condition 0][[•] %]
	Valuation Time:	[specify][As per Credit Linked Condition 0]
	Quotation Amount:	[specify][Representative Amount][Credit Linked Condition 0 applies]
	Accrued Interest:	[Included Accrued Interest]/[Exclude Accrued Interest]/[As per Credit Linked Condition 2.6(b)(iii)]
(xxiv)	Terms relating to Physical Settlement:	[As per Credit Linked Condition 0]/[Not applicable]/[Asset Package Delivery is applicable]
	Deliverable Obligation Category:	[As per the Standard Terms] [Payment] [Borrowed Money] [Reference Obligation Only] [Bond] [Loan] [Bond or Loan][Not applicable] (select one only)
	Deliverable Obligation Characteristics:	[As per the Standard Terms] [Not Subordinated][Specified Currency: [specify currency]/Standard Specified Currency] [Not Sovereign Lender] [Not Domestic Currency: Domestic Currency means [specify currency]] [Not Domestic Law] [Not Domestic Issuance] [Assignable Loan] [Consent Required Loan] [Direct Loan Participation] [Transferable] [Listed] [specify] [Maximum Maturity: [] years] [Accelerated or Matured] [Not Bearer][Not applicable] (select all of which apply)
	Excluded Deliverable Obligation:	[specify] [Not applicable]
	Accrued Interest:	[Included Accrued Interest]/[As per Credit Linked Condition 2.6(a)]
	Partial Cash Settlement of Consent Required Loans:	[Applicable]/[Not applicable]
	Partial Cash Settlement of Assignable Loans:	[Applicable]/[Not applicable]

Partial Cash Settlement of Participations:	[Applicable]/[Not applicable]
Physical Settlement Period:	[<i>specify</i>] Business Days]/[As per the Standard Terms]/[As per Credit Linked Condition 0]
Qualifying Participation Seller:	[<i>specify</i>] [Not applicable]
(xxv) Cessation of Interest Accrual:	[As per Credit Linked Condition 0]/[As per Credit Linked Condition 0]
(xxvi) Interest:	As per Paragraph [19]/[20] above, subject to the Credit Linked Notes Conditions
(xxvii) Continuation of Interest Accrual following Scheduled Maturity:	[Applicable: [As per Credit Linked Condition 3.2(a)]/[As per Credit Linked Condition 3.2(b): [<i>Insert rate</i>]]]/[Not applicable]
(xxviii) Notice of Publicly Available Information:	[Applicable]/[Not applicable] Public Source(s): [<i>specify</i>] [As per Credit Linked Condition 0]
(xxix) Additional Credit Linked Note Disruption Events:	[The following Additional Credit Linked Note Disruption Events apply:] [Not applicable] (Specify each of the Following which applies.) [Change in Law] [Hedging Disruption] [Increased Cost of Hedging]
(xxx) CLN Business Days:	[Specify]/[As per the Credit Linked Notes Conditions]
(xxxi) Additional Provisions:	[<i>Specify</i>]/[Not applicable]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

33. Form of Notes:	Bearer Notes: Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes in the limited circumstances described in the Permanent Global Note
34. Additional Financial Centre(s) or other special provisions relating to Business Days:	Not Applicable
35. Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature):	No

36.	Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment:	Not Applicable
37.	Details relating to Installment Notes: amount of each installment, date on which each payment is to be made:	Not Applicable
38.	Redenomination, renominatisation and reconventioning provisions:	Not Applicable
39.	Consolidation provisions:	The provisions in Condition 20 (<i>Further issues</i>) apply.
40.	Name and address of any paying agents and depository agents in each country:	The Bank of New York Mellon 101 Barclay Street (Floor 4 East) New York, New York 10286 United States of America
41.	Other final terms:	The definition of Payment Business Day shall be deemed replaced with the following definition: “Payment Business Day” means any day which is a day on which banks in [<i>insert place of principal financial centre for the applicable currency</i>] are open for presentation and payment of bearer debt securities and for dealings in foreign currencies.” (<i>Insert any further final terms</i>)

DISTRIBUTION

42.	(i) If syndicated, names of Managers:	[Not Applicable/ <i>give names</i>]
	(ii) Date of Subscription Agreement:	[]
	(iii) Stabilising Managers (if any):	[Not Applicable/ <i>give name</i>]
43.	If non-syndicated, name of Dealer:	[Not Applicable/ <i>give name</i>]
44.	Total commission and concession:	None

45. U.S. Selling Restrictions: Regulation S (category 2), TEFRA D.
46. Prohibition of Sales to EEA Investors: [Applicable]/[Not Applicable]
(If the Notes clearly do not constitute “packaged” products, “Not Applicable” should be specified. If the offer of the Notes may constitute “packaged” products, “Applicable” should be specified.)
46. Prohibition of Sales to UK Retail Investors: [Applicable]/[Not Applicable]
(If the Notes clearly do not constitute “packaged” products, or the Notes do constitute “packaged” products and a key information document will be prepared in the UK, “Not Applicable” should be specified. If the Notes may constitute “packaged” products, “Applicable” should be specified.)
47. Non-exempt Offer: Not Applicable
48. Additional selling restrictions: [Not Applicable/give details]

OPERATIONAL INFORMATION

49. ISIN code: []
50. Common code: []
51. CUSIP number(s): Not Applicable
52. Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking Société Anonyme and the relevant identification number(s): Not Applicable
53. Delivery: Delivery [against/free of] payment
54. Principal Paying Agent: The Bank of New York Mellon, London Branch
55. Name and addresses of additional Paying Agent(s) (if any): Not Applicable

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in these Final Terms.

Signed on behalf of the Issuer:

By: _____
 Name:
 Title:

INDEX TO FINANCIAL STATEMENTS

Audited Consolidated Financial Statements as of and for the years ended December 31, 2020 and 2019

Independent Auditors' Report on the Consolidated Financial Statements	F-1-1
Consolidated Statements of Financial Position	F-1-10
Consolidated Income Statements	F-1-12
Consolidated Statements of Comprehensive Income	F-1-13
Consolidated Statements of Changes in Shareholders' Equity.....	F-1-14
Consolidated Statements of Added Value	F-1-15
Consolidated Statements of Cash Flows	F-1-16
Notes to the Consolidated Financial Statements	F-1-17

Audited Consolidated Financial Statements as of and for the years ended December 31, 2019 and 2018

Independent Auditor's Report on the Consolidated Financial Statements	F-2-1
Consolidated Statements of Financial Position	F-2-7
Consolidated Income Statements	F-2-11
Consolidated Statements of Changes in Shareholders' Equity.....	F-2-12
Consolidated Statement of Added Value.....	F-2-13
Consolidated Statement of Cash Flows	F-2-14
Notes to the Consolidated Financial Statements	F-2-15



To
Board of Directors and Shareholders of
Banco Bradesco S.A,
Osasco - SP

Opinion

We have audited the consolidated financial statements of Banco Bradesco S.A. ("Bradesco"), which comprise the consolidated balance sheet as of December 31, 2020 and the respective consolidated income statements, statements of comprehensive income, changes in shareholders' equity and cash flows for the six-month period and year then ended, as well as the related explanatory notes, including a summary of the main accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Banco Bradesco S.A. as of December 31, 2020, the consolidated performance of its operations and its respective consolidated cash flows, for the six-month period and year then ended, in accordance with the accounting practices adopted in Brazil applicable to institutions authorized to operate by the Central Bank of Brazil.

Basis for opinion

We conducted our audit in accordance with Brazilian and International Standards on Auditing (ISAs). Our responsibilities under those standards, are further described in the *"The Auditors' responsibilities for the audit of the consolidated financial statements"* section of our report. We are independent of Bradesco and its subsidiaries, in accordance with the ethical requirements established in the Accountant's Professional Ethics Code and the professional standards issued by the Federal Accounting Council, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those that, in our professional judgment, were of most significance in our audit of the current year. These matters were treated in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and, we do not express a separate opinion on these matters.

Evaluation of the measurement of the allowance for loan losses

As disclosed in notes 3e and 10, Bradesco recorded a provision of R\$ 45,202,191 thousand for allowance for loan losses (which comprise loans, leasing, advances on foreign exchange contracts and other receivables with credit characteristics) as of December 31, 2020.

To determine the allowance for loan losses, Bradesco classifies credit operations in nine risk levels ("ratings"), taking into account factors and assumptions of customers and operations, such as economic and financial situation, indebtedness level, economic sector, collateral characteristics, late payments and other factors and assumptions provided for in CMN Resolution No. 2,682/99, with "AA" being the minimum risk and "H" being the maximum risk, applying the respective loss percentages established in such Resolution for each risk level.

Additionally, Bradesco complements its estimates (supplementary provision) through internal evaluation based on statistical models that capture historical and prospective information, in order to reflect its expected losses in different economic scenarios (positive, expected and adverse).

We consider the measurement of the allowance for loan losses as a key audit matter, due to the significant judgment, accentuated by the effects of the current economic situation resulting from the Covid-19 pandemic,

involved in the assessment of the assumptions used in the classification of loans operations and in determining the supplementary provision.

How our audit approached this matter

The primary procedures we performed to address the matter significant to our audit is summarized below.

We tested the design and operational effectiveness of certain internal controls related to the processes of (i) development, approval and application of internal methodologies for assessing risk levels ("ratings") of clients that support the classification of operations; (ii) the definition, approval and application of the main assumptions used in assigning the ratings, including those related to the individual review of the credit risk analysis and the governance established for the respective approval.

Additionally, for individually assessed clients, we analyze, based on sampling (by statistical criteria and specific items), the data that support the definition and review of customer ratings by Bradesco, such as the loan proposal, financial and registration information, restructuring operational and / or financial, guarantees and judicial reorganization plan, verifying the adherence of this rating assignment in relation to Bradesco's internal policies. For massively assessed clients, we tested the allocation of provisioning percentages according to the internal methodologies for assessing the risk levels of each client. We also evaluated the methodologies and assumptions used to determine the supplementary provision, which include Bradesco's assessment of the impacts generated by the Covid-19 pandemic, such as increased delinquency in certain sectors, increase in the unemployment rate, among others.

We analyzed, by statistical sampling, the arithmetic calculation of the allowance for loan losses, considering the assessment of compliance with the requirements established by CMN Resolution No. 2,682/99, as minimum ratings in relation to days past due, assigning the worst rating for the same economic group and maintenance of the previous rating for cases of renegotiation / loan recovery. We also evaluated the disclosures made in the consolidated financial statements.

Based on the evidence obtained through the procedures summarized above, we consider the measurement of the allowance for loan losses adequate, in the context of the consolidated financial statements taken as a whole for the six-month period and year ended December 31, 2020.

Evaluation of the measurement of securities of private issuers

As mentioned in notes 3d, 8 and 37a to the consolidated financial statements, the amount of securities of private issuers is R\$ 146,763,941 thousand, which includes securities measured at market value, whose prices or market parameters are not observable (levels 2 and 3 of the fair value hierarchy).

The determination of the market values of securities of private issuers, whose prices or market parameters are not observable, is subject to a greater level of uncertainty, as Bradesco makes significant judgments in determining the methods and assumptions used, such as interest rates and credit spreads. The securities of private issuers classified in the categories "Available for sale" and "Held to maturity" are also evaluated for indications of evidence of impairment, which also involves a high level of judgment in their determination considering the methodologies and assumptions used, such as assessing credit risk and guarantees.

We consider the measurement of market value and the evaluation of indicative of impairment of securities of private issuers as a significant matter for our audit, due to the degree of judgment, accentuated by the current economic scenario of pandemic due to the Covid-19, involved in determining the methods and assumptions used.

How our audit approached this matter

The primary procedures we performed to address the matter significant to our audit is summarized below.

We tested the design and operational effectiveness of certain internal controls related to the processes of (i) defining, approving and applying the models used to measure the market value of securities of private issuers;



(ii) capture of relevant data to measure the market value; (iii) evaluation of adherence to the calculations of the market value of certain financial instruments by independent department; (iv) definition and application of the assumptions used in the evaluation of the indicative of impairment of the securities of private issuers, such as the credit risk of the counterparty and the evaluation of guarantees.

For a statistical sample of securities of private issuers, whose parameters for measuring market value are not observable, we evaluated, with the involvement of our pricing professionals of financial instruments with knowledge and experience in the sector, the models developed by Bradesco for the determination of market values, through the use of independent parameters.

Additionally, based on sampling (by statistical criteria and specific items), we evaluate the assumptions considered in the analysis of the credit spread used in the pricing of certain financial instruments of private issuers, as well as those considered in the evaluation of the indicative and in the measurement of impairment, including the possible effects linked to the new pandemic scenario due to Covid-19, such as the increase in defaults in certain sectors, increase in the unemployment rate, among others.

Our procedures also included the assessment of the disclosures made by Bradesco in the consolidated financial statements.

Based on the evidence obtained through the procedures summarized above, we consider adequate the measurement of securities of private issuers, in the context of the consolidated financial statements taken as a whole for the six-month period and year ended December 31, 2020.

Evaluation of the measurement of provisions and the disclosure of contingent liabilities - Tax, civil and labor

As described in notes 3m and 22, Bradesco is defendant in lawsuits of tax, civil and labor nature, related to the normal course of its activities, with the respective provisions recorded in the consolidated financial statements in the amounts of R\$ 8,271,112 thousand, R\$ 9,092,421 thousand and R\$ 6,890,498 thousand, respectively.

For certain tax and civil lawsuits, such as those related to the legality and constitutionality of certain taxes, indemnity for moral and property damage, relating to banking products and services, insertion of information about debtors in the credit restrictions register, monetary correction adjustments of the balances savings accounts due to the implementation of economic plans by the Federal Government, and some other specific civil actions, it took significant judgment to determine the likelihood of loss and estimate the amount involved. For labor lawsuits, Bradesco used a model, based on data from similar lawsuits closed, segregating the lawsuits in relation to the entry date versus the date of implementation of the labor reform (Nov/2017), calculating the average loss for each group of lawsuits.

We consider the measurement of provisions and the disclosure of contingent liabilities as a key audit matter.

How our audit approached this matter

The primary procedures we performed to address the matter significant to our audit is summarized below.

We tested the design and operational effectiveness of certain internal controls related to the evaluation and measurement of the provisions and disclosures of contingent liabilities, including controls related to (i) the evaluation of information received from external and internal legal advisors on tax, civil and labor lawsuits; and (ii) evaluation of the models and assumptions used to measure the provision and contingent labor liabilities.

For certain civil and tax lawsuits, we analyze the recognized provisions and the amounts disclosed, considering the assessment of internal and external legal advisors, as well as historical data and information/jurisprudence related to the lawsuits in question and other similar processes. We involved our tax professionals with knowledge and experience in the sector who assisted us in the assessment of certain tax processes in relation to technical merits and the supporting documentation for Bradesco's assessment of the likelihood and

estimate of loss. We involve our legal professionals with knowledge and experience in the sector who have helped us in the assessment of the likelihood of loss in certain specific civil cases.

We obtained and evaluated the letters received directly from Bradesco's external legal advisors for tax lawsuits, which included an assessment of the likelihood of loss and an estimate of the amount of the loss, as well as assessments of the likelihood of loss and risk measurement received from internal legal advisors, for certain civil processes. We compared these assessments and estimates with those used by Bradesco and assessed the adequacy of the disclosures related to civil and tax contingencies in relation to these matters.

For labor claims, the main procedures comprised: (i) evaluation of the model used by Bradesco, through the analysis of different simulated scenarios, comparing with the results obtained by the Bradesco model; (ii) analysis of the segregations used in the models, by the nature of the processes, including the time of entry (pre or post labor reform) and the author's characteristics (ex-employees or third parties); (iii) test on the mathematical precision of the calculations made by Bradesco to determine the provision for labor claims based on the loss history of the last years in similar cases.

We also evaluated, for civil and labor claims, the sufficiency of the provision through the history of disbursement in relation to the respective provision amounts, intensifying the analyzes in relation to the understanding of specific cases that have diverged from the average of historical disbursements.

Based on the evidence obtained through the procedures summarized above, we consider the measurement of provisions and the disclosure of tax, civil and labor contingent liabilities adequate, in the context of the consolidated financial statements taken as a whole for the six-month period and year ended on December 31, 2020.

Assessment of the recoverability of deferred tax assets arising from carry-forward tax losses

The consolidated financial statements include assets related to deferred tax assets arising from carry-forward tax losses in the amount of R\$ 85,049,769 thousand (notes 3f and 36c) whose realization is based on estimates of future profitability.

These projections are based on the business plans and budgets prepared by Bradesco, and require the adoption of a series of assumptions related to future events and conditions. Changes in certain assumptions about the future, such as interest rates, foreign exchange rates and applicable tax rates, could have a significant impact on projections and, consequently, on the recoverability of deferred tax assets arising from carry-forward tax losses.

We consider the assessment of the recoverability of deferred tax assets arising from carry-forward tax losses as a key audit matter due to the degree of judgment necessary to evaluate the projections of future taxable profits and the main underlying key assumptions, especially accentuated of possible effects on the economic situation resulting from the Covid-19 pandemic.

How our audit approached this matter

The primary procedures we performed to address the matter significant to our audit is summarized below:

We tested the design and operational effectiveness of certain internal controls over the Bradesco process to assess the recoverability of deferred tax assets arising from carry forward tax losses, including controls related to the development and approval of key assumptions for the budget and the final projections of taxable profits by Bradesco.

We involved corporate finance professionals with knowledge and experience in the sector who assisted us on the assessment of assumptions, including growth rates for the main business lines, future interest rates, foreign exchange rates and applicable tax rates underlying Bradesco's projections of future taxable profits, including the possible effects on its projections of future taxable profits linked to the current economic situation resulting from the Covid-19 pandemic.



In addition, we tested the mathematical calculations included in the technical study of realization of the respective deferred tax assets and the disclosures made by Bradesco in the consolidated financial statements.

Based on the evidence obtained through the procedures summarized above, we consider adequate the assessment of recoverability of deferred tax assets arising from carry forward tax losses in the context of the consolidated financial statements taken as a whole for the six-month period and year ended on December 31, 2020.

Evaluation of the impairment testing of intangible assets

As mentioned in notes 3i, 3k and 14, the consolidated financial statements include intangible assets, which comprise goodwill on the acquisition of investments in the amount of R\$ 4,874,282 thousand and other intangible assets in the amount of R\$ 4,151,613 thousand.

Bradesco performs impairment tests at least annually or when there are events or circumstances that indicate that the book value may not be recoverable. As part of the impairment test of these assets, Bradesco estimated recoverable amounts of the relevant "CGU" Cash Generating Units and investments based on the present value of future cash flows. Future cash flow projections consider business plans and budgets and require a series of business and economic assumptions.

We consider the evaluation of the impairment testing of intangible assets as a key audit matter, due to the high degree of subjectivity, especially accentuated by the current social and economic scenario resulting from the pandemic state due to Covid-19, in determining significant assumptions, including the growth rates for different businesses, revenue and expense flows, and the discount rates used.

How our audit approached this matter

The primary procedures we performed to address the matter significant to our audit is summarized below.

We tested the design and operational effectiveness of certain internal controls over Bradesco's analysis of the impairment testing of intangible assets, including controls related to (i) review of the budget process; (ii) the development, review and approval of the key assumptions used in the analysis, such as growth rates and discount rates; and (iii) independent review of the calculation methodology to perform the impairment test.

We involve our corporate finance professionals with knowledge and experience in the sector who assisted us in: (i) evaluating the assumptions used, such as growth rates used for different businesses, estimated revenue and expense flows, comparing them with information obtained from internal and external sources, including the possible effects on the premises generated by the current social and economic scenario resulting from the pandemic state due to Covid-19; (ii) evaluation of the discount rates used in the impairment test, comparing them with the discount rate ranges that were developed independently, using public market data available to comparable entities; (iii) evaluation of the adherence of the revised projections in relation to the realized cash flows; and (iv) evaluation of the mathematical precision of certain stages of the calculation of the present value.

Our procedures also included the assessment of the disclosures made by Bradesco in the consolidated financial statements in relation to this matter.

Based on the evidence obtained through the procedures summarized above, we consider the evaluation of the impairment testing of intangible assets adequate in the context of the consolidated financial statements taken as a whole for the six-month period and year ended December 31, 2020.

Evaluation of the measurement of technical insurance and pension provisions

As mentioned in notes 3m and 21a, Bradesco recorded technical provisions related to insurance and private pension contracts in the amount of R\$ 276,035,411 thousand.

To measure the liability adequacy test and certain technical provisions, Bradesco uses actuarial techniques and methods that involve judgment in determining methodologies and assumptions that include, among others, expectation of claims, longevity, persistence, inflation of medical costs and discount rates.

We consider the assessment of the measurement of the liability adequacy test and the technical provisions of insurance and private pension contracts as a key audit matter given the subjectivity and judgment, especially accentuated by the current social and economic scenario resulting from the pandemic state due to the Covid-19, necessary to evaluate the related methods and key assumptions.

How our audit approached this matter

The primary procedures we performed to address the matter significant to our audit is summarized below.

We tested the design and operational effectiveness of certain internal controls related to the measurement processes of the liability adequacy test and technical provisions, related to (i) development and approval of actuarial methodologies and significant assumptions; and (ii) the approval and review of calculations.

We involve actuarial professionals with knowledge and experience in the sector who have assisted us:

(i) in the evaluation of methodologies and assumptions, such as claims expectation, longevity, persistence, inflation of medical costs and discount rates used in the measurement of technical provisions and the liability adequacy test, by comparison with practices used by the market and Bradesco's historical information, as well as assessing the possible impacts generated by the Covid-19 pandemic on such assumptions;

(ii) to test, based on sampling and using a specific tool, the mathematical accuracy of technical provisions and the liability adequacy test;

(iii) in determining, based on sampling and using a specific tool, an independent estimate of certain technical provisions, including the use of independent assumptions and generally accepted actuarial techniques; and

(iv) in the assessment of claims projections made by Bradesco, by comparing historical estimates with subsequent payments made.

Based on the evidence obtained through the procedures summarized above, we consider adequate the measurement of the liability adequacy test and the technical provisions for insurance and pension plans, in the context of the consolidated financial statements taken as a whole for the six-month period and year ended December 31, 2020.

Application controls and general information technology controls

Bradesco's technology environment has processes for managing access and changes in systems and applications, for developing new programs, besides automated controls and/or controls with automated components in the several relevant processes. In order to maintain its operations, Bradesco provides its employees with access to systems and applications, taking into account the duties performed by them and within its organizational structure. The controls to authorize, monitor, restrict and/or revoke the respective accesses to this environment aim to assure that the accesses and information updates are appropriately performed and by the appropriate professionals, to mitigate the potential risk of fraud or error arising from inappropriate access or change in a system or information, and to ensure the integrity of financial information and accounting records.

We consider this area as significant for our audit due to Bradesco's high dependence on its technology systems, the high volume of transactions processed daily, and the importance of access controls and change management in its systems and applications to plan the nature, timing and extent of our audit procedures.

How our audit approached this matter

The primary procedures we performed to address the matter significant to our audit is summarized below.



With the assistance of our information technology professionals with experience and knowledge in the sector, we performed the following procedures:

- (i) We tested the design and operational effectiveness of certain key access controls, such as authorizing new users, revoking disconnected users and reviewing active users;
- (ii) We carry out tests, based on sampling, since we plan to rely on specific information, on information extracted from certain systems, considered relevant for the purposes of preparing the consolidated financial statements;
- (iii) In areas where, in our judgment, there is a high dependence on information technology, our tests also included the assessment of password policies, security settings and controls on developments and changes in systems and applications;
- (iv) When we identify key internal controls for the financial reporting process and other relevant processes that are fully automated or with any component dependent on systems and applications, we test the design and operational effectiveness of these controls.

The evidence obtained through the procedures summarized above allowed us to consider application controls and general information technology controls to plan the nature, timing and extent of our audit procedures in the context of the consolidated financial statements taken as whole for the six-month period and year ended December 31, 2020.

Other matters

Statement of added value

The consolidated statement of added value for the six-month period and year ended December 31, 2020, prepared under the responsibility of Bradesco's management, and presented as supplementary information in relation to the accounting practices adopted in Brazil applicable to institutions authorized to operate by the Central Bank of Brazil, was subjected to audit procedures performed in conjunction with the audit of Bradesco's financial statements. For the purposes of forming our opinion, we assess whether these statements are reconciled with the financial statements and accounting records, as applicable, and if their form and content are in accordance with the criteria set forth in Technical Pronouncement CPC 09 - Statement of Value Added. In our opinion, these consolidated statements of value added have been properly prepared, in all material respects, in accordance with the criteria set forth in this Technical Pronouncement and are consistent with the consolidated financial statements taken as a whole.

Individual financial statements

Bradesco prepared a complete set of individual financial statements of Banco Bradesco S.A. for the six-month period and year ended December 31, 2020 in accordance with accounting practices adopted in Brazil applicable to institutions authorized to operate by the Central Bank of Brazil that were presented separately, over which we issued a separate independent audit report, without any modification, dated February 03, 2021.

Other information that accompany the consolidated financial statements and the auditor report

Bradesco's management is responsible for the other information. The other information comprises the Management's Report.

Our opinion on the consolidated financial statements does not cover other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or with our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those in charge with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the accounting practices adopted in Brazil, applicable to institutions authorized to operate by the Central Bank of Brazil, and the internal controls as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing Bradesco's ability to continue as going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intends to liquidate Bradesco and its subsidiaries or to cease operations, or there has no realistic alternative but to do so.

Those charged with governance are those responsible for overseeing Bradesco's financial reporting process.

Auditors' responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Brazilian and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the Brazilian and International Standards on Auditing, we exercise professional judgment, and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting material misstatement resulting from fraud is higher than for the one resulting from error, as fraud may involve collusion, forgery, intentional omission or misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness

of Bradesco and its subsidiaries internal control.

- Evaluate the appropriateness of the accounting policies used and the reasonableness of accounting estimates and related disclosures made by Bradesco.
- Conclude on the appropriateness of management's use of the going concern basis of accounting, and, based on the audit evidence obtained, whether material uncertainty exists related to events or conditions that may cast significant doubt on Bradesco's ability to continue as going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements, or if such disclosures are inadequate to modify our opinion. Our conclusions are based on the audit evidences obtained up to the date of our auditor's report. However, future events or conditions may cause Bradesco and its subsidiaries to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provided those charged with governance with a statement that we have complied with the relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of the consolidated financial statements of the current year, and are therefore the key audit matters. We describe these matters in our auditor's report, unless law or regulation precludes public disclosure about the matters, or when, in extremely rare circumstances, we determine a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefit of such communication.

Osasco, February 03, 2021
KPMG Auditores Independentes

CRC 2SP-028567/F SP



André Dala Pola

Accountant CRC 1SP214007/O-2

	Note	On December 31, 2020	On December 31, 2019
Assets			
Cash and due from banks	5	23,845,061	18,988,662
Financial instruments		1,472,837,923	1,253,843,679
- Interbank investments	6	191,147,208	58,612,208
- Compulsory deposits with the Brazilian Central Bank	7	83,757,533	90,622,338
- Securities	8	616,497,887	595,027,816
- Derivative financial instruments	9	24,815,393	14,511,190
- Loans	10	445,665,923	376,053,905
- Other financial instruments	11	110,953,979	119,016,222
Leases	10	2,646,438	2,857,515
Expected credit loss associated with credit risk		(45,202,191)	(36,640,425)
- Loans		(42,233,636)	(33,416,838)
- Leases		(70,468)	(160,382)
- Other receivables		(2,898,087)	(3,063,205)
Deferred tax assets	36	85,049,769	67,400,235
Investments in associates and jointly controlled entities	12	7,046,710	7,143,094
Premises and equipment, net	13	20,923,269	19,836,467
Intangible assets	14	34,395,581	31,702,554
Depreciation and amortization		(33,578,011)	(29,480,869)
- Premises and equipment		(11,433,018)	(10,029,291)
- Intangible assets		(22,144,993)	(19,451,578)
Other assets	15	26,752,701	26,308,106
Accumulated Impairment of Assets		(3,678,206)	(2,819,950)
Total assets		1,591,039,044	1,359,139,068

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

	Note	On December 31, 2020	On December 31, 2019
Liabilities			
Deposits and other financial liabilities		1,088,438,954	880,530,186
- Deposits from banks	16	267,280,167	227,819,610
- Deposits from customers	17	545,292,743	366,227,541
- Securities issued	18	144,903,825	170,727,563
- Subordinated debts	19	53,246,232	49,313,508
- Derivative financial instruments	9	18,697,682	14,244,083
- Other financial liabilities	20	59,018,305	52,197,881
Provisions		320,285,406	311,149,271
- Insurance technical provisions and pension plans	21	284,606,330	274,764,876
- Other reserves	21	35,679,076	36,384,395
Deferred income tax assets	36	7,951,848	8,070,398
Other liabilities	23	29,900,955	24,956,201
Total liabilities		1,446,577,163	1,224,706,056
Shareholders' equity			
Capital		79,100,000	75,100,000
Treasury shares		(440,514)	(440,514)
Capital reserves		11,441	11,441
Profit reserves		59,405,815	52,407,209
Other comprehensive income		5,625,898	6,645,085
Equity attributable to shareholders of the parent	24	143,702,640	133,723,221
Non-controlling interest	25	759,241	709,791
Total equity		144,461,881	134,433,012
Total equity and liabilities		1,591,039,044	1,359,139,068

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

Consolidated Financial Statements

Income Statements

	Note	R\$ thousand		
		2nd semester	Year ended on December 31	
		2020	2020	2019
Revenue from financial intermediation		52,768,271	99,814,859	116,292,083
- Loans		37,597,492	74,638,143	75,866,596
- Leases		68,310	155,864	259,682
- Securities and interbank investments	9	10,907,546	26,882,782	27,605,074
- Net gain or (loss) from derivative financial instruments	9	(109,316)	(12,825,359)	(859,708)
- Financial income from insurance, pension plans and capitalization bonds	9	3,517,108	5,161,816	8,095,597
- Revenue from financial intermediation – foreign exchange income	11	213,948	4,723,329	2,413,090
- Reserve requirement	7	745,197	2,023,319	4,327,390
- Sale or transfer of financial assets		(172,014)	(945,035)	(1,415,638)
Expenses from financial intermediation		(12,312,896)	(43,171,092)	(44,522,845)
- Retail and professional market funding	20	(10,101,600)	(25,672,243)	(37,853,791)
- Borrowing and on-lending	16	(2,211,296)	(17,498,849)	(6,669,054)
Net revenue from financial intermediation		40,455,375	56,643,767	71,769,238
Expected Credit Loss Associated with Credit Risk expense		(9,677,365)	(25,164,015)	(18,720,532)
- Loans		(9,014,220)	(24,723,332)	(16,552,840)
- Leases		36,277	83,986	(34,911)
- Other receivables		(699,422)	(524,669)	(2,132,781)
Gross income from financial intermediation		30,778,010	31,479,752	53,048,706
Net other operating income (expenses)		(15,576,284)	(25,922,137)	(36,349,288)
- Fee and commission income	26	9,176,241	18,015,095	18,803,014
- Income from banking fees		4,149,747	8,216,814	8,148,191
- Other income from insurance, pension plans and capitalization bonds	21	2,967,635	8,098,742	8,962,125
- Personnel expenses	27	(9,606,681)	(19,160,600)	(21,399,973)
- Other administrative expenses	28	(9,772,394)	(19,315,658)	(20,236,215)
- Tax expenses	29	(3,716,311)	(6,048,903)	(6,858,230)
- Share of profit (loss) of unconsolidated and jointly controlled companies	12	529,790	749,312	1,203,531
- Other operating income	30	2,688,955	6,014,379	6,502,811
- Other operating expenses	31	(10,308,953)	(19,938,454)	(22,031,567)
- Provision (expenses)/reversals		(1,684,313)	(2,552,864)	(9,442,975)
- Labor		(372,485)	(663,547)	(3,382,750)
- Tax		235,150	256,489	227,244
- Civil		(1,397,283)	(1,609,720)	(4,330,466)
- Others		(149,695)	(536,086)	(1,957,003)
Operating profit/(loss)		15,201,726	5,557,615	16,699,418
Non-operating income/(expense)	32	(406,739)	(466,267)	(520,078)
Income/(loss) before income taxes and non-controlling interests		14,794,987	5,091,348	16,179,340
Income taxes	36	(5,038,928)	11,652,328	6,554,360
Non-controlling interests in subsidiaries		(97,623)	(197,099)	(151,085)
Net income		9,658,436	16,546,577	22,582,615
Net income attributable to shareholders:				
Shareholders of the parent		9,658,436	16,546,577	22,582,615
Non-controlling interest		97,623	197,099	151,085
Basic and diluted earnings per share based on the weighted average number of shares (expressed in R\$ per share):				
- Earnings per common share		1.04	1.78	2.43
- Earnings per preferred share		1.15	1.96	2.68

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

Consolidated Financial Statements

Statements of Comprehensive Income

	R\$ thousand		
	2nd semester	Year ended on December 31	
	2020	2020	2019
Net income for the period	9,658,436	16,546,577	22,582,615
Non-controlling interest	97,623	197,099	151,085
Net income for the period attributable to shareholders	9,756,059	16,743,676	22,733,700
Items that are or may be subsequently be reclassified to the consolidated income statement	2,171,271	(994,916)	6,084,412
Securities available for sale	1,887,768	(942,992)	5,912,636
- Own	1,869,851	(768,741)	5,963,230
- Associates and jointly controlled entities	17,917	(174,251)	(50,594)
<i>Cash flow hedge</i>	133,922	(184,591)	150,256
<i>Hedge of investment abroad</i>	31,584	(103,196)	(52,347)
Exchange differences on translations of foreign operations	117,997	235,863	73,867
Items that can not be reclassified to the Consolidated Income Statement	(22,303)	(24,271)	(200,899)
Actuarial valuation	(22,303)	(24,271)	(200,899)
Total other comprehensive income	2,148,968	(1,019,187)	5,883,513
Comprehensive income for the period	11,905,027	15,724,489	28,617,213
Attributable to shareholders:			
Shareholders of the parent	11,807,404	15,527,390	28,466,128
Non-controlling interest	97,623	197,099	151,085



	Capital	Capital reserves	Profit reserves		Other comprehensive income
		Share premium	Legal	Statutory	
Balance on December 31, 2018	67,100,000	11,441	8,494,263	45,194,107	761,577
Capital increase with reserves	8,000,000	-	-	(8,000,000)	
Asset valuation adjustments (1)	-	-	-	-	5,883,511
Net income	-	-	-	-	
Allocations:					
- Reserves	-	-	1,129,131	13,589,708	
- Interest on Shareholders' Equity Paid and/or provisioned	-	-	-	-	
- Provisioned dividends	-	-	-	(8,000,000)	
Balance on December 31, 2019	75,100,000	11,441	9,623,394	42,783,815	6,645,089
Balance on December 31, 2019	75,100,000	11,441	9,623,394	42,783,815	6,645,089
Capital increase with reserves	4,000,000	-	-	(4,000,000)	
Asset valuation adjustments (1)	-	-	-	-	(1,019,187)
Net income	-	-	-	-	
Allocations:					
- Reserves	-	-	827,328	10,171,278	
- Interest on Shareholders' Equity Paid and/or provisioned	-	-	-	-	
Balance on December 31, 2020	79,100,000	11,441	10,450,722	48,955,093	5,625,899
Balance on June 30, 2020	79,100,000	11,441	9,967,801	43,017,995	3,476,921
Asset valuation adjustments (1)	-	-	-	-	2,148,961
Net income	-	-	-	-	
Allocations:					
- Reserves	-	-	482,921	5,937,098	
- Interest on Shareholders' Equity Paid and/or provisioned	-	-	-	-	
Balance on December 31, 2020	79,100,000	11,441	10,450,722	48,955,093	5,625,899

(1) Includes the effects of exchange rate variations related to the conversion of investments abroad.
The accompanying Notes are an integral part of these Consolidated Financial Statements.

Description	2nd semester	%	2020	%	2019	%
1 – Revenue	51,174,247	178.0	94,974,631	300.8	111,016,407	243.0
1.1) Financial intermediation	52,768,271	183.6	99,814,859	316.1	116,292,083	254.5
1.2) Fees and commissions	13,325,988	46.4	26,231,909	83.1	26,951,205	59.0
1.3) Allowance for loan losses	(9,677,365)	(33.7)	(25,164,015)	(79.7)	(18,720,532)	(41.0)
1.4) Other	(5,242,647)	(18.2)	(5,908,122)	(18.7)	(13,506,349)	(29.6)
2 – Financial intermediation expenses	(12,312,896)	(42.8)	(43,171,092)	(136.7)	(44,522,845)	(97.5)
3 – Inputs acquired from third parties	(7,564,040)	(26.3)	(14,927,234)	(47.3)	(16,061,050)	(35.2)
Outsourced services	(2,566,707)	(8.9)	(4,948,258)	(15.7)	(4,995,465)	(10.9)
Data processing	(1,093,885)	(3.8)	(2,150,048)	(6.8)	(2,145,226)	(4.7)
Communication	(656,587)	(2.3)	(1,333,127)	(4.2)	(1,570,224)	(3.4)
Asset maintenance	(666,329)	(2.3)	(1,299,441)	(4.1)	(1,231,596)	(2.7)
Financial system services	(574,242)	(2.0)	(1,119,697)	(3.5)	(1,135,964)	(2.5)
Advertising and marketing	(589,929)	(2.1)	(1,052,083)	(3.3)	(1,300,468)	(2.8)
Security and surveillance	(327,380)	(1.1)	(698,206)	(2.2)	(744,036)	(1.6)
Transport	(313,296)	(1.1)	(651,238)	(2.1)	(773,208)	(1.7)
Material, water, electricity and gas	(238,734)	(0.8)	(512,427)	(1.6)	(631,975)	(1.4)
Travel	(12,958)	-	(77,433)	(0.2)	(302,170)	(0.7)
Other	(523,993)	(1.8)	(1,085,276)	(3.4)	(1,230,718)	(2.7)
4 – Gross added value (1-2-3)	31,297,311	108.9	36,876,305	116.8	50,432,512	110.4
5 – Depreciation and amortization	(3,082,766)	(10.7)	(6,052,304)	(19.2)	(5,948,634)	(13.0)
6 – Net added value produced by the entity (4-5)	28,214,545	98.2	30,824,001	97.6	44,483,878	97.4
7 – Added value received through transfer	529,790	1.8	749,312	2.4	1,203,531	2.6
Share of profit (loss) of unconsolidated and jointly controlled companies	529,790	1.8	749,312	2.4	1,203,531	2.6
8 – Added value to distribute (6+7)	28,744,335	100.0	31,573,313	100	45,687,409	100
9 – Added value distributed	28,744,335	100.0	31,573,313	100.0	45,687,409	100.0
9.1) Personnel	8,426,804	29.3	16,732,063	53.0	18,985,475	41.6
Salaries	4,659,603	16.2	9,475,900	30.0	10,024,710	21.9
Benefits	2,317,253	8.1	4,659,876	14.8	5,911,496	12.9
Government Severance Indemnity Fund for Employees (FGTS)	581,304	2.0	975,480	3.1	1,055,693	2.3
Other	868,644	3.0	1,620,807	5.1	1,993,576	4.4
9.2) Tax, fees and contributions	9,935,116	34.6	(3,174,888)	(10.1)	2,718,368	5.9
Federal	9,290,395	32.3	(4,489,734)	(14.2)	1,287,339	2.8
State	6,973	-	10,057	-	15,898	-
Municipal	637,748	2.2	1,304,789	4.1	1,415,131	3.1
9.3) Remuneration for providers of capital	626,356	2.2	1,272,462	4.0	1,249,866	2.7
Rental	621,222	2.2	1,266,517	4.0	1,248,221	2.7
Asset leases	5,134	-	5,945	-	1,645	-
9.4) Added Value distributed to shareholders	9,756,059	33.9	16,743,676	53.0	22,733,700	49.8
Interest on Shareholders' Equity/Dividends paid and/or provisioned	3,238,417	11.3	5,547,971	17.6	7,863,776	17.2
Retained earnings	6,420,019	22.3	10,998,606	34.8	14,718,839	32.2
Non-controlling interests in retained earnings	97,623	0.3	197,099	0.6	151,085	0.3

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

	2nd semester	2020	2019
Cash flow from operating activities:			
Net Income/(Loss) before income taxes and non-controlling interests	14,794,987	5,091,348	16,179,340
Adjustments for:	13,476,453	31,694,560	31,275,637
Effect of changes in exchange rates in cash and cash equivalents	(430,913)	(2,452,395)	(752,829)
Allowance for loan losses expense	9,677,365	25,164,015	18,720,532
Accumulated depreciation and amortization	3,082,766	6,052,304	5,948,634
Constitution impairment losses of assets	2,949,692	3,455,419	3,782,335
Expenses with civil, labor and tax provisions	2,221,785	3,822,270	9,244,967
Expenses with adjustment for inflation and interest on technical provisions for insurance, pension plans and capitalization bonds	9,276,135	18,344,005	16,930,146
Share of profit (loss) of unconsolidated and jointly controlled companies	(529,790)	(749,312)	(1,203,531)
(Gain)/loss on sale of investments	(29,829)	(29,829)	48,927
Loss on sale of fixed assets	96,088	139,411	17,937
Loss on sale of foreclosed assets	105,893	130,024	277,763
Foreign exchange variation of assets and liabilities overseas/Other	(12,942,739)	(22,181,352)	(21,739,244)
Net income before taxes after adjustments	28,271,440	36,785,908	47,454,977
(Increase)/Decrease in interbank investments	(8,431,650)	(8,449,903)	(2,099,604)
(Increase)/Decrease in reserve requirement - Central Bank	(2,808,329)	6,864,805	(3,025,422)
(Increase)/Decrease in trading securities and derivative financial instruments	(24,934,693)	(20,961,833)	(6,012,586)
(Increase)/Decrease in loans and leases	(22,855,487)	(77,242,194)	(52,922,210)
(Increase)/Decrease in Deferred income tax assets	1,090,221	(444,423)	1,092,995
(Increase)/decrease in other assets	(384,748)	(517,375)	(2,189,895)
(Increase)/Decrease in Other financial instruments	12,422,439	12,249,584	(22,516,613)
Increase/(Decrease) in Deposits and other financial instruments	62,319,379	211,754,843	13,511,412
Increase/(Decrease) in Deferred income tax liabilities	(1,578,522)	(5,671,333)	(3,941,580)
Increase/(Decrease) in Provisions	(2,294,801)	(12,986,176)	(3,014,904)
Increase/(decrease) in other liabilities	973,136	7,514,788	5,155,399
Income tax and social contribution paid	(1,923,162)	(5,715,233)	(8,433,279)
Net cash provided by/(used in) operating activities	39,865,223	143,181,458	(36,941,310)
Cash flow from investing activities:			
Maturity of and interest on held-to-maturity securities	16,078,290	47,309,978	6,158,550
Sale of/maturity of and interest on available-for-sale securities	33,046,049	79,947,150	135,733,126
Proceeds from sale of foreclosed assets	369,279	559,661	613,246
Sale of investments	81,132	130,249	17,961
Sale of premises and equipment	411,609	795,560	816,907
Acquisition of subsidiaries, net of cash and cash equivalents, paid	(3,173,403)	(3,173,403)	-
Purchases of available-for-sale securities	(36,427,068)	(84,691,092)	(137,586,141)
Purchases of held-to-maturity securities	-	(18,491,475)	(7,951)
Investment acquisitions	(491,438)	(491,438)	-
Purchase of premises and equipment	(859,932)	(1,795,410)	(2,629,435)
Intangible asset acquisitions	(1,314,484)	(2,472,210)	(2,739,763)
Dividends and interest on shareholders' equity received	35,078	292,244	716,581
Net cash provided by/(used in) investing activities	7,755,112	17,919,814	1,093,081
Cash flow from financing activities:			
Securities issued	29,128,521	61,833,816	84,982,152
Settlement and interest payments of funds from issuance of securities	(47,018,117)	(93,179,856)	(71,781,695)
Issuance of subordinated debt	688,186	688,186	-
Settlement and interest payments of subordinated debts	(1,274,856)	(2,374,538)	(8,593,243)
Dividends and interest on shareholders' equity paid	(716,502)	(1,432,130)	(17,751,148)
Non-controlling interest	(94,242)	(147,649)	(106,803)
Net cash provided by/(used in) financing activities	(19,287,010)	(34,612,171)	(13,250,737)
Net increase/(decrease) in cash and cash equivalents	28,333,325	126,489,101	(49,098,966)
Cash and cash equivalents - at the beginning of the period	162,056,751	61,879,493	110,225,630
Effect of changes in exchange rates in cash and cash equivalents	430,913	2,452,395	752,829
Cash and cash equivalents - at the end of the period	190,820,989	190,820,989	61,879,493
Net increase/(decrease) in cash and cash equivalents	28,333,325	126,489,101	(49,098,966)

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

The accompanying Notes are an integral part of these Consolidated Financial Statements are distributed as follow:

	Page
1) OPERATIONS	F-1-18
2) PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS	F-1-18
3) SIGNIFICANT ACCOUNTING PRACTICES	F-1-20
4) MANAGERIAL STATEMENTS OF FINANCIAL POSITION AND INCOME BY OPERATING SEGMENT	F-1-34
5) CASH AND CASH EQUIVALENTS	F-1-40
6) INTERBANK INVESTMENTS	F-1-40
7) COMPULSORY DEPOSITS WITH THE BRAZILIAN CENTRAL BANK	F-1-41
8) SECURITIES	F-1-42
9) DERIVATIVE FINANCIAL INSTRUMENTS	F-1-48
10) LOANS AND OTHER CREDIT EXPOSURES	F-1-55
11) OTHER FINANCIAL INSTRUMENTS	F-1-66
12) INVESTMENTS IN ASSOCIATES AND JOINTLY CONTROLLED ENTITIES	F-1-67
13) PREMISES AND EQUIPMENT	F-1-69
14) INTANGIBLE ASSETS	F-1-69
15) OTHER ASSETS	F-1-70
16) DEPOSITS FROM BANKS	F-1-71
17) DEPOSITS FROM CUSTOMERS	F-1-73
18) SECURITIES ISSUED	F-1-73
19) SUBORDINATED DEBT	F-1-74
20) OTHER FINANCIAL LIABILITIES	F-1-75
21) PROVISIONS	F-1-76
22) PROVISIONS, CONTINGENT ASSETS AND LIABILITIES AND LEGAL OBLIGATIONS – TAX AND SOCIAL SECURITY	F-1-79
23) OTHER LIABILITIES	F-1-84
24) SHAREHOLDERS' EQUITY (PARENT COMPANY)	F-1-84
25) NON-CONTROLLING INTERESTS IN SUBSIDIARIES	F-1-85
26) FEE AND COMMISSION INCOME	F-1-86
27) PAYROLL AND RELATED BENEFITS	F-1-86
28) OTHER ADMINISTRATIVE EXPENSES	F-1-86
29) TAX EXPENSES	F-1-87
30) OTHER OPERATING INCOME	F-1-87
31) OTHER OPERATING EXPENSES	F-1-87
32) NON-OPERATING INCOME (LOSS)	F-1-87
33) RELATED-PARTY TRANSACTIONS	F-1-88
34) RISK AND CAPITAL MANAGEMENT	F-1-91
35) EMPLOYEE BENEFITS	F-1-100
36) INCOME TAXES	F-1-103
37) OTHER INFORMATION	F-1-106

1) OPERATIONS

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

2) PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

Bradesco's consolidated financial statements include the financial statements for Bradesco, its foreign branches and subsidiaries, in Brazil and overseas and SPEs (Special Purpose Entities) and investment funds of which the Organization's companies are the main beneficiaries or holders of the principal obligations, as established by Technical Pronouncement CPC 36 (R3) - Consolidated Financial Statements, under the item "Control". These consolidated financial statements were prepared in accordance with accounting practices adopted in Brazil applicable to institutions authorized to operate by the Central Bank of Brazil (Bacen). These include the guidelines included in Laws No. 4,595 / 64 (Law on the National Financial System) and No. 6,404/76 (Brazilian Corporate Law), including the changes introduced by Laws No. 11,638/07 and No. 11,941/09, the rules and instructions of the National Monetary Council (CMN) and the Central Bank of Brazil (Bacen). In addition the rules of the Securities Commission (CVM), the National Private Insurance Council (CNSP), the Superintendency of Private Insurance (Susep) and the National Supplementary Health Agency (ANS), were applied, where applicable, and when not in conflict with the accounting practices adopted in Brazil applicable to institutions authorized to operate by the Central Bank of Brazil (Bacen). The financial statements of the lease companies included in the consolidated financial statements were prepared using the financial method, under which leased assets are not recognized and the lease receivables are recognized at present value in the Leases line item.

In addition, the changes arising from CMN Resolution No. 4,720/19 and Bacen Resolution No. 2/20 were included in these consolidated financial statements. The main objective of these standards is to bring similarity with the guidelines for the presentation of financial statements in accordance with International Financial Reporting Standards (IFRS). The main changes implemented were: statement of financial position accounts are presented in order of liquidity and enforceability; the statement of financial position balances for the period are presented in comparison with the end of the immediate previous fiscal year and the remaining statements are compared with the same periods of the previous fiscal year for which they were presented; disclosure of information on recurring and non-recurring results; and the inclusion of the Statement of Comprehensive Income. The changes implemented by the new standards did not impact Net Income or Shareholders' Equity.

Management states that it has disclosed all relevant information in the consolidated financial statements of Bradesco and that the accounting practices have been applied in a consistent manner in all period presented.

For the preparation of these consolidated financial statements, the intercompany transactions, balances of equity accounts, revenue, expenses and unrealized profits were eliminated and net income and shareholders' equity attributable to the non-controlling interests were accounted for in a separate line. Goodwill on the acquisition of investments in associates, subsidiaries or jointly controlled companies is presented in the intangible assets caption (Note 14a). The foreign exchange variation from foreign branches and investments is presented in the income statement accounts used for changes in the value of derivative financial instrument and expenses for borrowings and on-lendings. These effects are offset

by the results obtained by the financial instruments used to protect the effects of the exchange variation produced by our investments abroad.

The financial statements include estimates and assumptions, which are reviewed at least annually, such as: the calculation of estimated loan losses; fair value estimates of certain financial instruments; civil, tax and labor provisions; impairment losses of securities classified as available-for-sale and held-to-maturity securities and non-financial assets; the calculation of technical provisions for insurance, pension plans and capitalization bonds; and the determination of the useful life of specific assets. In the first half of 2020, there was a review of assumptions for certain assets due to the current economic scenario impacted by the pandemic caused by Covid-19. Actual results may differ from those based on estimates and assumptions.

Bradesco's consolidated financial statements were approved by the Board of Directors on February 03, 2021.

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

	Activity	Equity interest	
		On December 31, 2020	On December 31, 2019
Financial Sector – Brazil			
Ágora Corretora de Títulos e Valores Mobiliários S.A.	Brokerage	100.00%	100.00%
Banco Bradescard S.A.	Cards	100.00%	100.00%
Banco Bradesco BBI S.A. (1)	Investment bank	100.00%	99.96%
Banco Bradesco BERJ S.A.	Banking	100.00%	100.00%
Banco Bradesco Financiamentos S.A.	Banking	100.00%	100.00%
Banco Losango S.A.	Banking	100.00%	100.00%
Bradesco Administradora de Consórcios Ltda.	Consortium management	100.00%	100.00%
Bradesco Leasing S.A. Arrendamento Mercantil	Leases	100.00%	100.00%
Bradesco-Kirton Corretora de Câmbio S.A.	Exchange Broker	99.97%	99.97%
Bradesco S.A. Corretora de Títulos e Valores Mobiliários	Brokerage	100.00%	100.00%
BRAM - Bradesco Asset Management S.A. DTVM	Asset management	100.00%	100.00%
Kirton Bank S.A.	Banking	100.00%	100.00%
Tempo Serviços Ltda.	Services	100.00%	100.00%
Financial Sector – Overseas			
Banco Bradesco Argentina S.A.U. (2)	Banking	100.00%	100.00%
Banco Bradesco Europa S.A. (2)	Banking	100.00%	100.00%
Banco Bradesco S.A. Grand Cayman Branch (2) (3)	Banking	100.00%	100.00%
Banco Bradesco S.A. New York Branch (2)	Banking	100.00%	100.00%
Bradesco Securities, Inc. (2)	Brokerage	100.00%	100.00%
Bradesco Securities, UK. Limited (2)	Brokerage	100.00%	100.00%
Bradesco Securities, Hong Kong Limited (2)	Brokerage	100.00%	100.00%
Cidade Capital Markets Ltd. (2)	Banking	100.00%	100.00%
Bradescard México, sociedad de Responsabilidad Limitada (4)	Cards	100.00%	100.00%
Bac Florida Bank (5)	Banking	100.00%	0.00%
Insurance, Pension Plan and Capitalization Bond Sector - In Brazil			
Atlântica Companhia de Seguros	Insurance	100.00%	100.00%
Bradesco Auto/RE Companhia de Seguros	Insurance	100.00%	100.00%
Bradesco Capitalização S.A.	Capitalization bonds	100.00%	100.00%
Bradesco Saúde S.A.	Insurance/health	100.00%	100.00%
Bradesco Seguros S.A.	Insurance	99.96%	99.96%
Bradesco Vida e Previdência S.A.	Pension plan/Insurance	100.00%	100.00%
Odontoprev S.A. (6)	Dental care	50.01%	50.01%

	Activity	Equity interest	
		On December 31, 2020	On December 31, 2019
Insurance - Overseas			
Bradesco Argentina de Seguros S.A. (2) (6)	Insurance	99.98%	99.98%
Other Activities - Brazil			
Andorra Holdings S.A.	Holding	100.00%	100.00%
Bradseg Participações S.A.	Holding	100.00%	100.00%
Bradesco Corretora de Seguros Ltda.	Insurance Brokerage	100.00%	100.00%
BSP Empreendimentos Imobiliários S.A.	Real estate	100.00%	100.00%
Cia. Securitizadora de Créditos Financeiros Rubi	Credit acquisition	100.00%	100.00%
Columbus Holdings S.A.	Holding	100.00%	100.00%
Nova Paiol Participações Ltda.	Holding	100.00%	100.00%
Other Activities - Overseas			
Bradesco North America LLC (2)	Services	100.00%	100.00%
Investment Funds (7)			
Bradesco FI RF Máster II Previdência	Investment Fund	100.00%	100.00%
Bradesco FI RF Máster III Previdência	Investment Fund	100.00%	100.00%
Bradesco FI Referenciado DI Master	Investment Fund	100.00%	100.00%
Bradesco FIC FI RF Athenas PGBL/VGBL	Investment Fund	100.00%	100.00%
Bradesco FIC FI RF VGBL - F10	Investment Fund	100.00%	100.00%
Bradesco FI RF Máster Previdência	Investment Fund	100.00%	100.00%
Bradesco FI RF Referenciado DI União	Investment Fund	99.99%	99.99%
Bradesco FI RF Master Previdência	Investment Fund	100.00%	100.00%
Bradesco Private FIC de FI RF PGBL/VGBL Ativo-F 08 C	Investment Fund	100.00%	100.00%
Bradesco FIC de FI RF Creta	Investment Fund	100.00%	100.00%

(1) Acquisition of minority interest in January 2020;

(2) The functional currency of these companies abroad is the Real;

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

(4) The functional currency of this company is the Mexican Peso;

(5) Company acquired on October 30, 2020, its functional currency being the US Dollar;

(6) Accounting information used with date lag of up to 60 days; and

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

3) SIGNIFICANT ACCOUNTING PRACTICES

a) Functional and presentation currencies

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

b) Income and expense recognition

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

Fixed rate contracts are recognized at their redemption value with the income or expense relating to future periods being recognized as a deduction from the corresponding asset or liability. Finance income and costs are recognized daily on a pro-rata basis and calculated using the compounding

method, except when they relate to discounted notes or to foreign transactions, which are calculated using the straight-line method.

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

Insurance and coinsurance premiums, net of premiums paid for coinsurance and related commissions, are recognized upon the issue of the related policies/certificates/endorsements and invoices, or upon the beginning of the exposure to risk in cases in which the risk begins before the policy issuance, and is recognized on a straight-line basis over the policies' effective period through the upfront recognition and subsequent reversal through the income statement of the unearned premium reserve and the deferred acquisition costs. Revenues from premiums and the corresponding deferred acquisition costs, relating to existing risk for which no policy has been issued, are recognized in the income statement at the beginning of the risk exposure, based on expected final terms.

The health insurance premiums are recognized in the net written premiums earned or provision for unearned premiums/considerations (PPCNG), according to the period of coverage of contracts in force on the reporting date.

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

The acquisition costs related to the insurance commission are deferred and appropriated to the income statement in proportion to the recognition of the premium earned.

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

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

Management fee income is appropriated to the income statement on an accrual basis, according to contractually established rates.

Revenue from capitalization bonds is recognized in the month in which they are issued, according to the types of collection, which may be in monthly payments or in a single payment. Each security has a nominal value, which is indexed to the Reference Rate (TR), plus interest rates defined in the plan. The corresponding technical provisions are recorded simultaneously with the recognition of revenue.

The revenues arising from unclaimed and expired capitalization bonds (securities and non-redeemed draws) are recognized after the prescription period, that is, until November 2003, up to 20 years and five years after this date as established by law. The expenses related to commercialization of capitalization bonds are classified as "Acquisition Costs" and are recognized in the income statement as incurred.

c) Cash and cash equivalents

Cash and cash equivalents include: funds available in currency, investments in gold, securities sold under agreements to repurchase and interest-earning deposits in other banks, maturing in 90 days

or less, from the time of the acquisition, which are exposed to insignificant risk of change in fair value. These funds are used by Bradesco to manage its short-term commitments.

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

d) Financial instruments

i. Interbank investments

Interbank deposits are stated at cost, plus income earned up to the end of the reporting period, net of any devaluation allowance, if applicable.

The breakdown, terms and proceeds relating to interbank investments are presented in Note 6.

ii. Securities – Classification

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

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

Classification, breakdown and segmentation of securities are presented in Note 8.

iii. Impairment of Financial Assets

The balances of the securities classified in the securities available for sale and securities held to maturity categories are reviewed to determine whether there is any indication of impairment loss - Impairment.

When an impairment loss is identified, we recognize an expense in income for the year. This occurs when the book value of the asset exceeds its recoverable value.

In order to calculate the recoverable amount, the estimate of loss is made by models using observable data or by judgment based on the experience of our Organization.

The composition of Impairment for Securities is presented in Note 8d.

iv. Derivative financial instruments (assets and liabilities)

Derivative financial instruments are designed to meet the Company's own needs to manage Bradesco's global exposure, as well to meet customer requests, in order to manage its positions.

The transactions are recorded at their fair value considering the fair value models and methodologies adopted by Bradesco, and their adjustment can be recorded in the income statement or equity, depending on the classification as accounting hedge (and the category of accounting hedge) or as an economic hedge.

Derivative financial instruments used to mitigate the risks of exposures in currencies, indexes, prices, rates or indexes are considered as hedge instruments, whose objectives are: (i) to ensure exposures remain with risk limits; (ii) change, modify or reverse positions due to market changes and operational strategies; and (iii) reduce or mitigate exposures of transactions in inactive markets, under stress or low liquidity conditions.

Instruments designated for hedge accounting purposes are classified according to their nature in:

Market risk hedge: the gains and losses, realized or not, of the financial instruments classified in this category as well as the financial assets and liabilities, that are the object of the hedge, are recognized in the income statement;

Cash flow hedge: the effective portion of changes in fair value of the financial instruments classified in this category is recognized, net of taxes, in a specific account in shareholders' equity. The ineffective portion of the hedge is recognized directly in the income Statement; and

Hedge of net investment in foreign operations - the financial instruments classified in this category are intended to hedge the exchange variation of investments abroad, whose functional currency is different from the Brazilian Real, and are accounted for in accordance with the accounting procedures applicable to cash flow hedges, that is, with the effective portion recognized in shareholders' equity, net of tax effects, and the non-effective portion recognized in income statement for the period.

For derivatives classified in the hedge accounting category, there is a monitoring of: (i) strategy effectiveness, through prospective and retrospective effectiveness tests, and (ii) valuation to fair value of hedge instruments.

A breakdown of amounts included as derivative financial instruments, in the statement of financial position and memorandum accounts, is disclosed in Note 9.

e) Provisions for expected losses associated with credit risk for loans and leases, advances on foreign exchange contracts, other receivables with credit characteristics

Loans and leases, advances on foreign exchange contracts and other receivables with credit characteristics are classified by risk level, based on: (i) the parameters established by CMN Resolution No. 2,682/99, which requires risk ratings to have nine levels, from "AA" (minimum risk) to "H" (maximum risk) considering, among other things, the number of days of delay in a payment (as described in table below); and (ii) Management's assessment of the risk level. This assessment, which is carried out regularly, considers current economic conditions and past experience with loan losses, as well as specific and general risks relating to the contracts, debtors and guarantors.

Past-due period (1)	Customer rating
• from 15 to 30 days	B
• from 31 to 60 days	C

Past-due period (1)	Customer rating
• from 61 to 90 days	D
• from 91 to 120 days	E
• from 121 to 150 days	F
• from 151 to 180 days	G
• more than 180 days	H

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

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

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

Renegotiated loans are maintained at least at the same rating in which they were classified on the date of renegotiation.

As permitted by Resolution No. 4,803/20 issued by CMN, amended by Resolution No. 4,855/20, loans renegotiated in the period from March 1 to December 31, 2020 may be maintained at the same level as they were classified on February 29, 2020, except: (a) operations with a delay of 15 days or more on February 29, 2020; and (b) transactions with evidence of the counterparty's inability to honor the obligation under the new conditions agreed.

Considering the provisions of the CMN Resolution No. 4,846/20, for loans in the scope of the Emergency Employment Support Program (PESE) the provision is being calculated only on the portion of the loan whose risk is assumed by the Organization.

Renegotiations of loans that had already been written-off against the allowance and that were recognized in memorandum accounts, are rated as level "H" and any possible gains derived from their renegotiation are recognized only when they are effectively received.

When there is a significant repayment on the loan or when new material facts justify a change in the level of risk, the loan may be reclassified to a lower risk category.

The provision for expected losses associated with credit risk are calculated in an amount sufficient to cover probable losses and are in accordance with the rules and instructions of CMN and Bacen, associated with the assessments carried out by Management in determining credit risks.

The classification of all loans to the same economic client or group is defined as the one that presents the highest risk. In exceptional cases, different ratings for a particular loan are accepted according to the nature, value, purpose of the loan and characteristics of the guarantees.

Type, values, terms, levels of risk, concentration, economic sector of client's activity, renegotiation and income from loans, as well as the breakdown of expenses and Statement of Financial Position accounts for the allowance for loan losses are presented in Note 10.

f) Income tax and social contribution

Deferred tax assets, calculated on income tax losses, social contribution losses and temporary differences, are recognized in "Deferred tax assets" and the deferred tax liabilities on tax differences in lease asset depreciation (applicable only for income tax), fair value adjustments on securities, inflation adjustment of judicial deposits, among others, are recognized in "Deferred taxes".

Deferred tax assets on temporary differences are realized when the difference between the accounting treatment and the income tax treatment reverses. Deferred tax assets on carried forward

income tax and social contribution losses are realizable when taxable income is generated, up to the 30% limit of the taxable profit for the period. Deferred tax assets are recognized based on current expectations of realization considering technical studies and analyses carried out by Management.

The provision for income tax (IRPJ) is calculated at 15% of taxable income plus a 10% surcharge. For financial companies, for companies considered as such and for the insurance industry, social contribution (CSLL) was calculated until August 2015, considering the rate of 15%. For the period between September 2015 and December 2018, the rate was changed to 20%, according to Law No. 13,169/15 and the rate returned to 15% again as from January 2019. In November 2019, Constitutional Amendment No. 103 was enacted, which establishes in Article 32, the increase in the social contribution rate on the net profit of "Banks" from 15% to 20%, effective from March 2020. For the other companies, the social contribution is calculated considering the rate of 9%.

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

The breakdown of income tax and social contribution, showing the calculations, the origin and expected use of deferred tax assets, as well as unrecognized deferred tax assets, is presented in Note 36.

g) Investments in associates and Jointly Controlled Entities

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

The composition of unconsolidated and jointly controlled companies are disclosed in Note 12.

h) Premises and equipment

Corresponds to rights relating to tangible assets intended to maintain activities or exercised for that purpose.

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

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

i) Intangible assets

Corresponds to acquired rights that have as object intangible assets intended for the maintenance of the entity or exercised for this purpose:

- Acquisition of rights to provide banking services: they are recognized and amortized over the period in which the asset will directly and indirectly contribute to future cash flows and adjusted for impairment, where applicable;
- Software: stated at cost less amortization calculated on a straight-line basis over the estimated useful life (20% p.a.), from the date it is available for use and adjusted for impairment, where applicable. Internal software development costs are recognized as an

intangible asset when it is possible to show the intent and ability to complete and use the software, as well as to reliably measure costs directly attributable to the intangible asset. These costs are amortized during the software's estimated useful life, considering the expected future economic benefits; and

- Goodwill on acquisition of investments: is recorded at the amount by which the purchase price exceeds the book value of the net assets acquired and is amortized over the estimated time during which the asset is expected to contribute, directly or indirectly, to future cash flow.

Intangible assets and the movement in these balances by class are presented in Note 14.

j) Other assets

Other assets include taxes to be offset relating to income tax and social contribution credits from previous years and prepayments made but not yet utilized in the current period.

Also classified in this group are prepaid expenses that represent the application of funds in advance payments, whose rights to benefits or provision of services will occur in future periods, being recorded in the income statement on an accrual basis are classified as other assets.

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

Assets not for own use are those received as payment in kind and those that were in use and were deactivated, destined for sale. They are recorded at the lower of the market value and the book value and adjusted through a provision, when applicable.

The composition of Other Assets is presented in Note 15.

k) Provisions for Impairment of Assets

Assets, which are subject to amortization or depreciation, are reviewed to verify impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized based on the excess the carrying amount of the asset or the cash generating unit (CGU) over its estimated recoverable amount. The recoverable amount of an asset or CGU is the greater of its fair value, less costs to sell, and its value in use.

For the purpose of impairment testing, the assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Subject to a ceiling of the operating segments, for the purpose of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes.

When assessing the value in use, projections of future results based on business and budget plans are used, and the estimated future cash flows are discounted to their present value using a discount rate before taxes, that reflects the current market conditions of the time value of money and the specific risks of the asset or CGU.

The Organization's corporate assets do not generate separate cash flows and are utilized by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

Impairment losses are recognized in the consolidated Income Statement. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (or group of CGUs) and then to reduce the carrying amount of the other assets in the CGU (or group of CGUs) on a pro rata basis.

l) Deposits and other financial liabilities

i. Securities sold under agreements to repurchase, borrowing and on-lending, deposits from customers, securities issued and subordinated debt

They are measured at cost plus, when applicable, accrued interest recognized on a pro rata basis with the exception of securities sold under agreements to repurchase with no restrictions on resale which are measured at fair value.

The composition of these accounts is shown in Notes 16, 17, 18 and 19.

ii. Funding expenses

Expenses related to funding transactions involving the issuance of securities reduce the corresponding liability and are recognized in profit or loss over the term of the transaction, according to Notes 16e.

m) Provisions

i. Technical provisions relating to insurance, pension plans and capitalization bonds

- Damage, health and group insurance lines, except life insurance with survival coverage (VGBL):
 - The unearned premium reserve (PPNG) is calculated on a daily pro-rata basis, using premiums net of coinsurance, including amounts ceded through reinsurance, and is comprised of the portion corresponding to the remaining period of coverage, except for health insurance. The portion of these reserves corresponding to the estimate for risks in effect but not yet contracted is designated 'PPNG-RVNE';
 - The unearned premium/payments reserve (PPCNG) is calculated on a daily pro-rata basis based on the portion of health insurance premiums corresponding to the remaining period of coverage, of the currently effective contracts;
 - The mathematical reserve for unvested benefits (PMBaC) is calculated as the difference between the current value of future benefits and the current value of future contributions, on obligations already assumed by Bradesco;
 - For health insurance, the Mathematical Reserve for Benefits to be Granted (PMBaC) uses a discount rate of 3.6% (3.9% on December 31, 2019) per annum. It considers the payment of premiums until the death of the insured and, from this moment, the costs related to the coverage of dependents who remain in the plan for five further years without payment of premiums;
 - For health insurance, the mathematical reserve of benefits granted (PMBC) is constituted by the obligations arising from the contractual clauses of remittance of installments, regarding the coverage of health assistance and by the premiums paid by insured participating in the Bradesco Saúde Insurance Plan - "GBS Plan" considering a discount rate of 3.6% (3.9% on December 31, 2019) per annum;

- The reserve for events incurred but not reported (PEONA) is calculated from the final estimate of claims already incurred and still not reported, based on the run-off triangles, monthly that consider the historical development of claims advised in the last 12 months for health insurance and last 18 months for dental care to establish a future projection per period of occurrence;
- For health insurance, the reserve for events incurred but not reported in SUS (PEONA-SUS) is calculated from the estimate of the amount of events/claims originating in the Unified Health System (SUS), which have occurred and which have not been forwarded. The amount is calculated and reported monthly on the institutional website of the National Supplementary Health Agency (ANS), its form of accounting being supported by the Normative Resolution No. 442/18 in force;
- For Vehicle insurance, and other Casualty insurance, the IBNR (reserve for incurred but not reported claims) and IBNER (reserve for events incurred but not reported) provisions are recorded, the purpose of which is to guarantee the payment of claims incurred, but which the Insurer is not yet aware of for lack of notice, and also cover variations in estimated amounts to pay those already notified;
- For life insurance, the provision of 'incurred but not reported claims (IBNR) is calculated based on semi-annual run-off triangles, which consider the historical development of claims paid and outstanding in the prior 10 half-year periods, to establish a future projection per period of occurrence. A residual tail study is carried out to project the claims notified after 10 half-year periods of the occurrence date;
- The reserve for unsettled claims (PSL), for health insurance, considers all claim notifications received up to the end of the reporting period, and includes all claims in litigation and related costs, updated monetarily;
- The reserve for unsettled claims (PSL) for life insurance considers the expected amounts to be settled from all claims notices received up to the reporting date. The provision covers administrative and judicial claims indexed to inflation and with interest in the event of judicial claims;
- For non-life insurance, the reserve for unsettled claims (PSL) is determined based on the indemnity payment estimates, considering all administrative and judicial claims notified up to the reporting date, restated monetarily and with interest in case of judicial claims, net of the expected payments to be received;
- The technical surplus reserve (PET) corresponds to the difference between the expected value and the observed value for events occurred in the period for policies with technical surplus;
- The Allocated loss adjustment expenses reserve (ALAE) for life insurance is recognized to cover expenses related to estimated claims and benefits for pre-funded pension plans, the reserve covers claims incurred. For plans structured under a full-capitalization pension system, the reserve is made to cover the expected expenses related to incurred claims/benefits and also to claims/benefits to be incurred;
- For damage insurance, the allocated loss adjustment expenses reserve (ALAE) is calculated on a monthly basis to cover the expenses related to indemnity payment, and it covers the expenses allocated individually to each claim, as well as expenses related to claims that have not been itemized, that is, those at the level of the portfolio;

- The reserve for redemptions and other amounts to be settled (PVR) comprises figures related to redemptions to settle, premium refunds owed and portability (transfer-outs) requested but not yet transferred to the recipient insurer;
- The supplementary provision for coverage (PCC) for damage insurance shall be recorded when there is an insufficiency in the technical provisions, as calculated in the Liability Adequacy Test (LAT), pursuant to the determinations specified in the regulations in force. As at the reporting date, no supplementary provision for coverage was recognized;
- The supplementary provision for coverage (PCC) for life insurance, refers to the amount necessary to complement technical provisions, as calculated in the liability adequacy test (LAT). The LAT, which is prepared semiannually using statistical and actuarial methods based on realistic assumptions as account the biometric table BR-EMS of both genders, adjusted as per longevity development criteria in compliance with the last versions disclosed (improvement), claims, administrative and operating expenses and forward interest rate curves (ETTJ – prepared by Fenaprevi) free from risk as authorized by SUSEP. The improvement rate is calculated from automatic updates of the biometric table, considering the expected increase in future life expectancy. The LAT result must be offset by the amount of the difference between the market value and the book value of the collateralized securities of technical provisions classified as “held to maturity”, as required by SUSEP Circular No. 517/15 and subsequent changes; and
- Other technical provisions are recognized for the individual health portfolio to address the differences between the expected present value of future premiums and the expected present value of indemnities and related expenses, using an annual discount rate of 3.6% (3.9% on December 31, 2019) per annum.
- Pension plans and life insurance with survival coverage (VGBL):
 - The unearned premium reserve (PPNG) is calculated on a daily prorated basis using net contributions, and is comprised of the portion corresponding to the remaining period of coverage. The portion of these reserves corresponding to the estimate for risks covered but not yet issued is designated PPNG-RVNE;
 - The mathematical reserve for unvested benefits (PMBaC) is recognized for participants of pension plans and life insurance with survival coverage who have not yet received any benefit. In defined benefit pension plans, the reserve represents the difference between the present value of future benefits and the present value of future contributions, corresponding to obligations in the form of retirement, disability, pension and annuity plans. For defined contribution plans, it represents the value of participant contributions, net of costs and other contractual charges, plus income from investment in specially constituted investment funds (FIEs);
 - The reserve for redemptions and other amounts to be settled (PVR) comprises figures related to redemptions to settle, premium refunds owed and portability (transfer-outs) requested but not yet transferred to the recipient insurer;
 - The mathematical reserve for vested benefits (PMBC), calculated using actuarial estimates based on the relevant data of the plan participants, is recognized for participants already receiving benefits and corresponds to the present value of future obligations related to the payment of those on-going benefits;
 - The supplementary provision for coverage (PCC) refers to the amount necessary to complement technical provisions, as calculated in the liability adequacy test (LAT). The liability



adequacy test (LAT), which is prepared semi-annually using statistical and actuarial methods based on certain assumptions as account the biometric table BR-EMS of both genders, adjusted as per longevity development criteria in compliance with the last versions disclosed (improvement), claims, administrative and operating expenses, persistence rates and forward interest rate curves (ETTJ - prepared by Fenaprevi) free from risk and authorized by SUSEP. The improvement rate is calculated from automatic updates of the biometric table, considering the expected increase in future life expectancy. The adequacy test result must be offset by the portion corresponding to the difference between the fair value and the book value of the linked securities as collateral for technical provisions classified as "held to maturity", as required by SUSEP Circular No. 517/15 and subsequent changes;

- The Allocated loss adjustment expenses reserve (ALAE) for life insurance is recognized to cover expenses related to estimated claims and benefits for pre-funded pension plans, the reserve covers claims incurred. For plans structured under a full-capitalization pension system, the reserve is made to cover the expected expenses related to incurred claims/benefits and also to claims/benefits to be incurred;
 - The reserve for financial surplus (PEF) corresponds to the financial income exceeding the minimum assured profitability, transferred to contracts with a financial surplus participation clause;
 - The provision for claims incurred but not reported (IBNR) is calculated based on semi-annual run-off triangles, which consider the historical development of claims paid and outstanding in the last 16 half-year periods for the creation of a new future projection by period of occurrence.
 - The reserve for unsettled claims (PSL) considers the expected values to be settled from all loss notices received up to the end of the reporting period. The provision covers administrative and judicial claims and is adjusted for inflation and with interest in the case of judicial claims; and
 - The financial charges credited to technical provisions, and the recording and/or reversal of the financial surplus, are classified as financial expenses, and are presented under "Financial income from insurance, pension plans and capitalization bonds".
- Capitalization bonds:
 - The mathematical reserve for capitalization bond (PMC) is recognized for each active or suspended capitalization bond over the term set forth in the general conditions of the plan, and is calculated using the capitalization percentage, applicable to each of the payments made, plus the monthly accrual calculated using the inflation index and the interest rate established in the plan until the bond is redeemed or canceled;
 - The reserve for redemption (PR) comprises the values of matured and early terminated capitalization bonds and is calculated by updating the balance of bonds whose terms have expired or canceled using the inflation index until the holder receives the redemption payment;
 - The reserve for draws to be made (PSR) is constituted for each active security and is calculated for the prize draws funded which have not yet occurred, in accordance with the parameters of the plan. The calculation methodology consists of the projection of the expected present value of the expenses of future prize draws less the projection of the present value of the expected future receipts from the capitalization bonds;

- The reserve for draws payable (PSP) consists of the value of unpaid prize draw amounts, adjusted for inflation for the period between the date of the drawing and its effective settlement; and
- The reserve for administrative expense (PDA) is recognized to cover the cost for maintaining capitalization bonds. For the calculation, the present value of the expected future administrative expenses is projected and compared to present value of the projected loading fees on future installments of the bonds.

Technical provisions shown by account, product and segment, as well as amounts and details of plan assets covering these technical provisions, are shown in Note 21.

i. Provisions, contingent assets and liabilities and legal obligations – tax and social security

Provisions, contingent assets and liabilities, and legal obligations, as defined below, are recognized, measured and disclosed in accordance with the criteria set out in CPC 25 – Provisions, contingent liabilities and contingent assets, approved by CMN Resolution No. 3,823/09 and CVM Resolution No. 594/09 and according to Circular Letter No. 3,429/10, which are:

- **Contingent Assets:** these are not recognized in the financial statements, except to the extent that there are real guarantees or favorable judicial decisions, to which no further appeals are applicable, and it is considered virtually certain that cash inflows will flow to Bradesco. Contingent assets with a chance of probable success are disclosed in the notes to the financial statements;
- **Provisions:** these are recognized taking into consideration the opinion of legal counsel, the nature of the lawsuits, similarity with previous lawsuits, complexity and positioning of the courts, whenever the Organization has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and when the amount can be reliably measured;
- **Contingent Liabilities:** according to CPC 25, the term “contingent” is used for liabilities that are not recognized because their existence will only be confirmed by the occurrence of one or more uncertain future events beyond Management’s control. Contingent liabilities do not meet the criteria for recognition because they are considered as possible losses and should only be disclosed in the notes when relevant. Obligations deemed remote are not recognized as a provision nor disclosed; and
- **Legal Obligations:** Provision for Tax and Social Security Risks: results from judicial proceedings in which Bradesco is contesting the applicability of tax laws on the grounds of legality or constitutionality, which, regardless of the assessment of the probability of success, are fully provided for in the financial statements.

Details on lawsuits, as well as segregation and changes in amounts recognized, by type, are presented in Note 22.

n) Employee benefits

The recognition, measurement and disclosure of employee benefits are made in accordance with the criteria established by CPC 33 (R1) - Employee Benefits, approved by CMN Resolution No. 4,424/15.

Defined Contribution Plans

Bradesco and its subsidiaries sponsor supplementary pension plans for their employees and Management. Contributions for these pension plans are recognized as expenses in the Income

Statement when they are incurred. Once the contributions are paid, the Organization, in the capacity of employer, has no obligation to make any additional payment.

Defined Benefit Plans

The Organization's net obligation, in relation to the defined benefit plans, arises exclusively from institutions acquired and the plans are calculated separately for each plan, estimating the defined future benefit that the employees they will be entitled to post-employment leave when they leave the Organization or when they retire.

Bradesco's net obligation for defined benefit plans is calculated on the basis of an estimate of the value of future benefits that employees receive in return for services rendered in the current and prior periods. This value is discounted to its present value and is presented net of the fair value of any assets of the plan.

The calculation of the obligation of the defined benefit plan is performed annually by a qualified actuary using the projected unit credit method as required by the accounting standard.

Remeasurement of the net obligation comprise: actuarial gains and losses; the difference between the return on plan assets and the net interest recognized on the defined benefit liability and any change in the effect of the asset ceiling (excluding interest), and is recognized in other comprehensive income.

The net interest and other costs related to the defined benefit plans are recognized in the Income Statement.

Details on employee benefits are presented in Note 35.

o) Subsequent events

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

They comprise the following:

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

Subsequent events, if any, are described in Note 37 and are disclosed in accordance with the criteria established by CPC 24 - Subsequent Events, approved by CMN Resolution No. 3,973/11.

p) Recurring and non-recurring net income

Non-recurring net income is the net income that is related to the atypical activities of the institution and is not expected to occur with frequency in future years. Recurring net income corresponds to typical activities of the institution and is expected to occur frequently in future years. Recurring and non-recurring net income are presented in note 37b.

q) Acquisition of associates and subsidiaries



The accounting entry is made at the acquisition cost, broken down into: I - book value in accordance with accounting rules applicable to financial institutions authorized to operate by Bacen; and II - goodwill or negative goodwill on the acquisition of the investment, which is the difference between the acquisition cost and the book value of the net assets acquired.

Based on supporting documentation, the goodwill paid must be allocated between: I - fair value of assets of the associate or subsidiary's assets higher or lower than the cost recorded in the accounting books and records; II - profitability value of the associate or subsidiary, based on the forecast of future results; and III - trade fund, intangibles and other economic reasons.

The details of acquisitions of subsidiaries and associates are presented in Note 37g.

4) MANAGERIAL STATEMENTS OF FINANCIAL POSITION AND INCOME BY OPERATING SEGMENT

a) Reconciliation of the Statement of Financial Position and Income Statement – Accounting vs. Managerial

Management uses a variety of information, including that derived from the financial statements prepared in accordance with Brazilian accounting standards, which are applicable to institutions authorized to operate by the Central Bank, which take into consideration, in addition to the accounting standards, the specificities of the companies, therefore, differing in part from the criteria of CPC 36.

The main differences of consolidation criteria are shown below, through the Reconciliation of the Statement of Financial Position and Income Statement – Accounting vs. Managerial:

	On December 31, 2020				
	Accounting Statement of Financial Position	Proportionately consolidated (1)	Adjustments of Consolidation (2)	Managerial Statement of Financial Position	Accounting Statement of Financial Position
Assets					
Cash and due from banks	23,845,061	282,138	(528,955)	23,598,244	18,988,662
Interbank investments and Compulsory deposits with the Brazilian Central Bank	274,904,741	(18,153)	(540,311)	274,346,277	149,234,546
Securities and derivative financial instruments	641,313,280	4,967,618	47,185,841	693,466,739	609,539,006
Loans and leases	448,312,361	343,876	-	448,656,237	378,911,420
Other financial instruments	110,953,979	2,690,511	(1,102,255)	112,542,235	119,016,222
Expected credit loss associated with credit risk	(45,202,191)	(136,961)	-	(45,339,152)	(36,640,425)
Deferred tax assets	85,049,769	683,930	-	85,733,699	67,400,235
Investments in associates and jointly controlled entities	7,046,710	(5,177,598)	-	1,869,112	7,059,270
Premises and equipment, net	9,490,251	451,708	-	9,941,959	9,807,176
Intangible assets and goodwill, net	12,250,588	3,858,819	-	16,109,407	12,250,976
Other assets	26,752,701	1,360,994	(613,383)	27,500,312	26,391,930
Impairment of Assets Accumulated	(3,678,206)	57,252	-	(3,620,954)	(2,819,950)
Total	1,591,039,044	9,364,134	44,400,937	1,644,804,115	1,359,139,068

	On December 31, 2020				
	Accounting Statement of Financial Position	Proportionately consolidated (1)	Adjustments of Consolidation (2)	Managerial Statement of Financial Position	Accounting Statement of Financial Position
Liabilities					
Deposits from banks	267,280,167	2,093,170	45,452,379	314,825,716	227,819,610
Deposits from customers	545,292,743	(1,008,573)	4,639,653	548,923,823	366,227,541
Securities issued	144,903,825	-	112,717	145,016,542	170,727,563
Subordinated debt	53,246,232	-	-	53,246,232	49,313,508
Derivative financial instruments	18,697,682	-	(1,290,146)	17,407,536	14,244,083
Other financial liabilities	59,018,305	1,371	(915,170)	58,104,506	52,197,881
Provisions	320,285,406	1,166,708	(23,891)	321,428,223	311,149,271
Deferred income tax assets	7,951,848	40,778	-	7,992,626	8,070,398
Other liabilities	29,900,955	6,134,396	(3,574,605)	32,460,746	24,956,201
Non-controlling interest	759,241	936,284	-	1,695,525	709,791
Shareholders' equity	143,702,640	-	-	143,702,640	133,723,221
Total	1,591,039,044	9,364,134	44,400,937	1,644,804,115	1,359,139,068

	2nd semester	
	Accounting Income Statement	Proportionately consolidated (1)
Revenue from financial intermediation	52,768,271	211,119
Expenses from financial intermediation	(12,312,896)	(21,195)
Financial margin	40,455,375	189,924
Expected Credit Loss Associated with Credit Risk expense	(9,677,365)	(25,992)
Gross income from financial intermediation	30,778,010	163,932
Other income from insurance, pension plans and capitalization bonds	2,967,635	-
Fee and commission income and income from banking fees	13,325,988	2,249,575
Personnel expenses	(9,606,681)	(323,149)
Other administrative expenses	(9,772,394)	(748,325)
Tax expenses	(3,716,311)	(301,909)
Share of profit (loss) of unconsolidated and jointly controlled companies	529,790	(452,009)
Other operating income / expenses	(9,304,311)	(302,072)
Operating profit/(loss)	15,201,726	286,043
Non-operating income/(expense)	(406,739)	(10,250)
IT/SC (Income Tax/Soc. Contrib.) and non-controlling interests	(5,136,551)	(275,793)
Net income	9,658,436	-

(1) Refers to the effects of the consolidation adjustments arising from the undertakings consolidated proportionally (Grupo Cielo, Grupo Elopar, etc.) for managerial purposes.

(2) Primarily relates to reversal of the consolidation of the exclusive funds.

	Year ended on December 31				
	2020				Accounting Income Statement
	Accounting Income Statement	Proportionately consolidated (1)	Adjustments of Consolidation (2)	Managerial Income Statement	
Revenue from financial intermediation	99,814,859	484,720	(3,521,128)	96,778,451	116,292,083
Expenses from financial intermediation	(43,171,092)	(40,645)	1,051,877	(42,159,860)	(44,522,845)
Financial margin	56,643,767	444,075	(2,469,251)	54,618,591	71,769,238
Expected Credit Loss Associated with Credit Risk expense	(25,164,015)	(104,072)	-	(25,268,087)	(18,720,532)
Gross income from financial intermediation	31,479,752	340,003	(2,469,251)	29,350,504	53,048,706
Other income from insurance, pension plans and capitalization bonds	8,098,742	-	-	8,098,742	8,962,125
Fee and commission income and income from banking fees	26,231,909	4,031,391	2,164,111	32,427,411	26,951,205
Personnel expenses	(19,160,600)	(631,755)	-	(19,792,355)	(21,399,973)
Other administrative expenses	(19,315,658)	(1,442,189)	218,055	(20,539,792)	(20,236,215)
Tax expenses	(6,048,903)	(541,474)	-	(6,590,377)	(6,858,230)
Share of profit (loss) of unconsolidated and jointly controlled companies	749,312	(634,424)	-	114,888	1,203,531
Other operating income / expenses	(16,476,939)	(678,421)	87,085	(17,068,275)	(24,971,731)
Operating profit/(loss)	5,557,615	443,131	-	6,000,746	16,699,418
Non-operating income/(expense)	(466,267)	(14,306)	-	(480,573)	(520,078)
IT/SC (Income Tax/Soc. Contrib.) and non-controlling interests	11,455,229	(428,825)	-	11,026,404	6,403,275
Net income	16,546,577	-	-	16,546,577	22,582,615

(1) Refers to the effects of the consolidation adjustments arising from the undertakings consolidated proportionally (Grupo Cielo, Grupo Elopár, etc.) for managerial purposes.

(2) Primarily relates to reversal of the consolidation of the exclusive funds.

b) Statement of financial position and income by segment – Managerial

In accordance with CPC 22, the managerial information, hereinafter, was prepared based on reports available for performance and make decisions regarding the allocation of resources for investments and other purposes.

	Financial (1) (2)		Insurance Group (2) (3)		Other
	Brazil	Overseas	Brazil	Overseas	
Assets					
Cash and due from banks	16,641,829	7,026,301	334,524	7,016	
Interbank investments and Compulsory deposits with the Brazilian Central Bank	272,283,186	2,059,888	190,530	-	
Securities and derivative financial instruments	351,556,587	25,431,642	319,041,640	6,944	
Loans and leases	416,167,593	81,585,990	-	-	
Other financial instruments	105,249,315	1,573,896	6,973,057	17,460	
Expected credit loss associated with credit risk	(42,565,711)	(2,773,441)	-	-	
Deferred tax assets	83,077,515	24,172	2,408,635	911	
Investments in associates and jointly controlled entities	77,070,343	21,158	1,856,796	-	
Premises and equipment, net	6,522,374	35,916	3,334,864	570	
Intangible assets and goodwill, net	13,507,875	26,535	2,114,369	1,184	
Other assets	23,471,749	833,450	2,909,060	658	
Impairment of Assets Accumulated	(3,340,846)	(5,441)	(274,390)	-	
Total in December 31, 2020	1,319,641,809	115,840,066	338,889,085	34,743	
Total in December 31, 2019	1,143,262,454	121,364,937	325,728,842	38,243	
Liabilities					
Deposits from banks	345,320,071	18,797,306	-	-	
Deposits from customers	513,308,119	36,983,911	-	-	
Securities issued	139,709,222	11,225,257	-	-	
Subordinated debt	38,893,287	14,352,945	-	-	
Derivative financial instruments	14,670,070	2,737,586	4,484	-	
Other financial liabilities	57,891,992	212,514	-	-	
Provisions	31,323,509	134,169	289,695,970	18,828	
Deferred income tax assets	3,901,400	321,193	3,748,115	-	
Other liabilities	29,296,906	1,024,700	2,726,199	2,395	
Non-controlling interest	1,624,593	30,050,485	42,714,317	13,520	
Shareholders' equity	143,702,640	-	-	-	
Total in December 31, 2020	1,319,641,809	115,840,066	338,889,085	34,743	
Total in December 31, 2019	1,143,262,454	121,364,937	325,728,842	38,243	



	Financial (1) (2)		Insurance Group (2) (3)		Other
	Brazil	Overseas	Brazil	Overseas	
Revenue from financial intermediation	36,818,287	1,918,187	11,794,780	992	
Expenses from financial intermediation	(1,250,604)	(766,328)	(9,276,135)	-	
Financial margin	35,567,683	1,151,859	2,518,645	992	
Expected Credit Loss Associated with Credit Risk expense	(8,959,550)	(743,807)	-	-	
Gross income from financial intermediation	26,608,133	408,052	2,518,645	992	
Other income from insurance, pension plans and capitalization bonds	-	-	2,947,139	8,706	
Fee and commission income and income from banking fees	15,455,631	151,259	950,483	-	
Personnel expenses	(8,707,053)	(156,179)	(949,518)	(697)	
Other administrative expenses	(9,635,756)	(160,303)	(802,599)	(7,906)	
Tax expenses	(3,444,876)	(6,933)	(523,918)	(31)	
Share of profit (loss) of unconsolidated and jointly controlled companies	4,314	-	59,530	-	
Other operating income / expenses	(9,428,557)	(83,061)	226,065	(1,908)	
Operating profit/(loss)	10,851,836	152,835	4,425,827	(844)	
Non-operating income/(expense)	(250,294)	3,568	(171,331)	-	
IT/SC (Income Tax/Soc. Contrib.) and non-controlling interests	(3,532,133)	(98,892)	(1,746,249)	461	
Net income in the 2nd semester of 2020	7,069,409	57,511	2,508,247	(383)	

(1) The Financial segment is comprised of financial institutions, holding companies which are mainly responsible for managing financial resources, and credit card, consorciado, etc.

(2) The asset, liability, income and expense balances between Brazilian companies from the same segment and between overseas companies from the same segment are presented separately.

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

(4) Refers to amounts eliminated between segments, as well as among operations carried out between Brazil and overseas companies within the same segment.

	Financial (1) (2)		Insurance Group (2) (3)		Other
	Brazil	Overseas	Brazil	Overseas	
Revenue from financial intermediation	70,970,630	5,018,682	22,442,184	2,069	
Expenses from financial intermediation	(23,666,826)	(1,921,208)	(18,344,005)	-	
Financial margin	47,303,804	3,097,474	4,098,179	2,069	
Expected Credit Loss Associated with Credit Risk expense	(24,128,687)	(1,139,400)	-	-	
Gross income from financial intermediation	23,175,117	1,958,074	4,098,179	2,069	
Other income from insurance, pension plans and capitalization bonds	-	-	8,061,761	13,208	
Fee and commission income and income from banking fees	29,996,583	345,630	1,875,701	-	
Personnel expenses	(17,412,076)	(302,082)	(1,901,680)	(2,239)	
Other administrative expenses	(19,064,574)	(320,097)	(1,511,635)	(12,643)	
Tax expenses	(5,460,374)	(16,583)	(1,038,795)	(123)	
Share of profit (loss) of unconsolidated and jointly controlled companies	(271)	-	98,937	-	
Other operating income / expenses	(15,493,279)	(141,162)	(1,030,441)	(3,313)	
Operating profit/(loss)	(4,258,874)	1,523,780	8,652,027	(3,041)	
Non-operating income/(expense)	(307,354)	22,885	(197,204)	-	
IT/SC (Income Tax/Soc. Contrib.) and non-controlling interests	15,032,516	(523,879)	(3,426,679)	1,569	
Net Income year ended in the period ended December 31, 2020	10,466,288	1,022,786	5,028,144	(1,472)	
Net Income year ended in the period ended December 31, 2019	13,117,064	2,067,501	7,408,081	2,729	

(1) The Financial segment is comprised of financial institutions, holding companies which are mainly responsible for managing financial resources, and credit card, consor

(2) The asset, liability, income and expense balances between Brazilian companies from the same segment and between overseas companies from the same segment and

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

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

5) CASH AND CASH EQUIVALENTS

	R\$ thousand	
	On December 31, 2020	On December 31, 2019
Cash and due from banks in domestic currency	17,747,629	14,802,308
Cash and due from banks in foreign currency	6,096,396	4,185,462
Investments in gold	1,036	892
Total cash and due from banks	23,845,061	18,988,662
Interbank investments (1)	166,975,928	42,890,831
Total cash and cash equivalents	190,820,989	61,879,493

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

6) INTERBANK INVESTMENTS

a) Breakdown and maturity

	R\$ thousand					
	1 to 30 days	31 to 180 days	181 to 360 days	More than 360 days	On December 31, 2020	On December 31, 2019
Securities purchased under agreements to resell:						
Own portfolio position	41,045,591	7,584,593	-	-	48,630,184	6,968,172
• Financial treasury bills	19,860,683	-	-	-	19,860,683	-
• National treasury notes	15,582,390	6,055,697	-	-	21,638,087	5,312,195
• National treasury bills	4,295,180	1,528,896	-	-	5,824,076	229,568
• Debentures	2,505	-	-	-	2,505	-
• Other	1,304,833	-	-	-	1,304,833	1,426,409
Funded position	123,669,088	1,572,570	-	-	125,241,658	38,451,100
• Financial treasury bills	91,655,504	-	-	-	91,655,504	9,961,815
• National treasury notes	29,387,886	1,572,570	-	-	30,960,456	24,314,031
• National treasury bills	2,625,698	-	-	-	2,625,698	4,175,254
Unrestricted position	1,719,020	4,138,557	-	-	5,857,577	2,859,289
• National treasury bills	1,719,020	4,138,557	-	-	5,857,577	2,859,289
Subtotal	166,433,699	13,295,720	-	-	179,729,419	48,278,561
Interest-earning deposits in other banks:						
• Interest-earning deposits in other banks:	1,146,799	1,902,459	2,915,464	5,457,819	11,422,541	10,333,660
• Allowance for losses	-	(468)	(1)	(4,283)	(4,752)	(13)
Subtotal - Interest-earning deposits in other banks	1,146,799	1,901,991	2,915,463	5,453,536	11,417,789	10,333,647
On December 31, 2020	167,580,498	15,197,711	2,915,463	5,453,536	191,147,208	
%	87.7	8.0	1.5	2.9	100.0	
On December 31, 2019	36,092,389	17,554,267	3,219,405	1,746,147		58,612,208
%	61.6	29.9	5.5	3.0		100.0

b) Income from interbank investments

Presented in the income statement a component of revenue from financial intermediation – Revenue from securities and interbank investments.

	R\$ thousand		
	2nd semester	Year ended on December 31	
	2020	2020	2019
Income from investments in purchase and sale commitments:			
• Own portfolio position	721,350	1,096,411	1,146,491
• Funded position	1,310,715	2,815,409	4,445,327
• Unrestricted position	856,141	2,329,099	677,860
Subtotal	2,888,206	6,240,919	6,269,678
Income from interest-earning deposits in other banks	160,333	403,553	932,799
Total (Note 9f III)	3,048,539	6,644,472	7,202,477

7) COMPULSORY DEPOSITS WITH THE BRAZILIAN CENTRAL BANK

a) Reserve requirement

	R\$ thousand		
	Remuneration	On December 31, 2020	On December 31, 2019
Compulsory deposit – demand deposits	not remunerated	9,857,922	7,042,022
Compulsory deposit – savings deposits	savings index	19,524,472	22,619,432
Compulsory deposit – time deposits	Selic rate	54,375,139	60,960,884
Total		83,757,533	90,622,338

For more information on compulsory deposits, see Note 37.

b) Revenue from reserve requirement

	R\$ thousand		
	2nd semester	Year ended on December 31	
	2020	2020	2019
Reserve requirement – Bacen (Compulsory deposit)	742,828	2,017,605	4,304,874
Reserve requirement – SFH (1)	2,369	5,714	22,516
Total	745,197	2,023,319	4,327,390

(1) Deposits requirement to SFH (Housing Finance System) are recorded under the caption "Other assets".

8) SECURITIES

Information related to securities as follows:

a) Summary of the consolidated classification of securities by operating segment and issuer

	Financial	Insurance Group		Other Activities	On December 31, 202
		Insurance and Capitalization bonds	Pension plans (5)		
Trading securities	54,360,035	12,746,109	184,057,518	7,634	251,171,29
- Government securities	47,338,471	8,888,857	161,009,201	7,634	217,244,16
- Corporate securities	7,021,564	3,857,252	23,048,317	-	33,927,13
Available-for-sale securities (2)	209,014,910	32,103,494	24,386,290	8,807	265,513,50
- Government securities	112,158,529	23,092,267	24,320,051	8,187	159,579,03
- Corporate securities	96,856,381	9,011,227	66,239	620	105,934,46
Held-to-maturity securities (2)	65,269,589	5,854,417	28,689,084	-	99,813,09
- Government securities	58,367,248	5,854,417	28,689,084	-	92,910,74
- Corporate securities	6,902,341	-	-	-	6,902,34
Total	328,644,534	50,704,020	237,132,892	16,441	616,497,88
- Government securities	217,864,248	37,835,541	214,018,336	15,821	469,733,94
- Corporate securities	110,780,286	12,868,479	23,114,556	620	146,763,94
Total	328,644,534	50,704,020	237,132,892	16,441	616,497,88

b) Consolidated classification by category, maturity and operating segment

l) Trading securities

Securities	On December 31, 2020					
	1 to 30 days	31 to 180 days	181 to 360 days	More than 360 days	Fair/book value (3) (4)	Amo co
- Financial	14,102,692	7,585,404	5,640,591	27,031,348	54,360,035	54,360,035
Financial treasury bills	-	375,460	4,091,617	9,571,434	14,038,511	14,038,511
National treasury notes	10,178,352	356,385	-	12,283,069	22,817,806	22,817,806
Financial bills	-	-	135,888	106,637	242,525	242,525
Debentures	-	300	177	833,593	834,070	1,000,000
National treasury bills	-	5,891,458	1,389,188	1,902,347	9,182,993	9,182,993
Brazilian foreign debt securities	5	-	-	725,510	725,515	-
Other	3,924,335	961,801	23,721	1,608,758	6,518,615	6,518,615
- Insurance companies and capitalization bonds	3,276,735	302,906	5,247,556	3,918,912	12,746,109	12,746,109
Financial treasury bills	-	157,181	5,229,950	3,136,364	8,523,495	8,523,495
Financial bills	329	33,550	13,889	105,525	153,293	153,293
Other	3,276,406	112,175	3,717	677,023	4,069,321	4,069,321
- Pension plans	8,105,721	11,604,133	9,638,725	154,708,939	184,057,518	183,900,000
Financial treasury bills	-	7,251,838	8,442,367	109,314,997	125,009,202	125,009,202
National treasury notes	12,503	222,329	-	27,225,012	27,459,844	26,000,000
National treasury bills	-	392,245	61,709	8,086,201	8,540,155	8,540,155
Financial bills	329	2,957,349	357,106	4,065,026	7,379,810	7,379,810
Debentures	2,574	286,013	307,584	5,180,290	5,776,461	5,776,461
Other	8,090,315	494,359	469,959	837,413	9,892,046	9,892,046
- Other activities	-	2,743	1,667	3,224	7,634	7,634
Financial treasury bills	-	2,743	1,667	3,224	7,634	7,634
Other	-	-	-	-	-	-
Total	25,485,148	19,495,186	20,528,539	185,662,423	251,171,296	250,900,000

II) Available-for-sale securities

Securities (2)	On December 31, 2020					
	1 to 30	31 to 180	181 to 360	More than 360	Fair/book value (3) (4)	Amortized cost
	days	days	days	days		
- Financial	22,959,737	34,290,690	20,670,091	131,094,392	209,014,910	208,035,817
National treasury bills	-	20,343,604	11,197,205	33,830,850	65,371,659	63,584,882
Debentures	101,021	3,868,884	4,461,019	55,828,565	64,259,489	66,680,039
National treasury notes	15,169,152	1,637,703	-	12,013,881	28,820,736	27,758,819
Foreign corporate securities	48,625	26,077	90,335	6,488,957	6,653,994	6,324,899
Shares	3,402,394	-	-	-	3,402,394	3,516,634
Foreign government bonds	605,065	2,838,348	2,968,088	96,718	6,508,219	6,501,034
Promissory Notes	-	3,233,001	502,164	3,431,909	7,167,074	7,072,742
Certificates of real estate receivables	-	-	-	1,740,062	1,740,062	1,792,691
Other	3,633,480	2,343,073	1,451,280	17,663,450	25,091,283	24,804,077
- Insurance companies and capitalization bonds	9,444,915	3,852	1,870,443	20,784,284	32,103,494	27,630,861
National treasury notes	487,097	-	-	19,703,182	20,190,279	18,393,284
Shares	8,855,739	-	-	-	8,855,739	6,346,387
National treasury bills	-	-	1,848,614	1,027,694	2,876,308	2,765,875
Other	102,079	3,852	21,829	53,408	181,168	125,315
- Pension plans	7	775,486	43,260	23,567,537	24,386,290	19,922,132
National treasury notes	-	769,354	-	23,491,311	24,260,665	19,814,313
Shares	7	-	-	-	7	-
Debentures	-	-	-	66,232	66,232	48,410
Other	-	6,132	43,260	9,994	59,386	59,409
- Other activities	620	8,187	-	-	8,807	8,346
Other	620	8,187	-	-	8,807	8,346
Subtotal	32,405,279	35,078,215	22,583,794	175,446,213	265,513,501	255,597,156
Accounting Hedge (Note 9f II) (1)	-	-	-	-	-	-
Securities reclassified to "Held-to-maturity securities"	-	-	-	-	-	-
Total	32,405,279	35,078,215	22,583,794	175,446,213	265,513,501	255,597,156

III) Held-to-maturity securities

Securities (2)	On December 31, 2020					
	1 to 30	31 to 180	181 to 360	More than 360	Amortized cost (3)	Fair value (4)
	days	days	days	days		
- Financial	99	80,473	10,696,212	54,492,805	65,269,589	67,184,763
National treasury bills	-	-	10,665,733	29,524,038	40,189,771	41,440,835
Certificates of real estate receivables	-	-	3,284	6,700,118	6,703,402	6,790,623
National treasury notes	99	778	676	18,123,723	18,125,276	18,696,822
Other	-	79,695	26,519	144,926	251,140	256,483
- Insurance companies and capitalization bonds	-	5,940	-	5,848,477	5,854,417	7,293,327
National treasury notes	-	5,940	-	5,848,477	5,854,417	7,293,327
- Pension plans	-	11,542,576	-	17,146,508	28,689,084	35,252,383
National treasury notes	-	11,542,576	-	17,146,508	28,689,084	35,252,383
Total	99	11,628,989	10,696,212	77,487,790	99,813,090	109,730,473

c) Breakdown of the portfolios by financial statement classification

Securities	1 to 30	31 to 180	181 to 360	More than
	days	days	days	days
Securities pledged as collateral	57,713,721	46,184,002	36,325,489	376,000
Fixed income securities	37,852,249	46,184,002	36,325,489	376,000
• National treasury notes	25,847,203	12,900,480	676	120,000
• Financial treasury bills	-	7,660,058	17,407,345	114,000
• National treasury bills	-	9,006,568	10,735,292	41,000
• Debentures	103,594	4,156,871	2,184,841	58,000
• Financial bills	659	3,105,702	616,876	4,000
• Certificates of real estate receivables	-	-	3,290	8,000
• Foreign government bonds	609,496	3,410,021	2,972,416	8,000
• Foreign corporate securities	1,451,568	495,682	123,919	8,000
• Brazilian foreign debt securities	759,264	-	-	8,000
• Promissory Notes	146,380	3,582,554	502,164	3,000
• Bank deposit certificates	26,405	251,207	380,692	7,000
• Other	8,907,680	1,614,859	1,397,978	7,000
Equity securities	19,861,472	-	-	-
• Shares of other companies	19,861,472	-	-	-
Restricted securities	176,805	18,934,909	15,009,128	62,000
Subject to repurchase agreements	-	13,584,624	14,446,035	47,000
• National treasury bills	-	11,944,299	11,766,338	31,000
• Foreign corporate securities	-	-	-	-
• National treasury notes	-	1,637,700	-	10,000
• Brazilian foreign debt securities	-	-	-	-
• Debentures	-	-	2,583,939	4,000
• Financial treasury bills	-	2,625	95,758	-
Given in guarantee to the Brazilian Central Bank	-	4,405,553	30,359	-
• National treasury bills	-	4,405,553	30,359	-
• National treasury notes	-	-	-	-
Privatization rights	-	-	-	-
Given in guarantee	176,805	944,732	532,734	14,000
• National treasury notes	-	993	-	3,000
• National treasury bills	-	187,408	156,531	1,000
• Financial treasury bills	-	756,331	376,203	8,000
• Other	176,805	-	-	-

Securities				
	1 to 30	31 to 180	181 to 360	More than
	days	days	days	days
Securities sold under repurchase agreements - unrestricted	-	1,083,479	2,473,928	
• National treasury bills	-	1,083,479	2,473,928	
• National treasury notes	-	-	-	
Total	57,890,526	66,202,390	53,808,545	438,
%	9.5	10.7	8.7	

(1) For derivative financial instruments considered as accounting hedges, the category used is "Available-for-Sale Securities";

(2) In compliance with Article 8 of Bacen Circular Letter No. 3,068/01, Bradesco declares that it has the financial capacity and intention to maintain held-to-maturity securities. In the preparation of the consolidated financial statements as at June 30, 2020, Management decided to reclassify Securities Available for Sale to Held to Maturity, in the amount of R\$1,794,263 thousand, is being retained in shareholders' equity and is being recognized in income statement over the remaining period of the securities. There were no sales or reclassifications of securities classified in this category;

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

(4) The fair value of securities is determined based on the market price quotation available at the end of the reporting period. If no market price quotation is available at the end of the reporting period, the fair value is determined based on the prices quoted by dealers, pricing models, quotation models or price quotations for instruments with similar characteristics. For investment funds, the original cost, less or plus the difference between the original cost and the fair value of the securities; and

(5) Primarily composed of investment funds (VGBL and PGBL).

d) Impairment of Securities

In the 2nd half of 2020, there was an impairment expense, net of reversals including on the sale or transfer of financial assets, classified in the categories "Available for Sale" and "Held to Maturity", mostly debentures, in the amount of R\$1,993,002 thousand.

In the year ended in December 31, 2020, there was an impairment expense on fixed income securities, net of reversals, classified in the categories "Available for Sale" and "Held to Maturity" mostly debentures, in the amount of R\$2,058,004 thousand (R\$2,058,004 thousand in 2019) as well as an impairment expense on equity securities, classified in the category "Available for Sale", in the amount of R\$22 thousand (R\$22 thousand in 2019), totaling R\$3,084,402 thousand (R\$2,058,026 thousand in 2019).

9) DERIVATIVE FINANCIAL INSTRUMENTS

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

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

Quoted market prices are used to determine the fair value of derivative financial instruments. The fair value of swaps is determined by using discounted cash flow modeling techniques that use yield curves, reflecting adequate risk factors. The information to build yield curves is mainly obtained from Securities, Commodities and Futures Exchange (B3), and the domestic and international secondary market. These yield curves are used to determine the fair value of currency swaps, interest rate and other risk factor swaps. The fair value of forward and futures contracts is also determined based on market price quotations for derivatives traded on an exchange or using methodologies similar to those outlined for swaps. The fair values of credit derivative instruments are determined based on market price quotation or prices received from specialized entities. The fair value of options is determined based on mathematical models, such as Black & Scholes, using yield curves, implied volatilities and the fair value of corresponding assets. Current market prices are used to calculate volatility. To estimate the fair value of the over-the-counter (OTC) financial derivative instruments, the credit quality of each counterparty is also taken into account, based on an expected loss for each derivative portfolio (Credit valuation adjustment).

Bradesco's derivative financial instruments in Brazil primarily consist of swaps and futures and are registered at B3.

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

Macro strategy are defined for the Trading (proprietary) and Banking portfolios. Trading Portfolio transactions, including derivatives, look for gains from directional movements in prices and/or rates, arbitrage, hedge and market-maker strategies that may be fully or partially settled before the originally stipulated maturity date. The Banking Portfolio focuses on commercial transactions and their hedges.

Portfolio risk is controlled using information consolidated by risk factor; effective portfolio risk management requires joint use of derivatives with other instruments, including stocks and bonds.

The Financial Statements include a Risk Management and Capital Note on the main risk-control metrics and the risk management structure's key aspects. This Note complements the Securities and Derivatives Note and shows these instruments' exposures under various views, as well as derivatives' revenues and expenses.

a) Amount of derivative financial instruments recognized by index

	Total in December 31, 2020						Net a valu
	Nominal value	Net amount value (3)	Original amortized cost	Fair value adjustment	Fair value	Nominal value	
Futures contracts						-	
Purchase commitments:	84,467,021		24,535	-	24,535	140,426,077	
- Interbank market	40,651,059	-	10,050	-	10,050	108,149,874	
- Foreign currency	39,875,542	-	10,832	-	10,832	30,351,663	
- Other	3,940,420	2,807,910	3,653	-	3,653	1,924,540	
Sale commitments:	316,512,537		(19,366)	-	(19,366)	231,911,105	
- Interbank market (1)	263,958,439	223,307,380	(15,899)	-	(15,899)	153,544,202	45,
- Foreign currency (2)	51,421,588	11,546,046	(1,371)	-	(1,371)	77,219,777	46,
- Other	1,132,510	-	(2,096)	-	(2,096)	1,147,126	
Option contracts						-	
Purchase commitments:	326,423,643		2,456,611	895,667	3,352,278	145,317,995	
- Interbank market	311,472,364	-	1,504,181	193,326	1,697,507	130,179,263	
- Foreign currency	13,878,682	-	854,484	701,089	1,555,573	14,233,062	1,
- Other	1,072,597	282,563	97,946	1,252	99,198	905,670	
Sale commitments:	331,145,703		(2,520,903)	(589,180)	(3,110,083)	253,288,998	
- Interbank market	314,999,693	3,527,329	(1,640,039)	(194,670)	(1,834,709)	238,999,513	108,
- Foreign currency	15,355,976	1,477,294	(619,545)	(363,298)	(982,843)	13,213,073	
- Other	790,034	-	(261,319)	(31,212)	(292,531)	1,076,412	
Forward contracts						-	
Purchase commitments:	76,011,205		4,696,246	14,818	4,711,064	16,258,721	
- Interbank market	246,269	246,269	1,859	14,818	16,677	232,706	
- Foreign currency	70,345,084	48,576,798	(453)	-	(453)	13,794,259	
- Other	5,419,852	4,451,509	4,694,840	-	4,694,840	2,231,756	1,
Sale commitments:	22,736,629		(132,076)	(4,678)	(136,754)	15,834,563	
- Foreign currency (2)	21,768,286	-	(82,681)	-	(82,681)	15,166,560	1,
- Other	968,343	-	(49,395)	(4,678)	(54,073)	668,003	
Swap contracts						-	
Assets (long position):	66,137,265		11,195,415	3,591,785	14,787,200	70,032,236	
- Interbank market	4,095,567	-	106,827	215,527	322,354	7,703,103	3,
- Fixed rate	33,427,359	19,386,846	4,160,018	26,030	4,186,048	38,714,923	19,
- Foreign currency	24,369,039	1,177,263	6,169,577	3,051,417	9,220,994	19,746,372	
- IGPM	636,581	-	432,390	22,676	455,066	670,554	



	Total in December 31, 2020						
	Nominal value	Net amount value (3)	Original amortized cost	Fair value adjustment	Fair value	Nominal value	Net a val
- Other	3,608,719	-	326,603	276,135	602,738	3,197,284	
Liabilities (unrestricted position):	50,475,079		(10,838,073)	(2,653,090)	(13,491,163)	52,232,961	
- Interbank market	7,350,385	3,254,818	(103,984)	(27,012)	(130,996)	4,278,875	
- Fixed rate	14,040,513	-	(2,431,630)	(1,448,120)	(3,879,750)	19,350,014	
- Foreign currency	23,191,776	-	(7,119,016)	(801,099)	(7,920,115)	21,483,368	1,
- IGPM	836,307	199,726	(536,192)	(48,393)	(584,585)	893,000	
- Other	5,056,098	1,447,379	(647,251)	(328,466)	(975,717)	6,227,704	3,
Total	1,273,909,082		4,862,389	1,255,322	6,117,711	925,302,656	

Derivatives include operations maturing in D+1.

(1) Includes: (i) accounting cash flow hedges to protect DI-indexed (interbank interest rate) funding totaling R\$128,431,775 thousand (R\$76,405,734 thousand in December 31, 2019) and (ii) accounting cash flow hedges to protect DI-indexed investments totaling R\$12,942,667 thousand (R\$21,015,183 thousand in December 31, 2019) (Note 9f II);

(2) Includes specific hedges to protect assets and liabilities, arising from foreign investments. Investments abroad totaling the amount of R\$29,678,043 thousand (R\$64,431,000 thousand in December 31, 2019), the capital reduction carried out in the six month period ended June 30, 2020, in the amount of R\$59,546,684 thousand; and

(3) Reflects the net balance between the Asset and Liability position.

b) Breakdown of derivative financial instruments (assets and liabilities) shown at original amortized cost, fair value and

	Total in December 31, 2020						
	Original amortized cost	Fair value adjustment	Fair value	%	1 to 90 days	91 to 180 days	181 to 360 days
Swaps	11,195,415	3,591,785	14,787,200	59.6	656,297	234,828	190,000
Future	24,535	-	24,535	0.1	12,186	1,086	-
Forward purchases	5,684,286	14,878	5,699,164	23.0	3,563,612	1,303,543	579,000
Forward sales (1)	956,806	(4,590)	952,216	3.8	355,980	164,411	55,000
Premiums on exercisable options	2,456,611	895,667	3,352,278	13.5	1,225,813	134,149	181,000
Total assets (A)	20,317,653	4,497,740	24,815,393	100.0	5,813,888	1,838,017	1,006,000
Swaps	(10,838,073)	(2,653,090)	(13,491,163)	72.2	(890,781)	25,115	(578,000)
Future	(19,366)	-	(19,366)	0.1	(5,482)	(181)	(3,000)
Forward purchases	(988,040)	(60)	(988,100)	5.3	(218,570)	(462,424)	(119,000)
Forward sales	(1,088,882)	(88)	(1,088,970)	5.8	(383,834)	(170,159)	(181,000)
Premiums on written options	(2,520,903)	(589,180)	(3,110,083)	16.6	(1,227,537)	(135,765)	(235,000)
Total liabilities (B)	(15,455,264)	(3,242,418)	(18,697,682)	100.0	(2,726,204)	(743,414)	(1,118,000)
Net Effect (A-B)	4,862,389	1,255,322	6,117,711		3,087,684	1,094,603	(111,000)

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

c) Futures, options, forward and swap contracts – (Nominal Value)

	1 to 90 days	91 to 180 days	181 to 360 days	More than 360 days
Futures contracts (1)	156,727,296	25,296,512	74,404,496	1,000,000
Option contracts	221,645,986	261,267,294	127,859,228	-
Forward contracts (1)	46,283,517	18,702,771	29,513,468	-
Swap contracts	10,021,090	14,605,270	7,724,745	-
Total in December 31, 2020	434,677,889	319,871,847	239,501,937	2,000,000
Total in December 31, 2019	553,466,755	80,674,625	84,555,049	2,000,000

(1) Includes contracts relating to hedges for the protection of assets and liabilities, designated and/or indexed in foreign currency, primarily, arising from foreign investments, and liabilities.

d) Types of margin offered in guarantee of derivative financial instruments, primarily futures contracts

	R\$ thousand	
	On December 31, 2020	On December 31, 2019
Government securities		
National treasury bills	-	4,620,246
National treasury notes	4,368,766	5,270,514
Total	4,368,766	9,890,760

e) Revenues and expenses, net

	R\$ thousand		
	2nd semester	Year ended on December 31	
	2020	2020	2019
Swap contracts	2,951,385	4,250,553	(303,446)
Forward contracts (1)	(6,759,693)	(7,597,574)	739,273
Option contracts	3,074,760	3,797,555	282,465
Futures contracts (1)	703,914	(19,638,556)	(1,915,884)
Foreign exchange variation of assets and liabilities overseas	(79,682)	6,362,663	337,884
Total (Note 9 III)	(109,316)	(12,825,359)	(859,708)

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

f) Nominal values of derivative financial instruments, by trading location and counterparty

	R\$ thousand	
	Total in December 31, 2020	Total in December 31, 2019
B3 (stock exchange)	1,034,782,001	739,773,021
B3 (over-the-counter)	203,170,377	143,904,600
- Financial Institutions	44,352,093	62,540,939
- Companies	158,472,894	80,946,338
- Individuals	345,390	417,323
Overseas (stock exchange) (1)	15,256,532	18,292,330
Overseas (over-the-counter) (1)	20,700,172	23,332,705
Total	1,273,909,082	925,302,656

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

l) Credit Default Swaps (CDS)

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

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

	R\$ thousand	
	Total in December 31, 2020	Total in December 31, 2019
Risk received in credit Swaps:	3,872,939	3,894,982
- Debt securities issued by companies	1,024,244	791,045
- Bonds of the Brazilian public debt	2,580,026	3,056,778
- Bonds of foreign public debt	268,669	47,159
Risk transferred in credit Swaps:	(1,304,372)	(1,108,443)
- Brazilian public debt derivatives	(332,589)	(181,382)
- Foreign public debt derivatives	(971,783)	(927,061)
Total net credit risk value	2,568,567	2,786,539
Effect on Shareholders' Equity	105,226	84,382
Remuneration on the counterparty receiving the risk	(26,462)	(11,945)

The contracts related to credit derivatives transactions described above are due in 2025. There were no credit events, as defined in the agreements, during the period.

II) Hedge Accounting

On December 31, 2020, Bradesco maintained hedges, in accordance with Bacen Circular No. 3,082/02, consisting of:

Cash Flow Hedge - the financial instruments classified in this category, aims to reduce exposure to future changes in interest and foreign exchange rates, which impact the outcome of the organization. The effective portion of the changes in fair value of these instruments is recognized in a separate account of shareholders' equity, net of tax effects and is only transferred to the income statement in two situations: (i) in case of ineffectiveness of the hedge; or (ii) the realization of the hedge object. The ineffective portion of the respective hedge is recognized directly in the income statement.

Strategy	R\$ thousand			
	Hedge instrument nominal value	Hedge object accounting value	Fair Value Accumulated Adjustments in shareholders' equity (gross of tax effects)	Fair Value Accumulated Adjustments in shareholders' equity (net of tax effects)
Hedge of interest receipts from investments in securities (1)	12,942,667	13,197,717	100,114	55,063
Hedge of interest payments on funding (2)	128,431,775	126,398,921	(316,082)	(173,845)
Total in December 31, 2020	141,374,442	139,596,638	(215,968)	(118,782)
Hedge of interest receipts from investments in securities (1)	21,015,183	21,127,503	216,845	119,265
Hedge of interest payments on funding (1)	76,405,734	75,942,005	(97,192)	(53,456)
Total in December 31, 2019	97,420,917	97,069,508	119,653	65,809

(1) Referring to the DI interest rate risk, using DI Futures contracts in B3 and Swaps, with maturity dates until 2025, making the cash flow fixed; and

(2) Referring to the DI interest rate risk, using DI Futures contracts in B3 and Swaps, with maturity dates in 2023, making the cash flow fixed.

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

For the next 12 months, the gains/(losses) related to the cash flow hedge, which we expect to recognize in the income statement, amount to R\$(75,173) thousand.

There were no gains/(losses) related to the ineffectiveness of the cash flow hedge recorded in the income statement in the year ended on December 31, 2020 and 2019.

Hedge of investments abroad - the financial instruments classified in this category, have the objective of reducing the exposure to foreign exchange variation of investments abroad, whose functional currency is different from the national currency, which impacts the result of the organization. The effective portion of the valuations or devaluations of these instruments is recognized in a separate account of shareholders' equity, net of tax effects and is only transferred to the income statement in two situations: (i) hedge ineffectiveness; or (ii) in the disposal or partial sale of the foreign operation. The ineffective portion of the respective hedge is recognized directly in the income statement.

Strategy	R\$ thousand			
	Hedge instrument nominal value	Hedge object accounting value	Fair Value Accumulated Adjustments in shareholders' equity (gross of tax effects)	Fair Value Accumulated Adjustments in shareholders' equity (net of tax effects)
Hedge of exchange variation on future cash flows (1)	4,839,546	2,570,621	(576,303)	(316,967)
Total in December 31, 2020	4,839,546	2,570,621	(576,303)	(316,967)
Hedge of exchange variation on future cash flows (1)	1,919,177	925,820	(388,674)	(213,771)
Total in December 31, 2019	1,919,177	925,820	(388,674)	(213,771)

(1) Whose functional currency is different from the real, using Forward and Dollar Futures contracts, with the object of hedging the foreign investment referenced to MXN (Mexican Peso) and USD (United States Dollar).

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

For the next 12 months, the gains/(losses) related to the hedge of investments abroad (specifically the over-hedge made to cover tax effects), which we expect to recognize in the result, amount to R\$307 thousand.

The gains/(losses) related to the hedge of investments abroad, recorded in income accounts, in the second half of 2020, was R\$ 2,161 thousand and in the year ended in December 31, 2020, was R\$(12,697) thousand (R\$(15,750) thousand in 2019).

III) Revenue from financial intermediation from securities, insurance, pension plans and capitalization bonds, and derivative financial instruments

	R\$ thousand		
	2nd semester	Year ended on December 31	
	2020	2020	2019
Fixed income securities (1)	8,473,492	21,803,879	20,859,572
Interbank investments (Note 6b)	3,048,539	6,644,472	7,202,477
Equity securities (2)	(614,485)	(1,565,569)	(456,975)
Subtotal	10,907,546	26,882,782	27,605,074
Financial income from insurance, pension plans and capitalization bonds (2) (3)	3,517,108	5,161,816	8,095,597
Net gain or (loss) from derivative financial instruments (Note 16e)	(109,316)	(12,825,359)	(859,708)
Total	14,315,338	19,219,239	34,840,963

(1) In the year ended December 31, 2020, there were losses due to impairment of financial assets (mostly debentures), in the amount of R\$1,960,911 thousand (R\$2,058,004 thousand in 2019) and in the second half of 2020, in the amount of R\$1,902,875 thousand. Including the result from a sale or transfer of financial assets, the total loss on sale or transfer was R\$2,637,989 thousand in the year;

(2) In the year ended December 31, 2020, there were losses by impairment of equity securities in the amount of R\$446,413 thousand (R\$22 thousand in 2019). There were no losses due to impairment of equity securities in the second half of 2020; and

(3) The year ended December 31, 2020, comprises financial income from insurance, pension plan and capitalization in the amount of R\$23,505,822 thousand (R\$25,025,743 thousand in 2019) and Expenses for updating and interest on technical provisions insurance, pension plan and capitalization in the amount of R\$(18,344,005) thousand (R\$(16,930,146) thousand in 2019). In the second half of 2020, it comprises financial income from insurance, private pension and capitalization in the amount of R\$12,793,244 thousand and Expenses for updating and interest on technical provisions for insurance, private pension and capitalization in the amount of R\$(9,276,135) thousand (Note 16e).

10) LOANS AND OTHER CREDIT EXPOSURES

Information relating to loans, including advances on foreign exchange contracts, leases and other receivables with credit risk

a) By type and maturity

	Performing loans					
	1 to 30 days	31 to 60 days	61 to 90 days	91 to 180 days	181 to 360 days	More than 360 days
Discounted trade receivables and loans (1)	16,504,243	12,772,842	12,468,716	28,768,209	35,244,281	123,168,178
Financing and on-lending	4,216,608	4,779,498	5,781,063	18,526,671	20,569,550	121,649,239
Agricultural and agribusiness loans	497,285	568,703	788,290	2,949,000	6,972,491	8,020,863
Subtotal - Loans	21,218,136	18,121,043	19,038,069	50,243,880	62,786,322	252,838,280
Leases	95,928	102,608	88,890	249,759	458,425	1,617,083
Advances on foreign exchange contracts (2)	601,388	1,295,796	1,025,335	3,370,463	1,172,258	66,682
Subtotal - Loans, leases and other advances	21,915,452	19,519,447	20,152,294	53,864,102	64,417,005	254,522,045
Other receivables (3)	23,217,020	10,763,536	6,272,571	8,223,875	4,326,526	347,978
Subtotal - Credit portfolio	45,132,472	30,282,983	26,424,865	62,087,977	68,743,531	254,870,023
Acquisition of credit card receivables	4,290,459	1,408,216	881,802	1,216,901	552,080	-
Subtotal - Credit portfolio and Acquisition of credit card receivables	49,422,931	31,691,199	27,306,667	63,304,878	69,295,611	254,870,023
Sureties and guarantees	641,880	905,295	1,289,829	6,470,156	13,457,806	57,471,636
Guarantee given on rural loans assigned	-	-	-	-	9,281	40,054
Letters of credit for imports	56,059	196,516	109,864	178,379	42,204	473,591
Confirmed exports loans	3,765	4,915	-	-	1,354	-
Total - Memorandum accounts	701,704	1,106,726	1,399,693	6,648,535	13,510,645	57,985,281
Total on December 31, 2020	50,124,635	32,797,925	28,706,360	69,953,413	82,806,256	312,855,304
Total on December 31, 2019	58,848,500	34,555,194	25,618,740	62,116,622	81,107,695	252,842,881



	Non-performing loans					
	Past-due installments					
	1 to 30 days	31 to 60 days	61 to 90 days	91 to 180 days	181 to 540 days	To Decem 20
Discounted trade receivables and loans (1)	892,874	768,506	596,139	1,635,686	2,908,381	
Financing and on-lending	273,498	168,637	78,344	161,282	185,535	
Agricultural and agribusiness loans	109,429	22,688	22,181	28,388	20,196	
Subtotal - Loans	1,275,801	959,831	696,664	1,825,356	3,114,112	
Leases	1,149	652	915	698	464	
Advances on foreign exchange contracts (2)	1,793	4,608	69,071	34	-	
Subtotal - Loans, leases and other advances	1,278,743	965,091	766,650	1,826,088	3,114,576	
Other receivables (3)	38,091	11,461	12,391	62,110	93,808	
Total on December 31, 2020	1,316,834	976,552	779,041	1,888,198	3,208,384	
Total on December 31, 2019	1,350,061	1,407,886	1,684,557	2,786,452	4,213,345	

	Non-performing loans						
	Installments not yet due						
	1 to 30 days	31 to 60 days	61 to 90 days	91 to 180 days	181 to 360 days	More than 360 days	To Decem 20
Discounted trade receivables and loans (1)	537,132	493,402	446,619	1,087,087	1,801,118	5,659,835	
Financing and on-lending	141,599	135,357	123,673	344,070	574,408	2,140,610	
Agricultural and agribusiness loans	231	633	1,522	5,167	18,327	37,639	
Subtotal - Loans	678,962	629,392	571,814	1,436,324	2,393,853	7,838,084	
Leases	1,141	1,120	1,054	3,118	7,324	16,110	
Subtotal - Loans	680,103	630,512	572,868	1,439,442	2,401,177	7,854,194	
Other receivables (3)	3,026	2,649	2,434	6,226	8,705	20,815	
Total on December 31, 2020	683,129	633,161	575,302	1,445,668	2,409,882	7,875,009	
Total on December 31, 2019	911,472	790,742	760,240	1,790,461	2,936,967	8,428,807	



	Total in December 31, 2020 (A+B+C)	% (4)
Discounted trade receivables and loans (1)	245,753,248	
Financing and on-lending	179,849,642	
Agricultural and agribusiness loans	20,063,033	
Subtotal - Loans	445,665,923	
Leases	2,646,438	
Advances on foreign exchange contracts (2)	7,607,428	
Subtotal - Loans, leases and other advances	455,919,789	
Other receivables (3)	53,413,222	
Subtotal – Credit portfolio	509,333,011	
Acquisition of credit card receivables	8,349,458	
Subtotal – Credit portfolio and Acquisition of credit card receivables	517,682,469	
Sureties and guarantees	80,236,602	
Guarantee given on rural loans assigned	49,335	
Letters of credit for imports	1,056,613	
Confirmed exports loans	10,034	
Total - Memorandum accounts	81,352,584	
Total on December 31, 2020	599,035,053	
Total on December 31, 2019		

(1) Including credit card loans of R\$9,922,375 thousand (R\$13,499,626 thousand in December, 2019);

(2) Advances on foreign exchange contracts are presented in the statement of financial position as a deduction from “Other financial liabilities”;

(3) The item “Other Receivables” comprises receivables on sureties and guarantees honored, receivables on sale of assets, securities and credits receivable, income receivable, receivables on foreign exchange contracts and credit card receivables (cash and installment purchases at merchants) totaling R\$34,605,794 thousand (R\$33,977,701 thousand in December, 2019); and

(4) Percentage of each type in relation to the total loan portfolio, including sureties and guarantee, loan assignment and acquisition of receivables, co-obligations in rural loans and confirmed export credits.

b) Modalities and levels of risk - credit portfolio and sureties and guarantees

	Levels of risk								
	AA	A	B	C	D	E	F	G	
Discounted trade receivables and loans	24,764,655	60,421,441	74,904,019	39,717,259	13,875,244	5,184,754	5,975,067	2,952,062	17
Financing and on-lending	103,688,312	32,700,928	22,841,574	12,064,510	2,792,407	1,593,427	1,776,318	966,966	3
Agricultural and agribusiness loans	5,453,419	8,452,416	4,571,416	1,243,393	189,886	44,056	18,988	8,175	0
Subtotal - Loans	133,906,386	101,574,785	102,317,009	53,025,162	16,857,537	6,822,237	7,770,373	3,927,203	19
Leases	503,270	862,399	1,167,888	29,120	20,177	11,599	4,867	16,184	0
Advances on foreign exchange contracts (2)	2,159,828	1,371,247	2,180,450	1,635,582	14,684	40,547	162	27,683	0
Subtotal - Loans, leases and other advances	136,569,484	103,808,431	105,665,347	54,689,864	16,892,398	6,874,383	7,775,402	3,971,070	19
Other receivables	13,904,410	16,123,413	10,445,535	10,578,735	1,449,767	174,159	58,063	59,154	0
Subtotal - Credit portfolio	150,473,894	119,931,844	116,110,882	65,268,599	18,342,165	7,048,542	7,833,465	4,030,224	20
Sureties and guarantees (3)	68,999,012	2,520,861	1,795,771	208,432	3,840,356	2,872,170	-	-	0
Total on December 31, 2020	219,472,906	122,452,705	117,906,653	65,477,031	22,182,521	9,920,712	7,833,465	4,030,224	20
%	37.2	20.8	20.0	11.1	3.8	1.7	1.3	0.7	
Total on December 31, 2019	207,680,850	175,101,164	51,022,462	47,809,000	12,380,302	10,162,975	4,138,121	4,033,250	18
%	39.1	33.0	9.6	9.0	2.3	1.9	0.8	0.8	

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

(2) Advances on foreign exchange contracts are presented in the statement of financial position as a deduction from "Other financial liabilities"; and

(3) The provision for losses, associated to the financial guarantees provided, is being assessed as provided by CMN Resolution No. 4,512/16, for more information on the

c) Composition of credit portfolio by risk level and delay situation

l) Levels of risk

	Levels of risk								
	Non-performing loans (3)								
	AA	A	B	C	D	E	F	G	H
Installments not yet due	-	-	1,570,681	1,954,430	2,527,731	1,452,605	831,970	801,124	4,431,111
1 to 30	-	-	81,605	118,731	127,964	69,748	38,689	36,841	2,141,111
31 to 60	-	-	75,937	105,705	116,878	65,046	38,435	37,561	1,141,111
61 to 90	-	-	64,194	87,120	101,755	57,142	32,435	30,816	2,141,111
91 to 180	-	-	152,439	214,292	270,344	159,774	93,001	95,030	4,141,111
181 to 360	-	-	240,648	354,473	454,973	269,204	152,385	148,157	7,141,111
More than 360	-	-	955,858	1,074,109	1,455,817	831,691	477,025	452,719	2,641,111
Past-due installments (2)	-	-	451,766	567,118	689,980	599,714	503,178	469,765	4,841,111
1 to 14	-	-	6,785	37,649	45,150	22,754	13,434	13,141	2,141,111
15 to 30	-	-	383,271	181,900	132,750	63,309	26,215	23,945	1,141,111
31 to 60	-	-	61,710	307,164	185,217	81,635	44,784	55,315	2,141,111
61 to 90	-	-	-	14,842	289,828	92,902	43,293	35,540	3,141,111
91 to 180	-	-	-	25,563	37,035	325,358	356,634	318,045	8,141,111
181 to 360	-	-	-	-	-	13,756	18,818	23,779	3,041,111
More than 360	-	-	-	-	-	-	-	-	-
Subtotal - Loans	-	-	2,022,447	2,521,548	3,217,711	2,052,319	1,335,148	1,270,889	9,341,111
Specific provision	-	-	20,225	75,647	321,771	615,696	667,574	889,623	9,341,111

(1) Percentage of maturities by installment;

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

(3) For contracts with installments past-due for more than 14 days or which have been restructured or where the borrower is bankrupt or in judicial recovery.

	Levels of risk								
	Performing loans (2)								
	AA	A	B	C	D	E	F	G	H
Installments not yet due	150,343,571	119,650,498	114,028,517	62,571,474	15,014,964	4,966,173	6,476,945	2,746,630	10,7
1 to 30	9,120,121	14,851,714	8,471,219	8,384,757	1,566,835	713,043	318,695	100,133	6
31 to 60	7,889,013	8,247,580	6,928,640	5,421,991	929,151	190,010	105,349	62,643	5
61 to 90	7,164,799	7,476,250	5,331,452	5,079,668	744,232	179,776	138,836	60,873	2
91 to 180	19,808,197	18,374,044	12,031,318	7,898,212	1,444,336	426,948	774,673	245,122	1,0
181 to 360	19,168,482	16,301,912	17,585,622	10,228,268	2,738,417	675,805	459,438	370,003	1,2
More than 360	87,192,959	54,398,998	63,680,266	25,558,578	7,591,993	2,780,591	4,679,954	1,907,856	7,0
Past due up to 14 days	130,323	281,346	59,918	175,577	109,490	30,050	21,372	12,705	1
Subtotal - Loans	150,473,894	119,931,844	114,088,435	62,747,051	15,124,454	4,996,223	6,498,317	2,759,335	10,9
Generic provision	-	599,659	1,140,884	1,882,411	1,512,445	1,498,867	3,249,158	1,931,534	10,9
Total on December 31, 2020	150,473,894	119,931,844	116,110,882	65,268,599	18,342,165	7,048,542	7,833,465	4,030,224	20,2
Existing provision	-	728,056	1,409,023	5,803,040	4,885,649	3,405,380	4,763,946	3,913,701	20,2
Minimum required provision	-	599,659	1,161,109	1,958,058	1,834,216	2,114,563	3,916,732	2,821,157	20,2
Supplementary provision	-	128,397	247,914	3,844,982	3,051,433	1,290,817	847,214	1,092,544	
Total on December 31, 2019	142,004,361	170,724,534	49,362,931	47,715,155	7,976,342	8,142,285	4,138,121	4,033,250	18,8
Existing provision	-	974,264	579,340	4,157,469	1,944,607	3,577,874	2,605,846	3,956,330	18,8
Minimum required provision	-	853,623	493,630	1,431,454	797,634	2,442,686	2,069,060	2,823,275	18,8
Supplementary provision	-	120,641	85,710	2,726,015	1,146,973	1,135,188	536,786	1,133,055	

(1) Percentage of maturities by installment; and

(2) Transactions past-due for less than 15 days and which have not been restructured and where the borrower is not bankrupt or in judicial recovery.

II) Breakdown of credit portfolio

Level of risk	Portfolio balance				
	Non-performing loans			Performing loans	Total
	Installments past due	Installments not yet due	Total - non-performing loans		
AA	-	-	-	150,473,894	150,473,894
A	-	-	-	119,931,844	119,931,844
B	451,766	1,570,681	2,022,447	114,088,435	116,110,882
C	567,118	1,954,430	2,521,548	62,747,051	65,268,599
Subtotal - Loans	1,018,884	3,525,111	4,543,995	447,241,224	451,785,219
D	689,980	2,527,731	3,217,711	15,124,454	18,342,165
E	599,714	1,452,605	2,052,319	4,996,223	7,048,542
F	503,178	831,970	1,335,148	6,498,317	7,833,465
G	469,765	801,124	1,270,889	2,759,335	4,030,224
H	4,887,488	4,483,610	9,371,098	10,922,298	20,293,396
Subtotal - Loans	7,150,125	10,097,040	17,247,165	40,300,627	57,547,792
Total on December 31, 2020	8,169,009	13,622,151	21,791,160	487,541,851	509,333,011
%	1.6	2.7	4.3	95.7	100.0
Total on December 31, 2019	11,442,301	15,618,689	27,060,990	425,880,684	452,941,674
%	2.5	3.4	5.9	94.1	100.0

(1) Percentage of level of risk in relation to the total portfolio; and

(2) Cumulative percentage of level of risk in relation to the total portfolio.

III) Credit portfolio by days past due

Exposure - Loans						
	On time	Past-due until 14 days	Past-due 15 to 60 days	Past-due 61 to 90 days	Past-due 91 to 180 days	Past-due 181 to 360 days
Total in December 31, 2020	473,967,655	9,877,889	11,034,801	3,327,229	4,869,964	-
Total in December 31, 2019	411,041,549	10,852,711	12,193,598	3,964,721	6,411,037	-

IV) Emergency Employment Support Program (PESE)

Considering the provisions of the CMN Resolution No. 4,846/20, we demonstrate below the loans relating to the Emergency Employment Support Program (PESE) classified by level of risk and accompanied by the amount of the specific provision made for each level of risk:

R\$ thousand		
Rating	Assets	Provision
AA	14,144	-
A	93,650	70
B	272,091	408
C	977,458	14,330
D	113,968	5,127
E	6,991	524
F	2,227	234
G	1,348	202
H	5,188	778
Total	1,487,065	21,673

d) Concentration of loans

R\$ thousand				
	On December 31, 2020	% (1)	On December 31, 2019	% (1)
Largest borrower	10,661,873	2.1	8,870,762	2.0
10 largest borrowers	38,638,446	7.6	35,177,697	7.8
20 largest borrowers	56,123,996	11.0	51,718,848	11.4
50 largest borrowers	80,415,643	15.8	76,286,455	16.8
100 largest borrowers	98,516,270	19.3	92,082,076	20.3

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

e) Credit portfolio by economic sector

R\$ thousand				
	On December 31, 2020	%	On December 31, 2019	%
Public sector	11,810,973	2.3	8,899,863	2.0
Oil, derivatives and aggregate activities	10,661,873	2.1	8,870,762	2.0
Production and distribution of electricity	1,074,867	0.2	3,032	-
Other industries	74,233	-	26,069	-
Private sector	497,522,038	97.7	444,041,811	98.0
Companies	241,092,358	47.4	213,605,332	47.2
Real estate and construction activities	20,092,249	3.9	21,695,592	4.8
Retail	36,498,461	7.2	35,521,621	7.8
Services	30,108,475	5.9	20,136,089	4.4
Transportation and concession	23,662,184	4.6	20,807,687	4.6
Automotive	15,625,309	3.1	12,723,830	2.8
Food products	13,378,255	2.6	11,067,069	2.4
Wholesale	16,479,704	3.2	14,327,816	3.2
Production and distribution of electricity	6,979,203	1.4	2,868,563	0.6
Iron and steel industry	10,036,586	2.0	9,022,956	2.0
Sugar and alcohol	6,878,558	1.4	6,191,961	1.4
Holding	2,971,345	0.6	2,940,207	0.6
Capital goods	3,408,997	0.7	3,197,561	0.7
Pulp and paper	3,589,015	0.7	2,331,950	0.5
Chemical	5,510,960	1.1	4,787,210	1.1
Cooperative	3,829,556	0.8	2,843,482	0.6
Financial	3,062,861	0.6	1,904,654	0.4
Leisure and tourism	4,011,957	0.8	3,401,206	0.8
Textiles	2,481,493	0.5	2,380,689	0.5
Agriculture	1,631,959	0.3	1,833,734	0.4
Oil, derivatives and aggregate activities	2,177,060	0.4	1,715,630	0.4
Other industries	28,678,171	5.6	31,905,825	7.0
Individuals	256,429,680	50.3	230,436,479	50.9
Total	509,333,011	100.0	452,941,674	100.0

f) Changes in the renegotiated portfolio

	R\$ thousand	
	2020	2019
Opening balance at beginning of the year	19,030,657	17,143,212
Amount renegotiated	34,683,660	20,283,735
Amount received/Others (1)	(19,448,835)	(13,363,684)
Write-offs	(4,508,342)	(5,032,606)
Closing balance on December 31	29,757,140	19,030,657
Allowance for loan losses expense	18,311,603	12,724,216
Percentage on renegotiated portfolio	61.5%	66.9%

(1) Includes the settlement of renegotiated contracts through new transactions.

g) Income from loans and leases

	R\$ thousand		
	2nd semester	Year ended on December 31	
	2020	2020	2019
Discounted trade receivables and loans	25,394,373	50,784,550	49,990,246
Financing and on-lending	8,061,594	16,427,918	16,505,080
Agricultural and agribusiness loans	734,008	1,506,278	1,462,374
Subtotal - Loans	34,189,975	68,718,746	67,957,700
Recovery of credits charged-off as losses	3,407,517	5,919,397	7,908,896
Subtotal - Loans	37,597,492	74,638,143	75,866,596
Leases, net of expenses	68,310	155,864	259,682
Total	37,665,802	74,794,007	76,126,278

h) Provision for expected losses, changes in provision for expected losses and expected credit loss associated with credit risk

I) Composition - Provisions for Expected Losses Associated with Credit Risk

Level of risk	Provision						
	% Minimum provisioning required	Minimum required					Supplemental
		Specific			Generic	Total	
		Installments past due	Installments not yet due	Total specific			
AA	-	-	-	-	-	-	
A	0.5	-	-	-	599,659	599,659	128,350
B	1.0	4,518	15,707	20,225	1,140,884	1,161,109	247,914
C	3.0	17,014	58,633	75,647	1,882,411	1,958,058	3,844,909
Subtotal - Loans		21,532	74,340	95,872	3,622,954	3,718,826	4,221,235
D	10.0	68,998	252,773	321,771	1,512,445	1,834,216	3,051,414
E	30.0	179,914	435,782	615,696	1,498,867	2,114,563	1,290,814
F	50.0	251,589	415,985	667,574	3,249,158	3,916,732	847,214
G	70.0	328,836	560,787	889,623	1,931,534	2,821,157	1,092,514
H	100.0	4,887,488	4,483,610	9,371,098	10,922,298	20,293,396	
Subtotal - Loans		5,716,825	6,148,937	11,865,762	19,114,302	30,980,064	6,282,000
Total on December 31, 2020		5,738,357	6,223,277	11,961,634	22,737,256	34,698,890	10,503,300
%		12.7	13.8	26.5	50.3	76.8	23.2
Total on December 31, 2019		7,913,631	6,470,749	14,384,380	15,371,677	29,756,057	6,884,300
%		21.5	17.7	39.2	42.0	81.2	18.8

(1) Percentage of existing provision in relation to total portfolio, by level of risk.

II) Changes in provision for expected losses

	R\$ thousand	
	2020	2019
- Specific provision (1)	14,384,380	14,039,739
- Generic provision (2)	15,371,677	14,061,801
- Supplementary provision (3)	6,884,368	6,881,309
Opening balance at beginning of the year	36,640,425	34,982,849
Increase in provision for expected losses (Note 10h III)	25,164,015	18,720,532
Write-offs	(17,246,061)	(17,369,255)
Exchange variation	547,117	306,299
Balance originating from an acquired institution (5)	96,695	-
Closing balance on December 31 (4)	45,202,191	36,640,425
- Specific provision (1)	11,961,634	14,384,380
- Generic provision (2)	22,737,256	15,371,677
- Supplementary provision (3)	10,503,301	6,884,368

(1) For contracts with installments past-due for more than 14 days;

(2) Recognized based on the customer/transaction classification and therefore not included in the preceding item;

(3) The supplementary provision is constituted considering our provisioning model, which is based on statistical models that capture historical and prospective information, and Management's experience, in order to reflect our expectation of losses in different economic scenarios (positive, expected and adverse);

(4) On December 31, 2020, includes a provision related to possible losses in an adverse economic scenario, in the amount of R\$11,429 million, allocated in the supplementary provision and in the specific and generic provisions (according to Resolution No. 2,682/99) to absorb the impacts of a worsening scenario, considering the on-going impacts of COVID, which could result in an increase in the level of defaults, as a result of the bankruptcy of companies, an increase in the unemployment rate, as well as the degradation of the value of guarantees; and

(5) Represented by BAC Florida Bank.

III) Expected Credit Loss Associated with Credit Risk expense

Expenses with the expected credit loss associated with credit risk expense, net of credit write-offs recovered, are as follows.

	R\$ thousand		
	2nd semester	Year ended on December 31	
	2020	2020	2019
Amount recorded	9,677,365	25,164,015	18,720,532
Amount recovered	(3,407,517)	(5,919,397)	(7,908,896)
Allowance for Loan Losses expense net of amounts recovered (1)	6,269,848	19,244,618	10,811,636

(1) In the year ended in December 31, 2020, there was an assignment of loans, in the amount of R\$1,076,953 thousand (R\$2,023,096 thousand in 2019), whose sale value was R\$146,355 thousand (R\$75,220 thousand in 2019) and assignments of loans already written off to loss, without retention of risks and benefits in the amount of R\$7,348,109 thousand (R\$24,082,902 thousand in 2019), whose sale value was R\$209,168 thousand (R\$389,484 thousand in 2019) and in the second half of 2020, there was an assignment of credit from active operation, in the amount of R\$494,638 thousand, whose sale value was R\$114,000 thousand and credit assignments from operations already written off to loss, without retention of risks and benefits in the amount of R\$485,670 thousand, whose sale value was R\$35,987 thousand.

11) OTHER FINANCIAL INSTRUMENTS

Sundry

	R\$ thousand	
	On December 31, 2020	On December 31, 2019
Foreign exchange portfolio (a)	25,944,605	31,215,701
Credit card operations	34,605,794	33,977,701
Trade and credit receivables	19,107,790	23,039,948
Debtors for escrow deposits	18,489,500	18,695,102
Securities trading	6,111,610	4,659,791
Receivable insurance premiums	4,456,175	4,125,110
Receivables	1,300,355	1,630,039
Payments to be reimbursed	619,754	769,689
Receivables on sureties and guarantees honored	146,158	685,042
Other investments	48,441	48,916
Receivables from sale of assets	123,797	169,183
Total	110,953,979	119,016,222

a) Foreign exchange portfolio

Balances

	R\$ thousand	
	On December 31, 2020	On December 31, 2019
Assets – other financial instruments		
Exchange purchases pending settlement	17,464,744	23,782,652
Foreign exchange and forward documents in foreign currencies	2,589	19,091
Exchange sale receivables	8,823,836	7,394,485
(-) Advances in domestic currency received	(536,195)	(243,847)
Income receivable on advances granted	189,631	263,320
Total	25,944,605	31,215,701
Liability - Other financial instruments		
Exchange sales pending settlement	9,396,397	7,793,350
Exchange purchase payables	16,968,588	23,751,316
(-) Advances on foreign exchange contracts	(7,607,428)	(16,057,264)
Other	74	1,368
Total	18,757,631	15,488,770
Net foreign exchange portfolio	7,186,974	15,726,931
Memorandum accounts:		
- Loans available for import	1,056,613	1,411,197
- Confirmed exports loans	10,034	20,227

Foreign exchange results

Net foreign exchange income for presentation purposes

	R\$ thousand		
	2nd semester	Year ended on December 31	
	2020	2020	2019
Revenue from financial intermediation – foreign exchange income	213,948	4,723,329	2,413,090
Adjustments:			
- Income on foreign currency financing (1)	50,396	366,561	196,201
- Income on export financing (1)	674,458	1,624,902	1,754,736
- Expenses of liabilities with foreign bankers (2) (Note 16d)	(239,093)	(5,122,684)	(2,018,481)
- Funding expenses (3)	(642,205)	(1,590,872)	(1,750,418)
- Other (4)	677,290	1,842,708	527,123
Total adjustments	520,846	(2,879,385)	(1,290,839)
Net foreign exchange income	734,794	1,843,944	1,122,251

(1) Recognized in "Income from loans";

(2) Related to funds for financing of advances on foreign exchange contracts and import financing, recognized in "Borrowing and on-lending expenses";

(3) Refer to funding expenses, the resources of which were invested in foreign exchange operations; and

(4) Primarily includes the exchange rate variations of amounts invested in foreign currency.

12) INVESTMENTS IN ASSOCIATES AND JOINTLY CONTROLLED ENTITIES

a) Composition of investments in the consolidated financial statements

	R\$ thousand	
	On December 31, 2020	On December 31, 2019
- Cielo S.A.	3,461,009	3,434,807
- Elo Participações Ltda.	1,503,206	1,407,642
- Fleury S.A. (1)	1,206,372	703,401
- IRB-Brasil Resseguros S.A. (2)	-	668,833
- Swiss Re Corporate Solutions Brasil	332,244	345,825
- Aquarius Participações S.A. (3)	-	44,535
- Haitong Banco de Investimento do Brasil S.A.	106,085	104,420
- Others	437,794	433,631
Total investment in associates and jointly controlled companies – in Brazil and Overseas	7,046,710	7,143,094

(1) Increase in interest after the Central Bank's approval;

(2) Equity method discontinued after the loss of significant influence resulting from the resignation of the chair on the institution's board of directors, occurred in April 2020, being treated as marketable securities in available for sale; and

(3) Company sold in January 2020.

b) The income/expense from the equity method accounting of investments was recognized in the income statement of the company, under the heading "Income/expense from investments in unconsolidated and jointly controlled companies", and are demonstrated below:

Companies	Capital	Shareholders' equity adjusted	Number of shares held (in thousands)		Number of shares held (in thousands)	Equity interest consolidated on capital stock	Adjusted income in the 2nd semester of 2020	Adjusted income accumulated December 31	
			Ordinary (ON)	Preferential (PN)				2020	2019
- Elo Participações Ltda. (2)	1,052,000	3,005,811	-	-	526,105	50.01%	585,137	866,659	62
- Aquarius Participações S.A. (3)	-	-	-	-	-	-	-	-	2
- Haitong Banco de Investimento do Brasil S.A.	420,000	530,425	12,734	12,734	-	20.00%	15,590	21,920	1
- Others (4)	-	-	-	-	-	-	-	-	-
Share of profit (loss) of unconsolidated and jointly controlled companies									

(1) The adjustment considers income periodically calculated by the companies and includes equity variations recognized by the investees not recognized in profit or loss of the companies, where applicable;

(2) Investment in jointly controlled companies;

(3) Company sold in January 2020; and

(4) Includes, primarily, the adjustments resulting from the assessment by the equity method in public companies (Cielo S.A., Fleury S.A. and IRB-Brasil Resseguros S.A. unconsolidated).

13) PREMISES AND EQUIPMENT

	R\$ thousand					
	Annual depreciation rate	Cost	Depreciation	Impairment of Assets Accumulated	Cost net of depreciation	
					On December 31, 2020	On December 31, 2019
Property and equipment:						
- Buildings	4%	2,741,142	(920,984)	(3,690)	1,816,468	1,793,859
- Land	-	832,497	-	30,983	863,480	809,814
Facilities, furniture and premises and equipment (1)	10%	6,107,268	(3,413,499)	(70,718)	2,623,051	3,525,331
Security and communication systems	10%	388,588	(236,324)	-	152,264	153,852
Data processing systems	20 to 40%	10,137,875	(6,780,155)	-	3,357,720	3,189,338
Transportation systems (1)	10 to 20%	196,434	(82,056)	(1,363)	113,015	127,984
Fixed Assets in course	-	519,465	-	-	519,465	131,394
Total in December 31, 2020		20,923,269	(11,433,018)	(44,788)	9,445,463	
Total in December 31, 2019						9,731,572

(1) In 2020, an impairment reversal in the amount of R\$30,983 thousand and an impairment expense of R\$20,677 thousand were recorded in the "Other Operating Expenses" account (In 2019, an impairment was recorded in the "Other Operating Expenses" item - R\$25,471 thousand).

The fixed assets to shareholders' equity ratio is 30.1% when only considering companies and payment institutions within the economic group (the "Prudential Conglomerate"), where the maximum limit is 50.0% as required by Resolution No. 2,669/99.

14) INTANGIBLE ASSETS

a) Goodwill

The goodwill recognized from investment acquisitions totaled, on December 31, 2020, R\$4,874,282 thousand (R\$4,864,316 thousand in 2019), net of accumulated amortization, as applicable, of which: (i) R\$1,370,638 thousand (R\$985,628 thousand in 2019) recognized in 'Permanent Assets – Investments' arose from the acquisition of shares of associates and jointly controlled companies (Cielo/Fleury/Swiss Re); and (ii) R\$3,503,644 thousand (R\$3,878,688 thousand in 2019) arose from the acquisition of shares of subsidiaries, relating to the future profitability/client portfolio/fair value, which is amortized in up to twenty years, recognized in Fixed Assets – Intangible Assets.

In the second half of 2020, goodwill was amortized totaling R\$848,272 thousand and in the year ended in December 31, 2020, R\$1,661,414 (R\$1,710,013 thousand in 2019) (Note 31).

b) Intangible assets

Acquired intangible assets consist of:

	R\$ thousand				
	Rate of Amortization (1)	Cost	Amortization	Cost net of amortization	
				On December 31, 2020	On December 31, 2019
Anticipation for acquisition of right to provide financial services (2)	Contract	8,044,445	(3,892,832)	4,151,613	5,007,663
Software (2)	20%	12,349,481	(8,361,168)	3,988,313	3,335,831
Goodwill (3)	Up to 20%	13,560,888	(9,500,830)	4,060,058	3,877,665
Other	Contract	440,767	(390,163)	50,604	29,817
Total in December 31, 2020		34,395,581	(22,144,993)	12,250,588	
Total in December 31, 2019		31,702,554	(19,451,578)		12,250,976

(1) Intangible assets are amortized over an estimated period of economic benefit, composed of: (i) Software and Other recorded under "Other Administrative Expenses"; and (ii) Acquisition of Payroll and Goodwill in "Other Operating Expenses";

(2) On December 31, 2020, there were impairment losses in: (i) Acquisition of the right to provide financial services, in the amount of R\$320,726 thousand (R\$519,749 thousand in 2019); (ii) Software R\$258,998 (R\$196,553 thousand in 2019); and (iii) Goodwill R\$478,677 (R\$255,301 thousand in 2019); and

(3) On December 31, 2020, primarily composed of goodwill on the acquisition of equity interest in BAC Florida Bank - R\$1,706,513 thousand, Odonto System - R\$143,223 thousand (R\$182,587 thousand in 2019), Bradesco Mexico - R\$12,796 thousand (R\$14,143 thousand in 2019), Bradesco BBI - R\$69,026 thousand (R\$84,337 thousand in 2019), Kirton Bank - R\$1,421,663 thousand (R\$2,901,667 thousand in 2019) and RCB Investimentos - R\$141,023 thousand (R\$183,275 thousand in 2019).

c) Changes in intangible assets by type

	R\$ thousand			
	On December 31, 2019	Additions / (reductions)	Amortization for the period	On December 31, 2020
Acquisition of financial services rights	5,007,663	470,321	(1,326,371)	4,151,613
Software	3,335,831	1,373,474	(720,992)	3,988,313
Goodwill – Future profitability	2,154,236	1,843,807	(981,786)	3,016,257
Goodwill – Based on intangible assets and other reasons	1,159,525	-	(586,209)	573,316
Goodwill – Difference in fair value of assets/liabilities	563,904	-	(93,419)	470,485
Other	29,817	309,095	(288,308)	50,604
Total in December 31, 2020	12,250,976	3,996,697	(3,997,085)	12,250,588
Total in December 31, 2019	13,895,351	2,496,370	(4,140,745)	12,250,976

15) OTHER ASSETS

	R\$ thousand	
	On December 31, 2020	On December 31, 2019
Prepaid taxes	15,330,420	15,685,801
Other assets and values (a)	5,358,150	5,678,155
Other debtors	3,437,752	3,182,805
Interbank and interdepartmental accounts	669,474	480,833
Specific receivables	105,410	67,499
Other	1,851,495	1,213,013
Total	26,752,701	26,308,106

a) Other Assets and Values

I) Foreclosed assets/other

	R\$ thousand			
	Cost	Impairment of Assets Accumulated	Cost net of provision	
			On December 31, 2020	On December 31, 2019
Real estate	2,665,553	(1,669,986)	995,567	1,133,524
Vehicles and similar	554,567	(348,496)	206,071	223,775
Inventories/warehouse	13,243	-	13,243	12,113
Machinery and equipment	6,219	(4,732)	1,487	362
Other	11,588	(11,548)	40	42
Total in December 31, 2020	3,251,170	(2,034,762)	1,216,408	
Total in December 31, 2019	3,302,130	(1,932,314)		1,369,816

II) Prepaid expenses

	R\$ thousand	
	On December 31, 2020	On December 31, 2019
Deferred insurance acquisition costs (1)	1,070,033	1,045,711
Commission on the placement of loans and financing (2)	66,835	544,828
Advertising and marketing expenses (3)	404,145	244,346
Other (4)	565,967	541,140
Total	2,106,980	2,376,025

(1) Commissions paid to brokers and representatives on sale of insurance, pension plans and capitalization bond products;

(2) Commissions paid to storeowners, car dealers and correspondent banks – payroll-deductible loans;

(3) Prepaid expenses of future advertising and marketing campaigns on media; and

(4) It includes, primarily: (i) anticipation of commissions concerning the operational agreement to offer credit cards and other products; and (ii) card issue costs.

16) DEPOSITS FROM BANKS

	R\$ thousand					
	1 to 30 days	31 to 180 days	181 to 360 days	More than 360 days	On December 31, 2020	On December 31, 2019
Demand deposits - Financial Institutions	1,593,170	-	-	-	1,593,170	1,606,077
Interbank deposits	152,478	124,053	520,440	245	797,216	369,983
Securities sold under agreements to repurchase (a)	215,010,248	561,529	10,993	1,525,583	217,108,353	174,100,023
Borrowings (b)	2,870,597	15,074,570	6,021,303	-	23,966,470	29,272,183
Onlending (c)	1,841,255	2,559,667	3,391,905	16,022,131	23,814,958	22,471,344
Total of deposits from banks	221,467,748	18,319,819	9,944,641	17,547,959	267,280,167	227,819,610

a) Securities sold under agreements to repurchase

	R\$ thousand					
	1 to 30 days	31 to 180 days	181 to 360 days	More than 360 days	On December 31, 2020	On December 31, 2019
Securities pledged as collateral	79,538,354	144,995	10,993	1,525,583	81,219,925	127,901,823
• Government securities	68,487,086	141,617	102	-	68,628,805	116,745,432
• Debentures	7,043,808	3,378	-	12,512	7,059,698	3,559,618
• Foreign	4,007,460	-	10,891	1,513,071	5,531,422	7,596,773
Securities received as collateral (1)	124,979,740	404,072	-	-	125,383,812	38,490,609
Right to sell or repledged the collateral (1)	10,492,154	12,462	-	-	10,504,616	7,707,591
Total on December 31, 2020	215,010,248	561,529	10,993	1,525,583	217,108,353	
%	99.0	0.3	-	0.7	100.0	
Total on December 31, 2019	170,357,416	1,574,108	293,817	1,874,682		174,100,023
%	97.8	0.9	0.2	1.1		100.0

(1) Represented by government securities.

b) Borrowing

	R\$ thousand					
	1 to 30 days	31 to 180 days	181 to 360 days	More than 360 days	On December 31, 2020	On December 31, 2019
Overseas	2,870,597	15,074,570	6,021,303	-	23,966,470	29,272,183
Total on December 31, 2020	2,870,597	15,074,570	6,021,303	-	23,966,470	
%	12.0	62.9	25.1	-	100.0	
Total on December 31, 2019	2,054,437	17,530,278	7,812,938	1,874,530		29,272,183
%	7.0	59.9	26.7	6.4		100.0

c) On-lending ⁽¹⁾

	R\$ thousand					
	1 to 30 days	31 to 180 days	181 to 360 days	More than 360 days	On December 31, 2020	On December 31, 2019
In Brazil	1,841,255	2,559,667	3,391,905	16,022,131	23,814,958	22,471,344
- FINAME	256,730	1,470,656	1,828,989	7,423,334	10,979,709	12,092,907
- BNDES	1,583,901	1,089,011	1,450,538	8,597,381	12,720,831	10,240,069
- National Treasury	-	-	112,354	-	112,354	136,901
- Other institutions	624	-	24	1,416	2,064	1,467
Total on December 31, 2020	1,841,255	2,559,667	3,391,905	16,022,131	23,814,958	
%	7.7	10.8	14.2	67.3	100.0	
Total on December 31, 2019	723,873	2,694,394	3,288,118	15,764,959		22,471,344
%	3.2	12.0	14.6	70.2		100.0

(1) Onlendings consist of funds borrowed for local onlending, in which we borrow from Brazilian governmental agencies and entities to make loans to Brazilian entities for investments in facilities, equipment and farming, among others.

d) Borrowing and on-lending expenses

	R\$ thousand		
	2nd semester	Year ended on December 31	
	2020	2020	2019
Borrowing:			
- In Brazil	1,982,268	1,994,411	629,183
- Overseas	(2,081,723)	24,856,729	4,507,431
- Exchange variation from other assets and liabilities overseas	1,327,056	(15,965,826)	(1,999,358)
Subtotal borrowing	1,227,601	10,885,314	3,137,256
On-lending in Brazil:			
- BNDES	398,481	691,812	746,680
- FINAME	343,856	794,332	761,889
- National Treasury	2,261	4,702	4,654
- Other institutions	3	5	94
On-lending overseas:			
Payables to foreign bankers (Note 11a)	239,094	5,122,684	2,018,481
Subtotal on-lending	983,695	6,613,535	3,531,798
Total	2,211,296	17,498,849	6,669,054

e) Cost for market funding and inflation and interest adjustments of technical provisions for insurance, pension plans and capitalization bonds

	R\$ thousand		
	2nd semester	Year ended on December 31	
	2020	2020	2019
Savings deposits	1,301,347	3,049,149	4,568,663
Time deposits	2,471,846	5,634,342	7,694,570
Securities sold under agreements to repurchase	3,179,638	8,217,902	11,571,365
Securities issued (Note 18a)	1,729,501	5,576,416	9,541,792
Subordinated debts (Note 19b)	1,061,332	2,403,327	3,708,924
Other funding expenses	357,936	791,107	768,477
Subtotal	10,101,600	25,672,243	37,853,791
Cost for inflation and interest adjustment of technical provisions of insurance, pension plans and capitalization bonds	9,276,135	18,344,005	16,930,146
Total	19,377,735	44,016,248	54,783,937

(1) Comprises the balance of Financial income from insurance, pension plans and capitalization bonds (Note 9f III).

17) DEPOSITS FROM CUSTOMERS

	1 to 30 days	31 to 180 days	181 to 360 days	More than 360 days	Other
Demand deposits - customers (1)	50,247,334	-	-	-	-
Savings deposits (1)	136,698,248	-	-	-	-
Time deposits (2)	16,010,755	50,518,912	54,368,623	237,448,871	-
Total in December 31, 2020	202,956,337	50,518,912	54,368,623	237,448,871	-
%	37.2	9.3	10.0	43.5	-
Total in December 31, 2019	163,312,674	20,878,484	41,249,228	140,787,155	-
%	44.6	5.7	11.3	38.4	-

(1) Classified within 1 to 30 days, without considering the historical turnover average; and

(2) Consider the maturities established in the investments.

18) SECURITIES ISSUED

	1 to 30 days	31 to 180 days	181 to 360 days	More than 360 days
Securities – Brazil:				
- Letters of credit for real estate	812,554	4,775,629	8,275,913	-
- Letters of credit for agribusiness	791,977	5,835,499	2,208,725	-
- Financial bills (1)	257,707	21,543,345	22,775,978	-
- Letters of credit guaranteed by property (2)	-	-	516,883	-
Subtotal	1,862,238	32,154,473	33,777,499	-
Securities – Overseas:				
- MTN Program Issues (3)	565,163	259,695	-	-
- Securitization of future flow of money orders received from overseas	-	645,815	469,559	-
- Issuance costs	-	-	-	-
Subtotal	565,163	905,510	469,559	-
Structured Operations Certificates	34,034	278,458	118,804	-
Total on December 31, 2020	2,461,435	33,338,441	34,365,862	-
%	1.7	23.0	23.7	-
Total on December 31, 2019	5,533,584	37,545,964	43,156,796	-
%	3.2	22.0	25.3	-

(1) It includes the amount of R\$2,034,532 thousand, related to Financial Bills with guarantee in financial assets (LFG), registered in accordance with Circular Letter No. 4/2018.

(2) Funding guaranteed by the real estate credit portfolio, in the amount of R\$8,942,892 thousand, which complies with all the requirements determined by BACEN Resolution No. 4,598/17, including the liquidity requirement, term requirement, Programs 1 and 2 for the issuance of letters of credit guaranteed by property (LIGs) had, at issuance, respectively, a weighted average term of 18 and 56 months, with no maturity of LIGs in the following 180 days, the credit rights correspond to 0.65% of total assets and 41.37% of the value of the guarantor assets is concentrated in the AA and A ratings, with 86.09% and 9.12%, respectively. Additionally, the LIG Term of Issue and the asset portfolio are in accordance with Resolution No. 4,598/17; and

(3) Issuance of securities on the international market to invest in foreign exchange transactions, pre-export financing, import financing and working capital financing, pre-

a) Movement of funds from securities issued

	R\$ thousand	
	2020	2019
Opening balance at beginning of the year	170,727,563	147,720,730
Issuance	61,833,816	84,982,152
Interest	5,576,416	9,541,792
Settlement and interest payments	(93,179,856)	(71,781,695)
Exchange variation	(54,114)	264,584
Closing balance on December 31	144,903,825	170,727,563

19) SUBORDINATED DEBT

a) Composition by maturity

	Original term in years	Nominal amount	R\$ thousand	
			On December 31, 2020	On December 31, 2019
In Brazil				
Financial bills:				
2020	7	-	-	3,288
2022	7	4,305,011	6,662,957	6,426,671
2023	7	1,347,452	2,011,986	1,958,936
2024	7	67,450	93,765	87,316
2025	7	5,425,906	6,126,601	5,943,283
2027	7	401,060	403,352	-
2020	8	-	-	64,624
2021	8	1,236	2,565	2,364
2023	8	1,699,346	2,798,899	2,671,282
2024	8	136,695	196,932	186,376
2025	8	6,193,653	6,340,117	6,424,128
2026	8	694,800	783,605	952,807
2028	8	55,437	55,702	-
2021	9	7,000	15,460	14,999
2024	9	4,924	9,347	8,375
2025	9	370,344	507,771	525,232
2027	9	89,700	104,782	159,920
2021	10	19,200	56,608	49,621
2022	10	54,143	128,910	118,117
2023	10	688,064	1,318,725	1,225,020
2025	10	284,137	596,797	518,242
2026	10	196,196	329,699	523,687
2027	10	256,243	338,894	319,582
2028	10	248,300	308,959	282,192
2030	10	134,500	139,596	-
2026	11	3,400	5,477	5,009
2027	11	47,046	65,771	62,776
2028	11	74,764	100,369	91,899
Perpetual		9,290,255	9,389,642	9,559,967
Subtotal in Brazil			38,893,288	38,185,713
Overseas:				
2021	11	8,314,720	8,539,366	6,619,620
2022	11	5,716,370	5,822,747	4,512,729
Issuance costs on funding			(9,169)	(4,554)
Subtotal overseas			14,352,944	11,127,795
Total (1) (2)			53,246,232	49,313,508

(1) It includes the amount of R\$26,741,610 thousand (R\$34,003,704 thousand in December, 2019), refers to subordinated debts recognized as

“Eligible Debt Capital Instruments” for regulatory capital purpose – see note 34b; and

(2) The information on results is presented on Note 16e, cost for market funding and inflation and interest adjustments of technical provisions for insurance, pension plans and capitalization bonds.

b) Movement of subordinated debts

	R\$ thousand	
	2020	2019
Opening balance at beginning of the year	49,313,508	53,643,444
Issuance	688,186	-
Interest	2,403,327	3,708,924
Settlement and interest payments	(2,374,538)	(8,593,243)
Exchange variation/Others	3,215,749	554,383
Closing balance on December 31	53,246,232	49,313,508

20) OTHER FINANCIAL LIABILITIES

	R\$ thousand	
	On December 31, 2020	On December 31, 2019
Interbank and interdepartmental accounts	28,284,539	25,292,425
Foreign exchange portfolio (Note 11a)	18,757,631	15,488,770
Obligations for operations linked to assignment	6,098,991	6,594,471
Securities trading	5,877,144	4,822,215
Total	59,018,305	52,197,881

21) PROVISIONS

a) Insurance, Pension Plans and Capitalization Bonds

l) Technical provisions by account

	Insurance (1)		Life and pension plans (2)		Capitalization bonds (3)
	On December 31, 2020	On December 31, 2019	On December 31, 2020	On December 31, 2019	On December 31, 2020
Current and long-term liabilities					
Mathematical reserve for unvested benefits (PMBAC)	1,225,279	1,462,699	237,436,250	230,996,998	-
Mathematical reserve for vested benefits (PMBC)	612,835	410,410	10,403,722	8,895,571	-
Mathematical reserve for capitalization bonds (PMC)	-	-	-	-	7,430,426
Reserve for claims incurred but not reported (IBNR)	4,040,072	3,710,734	945,744	883,283	-
Unearned premium reserve	4,381,913	4,472,988	1,719,098	1,024,185	-
Reserve for unsettled claims (PSL)	4,893,477	4,584,475	1,677,216	1,381,709	-
Reserve for financial surplus (PET)	-	-	783,786	622,703	-
Reserve for draws (PSR) and Reserve for redemptions (PR)	-	-	-	-	1,053,215
Other reserves	3,136,012	2,045,713	4,780,007	5,435,638	87,278
Total technical provisions	18,289,588	16,687,019	257,745,823	249,240,087	8,570,919

II) Guarantees for technical provisions – minimum and actual values

	Insurance		Life and pension plans		Capitalization
	On December 31, 2020	On December 31, 2019	On December 31, 2020	On December 31, 2019	On December 31, 2020
Total technical provisions	18,289,588	16,687,019	257,745,823	249,240,087	8,570,919
(+) Monetary effect on the preparation of LAT (3)	-	-	2,700,356	2,071,111	-
(-) Commercialization surcharge – extended warranty	-	(10,051)	-	-	-
(-) Portion corresponding to contracted reinsurance	(21,617)	(110,759)	(13,114)	(11,713)	-
(-) Premiums receivables	(1,502,349)	(1,166,691)	-	-	-
(-) Unearned premium reserve – Health and dental insurance (4)	(1,656,290)	(1,527,337)	-	-	-
(-) Provisions from DPVAT agreements	-	(558,021)	-	-	-
Technical provisions to be covered	15,109,332	13,314,160	260,433,065	251,299,485	8,570,919
Investment fund quotas (VGBL and PGBL)	-	-	211,617,915	210,044,616	-
Investment fund quotas (excluding VGBL and PGBL)	4,367,527	4,477,721	29,465,654	27,689,439	785,435
Government securities	13,470,796	11,326,945	29,871,219	24,422,182	8,652,529
Private securities	34,580	34,403	79,114	138,043	-
Total assets held to guarantee technical provisions	17,872,903	15,839,069	271,033,902	262,294,280	9,437,964

(1) "Other reserves" - Insurance includes the Provision for Insufficient Premiums (PIP) of R\$3,044,169 thousand and the Reserve for Related Expenses of R\$78,673 thousand.

(2) "Other reserves" - Life and Pension Plan mainly includes the "Reserve for redemption and other amounts to be settled" in the amount of R\$2,822,392 thousand, "Reserve for other technical provisions" of R\$1,305,127 thousand;

(3) The result of the liability adequacy test, carried out for the base date of December 31, 2020, presented a total shortfall of R\$2,700,356 thousand that was fully offset by the market value and the value accounting of securities linked to guarantee of technical provisions classified in the category "held to maturity", as required by Circular SUSEP/DIR4/CGMO/2019/10. As a result, there was no need to recognize a supplementary provision for coverage on the base date. According to Electronic Circular Letter No. 4/2019/SUSEP/DIR4/CGMO/2019/10, the result would be reviewed by SUSEP during 2020, including, among others, the revision of the extrapolation methodology ("Ultimate Forward Rate" - UFR) and revision of the liabilities. Until SUSEP's assessment is completed, it determined the disclosure of the quantitative impact on Shareholders' Equity and Income if the ETTJ prepared by SUSEP was used. The ETTJ prepared by SUSEP, on December 31, 2020, would be R\$2,836,943 thousand, which would also be fully offset by the portion corresponding to the difference between the market value and the value accounting of securities linked to guarantee of technical provisions classified in the category "held to maturity". Additionally, the impact on the result and Shareholders' Equity, originally determined if the ETTJ prepared by SUSEP is used, would be R\$13,877 thousand, net of taxes; and

(4) Deduction set forth in Article 4 of ANS Normative Resolution No. 392/15.

III) Insurance, pension plan contribution and capitalization bond retained premiums

	R\$ thousand		
	2nd semester	Year ended on December 31	
	2020	2020	2019
Written premiums	21,828,995	42,469,074	41,870,927
Pension plan contributions (including VGBL)	13,930,251	26,118,492	29,518,768
Capitalization bond income	2,591,485	5,257,125	6,407,861
Granted coinsurance premiums	(31,541)	(66,647)	(50,429)
Refunded premiums	(14,424)	(41,070)	(78,938)
Net written premiums earned	38,304,766	73,736,974	77,668,189
Reinsurance premiums paid	(56,278)	(69,347)	(68,919)
Insurance, pension plan and capitalization bond retained premiums	38,248,488	73,667,627	77,599,270
Changes in technical provisions for insurance, pension plans and capitalization bonds	(16,298,169)	(29,980,091)	(31,883,730)
Capitalization bond prize draws and redemptions	(2,326,350)	(4,709,311)	(5,676,964)
Retained claims	(15,054,676)	(27,717,828)	(27,796,354)
Insurance, pension plan and capitalization expenses	(1,601,658)	(3,161,655)	(3,280,097)
Other income from insurance, pension plans and capitalization bonds	2,967,635	8,098,742	8,962,125

b) Other reserves

	R\$ thousand	
	On December 31, 2020	On December 31, 2019
Provision for contingencies (Note 22)	24,254,031	24,421,945
Provision for Financial guarantees provided (I)	2,219,444	1,972,008
Other	9,205,601	9,990,442
Total	35,679,076	36,384,395

I) Financial guarantees

Financial guarantees provided are contracts requiring the Organization to make specific payments to the holder of the financial guarantee for a loss it will incur when a specific debtor fails to make the payment under the terms of the debt instrument. The provision for financial guarantees provided is formed based on the best estimate of the non-recoverable amount of the guarantee, if such disbursement is likely. The provisioning parameters are established based on the internal credit risk management models. In the case of retail operations, quantitative models are adopted, while in wholesale the combination of quantitative models with individualized analyzes is adopted.

	R\$ thousand			
	On December 31, 2020		On December 31, 2019	
	Guaranteed Values	Provisions	Guaranteed Values	Provisions
Sureties and guarantees in judicial and administrative proceedings of a fiscal nature	36,166,993	(856,200)	37,696,763	(848,477)
Bank sureties	43,056,285	(1,353,020)	39,593,792	(1,099,140)
Others	1,013,324	(10,224)	940,590	(24,391)
Total	80,236,602	(2,219,444)	78,231,145	(1,972,008)

22) PROVISIONS, CONTINGENT ASSETS AND LIABILITIES AND LEGAL OBLIGATIONS – TAX AND SOCIAL SECURITY**a) Contingent assets**

Contingent assets are not recognized in the consolidated financial statements. However, there are ongoing proceedings where the chance of success is considered probable, such as: a) Social Integration Program (PIS), Bradesco has made a claim to offset PIS against Gross Operating Income, paid under Decree-Laws No. 2,445/88 and No. 2,449/88, regarding the payment that exceeded the amount due under Supplementary Law No. 07/70 (PIS Repique); and b) other taxes, the legality and/or constitutionality of which is being challenged, where the decision may lead to reimbursement of amounts paid.

b) Provisions classified as probable losses and legal obligations – tax and social security

The Organization is a party to a number of labor, civil and tax lawsuits, arising from the normal course of business.

Management recognized provisions where, based on their opinion and that of their legal counsel, the nature of the lawsuit, similarity to previous lawsuits, complexity and the courts standing, the loss is deemed probable.

Management considers that the provision is sufficient to cover the future losses generated by the respective lawsuits.

Provisions related to legal obligations are maintained until the conclusion of the lawsuit, represented by judicial decisions with no further appeals or due to the statute of limitation.

I - Labor claims

These are claims brought by former employees and outsourced employees seeking indemnifications, most significantly for unpaid “overtime”, pursuant to Article 224 of the Consolidation of Labor Laws (CLT). Considering that labor lawsuits have similar characteristics, the provision is recognized considering the following factors, among others: date of receipt of the proceedings (before or after the labor reform of November 2017), the average calculated value of payments made for labor complaints settled in the past 12 months before and after the labor reform, and inflation adjustment on the average calculated values.

Overtime is monitored by using electronic time cards and paid regularly during the employment contract, so that the claims filed by Bradesco’s former employees do not represent individually relevant amounts.

II - Civil claims

These are claims for pain and suffering and property damages, related to banking products and services, the inclusion of information about debtors in the credit restriction registry and the replacement of inflation adjustments excluded as a result of government economic plans. These lawsuits are individually controlled using a computer-based system and provisioned whenever the loss is deemed as probable, considering the opinion of the legal advisors, the nature of the lawsuits, similarity with previous lawsuits, complexity and positioning of the courts. Most of these lawsuits involve the Special Civil Court (JEC), in which the claims are limited to 40 minimum wages.

In relation to the legal claims that are pleading alleged differences in the adjustment of inflation on savings account balances and due to the implementation of economic plans that were part of the federal government’s economic policy to reduce inflation in the 80s and 90s, Bradesco, despite complying with the law and regulation in force at the time, has provisioned certain proceedings, taking

into consideration the claims in which they were mentioned and the perspective of loss of each demand, in view of the decisions and subjects still under analysis in the Superior Court of Justice (STJ), such as, for example, the application of default interest in executions arising from Public Civil Actions, interest payments and succession.

In December 2017, with the mediation of the Attorney's General Office (AGU), the entities representing the bank and the savings accounts, entered into an agreement related to litigation of economic plans, with the purpose of closing these claims, in which conditions and schedule were established for savings accounts holders to accede to the agreement. This agreement was approved by the Federal Supreme Court (STF) on March 1, 2018. On March 11, 2020, the signatory entities signed an amendment extending the collective agreement for a period of 5 (five) years, the Federal Supreme Court approved the extension of the agreement for 30 months, an opportunity in which it will evaluate the results and may extend it for another 30 months. As this is a voluntary agreement, Bradesco is unable to predict how many savings account holders will choose to accept the settlement offer. It is important to note that Bradesco understands that the provisioning was made to cover the eligible proceedings to the related agreement. The proceedings that are not in the scope of the agreement, including those related to merged banks are individually assessed based on the procedural stage they are in.

Note that, regarding disputes relating to economic plans, the Federal Supreme Court (STF) suspended the prosecution of all lawsuits at the cognizance stage, until the Court issues a final decision on the right under litigation.

III - Provision for tax risks

The Organization has been discussing judicially the legality and constitutionality of certain taxes and contributions in court ("legal obligations"), for which provisions have been recognized in full, although there is a reasonable possibility of a favorable outcome, based on the opinion of Management and their legal counsel. The processing of these provisions for cases for which the risk of loss is deemed as probable and legal obligations is regularly monitored in the legal court. During or after the conclusion of each case, a favorable outcome may arise for the Organization, resulting in the reversal of the related provisions.

The main cases are:

- PIS and Cofins - R\$2,702,641 thousand (R\$2,632,829 thousand on December 31, 2019): Bradesco is requesting to calculate and pay contributions to PIS and Cofins only on the sale of goods/rendering of services (billing), excluding financial income from the calculation base;
- Pension Contributions – R\$1,785,787 thousand (R\$1,799,047 thousand on December 31, 2019): official notifications related to the pension contributions made to private pension plans, considered by the authorities to be employee compensation subject to the incidence of mandatory pension contributions and to an isolated fine for not withholding IRRF on such financial contributions;
- IRPJ/CSLL on losses of credits – R\$1,262,225 thousand (R\$1,264,448 thousand on December 31, 2019): Bradesco is requesting to deduct from income tax and social contributions payable (IRPJ and CSLL, respectively) amounts of actual and definite loan losses related to unconditional discounts granted during collections, regardless of compliance with the terms and conditions provided for in Articles 9 to 14 of Law No. 9,430/96 that only apply to temporary losses;
- IRPJ/CSLL on MTM - R\$635,802 thousand (R\$626,341 thousand on December 31, 2019): assessment received in December 2018 challenging the deduction of certain mark-to-market gains from securities in the calculation of IRPJ and CSLL in 2007;

- INSS – Contribution to SAT – R\$440,524 thousand (R\$432,873 thousand on December 31, 2019): in an ordinary lawsuit filed by the Brazilian Federation of Banks – Febraban, since April 2007, on behalf of its members, in which the classification of banks at the highest level of risk is questioned, with respect to Work Accident Risk – RAT, which raised the rate of the respective contribution from 1% to 3%, in accordance with Decree No. 6,042/07;
- PIS and Cofins - R\$415,785 thousand (R\$370,997 thousand on December 31, 2019): Bradesco is requesting to calculate and pay contributions to PIS and Cofins under the cumulative regime (3.65% rate on sales of goods/installment services); and
- INSS Autonomous Brokers – R\$333,852 thousand (R\$490,651 thousand on December 31, 2019): The Bradesco Organization is questioning the charging of social security contribution on remunerations paid to third-party service providers, established by Supplementary Law No. 84/96 and subsequent regulations/amendments, at 20.0% with an additional of 2.5%, on the grounds that services are not provided to insurance companies but to policyholders, thus being outside the scope of such a contribution as provided for in item I, Article 22 of Law No. 8,212/91, as new wording in Law No. 9,876/99.

In general, the provisions relating to lawsuits are classified as non-current, due to the unpredictability of the duration of the proceedings in the Brazilian justice system. For this reason, the estimate has not been disclosed with relation to the specific year in which these lawsuits will be finalized.

IV - Provisions by nature

	R\$ thousand	
	On December 31, 2020	On December 31, 2019
Labor claims	6,890,498	7,346,067
Civil claims	9,092,421	8,685,793
Provision for tax risks	8,271,112	8,390,085
Total (Note 21b)	24,254,031	24,421,945

V - Changes in provisions – Provision expenses

	R\$ thousand		
	Labor	Civil	Tax
Balance on December 31, 2019	7,346,067	8,685,793	8,390,085
Adjustment for inflation	960,812	696,997	147,683
Provisions, net of (reversals and write-offs)	663,547	1,609,720	(256,489)
Payments	(2,079,928)	(1,900,089)	(10,167)
Balance on December 31, 2020	6,890,498	9,092,421	8,271,112

c) Contingent liabilities classified as possible losses

The Organization maintains a system to monitor all administrative and judicial proceedings in which any of its group companies is plaintiff or defendant and, based on the opinion of legal counsel, classifies the lawsuits according to the expectation of loss. Case law trends are periodically analyzed and, if necessary, the related risk is reclassified. In this respect, contingent lawsuits deemed to have a possible risk of loss are not recognized as a liability in the financial statements and totaled, on December 31, 2020, R\$7,222,015 thousand (R\$6,272,466 thousand on December 31, 2019) for civil claims and R\$35,761,167 thousand (R\$33,474,303 thousand on December 31, 2019) for tax proceedings.

The main tax proceedings with this classification are:

- IRPJ and CSLL deficiency note – 2013 to 2015 – R\$9,431,944 thousand (R\$9,216,012 thousand on December 31, 2019): due to the disallowance of interest expenses (CDI), related to certain investments and deposits between the companies of the Organization;
- IRPJ and CSLL – 2006 to 2017 – R\$7,251,952 thousand (R\$7,169,765 thousand on December 31, 2019), relating to goodwill amortization being disallowed on the acquisition of investments;
- COFINS – 1999 to 2005 – R\$5,354,315 thousand (R\$5,172,183 thousand on December 31, 2019): Fines and disallowances of Cofins loan compensations, released after a favorable decision in a judicial proceeding, where the unconstitutionality of the expansion of the intended calculation base was discussed for revenues other than those from billing (Law No. 9,718/98);
- Leasing companies' Tax on Services of any Nature (ISSQN), R\$2,485,745 thousand (R\$2,537,997 thousand on December 31, 2019) which relates to the municipal tax demands from municipalities other than those in which the company is located and where, under law, tax is collected;
- Social Security Contribution Taxes – 2014 to 2016 – R\$2,079,650 thousand (R\$1,268,227 thousand on December 31, 2019): related to food and meal allowance made available to employees, according to the Worker's Food Program – PAT, through card and not "in natura";
- PIS and COFINS notifications and disallowances of compensations – R\$1,444,586 thousand (R\$1,490,269 thousand on December 31, 2019): related to the unconstitutional extension of the basis of calculation intended for other income related to the unconstitutional extension of the basis of calculation to revenues other than billed operating revenues (Law No. 9,718/98) in acquired companies;
- IRPJ and CSLL deficiency note – 2000 to 2014 – R\$848,605 thousand (R\$1,187,411 thousand on December 31, 2019): relating to disallowance of exclusions and expenses, differences in depreciation expenses, insufficient depreciation expenses, expenses with depreciation of leased assets, operating expenses and income and disallowance of tax loss compensation;
- IRPJ and CSLL deficiency note – 2005 to 2013 – R\$834,272 thousand (R\$925,806 thousand on December 31, 2019): relating to disallowance of expenses with credit losses;
- IRPJ and CSLL deficiency note – 2008 to 2013 – R\$649,441 thousand (R\$608,860 thousand on December 31, 2019): relating to profit of subsidiaries based overseas; and
- PLR - Profit Sharing - Base years from 2009 to 2011 - R\$463,501 thousand (R\$401,417 thousand in December 31, 2019): assessments for the social security contribution on amounts paid to employees as profit sharing, for alleged failure to comply with the rules contained in Law No. 10,101/00.



d) Other matters

Due to the so-called “Operação Zelotes” (“Zealots Operation”), which investigates the alleged improper performance of members of CARF – Administrative Council of Tax Appeals, a criminal proceeding against two former members of Bradesco’s Board of Executive Officers was opened in 2016 and received by the 10th Federal Court of Judicial Section of the Federal District. The investigation phase of the process was already completed, and is currently waiting for the decision of the first-degree court.

The Company's Management conducted an internal evaluation of records and documents related to the matter and found no evidence of any illegal conduct practiced by its former representatives, Bradesco provided all of the information to the authorities and competent regulatory bodies, both in Brazil and abroad.

As a result of the news about the Operação Zelotes, a Class Action was filed against Bradesco and members of its Board of Executive Officers before the District Court of New York (“Court”), on June 3, 2016, based on Sections 10 (b) and 20 (a) of the Securities Exchange Act of 1934. On July 1, 2019, Bradesco and the Lead Plaintiff made an agreement (“Agreement”) to terminate the Class Action, with the payment of US\$14,5 million by Bradesco. The Agreement was finally approved by the Court on November 18, 2019 and the case was closed in relation to Bradesco and to the members of its Executive Board of Directors. The Agreement made does not represent the recognition of guilt or admission of liability by Bradesco, but its intent is to avoid uncertainties, costs and onus related to the progression of the Class Action.

Also, as a result of Operação Zelotes, the Corregedoria Geral do Ministério da Fazenda (General Internal Affairs of the Ministry of Finance) promoted an investigative administrative procedure to verify the need for the establishment of an Administrative Accountability Process (“PAR”). The filing decision of the related procedure was published in Section 2 of the Diário Oficial da União (Federal Official Gazette) on February 3, 2020. The decision given by the Official of the Ministry of Economy accepted in full the Final Report of the Processing Committee, the Opinion of the National Treasury Attorney General's Office and the Joint Order of the General Coordination of Management and Administration, and of the Leadership of the Advisory and Judgment Division, which confirmed, expressly recognizing, the lack of evidence that Bradesco had promised, offered or given, directly or indirectly, an unfair advantage to public agents involved in the related operation, in accordance with the provisions laid down in Article 5, section I, of Law No. 12,846, of 2013.

23) OTHER LIABILITIES

	R\$ thousand	
	On December 31, 2020	On December 31, 2019
Sundry creditors	5,289,505	5,043,721
Payment of taxes and other contributions	708,886	711,891
Credit card operations	3,337,346	3,612,779
Taxes and contributions payable	3,853,700	4,771,950
Liabilities for acquisition of assets and rights	1,582,134	1,493,329
Social and statutory	3,747,682	933,002
Obligations for quotas of investment funds	2,929,138	1,804,294
Other	8,452,564	6,585,235
Total	29,900,955	24,956,201

24) SHAREHOLDERS' EQUITY (PARENT COMPANY)

a) Capital stock in number of shares

Fully subscribed and paid-in capital stock comprises non-par, registered, book-entry shares.

	On December 31, 2020	On December 31, 2019
Common	4,435,106,575	4,031,915,068
Preferred	4,435,106,111	4,031,914,646
Subtotal	8,870,212,686	8,063,829,714
Treasury (common shares)	(7,307,259)	(6,642,963)
Treasury (preferred shares)	(27,378,542)	(24,889,584)
Total outstanding shares	8,835,526,885	8,032,297,167

b) Transactions of capital stock involving quantities of shares

	Common	Preferred	Total
Number of outstanding shares as at December 31, 2019	4,025,272,105	4,007,025,062	8,032,297,167
Increase of capital stock with issuing of shares – bonus of 10% (1)	403,191,507	403,191,465	806,382,972
Increase of shares in treasury – bonus of 10%	(664,296)	(2,488,958)	(3,153,254)
Number of outstanding shares as at December 31, 2020	4,427,799,316	4,407,727,569	8,835,526,885

(1) It benefited the shareholders registered in the records of Bradesco on April 13, 2020.

In the Special Shareholders' Meeting of March 10, 2020, the approval was proposed by the Board of Directors to increase the capital stock by R\$4,000,000 thousand, increasing it from R\$75,100,000 thousand to R\$79,100,000 thousand, with a bonus in shares, through the capitalization of part of the balance of the account "Profit Reserves - Statutory Reserve", in compliance with the provisions in Article 169 of Law No. 6,404/76, by issuing 806,382,972 new nominative-book entry shares, with no nominal value, whereby 403,191,507 are common and 403,191,465 are preferred shares, which will be allocated free-of-charge to the shareholders as bonus, to the ratio of 1 new share for every 10 shares of the same type that they own on the base date, and was approved by the Bacen on March 30, 2020.

c) Interest on Shareholders' Equity/dividends

Bradesco's capital remuneration policy aims to distribute interest on shareholders' equity at the maximum amount calculated under current legislation, and this is included, net of Withholding Income Tax (IRRF), in the calculation for mandatory dividends for the year under the Company's Bylaws.

At the Board of Directors' meeting of December 16, 2020, the proposal by the Board of Executive Officers for payment to the shareholders of interest on own capital was approved, for 2020, in the sum of R\$3,502,000 thousand, equating to R\$0.3775 per common share and R\$0.4152 per preferred share, whose payment was made on January 7, 2021.

Interest on shareholders' equity/dividends for the year ended in December 31, 2020 is calculated as follows:

	R\$ thousand	% (1)
Net income for the period	16,546,577	
(-) Legal reserve	827,328	
Adjusted calculation basis	15,719,249	
Monthly, intermediaries and supplementary interest on shareholders' equity (gross), paid and/or provisioned	5,547,971	
Withholding income tax on interest on shareholders' equity	(832,196)	
Interest on Shareholders' Equity (net) accumulated in December 31, 2020	4,715,775	30.00
Interest on shareholders' equity (net) and total dividends accumulated in December 31, 2019	14,757,847	68.79

(1) Percentage of interest on shareholders' equity/dividends after adjustments. The total percentage of net distribution in 2019 considers the payment of extraordinary dividends in the amount of R\$8 billion, which occurred on October 23, 2019, using part of the "Profit Reserve – Statutory" balance of the account.

Interest on shareholders' equity/dividends were paid or recognized in provisions, as follows:

Description	R\$ thousand				
	Per share (gross)		Gross amount paid	Withholding Income Tax (IRRF) (15%)	Net amount paid
	Common	Preferred			
Monthly interest on shareholders' equity paid	0.206998	0.227698	1,672,858	250,929	1,421,929
Intermediary interest on shareholders' equity paid	0.172536	0.189790	1,455,000	218,250	1,236,750
Supplementary interest on shareholders' equity paid	0.503380	0.553718	4,245,000	636,750	3,608,250
Extraordinary dividends paid	0.948654	1.043520	8,000,000	-	8,000,000
Supplementary dividends paid	0.058214	0.064035	490,918	-	490,918
Total year ended on December 31, 2019	1.889782	2.078761	15,863,776	1,105,929	14,757,847
Monthly interest on shareholders' equity paid	0.206998	0.227698	1,861,951	279,293	1,582,658
Supplementary interest on shareholders' equity paid (1)	0.377521	0.415273	3,502,000	525,300	2,976,700
Supplementary interest on shareholders' equity provisioned	0.019838	0.021821	184,020	27,603	156,417
Total year ended on December 31, 2020	0.604357	0.664792	5,547,971	832,196	4,715,775

(1) Paid on January 7, 2021.

d) Treasury shares

As of December 31, 2020, Bradesco held in treasury 7,307,259 common shares and 27,378,542 preferred shares for a total amount of R\$440,514 thousand. The minimum, average and maximum cost per common share is R\$19,34, R\$24,55 and R\$27,14, and per preferred share is R\$19,37, R\$26,98 and R\$33,12, respectively. The fair value was R\$24,20 per common share and R\$27,14 per preferred share on December 31, 2020.

25) NON-CONTROLLING INTERESTS IN SUBSIDIARIES

As of December 31, 2020, the balance of minority interests in subsidiaries was R\$759,241 thousand (R\$709,791 thousand on December 31, 2019), after the total acquisition of minority interest in Banco Bradesco BBI, in January 2020. The balance of minority interest in subsidiaries is now materially represented by Odontoprev.

26) FEE AND COMMISSION INCOME

	R\$ thousand		
	2nd semester	Year ended on December 31	
	2020	2020	2019
Credit card income	3,374,681	6,754,319	7,397,305
Checking account	4,026,591	7,927,357	7,702,319
Loans	1,294,105	2,672,685	3,034,923
Collections	1,105,730	2,150,007	1,935,353
Consortium management	991,889	1,921,206	1,921,082
Asset management	640,103	1,348,214	1,582,733
Underwriting/ Financial Advisory Services	726,336	1,150,460	1,014,607
Custody and brokerage services	596,615	1,200,729	1,134,630
Payments	226,962	462,535	475,393
Other	342,976	644,397	752,860
Total	13,325,988	26,231,909	26,951,205

27) PAYROLL AND RELATED BENEFITS

	R\$ thousand		
	2nd semester	Year ended on December 31	
	2020	2020	2019
Salaries	4,659,603	9,475,900	10,024,710
Benefits	2,317,253	4,659,876	5,911,496
Social security charges	1,761,181	3,404,017	3,470,191
Employee profit sharing	834,551	1,533,955	1,803,545
Training	34,093	86,852	190,031
Total	9,606,681	19,160,600	21,399,973

28) OTHER ADMINISTRATIVE EXPENSES

	R\$ thousand		
	2nd semester	Year ended on December 31	
	2020	2020	2019
Outsourced services	2,566,707	4,948,258	4,995,465
Accumulated depreciation and amortization	1,581,998	3,115,962	2,925,299
Data processing	1,093,885	2,150,048	2,145,226
Communication	656,587	1,333,127	1,570,224
Asset maintenance	666,329	1,299,441	1,231,596
Rental	621,222	1,266,517	1,248,221
Financial system services	574,242	1,119,697	1,135,964
Advertising and marketing	589,929	1,052,083	1,300,468
Security and surveillance	327,380	698,206	744,036
Transport	313,296	651,238	773,208
Water, electricity and gas	171,085	373,056	440,613
Supplies	67,649	139,371	191,362
Travel	12,958	77,433	302,170
Other	529,127	1,091,221	1,232,363
Total	9,772,394	19,315,658	20,236,215

29) TAX EXPENSES

	R\$ thousand		
	2nd semester	Year ended on December 31	
	2020	2020	2019
Contribution for Social Security Financing (COFINS)	2,509,843	3,599,115	4,377,130
Social Integration Program (PIS) contribution	413,070	594,436	726,752
Tax on Services (ISSQN)	581,387	1,138,492	1,224,157
Municipal Real Estate Tax (IPTU) expenses	32,425	118,127	124,450
Other	179,586	598,733	405,741
Total	3,716,311	6,048,903	6,858,230

30) OTHER OPERATING INCOME

	R\$ thousand		
	2nd semester	Year ended on December 31	
	2020	2020	2019
Other interest income	439,664	1,388,976	2,114,272
Reversal of other operating provisions	967,570	2,225,305	1,647,509
Revenues from recovery of charges and expenses	109,579	318,654	489,815
Other	1,172,142	2,081,444	2,251,215
Total	2,688,955	6,014,379	6,502,811

31) OTHER OPERATING EXPENSES

	R\$ thousand		
	2nd semester	Year ended on December 31	
	2020	2020	2019
Other finance costs	640,516	1,013,616	3,171,951
Sundry losses	187,462	350,230	416,048
Discount granted	1,446,004	2,728,604	1,768,185
Commissions on loans and financing	291,085	518,944	663,530
Intangible assets amortization - payroll	652,496	1,274,928	1,313,322
Goodwill amortization (Note 14a)	848,272	1,661,414	1,710,013
Card marketing expenses	1,310,881	2,858,522	3,207,559
Other (1)	4,932,237	9,532,196	9,780,959
Total	10,308,953	19,938,454	22,031,567

(1) As of December 31, 2020, it includes: (i) impairment losses: of the acquisition of the right to provide financial services, in the amount of R\$3,712 thousand (R\$519,749 thousand in 2019); software/hardware, in the amount of R\$21,519 thousand (R\$222,024 thousand in 2019); and goodwill, in the amount of R\$799,841 thousand (R\$982,536 thousand in 2019); and (ii) expenses with a provision for restructuring, in the amount of R\$980,978 thousand, mainly related to the branch network and staff. On December 31, 2019, it also included expenses with provision for financial guarantees, in the amount of R\$1,252,791 thousand and expenses with a provision for contingencies, related to FCVS, in the amount of R\$342,155 thousand and other provisions in the amount of R\$696,469 thousand.

32) NON-OPERATING INCOME (LOSS)

	R\$ thousand		
	2nd semester	Year ended on December 31	
	2020	2020	2019
Gain/loss on sale and write-off of assets and investments	(172,152)	(239,606)	(344,627)
Recording/reversal of non-operating provisions (1)	(45,236)	(80,078)	(235,908)
Other	(189,351)	(146,583)	60,457
Total	(406,739)	(466,267)	(520,078)

(1) Includes primarily allowance for non-use assets (BNDU).

33) RELATED-PARTY TRANSACTIONS

- a) Related-party transactions (direct and indirect) are carried out according to CMN Resolution No. 4,636/ Organization has a Transaction Policy with related parts disclosed on the Investor Relations website. The transactions are at rates consistent with those entered into with third parties at that time. The transactions are as follows:

	Shareholders of the parent (1)		Associates and Jointly controlled companies (2)		Key Management
	On December 31, 2020	On December 31, 2019	On December 31, 2020	On December 31, 2019	On December 31, 2020
Assets					
Interbank investments	-	-	186,504	577,906	-
Securities and derivative financial instruments	62,326	20,721	649,932	287,849	-
Loans and other assets	16	9	334,746	109,766	119,659
Liabilities					
Demand deposits/Savings accounts	164,651	109,767	22,515	39,191	17,685
Time deposits	1,289,430	1,802,883	595,078	2,838,567	126,130
Securities sold under agreements to repurchase	675,893	225,064	60,246	304,008	-
Funds from issuance of securities and subordinated debts	11,480,275	13,697,802	-	-	702,417
Derivative financial instruments	32,219	-	-	7,264	-
Interest on own capital and dividends payable	1,195,928	217,765	-	-	-
Other liabilities	-	-	10,808,025	11,665,639	18,594

	Shareholders of the parent (1)		Associates and Jointly controlled companies (2)	
Income from financial intermediation	(15,508)		38,520	
Financial intermediation expenses	(177,219)		(18,914)	
Income from services provided	47		70,230	
Other expenses net of other operating revenues	30,586		(916,461)	

(1) Cidade de Deus Cia. Coml. de Participações, Fundação Bradesco, NCF Participações S.A., BBD Participações S.A. and Nova Cidade de Deus Participações S.A.;

(2) Companies listed in Note 12; and

(3) Members of the Board of Directors and the Board of Executive Officers.

	Shareholders of the parent (1)		Associates and Jointly controlled companies (2)		Key Management
	2020	2019	2020	2019	2020
Income from financial intermediation	40,506	4,871	62,121	65,625	-
Financial intermediation expenses	(488,882)	(862,808)	(243,875)	(72,133)	(45,003)
Income from services provided	109	105	98,556	342,793	119
Other expenses net of other operating revenues	58,434	54,471	(1,644,088)	(1,899,818)	89,582

(1) Cidade de Deus Cia. Coml. de Participações, Fundação Bradesco, NCF Participações S.A., BBD Participações S.A. and Nova Cidade de Deus Participações S.A.;

(2) Companies listed in Note 12; and

(3) Members of the Board of Directors and the Board of Executive Officers.

b) Remuneration of Key Management Personnel

Each year, the Annual Shareholders' Meeting approves:

- The annual total amount of Management compensation, set forth at the Board of Directors Meetings, to be paid to board members and members of the Board of Executive Officers, as determined by the Company's Bylaws; and
- The amount allocated to finance Management pension plans, within the Employee and Management pension plan of the Bradesco Organization.

For 2020, the maximum amount of R\$871,589 thousand was determined for the remuneration of the Directors, and part of this refers to the social security contribution to the INSS, which is an obligation of the Organization, and R\$515,650 thousand to cover supplementary pension plan defined contributions.

The current policy on Management compensation sets forth that 50% of net variable compensation, if any, must be allocated to the acquisition of preferred class b shares issued by BBD Participações S.A. and/or preferred shares issued by Banco Bradesco S.A., which vest in three equal, annual and successive installments, the first of which is in the year following the payment date. This procedure complies with CMN Resolution No. 3,921/10, which sets forth a management compensation policy for financial institutions.

Short and medium term remuneration to Managers

	R\$ thousand		
	2nd semester	Year ended on December 31	
	2020	2020	2019
Remuneration and Social Security Contribution to the INSS	224,001	534,696	852,862
Total	224,001	534,696	852,862

Post-employment benefits

	R\$ thousand		
	2nd semester	Year ended on December 31	
	2020	2020	2019
Defined contribution supplementary pension plans	295,348	513,082	468,079
Total	295,348	513,082	468,079

Bradesco does not offer its Key Management Personnel long-term benefits related to severance pay or share-based compensation, pursuant to CPC 10 – Share-Based Payment, approved by CMN Resolution No. 3,989/11.

Shareholding

Together, members of the Board of Directors and Board of Executive Officers had the following shareholding in Bradesco:

Direct shareholding	On December 31, 2020	On December 31, 2019
• Common shares	0.53%	0.55%
• Preferred shares	0.91%	1.04%
• Total shares (1)	0.72%	0.79%

(1) On December 31, 2020, direct and indirect shareholding of the members of Bradesco's Board of Directors and Board of Executive Officers amounted to 2.65% of common shares, 0.95% of preferred shares and 1.80% of all shares (2.48% of common shares, 1.07% of preferred shares and 1.78% of all shares on December 31, 2019).

34) RISK AND CAPITAL MANAGEMENT

a) Risk Management

Bradesco carries out a corporate risk control in an integrated and independent manner, preserving and giving value to a collective decision-making environment, developing and implementing methodologies, models and tools for measurement and control. It promotes the dissemination of the risk culture to all employees, at all hierarchical levels, from the business areas to the Board of Directors.

The risk management and capital structures have policies, rules and procedures, ensuring that the Organization maintains controls compatible with the nature of its operations, the complexity of its products and services, activities, processes, systems and the size of its exposure to risks. These structures are also composed of various committees, commissions and departments that subsidize the Board of Directors, the Chief Executive Officer, the Chief Risk Officer (CRO) and the Executive Board of the Organization in decision making, including:

- Integrated Risk Management and Capital Allocation Committee, whose purpose is to advise the Board of Directors in the performance of its duties related to the management policies and limits of exposure to risks and ensure within the scope of the Organization compliance with the related processes, policies, related standards and compliance with regulations and legislation applicable to the Organization; and
- Risk Committee, whose main objective is to evaluate the Organization's risk management framework and, eventually, to propose improvements.

Both advise the Board of Directors in the performance of its duties in the management and control of risks, capital, internal controls and compliance.

Detailed information on risk management process, reference equity and also Bradesco's risks exposures may be found in Risk Management Report – Pillar 3, available on the Investors Relations website Bradesco RI.

b) Capital Management

The Basel Ratio is part of the set of indicators monitored and evaluated in the process of Capital Management, and is intended to measure the sufficiency of capital in relation to the exposure to risks. The table below shows the composition of the Reference Equity and of the Risk Weighted Assets, according to the standards of Bacen. During the period, Bradesco has fulfilled all the minimum regulatory requirements.

Below is the Basel Ratio:

Calculation basis - Basel Ratio	R\$ thousand	
	Prudential Conglomerate	
	On December 31, 2020	On December 31, 2019
Tier I capital	118,281,835	100,831,668
- Principal capital	108,982,064	91,271,701
- Shareholders' equity	143,702,640	133,723,221
- Non-controlling interest/Other	164,088	106,302
- Prudential adjustments	(34,884,664)	(42,557,822)
- Additional capital (1)	9,299,771	9,559,967
Tier II capital (1)	17,441,839	24,443,737
- Subordinated debts (CMN Resolution No. 4,192/13)	16,274,254	21,324,281
- Subordinated debts (previous to CMN Resolution No. 4,192/13)	1,167,585	3,119,456
Reference Equity (a)	135,723,674	125,275,405
- Credit risk	779,588,540	680,907,697
- Market risk	14,690,553	13,571,488
- Operational risk	64,413,820	64,572,141
Risk-weighted assets – RWA (b)	858,692,912	759,051,326
Basel ratio (a/b)	15.8%	16.5%
Tier I capital	13.8%	13.3%
- Principal capital	12.7%	12.0%
- Additional capital	1.1%	1.3%
Tier II capital	2.0%	3.2%

(1) "Eligible Debt Capital Instruments" for regulatory capital purposes referred to note 19a.

c) Indicator of Global Systemic Importance (IAISG)

According to Bacen Circular Letter No. 3,751/15, Bradesco calculated the indicators for the evaluation of global systemic importance (IAISG).

d) Market Risk

Our market risk management process is run on a corporate wide basis, from business areas to the Board of Directors. This process involves several areas with specific purposes, ensuring an efficient structure, with market risk measurement and control carried out on a centralized and independent basis. This process allowed the Organization to be the first financial institution in the country authorized by the Central Bank of Brazil to use, since January 2013, its in-house models of market risk to determine our regulatory capital requirement. The management process, approved by the Board of Directors, is also reassessed at least annually by the relevant committees and the Board of Directors itself. Proposed market risk limits are validated by specific committees for approval by the Integrated Risk Management and Capital Allocation Committee, to be submitted to the Board of Directors depending on the characteristics of business, which are separated into the following portfolios:

Trading Portfolio: it is composed of all the operations made with financial instruments, including derivatives, held for trading or destined to hedge other instruments of the portfolio itself, and that are not subject to any trading restrictions. The financial instruments held for trading are those destined for resale, to obtain benefits based on the variation of effective or expected prices, or for arbitrage, Portfolio risks in these cases are monitored by:

- Value at Risk (VaR);
- Stress (impact measurement of extreme events, based on historical and prospective scenarios);
- Results; and
- Financial Exposure/ Concentration.

Banking Portfolio: composed of financial instruments not classified in the Trading Portfolio, originating from other business of the Organization and their respective hedges. Portfolio risks in these cases are monitored by:

- Change in economic value due to changes in interest rates – Δ EVE (Economic Value of Equity); and
- Change in net interest income due to changes in interest rates – Δ NII (Net Interest Income).

VaR Internal Model - Trading Portfolio

Below is the 1-day VaR:

Risk factors	R\$ thousand	
	On December 31, 2020	On December 31, 2019
Fixed rates	5,014	1,614
IGPM/IPCA	3,645	2,774
Exchange coupon	342	415
Foreign currency	4,704	5,327
Equities	2,422	707
Sovereign/Eurobonds and Treasuries	7,477	3,834
Other	154	2,122
Correlation/diversification effect	(11,551)	(6,820)
VaR (Value at Risk)	12,207	9,973

Amounts net of tax effects.

Sensitivity analysis - CVM Instruction No. 475/08

Sensitivity analysis of the Organization's financial exposures (Trading and Banking Portfolio) were carried out based on scenarios prepared at the respective dates, always considering market data at the time and scenarios that would adversely affect our positions, according to the examples below:

Scenario 1: Based on market information (B3, Anbima, etc.), stresses were applied for 1 basis point on the interest rate and 1.0% variation on prices, For example: for a Real/US dollar exchange rate of R\$5.18 a scenario of R\$5.23 was used, while for a 1-year fixed interest rate of 2.86%, a 2.87% scenario was applied;

Scenario 2: 25.0% stresses were determined based on market information. For example: for a Real/US dollar exchange rate of R\$5.18 a scenario of R\$6.47 was used, while for a 1-year fixed interest rate of 2.86%, a 3.57% scenario was applied. The scenarios for other risk factors also accounted for 25.0% stresses in the respective curves or prices; and

Scenario 3: 50.0% stresses were determined based on market information. For example: for a Real/US dollar exchange rate of R\$5.18 a scenario of R\$7.77 was used, while for a 1-year fixed interest rate of 2.86%, a 4.29% scenario was applied. The scenarios for other risk factors also account for 50.0% stresses in the respective curves or prices.

The results presented reveal the impacts for each scenario in a static position of the portfolio. The dynamism of the market and portfolios means that these positions change continuously and do not necessarily reflect the position demonstrated here. In addition, the Organization has a continuous market risk management process, which is always searching for ways to mitigate the associated risks, according to the strategy determined by Senior Management. Therefore, where there are indicators of deterioration in certain positions, proactive measures are taken to minimize any potential negative impact and maximize the risk/return ratio for the Organization.

I - Sensitivity Analysis – Trading Portfolio

		Trading P		
		On December 31, 2020		
		Scenarios		
		1	2	3
Interest rate in Reais	Exposure subject to variations in fixed interest rates and interest rate coupons	(105)	(11,776)	(23,317)
Price indexes	Exposure subject to variations in price index coupon rates	(1,788)	(41,702)	(84,093)
Exchange coupon	Exposure subject to variations in foreign currency coupon rates	(32)	(3,256)	(6,485)
Foreign currency	Exposure subject to exchange rate variations	(1,597)	(39,926)	(79,852)
Equities	Exposure subject to variation in stock prices	(354)	(8,856)	(17,712)
Sovereign/Eurobonds and Treasuries	Exposure subject to variations in the interest rate of securities traded on the international market	(167)	(11,955)	(23,430)
Other	Exposure not classified in other definitions	-	(41)	(82)
Total excluding correlation of risk factors		(4,043)	(117,512)	(234,971)
Total including correlation of risk factors		(2,647)	(73,605)	(147,689)

(1) Amounts net of tax effects.

Presented below are the impacts of the financial exposures (fair value) also considering the Banking Portfolio (composed of the Banking Portfolio, originating from other business of the Organization and their respective hedges).

II - Sensitivity Analysis – Trading and Banking Portfolios

		Trading and Banking Portfolios		
		On December 31, 2020		
		Scenarios		
		1	2	3
Interest rate in Reais	Exposure subject to variations in fixed interest rates and interest rate coupons	(12,180)	(1,553,493)	(2,974,461)
Price indexes	Exposure subject to variations in price index coupon rates	(27,143)	(2,227,123)	(4,031,341)
Exchange coupon	Exposure subject to variations in foreign currency coupon rates	(2,277)	(71,852)	(141,860)
Foreign currency	Exposure subject to exchange rate variations	(2,202)	(65,746)	(131,493)
Equities	Exposure subject to variation in stock prices	(43,353)	(1,083,824)	(2,167,648)
Sovereign/Eurobonds and Treasuries	Exposure subject to variations in the interest rate of securities traded on the international market	(1,339)	(14,019)	(27,608)
Other	Exposure not classified in other definitions	(30)	(748)	(1,496)
Total excluding correlation of risk factors		(88,524)	(5,016,805)	(9,475,907)
Total including correlation of risk factors		(73,350)	(4,168,903)	(7,883,903)

(1) Amounts net of tax effects.



e) Social and environmental risk

The social and environmental risk is represented by potential damages that an economic activity can cause to society and to the environment. The social and environmental risks associated with financial institutions are mostly indirect and stem from business relationships, including those with the supply chain and with customers, through financing and investment activities.

The social and environmental risk management process includes a governance structure, comprised of committees, policies, standards and procedures, which work to ensure the risks are identified, measured, mitigated, monitored and reported. This process complies with Resolution No. 4,327/14 of the Central Bank and observes the principles of relevance and proportionality, which is necessary in view of the complexity of the financial products and the profile of Organization's activities.

The Organization seeks to constantly incorporate and improve the criteria for managing the social and environmental risk arising from business relations with customers, through loan and financing operations, guarantees, suppliers and investments, which comprise the scope of analysis reflected in the Organization's Social and Environmental Risk Standard.

The Organization has made several commitments related to environmental and social aspects, such as the Carbon Disclosure Project (CDP), the Principles for Responsible Investment (PRI), the Business Charter for Human Rights and Promotion of Decent Work (Ethos), the United Nations Environment Program (UNEP-FI), the Global Compact, among others.

Moreover, the Organization has been a signatory of the Equator Principles since 2004, and among the requirements evaluated are as follows: the working conditions, impacts to the community and the environment of projects financed by the Organization, pursuant to the Brazilian legislation and the standards and guidelines of the International Finance Corporation (IFC), besides the World Bank Group's Health, Safety and Environment Guidelines. During the credit granting process, transactions under Equator Principles undergo a social and environmental risk analysis.

In the year ended in December 31, 2020 and 2019, there was no hiring of Advisory Service or contracting of Financing Project Finance or Corporate Loans to projects classified under the criteria of the Equator Principles III.

f) Below is the statement of financial position by currency and maturity

I – The statement of financial position by currency

	R\$ thousand			
	On December 31, 2020			On December 31, 2019
	Balance	Local currency	Foreign currency (1) (2)	Foreign currency (1) (2)
Assets				
Cash and due from banks	23,845,061	15,520,772	8,324,289	4,553,120
Financial instruments	1,472,837,923	1,384,153,775	88,684,148	79,914,310
- Interbank investments	191,147,208	189,148,979	1,998,229	2,758,183
- Compulsory deposits with the Brazilian Central Bank	83,757,533	83,695,875	61,658	46,662
- Securities	616,497,887	583,570,361	32,927,526	22,242,979
- Derivative financial instruments	24,815,393	24,114,775	700,618	594,548
- Loans	445,665,923	411,725,906	33,940,017	30,162,221
- Other financial instruments	110,953,979	91,897,879	19,056,100	24,109,717
Leases	2,646,438	2,646,438	-	-
Expected credit loss associated with credit risk	(45,202,191)	(42,428,750)	(2,773,441)	(1,505,929)
- Loans	(42,233,636)	(39,460,209)	(2,773,427)	(1,505,929)
- Leases	(70,468)	(70,468)	-	-
- Other receivables	(2,898,087)	(2,898,073)	(14)	-
Deferred tax assets	85,049,769	85,024,687	25,082	9,338
Investments in associates and jointly controlled entities	7,046,710	7,046,710	-	-
Premises and equipment, net	20,923,269	20,745,153	178,116	112,141
Intangible assets	34,395,581	34,217,277	178,304	135,856
Depreciation and amortization	(33,578,011)	(33,285,788)	(292,223)	(196,903)
- Premises and equipment	(11,433,018)	(11,291,388)	(141,630)	(82,203)
- Intangible assets	(22,144,993)	(21,994,400)	(150,593)	(114,700)
Other assets	26,752,701	25,915,420	837,281	1,238,262
Impairment of Assets Accumulated	(3,678,206)	(3,672,765)	(5,441)	-
Total assets	1,591,039,044	1,495,882,929	95,156,115	84,260,195
Liabilities				
Deposits and other financial liabilities	1,088,438,954	981,332,235	107,106,719	82,023,034
- Deposits from banks	267,280,167	237,234,930	30,045,237	37,397,409
- Deposits from customers	545,292,743	512,147,767	33,144,976	18,091,293
- Securities issued	144,903,825	133,678,568	11,225,257	3,375,635
- Subordinated debts	53,246,232	38,893,286	14,352,946	11,127,795
- Derivative financial instruments	18,697,682	14,141,288	4,556,394	1,457,142
- Other financial liabilities	59,018,305	45,236,396	13,781,909	10,573,760
Provisions	320,285,406	320,132,264	153,142	106,905
- Technical provision for insurance, pension plans and capitalization bonds	284,606,330	284,592,671	13,659	14,689
- Other reserves	35,679,076	35,539,593	139,483	92,216
Deferred income tax assets	7,951,848	7,630,655	321,193	157,751
Other liabilities	29,900,955	28,863,596	1,037,359	430,951
Total liabilities	1,446,577,163	1,337,958,750	108,618,413	82,718,641
Shareholders' equity				
Equity attributable to shareholders of the parent	143,702,640	143,702,640	-	-
Non-controlling interest	759,241	759,241	-	-
Total Shareholders' equity	144,461,881	144,461,881	-	-
Total Liability and Shareholders' equity	1,591,039,044	1,482,420,631	108,618,413	82,718,641
Net position of assets and liabilities			(13,462,298)	1,541,554
Net position of derivatives (2)			(4,216,783)	(65,993,860)
Other net off-balance-sheet accounts (3)			3,144,242	(4,208)
Net foreign exchange position (passive) (4)			(14,534,839)	(64,456,514)

(1) Amounts originally recognized and/or indexed mainly in US\$;

(2) Excluding operations maturing in D+1, to be settled at the rate on the last day of the month;

(3) Other commitments recorded in off-balance-sheet accounts; and

(4) Assets, liabilities and results of foreign investments and dependencies are translated into Brazilian reais at the local currency exchange rates, and the effects resulting from the conversion process, which totaled R\$22,393,984 thousand in the year ended in December 31, 2020 (R\$2,375,463 thousand in 2019), were recorded in the result. These effects were off-set by the results obtained by the financial instruments used to hedge the effects of the exchange variation produced by our investments abroad. For investments abroad that have a functional currency different from the real, the effects of the conversion are recorded in other comprehensive income as Asset Valuation Adjustments.

II - The statement of financial position by maturity

	1 to 30 days	31 to 180 days	181 to 360 days	More than 360 days
Assets				
Cash and due from banks	23,845,061	-	-	-
Financial instruments	780,108,083	172,338,982	85,791,177	4,115,110
- Interbank investments	168,750,356	14,027,853	2,915,463	-
- Compulsory deposits with the Brazilian Central Bank	83,695,875	61,658	-	-
- Securities	428,250,685	38,452,818	12,002,710	1,115,110
- Derivative financial instruments	4,624,621	3,615,432	966,893	-
- Loans	29,318,649	90,369,025	65,326,318	2,115,110
- Other financial instruments	65,467,897	25,812,196	4,579,793	-
Leases	100,945	446,551	465,749	-
Expected credit loss associated with credit risk	(9,568,313)	(7,527,159)	(6,023,720)	(1,115,110)
- Loans	(8,221,084)	(6,311,620)	(5,762,962)	(1,115,110)
- Leases	(5,162)	(9,380)	(11,173)	-
- Other receivables	(1,342,067)	(1,206,159)	(249,585)	-
Deferred tax assets	556,757	8,271,108	7,511,515	-
Investments in associates and jointly controlled entities	-	-	-	-
Premises and equipment, net	195,307	976,530	1,171,837	-
Intangible assets	489,022	2,436,985	2,928,161	-
Other assets	11,875,919	2,635,952	2,725,587	-
Impairment of Assets Accumulated	(3,678,035)	-	(171)	-
Total in December 31, 2020	803,924,746	179,578,949	94,570,135	5,115,110
Total in December 31, 2019	691,158,763	127,997,859	117,745,798	4,115,110
Liabilities				
Deposits and other financial liabilities	485,906,640	112,028,746	100,053,230	3,115,110
- Deposits from banks	221,467,747	18,319,819	9,944,641	-
- Deposits from customers	202,956,338	50,518,912	54,368,623	2,115,110
- Securities issued	2,461,435	33,338,441	34,365,862	-
- Subordinated debts	8,307,884	22,838	383,673	-
- Derivative financial instruments	5,462,495	1,063,954	937,849	-
- Other financial liabilities	45,250,741	8,764,782	52,582	-
Provisions	253,996,529	1,146,278	1,467,757	-
- Technical provision for insurance, pension plans and capitalization bonds	243,485,520	-	-	-
- Other reserves	10,511,009	1,146,278	1,467,757	-
Deferred income tax assets	47,959	11,707	27,401	-
Other liabilities	27,829,207	790,514	-	-



	1 to 30 days	31 to 180 days	181 to 360 days	More than 360 days
Shareholders' equity				
Equity attributable to shareholders of the parent	-	-	-	-
Non-controlling interest	-	-	-	-
Total Shareholders' equity	-	-	-	-
Total in December 31, 2020	767,780,335	113,977,245	101,548,388	4,767,862
Total in December 31, 2019	663,802,650	87,327,618	99,186,006	3,767,862
Net assets accumulated on December 31, 2020	36,144,411	101,746,115	94,767,862	1,767,862
Net assets accumulated on December 31, 2019	27,356,113	68,026,354	86,586,146	1,767,862

(1) Repurchase agreements are classified according to the maturity of the transactions;

(2) Investments in investment funds are classified as 1 to 30 days; and

(3) Demand and savings deposits and technical provisions for insurance, pension plans and capitalization bonds comprising "VGBL" and "PGBL" products are classified as



35) EMPLOYEE BENEFITS

Bradesco and its subsidiaries sponsor a private defined contribution pension for employees and managers, that allows financial resources to be accumulated by participants throughout their careers by means of employee and employer contributions and invested in an Exclusive Investment Fund (FIE). The plan is managed by Bradesco Vida e Previdência S.A. and BRAM – Bradesco Asset Management S.A. DTVM is responsible for the financial management of the FIEs funds.

The supplementary pension plan counts on contributions from employees and managers of Bradesco and its subsidiaries equivalent to at least 4% of the salary by employees and, 5% of the salary, plus the percentage allocated to covers of risk benefits (invalidity and death) by the company. Actuarial obligations of the defined contribution plan are fully covered by the plan assets of the corresponding FIE. In addition to the plan, in 2001, participants who chose to migrate from the defined benefit plan are guaranteed a proportional deferred benefit, corresponding to their accumulated rights in that plan. For the active participants, retirees and pensioners of the defined benefit plan, now closed to new members, the present value of the actuarial obligations of the plan is fully covered by guarantee assets.

Following the merger of Banco Alvorada S.A. (successor from the spin-off of Banco Baneb S.A.) into Kirton Bank S.A. Banco Múltiplo, on April 30, 2019, Kirton Bank S.A. Banco Múltiplo maintains variable contribution and defined benefit retirement plans, through Fundação Baneb de Seguridade Social – Bases related to the former employees of Baneb.

Banco Bradesco S.A. sponsors both variable benefit and defined contribution retirement plans, through Caixa de Assistência e Aposentadoria dos Funcionários do Banco do Estado do Maranhão (Capof), to employees originating from Banco BEM S.A.

Banco Bradesco S.A. sponsors a defined benefit plan through Caixa de Previdência Privada Bec – Cabec for employees of Banco do Estado do Ceará S.A.

Kirton Bank S.A. Banco Múltiplo, Bradesco Capitalização S.A., Kirton Corretora de Seguros S.A., Bradesco-Kirton Corretora de Câmbio S.A. and Bradesco Seguros S.A. sponsor a defined benefit plan called APABA for employees originating from Banco Bamerindus do Brasil S.A., and Kirton Administração de Serviços para Fundos de Pensão Ltda. sponsors for its employees a defined contribution plan, known as the Kirton Prev Benefits Plan (Plano de Benefícios Kirton Prev), both managed by MultiBRA – Pension Fund.

Banco Losango S.A. Banco Múltiplo, Kirton Bank S.A. Banco Múltiplo and Credival – Participações, Administração e Assessoria Ltda. sponsor three pension plans for its employees, which are: Losango I Benefits Plan – Basic Part, a defined benefit plan, Losango I – Supplementary Part and PREVMAIS Losango Plan, the last two in the form of variable contribution, all managed by MultiBRA – Settlor – Multiple Fund.

Banco Bradesco S.A. also took on the obligations of Kirton Bank S.A. Banco Múltiplo with regard to Life Insurance, Health Insurance Plans, and Retirement Compensation for employees coming from Banco Bamerindus do Brasil S.A., as well as complementing Retirement and Health Plan of employees from Lloyds.

In accordance with CPC 33 (R1) - Employee Benefits, approved by CMN Resolution No. 4,424/15, Bradesco and its subsidiaries, as sponsors of these plans, considering the economic and actuarial study, have calculated their actuarial commitments using real interest rates and recognize the obligation due in these consolidated financial statements. The assets of the pension plans are invested in accordance with the relevant legislation (public and private securities, shares of listed companies and properties). Below are the main assumptions used by the independent actuary in the actuarial assessment of our plans, based on CPC 33 (R1):

Risk factors	On December 31	
	2020	2019
Nominal discount rate	3.25% - 7.26% p.a.	6.45% - 7.45% p.a.
Nominal rate of future salary increases	3.25% p.a.	3.8% p.a.
Nominal growth rate of social security benefits and plans	3.25% p.a.	3.8% p.a.
Initial rate of growth of medical costs	7.38% - 8.41% p.a.	7.95% - 8.99% p.a.
Inflation rate	3.25% p.a.	3.8% p.a.
Biometric table of overall mortality	AT 2000 and BR-SEM	AT 2000 and BR-SEM
Biometric table of entering disability	Per plan	Per plan
Expected turnover rate	-	-
Probability of entering retirement	100% in the 1 ^a eligibility to a benefit by the plan	100% in the 1 ^a eligibility to a benefit by the plan

Considering the above assumptions, in accordance with CPC 33 (R1), the present value of the actuarial obligations of the benefit plans and the fair value of its assets to cover these obligations, is represented below:

	R\$ thousand			
	Retirement Benefits		Other post-employment benefits	
	Year ended on December 31		Year ended on December 31	
	2020	2019	2020	2019
(i) Projected benefit obligations:				
At the beginning of the year	3,065,146	2,530,590	917,870	669,093
Cost of current service	546	179	-	-
Interest cost	212,033	224,508	66,772	60,185
Participant's contribution	556	819	-	-
Actuarial gain/(loss) (1)	123,504	516,333	13,671	224,683
Past service cost - plan changes	-	(3,920)	-	-
Early elimination of obligations	-	-	-	(1,613)
Benefit paid	(219,657)	(203,363)	(31,883)	(34,478)
At the end of the year	3,182,128	3,065,146	966,430	917,870
(ii) Plan assets at fair value:				
At the beginning of the year	2,716,865	2,363,009	-	-
Expected earnings	187,531	209,252	-	-
Actuarial gain/(loss) (1)	59,071	332,368	-	-
Contributions received:				
Employer	15,150	14,763	-	-
Employees	556	819	-	-
Benefit paid	(219,428)	(203,346)	-	-
At the end of the year	2,759,745	2,716,865	-	-
(iii) Changes in the unrecoverable surplus:				
At the beginning of the year	36,155	54,025	-	-
Interest on the irrecoverable surplus	2,736	4,981	-	-
Change in irrecoverable surplus (1)	(38,581)	(22,851)	-	-
At the end of the year	310	36,155	-	-
(iv) Financed position:				
Plans in deficit (2)	422,693	384,436	966,430	917,870
Net balance	422,693	384,436	966,430	917,870

(1) In the year ended December 31, 2020, the remeasurement effects recognized in Shareholders' Equity, in Other Comprehensive Income totaled R\$21,593 thousand (R\$212,188 thousand in 2019), net of tax effects; and

(2) Bradesco and its subsidiaries, as sponsors of said plans, considering an economic and actuarial study, calculated their actuarial commitments and recognize in these consolidated financial statements the actuarial obligation due.

The net cost/(benefit) of the pension plans, recognized in the income statement, include the following components:

	R\$ - thousand	
	Year ended on December 31	
	2020	2019
Projected benefit obligations:		
Cost of service	546	(2,689)
Cost of interest on actuarial obligations	278,805	282,997
Expected earnings from the assets of the plan	(187,531)	(208,122)
Interest on irrecoverable surplus	2,736	4,981
Net cost/(benefit) of the pension plans	94,556	77,167

Maturity profile of the present value of the obligations of the benefit plans defined for the next years:

	R\$ thousand	
	Retirement Benefits	Other post-employment benefits
Weighted average duration (years)	10.07	12.84
2021	229,641	44,375
2022	234,469	46,487
2023	239,025	49,937
2024	243,650	53,408
2025	247,303	57,139
After 2026	1,279,375	337,370

Contributions to defined-benefit plans are expected to total R\$24,820 thousand in 2021.

The long-term rate of return on plan assets is based on the following:

- Medium- to long-term expectations of the asset managers; and
- Public and private securities, a significant portion of the investments portfolio of our subsidiaries, the return on which is higher than inflation plus interest, with short to long-term maturities.

The assets guaranteeing the pension plans are invested in accordance with the relevant legislation (public and private securities, shares of listed companies and properties) and the weighted-average allocation of the pension plan's assets by category is as follows:

	On December 31							
	Assets of the Alvorada Plan		Assets of the Bradesco Plan		Assets of the Kirton Plan		Assets of the Losango Plan	
	2020	2019	2020	2019	2020	2019	2020	2019
Asset categories								
Equities	-	-	3.8%	9.6%	-	-	-	18.5%
Fixed income	91.3%	93.5%	91.9%	86.6%	100.0%	100.0%	100.0%	78.9%
Real estate	5.6%	5.3%	2.6%	1.9%	-	-	-	-
Other	3.1%	1.2%	1.7%	1.9%	-	-	-	2.6%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

The sensitivity analysis of the benefit plan obligations in the table below, shows the impact on actuarial exposure (8.5% - 10.0% p.a.) by means of the amendment in the premise regarding the discount rate and medical inflation by 1 p.p.:

Rate	Discount rate/Medical inflation rate	Sensitivity Analysis	Effect on actuarial liabilities	Effect on the present value of the obligations
Discount rate	6.87% - 8.26%	Increase of 1 p.p.	reduction	(393,887)
Discount rate	4.87% - 6.26%	Decrease of 1 p.p.	increase	470,116
Medical Inflation	8.38% - 9.41%	Increase of 1 p.p.	increase	113,797
Medical Inflation	6.38% - 7.41%	Decrease of 1 p.p.	reduction	(95,008)

Bradesco, in its offices abroad, provides pension plans for its employees and managers, in accordance with the standards established by the local authorities, which allows the accrual of financial resources during the professional career of the participant.

Total expenses with contributions made in the second half of 2020 were R\$474,842 thousand and in the year ended in December 31, 2020, were R\$959,220 thousand (R\$997,446 thousand in 2019).

In addition to this benefit, Bradesco and its subsidiaries offer their employees and administrators other benefits, including: health insurance, dental assistance, life and personal accident insurance and professional training, the amount of which, including the aforementioned contributions, totaled, in the second half of 2020, the amount of R\$2,351,346 thousand and in the year ended in December 31, 2020, the amount of R\$4,746,728 thousand (R\$6,101,527 thousand in 2019).

36) INCOME TAXES

a) Calculation of income taxes (company income tax IRPJ and social contribution charges CSLL)

	R\$ thousand		
	2nd semester	Year ended on December 31	
	2020	2020	2019
Income before income tax and social contribution	14,794,987	5,091,348	16,179,340
Total burden of income tax and social contribution at the current rates (Note 3f)	(6,657,744)	(2,291,107)	(6,471,736)
Effect on the tax calculation:			
Equity investment in unconsolidated and jointly controlled companies	238,405	337,190	481,412
Net non-deductible expenses of non-taxable income	41,529	8,203	673,882
Interest on shareholders' equity (paid and payable)	1,457,288	2,496,587	2,949,143
Other amounts (1)	(118,406)	11,101,455	8,921,659
Income tax and social contribution for the period	(5,038,928)	11,652,328	6,554,360

(1) Primarily, includes: (i) the exchange rate variation of assets and liabilities, derived from investments abroad in the amount of R\$10,047,819 thousand, (R\$934,897 thousand in 2019) and in the second half of 2020 in the amount of R\$(633,033) thousand; (ii) the equalization of the effective rate of non-bank financial companies and insurance companies, starting in 2020, and of non-financial companies, in relation to that shown; and (iii) incentive deductions.

b) Breakdown of income tax and social contribution in the income statement

	R\$ thousand		
	2nd semester	Year ended on December 31	
	2020	2020	2019
Current taxes:			
Income tax and social contribution payable	(1,816,454)	(5,111,044)	(7,162,259)
Deferred taxes:			
Constitution/realization in the period on temporary additions and exclusions	2,214,340	6,036,325	12,513,293
Use of opening balances of:			
Social contribution loss	(38,310)	(63,150)	(107,984)
Income tax loss	(47,760)	(79,842)	(186,773)
Constitution in the period on:			
Social contribution loss	(2,384,856)	4,813,120	1,174,988
Income tax loss	(2,965,888)	6,056,919	323,095
Total deferred tax expense	(3,222,474)	16,763,372	13,716,619
Income tax and social contribution for the period	(5,038,928)	11,652,328	6,554,360

c) Deferred income tax and social contribution

	R\$ thousand			
	Balance on December 31, 2019	Amount recorded	Realized / Decrease	Balance on December 31, 2020
Allowance for loan losses expense	38,567,812	11,625,279	(5,425,774)	44,767,317
Civil provisions	3,793,953	806,406	(633,569)	3,966,790
Tax provisions	3,420,711	112,598	(136,840)	3,396,469
Labor provisions	3,248,186	884,106	(1,071,655)	3,060,637
Impairment of securities and investments	2,789,316	1,607,701	(646,514)	3,750,503
Provision for devaluation of foreclosed assets	833,163	224,592	(205,754)	852,001
Mark-to-market adjustment of trading securities and derivatives	1,346,668	633,811	(989,410)	991,069
Amortization of goodwill	410,537	27,448	(92,865)	345,120
Other	5,081,557	3,291,389	(3,119,354)	5,253,592
Total deductible taxes on temporary differences	59,491,903	19,213,330	(12,321,735)	66,383,498
Income tax and social contribution losses in Brazil and overseas	7,882,821	10,870,039	(142,992)	18,609,868
Subtotal	67,374,724	30,083,369	(12,464,727)	84,993,366
Adjustment to fair value of available-for-sale securities	25,511	42,554	(11,662)	56,403
Total deferred tax assets (Note 3f)	67,400,235	30,125,923	(12,476,389)	85,049,769
Deferred tax liabilities (Note 36e)	8,070,398	2,586,204	(2,704,754)	7,951,848
Deferred tax assets, net of deferred tax liabilities	59,329,837	27,539,719	(9,771,635)	77,097,921
- Percentage of net deferred tax assets on capital (Note 34b)	47.4%			56.8%
- Percentage of net deferred tax assets over total assets	4.4%			4.8%

The accounting record of the deferred tax assets was made using the rates applicable to the period projected for its realization and is based on the projection of future results and on a technical analysis. On December 31, 2020, no deferred tax assets were constituted, substantially, on temporary differences, in the amount of R\$12,194 thousand (R\$12,094 thousand as of December 31, 2019), which will be recorded upon the effective perspectives of realization, according to the technical study and analyses made by the Board and by the Standards of Bacen.

d) Expected realization of deferred tax assets on temporary differences, tax loss and negative basis of social contribution

	R\$ thousand				
	Temporary differences		Carry-forward tax losses		Total
	Income tax	Social contribution	Income tax	Social contribution	
2021	8,890,775	6,960,088	207,207	167,457	16,225,527
2022	8,461,275	6,688,997	177,515	144,305	15,472,092
2023	8,276,632	6,459,720	252,134	203,715	15,192,201
2024	7,303,505	5,794,571	207,162	184,877	13,490,115
2025	3,355,111	2,489,062	1,607,787	1,294,024	8,745,984
2026	807,775	641,310	2,060,938	1,716,355	5,226,378
2027	136,553	107,875	2,285,541	1,896,055	4,426,024
2028	5,694	4,555	2,214,619	1,828,733	4,053,601
2029	-	-	836,633	1,324,811	2,161,444
Total	37,237,320	29,146,178	9,849,536	8,760,332	84,993,366

The projected realization of deferred tax assets is an estimate and it is not directly related to the expected accounting income.

On December 31, 2020, the present value of deferred tax assets, calculated based on the average funding rate, net of tax effects, amounts to R\$80,653,629 thousand (R\$64,484,151 thousand on December 31, 2019), of which: R\$63,973,290 thousand (R\$57,223,800 thousand on December 31, 2019) of temporary differences; and R\$16,680,339 thousand (R\$7,260,351 thousand on December 31, 2019) to tax losses and negative basis of social contribution.

e) Deferred tax liabilities

	R\$ thousand			
	Balance on December 31, 2019	Amount recorded	Realized/Decrease	Balance on December 31, 2020
Fair value adjustment to securities and derivative financial instruments	8,732	890,275	(8,732)	890,275
Difference in depreciation	237,400	15,080	(19,632)	232,848
Judicial deposit	2,154,003	113,429	(82,569)	2,184,863
Other	904,499	58,016	(110,597)	851,918
Total deferred liabilities on temporary exclusions	3,304,634	1,076,800	(221,530)	4,159,904
Adjustment to fair value of available-for-sale securities	4,765,764	1,509,404	(2,483,224)	3,791,944
Total deferred tax expense (Note 36c)	8,070,398	2,586,204	(2,704,754)	7,951,848

37) OTHER INFORMATION

a) Fair value of financial assets and liabilities

The carrying amounts and the fair values of the financial assets and liabilities are:

	R\$ thousand			
	On December 31, 2020		On December 31, 2019	
	Book value	Fair Value	Book value	Fair Value
Assets				
Interbank investments	191,147,208	191,196,047	58,612,208	58,619,668
Compulsory deposits with the Brazilian Central Bank	83,757,533	83,757,533	90,622,338	90,622,338
Securities:				
- Trading securities	251,171,296	251,171,296	236,060,067	236,060,067
- Available-for-sale securities	265,513,501	265,513,501	261,892,475	261,892,475
- Held-to-maturity securities	99,813,090	109,730,473	97,075,274	108,840,793
Derivative financial instruments	24,815,393	24,815,393	14,511,190	14,511,190
Loans (1)	509,333,011	513,945,753	452,941,674	458,060,210
Other financial instruments	57,540,757	57,540,757	61,043,232	61,043,232
Liabilities				
Deposits from banks	267,280,167	267,240,795	227,819,610	227,880,097
Deposits from customers	545,292,743	545,341,621	366,227,541	366,023,073
Securities issued	144,903,825	143,988,723	170,727,563	169,488,129
Subordinated debt	53,246,232	54,192,090	49,313,508	50,108,020
Derivative financial instruments	18,697,682	18,697,682	14,244,083	14,244,083
Other financial liabilities	51,410,877	51,410,877	36,140,617	36,140,617

(1) Includes advances on foreign exchange contracts, leases and other receivables with lending characteristics.

For financial instruments that are measured at fair value, the disclosure of the measurements is required according to the following hierarchical levels of fair value:

- Level 1

Quoted prices in active markets for identical assets or liabilities. Level 1 assets and liabilities include debt and equity securities and derivative contracts that are traded in an active market, as well as Brazilian government securities that are highly liquid and are actively traded in over-the-counter markets.

- Level 2

Valuation uses observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Level 2 assets and liabilities include derivative contracts whose value is determined using a pricing model with inputs that are observable in the market or can be derived principally from or corroborated by observable market data, including but not limited to yield curves, interest rates, volatilities, equity or debt prices and foreign exchange rates.

- Level 3

Valuation uses unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities normally include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value

requires significant Management judgment or estimation. This category generally includes certain corporate and bank debt securities and certain derivative contracts. The main unobservable inputs used in the determination of the fair value are the credit spreads that vary between 2% and 9%.

To fair value securities which have no consistent, regularly updated, public price source, Bradesco uses models defined by the Fair Value Commission and documented in the fair value manual for each security type. Through the use of methods and both mathematical and financial models which capture the effects and variations in the prices of assets at fair value, or similar instruments, Bradesco is able to ascertain in a clear and consistent manner the determination of fair value of its Level 3 assets and liabilities.

The table below presents the composition of the securities and derivative financial instruments measured at fair value, classified using the hierarchical levels:

	R\$ thousand							
	On December 31, 2020				On December 31, 2019			
	Level 1	Level 2	Level 3	Fair Value	Level 1	Level 2	Level 3	Fair Value
Trading securities	231,598,361	19,253,501	319,434	251,171,296	211,402,154	23,950,518	707,395	236,060,067
Financial treasury bills	147,578,842	-	-	147,578,842	143,655,376	-	-	143,655,376
National treasury notes	44,279,165	6,345,101	-	50,624,266	33,056,039	4,848,858	-	37,904,897
Financial bills	-	7,775,628	-	7,775,628	-	13,517,702	-	13,517,702
National treasury bills	17,741,893	-	-	17,741,893	19,275,602	-	-	19,275,602
Debentures	3,747,299	2,951,834	174,753	6,873,886	378,019	4,097,158	287,713	4,762,890
Brazilian foreign debt securities	725,515	-	-	725,515	47,308	-	-	47,308
Other	17,525,647	2,180,938	144,681	19,851,266	14,989,810	1,486,800	419,682	16,896,292
Derivatives	71,281	6,273,607	(227,177)	6,117,711	55,054	239,700	(27,647)	267,107
Derivative financial instruments (assets)	138,708	24,657,390	19,295	24,815,393	107,388	14,392,323	11,479	14,511,190
Derivative financial instruments (liabilities)	(67,427)	(18,383,783)	(246,472)	(18,697,682)	(52,334)	(14,152,623)	(39,126)	(14,244,083)
Available-for-sale securities	186,660,906	68,307,132	10,545,463	265,513,501	188,560,977	60,934,527	12,396,971	261,892,475
National treasury notes	73,271,680	-	-	73,271,680	75,267,193	-	-	75,267,193
Debentures	6,354,515	48,446,791	9,577,824	64,379,130	2,461,345	45,033,391	10,636,268	58,131,004
National treasury bills	68,247,967	-	-	68,247,967	84,218,450	-	-	84,218,450
Shares	11,153,243	1,104,155	1,362	12,258,760	7,192,221	2,638,655	1,362	9,832,238
Foreign government bonds	6,508,218	-	-	6,508,218	6,454,894	-	-	6,454,894
Foreign corporate securities	6,653,994	-	-	6,653,994	7,442,003	-	-	7,442,003
Promissory Notes	-	7,167,074	-	7,167,074	-	2,368,766	501,512	2,870,278
Certificates of real estate receivables	-	1,620,938	119,124	1,740,062	-	1,522,256	382,581	1,904,837
Other	14,471,289	9,968,174	847,153	25,286,616	5,524,871	9,371,459	875,248	15,771,578
Total	418,330,548	93,834,240	10,637,720	522,802,508	400,018,185	85,124,745	13,076,719	498,219,649
Public	370,447,630	6,345,101	30,466	376,823,197	365,684,094	4,848,858	35,135	370,568,087
Private	47,882,918	87,489,139	10,607,254	145,979,311	34,334,091	80,275,887	13,041,584	127,651,562

Derivative Assets and Liabilities

The Organization's derivative positions are determined using quantitative models that require the use of multiple inputs including interest rates, prices and indexes to generate continuous yield or pricing curves and volatility factors. The majority of market inputs are observable and can be obtained mainly from B3 and the secondary market. Exchange traded derivatives valued using quoted prices are classified within Level 1 of the valuation hierarchy. However, few classes of derivative contracts are listed on an exchange; all others are classified as Level 2 or Level 3.

The yield curves are used to determine the fair value by the method of discounted cash flow, for currency swaps and swaps based on other risk factors. The fair value of futures and forward contracts is also determined based on quoted market prices on the exchanges for exchanges-traded derivatives or using similar methodologies to those described for swaps. The fair value of options is determined using external quoted prices or mathematical models, such as Black-Scholes, using yield curves, implied volatilities and the fair value of the underlying asset. Current market prices are used to determine the implied volatilities. The fair values of derivative assets and liabilities also include adjustments for market liquidity, counterparty credit quality and other specific factors, where appropriate.

The majority of these models do not contain a high level of subjectivity as the methodologies used in the models do not require significant judgment and inputs to the model are readily observable from active quoted markets. Such instruments are generally classified within Level 2 of the valuation hierarchy.

Derivatives that are valued using significant unobservable market parameters and that are not actively traded are classified within Level 3 of the valuation hierarchy.

The table below presents a reconciliation of all securities and derivative financial instruments measured at fair value on a recurring basis using significant unobservable inputs (Level 3):

	R\$ thousand				
	Trading securities	Assets Derivative	Liabilities Derivatives	Available-for-sale securities	Total
Balance on December 31, 2019	707,395	11,479	(39,126)	12,396,971	13,076,719
Recognized in income	10,571	-	-	(2,256,016)	(2,245,445)
Recognized in other comprehensive income	-	-	-	(382,825)	(382,825)
Acquisitions	54,015	7,816	(207,346)	5,379,568	5,234,053
Disposals	(106,643)	-	-	(3,227,136)	(3,333,779)
Maturities	(8,902)	-	-	(565,198)	(574,100)
Transfer to other levels (1)	(309,850)	-	-	(827,053)	(1,136,903)
Transfer between categories	(27,152)	-	-	27,152	-
Balance on December 31, 2020	319,434	19,295	(246,472)	10,545,463	10,637,720

(1) These instruments were reclassified between levels 2 and 3, as there is an impact on credit risk and the spread curve has unobservable parameters. When there is an increase in this credit risk, the papers are transferred from level 2 to level 3 and when there is a reduction, the papers are transferred from level 3 to level 2.

Sensitivity analysis for financial assets classified as Level 3 (unobservable inputs):

	Scenarios	R\$ thousand			
		On December 31, 2020		On December 31, 2019	
		Impact on income	Impact on shareholders' equity	Impact on income	Impact on shareholders' equity
Interest rate in Reais	1	(25)	(177)	(16)	(282)
	2	(3,672)	(29,423)	(2,263)	(45,522)
	3	(6,971)	(59,072)	(4,407)	(82,962)
Price indexes	1	(4)	-	(10)	-
	2	(83)	-	(383)	-
	3	(165)	-	(761)	-
Exchange coupon	1	-	-	-	(6)
	2	-	(8)	-	(354)
	3	-	(17)	-	(701)
Foreign currency	1	-	(22)	-	(523)
	2	-	(608)	-	(13,069)
	3	-	(1,216)	-	(26,138)
Equities	1	(671)	(7)	(1,836)	(8)
	2	(15,373)	(187)	(45,889)	(204)
	3	(33,542)	(375)	(91,778)	(409)

The sensitivity analyses were carried out based on the scenarios prepared for the respective dates, always taking into consideration market inputs available at the time and scenarios that would adversely impact our positions, in accordance with the scenarios below:

Scenario 1: Based on market information (B3, Anbima, etc.), stresses were applied for 1 basis point on the interest rate and 1.0% variation on prices. For example: for a Real/US dollar exchange rate of R\$5.18, a scenario of R\$5.23 was applied, while for a 1-year fixed interest rate of 2.86%, a scenario of 2.87% was applied;

Scenario 2: 25.0% stresses were determined based on market information. For example: for a Real/US dollar exchange rate of R\$5.18, a scenario of R\$6.47 was applied, while for a 1-year fixed interest rate of 2.86%, a 3.57% scenario was applied. The scenarios for other risk factors also accounted for 25% stresses in the respective curves or prices; and

Scenario 3: 50.0% stresses were determined based on market information. For example: for a Real/US dollar quote of R\$5.18 a scenario of R\$7.77 was applied, while for a 1-year fixed interest rate of 2.86%, a 4.29% scenario was applied. The scenarios for other risk factors also accounted for 50% stresses in the respective curves or prices.

Financial instruments not measured at fair value

The table below summarizes the carrying amounts and the fair values of the financial assets and liabilities that were part of financial position, classified using the hierarchical levels:

	On December 31, 2020						
	Level 1	Level 2	Level 3	Fair Value	Book value	Level 1	Level 2
Assets							
Interbank investments	-	191,196,047	-	191,196,047	191,147,208	-	58,147,208
Securities held to maturity	102,937,411	6,557,341	235,721	109,730,473	99,813,090	99,963,191	7,649,899
Loans	-	-	513,945,753	513,945,753	509,333,011	-	4,612,242
Liabilities							
Deposits from banks	-	-	267,240,795	267,240,795	267,280,167	-	39,439,372
Deposits from customers	-	-	545,341,621	545,341,621	545,292,743	-	48,648,878
Securities issued	-	-	143,988,723	143,988,723	144,903,825	-	10,915,102
Subordinated debt	-	-	54,192,090	54,192,090	53,246,232	-	9,945,858

Below we list the methodologies used to determine the fair values presented above:

Interbank investments: Fair values were estimated for groups of similar loans based upon type of loan, credit quality and other factors. For transactions that were not actively traded, fair value was determined by discounted cash flow estimates using interest rates approximately equivalent to those for similar contracts. Where credit deterioration has occurred, estimated cash flows for fixed and floating-rate loans were adjusted for expected losses.

Held-to-maturity securities: Financial assets are carried at amortized cost. Fair values are estimated according to the methodology described in Note 8(b)(iii) for further details regarding held-to-maturity securities.

Loan: The fair values for performing loans are calculated by discounting scheduled principal and interest cash flows using interest rates and yield curves that reflect the credit and interest rate risk inherent to the type of loan at each reporting date. For nonperforming loans, fair values are based on discounting cash flows or the value of underlying collateral.

The non-performing loans were allocated into each loan category for purposes of calculating the fair-value disclosure. Assumptions regarding cash flows and discount rates are based on available market information and specific borrower information.

Deposits from banks and clients: The fair value of fixed-rate deposits with stated maturities was calculated using the contractual cash flows discounted with current market rates for instruments with similar maturities and terms. For floating-rate deposits, the carrying amount was considered to approximate fair value.

Funds from securities issued: The carrying values of funds from securities issued approximate the fair values of these instruments.

Subordinated debt: Fair values for subordinated debts were estimated using a discounted cash flow calculation that applies interest rates available in the market for similar maturities and terms.

b) Recurring and non-recurring net income

According to BCB Resolution no. 2/2020 (Article 34) and Bradesco Organization's policy for evaluating and measuring non-recurring events, we present below the recurring and non-recurring net income for the periods:

Our consolidated net income in 2020 was R\$16,546 million, the recurring net income was R\$19,458 million and the non-recurring net income was R\$(2,912) million, was determined according to the criteria established by Management in its process of preparing the Economic and Financial Analysis Report, which is not expected to occur in future years, below we detail:

Non-recurring events 2020: i. Provision for Restructuring R\$(540) million: Process of restructuring part of the businesses (resizing in the branch network and departments) of Bradesco Organization; ii. Impairment of Non-Financial Assets - R\$(574) million: payroll, goodwill, systems and hardware; iii. Contingent Liabilities - R\$(353) million: civil lawsuits with relevant and atypical individual values that we do not expect to happen in the next two years; and iv. Amortization of Goodwill - R\$(1,446) million: Amortization of goodwill due to expected future profitability, related to the atypical acquisition for the Organization's businesses considering the history of other acquisitions of the Organization, where we do not expect to have these effects beyond the next two years.

Our net income in 2019 was R\$22,582 million, the recurring net income was R\$25,887 million and the non-recurring net income was R\$(3,305) million, net of taxes. The non-recurring net income for 2019 was determined according to the criteria established by Management in its process of preparing the Economic and Financial Analysis Report and is not expected to occur in future years, which we list below:

Non-recurring events 2019: i. Voluntary Severance Program 2019 – ("PDV") - R\$(1,091) million: Adjustment of the structure of branches and departments; ii. Impairment of Non-Financial Assets - R\$(1,080) million: Payroll, goodwill, systems and hardware; iii. Tax Credit - R\$6,403 million: Increase in the CSLL rate of banks from 15% to 20% on temporary differences and negative basis, established in Constitutional Amendment No. 103/19; iv. Contingent Liabilities - R\$(3,524) million: atypical constitution of civil, labor provisions, for FCVS and for pension funds; v. Provision for guarantees and other provisions - R\$(2,468) million: provision for guarantees - sureties and guarantees and other atypical provisions; vi. Amortization of Goodwill - R\$(1,545) million: Amortization of goodwill for

expected future profitability, related to the atypical acquisition considering the history of other acquisitions of the Organization.

c) Investment funds and portfolios

The Organization manages investment funds and portfolios with net assets which, on December 31, 2020, amounted to R\$1,023,287,047 thousand (R\$1,000,818,236 thousand on December 31, 2019).

d) Consortium funds

	R\$ thousand	
	On December 31, 2020	On December 31, 2019
Monthly estimate of funds receivable from consortium members	639,242	670,865
Contributions payable by the group	35,489,135	35,317,947
Consortium members - assets to be included	31,182,122	31,268,865
Credits available to consortium members	7,069,000	6,251,300

	In units	
	On December 31, 2020	On December 31, 2019
Number of groups managed	3,436	3,537
Quantity of assets pending delivery	144,368	119,223
Quantity of total delivered assets	2,211,946	1,937,381
Quantity of total active consortium members	1,529,142	1,616,675
Quantity of total dropouts and cancellations	1,457,884	1,347,640
Default rate	3.38%	3.79%

	In units		
	2nd semester	Year ended on December 31, 2020	
	2020	2020	2019
Quantity of assets delivered in the period	107,627	199,544	230,237
Quantity of active consortium members in the period	149,496	217,741	189,539
Quantity of dropouts and cancellations in the period	143,989	208,867	204,443

e) In the twelve-month period ended December 31, 2020, there were changes in the rules of compulsory collection as follows:

Description	Previous Rule	Current Rule
Resources from Savings Deposits	Circular No. 3,975 of January 8, 2020 Regarding compulsory deposits required: - Rate of 20% on the basis of calculation determined; - Period of Transactions: Beginning on Monday of the second week following the period of calculation and ending on Friday of the same week.	Circular No. 4,033 of June 24, 2020 It amends Circular No. 3,975 to establish deduction on the chargeability of the compulsory collection from the operations below: - Balance of loan operations for financing of the working capital; - Balance of investments in Term Deposits with Special Guarantee (DPGE); - Period: Operations contracted and the investments made from June 22, 2020 to December 31, 2020; and - Limited to 30% of the chargeability of the compulsory collections.
	Circular No. 3,975 of January 8, 2020 Art. 5 A - Deductions will apply to required payments related to loan operations for financing working capital for companies whose annual revenues are up to R\$50 million, and the balances of investments in DPGE (Term Deposits	Circular No. 4,035 of July 1, 2020 It amended Circular No. 3,975, including deductions on the collectability of the balance of interbank transfers made by cooperative banks to individual cooperatives that belong to this loan cooperative system in order to grant loan operations for financing working capital for companies with annual sales of up to R\$50 million, excluding refinancing.

	with Special Guarantee) from institutions that do not pertain to the conglomerate itself.	
Time Deposits	Circular No. 3,916 of November 22, 2018 Regarding compulsory deposits required: - Rate of 17% on the basis of calculation determined; - Rate of 25% on the basis of calculation determined from the calculation period beginning on November 30, 2020 until December 4, 2020; - Period of Transactions: Beginning on Monday of the second week following the period of calculation and ending on Friday of the same week.	Circular No. 3,997 of April 6, 2020 It amends Circular No. 3,916 and establishes deductions on the chargeability of the compulsory collection from the operations below: - 15% of the debit balance of funding granted by the Emergency Employment Support Program, MP No. 944 of April 3, 2020; Circular No. 4,001 of April 13, 2020 It amends Circular No. 3,916 and establishes deductions on the chargeability of the compulsory collection from the operations below: - Balance of Financial Bills of own issue repurchased by the issuing financial institution; - Limited to 15% of the chargeability of the compulsory collection.
	Circular No. 3,993, of March 23, 2020 (Revoked) It amends Circular No. 3,916 Art. 4 - The chargeability of the compulsory collection is established by applying the following rates on the basis of calculation provisioned in Art. 3: - I - 17% until the period of calculation, which starts on November 23, 2020 and ends on November 27, 2020; and - II - 25% from the calculation period which starts on November 30, 2020 and ends on December 4, 2020.	BCB Resolution No. 21, of October 2, 2020 It amends Circular No. 3,916 "Art. 4 - The chargeability of the compulsory collection is established by applying the following rates on the basis of calculation provisioned in Art. 3: - I - 17% until the period of calculation which starts on March 15, 2021 and ends on March 19, 2021; and - II - 20% from the calculation period which starts on March 22, 2021 and ends on March 26, 2021.

- f) Since March 11, 2020 the World Health Organization (WHO) declared COVID-19, which originated in China at the end of 2019 and spread throughout the world, a pandemic resulting in a significant increase in the restrictions of national and international travel, downtime for many businesses and services in virtually all countries, government orders of social isolation to slow the spread of the virus, among other restrictions, generating an environment of strong financial volatility and increasing uncertainties, in addition to social, economic and employment instability. The COVID-19 pandemic has brought great challenges and uncertainties to the whole world, being considered the largest pandemic ever seen, according to the WHO. The crisis caused as a result of the pandemic can be observed from the beginning of March 2020 generating certain negative impacts on the Brazilian economy, such as (i) higher risk aversion, with pressures on the exchange rate; (ii) greater difficulties in foreign trade; and (iii) increase in the uncertainties of economic agents.

In order to mitigate the impacts of this crisis, governments and central banks around the world have intervened in the economy of their countries and have adopted unconventional measures, like the closing of non-essential economic activity and actions of monetary stimulus, with the practice of zero interest in addition to fiscal expansion.

In Brazil, various measures have been adopted, including some directly impacting the liquidity of the financial markets, the credit markets, monetary and fiscal policy and exchange rates. In this context, in addition to the various measures taken by the Monetary Policy Committee (COPOM) and the Central Bank of Brazil, such as reducing the interest rate in August, 2020, to 2.0%, the National Monetary Council and the Federal Government approved, in extraordinary meetings, measures to help the Brazilian economy tackle the adverse effects caused by the virus, especially by means of:

- **March 16, 2020** Resolution No. 4,783/20, which reduced the minimum capital requirements, in order to enhance the lending capacity of banks;

- **March 18, 2020** Resolution No. 4,784/20, which exempts banks from deducting from their capital, the tax effects of transactions to hedge foreign currency for their participation in investments abroad, one of the mechanisms used by banks to protect themselves against exchange rate variations;
- **March 19, 2020** Circular No. 3,991/20, which temporarily removed the requirement for advance notification of the amendment of the opening hours and compliance with the mandatory and uninterrupted hours in the case of multiple banks, like ours;
- **March 23, 2020** Circular No. 3,993/20, which reduced the rate of compulsory deposits with the Central Bank on time deposits, from 25% to 17%, and enhanced the rules for the Short-term Liquidity Indicator (Liquidity Coverage Ratio – "LCR"). The aim of these measures is an improvement of the liquidity conditions of the National Financial System;
- **March 23, 2020** Resolution No. 4,786/20, which aims to ensure the maintenance of adequate levels of liquidity in the National Financial System, allowing the Central Bank of Brazil to grant loans by means of the Special Temporary Liquidity Line ("LTEL"), regulated by Circular No. 3,994/20;
- **March 26, 2020** CMN Resolution No. 4,791/20 amends the Resolution No. 4,782 of March 16, 2020, which, in view of any potential impacts from COVID-19 on the economy, establishes temporary criteria for characterizing the restructuring of loan operations for a determined period of time in order to manage credit risk;
- **April 2, 2020** – Resolution No. 4,795/20, which authorizes the Central Bank of Brazil to grant loan operations by means of a Temporary Special Line of Liquidity for the acquisition of a Financial Letter of Credit with guarantee in financial assets or securities (LTEL-LFG);
- **April 6, 2020** – Circular No. 3,997/20 amends Circular No. 3,916, of November 22, 2018, which defines and consolidates the rules of the compulsory deposits on term deposits, to establish deduction of the chargeability of the compulsory collection of the financing granted in the scope of the Emergency Employment Support Program, instituted by Provisional Measure No. 944, of April 3, 2020;
- **April 9, 2020** Resolution No. 4,803/20, amended by Resolution No. 4,855/20, which adjusts the criteria for the measurement of the provision for doubtful receivables from the renegotiated operations by financial institutions and others authorized by the Central Bank of Brazil, due to the COVID-19 pandemic. With this Resolution, the reclassification of the renegotiated operations between March 1 and December 31, 2020 is permitted at the same level they were classified on February 29, 2020;
- **April 13, 2020** – Circular No. 4,001/20 amends Circular No. 3,916, of November 22, 2018, which defines and consolidates the rules of the compulsory deposits on term deposits, to establish deduction of the chargeability of the compulsory collection from the portion of acquisition of Financial Letters of Credit of own issue on the secondary Market;
- **May 25, 2020** – Resolution No. 4,820/20, which establishes, for a fixed term (from April 6, 2020 to December 31, 2020), prohibitions on the payment of dividends and interest on shareholders' equity, the increase in the remuneration of the Management, the repurchasing of shares and the reduction of share capital, to be observed by financial institutions and other institutions authorized to operate by the Central Bank of Brazil, considering the potential effects of the pandemic of the coronavirus (COVID-19) on the National Financial System;
- **June 23, 2020** – Circular No. 4,030/20 amends Circular No. 3,809, of August 25, 2016, which establishes the procedures for the recognition of hedging instruments in the calculation of the portion of the risk weighted assets (RWA) relating to exposure to credit risk subject to the calculation of capital requirements through standardized approach (RWACPAD), which is regulated by Resolution No. 4,193, of March 1, 2013;
- **June 24, 2020** – Circular No. 4,033/20 amends Circular No. 3,975, of January 8, 2020, instituting the compulsory collection on resources of savings deposits, to establish deductions of the

chargeability of balance of loan operations for the financing of working capital and balance of investments in Term Deposits with Special Guarantee (DPGE) of institutions not belonging to the same conglomerate;

- **July 28, 2020** Law No. 14,031, which converts Provisional Measure No. 930, addresses the tax treatment of foreign exchange gains or losses for an investment made by financial institutions and other institutions authorized to operate by the Central Bank of Brazil in an affiliate, subsidiary, branch or agency located abroad; amends Law No. 12,865 of October 9, 2013, which sets provisions, among other matters, on payment arrangements and payment institutions that are part of the Brazilian Payment System, and Law No. 12,249 of June 11, 2010, which sets provisions, among other matters, on Financial Notes; as well as establishing other provisions;
- **July 30, 2020** CMN Resolution No. 4,843/20 extends emergency measures introduced by Resolution No. 4,810 of April 30, 2020, which apply to procedures related to the concession, control and oversight of rural loan operations resulting from the social distance measures adopted to mitigate the impacts of the pandemic brought on by COVID-19;
- **July 30, 2020** CMN Resolution No. 4,840/20 modifies the maturity period for installment payments of rural loan operations by borrowers whose activities were affected by the social distancing measures associated with the COVID-19 pandemic, which is addressed in Section 22 (Defrayal and investment operations hindered because of the social distancing measures adopted to mitigate the impacts of the COVID-19 pandemic – Resolution No. 4,801/2020) of Chapter 18 (Renegotiation of Debts from Rural Loan Operations) in the *Manual de Crédito Rural – MCR* (Rural Loan Manual); and amends the time-line to enact an emergency situation or state of public calamity in municipalities affected by drought for the purposes of renegotiating rural loan operations addressed in Section 23 (Operations that incurred losses due to drought in municipalities declaring a state of emergency or public calamity - Resolution No. 4,802/2020) of Chapter 18 (Renegotiation of Debts Originating from Rural Loan Operations) from the MCR;
- **September 24, 2020** CMN Resolution No. 4,856/20, of September 24, 2020, amends the Resolution No. 4,782 of March 16, 2020, which, in view of any potential impacts from COVID-19 on the economy, establishes temporary criteria for characterizing the restructuring of loan operations for a determined period of time in order to manage credit risk;
- **September 24, 2020** CMN Resolution No. 4,855/20, which regulates the criteria for the measurement of allowance for loan losses of operations carried out within the scope of programs instituted that are geared towards addressing the effects of the COVID-19 pandemic on the economy; and
- **December 23, 2020** – CMN Resolution No. 4,885/20 amends the Resolution No. 4,820 of May 29, 2020, which establishes, for a fixed term (from April 6, 2020 to December 31, 2020), prohibitions on the payment of dividends and interest on own capital, the increase in the remuneration of the Management, the repurchasing of shares and the reduction of share capital to be observed by financial institutions and other institutions authorized to operate by the Central Bank of Brazil, considering the potential effects of the pandemic of the coronavirus (COVID-19) on the National Financial System.

In addition to the measures mentioned above, the Executive and Legislative Powers acted to approve bills that minimize the repercussion of COVID-19, including proposing the temporary suspension of taxes (such as the relaxation of the IOF on loans and the deferral of payment of PIS/COFINS) and granting tax benefits to the sectors of the economy/workers most affected.

However, projections estimate that Brazil will face an economic downturn in 2020 with all the ramifications in terms of business. Most of our operations occur in the domestic market and, consequently, our result is significantly impacted by the local macroeconomic conditions.



We cannot control, and nor can we predict what measures or policies the government may adopt in response to the current or future economic situation in Brazil, nor how the intervention or government policies will affect the Brazilian economy and how they will affect our operations. Below we highlight the main items of our statement of financial position which may potentially be impacted:

- **Financial instruments:** whose market value may vary significantly given the price volatility of these assets, especially those issued by private companies that have a higher credit risk;
- **Loans:** which we expect an increase in our level of arrears in the payment of loans, including loans that were renegotiated and extended in the context of the crisis, to the extent that the economic situation will deteriorate further, as well as facing significant challenges to take possession and realize the collateral resulting from guarantees related to loans in default;
- **Deferred tax assets:** whose recoverability depends on future taxable profits, which may be affected depending on the consequences of the pandemic event if it extends over a long period of time;
- **Intangible assets:** may have their recoverable amount impacted on the basis of the changes caused by the crisis to their main assumptions of realization, such as the rates of returns initially expected;
- **Funding:** volatility, as well as uncertainties in credit and capital markets, generally reduces liquidity, which could result in an increase in the cost of funds for financial institutions, which may impact our ability to replace, appropriately and at reasonable costs, obligations that are maturing and/or the access to new resources to execute our growth strategy;
- **Technical provisions of insurance and pension resources:** that depending on the evolution of the crisis can be impacted negatively given the possible increase in the level of claims, mainly in the "life" segment and a higher frequency of claims from "health" policyholders with the increased use of hospitals, furthermore, we may experience higher demand for early redemptions by pension plan participants, which would impact our revenues through a reduction in the management fees we charge; and
- **Civil and labor provisions:** the number of labor lawsuits may increase as a result of third party suppliers that go bankrupt as Bradesco may be considered co-responsible in these lawsuits. It is also possible that we could experience a greater volume of civil processes, mainly involving reviews and contract renewals.

Our activities are operating at full capacity, since the beginning of the pandemic, and our actions have taken into account the guidelines of the Ministry of Health. We have established a crisis committee which is formed by the CEO, all the Vice-presidents and by the CRO (Chief Risk Officer), which meets daily and reports periodically, to the Board of Directors, evaluations on the evolution of COVID-19 and their reflections on the operations. In addition, we have a Risk Committee, which plays an important role in verifying the various points and scope of these actions in the Organization. We launched the Business Continuity Plan (BCP) and in late March 2020, we intensified the internal/external actions, in a consistent and timely manner, with the objective of minimizing the impacts involved, which we highlight include:

- giving leave to employees at-risk groups for an indefinite period of time;
- increasing the number of employees working from home, with approximately 90% of our employees from the headquarters and offices and 50% of the branch employees working from home;
- definition of the accompanying protocol, together with health professionals, for employees and family members who have symptoms of COVID-19;
- intensification of the communication with our branches, providing guidance to our customers and employees about the prevention measures and the remote means of customer service;
- making Covid-19 tests available to all employees for free; and
- anticipation of the flu vaccine for all employees and dependents.

One of the main objectives of our risk management structure is to monitor the allocation of capital and liquidity, aiming to maintain the levels of risk in accordance with the limits established and, in addition, monitor the economic scenarios actively (national and international), as well as the evolution of the COVID-19 pandemic and will make every effort to maintain the fullness of our operations, the services to the population, and the stability of the national financial system.

We offer emergency lines of credit to companies, such as funds for financing of payrolls, as well as the extension of the installments of loan operations to individuals for which the amounts in question, up to the date of approval of these financial statements, were immaterial.

The measurements of the future financial and economic impacts related to the pandemic will continue to be assessed, although, they possess a certain level of uncertainty and depend on the development of the pandemic, since its duration or deterioration cannot yet be predicted, which could continue adversely affecting the global and local economy for an indefinite period of time, which negatively affects the results of financial institutions and, consequently, the performance of our operations.

- g) Banco Bradesco communicated to the market, on May 6, 2019, the execution of the share purchase agreement with the controlling shareholders of BAC Florida Bank ("BAC Florida"), a bank that has offered various financial services in the United States for 46 years, with emphasis on non-resident high-income individuals. The acquisition will cost approximately US\$500 million.

On September 10, 2019, the Central Bank authorized Bradesco to: (i) participate in up to 100% of the capital of BAC Florida Bank and its subsidiaries - the securities brokerage BAC Florida Investments Corp. and non-financial corporations BAC Global Advisors Inc., 5551 Lockett Road, Inc. and Representaciones Administrativas Internacionales S.A., the latter located in Guatemala and the others located in the USA.

On October 8, 2020, all regulatory authorizations were obtained for the acquisition, by Bradesco, of 100% of the share capital of BAC Florida.

With the end of the acquisition the Bradesco:

- assumes the operations of BAC Florida, with the objective of expanding the offer of investments in the USA to its high-income clients (Prime) and of the Private Bank, in addition to other banking services, such as checking account, credit card, and real estate financing; and
- will have the opportunity to expand business related to corporate and institutional clients.

We present below the composition of the values of acquisition of BAC Florida and its subsidiaries and goodwill in the acquisition of shares:

	R\$ thousand
Payment to BAC Florida	3,105,557
Payment Commission and Insurance	44,851
Total cost of acquisition	3,150,408
Book value of net assets acquired	1,398,083
Adjustments to net assets acquired (1)	(13,033)
Adjusted book value of net assets acquired	1,385,050
Goodwill on the acquisition of shares	1,765,358

(1) Adjustment of Provisions for expected losses associated with credit risk in accordance with Resolution No. 2,682/99.

Bradesco hired a specialized and independent company for the elaboration of the study of the purchase price allocation ("PPA") for the initial allocation of the fair value of the assets acquired and liabilities assumed by Bac Florida. Due to the complexity of operations and their relevance, the final allocation may undergo changes and enhancements until the termination of the study, which is estimated up to 12 months from the date of the respective acquisition.

We presented the main balances of the balance sheet on October 30, 2020, reference date for the acquisition:

	R\$ thousand
	BAC Florida Bank
Assets	
Cash and due from banks	4,366,118
Financial instruments	10,468,202
- Securities and derivative financial instruments	1,209,024
- Loans	9,256,159
- Other financial instruments	3,019
Expected credit loss associated with credit risk	(96,764)
- Loans	(96,764)
Investments in Associates	56,863
Premises and Equipment	36,188
Depreciation Premises and Equipment	(24,085)
Impairment of Premises and Equipment Accumulated	(5,970)
Other assets	347,742
Total Assets	15,148,294
Liabilities	
Deposits and other financial liabilities	13,603,913
- Deposits from customers	12,952,310
- Securities issued	642,661
- Other financial liabilities	8,942
Other liabilities	136,713
Shareholders' equity	1,407,668
Total	15,148,294

- h) On January 15, 2020, Banco Bradesco announced that it sold the entire shareholding held in Chain Serviços e Contact Center S.A. ("Chain") to Almayiva do Brasil Telemarketing e Informática S.A..
- i) On January 27, 2020, Bradesco issued US\$1.6 billion of senior notes in the international market, composed of two tranches of US\$800 million, maturing in January 2023 and January 2025, with remuneration at fixed interest rates of 2.85% and 3.20% p.a., respectively.
- j) On October 1, 2020, Cielo announced to the market that it signed a contract for the sale of all of its shares in Companhia Brasileira de Gestão de Serviços ("Orizon"), which represent 40.95% of Orizon's share capital, to Bradseg Participações SA for the amount of R\$128,992 thousand. As shown in note 2, Bradseg Participações S.A. is 100% consolidated in these consolidated financial statements. The closing of the Transaction is subject to compliance with certain precedent conditions, including approval by the Central Bank of Brazil and the Administrative Council for Economic Defense – CADE.
- k) On July 29, 2020, Law No. 14,031 was sanctioned, amending, from the fiscal year of 2021, the tax treatment incident on the exchange rate variation of the portion with risk coverage (hedge) of the value of the investment made by financial institutions and other institutions, authorized to operate by the Central Bank of Brazil, in a subsidiary, associated company, branch, branch office or branch domiciled abroad, registered in accordance with the regime of competence, which should be computed in determining the real income and on the base of the Social Contribution on Net Income (CSLL) of the investing legal entity, domiciled in Brazil, in the ratio of: (i) 50%, in 2021; and 100%, from the fiscal year of 2022.

Independent Auditors' Report on the Consolidated Financial Statements

To
Board of Directors and Shareholders of
Banco Bradesco S.A.
Osasco - SP

Opinion

We have audited the consolidated financial statements of Banco Bradesco S.A. ("Bradesco"), which comprise the consolidated balance sheet as of December 31, 2019 and the respective consolidated income statements, changes in shareholders' equity and cash flows for the year then ended, as well as the related explanatory notes, including a summary of the main accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Banco Bradesco S.A. as of December 31, 2019, the consolidated performance of its operations and its respective consolidated cash flows, for the year then ended, in accordance with the accounting practices adopted in Brazil applicable to institutions authorized to operate by the Central Bank of Brazil.

Basis for opinion

We conducted our audit in accordance with Brazilian and International Standards on Auditing (ISAs). Our responsibilities under those standards, are further described in the "*The Auditors' responsibilities for the audit of the consolidated financial statements*" section of our report. We are independent of Bradesco and its subsidiaries, in accordance with the ethical requirements established in the Accountant's Professional Ethics Code and the professional standards issued by the Federal Accounting Council, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those that, in our professional judgment, were of most significance in our audit of the current year. These matters were treated in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and, we do not express a separate opinion on these matters.

Allowance for doubtful accounts

As disclosed in Notes 3g and 9, for purposes of measuring the allowance for doubtful accounts, which total amount shown in the Consolidated Financial Statements, is R\$ 36,640,425 thousand, Bradesco classifies its loans (which comprise loans, leasing, advances on foreign exchange contracts, other receivables with credit characteristics), into nine risk levels, taking into account inputs and assumptions, analyzing clients and contract level information, economic and financial position, indebtedness level, economic sector, collateral characteristics, and the other factors and assumptions described in CMN Resolution No. 2.682/99, with rating "AA" being the minimum risk level, and "H" the maximum risk level. Bradesco initially applies the loss percentages established in such Resolution for each risk level for purposes of calculating the allowance and further increases the allowance, when necessary, based on additional internal evaluations (excess provision). The loans classification into risk levels as well as the loss percentages related to each risk level requires Bradesco to make assumptions and judgments, based on its internal risk classification methodologies, and the allowance for doubtful accounts represent Bradesco's best estimate of the portfolio losses. Due to the relevance of loans and the uncertainties related to the estimate of the allowance for doubtful accounts, we consider this as a significant matter in our audit.

How our audit approached this matter

We evaluate the design and operating effectiveness of the relevant internal controls related to the approval processes of loan applications, recording and accrual of loans as well as the internal risk rating methodologies that support the classification of transactions, the main assumptions used for calculation and the arithmetic accuracy of the allowance for doubtful accounts. We also evaluate, on a sample basis, whether Bradesco met the minimum requirements established by the CMN Resolution No. 2.682/99, related to the determination of the allowance for doubtful accounts. We also evaluated the disclosures made in the consolidated financial statements, included in Notes 3g and 9.

Independent Auditors' Report on the Consolidated Financial Statements

Based on the evidence obtained from the procedures summarized above, we considered the amount of the allowance for doubtful accounts, as well as the respective disclosures of Bradesco, to be adequate in the context of the consolidated financial statements taken as a whole for the year ended December 31, 2019.

Measurement and evaluation of derivative financial instruments and securities

As disclosed in the Notes 3e, 3f, 7 and 34a, derivative financial instruments amount to R\$ 14,511,190 thousand (assets) and R\$ (14,244,083) thousand (liabilities) and securities amount to R\$ 595,027,816 thousand. For the financial instruments measured at market value, whose market prices or parameters are not observable, the determination of market values is subject to a high level of uncertainty, according as Bradesco performs significant judgments to estimate these values. In addition, financial assets classified as "Available for Sale" and "Held to Maturity" are also evaluated as indications of evidence of impairment losses, which also involves a high level of judgment in their determination. Therefore, we consider the measurement of the market value and assessment of indicators of evidence of impairment losses of these financial instruments as a significant matter in our audit.

How our audit approached this matter

We evaluate the design and operating effectiveness of the relevant internal controls implemented by Bradesco to mitigate the risk of material misstatement in the consolidated financial statements arising from uncertainties in the market value measurement of financial instruments. For a sample of financial instruments, which market price measurement parameters are not observable, we evaluate, with the technical support of our specialists in financial instruments, the models developed by Bradesco for determining market values and the reasonableness of data, parameters and information included in the pricing models used. Additionally, we recalculate, on a sample basis, the market value of these financial instruments, as well as analyze the policies and criteria related to indications of evidence of impairment losses. Our procedures also included the evaluation of the Bradesco's disclosures in the consolidated financial statements described in Notes 3e, 3f, 7 and 34a.

Based on the evidence obtained from the procedures summarized above, we considered the market value measurement of financial instruments, the evaluation of indicators of impairment losses and respective disclosures to be adequate in the context of the consolidated financial statements taken as a whole for the year ended December 31, 2019.

Provisions and contingent liabilities - tax, civil and labor

As described in Notes 3p and 17, Bradesco is defendant in lawsuits of tax, civil and labor nature, related to the normal course of its activities, which total provision recognized in the consolidated financial statements amounts to R\$ 8,390,085 thousand, R\$ 8,685,793 thousand, and R\$ 7,346,067 thousand, respectively. Some laws, regulations and legal disputes in Brazil have high complexity levels, and, therefore, the measurement, recognition and disclosure of Provisions and Contingent Liabilities, related to lawsuits, and/or, in certain cases, adherence to laws and regulations, require Bradesco's professional judgment. Due to the relevance, complexity and judgment involved in the evaluation, measurement, disclosures related to Provisions and Contingent Liabilities as well as the compliance with laws and regulations, we consider this as a significant matter in our audit.

How our audit approached this matter

Our audit procedures included the evaluation of the design and operating effectiveness of the relevant internal controls related to the identification, evaluation, measurement and disclosure of Provisions and Contingent Liabilities, as well as those related to the compliance with laws and regulations. We evaluated the sufficiency of the recognized tax, civil and labor provisions and disclosed contingency amounts, by evaluating the criteria and assumptions adopted in the measurement methodology, considering the assessment of the internal and external legal advisors of Bradesco, as well as historical data and information. In addition, with the support of our legal experts, we evaluated the likelihood of unfavorable outcome and the documentation and information related to the main tax and civil matters involving Bradesco. We also evaluated whether the disclosures in the consolidated financial statements are in accordance with the applicable accounting practices and provide information on the nature, exposure and amounts of provisions or disclosures related to the main tax, civil and labor matters in which Bradesco is involved.

Based on the evidence obtained from the procedures summarized above, we considered the estimate made by the Bradesco of the tax, civil and labor provisions and contingent liabilities of Bradesco, as well as the respective disclosures to be adequate in the context of the consolidated financial statements taken as a whole for the year ended December 31, 2019.

Expected realization of deferred tax assets

The consolidated financial statements include deferred tax assets in the amount of R\$ 67,400,235 thousand (Note 33c) which realization is based on estimates of future profitability based on business plans and budgets prepared by Bradesco and which are supported by several economic and business assumptions. As described in Note 3h, Bradesco evaluates, at least when the preparation of the financials, the assumptions and estimates of taxable profit and growth rates. Due to the degree of judgment inherent in the determination of these estimates and the potential impact that eventual changes in the assumptions could cause in the expected realization of deferred tax assets, we consider that this area is relevant to our audit.

How our audit approached this matter

Our audit procedures included the evaluation of the design and operating effectiveness of the relevant internal controls related to Bradesco's assessment of the capacity of realization of deferred tax assets. We evaluate the reasonableness and consistency of the data used for preparing the technical studies for the assessment of the capacity of realization of deferred tax assets. In addition, we test the mathematical calculations included in the technical studies of realization of respective deferred tax assets. Our procedures also included the evaluation of the disclosures made by Bradesco in the consolidated financial statements.

Based on the evidence obtained from the procedures summarized above, we considered the measurement, the recording and the evaluation of deferred tax assets and the respective disclosures to be adequate in the context of the consolidated financial statements taken as a whole for the year ended December 31, 2019.

Impairment of intangible assets

The consolidated financial statements include intangible assets, which comprise goodwill on acquisitions in the amount of R\$ 4,864,316 thousand and other intangible assets in the amount of R\$ 4,487,898 (Note 14) which realization is based on projections of future results, business plans and budgets prepared by Bradesco related to cash generating units (CGU) and which are supported by several economic and business assumptions. As described in Notes 3l and 3m, Bradesco evaluates, at least yearly, the assumptions and estimates of profitability of the cash generating units (CGU) to which goodwill and intangible assets are allocated, growth rates, discount rates, and cash flow projections and the indications of evidence of impairment losses of the assets. Due to the degree of judgment inherent in the determination of these estimates and the potential impact that eventual changes in the assumptions could cause in the consolidated financial statements, we consider that this area is relevant to our audit.

How our audit approached this matter

Our audit procedures included the evaluation of the design and operating effectiveness of the relevant internal controls related to Bradesco's assessment of indicators of impairment of intangible assets. In addition, on a sample basis, we evaluate with the technical support of our corporate finance specialists the reasonability and the consistence of data and assumptions used on this evaluation. Our procedures also included the evaluation of the disclosures made by Bradesco in the consolidated financial statements.

Based on the evidence obtained from the procedures summarized above, we considered the measurement and the evaluation of recoverable amounts of the assets and the respective disclosures to be adequate in the context of the consolidated financial statements taken as a whole for the year ended December 31, 2019.

Technical Provisions – Insurance and Pension Plans

As mentioned in Notes 3o and 20, Bradesco has liabilities related to insurance contracts and pension plans denominated Technical Provisions, in the amount of R\$ 265,927,106 thousand, which includes, among others, the following provisions: Provisions for Incurred and Unreported claims (IBNR) in the amount of R\$ 10,560,201 thousand, Mathematical Provisions of Benefits to be Granted - Insurance in the amount of R\$ 1,462,699 thousand, Mathematical Provisions of Benefits Granted in the amount of R\$ 410,410 thousand, Provisions for Premiums Insufficiency (PIP) in the amount of R\$ 1,925,656 thousand, Provisions for Related Expenses in the amount of R\$ 743,992 thousand and Other Technical Provisions in the amount of R\$ 1,647,054 thousand. Provisions identified above, as well as the liability adequacy test, requires judgment in the selection of methodologies and assumptions which includes, among others, expectations of loss ratio, longevity, persistency, interest rates and medical costs. Due to the relevance of Technical Provisions and the impact that

Independent Auditors' Report on the Consolidated Financial Statements

eventual changes in assumptions used in the calculation of the technical provision and in the liability adequacy test would have in the consolidated financial statements, we consider this matter relevant to our audit.

How our audit approached this matter

On a sample basis, we tested the design and operating effectiveness of the relevant internal controls related with the processes of calculation and measurement of the above mentioned Technical Provisions and the Liability Adequacy Test. With the technical support of our actuarial specialists, we evaluate the methodologies, the consistency of data and reasonability of the assumptions, such as expectations of loss ratio, longevity, expectation of permanence, interest rates and medical costs used for measuring the Technical Provisions and the Liability Adequacy Test, as well as, on a sample basis, the recalculation of the technical provisions and the liability adequacy test. In addition, we test the data used in the actuarial calculations. Our audit procedures also included the evaluation of the disclosures made in the consolidated financial statements, in special the disclosure to financial instruments asset offered to cover the Technical Provisions.

Based on evidence obtained from the procedures summarized above, we considered the level of provision and the respective disclosures to be adequate in the context of the consolidated financial statements taken as a whole for the year ended December 31, 2019.

Application controls and information technology general controls

Bradesco has a technological structure as well as a technology investment plan for conducting its business. The technology environment has processes of access management and changes in the systems and applications, development of new programs, besides automated controls and/or controls with automated components in the several relevant processes. In order to maintain its operations, Bradesco provides its employees with access to systems and applications, taking into account the duties performed by them and within its organizational structure. The controls to authorize, monitor, restrict, and/or revoke the respective accesses to this environment are important to assure that the accesses and information updates are appropriately performed and by the appropriate professionals, to mitigate the potential risk of fraud or error arising from inappropriate access or change in a system or information, and to guarantee the integrity of the financial information and accounting records. In view of the high investment level and heavy dependence of Bradesco on its technological systems, the high daily volume of processed transactions and the importance of access controls and the management of changes in its systems and applications, we consider that this area is relevant to our audit.

How our audit approached this matter

We analyze the design, the implementation and the operating effectiveness of access relevant controls, such as authorization of new users, revocation of terminated users, and periodic monitoring of active users were tested, on a sample basis, with the assistance of our information technology specialists, whenever we plan to rely on specific information extracted from certain systems, considered relevant for the purpose of preparing the financial statements. In areas where, in our judgment, is highly dependent on information technology, our tests included assessing password policies, security settings, and control over developments and changes in systems and applications. In addition, when we identify relevant internal controls for the financial reporting process and other relevant fully automated processes or with some component dependent on systems and applications, we tested, with the assistance of our information technology specialists, the design and operating effectiveness of these controls.

The evidence obtained from the above summarized procedures has allowed us to consider information from certain systems to plan the nature, time and extension of our substantive tests in the context of the consolidated financial statements taken as a whole for the year ended December 31, 2019.

Other matters**Statement of added value**

The consolidated statement of added value for the year ended December 31, 2019, prepared under the responsibility of Bradesco's management, and presented as supplementary information in relation to the accounting practices adopted in Brazil applicable to institutions authorized to operate by the Central Bank of Brazil, was subjected to audit procedures performed in conjunction with the audit of Bradesco's financial statements. For the purposes of forming our opinion, we assess whether these statements are reconciled with the financial statements and accounting records, as applicable, and if their form and content are in

Independent Auditors' Report on the Consolidated Financial Statements

accordance with the criteria set forth in Technical Pronouncement CPC 09 - Statement of Value Added. In our opinion, these consolidated statements of value added have been properly prepared, in all material respects, in accordance with the criteria set forth in this Technical Pronouncement and are consistent with the consolidated financial statements taken as a whole.

Individual financial statements

Bradesco prepared a complete set of individual financial statements of Banco Bradesco S.A. for the year ended December 31, 2019 in accordance with accounting practices adopted in Brazil applicable to institutions authorized to operate by the Central Bank of Brazil that were presented separately, over which we issued a separate independent audit report, without any modification, dated February 04, 2020.

Responsibilities of management and those in charge with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the accounting practices adopted in Brazil, applicable to institutions authorized to operate by the Central Bank of Brazil, and the internal controls as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing Bradesco's ability to continue as going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intends to liquidate Bradesco and its subsidiaries or to cease operations, or there has no realistic alternative but to do so.

Those charged with governance are those responsible for overseeing Bradesco's financial reporting process.

Auditors' responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Brazilian and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the Brazilian and International Standards on Auditing, we exercise professional judgment, and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting material misstatement resulting from fraud is higher than for the one resulting from error, as fraud may involve collusion, forgery, intentional omission or misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Bradesco and its subsidiaries internal control.
- Evaluate the appropriateness of the accounting policies used and the reasonableness of accounting estimates and related disclosures made by Bradesco.
- Conclude on the appropriateness of management's use of the going concern basis of accounting, and, based on the audit evidence obtained, whether material uncertainty exists related to events or conditions that may cast significant doubt on Bradesco's ability to continue as going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related

Independent Auditors' Report on the Consolidated Financial Statements

disclosures in the consolidated financial statements, or if such disclosures are inadequate to modify our opinion. Our conclusions are based on the audit evidences obtained up to the date of our auditor's report. However, future events or conditions may cause Bradesco and its subsidiaries to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provided those charged with governance with a statement that we have complied with the relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of the consolidated financial statements of the current year, and are therefore the key audit matters. We describe these matters in our auditor's report, unless law or regulation precludes public disclosure about the matters, or when, in extremely rare circumstances, we determine a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefit of such communication.

Osasco, February 04, 2020

KPMG Auditores Independentes

CRC 2SP-028567/F



Accountant CRC 1SP214007/O-2

Consolidated Statements of Financial Position on December 31 – In thousands of Reais

Assets	2019	2018
Current	849,269,435	826,566,484
Cash and due from banks (Note 5)	18,988,662	19,612,827
Interbank investments (Notes 3d and 6)	56,866,061	102,836,707
Securities purchased under agreements to resell	48,278,561	96,304,583
Interbank investments	8,587,513	6,534,492
Allowance for losses	(13)	(2,368)
Securities and derivative financial instruments (Notes 3e, 3f, 7 and 34a)	386,569,187	375,634,167
Own portfolio	323,561,171	268,198,376
Securities sold under repurchase agreements – Repledge only	38,838,487	71,508,737
Derivative financial instruments (Notes 3f, 7d II and 34a)	5,639,199	13,853,040
Given in guarantee to the Brazilian Central Bank	5,198	-
Given in guarantee	16,395,595	17,897,007
Securities sold under repurchase agreements – unrestricted	2,129,537	4,177,007
Interbank accounts	90,662,242	87,618,566
Reserve requirement (Note 8):		
- Reserve requirement - Brazilian Central Bank	90,622,338	87,596,916
- SFH - housing finance system	26,611	19,887
Correspondent banks	13,293	1,763
Interdepartmental accounts	239,547	144,041
Internal transfer of funds	239,547	144,041
Loans (Notes 3g, 9 and 34a)	155,087,635	136,522,352
Loans:		
- Public sector	25,751	38,882
- Private sector	172,528,672	154,764,185
Loans transferred under an assignment with recourse	789,841	909,392
Allowance for loan losses (Notes 3g, 9f, 9g and 9h)	(18,256,629)	(19,190,107)
Leases (Notes 2, 3g, 9 and 34a)	1,012,714	884,853
Lease receivables:		
- Private sector	1,919,212	1,695,817
Unearned income from leases	(842,257)	(765,959)
Allowance for losses on leases (Notes 3g, 9f, 9g and 9h)	(64,241)	(45,005)
Other receivables	136,384,263	100,074,880
Receivables on sureties and guarantees honored (Note 9a-3)	685,042	167,777
Foreign exchange portfolio (Note 10a)	31,215,701	20,459,806
Receivables	1,578,928	1,692,766
Securities trading	4,110,938	1,975,509
Specific receivables	67,499	36,490
Insurance and reinsurance receivables and reinsurance assets	4,125,110	3,982,783
Sundry (Note 10b)	97,643,400	73,702,564
Allowance for losses on other receivables (Notes 3g, 9f, 9g and 9h)	(3,042,355)	(1,942,815)
Other assets (Note 11)	3,459,124	3,238,091
Other assets	3,302,130	3,068,089
Allowance for losses	(1,932,314)	(1,699,004)
Prepaid expenses (Notes 3i and 11b)	2,089,308	1,869,006
Long-term receivables	481,324,532	430,859,241
Interbank investments (Notes 3d and 6)	1,746,147	1,397,869
Interbank investments	1,746,147	1,397,869
Securities and derivative financial instruments (Notes 3e, 3f, 7 and 34a)	222,969,819	187,858,604
Own portfolio	117,447,140	144,130,354
Securities sold under repurchase agreements – Repledge only	84,248,288	41,956,209
Derivative financial instruments (Notes 3f, 7d II and 34a)	8,871,991	917,554
Privatization rights	34,384	39,273
Given in guarantee to the Brazilian Central Bank	4,058,191	-
Given in guarantee	6,449,588	576,950
Securities sold under repurchase agreements – unrestricted	1,860,237	238,264
Interbank accounts	201,382	1,263,430
Reserve requirement (Note 8):		
- SFH - housing finance system	201,382	1,263,430
Loans (Notes 3g, 9 and 34a)	187,549,432	172,447,921

Consolidated Statements of Financial Position on December 31 – In thousands of Reais

Assets	2019	2018
Loans:		
- Public sector	4,000,000	4,000,000
- Private sector	193,021,209	174,951,766
Loans transferred under an assignment with recourse	5,688,432	7,149,860
Allowance for loan losses (Notes 3g, 9f, 9g and 9h)	(15,160,209)	(13,653,705)
Leases (Notes 2, 3g, 9 and 34a)	1,684,419	1,076,445
Lease receivables:		
- Private sector	3,241,938	2,264,289
Unearned income from leases	(1,461,378)	(1,104,285)
Allowance for losses on leases (Notes 3g, 9f, 9g and 9h)	(96,141)	(83,559)
Other receivables	66,886,616	66,476,882
Receivables	51,111	44,465
Securities trading	548,854	621,558
Sundry (Note 10b)	66,307,501	65,878,517
Allowance for losses on other receivables (Notes 3g, 9f, 9g and 9h)	(20,850)	(67,658)
Other assets (Note 11)	286,717	338,090
Prepaid expenses (Notes 3i and 11b)	286,717	338,090
Permanent assets	28,545,101	29,866,380
Investments (Notes 3j, 12 and 34a)	7,290,761	7,811,189
Equity investment in unconsolidated and jointly controlled companies:		
- In Brazil	7,143,094	7,656,568
Other investments	231,491	238,486
Allowance for losses	(83,824)	(83,865)
Premises and equipment (Notes 3k and 13)	9,731,572	8,159,840
Premises	3,417,262	3,140,002
Other premises and equipment	16,343,601	14,485,462
Accumulated depreciation	(10,029,291)	(9,465,624)
Intangible assets (Notes 3l and 14)	11,522,768	13,895,351
Intangible Assets	30,974,346	30,749,279
Accumulated amortization	(19,451,578)	(16,853,928)
Total assets	1,359,139,068	1,287,292,105

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

Consolidated Statements of Financial Position on December 31 – In thousands of Reals

Liabilities	2019	2018
Current	849,990,227	823,816,599
Deposits (Notes 3n and 15a)	227,409,358	213,287,684
Demand deposits	38,890,066	35,318,292
Savings deposits	114,177,799	111,170,912
Interbank deposits	362,895	386,006
Time deposits (Notes 15a and 34a)	73,978,598	66,412,474
Securities sold under agreements to repurchase (Notes 3n and 15b)	172,225,341	189,972,665
Own portfolio	126,027,141	120,256,644
Third-party portfolio	38,490,609	61,059,702
Unrestricted portfolio	7,707,591	8,656,319
Funds from issuance of securities (Notes 15c and 34a)	86,236,344	66,217,948
Mortgage and real estate notes, letters of credit and others	84,320,872	64,927,439
Securities issued overseas	1,448,382	786,514
Structured Operations Certificates	467,090	503,995
Interbank accounts	19,883,624	20,342,357
Unsettled payments and receipts	17,982,898	18,975,602
Correspondent banks	1,900,726	1,366,755
Interdepartmental accounts	5,408,801	5,770,644
Third-party funds in transit	5,408,801	5,770,644
Borrowing (Notes 16a and 34a)	27,397,653	27,873,125
Borrowing in Brazil - other institutions	-	101
Borrowing overseas	27,397,653	27,873,024
On-lending in Brazil - official institutions (Notes 16b and 34a)	6,706,385	7,631,435
National treasury	136,901	105,725
BNDES	2,382,449	2,419,524
FINAME	4,185,716	5,104,742
Other institutions	1,319	1,444
Derivative financial instruments (Notes 3f, 7d II and 34a)	4,207,176	15,602,600
Derivative financial instruments	4,207,176	15,602,600
Technical provisions for insurance, pension plans and capitalization bonds (Notes 3o and 20)	240,477,837	226,745,540
Other liabilities	60,037,708	50,372,601
Payment of taxes and other contributions	711,891	642,998
Foreign exchange portfolio (Note 10a)	15,488,770	5,554,384
Social and statutory	933,003	4,966,982
Tax and social security (Note 19a)	4,851,022	4,166,334
Securities trading	4,822,215	3,321,219
Financial and development funds	1,299	1,299
Subordinated debts (Notes 18 and 34a)	321,317	6,462,139
Sundry (Note 19b)	32,908,191	25,257,246
Long-term liabilities	374,389,782	341,309,617
Deposits (Notes 3n and 15a)	140,794,243	129,011,216
Interbank deposits	7,088	24,969
Time deposits (Notes 15a and 34a)	140,787,155	128,986,247
Securities sold under agreements to repurchase (Notes 3n and 15b)	1,874,682	939,212
Own portfolio	1,874,682	939,212
Funds from issuance of securities (Notes 15c and 34a)	84,491,219	81,502,782
Mortgage and real estate notes, letters of credit and others	81,906,498	78,044,443
Securities issued overseas	1,927,252	3,305,718
Structured Operations Certificates	657,469	152,621
Borrowing (Notes 16a and 34a)	1,874,530	1,808,215
Borrowing overseas	1,874,530	1,808,215
On-lending in Brazil - official institutions (Notes 16b and 34a)	15,764,959	17,538,623
BNDES	7,857,620	8,315,761
FINAME	7,907,191	9,222,862
Other institutions	148	-
Derivative financial instruments (Notes 3f, 7d II and 34a)	10,036,907	549,487
Derivative financial instruments	10,036,907	549,487
Technical provisions for insurance, pension plans and capitalization bonds (Notes 3o and 20)	34,287,039	32,009,667

Consolidated Statements of Financial Position on December 31 – In thousands of Reais

Liabilities	2019	2018
Other liabilities	85,266,203	77,950,415
Tax and social security (Note 19a)	7,991,326	4,084,597
Subordinated debts (Notes 18 and 34a)	12,284,511	12,188,392
Eligible Debt Capital Instruments (Notes 18a-3 and 34a)	36,707,680	34,992,913
Sundry (Note 19b)	28,282,686	26,684,513
Deferred income	326,047	379,510
Deferred income	326,047	379,510
Non-controlling interests in subsidiaries (Note 21)	709,791	665,510
Shareholders' equity (Note 22)	133,723,221	121,120,869
Capital:		
- Domiciled in Brazil	74,624,434	66,668,912
- Domiciled overseas	475,566	431,088
Capital reserves	11,441	11,441
Profit reserves	52,407,209	53,688,370
Asset valuation adjustments	6,645,085	761,572
Treasury shares (Notes 22d and 34a)	(440,514)	(440,514)
Total equity	134,433,012	121,786,379
Total equity and liabilities	1,359,139,068	1,287,292,105

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

Consolidated Income Statements for the year ended December 31 - In thousands of Reais

	2019	2018
Revenue from financial intermediation	133,222,229	125,611,761
Loans (Note 9j)	75,866,596	69,816,434
Leases (Note 9j)	259,682	258,200
Securities (Note 7g)	27,605,074	31,346,504
Financial income from insurance, pension plans and capitalization bonds (Note 7g)	25,025,743	24,923,391
Derivative financial instruments (Note 7g)	(859,708)	(6,376,085)
Foreign exchange contracts (Note 10a)	2,413,090	1,657,135
Reserve requirement (Note 8b)	4,327,390	3,966,507
Sale or transfer of financial assets	(1,415,638)	19,675
Expenses from financial intermediation	80,173,523	79,004,021
Retail and professional market funding (Note 15e)	37,853,791	39,467,933
Adjustment for inflation and interest on technical provisions for insurance, pension plans and capitalization bonds (Note 15e)	16,930,146	13,365,526
Borrowing and on-lending (Note 16c)	6,669,054	7,945,083
Allowance for loan losses (Notes 3g, 9g and 9h)	18,720,532	18,225,479
Gross income from financial intermediation	53,048,706	46,607,740
Other operating income (expenses)	(36,349,288)	(21,789,931)
Fee and commission income (Note 23)	26,951,205	25,219,997
Other fee and commission income	18,803,014	17,263,441
Income from banking fees	8,148,191	7,956,556
Retained premium from insurance, pension plans and capitalization bonds (Notes 3o and 20c)	77,599,270	72,476,844
Net written premiums earned	77,668,189	72,568,307
Reinsurance premiums paid	(68,919)	(91,463)
Variation in technical provisions for insurance, pension plans and capitalization bonds (Note 3o)	(31,883,730)	(29,401,476)
Retained claims (Note 3o)	(27,796,354)	(26,019,205)
Capitalization bond prize draws and redemptions (Note 3o)	(5,676,964)	(5,470,334)
Selling expenses from insurance, pension plans and capitalization bonds (Note 3o)	(3,280,097)	(3,225,295)
Payroll and related benefits (Note 24)	(24,782,723)	(19,131,067)
Other administrative expenses (Note 25)	(20,236,215)	(19,438,576)
Tax expenses (Note 26)	(6,858,230)	(6,096,899)
Share of profit (loss) of unconsolidated and jointly controlled companies (Note 12b)	1,203,531	1,618,817
Other operating income (Note 27)	6,502,811	7,058,764
Other operating expenses (Note 28)	(28,091,792)	(19,381,501)
Operating profit	16,699,418	24,817,809
Non-operating income (loss) (Note 29)	(520,078)	(870,813)
Income before income taxes	16,179,340	23,946,996
Income tax and social contribution (Notes 33a and 33b)	6,554,360	(4,697,186)
Current income tax	(4,986,396)	(3,858,923)
Current Social Contribution	(2,764,328)	(2,068,890)
Deferred Tax	14,305,084	1,230,627
Non-controlling interests in subsidiaries	(151,085)	(164,857)
Net income	22,582,615	19,084,953

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

Consolidated Statements of Changes in Shareholders' Equity for the year ended December 31 - In thousands of Reais

Events	Capital	Capital reserves Share premium	Profit reserves		Asset valuation adjustments	Treasury shares	Retained earnings	Total
			Legal	Statutory				
Balance on December 31, 2017	59,100,000	11,441	7,540,016	42,361,997	1,884,536	(440,514)	-	110,457,476
Capital increase with reserves	8,000,000	-	-	(8,000,000)	-	-	-	-
Asset valuation adjustments	-	-	-	-	(1,122,964)	-	-	(1,122,964)
Net income	-	-	-	-	-	-	19,084,953	19,084,953
Allocations:								
- Reserves	-	-	954,247	10,832,110	-	-	(11,786,357)	-
- Interest on Shareholders' Equity Paid	-	-	-	-	-	-	(7,298,596)	(7,298,596)
Balance on December 31, 2018	67,100,000	11,441	8,494,263	45,194,107	761,572	(440,514)	-	121,120,869
Capital increase with reserves	8,000,000	-	-	(8,000,000)	-	-	-	-
Asset valuation adjustments	-	-	-	-	5,883,513	-	-	5,883,513
Net income	-	-	-	-	-	-	22,582,615	22,582,615
Allocations:								
- Reserves	-	-	1,129,131	13,589,708	-	-	(14,718,839)	-
- Interest on Shareholders' Equity Paid	-	-	-	-	-	-	(7,372,858)	(7,372,858)
- Dividends provisioned and/or paid	-	-	-	(8,000,000)	-	-	(490,918)	(8,490,918)
Balance on December 31, 2019	75,100,000	11,441	9,623,394	42,783,815	6,645,085	(440,514)	-	133,723,221

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

Consolidated Statements of Added Value for the year ended December 31 - In thousands of Reais

Description	2019	%	2018	%
1 – Revenue	131,329,303	267.6	131,005,274	260.3
1.1) Financial intermediation	133,222,229	271.5	125,611,761	249.6
1.2) Fees and commissions	26,951,205	54.9	25,219,997	50.1
1.3) Allowance for loan losses	(18,720,532)	(38.2)	(18,225,479)	(36.2)
1.4) Other	(10,123,599)	(20.6)	(1,601,005)	(3.2)
2 – Financial intermediation expenses	(61,452,991)	(125.2)	(60,778,542)	(120.8)
3 – Inputs acquired from third-parties	(16,061,050)	(32.7)	(15,497,842)	(30.8)
Outsourced services	(4,995,465)	(10.2)	(4,776,441)	(9.5)
Data processing	(2,145,226)	(4.4)	(2,398,676)	(4.8)
Communication	(1,570,224)	(3.2)	(1,541,742)	(3.1)
Asset maintenance	(1,231,596)	(2.5)	(1,112,508)	(2.2)
Financial system services	(1,135,964)	(2.3)	(1,009,209)	(2.0)
Advertising and marketing	(1,300,468)	(2.7)	(1,136,062)	(2.3)
Security and surveillance	(744,036)	(1.5)	(748,577)	(1.5)
Transport	(773,208)	(1.6)	(749,685)	(1.5)
Material, water, electricity and gas	(631,975)	(1.3)	(629,557)	(1.3)
Travel	(302,170)	(0.6)	(286,731)	(0.6)
Other	(1,230,718)	(2.5)	(1,108,654)	(2.2)
4 – Gross added value (1-2-3)	53,815,262	109.7	54,728,890	108.8
5 – Depreciation and amortization	(5,948,634)	(12.1)	(6,027,267)	(12.0)
6 – Net added value produced by the entity (4-5)	47,866,628	97.5	48,701,623	96.8
7 – Added value received through transfer	1,203,531	2.5	1,618,817	3.2
Share of profit (loss) of unconsolidated and jointly controlled companies	1,203,531	2.5	1,618,817	3.2
8 – Added value to distribute (6+7)	49,070,159	100.0	50,320,440	100.0
9 – Added value distributed	49,070,159	100.0	50,320,440	100.0
9.1) Personnel	22,368,225	45.6	16,896,508	33.6
Salaries	10,024,710	20.4	8,610,066	17.1
Benefits	5,911,496	12.0	4,383,644	8.7
Government Severance Indemnity Fund for Employees (FGTS)	1,055,693	2.2	763,330	1.5
Other	5,376,326	11.0	3,139,468	6.2
9.2) Tax, fees and contributions	2,718,368	5.5	13,028,644	25.9
Federal	1,287,339	2.6	11,773,942	23.4
State	15,898	-	8,556	-
Municipal	1,415,131	2.9	1,246,146	2.5
9.3) Remuneration for providers of capital	1,249,866	2.5	1,145,478	2.3
Rental	1,248,221	2.5	1,142,408	2.3
Asset leases	1,645	-	3,070	-
9.4) Value distributed to shareholders	22,733,700	46.3	19,249,810	38.3
Interest on Shareholders' Equity/Dividends paid and/or provisioned	7,863,776	16.0	7,298,596	14.5
Retained earnings	14,718,839	30.0	11,786,357	23.4
Non-controlling interests in retained earnings	151,085	0.3	164,857	0.3

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

Consolidated Statements of Cash Flows for the year ended December 31 - In thousands of Reais

	2019	2018
Cash flow from operating activities:		
Income before income taxes	16,179,340	23,946,996
Adjustments to net income before income taxes	31,275,637	56,137,325
Effect of changes in exchange rates in cash and cash equivalents	(752,829)	(751,769)
Allowance for loan losses	18,720,532	18,225,479
Depreciation and amortization	5,948,634	6,027,267
(Reversion)/Constitution Impairment losses of assets	3,782,335	1,566,354
Expenses/ reversal with civil, labor and tax provisions	9,244,967	4,306,043
Expenses with adjustment for inflation and interest on technical provisions for insurance, pension plans and capitalization bonds	16,930,146	13,365,526
Share of profit (loss) of unconsolidated and jointly controlled companies	(1,203,531)	(1,618,817)
(Gain)/loss on sale of investments	48,927	-
(Gain)/loss on sale of fixed assets	17,937	98,182
(Gain)/loss on sale of foreclosed assets	277,763	516,713
Foreign exchange variation of assets and liabilities overseas/Other	(21,739,244)	14,402,347
Net income before taxes after adjustments	47,454,977	80,084,321
(Increase)/Decrease in interbank investments	(2,099,604)	(300,866)
(Increase)/Decrease in trading securities and derivative financial instruments	(6,012,586)	(1,304,576)
(Increase)/Decrease in interbank and interdepartmental accounts	127,712	(511,734)
(Increase)/Decrease in loans and leases	(52,922,210)	(40,801,413)
(Increase)/Decrease in insurance and reinsurance receivables and reinsurance assets	(142,327)	(65,954)
(Increase)/Decrease in other receivables and other assets	(24,419,475)	(22,444,457)
(Increase)/Decrease in reserve requirement - Central Bank	(3,025,422)	(20,882,690)
Increase/(Decrease) in deposits	25,904,701	77,091,538
Increase/(Decrease) in securities sold under agreements to repurchase	(16,811,854)	(42,555,667)
Increase/(Decrease) in borrowings and on-lending	(3,107,871)	5,560,391
Increase/(Decrease) in technical provisions for insurance, pension plans and capitalization bonds	(920,477)	(1,262,884)
Increase/(Decrease) in other liabilities	7,519,868	(9,216,741)
Increase/(Decrease) in deferred income	(53,463)	(30,223)
Income tax and social contribution paid	(8,433,279)	(7,086,237)
Net cash provided by/(used in) operating activities	(36,941,310)	16,272,808
Cash flow from investing activities:		
Maturity of and interest on held-to-maturity securities	6,158,550	4,537,659
Sale of/maturity of and interest on available-for-sale securities	135,733,126	144,897,206
Proceeds from sale of foreclosed assets	613,246	696,498
Sale of investments	17,961	-
Sale of premises and equipment	816,907	432,589
Acquisition of subsidiaries, net of cash and cash equivalents acquired	-	(442,122)
Purchases of available-for-sale securities	(137,586,141)	(167,095,304)
Purchases of held-to-maturity securities	(7,951)	(35,868,833)
Investment acquisitions	-	(54,020)
Purchase of premises and equipment	(2,629,435)	(2,389,433)
Intangible asset acquisitions	(2,739,763)	(3,278,314)
Dividends and interest on shareholders' equity received	716,581	1,463,448
Net cash provided by/(used in) investing activities	1,093,081	(57,100,626)
Cash flow from financing activities:		
Funds from issuance of securities	84,982,152	85,817,689
Settlement and interest payments of funds from issuance of securities	(71,781,695)	(82,973,990)
Issuance of subordinated debt	-	10,890,606
Settlement and interest payments of subordinated debts	(8,593,243)	(12,941,124)
Dividends and Interest on shareholders' equity paid	(17,751,148)	(6,483,196)
Non-controlling interest	(106,803)	(62,748)
Net cash provided by/(used in) financing activities	(13,250,737)	(5,752,763)
Net increase/(decrease) in cash and cash equivalents	(49,098,966)	(46,580,581)
Cash and cash equivalents - at the beginning of the period	110,225,630	156,054,442
Effect of changes in exchange rates in cash and cash equivalents	752,829	751,769
Cash and cash equivalents - at the end of the period	61,879,493	110,225,630
Net increase/(decrease) in cash and cash equivalents	(49,098,966)	(46,580,581)

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

Notes to the Consolidated Financial Statements

The accompanying Notes are an integral part of these Consolidated Financial Statements are distributed as follow:

1) OPERATIONS
2) PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS
3) SIGNIFICANT ACCOUNTING PRACTICES
4) MANAGERIAL STATEMENTS OF FINANCIAL POSITION AND INCOME STATEMENT BY OPERATING SEGMENT
5) CASH AND CASH EQUIVALENTS
6) INTERBANK INVESTMENTS
7) SECURITIES AND DERIVATIVE FINANCIAL INSTRUMENTS
8) INTERBANK ACCOUNTS – RESERVE REQUIREMENT
9) LOANS
10) OTHER RECEIVABLES
11) OTHER ASSETS
12) INVESTMENTS
13) PREMISES AND EQUIPMENT
14) INTANGIBLE ASSETS
15) DEPOSITS, SECURITIES SOLD UNDER AGREEMENTS TO REPURCHASE AND FUNDS FROM ISSUANCE OF SECURITIES
16) BORROWING AND ON-LENDING
17) PROVISIONS, CONTINGENT ASSETS AND LIABILITIES AND LEGAL OBLIGATIONS – TAX AND SOCIAL SECURITY
18) SUBORDINATED DEBT
19) OTHER LIABILITIES
20) INSURANCE, PENSION PLANS AND CAPITALIZATION BONDS
21) NON-CONTROLLING INTERESTS IN SUBSIDIARIES
22) SHAREHOLDERS' EQUITY (PARENT COMPANY)
23) FEE AND COMMISSION INCOME
24) PAYROLL AND RELATED BENEFITS
25) OTHER ADMINISTRATIVE EXPENSES
26) TAX EXPENSES
27) OTHER OPERATING INCOME
28) OTHER OPERATING EXPENSES
29) NON-OPERATING INCOME (LOSS)
30) RELATED-PARTY TRANSACTIONS
31) RISK AND CAPITAL MANAGEMENT
32) EMPLOYEE BENEFITS
33) INCOME TAX AND SOCIAL CONTRIBUTION
34) OTHER INFORMATION

Notes to the Consolidated Financial Statements

1) OPERATIONS

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

2) PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

Bradesco's consolidated financial statements include the financial statements for Bradesco, its foreign branches and subsidiaries, in Brazil and overseas and SPEs (Special Purpose Entities) and investment funds of which the Organization's companies are the main beneficiaries or holders of the principal obligations, as established by Technical Pronouncement CPC 36 (R3) - Consolidated Financial Statements, under the item "Control". These financial statements were prepared in conformity with accounting practices adopted in Brazil applicable to institutions authorized to operate by the Central Bank of Brazil (Bacen), and are in conformity with accounting guidelines included in Laws No. 4,595/64 (Brazilian Financial System Law) and No. 6,404/76 (Brazilian Corporate Law), including amendments introduced by Laws No. 11,638/07 and No. 11,941/09, as they relate to the accounting for operations, complemented by the rules and instructions of the National Monetary Council (CMN), Bacen, Brazilian Securities and Exchange Commission (CVM), and where applicable, National Private Insurance Council (CNSP), Insurance Superintendence (SUSEP) and National Supplementary Healthcare Agency (ANS). The financial statements of the lease companies included in the consolidated financial statements were prepared using the financial method, under which leased assets are derecognized and the lease receivables are recognized at present value in the Leases line item.

Management states that it has disclosed all relevant information in the consolidated financial statements of Bradesco and that the accounting practices have been applied in a consistent manner in all period presented.

For the preparation of these consolidated financial statements, the intercompany transactions, balances of equity accounts, revenue, expenses and unrealized profits were eliminated and net income and shareholders' equity attributable to the non-controlling interests were accounted for in a separate line. Goodwill on the acquisition of investments in associates, subsidiaries or jointly controlled companies is presented in the investments and intangible assets lines (Note 14a). The foreign exchange variation from foreign branches and investments is presented in the income statement accounts used for changes in the value of derivative financial instrument and expenses for borrowings and on-lendings. These effects are offset by the results obtained by the financial instruments used to protect the effects of the exchange variation produced by our investments abroad.

The financial statements include estimates and assumptions, which are reviewed at least annually, such as: the calculation of estimated loan losses; fair value estimates of certain financial instruments; civil, tax and labor provisions; impairment losses of securities classified as available-for-sale and held-to-maturity securities and non-financial assets; the calculation of technical provisions for insurance, pension plans and capitalization bonds; and the determination of the useful life of specific assets. Actual results may differ from those based on estimates and assumptions. In 2019, the revision of these assumptions resulted in changes to the evaluation and the constitution of certain provisions, the effects of which are shown in notes 12, 14, 17 and 19c.

Bradesco's consolidated financial statements were approved by the Board of Directors on February 04, 2020.

Notes to the Consolidated Financial Statements

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

	On December 31		
	Activity	Equity interest	
		2019	2018
Financial Sector – Brazil			
Ágora Corretora de Títulos e Valores Mobiliários S.A.	Brokerage	100.00%	100.00%
Banco Alvorada S.A. (1)	Banking	-	100.00%
Banco Bradescard S.A.	Cards	100.00%	100.00%
Banco Bradesco BBI S.A.	Investment bank	99.96%	99.96%
Banco Bradesco BERJ S.A.	Banking	100.00%	100.00%
Banco Bradesco Cartões S.A. (2)	Cards	-	100.00%
Banco Bradesco Financiamentos S.A.	Banking	100.00%	100.00%
Banco Losango S.A.	Banking	100.00%	100.00%
Bradesco Administradora de Consórcios Ltda.	Consortium management	100.00%	100.00%
Bradesco Leasing S.A. Arrendamento Mercantil	Leases	100.00%	100.00%
Bradesco-Kirton Corretora de Câmbio S.A.	Exchange Broker	99.97%	99.97%
Bradesco S.A. Corretora de Títulos e Valores Mobiliários	Brokerage	100.00%	100.00%
BRAM - Bradesco Asset Management S.A. DTVM	Asset management	100.00%	100.00%
Kirton Bank S.A.	Banking	100.00%	100.00%
Tempo Serviços Ltda.	Services	100.00%	100.00%
Financial Sector – Overseas			
Banco Bradesco Argentina S.A.U. (3)	Banking	100.00%	100.00%
Banco Bradesco Europa S.A. (3)	Banking	100.00%	100.00%
Banco Bradesco S.A. Grand Cayman Branch (3) (4)	Banking	100.00%	100.00%
Banco Bradesco S.A. New York Branch (3)	Banking	100.00%	100.00%
Bradesco Securities, Inc. (3)	Brokerage	100.00%	100.00%
Bradesco Securities, UK. Limited (3)	Brokerage	100.00%	100.00%
Bradesco Securities, Hong Kong Limited (3)	Brokerage	100.00%	100.00%
Cidade Capital Markets Ltd. (3)	Banking	100.00%	100.00%
Bradescard México, sociedad de Responsabilidad Limitada (5)	Cards	100.00%	100.00%
Insurance, Pension Plan and Capitalization Bond Sector - In Brazil			
Atlântica Companhia de Seguros	Insurance	100.00%	100.00%
Bradesco Auto/RE Companhia de Seguros	Insurance	100.00%	100.00%
Bradesco Capitalização S.A.	Capitalization bonds	100.00%	100.00%
Bradesco Saúde S.A.	Insurance/health	100.00%	100.00%
Bradesco Seguros S.A.	Insurance	99.96%	99.96%
Bradesco Vida e Previdência S.A.	Pension plan/Insurance	100.00%	100.00%
Odontoprev S.A. (6)	Dental care	50.01%	50.01%
Insurance - Overseas			
Bradesco Argentina de Seguros S.A. (3) (6)	Insurance	99.98%	99.98%
Other Activities - Brazil			
Andorra Holdings S.A.	Holding	100.00%	100.00%
Bradseg Participações S.A.	Holding	100.00%	100.00%
Bradescor Corretora de Seguros Ltda.	Insurance Brokerage	100.00%	100.00%
BSP Empreendimentos Imobiliários S.A.	Real estate	100.00%	100.00%
Cia. Securitizadora de Créditos Financeiros Rubi	Credit acquisition	100.00%	100.00%
Columbus Holdings S.A.	Holding	100.00%	100.00%
Nova Paiol Participações Ltda.	Holding	100.00%	100.00%
Other Activities - Overseas			
Bradesco North America LLC (3)	Services	100.00%	100.00%

Notes to the Consolidated Financial Statements

	Activity	On December 31	
		Equity interest	
		2019	2018
Investment Funds (7)			
Bradesco FI RF Máster II Previdência	Investment Fund	100.00%	100.00%
Bradesco FI RF Máster III Previdência	Investment Fund	100.00%	100.00%
Bradesco FIC de FI RF VGBL - F10	Investment Fund	100.00%	100.00%
Bradesco FI Referenciado DI Master	Investment Fund	100.00%	100.00%
Bradesco FI RF Máster Previdência	Investment Fund	100.00%	100.00%
Bradesco FI RF Master Previdência	Investment Fund	100.00%	100.00%
Bradesco FI RF Referenciado DI União	Investment Fund	99.99%	99.90%
Bradesco Private FIC de FI RF PGBL/VGBL Ativo-F 08 C	Investment Fund	100.00%	100.00%
Bradesco Private FIC de FI RF PGBL/VGBL Ativo	Investment Fund	100.00%	100.00%
Bradesco FIC FIM Portfólio Moderado PGBL/VGBL	Investment Fund	100.00%	100.00%

(1) Company merged into Kirton Bank S.A. in April 2019;

(2) Company merged into Banco Bradesco S.A. in August 2019;

(3) The functional currency of these companies abroad is the Real;

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

(5) The functional currency of this company is the Mexican Peso;

(6) Accounting information used with date lag of up to 60 days; and

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

3) SIGNIFICANT ACCOUNTING PRACTICES

a) Functional and presentation currencies

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

b) Income and expense recognition

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

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

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

Insurance and coinsurance premiums, net of premiums paid for coinsurance and related commissions, are recognized upon the issue of the related policies/certificates/endorsements and invoices, or upon the beginning of the exposure to risk in cases in which the risk begins before the policy issuance, and is recognized on a straight-line basis over the policies' effective period through the upfront recognition and subsequent reversal through the income statement of the unearned premium reserve and the deferred acquisition costs. Revenues from premiums and the corresponding deferred acquisition costs, relating to existing risk for which no policy has been issued, are recognized in the income statement at the beginning of the risk exposure, based on estimated figures.

The health insurance premiums are recognized in the net written premiums earned or provision for unearned premiums/considerations (PPCNG), according to the period of coverage of contracts in force on the reporting date.

Notes to the Consolidated Financial Statements

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

The acquisition costs related to the insurance commission are deferred and appropriated to the income in proportion to the recognition of the premium earned.

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

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

Management fee income is appropriated to the income on an accrual basis, according to contractually established rates.

Revenue from capitalization bonds is recognized in the month in which they are issued, according to the types of collection, which may be in monthly payments or in a single payment. Each security has a nominal value, which is indexed to the Reference Rate (TR), plus interest rates defined in the plan. The corresponding technical provisions are recorded simultaneously with the recognition of revenue.

The revenues arising from unclaimed and expired capitalization bonds (securities and non-redeemed draws) are recognized after the prescription period, that is, until November 2003, up to 20 years and five years after this date as established by law. The expenses related to commercialization of capitalization bonds are classified as "Acquisition Costs" and are recognized in the income statement as incurred.

c) Cash and cash equivalents

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

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

d) Interbank investments

Securities purchased under agreements to resell are stated at their fair value. All other interbank investments are stated at cost, plus income earned up to the end of the reporting period, net of any devaluation allowance, if applicable.

The breakdown, terms and proceeds relating to interbank investments are presented in Note 6.

e) Securities – Classification

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

Notes to the Consolidated Financial Statements

- Held-to-maturity securities – securities for which there is positive intent and financial capacity to hold to maturity. They are recognized at cost, plus income earned recognized in the income statement for the period.

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

Classification, breakdown and segmentation of securities are presented in Note 7.

f) Derivative financial instruments (assets and liabilities)

Derivative financial instruments are designed to meet the Company's own needs to manage Bradesco's global exposure, as well to meet customer requests, in order to manage its positions.

The transactions are recorded at their fair value considering the mark-to-market methodologies adopted by Bradesco, and their adjustment can be recorded in the income statement or equity, depending on the classification as accounting hedge (and the category of accounting hedge) or as an economic hedge.

Derivative financial instruments used to mitigate the risks of exposures in currencies, indexes, prices, rates or indexes are considered as hedge instruments, whose objectives are: (i) to ensure exposures remain with risk limits; (ii) change, modify or reverse positions due to market changes and operational strategies; and (iii) reduce or mitigate exposures of transactions in inactive markets, under stress or low liquidity conditions.

Instruments designated for hedge accounting purposes are classified according to their nature in:

- Market risk hedge: the gains and losses, realized or not, of the financial instruments classified in this category as well as the financial assets and liabilities, that are the object of the hedge, are recognized in the income statement;
- Cash flow hedge: the effective portion of changes in fair value of the financial instruments classified in this category is recognized, net of taxes, in a specific account in shareholders' equity. The ineffective portion of the hedge is recognized directly in the income Statement; and
- Hedge of net investment in foreign operations - the financial instruments classified in this category are intended to hedge the exchange variation of investments abroad, whose functional currency is different from the national currency, and are accounted for in accordance with the accounting procedures applicable to cash flow hedges, that is, with the effective portion recognized in shareholders' equity, net of tax effects, and the non-effective portion recognized in income statement for the period.

For derivatives classified in the hedge accounting category, there is a monitoring of: (i) strategy effectiveness, through prospective and retrospective effectiveness tests, and (ii) mark-to-market of hedge instruments.

A breakdown of amounts included as derivative financial instruments, in the statement of financial position and memorandum accounts, is disclosed in Note 7.

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

Notes to the Consolidated Financial Statements

Loans and leases, advances on foreign exchange contracts and other receivables with credit characteristics are classified by risk level, based on: (i) the parameters established by CMN Resolution No. 2.682/99, which requires risk ratings to have nine levels, from "AA" (minimum risk) to "H" (maximum risk) considering, among other things, the number of days of delay in a payment (as described in table below); and (ii) Management's assessment of the risk level. This assessment, which is carried out regularly, considers current economic conditions and past experience with loan losses, as well as specific and general risks relating to the contracts, debtors and guarantors.

Past-due period (1)	Customer rating
• from 15 to 30 days	B
• from 31 to 60 days	C
• from 61 to 90 days	D
• from 91 to 120 days	E
• from 121 to 150 days	F
• from 151 to 180 days	G
• more than 180 days	H

(1) For transactions with terms of more than 36 months, past-due periods are doubled, as permitted by CMN Resolution No. 2.682/99.

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

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

Renegotiated loans are maintained at least at the same rating in which they were classified on the date of renegotiation.

Renegotiations of loans that had already been written-off against the allowance and that were recognized in memorandum accounts, are rated as level "H" and any possible gains derived from their renegotiation are recognized only when they are effectively received. When there is a significant repayment on the loan or when new material facts justify a change in the level of risk, the loan may be reclassified to a lower risk category.

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

The classification of all loans to the same economic client or group is defined as the one that presents the highest risk. In exceptional cases, different ratings for a particular loan are accepted according to the nature, value, purpose of the loan and characteristics of the guarantees.

Type, values, terms, levels of risk, concentration, economic sector of client's activity, renegotiation and income from loans, as well as the breakdown of expenses and Statement of Financial Position accounts for the allowance for loan losses are presented in Note 9.

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

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

Deferred tax assets on temporary differences are realized when the difference between the accounting treatment and the income tax treatment reverses. Deferred tax assets on carried forward income tax and social contribution losses are realizable when taxable income is generated, up to the 30% limit of the taxable profit for the period. Deferred tax assets are recognized based on current expectations of realization considering technical studies and analyses carried out by Management.

Notes to the Consolidated Financial Statements

The provision for income tax is calculated at 15% of taxable income plus a 10% surcharge. For financial companies, for companies considered as such and for the insurance industry, social contribution was calculated until August 2015, considering the rate of 15%. For the period between September 2015 and December 2018, the rate was changed to 20%, according to Law No. 13,169/15 and the rate returned to 15% again as from January 2019. In November 2019, Constitutional Amendment No. 103 was enacted, which establishes in Article 32, the increase in the social contribution rate on the net profit of "Banks" from 15% to 20%, effective from March 2020. For the other companies, the social contribution is calculated considering the rate of 9%.

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

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

i) Prepaid expenses

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

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

In the case of the remuneration paid for the origination of loans or leases to the banking correspondents related to contracts originated during 2015 and 2016, Bradesco opted to recognize part of the total value of compensation, pursuant to the provisions of Bacen Circular Letter No. 3,738/14. As from 2017, the remuneration mentioned is fully recognized as an expense.

Prepaid expenses are shown in detail in Note 11b.

j) Investments

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

Tax incentives and other investments are stated at acquisition cost, less impairment, when applicable.

The composition of unconsolidated and jointly controlled companies, as well as other investments, are disclosed in Note 12.

k) Premises and equipment

Relates to the tangible assets used by the Bank in its activities.

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

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

l) Intangible assets

Intangible assets comprise:

Notes to the Consolidated Financial Statements

- Future profitability/acquired client portfolio and acquisition of right to provide banking services: they are recognized and amortized over the period in which the asset will directly and indirectly contribute to future cash flows and adjusted for impairment, where applicable; and
- Software: stated at cost less amortization calculated on a straight-line basis over the estimated useful life (20% p.a.), from the date it is available for use and adjusted for impairment, where applicable. Internal software development costs are recognized as an intangible asset when it is possible to show the intent and ability to complete and use the software, as well as to reliably measure costs directly attributable to the intangible asset. These costs are amortized during the software's estimated useful life, considering the expected future economic benefits.

Intangible assets and the movement in these balances by class are presented in Note 14.

m) Impairment losses on non-financial assets

Assets, which are subject to amortization or depreciation, are reviewed to verify impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized based on the excess the carrying amount of the asset or the cash generating unit (CGU) over its estimated recoverable amount. The recoverable amount of an asset or CGU is the greater of its fair value, less costs to sell, and its value in use.

For the purpose of impairment testing, the assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Subject to a ceiling of the operating segments, for the purpose of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes.

When assessing the value in use, projections of future results based on business and budget plans are used, and the estimated future cash flows are discounted to their present value using a discount rate before taxes, that reflects the current market conditions of the time value of money and the specific risks of the asset or CGU.

The Organization's corporate assets do not generate separate cash flows and are utilized by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

Impairment losses are recognized in the consolidated Income Statement. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (or group of CGUs) and then to reduce the carrying amount of the other assets in the CGU (or group of CGUs) on a pro rata basis.

n) Deposits and Securities sold under agreements to repurchase and funds from issuance of securities

These are recognized at the value of the liabilities and include, when applicable, related interest accrued at the end of the reporting period, calculated on a daily pro-rata basis.

The composition of deposits and Securities sold under agreements to repurchase and funds from issuance of securities, as well as their maturities and amounts recorded in equity and income accounts, are presented in Note 15.

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

- Damage, health and group insurance lines, except life insurance with survival coverage (VGBL):
 - The unearned premium reserve (PPNG) is calculated on a daily pro-rata basis, using premiums net of coinsurance, including amounts ceded through reinsurance, and is comprised of the portion corresponding to the remaining period of coverage, except for

Notes to the Consolidated Financial Statements

health insurance and personal insurance. The portion of these reserves corresponding to the estimate for risks in effect but not yet contracted is designated 'PPNG-RVNE';

- The unearned premium/payments reserve (PPCNG) is calculated on a daily pro-rata basis based on the portion of health insurance premiums corresponding to the remaining period of coverage, of the currently effective contracts;
- The mathematical reserve for unvested benefits (PMBaC) is calculated as the difference between the current value of future benefits and the current value of future contributions, on obligations already assumed by Bradesco;
- For health insurance, the Mathematical Reserve for Benefits to be Granted (PMBaC) uses a discount rate of 3.9% (4% in 2018) per annum. It considers the payment of premiums until the death of the insured and, from this moment, the costs related to the coverage of dependents who remain in the plan for five further years without payment of premiums;
- For health insurance, the mathematical reserve of benefits granted (PMBC) is constituted by the obligations arising from the contractual clauses of remittance of installments, regarding the coverage of health assistance and by the premiums paid by insured participating in the Bradesco Saúde Insurance Plan - "GBS Plan" considering a discount rate of 3.9% (4% in 2018) per annum;
- The reserve for events incurred but not reported (PEONA) is calculated from the final estimate of claims already incurred and still not reported, based on the run-off triangles, monthly that consider the historical development of claims advised in the last 12 months for health insurance and last 18 months for dental care to establish a future projection per period of occurrence;
- For Car insurance, and other Elementary Loans, the IBNR (reserve for incurred but not reported claims) and IBNER (reserve for events incurred but not reported) provisions are recorded, the purpose of which is to guarantee the payment of claims incurred, but which the Insurer is not yet aware of for lack of notice, and also cover variations in estimated amounts to pay those already notified;
- For life insurance, the provision of 'incurred but not reported claims (IBNR) is calculated based on semi-annual run-off triangles, which consider the historical development of claims paid and outstanding in the prior 10 semesters, to establish a future projection per period of occurrence; A residual cause study is performed to forecast the claims reported after 10 semesters that the event occurred;
- The reserve for unsettled claims (PSL), for health insurance, considers all claim notifications received up to the end of the reporting period, and includes all claims in litigation and related costs, updated monetarily;
- The reserve for unsettled claims (PSL) for life insurance considers the expected amounts to be settled from all claims notices received up to the reporting date. The provision covers administrative and judicial claims indexed to inflation and with interest in the event of judicial claims;
- For non-life insurance, the reserve for unsettled claims (PSL) is determined based on the indemnity payment estimates, considering all administrative and judicial claims notified up to the reporting date, restated monetarily and with interest in case of judicial claims, net of the expected payments to be received;
- The technical surplus reserve (PET) corresponds to the difference between the expected value and the observed value for events occurred in the period for policies with technical surplus;
- The Allocated loss adjustment expenses reserve (ALAE) for life insurance is recognized to cover expenses related to estimated claims and benefits for pre-funded pension plans, the

Notes to the Consolidated Financial Statements

reserve covers claims incurred. For plans structured under a full-capitalization pension system, the reserve is made to cover the expected expenses related to incurred claims/benefits and also to claims/benefits to be incurred;

- For damage insurance, the allocated loss adjustment expenses reserve (ALAE) is calculated on a monthly basis to cover the expenses related to indemnity payment, and it covers the expenses allocated individually to each claim, as well as expenses related to claims that have not been itemized, that is, those at the level of the portfolio;
 - The reserve for redemptions and other amounts to be settled (PVR) comprises figures related to redemptions to settle, premium refunds owed and portability (transfer-outs) requested but not yet transferred to the recipient insurer;
 - The complementary reserve for coverage (PCC) for damage insurance shall be recorded when there is an insufficiency in the technical provisions, as calculated in the Liability Adequacy Test (LAT), pursuant to the determinations specified in the regulations in force. As at the reporting date, no complementary reserve for coverage was recognized;
 - The complementary reserve for coverage (PCC) for life insurance, refers to the amount necessary to complement technical provisions, as calculated in the liability adequacy test (LAT). The LAT, which is prepared semiannually using statistical and actuarial methods based on realistic assumptions, taking into account the biometric table BR-EMS of both genders, adjusted as per longevity development criteria in compliance with the last versions disclosed (improvement), claims, administrative and operating expenses and forward interest rate curves (ETTJ) free from risk as authorized by SUSEP. The improvement rate is calculated from automatic updates of the biometric table, considering the expected increase in future life expectancy. The LAT result must be offset by the amount of the difference between the market value and the book value of the collateralized securities of technical provisions classified as "held to maturity", as required by SUSEP Circular No. 517/15 and subsequent changes;
 - The other technical provisions for damage insurance correspond to the provision for administrative expenses (PDA) arising from Personal Injury Caused by Motor Vehicles (DPVAT) insurance operations; and
 - Other technical provisions are recognized for the individual health portfolio to address the differences between the expected present value of future premiums and the expected present value of indemnities and related expenses, using an annual discount rate of 3.9% (4% in 2018) per annum.
- Pension plans and life insurance with survival coverage (VGBL):
 - The unearned premium reserve (PPNG) is calculated on a daily prorated basis using net contributions, and is comprised of the portion corresponding to the remaining period of coverage. The portion of these reserves corresponding to the estimate for risks covered but not yet issued is designated PPNG-RVNE;
 - The mathematical reserve for unvested benefits (PMBaC) is recognized for participants of pension plans and life insurance with survival coverage who have not yet received any benefit. In defined benefit pension plans, the reserve represents the difference between the present value of future benefits and the present value of future contributions, corresponding to obligations in the form of retirement, disability, pension and annuity plans. For defined contribution plans, it represents the value of participant contributions, net of costs and other contractual charges, plus income from investment in specially constituted investment funds (FIEs);
 - The reserve for redemptions and other amounts to be settled (PVR) comprises figures related to redemptions to settle, premium refunds owed and portability (transfer-outs) requested but not yet transferred to the recipient insurer;

Notes to the Consolidated Financial Statements

- The mathematical reserve for vested benefits (PMBC), calculated using actuarial estimates based on the relevant data of the plan participants, is recognized for participants already receiving benefits and corresponds to the present value of future obligations related to the payment of those on-going benefits;
 - The complementary reserve for coverage (PCC) refers to the amount necessary to complement technical provisions, as calculated in the liability adequacy test (LAT). The liability adequacy test (LAT), which is prepared semi-annually using statistical and actuarial methods based on certain assumptions, taking into account the biometric table BR-EMS of both genders, adjusted as per longevity development criteria in compliance with the last versions disclosed (improvement), claims, administrative and operating expenses, persistence rates and forward interest rate curves (ETTJ - prepared by Fenaprevi) free from risk and authorized by SUSEP. The improvement rate is calculated from automatic updates of the biometric table, considering the expected increase in future life expectancy. The adequacy test result must be offset by the portion corresponding to the difference between the fair value and the book value of the linked securities as collateral for technical provisions classified as "held to maturity", as required by SUSEP Circular No. 517/15 and subsequent changes;
 - The Allocated loss adjustment expenses reserve (ALAE) for life insurance is recognized to cover expenses related to estimated claims and benefits for pre-funded pension plans, the reserve covers claims incurred. For plans structured under a full-capitalization pension system, the reserve is made to cover the expected expenses related to incurred claims/benefits and also to claims/benefits to be incurred;
 - The reserve for financial surplus (PEF) corresponds to the financial income exceeding the minimum assured profitability, transferred to contracts with a financial surplus participation clause;
 - The provision for claims incurred but not reported (IBNR) is calculated based on semi-annual run-off triangles, which consider the historical development of claims paid and outstanding in the last 16 half-year periods for the creation of a new future projection by period of occurrence.
 - The reserve for unsettled claims (PSL) considers the expected values to be settled from all loss notices received up to the end of the reporting period. The provision covers administrative and judicial claims and is adjusted for inflation and with interest in the case of judicial claims; and
 - The financial charges credited to technical provisions, and the recording and/or reversal of the financial surplus, are classified as financial expenses, and are presented under "Financial income from insurance, pension plans and capitalization bonds".
- Capitalization bonds:
 - The mathematical reserve for capitalization bond (PMC) is recognized for each active or suspended capitalization bond over the term set forth in the general conditions of the plan, and is calculated using the capitalization percentage, applicable to each of the payments made, plus the monthly accrual calculated using the inflation index and the interest rate established in the plan until the bond is redeemed or canceled;
 - The reserve for redemption (PR) comprises the values of matured and early-terminated capitalization bonds and is calculated by updating the balance of bonds whose terms have expired or canceled using the inflation index until the holder receives the redemption payment;
 - The reserve for draws to be made (PSR) is constituted for each active security and is calculated for the prize draws funded which have not yet occurred, in accordance with the parameters of the plan. The calculation methodology consists of the projection of the expected present value of the expenses of future prize draws less the projection of the present value of the expected future receipts from the capitalization bonds;

Notes to the Consolidated Financial Statements

- The reserve for draws payable (PSP) consists of the value of unpaid prize draw amounts, adjusted for inflation for the period between the date of the drawing and its effective settlement; and
- The reserve for administrative expense (PDA) is recognized to cover the cost for maintaining capitalization bonds. For the calculation, the present value of the expected future administrative expenses is projected and compared to present value of the projected loading fees on future installments of the bonds.

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

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

Provisions, contingent assets and liabilities, and legal obligations, as defined below, are recognized, measured and disclosed in accordance with the criteria set out in CPC 25 – Provisions, contingent liabilities and contingent assets, approved by CMN Resolution No. 3,823/09 and CVM Resolution No. 594/09 and according to Circular Letter No. 3,429/10, which are:

- **Contingent Assets:** these are not recognized in the financial statements, except to the extent that there are real guarantees or favorable judicial decisions, to which no further appeals are applicable, and it is considered virtually certain that cash inflows will flow to Bradesco. Contingent assets with a chance of probable success are disclosed in the notes to the financial statements;
- **Provisions:** these are recognized taking into consideration the opinion of legal counsel, the nature of the lawsuits, similarity with previous lawsuits, complexity and positioning of the courts, whenever the Organization has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and when the amount can be reliably measured;
- **Contingent Liabilities:** according to CPC 25, the term “contingent” is used for liabilities that are not recognized because their existence will only be confirmed by the occurrence of one or more uncertain future events beyond Management’s control. Contingent liabilities do not meet the criteria for recognition because they are considered as possible losses and should only be disclosed in the notes when relevant. Obligations deemed remote are not recognized as a provision nor disclosed; and
- **Legal Obligations: Provision for Tax Risks:** results from judicial proceedings in which Bradesco is contesting the applicability of tax laws on the grounds of legality or constitutionality, which, regardless of the assessment of the probability of success, are fully provided for in the financial statements.

Details on lawsuits, as well as segregation and changes in amounts recognized, by type, are presented in Note 17.

q) Funding expenses

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

r) Post-employment benefits

The recognition, measurement and disclosure of employee benefits are made in accordance with the criteria established by CPC 33 (R1) - Employee Benefits, approved by CMN Resolution No. 4,424/15.

Notes to the Consolidated Financial Statements

Defined Contribution Plans

Bradesco and its subsidiaries sponsor supplementary pension plans for their employees and Management. Contributions for these pension plans are recognized as expenses in the Income Statement when they are incurred. Once the contributions are paid, the Organization, in the capacity of employer, has no obligation to make any additional payment.

Defined Benefit Plans

The Organization's net obligation, in relation to the defined benefit plans, arises exclusively from institutions acquired and the plans are calculated separately for each plan, estimating the defined future benefit that the employees they will be entitled to post-employment leave when they leave the Organization or when they retire.

Bradesco's net obligation for defined benefit plans is calculated on the basis of an estimate of the value of future benefits that employees receive in return for services rendered in the current and prior periods. This value is discounted to its present value and is presented net of the fair value of any assets of the plan.

The calculation of the obligation of the defined benefit plan is performed annually by a qualified actuary using the projected unit credit method as required by the accounting standard.

Remeasurement of the net obligation comprise: actuarial gains and losses; the difference between the return on plan assets and the net interest recognized on the defined benefit liability and any change in the effect of the asset ceiling (excluding interest), and is recognized in other comprehensive income.

The net interest and other costs related to the defined benefit plans are recognized in the Income Statement.

Details on employee benefits are presented in Note 32.

s) Other assets and liabilities

Assets are stated at their realizable amounts, including, when applicable, related income and inflation and exchange variations (on a daily prorated basis), less provision for losses, when deemed appropriate. Liabilities are stated at known or measurable amounts, including related charges and inflation and exchange variations (on a daily prorated basis).

t) Subsequent events

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

They comprise the following:

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

Subsequent events, if any, are described in Note 34 and are disclosed in accordance with the criteria established by CPC 24 - Subsequent Events, approved by CMN Resolution No. 3,973/11.

Notes to the Consolidated Financial Statements

4) MANAGERIAL STATEMENTS OF FINANCIAL POSITION AND INCOME STATEMENT BY OPERATING SEGMENT

a) Reconciliation of the Statement of Financial Position and Income Statement – Accounting vs. Managerial

Management uses a variety of information, including that derived from the financial statements prepared in accordance with accounting practices adopted in Brazil applicable to institutions authorized to operate by the Central Bank, which take into consideration, in the consolidation criteria, shared control companies, therefore, differing in part from the criteria of CPC 36.

The main differences of consolidation criteria are shown below, through the Reconciliation of the Statements of Financial Position and the Income Statements – Accounting vs. Managerial:

	On December 31 - R\$ thousand							
	2019				2018			
	Accounting Statement of Financial Position	Proportionately consolidated (1)	Adjustments of Consolidation (2)	Managerial Statement of Financial Position	Accounting Statement of Financial Position	Proportionately consolidated (1)	Adjustments of Consolidation (2)	Managerial Statement of Financial Position
Assets								
Current and long-term assets	1,330,593,967	9,149,273	41,729,208	1,381,472,448	1,257,425,725	9,314,948	89,986,505	1,356,727,178
Cash and due from banks	18,988,662	355,655	(142,585)	19,201,732	19,612,827	256,059	-	19,868,886
Interbank investments	58,612,208	(235,249)	(162,770)	58,214,189	104,234,576	(190,734)	-	104,043,842
Securities and derivative financial instruments	609,539,006	4,645,109	43,319,836	657,503,951	563,492,771	4,687,395	90,321,057	658,501,223
Interbank and interdepartmental accounts	91,103,171	-	-	91,103,171	89,026,037	-	-	89,026,037
Loans and leases	378,911,420	626,975	-	379,538,395	343,903,947	563,017	-	344,466,964
Allowance for Loan Losses (ALL)	(36,640,425)	(156,064)	-	(36,796,489)	(34,982,849)	(100,833)	-	(35,083,682)
Other receivables and assets	210,079,925	3,912,847	(1,285,273)	212,707,499	172,138,416	4,100,044	(334,552)	175,903,908
Permanent Assets	28,545,101	(712,772)	-	27,832,329	29,866,380	(583,596)	-	29,282,784
Investments	7,290,761	(5,103,609)	-	2,187,152	7,811,189	(5,619,603)	-	2,191,586
Premises and equipment	9,731,572	429,096	-	10,160,668	8,159,840	222,437	-	8,382,277
Intangible assets	11,522,768	3,961,741	-	15,484,509	13,895,351	4,813,570	-	18,708,921
Total	1,359,139,068	8,436,501	41,729,208	1,409,304,777	1,287,292,105	8,731,352	89,986,505	1,386,009,962

Notes to the Consolidated Financial Statements

	On December 31 - R\$ thousand							
	2019				2018			
	Accounting Statement of Financial Position	Proportionately consolidated (1)	Adjustments of Consolidation (2)	Managerial Statement of Financial Position	Accounting Statement of Financial Position	Proportionately consolidated (1)	Adjustments of Consolidation (2)	Managerial Statement of Financial Position
Liabilities								
Current and long-term liabilities	1,224,380,009	7,333,871	41,729,208	1,273,443,088	1,165,126,216	7,630,632	89,986,505	1,262,743,353
Deposits	368,203,601	(1,077,194)	1,821,341	368,947,748	342,298,900	(239,487)	818,682	342,878,095
Securities sold under agreements to repurchase	174,100,023	(6,854)	42,581,832	216,675,001	190,911,877	-	90,985,068	281,896,945
Funds from Issuance of Securities	170,727,563	15,294	-	170,742,857	147,720,730	-	-	147,720,730
Interbank and interdepartmental accounts	25,292,425	(246,191)	-	25,046,234	26,113,001	219,225	-	26,332,226
Borrowing and on-lending	51,743,527	2,323,247	(100,024)	53,966,750	54,851,398	1,893,379	(86,218)	56,658,559
Derivative financial instruments	14,244,083	(12,419)	(406,029)	13,825,635	16,152,087	22,752	(181,860)	15,992,979
Technical provisions for insurance, pension plans and capitalization bonds	274,764,876	-	-	274,764,876	258,755,207	-	-	258,755,207
Other liabilities	145,303,911	6,337,988	(2,167,912)	149,473,987	128,323,016	5,734,763	(1,549,167)	132,508,612
Deferred income	326,047	-	-	326,047	379,510	-	-	379,510
Non-controlling interests in subsidiaries	709,791	1,102,630	-	1,812,421	665,510	1,100,720	-	1,766,230
Shareholders' equity	133,723,221	-	-	133,723,221	121,120,869	-	-	121,120,869
Total	1,359,139,068	8,436,501	41,729,208	1,409,304,777	1,287,292,105	8,731,352	89,986,505	1,386,009,962
Years ended December 31 - R\$ thousand								
	2019				2018			
	Accounting Income Statement	Proportionately consolidated (1)	Adjustments of Consolidation (2)	Managerial Income Statement	Accounting Income Statement	Proportionately consolidated (1)	Adjustments of Consolidation (2)	Managerial Income Statement
Revenue from financial intermediation	133,222,229	818,428	(125,364)	133,915,293	125,611,761	1,084,631	1,084,034	127,780,426
Expenses from financial intermediation	(61,452,991)	(104,508)	(2,404,402)	(63,961,901)	(60,778,542)	(88,764)	(3,729,581)	(64,596,887)
Financial margin	71,769,238	713,920	(2,529,766)	69,953,392	64,833,219	995,867	(2,645,547)	63,183,539
Allowance for loan losses	(18,720,532)	(170,961)	-	(18,891,493)	(18,225,479)	(94,494)	-	(18,319,973)
Gross income from financial intermediation	53,048,706	542,959	(2,529,766)	51,061,899	46,607,740	901,373	(2,645,547)	44,863,566
Income from insurance, pension plans and capitalization bonds	8,962,125	6,840	-	8,968,965	8,360,534	-	-	8,360,534
Fee and commission income	26,951,205	4,128,937	2,254,425	33,334,567	25,219,997	4,578,360	2,527,231	32,325,588
Personnel expenses	(24,782,723)	(710,807)	-	(25,493,530)	(19,131,067)	(854,580)	-	(19,985,647)
Other administrative expenses	(20,236,215)	(1,419,119)	249,173	(21,406,161)	(19,438,576)	(971,706)	119,519	(20,290,763)
Tax expenses	(6,858,230)	(528,090)	-	(7,386,320)	(6,096,899)	(597,722)	-	(6,694,621)
Share of profit (loss) of unconsolidated and jointly controlled companies	1,203,531	(906,399)	-	297,132	1,618,817	(1,420,804)	-	198,013
Other operating income / expenses	(21,588,981)	(663,471)	26,168	(22,226,284)	(12,322,737)	(891,788)	(1,203)	(13,215,728)
Operating income	16,699,418	450,850	-	17,150,268	24,817,809	743,133	-	25,560,942
Non-operating income	(520,078)	9,583	-	(510,495)	(870,813)	(24,052)	-	(894,865)
IT/SC (Income Tax/Soc. Contrib.) and non-controlling interests	6,403,275	(460,433)	-	5,942,842	(4,862,043)	(719,081)	-	(5,581,124)
Net income	22,582,615	-	-	22,582,615	19,084,953	-	-	19,084,953

(1) Refers to the effects of the consolidation adjustments arising from the undertakings consolidated proportionally (Grupo Cielo, Grupo Elopap, Crediare, etc.) for managerial purposes; and
(2) Primarily relates to reversal of the consolidation of the exclusive funds.

Notes to the Consolidated Financial Statements

b) Statement of financial position and income statements by segment – Managerial

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

	On December 31 - R\$ thousand						
	Financial (1) (2)		Insurance Group (2) (3)		Other Activities (2)	Eliminations (4)	Managerial Accounting Statement of Financial Position
	Brazil	Overseas	Brazil	Overseas			
Assets							
Current and long-term assets	1,016,292,082	121,316,413	318,434,044	35,673	4,788,263	(79,394,027)	1,381,472,448
Cash and due from banks	15,512,156	3,692,502	74,983	6,641	125,305	(209,855)	19,201,732
Interbank investments	55,538,999	2,670,166	5,024	-	-	-	58,214,189
Securities and derivative financial instruments	338,262,687	14,182,355	306,784,364	5,138	3,871,340	(5,601,933)	657,503,951
Interbank and interdepartmental accounts	91,103,171	-	-	-	6,279	(6,279)	91,103,171
Loans and leases	350,705,323	100,295,665	-	-	-	(71,462,593)	379,538,395
Allowance for Loan Losses (ALL)	(35,290,560)	(1,505,929)	-	-	-	-	(36,796,489)
Other receivables and assets	200,460,306	1,981,654	11,569,673	23,894	785,339	(2,113,367)	212,707,499
Permanent assets	126,970,372	48,524	7,294,798	2,570	226,106	(106,710,041)	27,832,329
Investments	106,628,723	-	2,261,867	-	6,603	(106,710,041)	2,187,152
Premises and equipment	6,955,342	29,451	3,128,982	487	46,406	-	10,160,668
Intangible assets	13,386,307	19,073	1,903,949	2,083	173,097	-	15,484,509
Total in 2019	1,143,262,454	121,364,937	325,728,842	38,243	5,014,369	(186,104,068)	1,409,304,777
Total in 2018	1,129,085,066	122,664,647	303,971,782	32,332	5,966,071	(175,709,936)	1,386,009,962
Liabilities							
Current and long-term liabilities	1,007,801,321	56,805,199	287,040,302	22,609	1,167,684	(79,394,027)	1,273,443,088
Deposits	349,363,556	20,060,005	-	-	-	(475,813)	368,947,748
Securities sold under agreements to repurchase	209,078,228	7,596,773	-	-	-	-	216,675,001
Funds from issuance of securities	172,703,176	3,375,634	-	-	-	(5,335,953)	170,742,857
Interbank and interdepartmental accounts	25,046,234	-	-	-	-	-	25,046,234
Borrowing and on-lending	112,295,653	13,133,712	-	-	-	(71,462,615)	53,966,750
Derivative financial instruments	13,325,356	500,279	-	-	-	-	13,825,635
Technical provisions for insurance, pension plans and capitalization bonds	-	-	274,750,187	14,689	-	-	274,764,876
Other liabilities	125,989,118	12,138,796	12,290,115	7,920	1,167,684	(2,119,646)	149,473,987
Deferred income	303,901	-	22,146	-	-	-	326,047
Non-controlling interests in subsidiaries	1,434,011	64,559,738	38,666,394	15,634	3,846,685	(106,710,041)	1,812,421
Shareholders' equity	133,723,221	-	-	-	-	-	133,723,221
Total in 2019	1,143,262,454	121,364,937	325,728,842	38,243	5,014,369	(186,104,068)	1,409,304,777
Total in 2018	1,129,085,066	122,664,647	303,971,782	32,332	5,966,071	(175,709,936)	1,386,009,962

Notes to the Consolidated Financial Statements

	Years ended December 31 - R\$ thousand						
	Financial (1) (2)		Insurance Group (2) (3)		Other Activities (2)	Eliminations (4)	Managerial Income Statement
	Brazil	Overseas	Brazil	Overseas			
Revenue from financial intermediation	108,095,993	5,306,437	22,933,401	2,777	228,386	(2,651,701)	133,915,293
Expenses from financial intermediation	(47,616,905)	(2,066,551)	(16,930,146)	-	-	2,651,701	(63,961,901)
Financial margin	60,479,088	3,239,886	6,003,255	2,777	228,386	-	69,953,392
Allowance for loan losses	(18,760,944)	(130,549)	-	-	-	-	(18,891,493)
Gross income from financial intermediation	41,718,144	3,109,337	6,003,255	2,777	228,386	-	51,061,899
Income from insurance, pension plans and capitalization bonds	-	-	8,920,395	15,215	-	33,355	8,968,965
Fee and commission income	30,731,941	403,566	2,028,371	-	306,865	(136,176)	33,334,567
Personnel expenses	(22,858,814)	(213,786)	(2,023,068)	(7,156)	(390,706)	-	(25,493,530)
Other administrative expenses	(20,044,392)	(283,110)	(1,491,651)	(4,243)	(194,265)	611,500	(21,406,161)
Tax expenses	(6,175,646)	(27,542)	(1,110,355)	(115)	(72,662)	-	(7,386,320)
Share of profit (loss) of unconsolidated and jointly controlled companies	12,921	-	276,165	-	8,046	-	297,132
Other operating income / expenses	(20,935,778)	(146,263)	(731,619)	(3,016)	99,071	(508,679)	(22,226,284)
Operating income	2,448,376	2,842,202	11,871,493	3,462	(15,265)	-	17,150,268
Non-operating income	(551,478)	14,050	26,800	-	133	-	(510,495)
IT/SC (Income Tax/Soc. Contrib.) and non-controlling interests	11,220,166	(788,751)	(4,490,212)	(733)	2,372	-	5,942,842
Net income in 2019	13,117,064	2,067,501	7,408,081	2,729	(12,760)	-	22,582,615
Net income in 2018	10,558,177	1,935,686	6,386,817	2,105	202,168	-	19,084,953

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

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

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

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

5) CASH AND CASH EQUIVALENTS

	On December 31 - R\$ thousand	
	2019	2018
Cash and due from banks in domestic currency	14,802,308	14,734,228
Cash and due from banks in foreign currency	4,185,462	4,877,776
Investments in gold	892	823
Total cash and due from banks	18,988,662	19,612,827
Interbank investments (1)	42,890,831	90,612,803
Total cash and cash equivalents	61,879,493	110,225,630

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

Notes to the Consolidated Financial Statements

6) INTERBANK INVESTMENTS

a) Breakdown and maturity

	On December 31 - R\$ thousand					
	1 to 30 days	31 to 180 days	181 to 360 days	More than 360 days	2019	2018
Securities purchased under agreements to resell:						
Own portfolio position	5,101,936	1,866,236	-	-	6,968,172	31,844,011
• National treasury notes	3,662,365	1,649,830	-	-	5,312,195	7,028,541
• Financial treasury bills	-	-	-	-	-	9,088,295
• National treasury bills	13,162	216,406	-	-	229,568	15,280,734
• Other	1,426,409	-	-	-	1,426,409	446,441
Funded position	26,316,025	12,135,075	-	-	38,451,100	60,443,537
• National treasury notes	12,323,986	11,990,045	-	-	24,314,031	27,206,904
• Financial treasury bills	9,961,815	-	-	-	9,961,815	10,489,798
• National treasury bills	4,030,224	145,030	-	-	4,175,254	22,746,835
Unrestricted position	1,006,866	1,852,423	-	-	2,859,289	4,017,035
• National treasury bills	1,006,866	1,852,423	-	-	2,859,289	4,017,035
Subtotal	32,424,827	15,853,734	-	-	48,278,561	96,304,583
Interest-earning deposits in other banks:						
• Interest-earning deposits in other banks:	3,667,562	1,700,546	3,219,405	1,746,147	10,333,660	7,932,361
• Provision for losses	-	(13)	-	-	(13)	(2,368)
Subtotal	3,667,562	1,700,533	3,219,405	1,746,147	10,333,647	7,929,993
Total in 2019	36,092,389	17,554,267	3,219,405	1,746,147	58,612,208	
%	61.6	29.9	5.5	3.0	100.0	
Total in 2018	32,764,427	68,328,646	1,743,634	1,397,869		104,234,576
%	31.4	65.6	1.7	1.3		100.0

b) Income from interbank investments

Classified in the income statement as revenue from financial intermediation - securities.

	Years ended December 31 - R\$ thousand	
	2019	2018
Income from investments in purchase and sale commitments:		
• Own portfolio position	1,146,491	1,333,748
• Funded position	4,445,327	5,646,815
• Unrestricted position	677,860	1,809,839
Subtotal	6,269,678	8,790,402
Income from interest-earning deposits in other banks	932,799	521,417
Total (Note 7g)	7,202,477	9,311,819

Notes to the Consolidated Financial Statements

7) SECURITIES AND DERIVATIVE FINANCIAL INSTRUMENTS

Information on securities and derivative financial instruments is as follows:

a) Summary of the consolidated classification of securities by operating segment and issuer

	On December 31 - R\$ thousand							
	Financial	Insurance Group		Other Activities	2019	%	2018	%
		Insurance and Capitalization bonds	Pension plans					
Trading securities	54,063,097	12,506,697	183,955,935	45,528	250,571,257	41.1	246,466,675	43.8
- Government securities	32,951,766	8,313,288	160,026,872	7,433	201,299,359	33.0	207,889,087	37.0
- Corporate securities	6,755,478	4,153,765	23,813,370	38,095	34,760,708	5.7	23,806,994	4.2
- Derivative financial instruments (1) (5)	14,355,853	39,644	115,693	-	14,511,190	2.4	14,770,594	2.6
Available-for-sale securities (2)	211,376,940	29,403,213	21,103,925	8,397	261,892,475	43.0	223,249,943	39.6
- Government securities	125,131,914	24,204,503	19,924,344	7,967	169,268,728	27.8	152,383,421	27.0
- Corporate securities	86,245,026	5,198,710	1,179,581	430	92,623,747	15.2	70,866,522	12.6
Held-to-maturity securities (2)	67,096,679	5,598,491	24,380,104	-	97,075,274	15.9	93,776,153	16.6
- Government securities	58,708,455	5,598,491	24,380,104	-	88,687,050	14.5	82,231,271	14.6
- Corporate securities	8,388,224	-	-	-	8,388,224	1.4	11,544,882	2.0
Total	332,536,716	47,508,401	229,439,964	53,925	609,539,006	100.0	563,492,771	100.0
- Government securities	216,792,135	38,116,282	204,331,320	15,400	459,255,137	75.3	442,503,779	78.6
- Corporate securities	115,744,581	9,392,119	25,108,644	38,525	150,283,869	24.7	120,988,992	21.4
Total	332,536,716	47,508,401	229,439,964	53,925	609,539,006	100.0	563,492,771	100.0

Notes to the Consolidated Financial Statements

b) Consolidated classification by category, maturity and operating segment

l) Trading securities

Securities	On December 31 - R\$ thousand								
	2019							2018	
	1 to 30 days	31 to 180 days	181 to 360 days	More than 360 days	Fair/book value (3) (4)	Amortized cost	Fair Value Adjustment	Fair/book value (3) (4)	Fair Value Adjustment
- Financial	7,268,070	2,926,328	2,069,589	41,799,110	54,063,097	52,676,613	1,386,484	47,524,720	(1,066,593)
Financial treasury bills	-	609,661	141,250	16,192,145	16,943,056	16,941,861	1,195	14,423,922	954
National treasury notes	-	-	104,390	7,448,590	7,552,980	7,189,876	363,104	6,930,565	240,885
Financial bills	-	171,308	93,427	234,597	499,332	503,447	(4,115)	730,929	(3,368)
Debentures	-	66	8,759	789,921	798,746	989,394	(190,648)	984,968	(198,296)
National treasury bills	535,892	91,618	572,544	6,792,191	7,992,245	7,976,436	15,809	4,321,001	57,178
Brazilian foreign debt securities	1,064	-	-	46,244	47,308	47,267	41	659,602	14,079
Derivative financial instruments (1) (5)	3,156,847	1,643,472	694,202	8,861,332	14,355,853	13,059,090	1,296,763	14,736,954	(1,131,804)
Other	3,574,267	410,203	455,017	1,434,090	5,873,577	5,969,242	(95,665)	4,736,779	(46,221)
- Insurance companies and capitalization bonds	3,926,248	22,793	47,141	8,510,515	12,506,697	12,506,697	-	14,713,675	-
Financial treasury bills	-	7,214	8,229	7,787,043	7,802,486	7,802,486	-	8,772,885	-
Financial bills	-	12,899	38,313	70,921	122,133	122,133	-	113,279	-
Other	3,926,248	2,680	599	652,551	4,582,078	4,582,078	-	5,827,511	-
- Pension plans	6,322,036	3,694,901	9,302,684	164,636,314	183,955,935	183,955,935	-	184,123,719	-
Financial treasury bills	-	689,202	450,710	117,762,489	118,902,401	118,902,401	-	80,063,494	-
National treasury notes	-	-	305,624	29,535,491	29,841,115	29,841,115	-	24,272,828	-
National treasury bills	4,999	135,150	141,342	11,001,866	11,283,357	11,283,357	-	65,677,847	-
Financial bills	-	2,546,149	7,802,026	2,548,061	12,896,236	12,896,236	-	7,765,988	-
Debentures	-	133,086	311,404	3,458,725	3,903,215	3,903,215	-	3,322,495	-
Other	6,317,037	191,314	291,578	329,682	7,129,611	7,129,611	-	3,021,067	-
- Other activities	38,095	-	-	7,433	45,528	45,529	(1)	104,561	(1)
Financial treasury bills	-	-	-	7,433	7,433	7,434	(1)	7,014	(1)
Other	38,095	-	-	-	38,095	38,095	-	97,547	-
Total	17,554,449	6,644,022	11,419,414	214,953,372	250,571,257	249,184,774	1,386,483	246,466,675	(1,066,594)
Derivative financial instruments (liabilities) (5)	(2,940,618)	(794,723)	(471,835)	(10,036,907)	(14,244,083)	(11,070,334)	(3,173,749)	(16,152,087)	(3,637,158)

Notes to the Consolidated Financial Statements

II) Available-for-sale securities

Securities (2) (6)	On December 31 - R\$ thousand								
	2019							2018	
	1 to 30 days	31 to 180 days	181 to 360 days	More than 360 days	Fair/book value (3) (4)	Amortized cost	Fair Value Adjustment	Fair/book value (3) (4)	Fair Value Adjustment
- Financial	7,860,801	26,673,169	13,372,518	163,470,452	211,376,940	206,670,478	4,706,462	182,347,466	(1,060,628)
National treasury bills	749,720	17,518,593	5,139,938	56,577,191	79,985,442	77,411,742	2,573,700	101,047,640	953,641
Debentures	-	2,255,251	811,918	54,953,578	58,020,747	58,253,332	(232,585)	44,548,112	(1,176,911)
National treasury notes	-	-	931,053	34,494,732	35,425,785	33,523,161	1,902,624	12,029,995	499,570
Foreign corporate securities	165,288	-	1,214,566	6,062,150	7,442,004	7,173,366	268,638	9,476,564	(84,594)
Shares	3,566,928	-	-	-	3,566,928	3,572,908	(5,980)	6,175,888	(1,327,302)
Foreign government bonds	1,079,462	3,222,775	2,131,392	21,264	6,454,893	6,449,559	5,334	-	-
Promissory Notes	-	867,009	1,558,441	444,828	2,870,278	2,857,252	13,026	214,800	535
Certificates of real estate receivables	-	1,589	-	1,903,248	1,904,837	1,844,293	60,544	1,649,761	44,262
Other	2,299,403	2,807,952	1,585,210	9,013,461	15,706,026	15,584,865	121,161	7,204,706	30,171
- Insurance companies and capitalization bonds	5,168,642	-	480,666	23,753,905	29,403,213	26,291,651	3,111,562	24,281,561	1,122,665
National treasury notes	-	-	480,666	19,465,827	19,946,493	17,900,134	2,046,359	13,262,070	527,090
Shares	5,165,489	-	-	-	5,165,489	4,360,877	804,612	3,384,245	374,515
National treasury bills	-	-	-	4,233,009	4,233,009	3,990,086	242,923	7,052,575	218,454
Other	3,153	-	-	55,069	58,222	40,554	17,668	582,671	2,606
- Pension plans	1,099,390	2,785	-	20,001,750	21,103,925	16,128,505	4,975,420	16,599,891	2,145,561
National treasury notes	-	-	-	19,894,915	19,894,915	15,148,075	4,746,840	14,980,823	1,937,545
Shares	1,099,390	-	-	-	1,099,390	885,043	214,347	1,238,716	192,272
Debentures	-	-	-	80,190	80,190	65,957	14,233	88,163	9,779
Other	-	2,785	-	26,645	29,430	29,430	-	292,189	5,965
- Other activities	430	-	-	7,967	8,397	8,126	271	21,025	4,634
Other	430	-	-	7,967	8,397	8,126	271	21,025	4,634
Subtotal	14,129,263	26,675,954	13,853,184	207,234,074	261,892,475	249,098,760	12,793,715	223,249,943	2,212,232
Accounting Hedge (Note 7f)	-	-	-	-	-	-	(269,021)	-	(409,784)
Securities reclassified to "Held-to-maturity securities"	-	-	-	-	-	-	(545,381)	-	(671,605)
Total	14,129,263	26,675,954	13,853,184	207,234,074	261,892,475	249,098,760	11,979,313	223,249,943	1,130,843

Notes to the Consolidated Financial Statements

III) Held-to-maturity securities

Securities (2) (6)	On December 31 - R\$ thousand								
	2019							2018	
	1 to 30 days	31 to 180 days	181 to 360 days	More than 360 days	Amortized cost (3)	Fair value (4)	Gain (loss) not accounted for	Amortized cost (3)	Gain (loss) not accounted for
- Financial	13,827,055	15,332,901	12,309,848	25,626,875	67,096,679	69,560,716	2,464,037	65,475,387	1,510,345
National treasury bills	13,826,947	15,328,881	12,292,296	16,436,303	57,884,427	59,732,937	1,848,510	53,109,511	1,633,938
Certificates of real estate receivables	-	-	16,729	8,371,495	8,388,224	8,877,602	489,378	11,544,034	(186,538)
National treasury notes	108	879	823	819,077	820,887	947,036	126,149	818,029	62,945
Other	-	3,141	-	-	3,141	3,141	-	3,813	-
- Insurance companies and capitalization bonds	-	-	-	5,598,491	5,598,491	7,319,977	1,721,486	5,386,057	991,305
National treasury notes	-	-	-	5,598,491	5,598,491	7,319,977	1,721,486	5,386,057	991,305
- Pension plans	-	-	8,011	24,372,093	24,380,104	31,960,100	7,579,996	22,914,709	4,987,956
National treasury notes	-	-	8,011	24,372,093	24,380,104	31,960,100	7,579,996	22,914,709	4,987,956
Total	13,827,055	15,332,901	12,317,859	55,597,459	97,075,274	108,840,793	11,765,519	93,776,153	7,489,606

Notes to the Consolidated Financial Statements

c) Breakdown of the portfolios by financial statement classification

Securities	On December 31 - R\$ thousand					
	1 to 30 days	31 to 180 days	181 to 360 days	More than 360 days	Total in 2019 (3) (4)	Total in 2018 (3) (4)
Own portfolio	36,408,877	13,368,570	17,149,934	374,080,930	441,008,311	412,328,730
Fixed income securities	19,899,414	13,368,570	17,149,934	374,080,930	424,498,848	398,079,234
• National treasury notes	108	879	795,124	119,904,929	120,701,040	75,212,782
• Financial treasury bills	-	883,937	606,544	132,298,615	133,789,096	102,095,193
• National treasury bills	9,504,965	387,409	141,342	39,141,293	49,175,009	138,191,123
• Debentures	-	2,267,579	1,132,081	55,887,287	59,286,947	43,631,787
• Financial bills	-	2,730,355	7,933,765	3,163,188	13,827,308	8,714,400
• Certificates of real estate receivables	-	1,589	16,729	10,432,085	10,450,403	13,494,113
• Foreign government bonds	1,079,462	3,226,096	2,544,244	21,264	6,871,066	473,435
• Foreign corporate securities	1,591,751	2,040	724,798	4,997,378	7,315,967	5,305,043
• Brazilian foreign debt securities	22,319	-	-	1,322,868	1,345,187	1,818,063
• Promissory Notes	-	925,438	1,735,635	642,791	3,303,864	515,750
• Bank deposit certificates	103,108	526,778	111,479	70,170	811,535	623,784
• Other	7,597,701	2,416,470	1,408,193	6,199,062	17,621,426	8,003,761
Equity securities	16,509,463	-	-	-	16,509,463	14,249,496
• Shares of listed companies	-	-	-	-	-	1,241,650
• Shares of other companies	16,509,463	-	-	-	16,509,463	13,007,846
Restricted securities	5,817,135	32,075,321	19,166,336	92,970,939	150,029,731	131,978,176
Subject to repurchase agreements	5,655,861	30,047,940	18,792,380	68,590,594	123,086,775	113,464,946
• National treasury bills	5,612,592	29,773,866	17,430,140	45,956,977	98,773,575	88,441,140
• Foreign corporate securities	37,579	-	531,778	2,322,975	2,892,332	6,204,749
• National treasury notes	-	-	757,874	15,929,655	16,687,529	12,327,245
• Brazilian foreign debt securities	5,690	-	-	443,364	449,054	406,205
• Debentures	-	120,824	-	3,483,892	3,604,716	5,378,441
• Financial treasury bills	-	153,250	72,588	453,731	679,569	707,166
Given in guarantee to the Brazilian Central Bank	-	-	5,198	4,058,191	4,063,389	-
• National treasury bills	-	-	5,198	4,058,191	4,063,389	-
Privatization rights	-	-	-	34,384	34,384	39,273
Given in guarantee	161,274	2,027,381	368,758	20,287,770	22,845,183	18,473,957
• National treasury notes	-	-	-	4,692,368	4,692,368	13,622,742
• National treasury bills	-	1,360,676	270,571	5,636,118	7,267,365	2,025,292
• Financial treasury bills	-	666,705	98,187	9,957,055	10,721,947	2,716,525
• Other	161,274	-	-	2,229	163,503	109,398
Derivative financial instruments (1) (5)	3,284,755	1,656,694	697,750	8,871,991	14,511,190	14,770,594
Securities sold under repurchase agreements - unrestricted	-	1,552,292	576,437	1,861,045	3,989,774	4,415,271

Notes to the Consolidated Financial Statements

Securities	On December 31 - R\$ thousand					
	1 to 30 days	31 to 180 days	181 to 360 days	More than 360 days	Total in 2019 (3) (4)	Total in 2018 (3) (4)
• National treasury bills	-	1,552,292	298,868	247,978	2,099,138	4,171,396
• National treasury notes	-	-	277,569	1,613,067	1,890,636	243,875
Total	45,510,767	48,652,877	37,590,457	477,784,905	609,539,006	563,492,771
%	7.4	8.0	6.2	78.4	100.0	100.0

(1) Consistent with the criteria in Bacen Circular Letter No. 3,068/01 and due to the characteristics of the securities, we are classifying the derivative financial instruments, in the "Securities for Trading" category. For derivative financial instruments considered as accounting hedges, the category used is "Available-for-Sale Securities";

(2) In compliance with Article 8 of Bacen Circular Letter No. 3,068/01, Bradesco declares that it has the financial capacity and intention to maintain held-to-maturity securities until their maturity dates. At the time of preparation of the consolidated financial statements as from June 30, 2018, Management decided to reclassify Securities Available for Sale to Held to Maturity, in the amount of R\$17,022,922 thousand, without any result, as the result (loss) in the gross amount of R\$(297,343) thousand, is being retained in shareholders' equity and will be recognized in income over the remaining period of the securities, according to article 5 of said Circular. This reclassification was based on the alignment of the risk and capital management strategy. In the year ended in December 31, 2019, there were no sales or reclassifications of securities classified in this category;

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

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

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

(6) In the year ended in December 31, 2019, there was impairment losses on financial assets (mostly debentures), related to securities classified as "Available-for-Sale" and "Held-to-Maturity" in the amount of R\$2,058,026 thousand (R\$981,233 thousand in 2018), net of constitution/reversal.

Notes to the Consolidated Financial Statements

d) Derivative financial instruments

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

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

Quoted market prices are used to determine the fair value of derivative financial instruments. The fair value of swaps is determined by using discounted cash flow modeling techniques that use yield curves, reflecting adequate risk factors. The information to build yield curves is mainly obtained from Securities, Commodities and Futures Exchange (B3), and the domestic and international secondary market. These yield curves are used to determine the fair value of currency swaps, interest rate and other risk factor swaps. The fair value of forward and futures contracts is also determined based on market price quotations for derivatives traded on an exchange or using methodologies similar to those outlined for swaps. The fair values of credit derivative instruments are determined based on market price quotation or prices received from specialized entities. The fair value of options is determined based on mathematical models, such as Black & Scholes, using yield curves, implied volatilities and the fair value of corresponding assets. Current market prices are used to calculate volatility. To estimate the fair value of the over-the-counter (OTC) financial derivative instruments, the credit quality of each counterparty is also taken into account, based on an expected loss for each derivative portfolio (Credit valuation adjustment).

Bradesco's derivative financial instruments in Brazil primarily consist of swaps and futures and are registered at B3.

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

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

Macro strategy are defined for the Trading (proprietary) and Banking portfolios. Trading Portfolio transactions, including derivatives, look for gains from directional movements in prices and/or rates, arbitrage, hedge and market-maker strategies that may be fully or partly settled before the originally stipulated maturity date. The Banking Portfolio focuses on commercial transactions and their hedges.

Portfolio risk is controlled using information consolidated by risk factor; effective portfolio risk management requires joint use of derivatives with other instruments, including stocks and bonds.

The Financial Statements include a Risk Management and Capital Note on the main risk-control metrics and the risk management structure's key aspects. This Note complements the Securities and Derivatives Note and shows these instruments' exposures under various views, as well as derivatives' revenues and expenses.

Notes to the Consolidated Financial Statements

I) Amount of derivative financial instruments recognized by index

	On December 31 - R\$ thousand									
	2019					2018				
	Nominal value	Net amount value (3)	Original amortized cost	Mark-to-market adjustment	Fair value	Nominal value	Net amount value (3)	Original amortized cost	Mark-to-market adjustment	Fair value
Futures contracts										
Purchase commitments:	140,426,077	-	20,290	-	20,290	237,744,206		12,333	-	12,333
- Interbank market	108,149,874	-	12,659	-	12,659	183,952,954	54,745,811	8,902	-	8,902
- Foreign currency	30,351,663	-	5,560	-	5,560	53,491,092	-	3,174	-	3,174
- Other	1,924,540	777,414	2,071	-	2,071	300,160	11,359	257	-	257
Sale commitments:	231,911,105		(23,676)	-	(23,676)	195,027,332		(21,283)	-	(21,283)
- Interbank market (1)	153,544,202	45,394,328	(18,640)	-	(18,640)	129,207,143	-	(19,133)	-	(19,133)
- Foreign currency (2)	77,219,777	46,868,114	(1,840)	-	(1,840)	65,531,388	12,040,296	(1,911)	-	(1,911)
- Other	1,147,126	-	(3,196)	-	(3,196)	288,801	-	(239)	-	(239)
Option contracts										
Purchase commitments:	145,317,995		1,489,325	310,565	1,799,890	53,476,567		1,402,844	108,423	1,511,267
- Interbank market	130,179,263	-	617,942	153,980	771,922	37,543,735	510,899	530,930	29,882	560,812
- Foreign currency	14,233,062	1,019,989	808,235	131,756	939,991	15,102,480	3,464,719	825,937	72,814	898,751
- Other	905,670	-	63,148	24,829	87,977	830,352	106,623	45,977	5,727	51,704
Sale commitments:	253,288,998		(1,519,642)	(12,609)	(1,532,251)	49,394,326		(1,659,204)	13,854	(1,645,350)
- Interbank market	238,999,513	108,820,250	(891,953)	(130,183)	(1,022,136)	37,032,836	-	(1,001,378)	(29,965)	(1,031,343)
- Foreign currency	13,213,073	-	(545,433)	124,936	(420,497)	11,637,761	-	(603,380)	31,513	(571,867)
- Other	1,076,412	170,742	(82,256)	(7,362)	(89,618)	723,729	-	(54,446)	12,306	(42,140)
Forward contracts										
Purchase commitments:	16,258,721		1,428,434	1,328	1,429,762	13,597,633		731,145	-	731,145
- Interbank market	232,706	232,706	1,859	1,328	3,187	213,196	213,196	15,577	-	15,577
- Foreign currency	13,794,259	-	(251,175)	-	(251,175)	12,488,149	-	135,002	-	135,002
- Other	2,231,756	1,563,753	1,677,750	-	1,677,750	896,288	292,398	580,566	-	580,566
Sale commitments:	15,834,563		125,532	(2,167)	123,365	19,213,840		(164,382)	-	(164,382)
- Foreign currency (2)	15,166,560	1,372,301	107,747	-	107,747	18,609,950	6,121,801	(188,372)	-	(188,372)
- Other	668,003	-	17,785	(2,167)	15,618	603,890	-	23,990	-	23,990

Notes to the Consolidated Financial Statements

	On December 31 - R\$ thousand									
	2019					2018				
	Nominal value	Net amount value (3)	Original amortized cost	Mark-to-market adjustment	Fair value	Nominal value	Net amount value (3)	Original amortized cost	Mark-to-market adjustment	Fair value
Swap contracts										
Assets (long position):	70,032,236		9,668,531	987,011	10,655,542	73,302,987		13,411,473	(1,240,227)	12,171,246
- Interbank market	7,703,103	3,424,228	118,969	85,416	204,385	4,439,901	2,835,083	319,859	89,857	409,716
- Fixed rate	38,714,923	19,364,909	8,253,671	(515,320)	7,738,351	51,759,240	23,444,731	11,671,421	(1,910,637)	9,760,784
- Foreign currency	19,746,372	-	1,032,687	1,066,491	2,099,178	15,551,428	-	1,296,270	461,908	1,758,178
- IGPM	670,554	-	124,132	118,554	242,686	753,483	7,483	55,729	54,100	109,829
- Other	3,197,284	-	139,072	231,870	370,942	798,935	-	68,194	64,545	132,739
Liabilities (unrestricted position):	52,232,961		(9,044,701)	(3,161,114)	(12,205,815)	56,105,194		(10,325,457)	(3,651,012)	(13,976,469)
- Interbank market	4,278,875	-	(179,169)	76,722	(102,447)	1,604,818	-	(18,891)	(27,358)	(46,249)
- Fixed rate	19,350,014	-	(5,547,009)	(2,015,586)	(7,562,595)	28,314,509	-	(6,187,482)	(3,397,316)	(9,584,798)
- Foreign currency	21,483,368	1,736,996	(2,750,465)	(605,694)	(3,356,159)	23,368,049	7,816,621	(3,751,368)	25,542	(3,725,826)
- IGPM	893,000	222,446	(167,300)	(170,755)	(338,055)	746,000	-	(117,080)	(75,723)	(192,803)
- Other	6,227,704	3,030,420	(400,758)	(445,801)	(846,559)	2,071,818	1,272,883	(250,636)	(176,157)	(426,793)
Total	925,302,656		2,144,093	(1,876,986)	267,107	697,862,085		3,387,469	(4,768,962)	(1,381,493)

Derivatives include operations maturing in D+1.

(1) Includes: (i) accounting cash flow hedges to protect DI-indexed funding totaling R\$76,405,734 thousand (R\$8,285,152 thousand in 2018); and (ii) accounting cash flow hedges to protect DI-indexed investments totaling R\$21,015,183 thousand (R\$9,784,183 thousand in 2018) (Note 7f);

(2) Includes specific hedges to protect assets and liabilities, arising from foreign investments. Investments abroad totaling the amount of R\$64,376,717 thousand (R\$59,884,730 thousand in 2018); and

(3) Reflects the net balance between the Asset and Liability position.

Notes to the Consolidated Financial Statements

II) Breakdown of derivative financial instruments (assets and liabilities) shown at original amortized cost, fair value and maturity

	On December 31 - R\$ thousand									
	2019									2018
	Original amortized cost	Mark-to-market adjustment	Fair value	%	1 to 90 days	91 to 180 days	181 to 360 days	More than 360 days	Total	Total
Adjustment receivable - swaps	9,668,531	987,011	10,655,542	73.5	2,454,889	141,145	534,619	7,524,889	10,655,542	12,171,246
Adjustment receivable - future	20,290	-	20,290	0.1	8,941	84	205	11,060	20,290	12,333
Receivable forward purchases	1,746,464	1,328	1,747,792	12.0	1,378,774	280,077	67,299	21,642	1,747,792	882,677
Receivable forward sales (1)	289,817	(2,141)	287,676	2.0	111,030	39,572	25,368	111,706	287,676	193,071
Premiums on exercisable options	1,489,325	310,565	1,799,890	12.4	460,248	66,689	70,259	1,202,694	1,799,890	1,511,267
Total assets (A)	13,214,427	1,296,763	14,511,190	100.0	4,413,882	527,567	697,750	8,871,991	14,511,190	14,770,594
Adjustment payables - swaps	(9,044,701)	(3,161,114)	(12,205,815)	85.6	(2,539,027)	(446,533)	(329,069)	(8,891,186)	(12,205,815)	(13,976,469)
Adjustment payables - future	(23,676)	-	(23,676)	0.2	(4,763)	-	(34)	(18,879)	(23,676)	(21,283)
Payable forward purchases	(318,030)	-	(318,030)	2.2	(128,880)	(59,652)	(67,930)	(61,568)	(318,030)	(151,532)
Payable forward sales	(164,285)	(26)	(164,311)	1.2	(98,478)	(14,799)	(8,606)	(42,428)	(164,311)	(357,453)
Premiums on written options	(1,519,642)	(12,609)	(1,532,251)	10.8	(395,176)	(48,033)	(66,196)	(1,022,846)	(1,532,251)	(1,645,350)
Total liabilities (B)	(11,070,334)	(3,173,749)	(14,244,083)	100.0	(3,166,324)	(569,017)	(471,835)	(10,036,907)	(14,244,083)	(16,152,087)

Net Effect (A-B)	2,144,093	(1,876,986)	267,107		1,247,558	(41,450)	225,915	(1,164,916)	267,107	(1,381,493)

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

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

	On December 31 - R\$ thousand					
	1 to 90 days	91 to 180 days	181 to 360 days	More than 360 days	2019	2018
Futures contracts (1)	168,339,315	38,115,352	38,784,775	127,097,740	372,337,182	432,771,538
Option contracts	335,764,505	24,877,188	29,008,223	8,957,077	398,606,993	102,870,893
Forward contracts (1)	16,518,633	5,368,096	6,106,912	4,099,643	32,093,284	32,811,473
Swap contracts	32,844,302	12,313,989	10,655,139	66,451,767	122,265,197	129,408,181
Total in 2019	553,466,755	80,674,625	84,555,049	206,606,227	925,302,656	
Total in 2018	241,830,623	54,546,377	101,612,810	299,872,275		697,862,085

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

Notes to the Consolidated Financial Statements

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

	On December 31 - R\$ thousand	
	2019	2018
Government securities		
National treasury bills	4,620,246	-
National treasury notes	5,270,514	4,525,418
Total	9,890,760	4,525,418

V) Revenues and expenses, net

	Years ended December 31 - R\$ thousand	
	2019	2018
Swap contracts	(303,446)	(1,614,631)
Forward contracts (1)	739,273	(585,339)
Option contracts	282,465	(164,181)
Futures contracts (1)	(1,915,884)	(8,347,172)
Foreign exchange variation of assets and liabilities overseas	337,884	4,335,238
Total (Note 7g)	(859,708)	(6,376,085)

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

VI) Nominal values of derivative financial instruments, by trading location and counterparty

	On December 31 - R\$ thousand	
	2019	2018
B3 (stock exchange)	739,773,021	488,039,597
B3 (over-the-counter)	143,904,600	163,937,706
Financial Institutions	62,540,939	89,673,925
Companies	80,946,338	74,165,418
Individuals	417,323	98,363
Overseas (stock exchange) (1)	18,292,330	31,202,691
Overseas (over-the-counter) (1)	23,332,705	14,682,091
Total	925,302,656	697,862,085

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

e) Credit Default Swaps (CDS)

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

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

	On December 31 - R\$ thousand	
	2019	2018
Risk received in credit Swaps:	3,894,982	3,330,639
- Debt securities issued by companies	791,045	749,735
- Bonds of the Brazilian public debt	3,056,778	2,574,317
- Bonds of foreign public debt	47,159	6,587
Risk transferred in credit Swaps:	(1,108,443)	(271,236)
- Brazilian public debt derivatives	(181,382)	(96,870)
- Foreign public debt derivatives	(927,061)	(174,366)
Total net credit risk value	2,786,539	3,059,403
Effect on Shareholders' Equity	84,382	61,551
Remuneration on the counterparty receiving the risk	(11,945)	(7,372)

Notes to the Consolidated Financial Statements

The contracts related to credit derivatives transactions described above are due in 2025. There were no credit events, as defined in the agreements, during the period.

f) Hedge Accounting

On December 31, 2019, Bradesco maintained hedges, in accordance with Bacen Circular No. 3,082/02, consisting of:

- I) Cash Flow Hedge** - the financial instruments classified in this category, aims to reduce exposure to future changes in interest and foreign exchange rates, which impact the outcome of the organization. The effective portion of the changes in fair value of these instruments is recognized in a separate account of shareholders' equity, net of tax effects and is only transferred to the Income Statement in two situations: (i) in case of ineffectiveness of the hedge; or (ii) the realization of the hedge object. The ineffective portion of the respective hedge is recognized directly in the income statement.

Strategy	On December 31 - R\$ thousand			
	Hedge instrument nominal value	Hedge object accounting value	Fair Value Accumulated Adjustments in shareholders' equity (gross of tax effects)	Fair Value Accumulated Adjustments in shareholders' equity (net of tax effects)
Hedge of interest receipts from investments in securities (1)	21,015,183	21,127,503	216,845	119,265
Hedge of interest payments on funding (1)	76,405,734	75,942,005	(97,192)	(53,456)
Total in 2019	97,420,917	97,069,508	119,653	65,809
Hedge of interest receipts from investments in securities (2)	9,784,183	8,048,943	-	-
Hedge of interest payments on funding (1)	8,285,152	8,054,345	(140,745)	(84,447)
Total in 2018	18,069,335	16,103,288	(140,745)	(84,447)

(1) Referring to the DI interest rate risk, using DI Futures contracts in B3, with maturity dates until 2021, making the cash flow fixed; and
(2) Referring to the DI interest rate risk, using DI Futures contracts in B3, with maturity dates in 2019, making the cash flow fixed.
The effectiveness of the hedge portfolio is in accordance with Bacen Circular No. 3,082/02.

For the next 12 months, the gains/(losses) related to the cash flow hedge, which we expect to recognize in the income statement, amount to R\$(28,413) thousand.

There were no gains/(losses) related to the ineffectiveness of the cash flow hedge recorded in the income statements in the year ended on December 31, 2019 (R\$22,970 thousand in 2018).

- II) Hedge of investments abroad** - the financial instruments classified in this category, have the objective of reducing the exposure to foreign exchange variation of investments abroad, whose functional currency is different from the national currency, which impacts the result of the organization. The effective portion of the valuations or devaluations of these instruments is recognized in a separate account of shareholders' equity, net of tax effects and is only transferred to the income statement in two situations: (i) hedge ineffectiveness; or (ii) in the disposal or partial sale of the foreign operation. The ineffective portion of the respective hedge is recognized directly in the income statement.

Notes to the Consolidated Financial Statements

Strategy	On December 31 - R\$ thousand			
	Hedge instrument nominal value	Hedge object accounting value	Fair Value Accumulated Adjustments in shareholders' equity (gross of tax effects)	Fair Value Accumulated Adjustments in shareholders' equity (net of tax effects)
Hedge of exchange variation on investments abroad (1)	1,919,177	925,820	(388,674)	(213,771)
Total in 2019	1,919,177	925,820	(388,674)	(213,771)
Hedge of exchange variation on investments abroad (1)	1,375,232	755,611	(269,039)	(161,423)
Total in 2018	1,375,232	755,611	(269,039)	(161,423)

(1) Whose functional currency is different from the real, using Forward contracts, with the object of hedging the foreign investment referenced to MXN (Mexican Peso).

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

For the next 12 months, the gains/(losses) related to the hedge of investments abroad, which we expect to recognize in the result, amount to R\$(4,172) thousand.

The gains/(losses) related to the hedge of investments abroad, recorded in income accounts, in the year ended on December 31, 2019 was R\$(15,750) thousand (R\$(7,943) thousand in 2018).

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

	Years ended December 31 - R\$ thousand	
	2019	2018
Fixed income securities (1)	20,859,572	21,787,124
Interbank investments (Note 6b)	7,202,477	9,311,819
Equity securities	(456,975)	247,561
Subtotal	27,605,074	31,346,504
Income from insurance, pension plans and capitalization bonds (2)	25,025,743	24,923,391
Income from derivative financial instruments (Note 7d V)	(859,708)	(6,376,085)
Total	51,771,109	49,893,810

(1) In the year ended on December 31, 2019, there were impairment losses of financial assets (mostly debentures), in the amount of R\$2,058,004 thousand (R\$979,765 thousand in 2018), net of constitution/reversal; and

(2) In the year ended on December 31, 2019, there were impairment losses of shares in the amount of R\$22 thousand (R\$1,468 thousand in 2018).

8) INTERBANK ACCOUNTS – RESERVE REQUIREMENT

a) Reserve requirement

	Remuneration	On December 31 - R\$ thousand	
		2019	2018
Compulsory deposit – demand deposits	not remunerated	7,042,022	7,186,254
Compulsory deposit – savings deposits	savings index	22,619,432	21,999,114
Compulsory deposit – time deposits	Selic rate	60,960,884	58,411,548
Reserve requirement – SFH	TR + interest rate	227,993	1,283,317
Total		90,850,331	88,880,233

For more information on compulsory deposits, see Note 34.

b) Revenue from reserve requirement

	Years ended December 31 - R\$ thousand	
	2019	2018
Reserve requirement – Bacen (Compulsory deposit)	4,304,874	3,916,299
Reserve requirement – SFH	22,516	50,208
Total	4,327,390	3,966,507

Notes to the Consolidated Financial Statements

9) LOANS AND OTHER CREDIT EXPOSURES

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

a) By type and maturity

	On December 31 - R\$ thousand									
	Performing loans						Total in 2019 (A)	% (4)	Total in 2018 (A)	% (4)
	1 to 30 days	31 to 60 days	61 to 90 days	91 to 180 days	181 to 360 days	More than 360 days				
Discounted trade receivables and loans (1)	18,462,686	13,095,925	11,304,871	22,516,623	32,332,245	87,635,078	185,347,428	36.1	164,506,897	35.7
Financing	4,969,716	4,884,338	4,394,331	11,594,990	18,888,292	99,684,336	144,416,003	28.0	133,425,180	29.0
Agricultural and agribusiness loans	546,434	675,707	824,219	3,416,404	7,881,140	7,048,944	20,392,848	4.0	19,930,085	4.3
Subtotal	23,978,836	18,655,970	16,523,421	37,528,017	59,101,677	194,368,358	350,156,279	68.1	317,862,162	69.0
Leases	99,288	104,279	96,247	261,744	455,234	1,710,066	2,726,858	0.5	1,942,316	0.4
Advances on foreign exchange contracts (2)	1,798,668	2,265,876	1,743,297	6,370,469	3,506,308	-	15,684,618	3.0	14,143,929	3.1
Subtotal	25,876,792	21,026,125	18,362,965	44,160,230	63,063,219	196,078,424	368,567,755	71.6	333,948,407	72.5
Other receivables (3)	26,825,807	11,623,100	5,564,488	8,772,996	4,081,898	444,640	57,312,929	11.1	48,201,909	10.5
Total credit portfolio	52,702,599	32,649,225	23,927,453	52,933,226	67,145,117	196,523,064	425,880,684	82.7	382,150,316	83.0
Acquisition of credit card receivables	5,277,345	989,540	829,398	1,584,278	805,061	-	9,485,622	1.8	3,928,901	0.9
Subtotal	57,979,944	33,638,765	24,756,851	54,517,504	67,950,178	196,523,064	435,366,306	84.5	386,079,217	83.9
Sureties and guarantees	774,282	828,646	748,370	7,333,710	13,125,797	55,420,340	78,231,145	15.2	72,870,964	15.8
Loan assignment - real estate receivables certificate	-	-	-	-	-	-	-	-	749,428	0.2
Guarantee given on rural loans assigned	-	-	-	-	9,481	51,276	60,757	-	65,663	-
Letters of credit for imports	80,169	87,287	113,519	265,408	16,613	848,201	1,411,197	0.3	361,593	0.1
Confirmed exports loans	14,105	496	-	-	5,626	-	20,227	-	70,391	-
Total - Memorandum accounts	868,556	916,429	861,889	7,599,118	13,157,517	56,319,817	79,723,326	15.5	74,118,039	16.1
Total loans, advances on foreign exchange contracts, leases and other receivables with credit characteristics in 2019	58,848,500	34,555,194	25,618,740	62,116,622	81,107,695	252,842,881	515,089,632	100.0		
Total loans, advances on foreign exchange contracts, leases and other receivables with credit characteristics in 2018	56,753,937	31,132,642	20,625,348	55,574,819	66,385,309	229,725,201			460,197,256	100.0

Notes to the Consolidated Financial Statements

	On December 31 - R\$ thousand								
	Non-performing loans								
	Past-due installments								
	1 to 30 days	31 to 60 days	61 to 90 days	91 to 180 days	181 to 540 days	Total in 2019 (B)	% (4)	Total in 2018 (B)	% (4)
Discounted trade receivables and loans (1)	1,039,379	1,153,003	1,186,903	2,326,047	3,606,513	9,311,845	81.4	9,221,349	84.3
Financing	222,339	185,984	120,052	243,204	204,122	975,701	8.5	1,015,656	9.3
Agricultural and agribusiness loans	13,588	27,285	35,609	49,502	39,337	165,321	1.4	258,359	2.4
Subtotal	1,275,306	1,366,272	1,342,564	2,618,753	3,849,972	10,452,867	91.3	10,495,364	96.0
Leases	3,001	2,559	4,103	7,202	8,608	25,473	0.2	18,676	0.2
Advances on foreign exchange contracts (2)	23,141	18,088	8,350	110,111	212,956	372,646	3.3	103,155	0.9
Subtotal	1,301,448	1,386,919	1,355,017	2,736,066	4,071,536	10,850,986	94.8	10,617,195	97.1
Other receivables (3)	48,613	20,967	329,540	50,386	141,809	591,315	5.2	317,349	2.9
Total loans, advances on foreign exchange contracts, leases and other receivables with credit characteristics in 2019	1,350,061	1,407,886	1,684,557	2,786,452	4,213,345	11,442,301	100.0		
Total loans, advances on foreign exchange contracts, leases and other receivables with credit characteristics in 2018	1,837,427	1,225,253	1,322,069	2,792,108	3,757,687			10,934,544	100.0

Notes to the Consolidated Financial Statements

	On December 31 - R\$ thousand									
	Non-performing loans									
	Installments not yet due									
	1 to 30 days	31 to 60 days	61 to 90 days	91 to 180 days	181 to 360 days	More than 360 days	Total in 2019 (C)	% (4)	Total in 2018 (C)	% (4)
Discounted trade receivables and loans (1)	694,662	586,863	561,355	1,261,389	2,045,067	5,233,230	10,382,566	66.4	8,838,446	64.4
Financing	205,120	192,198	189,130	501,857	831,564	3,071,655	4,991,524	32.0	4,483,300	32.6
Agricultural and agribusiness loans	608	1,644	684	4,917	26,418	36,398	70,669	0.5	134,813	1.0
Subtotal	900,390	780,705	751,169	1,768,163	2,903,049	8,341,283	15,444,759	98.9	13,456,559	98.0
Leases	2,973	2,902	2,858	8,297	17,660	70,494	105,184	0.7	128,870	0.9
Subtotal	903,363	783,607	754,027	1,776,460	2,920,709	8,411,777	15,549,943	99.6	13,585,429	98.9
Other receivables (3)	8,109	7,135	6,213	14,001	16,258	17,030	68,746	0.4	147,531	1.1
Total loans, advances on foreign exchange contracts, leases and other receivables with credit characteristics in 2019	911,472	790,742	760,240	1,790,461	2,936,967	8,428,807	15,618,689	100.0		
Total loans, advances on foreign exchange contracts, leases and other receivables with credit characteristics in 2018	791,131	723,225	589,755	1,528,058	2,400,006	7,700,785			13,732,960	100.0

Notes to the Consolidated Financial Statements

	On December 31 - R\$ thousand			
	Total			
	Total in 2019 (A+B+C)	% (4)	Total in 2018 (A+B+C)	% (4)
Discounted trade receivables and loans (1)	205,041,839	37.9	182,566,692	37.7
Financing	150,383,228	27.7	138,924,136	28.7
Agricultural and agribusiness loans	20,628,838	3.8	20,323,257	4.2
Subtotal	376,053,905	69.4	341,814,085	70.6
Leases	2,857,515	0.5	2,089,862	0.4
Advances on foreign exchange contracts (2) (Note 10a)	16,057,264	3.0	14,247,084	2.9
Subtotal	394,968,684	72.9	358,151,031	73.9
Other receivables (3)	57,972,990	10.7	48,666,789	10.0
Credit portfolio	452,941,674	83.6	406,817,820	83.9
Acquisition of credit card receivables	9,485,622	1.7	3,928,901	0.8
Subtotal	462,427,296	85.3	410,746,721	84.7
Sureties and guarantees	78,231,145	14.4	72,870,964	15.0
Loan assignment - real estate receivables certificate	-	-	749,428	0.2
Guarantee given on rural loans assigned	60,757	-	65,663	-
Letters of credit for imports	1,411,197	0.3	361,593	0.1
Confirmed exports loans	20,227	-	70,391	-
Total – Memorandum accounts	79,723,326	14.7	74,118,039	15.3
Total loans, advances on foreign exchange contracts, leases and other receivables with credit characteristics in 2019	542,150,622	100.0		
Total loans, advances on foreign exchange contracts, leases and other receivables with credit characteristics in 2018			484,864,760	100.0

(1) Including credit card loans of R\$13,499,626 thousand (R\$13,205,662 thousand in 2018);

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

(3) The item "Other Receivables" comprises receivables on sureties and guarantees honored, receivables on sale of assets, securities and credits receivable, income receivable from foreign exchange contracts and export contracts and credit card receivables (cash and installment purchases at merchants) totaling R\$33,977,700 thousand (R\$29,465,888 thousand in 2018); and

(4) Percentage of each type in relation to the total loan portfolio, including sureties and guarantee, loan assignment and acquisition of receivables, co-obligations in rural loan assignments, credits opened for importation and confirmed export credits.

Notes to the Consolidated Financial Statements

b) Credit portfolio and financial guarantees provided by type and levels of risk

	On December 31 - R\$ thousand												
	Levels of risk												
	AA	A	B	C	D	E	F	G	H	Total in 2019	% (1)	Total in 2018	% (1)
Discounted trade receivables and loans	21,380,972	101,902,130	19,120,939	29,938,867	5,430,060	5,813,387	3,239,253	3,047,796	15,168,435	205,041,839	38.7	182,566,692	38.1
Financing	93,403,506	26,033,319	14,527,470	8,967,206	1,994,779	2,107,693	740,239	814,327	1,794,689	150,383,228	28.3	138,924,136	29.0
Agricultural and agribusiness loans	6,576,951	8,382,424	4,068,007	1,154,247	235,068	61,765	48,949	17,381	84,046	20,628,838	3.9	20,323,257	4.2
Subtotal	121,361,429	136,317,873	37,716,416	40,060,320	7,659,907	7,982,845	4,028,441	3,879,504	17,047,170	376,053,905	70.9	341,814,085	71.3
Leases	576,816	727,974	1,369,256	19,635	14,640	5,305	232	19,901	123,756	2,857,515	0.5	2,089,862	0.4
Advances on foreign exchange contracts (2)	7,357,613	2,534,578	3,699,006	1,806,113	34,534	17,767	41,380	79,710	486,563	16,057,264	3.0	14,247,084	3.0
Subtotal	129,295,858	139,580,425	42,784,678	41,886,068	7,709,081	8,005,917	4,070,053	3,979,115	17,657,489	394,968,684	74.4	358,151,031	74.7
Other receivables	12,708,503	31,144,109	6,578,253	5,829,087	267,261	136,368	68,068	54,135	1,187,206	57,972,990	10.9	48,666,789	10.1
Subtotal credit portfolio	142,004,361	170,724,534	49,362,931	47,715,155	7,976,342	8,142,285	4,138,121	4,033,250	18,844,695	452,941,674	85.3	406,817,820	84.8
Financial guarantees provided (3)	65,676,489	4,376,630	1,659,531	93,845	4,403,960	2,020,690	-	-	-	78,231,145	14.7	72,870,964	15.2
Total credit portfolio and financial guarantees in 2019	207,680,850	175,101,164	51,022,462	47,809,000	12,380,302	10,162,975	4,138,121	4,033,250	18,844,695	531,172,819	100.0		
%	39.1	33.0	9.6	9.0	2.3	1.9	0.8	0.8	3.5	100.0			
Total credit portfolio and financial guarantees in 2018	190,397,325	151,795,507	40,985,620	53,294,270	9,924,605	6,033,271	6,730,410	3,390,532	17,137,244			479,688,784	100.0
%	39.7	31.6	8.5	11.1	2.1	1.3	1.4	0.7	3.6			100.0	

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

(2) Note 10a; and

(3) The provision for losses, associated to the financial guarantees provided, is being assessed as provided by CMN Resolution No. 4,512/16, for more information on the methodology used, see Note 19c.

Notes to the Consolidated Financial Statements

c) Composition of credit portfolio by risk level and delay situation

l) Levels of risk

	On December 31 - R\$ thousand												
	Levels of risk												
	Non-performing loans (3)												
	AA	A	B	C	D	E	F	G	H	Total in 2019	% (1)	Total in 2018	% (1)
Installments not yet due	-	-	2,656,707	2,750,416	2,123,485	1,608,515	924,571	1,168,378	4,386,617	15,618,689	100.0	13,732,960	100.0
1 to 30	-	-	163,272	190,555	108,098	86,302	49,187	72,635	241,423	911,472	5.8	791,131	5.8
31 to 60	-	-	134,945	164,604	95,950	77,022	44,973	57,208	216,040	790,742	5.1	723,225	5.2
61 to 90	-	-	134,822	150,792	89,185	76,837	44,183	54,431	209,990	760,240	4.9	589,755	4.3
91 to 180	-	-	255,780	320,523	232,353	194,166	113,400	127,914	546,325	1,790,461	11.5	1,528,058	11.1
181 to 360	-	-	408,251	519,111	399,629	315,326	185,388	216,148	893,114	2,936,967	18.8	2,400,006	17.5
More than 360	-	-	1,559,637	1,404,831	1,198,270	858,862	487,440	640,042	2,279,725	8,428,807	53.9	7,700,785	56.1
Past-due installments (2)	-	-	457,549	999,061	905,224	956,834	757,881	810,607	6,555,145	11,442,301	100.0	10,934,544	100.0
1 to 14	-	-	14,449	57,606	43,496	27,174	27,752	17,934	109,474	297,885	2.6	1,008,198	9.2
15 to 30	-	-	412,056	265,296	86,414	65,818	43,615	34,969	144,008	1,052,176	9.2	829,229	7.6
31 to 60	-	-	31,044	643,267	213,350	131,238	56,880	57,604	274,503	1,407,886	12.3	1,225,253	11.2
61 to 90	-	-	-	24,782	529,161	156,989	68,054	55,098	850,473	1,684,557	14.6	1,322,069	12.1
91 to 180	-	-	-	8,110	32,803	557,267	541,021	622,507	1,024,744	2,786,452	24.4	2,792,108	25.5
181 to 360	-	-	-	-	-	18,348	20,559	22,495	4,088,355	4,149,757	36.3	3,701,006	33.9
More than 360	-	-	-	-	-	-	-	-	63,588	63,588	0.6	56,681	0.5
Subtotal	-	-	3,114,256	3,749,477	3,028,709	2,565,349	1,682,452	1,978,985	10,941,762	27,060,990		24,667,504	
Specific provision	-	-	31,143	112,484	302,870	769,606	841,225	1,385,290	10,941,762	14,384,380		14,039,739	

(1) Percentage of maturities by installment;

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

(3) For contracts with installments past-due for more than 14 days or which have been restructured or where the borrower is bankrupt or in judicial recovery.

Notes to the Consolidated Financial Statements

	On December 31 - R\$ thousand												
	Levels of risk												
	Performing loans (2)												
	AA	A	B	C	D	E	F	G	H	Total in 2019	% (1)	Total in 2018	% (1)
Installments not yet due	141,852,118	169,890,905	46,107,267	43,636,313	4,888,035	5,499,692	2,438,822	2,038,448	7,820,330	424,171,930	99.6	380,425,134	99.5
1 to 30	10,501,820	26,984,488	5,797,979	6,253,839	332,388	245,137	158,938	97,192	622,064	50,993,845	12.0	50,551,414	13.3
31 to 60	8,454,065	15,463,767	3,389,529	4,024,181	200,487	143,614	131,266	269,314	573,002	32,649,225	7.7	28,800,443	7.5
61 to 90	6,696,260	9,756,820	3,244,413	3,596,692	180,772	140,304	66,957	54,693	190,542	23,927,453	5.6	18,814,603	4.9
91 to 180	17,128,876	20,346,414	7,018,964	6,134,477	384,385	653,978	133,367	174,879	957,886	52,933,226	12.4	47,142,993	12.3
181 to 360	20,814,332	27,836,470	7,978,805	7,706,519	1,038,290	462,220	210,505	275,484	822,492	67,145,117	15.8	54,777,920	14.3
More than 360	78,256,765	69,502,946	18,677,577	15,920,605	2,751,713	3,854,439	1,737,789	1,166,886	4,654,344	196,523,064	46.1	180,337,761	47.2
Past due up to 14 days	152,243	833,629	141,408	329,365	59,598	77,244	16,847	15,817	82,603	1,708,754	0.4	1,725,182	0.5
Subtotal	142,004,361	170,724,534	46,248,675	43,965,678	4,947,633	5,576,936	2,455,669	2,054,265	7,902,933	425,880,684	100.0	382,150,316	100.0
Generic provision	-	853,623	462,487	1,318,970	494,764	1,673,080	1,227,835	1,437,985	7,902,933	15,371,677		14,061,801	
Total in 2019	142,004,361	170,724,534	49,362,931	47,715,155	7,976,342	8,142,285	4,138,121	4,033,250	18,844,695	452,941,674			
Existing provision	-	974,264	579,340	4,157,469	1,944,607	3,577,874	2,605,846	3,956,330	18,844,695	36,640,425			
Minimum required provision	-	853,623	493,630	1,431,454	797,634	2,442,686	2,069,060	2,823,275	18,844,695	29,756,057			
Supplementary provision	-	120,641	85,710	2,726,015	1,146,973	1,135,188	536,786	1,133,055	-	6,884,368			
Total in 2018	132,364,894	148,023,072	38,836,529	44,899,001	9,402,867	6,033,271	6,730,410	3,390,532	17,137,244			406,817,820	
Existing provision	-	833,445	425,490	1,461,291	1,464,936	4,642,200	5,640,439	3,377,804	17,137,244			34,982,849	
Minimum required provision	-	740,115	388,365	1,346,970	940,286	1,809,982	3,365,205	2,373,373	17,137,244			28,101,540	
Supplementary provision	-	93,330	37,125	114,321	524,650	2,832,218	2,275,234	1,004,431	-			6,881,309	

(1) Percentage of maturities by installment; and

(2) Transactions past-due for less than 15 days and which have not been restructured and where the borrower is not bankrupt or in judicial recovery.

II) Credit portfolio by days past due

Exposure	On December 31, 2019 - R\$ thousand							
	On time	Past-due until 14 days	Past-due 15 to 60 days	Past-due 61 to 90 days	Past-due 91 to 180 days	Past-due 181 to 360 days	Past-due more than 360	Total
Loans	411,041,549	10,852,711	12,193,598	3,964,721	6,411,037	8,350,437	127,621	452,941,674

Notes to the Consolidated Financial Statements

d) Concentration of loans

	On December 31 - R\$ thousand			
	2019	% (1)	2018	% (1)
Largest borrower	8,870,762	2.0	9,092,151	2.2
10 largest borrowers	35,177,697	7.8	37,315,119	9.2
20 largest borrowers	51,718,848	11.4	52,976,450	13.0
50 largest borrowers	76,286,455	16.8	76,660,370	18.8
100 largest borrowers	92,082,076	20.3	94,185,453	27.4

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

e) Credit portfolio by economic sector

	On December 31 - R\$ thousand			
	2019	%	2018	%
Public sector	8,899,863	2.0	9,259,368	2.3
Oil, derivatives and aggregate activities	8,870,762	2.0	9,092,151	2.2
Production and distribution of electricity	3,032	-	1,829	-
Other industries	26,069	-	165,388	-
Private sector	444,041,811	98.0	397,558,452	97.7
Companies	213,605,332	47.2	204,690,732	50.3
Real estate and construction activities	21,695,592	4.8	25,267,761	6.2
Retail	35,521,621	7.8	32,472,286	8.0
Services	20,136,089	4.4	19,086,508	4.7
Transportation and concession	20,807,687	4.6	17,261,369	4.2
Automotive	12,723,830	2.8	11,284,972	2.8
Food products	11,067,069	2.4	12,040,631	3.0
Wholesale	14,327,816	3.2	11,467,168	2.8
Production and distribution of electricity	2,868,563	0.6	4,784,015	1.2
Iron and steel industry	9,022,956	2.0	7,698,444	1.9
Sugar and alcohol	6,191,961	1.4	6,907,858	1.7
Holding	2,940,207	0.6	3,872,935	1.0
Capital goods	3,197,561	0.7	3,385,548	0.8
Pulp and paper	2,331,950	0.5	3,359,793	0.8
Chemical	4,787,210	1.1	3,534,785	0.9
Cooperative	2,843,482	0.6	2,657,072	0.7
Financial	1,904,654	0.4	2,611,622	0.6
Leisure and tourism	3,401,206	0.8	3,076,927	0.8
Textiles	2,380,689	0.5	2,038,464	0.5
Agriculture	1,833,734	0.4	1,824,795	0.4
Oil, derivatives and aggregate activities	1,715,630	0.4	1,824,116	0.4
Other industries	31,905,825	7.0	28,233,663	6.9
Individuals	230,436,479	50.9	192,867,720	47.4
Total	452,941,674	100.0	406,817,820	100.0

Notes to the Consolidated Financial Statements

f) Breakdown of credit portfolio and allowance for loan losses

Level of risk	On December 31 - R\$ thousand							
	Portfolio balance							
	Non-performing loans			Performing loans	Total	% (1)	% 2019 YTD (2)	% 2018 YTD (2)
	Installments past due	Installments not yet due	Total - non-performing loans					
AA	-	-	-	142,004,361	142,004,361	31.3	31.3	32.6
A	-	-	-	170,724,534	170,724,534	37.7	69.0	69.0
B	457,549	2,656,707	3,114,256	46,248,675	49,362,931	10.9	79.9	78.5
C	999,061	2,750,416	3,749,477	43,965,678	47,715,155	10.5	90.4	89.5
Subtotal	1,456,610	5,407,123	6,863,733	402,943,248	409,806,981	90.4		
D	905,224	2,123,485	3,028,709	4,947,633	7,976,342	1.8	92.2	91.8
E	956,834	1,608,515	2,565,349	5,576,936	8,142,285	1.8	94.0	93.3
F	757,881	924,571	1,682,452	2,455,669	4,138,121	0.9	94.9	95.0
G	810,607	1,168,378	1,978,985	2,054,265	4,033,250	0.9	95.8	95.8
H	6,555,145	4,386,617	10,941,762	7,902,933	18,844,695	4.2	100.0	100.0
Subtotal	9,985,691	10,211,566	20,197,257	22,937,436	43,134,693	9.6		
Total in 2019	11,442,301	15,618,689	27,060,990	425,880,684	452,941,674	100.0		
%	2.5	3.4	5.9	94.1	100.0			
Total in 2018	10,934,544	13,732,960	24,667,504	382,150,316	406,817,820			
%	2.7	3.4	6.1	93.9	100.0			

(1) Percentage of level of risk in relation to the total portfolio; and

(2) Cumulative percentage of level of risk in relation to the total portfolio.

Notes to the Consolidated Financial Statements

Level of risk	On December 31 - R\$ thousand										
	% Minimum provisioning required	Provision						Supplementary	Existing	% 2019 YTD (1)	% 2018 YTD (1)
		Minimum required			Generic	Total					
		Installments past due	Specific Installments not yet due	Total specific							
AA	-	-	-	-	-	-	-	-	-	-	-
A	0.5	-	-	-	853,623	853,623	120,641	974,264	0.6	0.6	
B	1.0	4,576	26,567	31,143	462,487	493,630	85,710	579,340	1.2	1.1	
C	3.0	29,972	82,512	112,484	1,318,970	1,431,454	2,726,015	4,157,469	8.7	3.3	
Subtotal		34,548	109,079	143,627	2,635,080	2,778,707	2,932,366	5,711,073	1.4	0.7	
D	10.0	90,522	212,348	302,870	494,764	797,634	1,146,973	1,944,607	24.4	15.6	
E	30.0	287,051	482,555	769,606	1,673,080	2,442,686	1,135,188	3,577,874	43.9	76.9	
F	50.0	378,940	462,285	841,225	1,227,835	2,069,060	536,786	2,605,846	63.0	83.8	
G	70.0	567,425	817,865	1,385,290	1,437,985	2,823,275	1,133,055	3,956,330	98.1	99.6	
H	100.0	6,555,145	4,386,617	10,941,762	7,902,933	18,844,695	-	18,844,695	100.0	100.0	
Subtotal		7,879,083	6,361,670	14,240,753	12,736,597	26,977,350	3,952,002	30,929,352	71.7	75.6	
Total in 2019		7,913,631	6,470,749	14,384,380	15,371,677	29,756,057	6,884,368	36,640,425	8.1		
%		21.6	17.7	39.3	42.0	81.2	18.8	100.0			
Total in 2018		7,493,035	6,546,704	14,039,739	14,061,801	28,101,540	6,881,309	34,982,849		8.6	
%		21.4	18.7	40.1	40.2	80.3	19.7	100.0			

(1) Percentage of existing provision in relation to total portfolio, by level of risk.

Notes to the Consolidated Financial Statements

g) Changes in allowance for loan losses

	R\$ thousand	
	2019	2018
- Specific provision (1)	14,039,739	16,828,454
- Generic provision (2)	14,061,801	12,699,936
- Supplementary provision (3)	6,881,309	6,895,477
Opening balance on December 31	34,982,849	36,423,867
Accounting for allowance for loan losses (Note 9h) (4)	18,720,532	18,225,479
Write-offs	(17,369,255)	(19,916,376)
Exchange variation	306,299	249,879
Closing balance on December 31	36,640,425	34,982,849
- Specific provision (1)	14,384,380	14,039,739
- Generic provision (2)	15,371,677	14,061,801
- Supplementary provision (3)	6,884,368	6,881,309

(1) For contracts with installments past-due for more than 14 days;

(2) Recognized based on the customer/transaction classification and therefore not included in the preceding item;

(3) The supplementary provision is constituted considering the history of losses and the experience of Management, in order to determine the total provision deemed sufficient at a given time to cover probable losses in the realization of credits. The complementary provision classified in the risk levels can be found in Note 9f; and

(4) Includes the reversal of allowance for loan losses relating to the assignment of loans which were 100% provisioned.

h) Allowance for Loan Losses expense net of amounts recovered

Expenses with the allowance for loan losses, net of credit write-offs recovered, are as follows.

	Years ended December 31 - R\$ thousand	
	2019	2018
Amount recorded	18,720,532	18,225,479
Amount recovered	(7,908,896)	(7,147,095)
Allowance for Loan Losses expense net of amounts recovered (1)	10,811,636	11,078,384

(1) In the year ended on December 31, 2019, there was an assignment of active operation credit, in the amount of R\$2,023,096 thousand, whose sale value was R\$75,220 thousand and credit assignments of operations, already written off as losses, without retaining risks and benefits in the amount of R\$24,082,902 thousand (R\$13,810,254 thousand in 2018), whose sale value was R\$389,484 thousand (R\$204,472 thousand in 2018).

Notes to the Consolidated Financial Statements

i) Changes in the renegotiated portfolio

	On December 31 - R\$ thousand	
	2019	2018
Opening balance on December 31	17,143,212	17,183,869
Amount renegotiated	20,283,735	15,193,567
Amount received	(13,363,684)	(9,472,888)
Write-offs	(5,032,606)	(5,761,336)
Closing balance on December 31	19,030,657	17,143,212
Allowance for loan losses	12,724,216	13,426,625
Percentage on renegotiated portfolio	66.9%	78.3%

j) Income from loans and leases

	Years ended December 31 - R\$ thousand	
	2019	2018
Discounted trade receivables and loans	49,990,246	45,334,036
Financing	16,505,080	15,370,413
Agricultural and agribusiness loans	1,462,374	1,964,890
Subtotal	67,957,700	62,669,339
Recovery of credits charged-off as losses	7,908,896	7,147,095
Subtotal	75,866,596	69,816,434
Leases, net of expenses	259,682	258,200
Total	76,126,278	70,074,634

10) OTHER RECEIVABLES

a) Foreign exchange portfolio

Balances

	On December 31 - R\$ thousand	
	2019	2018
Assets – other receivables		
Exchange purchases pending settlement	23,782,652	16,843,467
Foreign exchange and forward documents in foreign currencies	19,091	36,149
Exchange sale receivables	7,394,485	3,583,992
(-) Advances in domestic currency received	(243,847)	(283,780)
Income receivable on advances granted	263,320	279,978
Total	31,215,701	20,459,806
Liabilities – other liabilities		
Exchange sales pending settlement	7,793,350	3,593,445
Exchange purchase payables	23,751,316	16,205,817
(-) Advances on foreign exchange contracts	(16,057,264)	(14,247,084)
Other	1,368	2,206
Total	15,488,770	5,554,384
Net foreign exchange portfolio	15,726,931	14,905,422
Memorandum accounts:		
- Loans available for import	1,411,197	361,593
- Confirmed exports loans	20,227	70,391

Notes to the Consolidated Financial Statements

Foreign exchange results

Adjusted foreign exchange results for presentation purposes

	Years ended December 31 - R\$ thousand	
	2019	2018
Foreign exchange income	2,413,090	1,657,135
Adjustments:		
- Income on foreign currency financing (1)	196,201	200,184
- Income on export financing (1)	1,754,736	1,652,684
- Expenses of liabilities with foreign bankers (2) (Note 16c)	(2,018,481)	(1,066,302)
- Funding expenses (3)	(1,750,418)	(1,669,410)
- Other (4)	527,123	592,711
Total adjustments	(1,290,839)	(290,133)
Adjusted foreign exchange income	1,122,251	1,367,002

(1) Recognized in "Income from loans";

(2) Related to funds for financing of advances on foreign exchange contracts and import financing, recognized in "Borrowing and on-lending expenses";

(3) Refers to funding expenses of investments in foreign exchange; and

(4) Primarily includes the exchange rate variations of resources invested in foreign currency.

b) Sundry

	On December 31 - R\$ thousand	
	2019	2018
Deferred tax assets (Note 33c)	67,400,235	54,047,279
Credit card operations	33,977,700	29,465,888
Debtors for escrow deposits	18,695,102	18,729,321
Trade and credit receivables	23,039,948	19,220,547
Prepaid taxes	15,685,801	13,498,263
Other debtors	3,182,805	2,983,944
Payments to be reimbursed	769,689	777,868
Receivables from sale of assets	169,183	196,804
Other	1,030,438	661,167
Total	163,950,901	139,581,081

Notes to the Consolidated Financial Statements

11) OTHER ASSETS

a) Foreclosed assets/other

	On December 31 - R\$ thousand			
	Cost	Provisions	Cost net of provision	
			2019	2018
Real estate	2,735,401	(1,601,877)	1,133,524	1,120,434
Vehicles and similar	538,444	(314,669)	223,775	231,105
Inventories/warehouse	12,113	-	12,113	15,755
Machinery and equipment	4,582	(4,220)	362	585
Other	11,590	(11,548)	42	1,206
Total in 2019	3,302,130	(1,932,314)	1,369,816	
Total in 2018	3,068,089	(1,699,004)		1,369,085

b) Prepaid expenses

	On December 31 - R\$ thousand	
	2019	2018
Deferred insurance acquisition costs (1)	1,045,711	973,808
Commission on the placement of loans and financing (2)	544,828	540,125
Advertising and marketing expenses (3)	244,346	190,112
Other (4)	541,140	503,051
Total	2,376,025	2,207,096

(1) Commissions paid to brokers and representatives on sale of insurance, pension plans and capitalization bond products;

(2) Commissions paid to storeowners, car dealers and correspondent banks – payroll-deductible loans;

(3) Prepaid expenses of future advertising and marketing campaigns on media; and

(4) It includes, primarily: (i) anticipation of commissions concerning the operational agreement to offer credit cards and other products; and (ii) card issue costs.

12) INVESTMENTS

a) Composition of investments in the consolidated financial statements

	On December 31 - R\$ thousand	
	2019	2018
- Cielo S.A.	3,434,807	4,124,373
- Elo Participações Ltda.	1,407,642	1,260,912
- Fleury S.A.	703,401	699,927
- IRB-Brasil Resseguros S.A.	668,833	606,161
- Swiss Re Corporate Solutions Brasil	345,825	345,036
- Aquarius Participações S.A.	44,535	43,030
- Haitong Banco de Investimento do Brasil S.A.	104,420	100,597
- Others	433,631	476,532
Total investment in Associates and Jointly Controlled Companies – in Brazil and Overseas	7,143,094	7,656,568
- Tax incentives	95,540	95,585
- Other investments	135,951	142,901
Provision for:		
- Tax incentives	(51,445)	(51,486)
- Other investments	(32,379)	(32,379)
Total investments (1)	7,290,761	7,811,189

(1) In 2019, impairment losses were recorded, in the amount of R\$727,235 thousand (R\$107,000 thousand in 2018).

Notes to the Consolidated Financial Statements

b) The income/expense from the equity method accounting of investments was recognized in the income statement, under "Share of profit (loss) of unconsolidated and jointly controlled companies", and are demonstrated below:

Companies	Years ended December 31 - R\$ thousand								
	Capital	Shareholders' equity adjusted	Number of shares held (in thousands)		Number of shares held (in thousands)	Equity interest consolidated on capital stock	Adjusted income	Equity accounting adjustments (1)	
			Ordinary (ON)	Preferential (PN)				2019	2018
- Elo Participações Ltda. (2)	1,052,000	2,814,721	-	-	526,105	50.01%	627,369	313,747	288,041
- Aquarius Participações S.A. (3)	63,600	90,888	30,541	623	-	49.00%	24,806	12,155	130,769
- Haitong Banco de Investimento do Brasil S.A.	420,000	522,100	12,734	12,734	-	20.00%	19,120	3,824	602
- Others (4)								873,805	1,199,405
Share of profit (loss) of unconsolidated and jointly controlled companies								1,203,531	1,618,817

(1) The adjustment considers income periodically calculated by the companies and includes equity variations recognized by the investees not recognized in profit or loss, as well as alignment of accounting practice adjustments, where applicable;

(2) Investment in jointly controlled companies;

(3) In December 2018, the partial spin-off of Fidelity Processadora S.A. occurred, a company controlled by Aquarius Participações S.A.; and

(4) Includes, primarily, the adjustments resulting from the assessment by the equity method in public companies (Cielo S.A., Fleury S.A. and IRB-Brasil Resseguros S.A.).

Notes to the Consolidated Financial Statements

13) PREMISES AND EQUIPMENT

	On December 31 - R\$ thousand				
	Annual depreciation rate	Cost	Depreciation	Cost net of depreciation	
				2019	2018
Property and equipment:					
- Buildings	4%	2,607,448	(813,589)	1,793,859	1,622,324
- Land	-	809,814	-	809,814	818,755
Facilities, furniture and premises and equipment	10%	6,473,961	(2,948,630)	3,525,331	3,072,434
Security and communication systems (1)	10%	375,712	(221,860)	153,852	142,806
Data processing systems (1)	20 to 40%	9,167,331	(5,977,993)	3,189,338	2,381,480
Transportation systems (1)	10 to 20%	195,203	(67,219)	127,984	31,643
Fixed Assets in course	-	131,394	-	131,394	90,398
Total in 2019		19,760,863	(10,029,291)	9,731,572	
Total in 2018		17,625,464	(9,465,624)		8,159,840

(1) In 2019, impairment losses were recognized in the lines "Other Operating Expenses" in the amount of R\$25,471 thousand (R\$31,323 thousand in 2018).

The fixed assets to shareholders' equity ratio is 38.3% when considering only the companies and payment institutions within the economic group (the "Prudential Conglomerate"), where the maximum limit is 50.0% as required by Resolution No. 2,669/99.

14) INTANGIBLE ASSETS

a) Goodwill

The goodwill recognized from investment acquisitions totaled R\$4,864,316 thousand (R\$7,556,536 thousand in 2018), net of accumulated amortization, as applicable, of which: (i) R\$985,628 thousand recognized in 'Permanent Assets – Investments' arose from the acquisition of shares of associates and jointly controlled companies (Cielo/Fleury/Swiss Re); and (ii) R\$3,878,688 thousand arose from the acquisition of shares of subsidiaries, relating to the future profitability/client portfolio/fair value, which is amortized in up to twenty years, net of accrued amortizations, if applicable, recognized in Fixed Assets – Intangible Assets.

In the year ended on December 31, 2019, goodwill was amortized totaling R\$1,710,013 thousand (R\$2,115,506 thousand in 2018) (Note 28).

b) Intangible assets

Acquired intangible assets consist of:

	On December 31 - R\$ thousand				
	Rate of Amortization (1)	Cost (2)	Amortization	Cost net of amortization	
				2019	2018
Anticipation for acquisition of right to provide financial services (2)	Contract term	7,678,591	(3,190,693)	4,487,898	4,795,136
Software (2) (3)	20%	11,503,220	(8,375,832)	3,127,388	3,241,280
Goodwill (2) (4)	Up to 20%	11,718,987	(7,840,299)	3,878,688	5,836,868
Other	Contract term	73,548	(44,754)	28,794	22,067
Total in 2019		30,974,346	(19,451,578)	11,522,768	
Total in 2018		30,749,279	(16,853,928)		13,895,351

(1) Intangible assets are amortized over an estimated period of economic benefit, composed of: (i) Software and Other recorded under "Other Administrative Expenses"; and (ii) Acquisition of Payroll and Goodwill in "Other Operating Expenses";

(2) On December 31, 2019, there were impairment losses in: (i) Anticipation for acquisition of right to provide financial services, in the amount of R\$519,749 thousand; (ii) Software, in the amount of R\$196,553 thousand; and (iii) Goodwill on investments, in the amount of R\$255,301 thousand;

(3) Software acquired and/or developed by specialized companies; and

(4) On December 31, 2019, primarily composed of goodwill on the acquisition of equity interest in Bradescard - R\$498,692 thousand (R\$549,406 thousand in 2018), Odonto System - R\$182,587 thousand (R\$198,416 thousand in 2018), Bradescard Mexico - R\$14,143 thousand (R\$15,490 thousand in 2018), Bradesco BBI - R\$84,337 thousand (R\$100,638 thousand in 2018), Kirton Bank - R\$2,901,667 thousand (R\$4,490,388 thousand in 2018) and RCB Investimentos - R\$183,275 thousand (R\$221,037 thousand in 2018), value subject to change due to price adjustment.

Notes to the Consolidated Financial Statements

c) Changes in intangible assets by type

	On December 31 - R\$ thousand			
	Opening balance (1)	Additions / (reductions)	Amortization for the period	Closing balance
Acquisition of financial services rights	4,795,136	1,006,084	(1,313,322)	4,487,898
Software	3,241,280	998,516	(1,112,408)	3,127,388
Goodwill – Future profitability	3,404,652	(248,167)	(1,002,249)	2,154,236
Goodwill – Based on intangible assets and other reasons	1,798,358		(637,810)	1,160,548
Goodwill – Difference in fair value of assets/liabilities	633,858		(69,954)	563,904
Other	22,067	11,729	(5,002)	28,794
Total in 2019	13,895,351	1,768,162	(4,140,745)	11,522,768
Total in 2018	15,233,850	3,260,563	(4,599,062)	13,895,351

(1) Opening balance on December 31, 2018.

Notes to the Consolidated Financial Statements

15) DEPOSITS, SECURITIES SOLD UNDER AGREEMENTS TO REPURCHASE AND FUNDS FROM ISSUANCE OF SECURITIES

a) Deposits

	On December 31 - R\$ thousand					
	1 to 30 days	31 to 180 days	181 to 360 days	More than 360 days	2019	2018
• Demand deposits (1)	38,890,066	-	-	-	38,890,066	35,318,292
• Savings deposits (1)	114,177,799	-	-	-	114,177,799	111,170,912
• Interbank deposits	179,480	93,414	90,001	7,088	369,983	410,975
• Time deposits (2)	11,850,886	20,878,484	41,249,228	140,787,155	214,765,753	195,398,721
Total in 2019	165,098,231	20,971,898	41,339,229	140,794,243	368,203,601	
%	44.9	5.7	11.2	38.2	100.0	
Total in 2018	155,340,658	15,867,286	42,079,740	129,011,216		342,298,900
%	45.4	4.6	12.3	37.7		100.0

(1) Classified as 1 to 30 days, not considering average historical turnover; and

(2) Considers the contractual maturities of the deposits.

b) Securities sold under agreements to repurchase

	On December 31 - R\$ thousand					
	1 to 30 days	31 to 180 days	181 to 360 days	More than 360 days	2019	2018
Own portfolio	124,420,052	1,313,272	293,817	1,874,682	127,901,823	121,195,856
• Government securities	116,495,901	249,194	238	99	116,745,432	101,743,643
• Debentures	3,541,545	-	-	18,073	3,559,618	9,843,162
• Foreign	4,382,606	1,064,078	293,579	1,856,510	7,596,773	9,609,051
Third-party portfolio (1)	38,273,326	217,283	-	-	38,490,609	61,059,702
Unrestricted portfolio (1)	7,664,038	43,553	-	-	7,707,591	8,656,319
Total in 2019	170,357,416	1,574,108	293,817	1,874,682	174,100,023	
%	97.8	0.9	0.2	1.1	100.0	
Total in 2018	185,212,203	3,418,371	1,342,091	939,212		190,911,877
%	97.0	1.8	0.7	0.5		100.0

(1) Represented by government securities.

Notes to the Consolidated Financial Statements

c) Funds from issuance of securities

	On December 31 - R\$ thousand					
	1 to 30 days	31 to 180 days	181 to 360 days	More than 360 days	2019	2018
Securities – Brazil:						
- Financial bills	4,358,092	19,875,962	27,671,048	68,613,198	120,518,300	104,005,236
- Letters of credit for real estate	682,368	10,169,881	10,578,484	5,588,705	27,019,438	25,381,719
- Letters of credit for agribusiness	462,247	6,472,632	4,050,158	2,164,509	13,149,546	13,108,595
- Letters of credit guaranteed by property (2)	-	-	-	5,540,086	5,540,086	476,332
Subtotal	5,502,707	36,518,475	42,299,690	81,906,498	166,227,370	142,971,882
Securities – Overseas:						
- Securitization of future flow of money orders received from overseas	-	709,613	524,353	748,192	1,982,158	2,842,178
- MTN Program Issues (1)	6	86,278	134,699	1,186,905	1,407,888	1,270,409
- Issuance costs	-	(33)	(6,534)	(7,845)	(14,412)	(20,355)
Subtotal	6	795,858	652,518	1,927,252	3,375,634	4,092,232
Structured Operations Certificates	30,871	231,631	204,588	657,469	1,124,559	656,616
Total in 2019	5,533,584	37,545,964	43,156,796	84,491,219	170,727,563	
%	3.2	22.0	25.3	49.5	100.0	
Total in 2018	2,590,753	29,436,606	34,190,589	81,502,782		147,720,730
%	1.8	19.9	23.1	55.2		100.0

(1) Issuance of securities on the international market to invest in foreign exchange transactions, pre-export financing, import financing and working capital financing, predominately in the medium and long-term; and

(2) Funding guaranteed by the real estate credit portfolio, in the amount of R\$6,007,216 thousand, which complies with all the requirements determined by BACEN Resolution No. 4,598/17, of which: sufficiency requirement, liquidity requirement, term requirement. Programs 1 and 2 for the issuance of letters of credit guaranteed by property (LIGs) had, at issuance, respectively, a weighted average term for the portfolio of assets of 258 and 264 months and a term of 27 and 34 months, with no maturity of LIGs in the following 180 days, the credit rights correspond to 0.52% of total assets and 40.22% of the value of collateral of the properties. Currently, the credit portfolio of the guarantor assets is concentrated in the AA and A ratings, with 86.58% and 10.82%, respectively. Additionally, the LIG Term of Issue and the asset portfolio management policy, pursuant to article 11 of BACEN Resolution No. 4,598/17, are located on the Bradesco RI website.

Notes to the Consolidated Financial Statements

d) Movement of funds from issuance of securities

	R\$ thousand	
	2019	2018
Opening balance on December 31	147,720,730	135,011,308
Issuance	84,982,152	85,817,689
Interest	9,541,792	9,339,229
Settlement and interest payments	(71,781,695)	(82,973,990)
Exchange variation	264,584	526,494
Closing balance on December 31	170,727,563	147,720,730

e) Cost for market funding and inflation and interest adjustments of technical provisions for insurance, pension plans and capitalization bonds

	Years ended December 31 - R\$ thousand	
	2019	2018
Savings deposits	4,568,663	4,646,528
Time deposits	7,694,570	6,228,723
Securities sold under agreements to repurchase	11,571,365	15,094,786
Funds from issuance of securities	9,541,792	9,339,229
Subordinated debts (Note 18)	3,708,924	3,517,067
Other funding expenses	768,477	641,600
Subtotal	37,853,791	39,467,933
Cost for inflation and interest adjustment of technical provisions of insurance, pension plans and capitalization bonds	16,930,146	13,365,526
Total	54,783,937	52,833,459

16) BORROWING AND ON-LENDING

a) Borrowing

	On December 31 - R\$ thousand					
	1 to 30 days	31 to 180 days	181 to 360 days	More than 360 days	2019	2018
In Brazil - Other Institutions	-	-	-	-	-	101
Overseas	2,054,437	17,530,278	7,812,938	1,874,530	29,272,183	29,681,239
Total in 2019	2,054,437	17,530,278	7,812,938	1,874,530	29,272,183	
%	7.0	59.9	26.7	6.4	100.0	
Total in 2018	5,747,965	13,500,609	8,624,551	1,808,215		29,681,340
%	19.4	45.4	29.1	6.1		100.0

b) On-lending

	On December 31 - R\$ thousand					
	1 to 30 days	31 to 180 days	181 to 360 days	More than 360 days	2019	2018
In Brazil	723,873	2,694,394	3,288,118	15,764,959	22,471,344	25,170,058
- FINAME	317,847	1,728,009	2,139,860	7,907,191	12,092,907	14,327,604
- BNDES	406,026	966,385	1,010,038	7,857,620	10,240,069	10,735,285
- National Treasury	-	-	136,901	-	136,901	105,725
- Other institutions	-	-	1,319	148	1,467	1,444
Total in 2019	723,873	2,694,394	3,288,118	15,764,959	22,471,344	
%	3.2	12.0	14.6	70.2	100.0	
Total in 2018	881,476	3,230,381	3,519,578	17,538,623		25,170,058
%	3.5	12.8	14.0	69.7		100.0

Notes to the Consolidated Financial Statements

c) Borrowing and on-lending expenses

	Years ended December 31 - R\$ thousand	
	2019	2018
Borrowing:		
- In Brazil	629,183	75,557
- Overseas	4,507,431	9,284,395
- Exchange variation from assets and liabilities overseas	(1,999,358)	(4,057,396)
Subtotal borrowing	3,137,256	5,302,556
On-lending in Brazil:		
- BNDES	746,680	824,260
- FINAME	761,889	747,745
- National Treasury	4,654	4,215
- Other institutions	94	5
On-lending overseas:		
- Payables to foreign bankers (Note 10a)	2,018,481	1,066,302
Subtotal on-lending	3,531,798	2,642,527
Total	6,669,054	7,945,083

17) PROVISIONS, CONTINGENT ASSETS AND LIABILITIES AND LEGAL OBLIGATIONS – TAX AND SOCIAL SECURITY

a) Contingent assets

Contingent assets are not recognized in the financial statements. However, there are ongoing proceedings where the chance of success is considered probable, such as: a) Social Integration Program (PIS), Bradesco has made a claim to offset PIS against Gross Operating Income, paid under Decree-Laws No. 2,445/88 and No. 2,449/88, regarding the payment that exceeded the amount due under Supplementary Law No. 07/70 (PIS Repique); and b) other taxes, the legality and/or constitutionality of which is being challenged, where the decision may lead to reimbursement of amounts paid.

b) Provisions classified as probable losses and legal obligations – tax and social security

The Organization is a party to a number of labor, civil and tax lawsuits, arising from the normal course of business.

Management recognized provisions where, based on their opinion and that of their legal counsel, the nature of the lawsuit, similarity to previous lawsuits, complexity and the courts standing, the loss is deemed probable.

Management considers that the provision is sufficient to cover the future losses generated by the respective lawsuits.

Provisions related to legal obligations are maintained until the conclusion of the lawsuit, represented by judicial decisions with no further appeals or due to the statute of limitation.

I - Labor claims

These are claims brought by former employees and outsourced employees seeking indemnifications, most significantly for unpaid “overtime”, pursuant to Article 224 of the Consolidation of Labor Laws (CLT). Considering that labor lawsuits have similar characteristics, the provision is recognized considering the following factors, among others: date of receipt of the proceedings (before or after the labor reform of November 2017), the average calculated value of payments made for labor complaints settled in the past 12 months before and after the labor reform, and inflation adjustment on the average calculated values.

Overtime is monitored by using electronic time cards and paid regularly during the employment contract, so that the claims filed by Bradesco’s former employees do not represent individually relevant amounts.

Notes to the Consolidated Financial Statements

In 2019, we reviewed and refined the calculation methodology, as described in Note 2, which resulted in an additional provision of R\$1,913,594 thousand.

II - Civil claims

These are claims for pain and suffering and property damages, related to banking products and services, the inclusion of information about debtors in the credit restriction registry and the replacement of inflation adjustments excluded as a result of government economic plans. These lawsuits are individually controlled using a computer-based system and provisioned whenever the loss is deemed as probable, considering the opinion of the legal advisors, the nature of the lawsuits, similarity with previous lawsuits, complexity and positioning of the courts. Most of these lawsuits involve the Special Civil Court (JEC), in which the claims are limited to 40 minimum wages.

In relation to the legal claims that are pleading alleged differences in the adjustment of inflation on savings account balances and due to the implementation of economic plans that were part of the federal government's economic policy to reduce inflation in the 80s and 90s, Bradesco, despite complying with the law and regulation in force at the time, has provisioned certain proceedings, taking into consideration the claims in which they were mentioned and the perspective of loss of each demand, in view of the decisions and subjects still under analysis in the Superior Court of Justice (STJ), such as, for example, the application of default interest in executions arising from Public Civil Actions, interest payments and succession.

In December 2017, with the mediation of the Attorney's General Office (AGU), the entities representing the bank and the savings accounts, entered into an agreement related to litigation of economic plans, with the purpose of closing these claims, in which conditions and schedule were established for savings accounts holders to accede to the agreement. This agreement was approved by the Federal Supreme Court (STF) on March 1, 2018, the period of adherence for interested parties is for two (02) years from this date. As this is a voluntary agreement, Bradesco is unable to predict how many savings account holders will choose to accept the settlement offer. It is important to note that Bradesco understands that the provisioning was made to cover the eligible proceedings to the related agreement. The proceedings that are not in the scope of the agreement, including those related to merged banks are individually revaluated based on the procedural stage they are in.

Note that, regarding disputes relating to economic plans, the Federal Supreme Court (STF) suspended the prosecution of all lawsuits at the cognizance stage, until the Court issues a final decision on the right under litigation.

As described in Note 2, Bradesco reviewed and refined the assumptions and criteria for constitution of labor claims, including proceedings related to economic plans of merged banks, resulting in an addition provision of R\$3,112,986 thousand in December 2019. For this review, we considered the trends of court decisions, the information related to the progress of such proceedings (contracts, exposure calculation, expert reports, etc.) and the opinion of the legal advisors.

III - Provision for tax risks

The Organization is disputing the legality and constitutionality of certain taxes and contributions in court, for which provisions have been recognized in full, although there is a good chance of a favorable outcome, based on the opinion of Management and their legal counsel. The processing of these provisions for cases for which the risk of loss is deemed as probable and legal obligations is regularly monitored in the legal court. During or after the conclusion of each case, a favorable outcome may arise for the Organization, resulting in the reversal of the related provisions.

The main cases are:

Notes to the Consolidated Financial Statements

- PIS and COFINS – R\$2,632,829 thousand (R\$2,562,453 thousand in 2018): a request for authorization to calculate and pay PIS and COFINS based on effective billing, as set forth in Article 2 of Supplementary Law No. 70/91, removing from the calculation base the unconstitutional inclusion of other revenues other than those billed;
- Pension Contributions – R\$1,799,047 thousand (R\$1,729,211 thousand in 2018): official notifications related to the pension contributions made to private pension plans, considered by the authorities to be employee compensation subject to the incidence of mandatory pension contributions and to an isolated fine for not withholding IRRF on such financial contributions;
- IRPJ/CSLL on losses of credits – R\$1,264,448 thousand (R\$1,461,621 thousand in 2018): we are requesting to deduct from income tax and social contributions payable (IRPJ and CSLL, respectively) amounts of actual and definite loan losses related to unconditional discounts granted during collections, regardless of compliance with the terms and conditions provided for in Articles 9 to 14 of Law No. 9,430/96 that only apply to temporary losses;
- IRPJ/CSLL on MTM - R\$626,341 thousand (R\$607,258 thousand in 2018): assessment received in December 2018 challenging the deduction of certain mark-to-market gains from securities in the calculation of IRPJ and CSLL in 2007;
- INSS Autonomous Brokers – R\$490,651 thousand (R\$470,237 thousand in 2018): The Bradesco Organization is questioning the charging of social security contribution on remunerations paid to third-party service providers, established by Supplementary Law No. 84/96 and subsequent regulations/amendments, at 20.0% with an additional of 2.5%, on the grounds that services are not provided to insurance companies but to policyholders, thus being outside the scope of such a contribution as provided for in item I, Article 22 of Law No. 8,212/91, as new wording in Law No. 9,876/99; and
- INSS – Contribution to SAT – R\$432,873 thousand (R\$417,442 thousand in 2018): in an ordinary lawsuit filed by the Brazilian Federation of Banks – Febraban, since April 2007, on behalf of its members, is questioned the classification of banks at the highest level of risk, with respect to Work Accident Risk – RAT, which eventually raised the rate of the respective contribution from 1% to 3%, in accordance with Decree No. 6,042/07.

In general, the provisions relating to lawsuits are classified as non-current, due to the unpredictability of the duration of the proceedings in the Brazilian justice system. For this reason, the estimate has not been disclosed with relation to the specific year in which these lawsuits will be finalized.

IV - Provisions by nature

	On December 31 - R\$ thousand	
	2019	2018
Labor claims	7,346,067	5,983,603
Civil claims	8,685,793	5,614,362
Provision for tax risks	8,390,085	8,204,206
Total (Note 19b)	24,421,945	19,802,171

V - Changes in provisions

	R\$ thousand		
	2019		
	Labor	Civil	Tax (1)
Balance on December 31, 2018	5,983,603	5,614,362	8,204,206
Adjustment for inflation	682,600	645,001	431,394
Provisions, net of (reversals and write-offs) (1)	3,382,750	4,330,466	(227,244)
Payments	(2,702,886)	(1,904,036)	(18,271)
Balance on December 31, 2019	7,346,067	8,685,793	8,390,085

(1) Includes reversal of IR and CS on losses on receivables in the amount of R\$230,852 thousand.

Notes to the Consolidated Financial Statements

c) Contingent liabilities classified as possible losses

The Organization maintains a system to monitor all administrative and judicial proceedings in which the institution is plaintiff or defendant and, based on the opinion of legal counsel, classifies the lawsuits according to the expectation of loss. Case law trends are periodically analyzed and, if necessary, the related risk is reclassified. In this respect, contingent lawsuits deemed to have a possible risk of loss are not recognized as a liability in the financial statements and totaled, on December 31, 2019, R\$6,272,466 thousand (R\$8,681,263 thousand in 2018) for civil claims and R\$33,474,303 thousand (R\$24,754,158 thousand in 2018) for tax proceedings.

The main tax proceedings with this classification are:

- IRPJ and CSLL deficiency note – 2013 to 2015 – R\$9,216,012 thousand (R\$1,689,160 thousand in 2018): due to the disallowance of interest expenses (CDI), related to certain investments and deposits between the companies of the Organization;
- IRPJ and CSLL – 2006 to 2016 – R\$7,169,765 thousand (R\$6,980,631 thousand in 2018), relating to goodwill amortization being disallowed on the acquisition of investments;
- COFINS – 2011 and 2012 – R\$5,172,183 thousand (R\$5,070,337 thousand in 2018): Fines and disallowances of Cofins loan compensations, released after a favorable decision in a judicial proceeding, where the unconstitutionality of the expansion of the intended calculation base was discussed for revenues other than those from billing (Law No. 9,718/98);
- Leasing companies' Tax on Services of any Nature (ISSQN), R\$2,537,997 thousand (R\$2,478,296 thousand in 2018) which relates to the municipal tax demands from municipalities other than those in which the company is located and where, under law, tax is collected;
- PIS and COFINS notifications and disallowances of compensations – R\$1,490,269 thousand (R\$1,445,126 thousand in 2018): related to the unconstitutional extension of the basis of calculation intended for other income other than the billing (Law No. 9,718/98), from acquired companies;
- Social Security Contribution Taxes – 2014 and 2015 – R\$1,268,227 thousand: related to food and meal allowance made available to employees, according to the Worker's Food Program – PAT, through card and not "in natura";
- IRPJ and CSLL deficiency note – 2000 to 2014 – R\$1,187,411 thousand (R\$1,784,832 thousand in 2018): relating to disallowance of exclusions and expenses, differences in depreciation expenses, insufficient depreciation expenses, expenses with depreciation of leased assets, operating expenses and income and disallowance of tax loss compensation;
- IRPJ and CSLL deficiency note – 2005 to 2013 – R\$925,806 thousand (R\$859,049 thousand in 2018): relating to disallowance of expenses with credit losses; and
- IRPJ and CSLL deficiency note – 2008 to 2013 – R\$608,860 thousand (R\$508,180 thousand in 2018): relating to profit of subsidiaries based overseas.

Notes to the Consolidated Financial Statements

d) Other matters

Due to the so-called “*Operação Zelotes*” (“Zealots Operation”), which investigates the alleged improper performance of members of CARF – Administrative Council of Tax Appeals, a criminal proceeding against two former members of Bradesco’s Board of Executive Officers was opened in 2016 and received by the 10th Federal Court of Judicial Section of the Federal District. The investigation phase of the process was already completed, and is currently waiting for the decision of the first-degree court.

The Company's Management conducted an internal evaluation of records and documents related to the matter and found no evidence of any illegal conduct practiced by its former representatives. Bradesco provided all of the information to the authorities and competent regulatory bodies, both in Brazil and abroad.

As a result of the news about the *Operação Zelotes*, a Class Action was filed against Bradesco and members of its Board of Executive Officers before the District Court of New York (“Court”), on June 3, 2016, based on Sections 10 (b) and 20 (a) of the Securities Exchange Act of 1934. On July 1, 2019, Bradesco and the Lead Plaintiff made an agreement (“Agreement”) to terminate the Class Action, with the payment of US\$14.5 million by Bradesco. The Agreement was finally approved by the Court on November 18, 2019 and the case was closed in relation to Bradesco and to the members of its Executive Board of Directors. The Agreement made does not represent the recognition of guilt or admission of liability by Bradesco, but its intent is to avoid uncertainties, costs and onus related to the progression of the Class Action.

Also as a result of *Operação Zelotes*, the *Corregedoria Geral do Ministério da Fazenda* (General Internal Affairs of the Ministry of Finance) promoted an investigative administrative procedure to verify the need for the establishment of an Administrative Accountability Process (“PAR”). The filing decision of the related procedure was published in Section 2 of the *Diário Oficial da União* (Federal Official Gazette) on February 3, 2020. The decision given by the Official of the Ministry of Economy accepted in full the Final Report of the Processing Committee, the Opinion of the National Treasury Attorney General's Office and the Joint Order of the General Coordination of Management and Administration, and of the Leadership of the Advisory and Judgment Division, which confirmed, expressly recognizing, the lack of evidence that Bradesco had promised, offered or given, directly or indirectly, an unfair advantage to public agents involved in the related operation, in accordance with the provisions laid down in Article 5, section I, of Law No. 12,846, of 2013.

Notes to the Consolidated Financial Statements

18) SUBORDINATED DEBT

a) Composition by maturity

	On December 31 - R\$ thousand			
	Original term in years	Nominal amount	2019	2018
In Brazil:				
Subordinated CDB:				
2019 (1)	10	-	-	69,851
Financial bills:				
2019 (1)	6	-	-	39,261
2019 (1)	7	-	-	3,490,180
2020	7	1,700	3,288	3,038
2022	7	4,305,011	6,426,671	6,010,103
2023	7	1,359,452	1,958,936	1,829,083
2024	7	67,450	87,316	80,479
2025	7	5,425,906	5,943,283	5,578,707
2019 (1)	8	-	-	31,742
2020	8	28,556	64,624	59,398
2021	8	1,236	2,364	2,192
2023	8	1,706,846	2,671,282	2,464,978
2024	8	136,695	186,376	172,590
2025	8	6,193,653	6,424,128	6,427,806
2026	8	870,300	952,807	894,417
2021	9	7,000	14,999	14,064
2024	9	4,924	8,375	7,444
2025	9	400,944	525,232	491,031
2027	9	144,900	159,920	149,211
2021	10	19,200	49,621	44,962
2022	10	54,143	118,117	108,467
2023	10	688,064	1,225,020	1,146,189
2025	10	284,137	518,242	451,136
2026	10	361,196	523,687	480,443
2027	10	258,743	319,582	295,946
2028	10	248,300	282,192	257,524
2026	11	3,400	5,009	4,622
2027	11	47,046	62,776	58,346
2028	11	74,764	91,899	84,304
Perpetual		9,201,200	9,559,967	9,254,743
Subtotal in Brazil (2)			38,185,713	40,002,257
Overseas:				-
2019 (1)	10	-	-	2,955,140
2021	11	6,449,120	6,619,620	6,359,999
2022	11	4,433,770	4,512,729	4,335,459
Issuance costs on funding			(4,554)	(9,411)
Subtotal overseas			11,127,795	13,641,187
Total (3)			49,313,508	53,643,444

(1) Subordinated debt transactions that matured in 2019;

(2) It includes the amount of R\$36,707,680 thousand (R\$34,992,913 thousand in 2018), referring to subordinated debts recognized in "Eligible Debt Capital Instruments"; and

(3) The information on results is presented on Note 15e, cost for market funding and inflation and interest adjustments of technical provisions for insurance, pension plans and capitalization bonds.

Notes to the Consolidated Financial Statements

b) Movement of subordinated debts

	R\$ thousand	
	2019	2018
Opening balance on December 31	53,643,444	50,179,401
Issuance	-	10,890,606
Interest	3,708,924	3,517,067
Settlement and interest payments	(8,593,243)	(12,941,124)
Exchange variation/Others	554,383	1,997,494
Closing balance on December 31	49,313,508	53,643,444

19) OTHER LIABILITIES

a) Tax and social security

	On December 31 - R\$ thousand	
	2019	2018
Provision for deferred income tax (Note 33e)	8,070,398	4,120,387
Taxes and contributions on profit payable	2,595,277	2,373,261
Taxes and contributions payable	2,176,673	1,757,283
Total	12,842,348	8,250,931

b) Sundry

	On December 31 - R\$ thousand	
	2019	2018
Credit card operations	3,612,779	3,912,283
Civil, tax and labor provisions (Note 17b)	24,421,945	19,802,171
Loan assignment obligations	6,594,471	8,058,619
Provision for payments	9,172,458	8,280,937
Sundry creditors	5,816,092	4,336,807
Liabilities for acquisition of assets and rights	1,493,329	1,206,376
Obligations for quotas of investment funds	1,804,294	1,142,356
Other (1)	8,275,509	5,202,210
Total	61,190,877	51,941,759

(1) Includes a specific provision for financial guarantees provided, pursuant to Resolution No. 4,512/16.

c) Financial guarantees

Financial guarantees provided are contracts requiring the Organization to make specific payments to the holder of the financial guarantee for a loss it will incur when a specific debtor fails to make the payment under the terms of the debt instrument. The provision for financial guarantees provided is formed based on the best estimate of the non-recoverable amount of the guarantee, if such disbursement is likely. The provisioning parameters are established based on the internal credit risk management models. In the case of retail operations, quantitative models are adopted, while in wholesale the combination of quantitative models with individualized analyzes is adopted. As described in Note 2, Bradesco reviewed and refined its internal models for constituting this provision, resulting in a supplement in the amount of R\$1,100,002 thousand in December 2019.

	On December 31 - R\$ thousand			
	2019		2018	
	Guaranteed Values	Provisions	Guaranteed Values	Provisions
Sureties and guarantees in judicial and administrative proceedings of a fiscal nature	37,696,763	(848,477)	38,131,363	(261,834)
Bank sureties	39,593,792	(1,099,140)	33,641,541	(424,536)
Others	940,590	(24,391)	1,098,060	(32,847)
Total	78,231,145	(1,972,008)	72,870,964	(719,217)

Notes to the Consolidated Financial Statements

20) INSURANCE, PENSION PLANS AND CAPITALIZATION BONDS

a) Technical provisions by account

	On December 31 - R\$ thousand							
	Insurance (1)		Life and pension plans (2)		Capitalization bonds		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
Current and long-term liabilities								
Mathematical reserve for unvested benefits (PMBAC)	1,462,699	1,218,860	230,996,998	217,884,791	-	-	232,459,697	219,103,651
Mathematical reserve for vested benefits (PMBC)	410,410	343,852	8,895,571	8,489,312	-	-	9,305,981	8,833,164
Mathematical reserve for capitalization bonds (PMC)	-	-	-	-	7,747,565	7,153,034	7,747,565	7,153,034
Reserve for claims incurred but not reported (IBNR)	3,710,734	3,401,781	883,283	931,154	-	-	4,594,017	4,332,935
Unearned premium reserve (PPNG) (3)	4,472,988	4,283,281	1,024,185	647,709	-	-	5,497,173	4,930,990
Reserve for unsettled claims (PSL)	4,584,475	4,472,929	1,381,709	1,345,596	-	-	5,966,184	5,818,525
Reserve for financial surplus (PET)	-	-	622,703	549,135	-	-	622,703	549,135
Reserve for draws (PSR) and Reserve for redemptions (PR)	-	-	-	-	999,888	936,325	999,888	936,325
Other reserves	2,045,713	2,186,799	5,435,638	4,813,053	90,317	97,596	7,571,668	7,097,448
Total technical provisions	16,687,019	15,907,502	249,240,087	234,660,750	8,837,770	8,186,955	274,764,876	258,755,207

Notes to the Consolidated Financial Statements

b) Guarantees for technical provisions – minimum and actual values

	On December 31 - R\$ thousand							
	Insurance		Life and pension plans		Capitalization bonds		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
Total technical provisions	16,687,019	15,907,502	249,240,087	234,660,750	8,837,770	8,186,955	274,764,876	258,755,207
(+) Monetary effect on the preparation of LAT (4)	-	-	2,071,111	1,058,152	-	-	2,071,111	1,058,152
(-) Commercialization surcharge – extended warranty	(10,051)	(54,183)	-	-	-	-	(10,051)	(54,183)
(-) Portion corresponding to contracted reinsurance	(110,759)	(116,838)	(11,713)	(8,694)	-	-	(122,472)	(125,532)
(-) Receivables	(1,166,691)	(1,043,399)	-	-	-	-	(1,166,691)	(1,043,399)
(-) Unearned premium reserve – Health and dental insurance (5)	(1,527,337)	(1,376,962)	-	-	-	-	(1,527,337)	(1,376,962)
(-) Reserves from DPVAT agreements	(558,021)	(597,397)	-	-	-	-	(558,021)	(597,397)
Minimum to be guaranteed by securities	13,314,160	12,718,723	251,299,485	235,709,043	8,837,770	8,186,955	273,451,415	256,614,721
Investment fund quotas (VGBL and PGBL)	-	-	210,044,616	198,748,039	-	-	210,044,616	198,748,039
Investment fund quotas (excluding VGBL and PGBL)	4,477,721	5,155,446	27,689,439	23,230,004	1,401,076	1,112,825	33,568,236	29,498,275
Government securities	11,326,945	10,164,283	24,422,182	19,534,894	8,131,854	7,517,785	43,880,981	37,216,962
Shares	-	2,935	-	1,238,716	-	-	-	1,241,651
Private securities	34,403	15,378	138,043	151,681	-	-	172,446	167,059
Total technical provision guarantees	15,839,069	15,338,042	262,294,280	242,903,334	9,532,930	8,630,610	287,666,279	266,871,986

(1) "Other reserves" - Insurance includes the Provision for Insufficient Premiums (PIP) of R\$1,925,656 thousand and the Reserve for Related Expenses of R\$105,781 thousand;

(2) "Other reserves" - Life and Pension Plan mainly includes the "Reserve for redemption and other amounts to be settled" in the amount of R\$3,120,662 thousand, "Reserve for related expenses" of R\$638,216 thousand and "Other technical provisions" of R\$1,647,054 thousand;

(3) Includes the unearned Premium Reserve of risks covered not yet issued (PPNG-RVNE) in the amount of R\$164,597 thousand;

(4) The result of the liability adequacy test, carried out for the base date of December 31, 2019, presented a total shortfall of R\$2,071,111 thousand that was fully offset by the portion corresponding to the difference between the market value and the value accounting of securities linked to guarantee of technical provisions classified in the category "held to maturity", as required by Circular SUSEP No. 517/15 and subsequent amendments. As a result, there was no need to recognize a supplementary provision for coverage on the base date. According to Electronic Circular Letter No. 4/2019 / SUSEP / DIR4 / CGMOP, the Term Structure of Interest Rates (ETTJ) methodology will be reviewed by SUSEP during 2020, including, among others, the revision of the extrapolation methodology ("Ultimate Forward Rate" - UFR) and revision of the IGPM curve (given the low liquidity of available assets). Until SUSEP's assessment is completed, it determined the disclosure of the quantitative impact on Shareholders' Equity and Income if the ETTJ prepared by SUSEP was used. The insufficiency of TAP, if determined considering the ETTJ prepared by SUSEP, on December 31, 2019, would be R\$2,252,568 thousand, which would also be fully offset by the portion corresponding to the difference between the market value and the book value of the securities linked to guarantee of technical provisions classified in the category "held to maturity". Additionally, the impact on the result and Shareholders' Equity, originated from the Provision for Related Expenses (PDR), if the ETTJ prepared by SUSEP is used, would be R\$26,275 thousand, net of taxes; and

(5) Deduction set forth in Article 4 of ANS Normative Resolution No. 392/15.

Notes to the Consolidated Financial Statements

c) Insurance, pension plan contribution and capitalization bond retained premiums

	Years ended December 31 - R\$ thousand	
	2019	2018
Written premiums	41,870,927	38,768,956
Pension plan contributions (including VGBL)	29,518,768	28,176,564
Capitalization bond income	6,407,861	6,206,751
Granted coinsurance premiums	(50,429)	(47,232)
Refunded premiums	(78,938)	(536,732)
Net written premiums earned	77,668,189	72,568,307
Reinsurance premiums paid	(68,919)	(91,463)
Insurance, pension plan and capitalization bond retained premiums	77,599,270	72,476,844

21) NON-CONTROLLING INTERESTS IN SUBSIDIARIES

	On December 31 - R\$ thousand	
	2019	2018
Banco Bradesco BBI S.A.	5,882	5,044
Other (1)	703,909	660,466
Total	709,791	665,510

(1) Primarily relates to the non-controlling interest in the subsidiary "Odontoprev".

22) SHAREHOLDERS' EQUITY (PARENT COMPANY)

a) Capital stock in number of shares

Fully subscribed and paid-in capital stock comprises non-par, registered, book-entry shares.

	On December 31	
	2019	2018
Common	4,031,915,068	3,359,929,223
Preferred	4,031,914,646	3,359,928,872
Subtotal	8,063,829,714	6,719,858,095
Treasury (common shares)	(6,642,963)	(5,535,803)
Treasury (preferred shares)	(24,889,584)	(20,741,320)
Total outstanding shares	8,032,297,167	6,693,580,972

b) Transactions of capital stock involving quantities of shares

	Common	Preferred	Total
Number of outstanding shares as at December 31, 2018	3,354,393,420	3,339,187,552	6,693,580,972
Increase of capital stock with issuing of shares – bonus of 20% (1)	671,985,845	671,985,774	1,343,971,619
Increase of shares in treasury – bonus of 20%	(1,107,160)	(4,148,264)	(5,255,424)
Number of outstanding shares as at December 31, 2019	4,025,272,105	4,007,025,062	8,032,297,167

(1) It benefited the shareholders registered in the records of Bradesco on March 29, 2018.

In the Special Shareholders' Meeting of March 11, 2019, the approval was proposed by the Board of Directors to increase the capital stock by R\$8,000,000 thousand, increasing it from R\$67,100,000 thousand to R\$75,100,000 thousand, with a bonus in shares, through the capitalization of part of the balance of the account "Profit Reserves - Statutory Reserve", in compliance with the provisions in Article 169 of Law No. 6,404/76, by issuing 1,343,971,619 new nominative-book entry shares, with no nominal value, whereby 671,985,845 are common and 671,985,774 are preferred shares, which will be allocated free-of-charge to the shareholders as bonus, to the ratio of 2 new shares for every 10 shares of the same type that they own on the base date, and was approved by the Bacen on March 19, 2019.

Notes to the Consolidated Financial Statements

c) Interest on Shareholders' Equity/dividends

Bradesco's capital remuneration policy aims to distribute interest on shareholders' equity at the maximum amount calculated under current legislation, and this is included, net of Withholding Income Tax (IRRF), in the calculation for mandatory dividends for the year under the Company's Bylaws.

At a meeting of the Board of Directors on June 28, 2019, the Board of Directors proposal was approved for the payment to shareholders of intermediary interest on shareholders' equity, related to the first six months of 2019, amounting to R\$1,455,000 thousand, which equates to R\$0.172536471 per common share and R\$0.189790118 per preferred share, payment of which was made on July 15, 2019.

In a meeting held on October 17, 2019, the Board of Directors approved the payment, on October 23, 2019, of extraordinary dividends from profit reserves, in the amount of R\$ 8,000,000 thousand, which represents R\$0.948654134 per common share and R\$1.043519547 per preferred share.

In a meeting of the Board of Directors on December 19, 2019, the Board of Executive Officers 'proposal for payment of complementary interest on shareholders' equity for the year of 2019 was approved, in the amount of R\$4,245,000 thousand, of which R\$0.503379600 per common share and R\$0.553717560 per preferred share, payment of which was made on December 30, 2019.

Interest on shareholders' equity/dividends for the period ended on December 31, 2019 is calculated as follows:

	R\$ thousand	% (1)
Net income for the period	22,582,615	
(-) Legal reserve	1,129,131	
Adjusted calculation basis	21,453,484	
Monthly, intermediaries and supplementary interest on shareholders' equity (gross), paid	7,372,858	
Withholding income tax on interest on shareholders' equity	(1,105,929)	
Interest on shareholders' equity (net)	6,266,929	
Supplementary dividends provisioned	490,918	
Interest on shareholders' equity (net) and complementary dividends (2)	6,757,847	31.50
Extraordinary dividends paid (3)	8,000,000	
Interest on shareholders' equity (net) and total dividends accumulated on December 31, 2019	14,757,847	68.79
Interest on Shareholders' Equity (net) accumulated in December 2018	6,203,807	34.22

(1) Percentage of interest on shareholders' equity/dividends after adjustments. The total percentage of net distribution in 2019 was 68.79% (73.94% gross). In 2018, the total net percentage was 34.22% (40.26% gross);

(2) Interest on shareholders' equity and minimum mandatory dividends provided for in the Bylaws; and

(3) Payment of extraordinary dividends in the amount of R\$8 billion, occurred on October 23, 2019, using part of the balance of the "Profit Reserves - Statutory" account.

Interest on shareholders' equity/dividends were paid or recognized in provisions, as follows:

Description	Per share (gross)		R\$ thousand		
	Common	Preferred	Gross amount paid/ recognized in provision	Withholding Income Tax (IRRF) (15%)	Net amount paid/recognized in provision
Monthly interest on shareholders' equity paid	0.206998	0.227698	1,421,596	213,239	1,208,357
Intermediary interest on shareholders' equity paid	0.172465	0.189712	1,212,000	181,800	1,030,200
Supplementary interest on shareholders' equity paid	0.663821	0.730203	4,665,000	699,750	3,965,250
Total accrued on December 31, 2018	1.043284	1.147613	7,298,596	1,094,789	6,203,807
Monthly interest on shareholders' equity paid	0.206998	0.227698	1,672,858	250,929	1,421,929
Intermediary interest paid on shareholders' equity (1)	0.172536	0.189790	1,455,000	218,250	1,236,750
Supplementary interest on shareholders' equity paid (2)	0.503380	0.553718	4,245,000	636,750	3,608,250
Supplementary dividends provisioned	0.058214	0.064035	490,918	-	490,918
Extraordinary dividends paid (3)	0.948654	1.043520	8,000,000	-	8,000,000
Total accrued on December 31, 2019	1.889782	2.078761	15,863,776	1,105,929	14,757,847

(1) Payments on July 15, 2019;

(2) Payments on December 30, 2019; and

(3) Payments on October 23, 2019;

Notes to the Consolidated Financial Statements

d) Treasury shares

At December 31, 2019, Bradesco held in treasury 6,642,963 common shares and 24,889,584 preferred shares for a total amount of R\$440,514 thousand. The minimum, average and maximum cost per common share is R\$19.34962, R\$24.55863 and R\$27.14350, and per preferred share is R\$19.37456, R\$26.98306 and R\$33.12855, respectively. The fair value was R\$34.07 per common share and R\$36.17 per preferred share on December 31, 2019.

23) FEE AND COMMISSION INCOME

	Years ended December 31 - R\$ thousand	
	2019	2018
Credit card income	7,397,305	6,951,609
Checking account	7,702,319	7,165,667
Loans	3,034,923	3,094,990
Collections	1,935,353	1,982,037
Consortium management	1,921,082	1,683,942
Asset management	1,582,733	1,525,280
Underwriting/ Financial Advisory Services	1,014,607	815,242
Custody and brokerage services	1,134,630	916,083
Payments	475,393	448,416
Other	752,860	636,731
Total	26,951,205	25,219,997

24) PAYROLL AND RELATED BENEFITS

	Years ended December 31 - R\$ thousand	
	2019 (1)	2018
Salaries	10,024,710	8,610,066
Benefits	5,911,496	4,383,644
Social security charges	3,470,191	2,997,889
Employee profit sharing	1,803,545	1,682,868
Provision for labor claims (2)	3,382,750	1,289,664
Training	190,031	166,936
Total	24,782,723	19,131,067

(1) In 2019, it includes R\$1,819,232 thousand related to Voluntary Severance Program (PDV); and

(2) It includes the effect of improving the calculation methodology. For more information, see Note 17b.

25) OTHER ADMINISTRATIVE EXPENSES

	Years ended December 31 - R\$ thousand	
	2019	2018
Outsourced services	4,995,465	4,776,441
Depreciation and amortization	2,925,299	2,795,256
Data processing	2,145,226	2,398,676
Communication	1,570,224	1,541,742
Asset maintenance	1,231,596	1,112,508
Rental	1,248,221	1,142,408
Financial system services	1,135,964	1,009,209
Advertising and marketing	1,300,468	1,136,062
Security and surveillance	744,036	748,577
Transport	773,208	749,685
Water, electricity and gas	440,613	412,789
Supplies	191,362	216,768
Travel	302,170	286,731
Other	1,232,363	1,111,724
Total	20,236,215	19,438,576

Notes to the Consolidated Financial Statements

26) TAX EXPENSES

	Years ended December 31 - R\$ thousand	
	2019	2018
Contribution for Social Security Financing (COFINS)	4,377,130	3,855,324
Social Integration Program (PIS) contribution	726,752	638,409
Tax on Services (ISSQN)	1,224,157	1,093,891
Municipal Real Estate Tax (IPTU) expenses	124,450	124,523
Other	405,741	384,752
Total	6,858,230	6,096,899

27) OTHER OPERATING INCOME

	Years ended December 31 - R\$ thousand	
	2019	2018
Other interest income	2,114,272	2,094,887
Reversal of other operating provisions	1,647,509	2,435,334
Revenues from recovery of charges and expenses	489,815	285,110
Other	2,251,215	2,243,433
Total	6,502,811	7,058,764

28) OTHER OPERATING EXPENSES

	Years ended December 31 - R\$ thousand	
	2019	2018
Other finance costs	3,171,951	1,910,052
Sundry losses	416,048	330,974
Discount granted	1,768,185	1,526,080
Commissions on loans and financing	663,530	604,101
Intangible assets amortization - payroll	1,313,322	1,116,505
Goodwill amortization (Note 14a)	1,710,013	2,115,506
Card marketing expenses	3,207,559	3,381,586
Expenses with civil, tax and other contingencies	4,435,942	1,858,051
Other (1)	11,405,242	6,538,646
Total	28,091,792	19,381,501

(1) On December 31, 2019, it includes: (i) impairment losses: in the acquisition of the right to provide financial services, in the amount of R\$519,749 thousand; software/hardware, in the amount of R\$222,024 thousand; and investment goodwill, in the amount of R\$982,536 thousand; (ii) expenses with provision for financial guarantees, in the amount of R\$1,252,791 thousand; and (iii) expenses with provision for contingencies, related to FCVS, in the amount of R\$342,155 thousand and other provisions, in the amount of R\$696,469 thousand.

29) NON-OPERATING INCOME (LOSS)

	Years ended December 31 - R\$ thousand	
	2019	2018
Gain/loss on sale and write-off of assets and investments	(344,627)	(614,895)
Recording/reversal of non-operating provisions (1)	(235,908)	(361,805)
Other	60,457	105,887
Total	(520,078)	(870,813)

(1) Includes primarily allowance for non-use assets (BNDU).

Notes to the Consolidated Financial Statements

30) RELATED-PARTY TRANSACTIONS

- a) Related-party transactions (direct and indirect) are carried out according to CMN Resolution No. 4,636/18 and CVM Resolution No. 642/10. The Organization has a Transaction Policy with related parts disclosed on the Investor Relations website. The transactions are carried out under conditions and at rates consistent with those entered into with third parties at that time. The transactions are as follows:

	On December 31 - R\$ thousand							
	Controllers (1)		Associates and Jointly controlled companies (2)		Key Management Personnel (3)		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
Assets								
Interbank investments	-	-	577,906	585,191	-	-	577,906	585,191
Securities and derivative financial instruments	20,721	16,015	287,849	19,267	-	-	308,570	35,282
Loans, other receivables and assets	9	9	109,766	326,762	88,750	49,244	198,525	376,015
Liabilities								
Demand deposits/Savings accounts	109,767	227	39,191	25,968	20,428	14,769	169,386	40,964
Time deposits	1,802,883	1,581,681	2,838,567	1,059,509	373,047	103,175	5,014,497	2,744,365
Securities sold under agreements to repurchase	225,064	1,317,711	304,008	13,388	-	2,642	529,072	1,333,741
Funds from issuance of securities and subordinated debts	13,697,802	8,569,271	-	-	891,211	797,182	14,589,013	9,366,453
Derivative financial instruments	-	165	7,264	-	-	-	7,264	165
Interest on own capital and dividends payable	217,765	1,540,846	-	-	-	-	217,765	1,540,846
Other liabilities	-	-	11,665,639	10,101,886	6,735	5,484	11,672,374	10,107,370

	Years ended December 31 - R\$ thousand							
	Controllers (1)		Associates and Jointly controlled companies (2)		Key Management Personnel (3)		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
Income from financial intermediation	4,871	15,024	65,625	36,088	-	-	70,496	51,112
Financial intermediation expenses	(862,808)	(793,853)	(72,133)	(47,902)	(58,353)	(55,045)	(993,294)	(896,800)
Income from services provided	105	334	342,793	315,832	359	247	343,257	316,413
Other expenses net of other operating revenues	54,471	50,745	(1,899,818)	(2,635,494)	288,187	323,130	(1,557,160)	(2,261,619)

(1) Cidade de Deus Cia. Coml. de Participações, Fundação Bradesco, NCF Participações S.A., BBD Participações S.A. and Nova Cidade de Deus Participações S.A.;

(2) Companies listed in Note 12; and

(3) Members of the Board of Directors and the Board of Executive Officers.

Notes to the Consolidated Financial Statements

b) Remuneration of Key Management Personnel

Each year, the Annual Shareholders' Meeting approves:

- The annual total amount of Management compensation, set forth at the Board of Directors Meetings, to be paid to board members and members of the Board of Executive Officers, as determined by the Company's Bylaws; and
- The amount allocated to finance Management pension plans, within the Employee and Management pension plan of the Bradesco Organization.

For 2019, the maximum amount of R\$866,448 thousand was determined for the remuneration of the Directors, and part of this refers to the social security contribution to the INSS, which is an obligation of the Organization, and R\$484,895 thousand to cover supplementary pension plan defined contributions.

The current policy on Management compensation sets forth that 50% of net variable compensation, if any, must be allocated to the acquisition of preferred class b shares issued by BBD Participações S.A. and /or preferred shares issued by Banco Bradesco S.A., which vest in three equal, annual and successive installments, the first of which is in the year following the payment date. This procedure complies with CMN Resolution No. 3,921/10, which sets forth a management compensation policy for financial institutions.

Short and medium term remuneration to Managers

	Years ended December 31 - R\$ thousand	
	2019	2018
Remuneration and Social Security Contribution to the INSS	852,862	485,949
Total	852,862	485,949

Post-employment benefits

	Years ended December 31 - R\$ thousand	
	2019	2018
Defined contribution supplementary pension plans	468,079	474,378
Total	468,079	474,378

Bradesco does not offer its Key Management Personnel long-term benefits related to severance pay or share-based compensation, pursuant to CPC 10 – Share-Based Payment, approved by CMN Resolution No. 3,989/11.

Shareholding

Together, members of the Board of Directors and Board of Executive Officers had the following shareholding in Bradesco:

	On December 31	
	2019	2018
• Common shares	0.55%	0.55%
• Preferred shares	1.04%	1.07%
• Total shares (1)	0.79%	0.81%

(1) On December 31, 2019, direct and indirect shareholding of the members of Bradesco's Board of Directors and Board of Executive Officers amounted to 2.48% of common shares, 1.07% of preferred shares and 1.78% of all shares (2.60% of common shares, 1.11% of preferred shares and 1.85% of all shares in 2018).

Notes to the Consolidated Financial Statements

31) RISK AND CAPITAL MANAGEMENT

a) Risk Management

Bradesco carries out a corporate risk control in an integrated and independent manner, preserving and giving value to a collective decision-making environment, developing and implementing methodologies, models and tools for measurement and control. It promotes the dissemination of the risk culture to all employees, at all hierarchical levels, from the business areas to the Board of Directors.

The risk management and capital management structures have policies, rules and procedures, ensuring that the Organization maintains controls compatible with the nature of its operations, the complexity of its products and services, activities, processes, systems and the size of its exposure to risks. These structures are also composed of various committees, commissions and departments that subsidize the Board of Directors, the Chief Executive Officer, the Chief Risk Officer (CRO) and the Executive Board of the Organization in decision making, including:

- Integrated Risk Management and Capital Allocation Committee, whose purpose is to advise the Board of Directors in the performance of its duties related to the management policies and limits of exposure to risks and ensure within the scope of the Organization compliance with the related processes, policies, related standards and compliance with regulations and legislation applicable to the Organization; and
- Risk Committee, whose main objective is to evaluate the Organization's risk management framework and, eventually, to propose improvements.

Both advise the Board of Directors in the performance of its duties in the management and control of risks, capital, internal controls and compliance.

Detailed information on risk management process, reference equity and also Bradesco's risks exposures may be found in Risk Management Report – Pillar 3, available on the Investors Relations website Bradesco RI.

b) Capital Management

The Basel Ratio is part of the set of indicators that are monitored and evaluated in the process of Capital Management, and is intended to measure the sufficiency of capital in relation to the exposure to risks. The table below shows the composition of the Reference Equity and of the Risk Weighted Assets, according to the standards of Bacen. During the period, Bradesco has fulfilled all the minimum regulatory requirements.

Notes to the Consolidated Financial Statements

Below is the Basel Ratio:

Calculation basis - Basel Ratio	On December 31 - R\$ thousand	
	Prudential Conglomerate	
	2019	2018
Tier I capital	100,831,668	90,322,147
Common equity	91,271,701	81,090,060
Shareholders' equity	133,723,221	121,120,869
Non-controlling interest / Other	106,302	169,606
Prudential adjustments	(42,557,822)	(40,200,415)
Additional capital	9,559,967	9,232,087
Tier II capital	24,443,737	27,618,026
Subordinated debts (Resolution No. 4,192/13)	21,324,281	22,416,933
Subordinated debts (previous to CMN Resolution No. 4,192/13)	3,119,456	5,201,093
Reference Equity (a)	125,275,405	117,940,173
- Credit risk	680,907,697	598,057,619
- Market risk	13,571,488	10,407,258
- Operational risk	64,572,141	53,150,786
Risk-weighted assets – RWA (b)	759,051,325	661,615,663
Basel ratio (a/b)	16.5%	17.8%
Tier I capital	13.3%	13.7%
- Principal capital	12.0%	12.3%
- Additional capital	1.3%	1.4%
Tier II capital	3.2%	4.2%

c) Indicator of Global Systemic Importance (IAISG)

According to Bacen Circular Letter No. 3,751/15, Bradesco calculated the indicators for the evaluation of global systemic importance (IAISG), disclosed on its Investor Relations website (Bradesco RI - Market Information - Risk Management – Global Systemic Importance Index – Annex I and II).

d) Market Risk

Our market risk management process is run on a corporate wide basis, from business areas to the Board of Directors. This process involves several areas with specific purposes, ensuring an efficient structure, with market risk measurement and control carried out on a centralized and independent basis. This process allowed the Organization to be the first financial institution in the country authorized by the Central Bank of Brazil to use, since January 2013, its in-house models of market risk to determine our regulatory capital requirement. The management process, approved by the Board of Directors, is also reassessed at least annually by the relevant committees and the Board of Directors itself. Proposed market risk limits are validated by specific committees for approval by the Integrated Risk Management and Capital Allocation Committee, to be submitted to the Board of Directors depending on the characteristics of business, which are separated into the following portfolios:

Trading Portfolio: it is composed of all the operations made with financial instruments, including derivatives, held for trading or destined to hedge other instruments of the portfolio itself, and that are not subject to any trading restrictions. The financial instruments held for trading are those destined for resale, to obtain benefits based on the variation of effective or expected prices, or for arbitrage. Portfolio risks in these cases are monitored by:

- Value at Risk (VaR);
- Stress (impact measurement of extreme events, based on historical and prospective scenarios);
- Results; and
- Financial Exposure/ Concentration.

Notes to the Consolidated Financial Statements

Banking Portfolio: composed of financial instruments not classified in the Trading Portfolio, originating from other business of the Organization and their respective hedges. Portfolio risks in these cases are monitored by:

- Change in economic value due to changes in interest rates – Δ EVE (Economic Value of Equity); and
- Change in net interest income due to changes in interest rates – Δ NII (Net Interest Income).

VaR Internal Model - Trading Portfolio

Below is the 1-day VaR:

Risk factors	On December 31 - R\$ thousand	
	2019	2018
Fixed rates	1,614	850
IGPM/IPCA	2,774	264
Exchange coupon	415	142
Foreign currency	5,327	712
Equities	707	655
Sovereign/Eurobonds and Treasuries	3,834	3,770
Other	2,122	1,597
Correlation/diversification effect	(6,820)	(2,214)
VaR (Value at Risk)	9,973	5,776

Amounts net of tax effects.

Sensitivity analysis - CVM Instruction No. 475/08

Sensitivity analysis of the Organization's financial exposures (Trading and Banking Portfolio) were carried out based on scenarios prepared at the respective dates, always considering market data at the time and scenarios that would adversely affect our positions, according to the examples below:

Scenario 1: Based on market information (B3, Anbima, etc.), stresses were applied for 1 basis point on the interest rate and 1.0% variation on prices. For example: for a Real/US dollar exchange rate of R\$4.02 a scenario of R\$4.06 was used, while for a 1-year fixed interest rate of 4.56%, a 4.57% scenario was applied;

Scenario 2: 25.0% stresses were determined based on market information. For example: for a Real/US dollar exchange rate of R\$4.02 a scenario of R\$5.02 was used, while for a 1-year fixed interest rate of 4.56%, a 5.70% scenario was applied. The scenarios for other risk factors also accounted for 25.0% stresses in the respective curves or prices; and

Scenario 3: 50.0% stresses were determined based on market information. For example: for a Real/US dollar exchange rate of R\$4.02 a scenario of R\$6.03 was used, while for a 1-year fixed interest rate of 4.56%, a 6.84% scenario was applied. The scenarios for other risk factors also account for 50.0% stresses in the respective curves or prices.

The results presented reveal the impacts for each scenario in a static position of the portfolio. The dynamism of the market and portfolios means that these positions change continuously and do not necessarily reflect the position demonstrated here. In addition, the Organization has a continuous market risk management process, which is always searching for ways to mitigate the associated risks, according to the strategy determined by Senior Management. Therefore, where there are indicators of deterioration in certain positions, proactive measures are taken to minimize any potential negative impact and maximize the risk/return ratio for the Organization.

Notes to the Consolidated Financial Statements

I - Sensitivity Analysis – Trading Portfolio

		On December 31 - R\$ thousand					
		Trading Portfolio (1)					
		2019			2018		
		Scenarios			Scenarios		
		1	2	3	1	2	3
Interest rate in Reais	Exposure subject to variations in fixed interest rates and interest rate coupons	(97)	(14,128)	(27,256)	(67)	(11,474)	(22,374)
Price indexes	Exposure subject to variations in price index coupon rates	(904)	(29,440)	(56,245)	(22)	(2,462)	(4,706)
Exchange coupon	Exposure subject to variations in foreign currency coupon rates	(10)	(689)	(1,373)	(3)	(236)	(460)
Foreign currency	Exposure subject to exchange rate variations	(2,772)	(74,695)	(149,390)	(331)	(8,265)	(16,529)
Equities	Exposure subject to variation in stock prices	(228)	(5,710)	(11,420)	(88)	(2,195)	(4,389)
Sovereign/Eurobonds and Treasuries	Exposure subject to variations in the interest rate of securities traded on the international market	(699)	(29,099)	(56,736)	(315)	(93,073)	(129,865)
Other	Exposure not classified in other definitions	-	(26)	(52)	-	(37)	(73)
Total excluding correlation of risk factors		(4,710)	(153,787)	(302,472)	(826)	(117,742)	(178,396)
Total including correlation of risk factors		(2,617)	(72,476)	(145,411)	(429)	(93,092)	(130,432)

(1) Amounts net of tax effects.

Notes to the Consolidated Financial Statements

Presented below are the impacts of the financial exposures (fair value) also considering the Banking Portfolio (composed of operations not classified in the Trading Portfolio, originating from other business of the Organization and their respective hedges).

II - Sensitivity Analysis – Trading and Banking Portfolios

		On December 31 - R\$ thousand					
		Trading and Banking Portfolios (1)					
		2019			2018		
		Scenarios			Scenarios		
		1	2	3	1	2	3
Interest rate in Reais	Exposure subject to variations in fixed interest rates and interest rate coupons	(14,670)	(1,895,973)	(3,775,039)	(16,141)	(2,973,012)	(5,760,223)
Price indexes	Exposure subject to variations in price index coupon rates	(16,840)	(1,312,832)	(2,397,962)	(8,410)	(913,671)	(1,630,441)
Exchange coupon	Exposure subject to variations in foreign currency coupon rates	(1,035)	(71,631)	(139,560)	(1,368)	(119,441)	(229,387)
Foreign currency	Exposure subject to exchange rate variations	(3,136)	(71,103)	(142,206)	(407)	(10,119)	(20,238)
Equities	Exposure subject to variation in stock prices	(28,808)	(720,192)	(1,440,384)	(21,229)	(530,729)	(1,061,459)
Sovereign/Eurobonds and Treasuries	Exposure subject to variations in the interest rate of securities traded on the international market	(1,399)	(52,962)	(104,190)	(1,762)	(92,193)	(184,758)
Other	Exposure not classified in other definitions	(66)	(1,660)	(3,320)	(412)	(10,298)	(20,596)
Total excluding correlation of risk factors		(65,954)	(4,126,353)	(8,002,661)	(49,729)	(4,649,463)	(8,907,102)
Total including correlation of risk factors		(42,209)	(3,038,149)	(5,919,579)	(37,535)	(3,905,602)	(7,499,908)

(1) Amounts net of tax effects.

Notes to the Consolidated Financial Statements

e) Social and environmental risk

The social and environmental risk is represented by potential damages that an economic activity can cause to society and to the environment. The social and environmental risks associated with financial institutions are mostly indirect and stem from business relationships, including those with the supply chain and with customers, through financing and investment activities.

The social and environmental risk management process includes a governance structure, comprised of committees, policies, standards and procedures, which work to ensure the risks are identified, measured, mitigated, monitored and reported. This process complies with Resolution No. 4,327/14 of the Central Bank and observes the principles of relevance and proportionality, which is necessary in view of the complexity of the financial products and the profile of Organization's activities.

The Organization seeks to constantly incorporate and improve the criteria for managing the social and environmental risk arising from business relations with customers, through loan and financing operations, guarantees, suppliers and investments, which comprise the scope of analysis reflected in the Organization's Social and Environmental Risk Standard.

The Organization has made several commitments related to environmental and social aspects, such as the Carbon Disclosure Project (CDP), the Principles for Responsible Investment (PRI), the Business Charter for Human Rights and Promotion of Decent Work (Ethos), the United Nations Environment Program (UNEP-FI), the Global Compact, among others.

Moreover, the Organization has been a signatory of the Equator Principles since 2004, and among the requirements evaluated are as follows: the working conditions, impacts to the community and the environment of projects financed by the Organization, pursuant to the Brazilian legislation and the standards and guidelines of the International Finance Corporation (IFC), besides the World Bank Group's Health, Safety and Environment Guidelines. During the credit granting process, transactions under Equator Principles undergo a social and environmental risk analysis.

In the year ended on December 31, 2019, there was no hiring of Advisory Service or contracting of Financing Project Finance or Corporate Loans to projects classified under the criteria of the Equator Principles III.

Notes to the Consolidated Financial Statements

f) Below is the statement of financial position by currency and maturity

I – The statement of financial position by currency

	On December 31 - R\$ thousand			
	2019			2018
	Balance	Local	Foreign (1) (2)	Foreign (1) (2)
Assets				
Current and long-term assets	1,330,593,967	1,246,384,866	84,209,101	76,223,970
Cash and due from banks	18,988,662	14,803,200	4,185,462	4,877,776
Interbank investments	58,612,208	55,871,292	2,740,916	1,823,332
Securities and derivative financial instruments	609,539,006	586,701,479	22,837,527	18,217,770
Interbank and interdepartmental accounts	91,103,171	91,103,171	-	-
Loans and leases	345,334,200	316,677,908	28,656,292	33,337,418
Other receivables and assets	207,016,720	181,227,816	25,788,904	17,967,674
Permanent assets	28,545,101	28,494,007	51,094	36,378
Investments	7,290,761	7,290,761	-	-
Premises and equipment and leased assets	9,731,572	9,701,634	29,938	21,095
Intangible assets	11,522,768	11,501,612	21,156	15,283
Total	1,359,139,068	1,274,878,873	84,260,195	76,260,348
Liabilities				
Current and long-term liabilities	1,224,380,009	1,141,661,368	82,718,641	80,918,028
Deposits	368,203,601	349,852,434	18,351,167	15,295,624
Securities sold under agreements to repurchase	174,100,023	166,503,250	7,596,773	9,609,051
Funds from issuance of securities	170,727,563	167,351,929	3,375,634	4,092,232
Interbank and interdepartmental accounts	25,292,425	22,350,783	2,941,642	3,013,281
Borrowing and on-lending	51,743,527	22,204,247	29,539,280	29,881,803
Derivative financial instruments	14,244,083	12,786,941	1,457,142	1,319,483
Technical provision for insurance, pension plans and capitalization bonds	274,764,876	274,750,187	14,689	13,934
Other liabilities:				
- Subordinated debts	49,313,508	38,185,713	11,127,795	13,641,188
- Others	95,990,403	87,675,884	8,314,519	4,051,432
Deferred income	326,047	326,047	-	-
Non-controlling interests in subsidiaries	709,791	709,791	-	-
Shareholders' equity	133,723,221	133,723,221	-	-
Total	1,359,139,068	1,276,420,427	82,718,641	80,918,028
Net position of assets and liabilities			1,541,554	(4,657,680)
Net position of derivatives (2)			(65,993,860)	(43,541,075)
Other net off-balance-sheet accounts (3)			(4,208)	(296,977)
Net foreign exchange position (passive) (4)			(64,456,514)	(48,495,732)

(1) Amounts originally recognized and/or indexed mainly in US\$;

(2) Excluding operations maturing in D+1, to be settled at the rate on the last day of the month;

(3) Other commitments recorded in off-balance-sheet accounts; and

(4) Assets, liabilities and results of foreign investments and dependencies are translated into Brazilian reais at the local currency exchange rates, and the effects resulting from the conversion process totaled R\$2,375,463 thousand (R\$ 8,349,789 thousand in 2018) in the period and were recorded in the result. These effects were off-set by the results obtained by the financial instruments used to hedge the effects of the exchange variation produced by our investments abroad. For investments abroad that have a functional currency different from the real, the effects of the conversion are recorded in Shareholders' Equity in the reserve for Asset Valuation Adjustments.

Notes to the Consolidated Financial Statements

II - The statement of financial position by maturity

	On December 31 - R\$ thousand					
	1 to 30 days	31 to 180 days	181 to 360 days	More than 360 days	No stated maturity	Total
Assets						
Current and long-term assets	690,725,457	125,839,109	115,148,786	398,880,615	-	1,330,593,967
Cash and due from banks	18,988,662	-	-	-	-	18,988,662
Interbank investments (1)	48,010,255	5,636,401	3,219,405	1,746,147	-	58,612,208
Securities and derivative financial instruments (1) (2)	413,927,809	15,038,337	40,046,958	140,525,902	-	609,539,006
Interbank and interdepartmental accounts	90,901,789	-	-	201,382	-	91,103,171
Loans and leases	25,928,671	71,438,260	58,733,418	189,233,851	-	345,334,200
Other receivables and assets	92,968,271	33,726,111	13,149,005	67,173,333	-	207,016,720
Permanent assets	433,306	2,158,750	2,597,012	15,027,951	8,328,082	28,545,101
Investments	-	-	-	-	7,290,761	7,290,761
Premises and equipment	132,890	664,449	797,338	7,327,081	809,814	9,731,572
Intangible assets	300,416	1,494,301	1,799,674	7,700,870	227,507	11,522,768
Total in December 31, 2019	691,158,763	127,997,859	117,745,798	413,908,566	8,328,082	1,359,139,068
Total in December 31, 2018	671,118,872	141,910,020	60,007,646	405,299,616	8,955,951	1,287,292,105
Liabilities						
Current and long-term liabilities	663,476,603	87,327,618	99,186,006	364,829,815	9,559,967	1,224,380,009
Deposits (3)	165,098,230	20,971,899	41,339,229	140,794,243	-	368,203,601
Securities sold under agreements to repurchase (1)	170,357,416	1,574,108	293,817	1,874,682	-	174,100,023
Funds from issuance of securities	5,533,584	37,545,964	43,156,796	84,491,219	-	170,727,563
Interbank and interdepartmental accounts	25,292,425	-	-	-	-	25,292,425
Borrowing and on-lending	2,778,310	20,224,672	11,101,056	17,639,489	-	51,743,527
Derivative financial instruments	2,940,618	794,723	471,835	10,036,907	-	14,244,083
Technical provisions for insurance, pension plans and capitalization bonds (3)	234,851,106	3,950,009	1,676,722	34,287,039	-	274,764,876
Other liabilities:						
- Subordinated debts	2,079	38,097	281,141	39,432,224	9,559,967	49,313,508
- Others	56,622,835	2,228,146	865,410	36,274,012	-	95,990,403
Deferred income	326,047	-	-	-	-	326,047
Non-controlling interests in subsidiaries	-	-	-	-	709,791	709,791
Shareholders' equity	-	-	-	-	133,723,221	133,723,221
Total in December 31, 2019	663,802,650	87,327,618	99,186,006	364,829,815	143,992,979	1,359,139,068
Total in December 31, 2018	653,710,624	71,894,191	98,591,294	332,054,874	131,041,122	1,287,292,105
Net assets accumulated on December 31, 2019	27,356,113	68,026,354	86,586,146	135,664,897		
Net assets accumulated on December 31, 2018	17,408,248	87,424,077	48,840,429	122,085,171		

(1) Repurchase agreements are classified according to the maturity of the transactions;

(2) Investments in investment funds are classified as 1 to 30 days; and

(3) Demand and savings deposits and technical provisions for insurance, pension plans and capitalization bonds comprising "VGBL" and "PGBL" products are classified as 1 to 30 days, without considering average historical turnover.

Notes to the Consolidated Financial Statements

32) EMPLOYEE BENEFITS

Bradesco and its subsidiaries sponsor a private defined contribution pension for employees and managers, that allows financial resources to be accumulated by participants throughout their careers by means of employee and employer contributions and invested in an Exclusive Investment Fund (FIE). The plan is managed by Bradesco Vida e Previdência S.A. and BRAM – Bradesco Asset Management S.A. DTVM is responsible for the financial management of the FIEs funds.

The supplementary pension plan counts on contributions from employees and managers of Bradesco and its subsidiaries equivalent to at least 4% of the salary by employees and, 5% of the salary, plus the percentage allocated to covers of risk benefits (invalidity and death) by the company. Actuarial obligations of the defined contribution plan are fully covered by the plan assets of the corresponding FIE. In addition to the plan, in 2001, participants who chose to migrate from the defined benefit plan are guaranteed a proportional deferred benefit, corresponding to their accumulated rights in that plan. For the active participants, retirees and pensioners of the defined benefit plan, now closed to new members, the present value of the actuarial obligations of the plan is fully covered by guarantee assets.

Following the merger of Banco Alvorada S.A. (successor from the spin-off of Banco Baneb S.A.) into Kirton Bank S.A. Banco Múltiplo, on April 30, 2019, Kirton Bank S.A. Banco Múltiplo maintains variable contribution and defined benefit retirement plans, through Fundação Baneb de Seguridade Social – Bases related to the former employees of Baneb.

Banco Bradesco S.A. sponsors both variable benefit and defined contribution retirement plans, through *Caixa de Assistência e Aposentadoria dos Funcionários do Banco do Estado do Maranhão* (Capof), to employees originating from Banco BEM S.A.

Banco Bradesco S.A. sponsors a defined benefit plan through *Caixa de Previdência Privada Bec* – Cabec for employees of Banco do Estado do Ceará S.A.

Kirton Bank S.A. Banco Múltiplo, Bradesco Capitalização S.A., Kirton Corretora de Seguros S.A., Bradesco-Kirton Corretora de Câmbio S.A. and Bradesco Seguros S.A. sponsor a defined benefit plan called APABA for employees originating from Banco Bamerindus do Brasil S.A., and Kirton Administração de Serviços para Fundos de Pensão Ltda. sponsors for its employees a defined contribution plan, known as the Kirton Prev Benefits Plan (*Plano de Benefícios Kirton Prev*), both managed by MultiBRA – Pension Fund.

Banco Losango S.A. Banco Múltiplo, Kirton Bank S.A. Banco Múltiplo and Credival – Participações, Administração e Assessoria Ltda. sponsor three pension plans for its employees, which are: Losango I Benefits Plan – Basic Part, a defined benefit plan, Losango I – Supplementary Part and PREVMAIS Losango Plan, the last two in the form of variable contribution, all managed by MultiBRA – Settlor – Multiple Fund.

Banco Bradesco S.A. also took on the obligations of Kirton Bank S.A. Banco Múltiplo with regard to Life Insurance, Health Insurance Plans, and Retirement Compensation for employees coming from Banco Bamerindus do Brasil S.A., as well as complementing Retirement and Health Plan of employees from Lloyds.

In accordance with CPC 33 (R1) - Employee Benefits, approved by CMN Resolution No. 4,424/15, Bradesco and its subsidiaries, as sponsors of these plans, considering the economic and actuarial study, have calculated their actuarial commitments using real interest rate and recognize in their financial statements the obligation due. The resources guaranteeing the pension plans are invested in accordance with the relevant legislation (public and private securities, shares of listed companies and properties). Below are the main assumptions used by the independent actuary in the actuarial assessment of our plans, based on CPC 33 (R1):

Notes to the Consolidated Financial Statements

Risk factors	On December 31	
	2019	2018
Nominal discount rate	6.45% - 7.45% a.a.	8.8% - 9.31% a.a.
Nominal rate of future salary increases	3.8% a.a.	4.0% a.a.
Nominal growth rate of social security benefits and plans	3.8% a.a.	4.0% a.a.
Initial rate of growth of medical costs	7.95% - 8.99% a.a.	8.16% - 9.72% a.a.
Inflation rate	3.8% a.a.	4.0% a.a.
Biometric table of overall mortality	AT 2000 and BR-SEM	AT 2000 and BR-SEM
Biometric table of entering disability	Per plan	Per plan
Expected turnover rate	-	-
Probability of entering retirement	100% in the 1 ^a eligibility to a benefit by the plan	100% in the 1 ^a eligibility to a benefit by the plan

Considering the above assumptions, in accordance with CPC 33 (R1), the present value of the actuarial obligations of the benefit plans and of its assets to cover these obligations, is represented below:

	Years ended December 31 - R\$ thousand			
	Retirement Benefits		Other post-employment benefits	
	2019	2018	2019	2018
(i) Projected benefit obligations:				
At the beginning of the year	2,530,590	2,323,338	669,093	563,079
Cost of current service	179	151	-	-
Interest cost	224,508	219,239	60,185	54,654
Participant's contribution	819	881	-	-
Actuarial gain/(loss) (1)	516,333	179,851	224,683	87,962
Past service cost - plan changes	(3,920)	-	-	-
Early elimination of obligations	-	-	(1,613)	-
Benefit paid	(203,363)	(192,870)	(34,478)	(36,602)
At the end of the year	3,065,146	2,530,590	917,870	669,093
(ii) Plan assets at fair value:				
At the beginning of the year	2,363,009	2,375,529	-	-
Expected earnings	209,252	225,060	-	-
Actuarial gain/(loss) (1)	332,368	(61,063)	-	-
Contributions received:				
Employer	14,763	15,472	-	-
Employees	819	881	-	-
Benefit paid	(203,346)	(192,870)	-	-
At the end of the year	2,716,865	2,363,009	-	-
(iii) Changes in the unrecoverable surplus				
At the beginning of the year	54,025	206,752	-	-
Interest on the irrecoverable surplus	4,981	20,327	-	-
Change in irrecoverable surplus (1)	(22,851)	(173,054)	-	-
At the end of the year	36,155	54,025	-	-
(iv) Financed position:				
Plans in deficit	384,436	221,606	917,870	669,093
Net balance	384,436	221,606	917,870	669,093

(1) In the year ended December 31, 2019, the remeasurement effects recognized in Equity Valuation Adjustments totaled R\$212,188 thousand (R\$93,494 thousand in 2018), net of tax effects.

Notes to the Consolidated Financial Statements

The net cost/(benefit) of the pension plans, recognized in the income statement, include the following components:

	Years ended December 31 - R\$ thousand	
	2019	2018
Projected benefit obligations:		
Cost of service	(2,689)	151
Cost of interest on actuarial obligations	282,997	273,893
Expected earnings from the assets of the plan	(208,122)	(225,060)
Interest on irrecoverable surplus	4,981	20,327
Net cost/(benefit) of the pension plans	77,167	69,311

Maturity profile of the present value of the obligations of the benefit plans defined for the next years:

	On December 31, 2019 - R\$ thousand	
	Retirement Benefits	Other post-employment benefits
Weighted average duration (years)	11.05	13.45
2020	210,932	39,752
2021	216,848	41,258
2022	222,420	44,650
2023	227,727	48,128
2024	232,967	51,921
After 2025	1,227,661	314,796

Contributions to defined-benefit plans are expected to total R\$16,500 thousand in 2020.

The long-term rate of return on plan assets is based on the following:

- Medium- to long-term expectations of the asset managers; and
- Public and private securities, a significant portion of the investments portfolio of our subsidiaries, the profitability of which is higher than inflation plus interest, with short to long-term maturities.

The resources guaranteeing the pension plans are invested in accordance with the relevant legislation (public and private securities, shares of listed companies and properties) and the weighted-average allocation of the pension plan's assets by category is as follows:

	On December 31							
	Assets of the Alvorada Plan		Assets of the Bradesco Plan		Assets of the Kirton Plan		Assets of the Losango Plan	
	2019	2018	2019	2018	2019	2018	2019	2018
Asset categories								
Equities	-	-	9.6%	7.9%	-	-	18.5%	17.7%
Fixed income	93.5%	93.3%	86.6%	87.5%	100.0%	100.0%	78.9%	82.3%
Real estate	5.3%	5.4%	1.9%	2.5%	-	-	-	-
Other	1.2%	1.3%	1.9%	2.1%	-	-	2.6%	-
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

The table below, of the sensitivity analysis of benefit plan obligations, shows the impact on actuarial exposure (8.5% - 10.0% p.a.) by means of the amendment in the premise regarding the discount rate by 1 p.p.:

Rate	Discount rate/Medical inflation rate	Sensitivity Analysis	Effect on actuarial liabilities	Effect on the present value of the obligations
Discount rate	7,45% - 8,45%	Increase of 1 p.p.	reduction	(388,252)
Discount rate	5,45% - 6,45%	Decrease of 1 b.p.	increase	475,824
Medical Inflation	8,95% - 9,99%	Increase of 1 p.p.	increase	112,355
Medical Inflation	6,95% - 7,99%	Decrease of 1 b.p.	reduction	(93,231)

Notes to the Consolidated Financial Statements

Bradesco, in its offices abroad, provides pension plans for its employees and managers, in accordance with the standards established by the local authorities, which allows the accrual of financial resources during the professional career of the participant.

Total expenses related to contributions made during the year ended on December 31, 2019 totalled R\$ 997,446 thousand (R\$942,427 thousand in 2018).

In addition to this benefit, Bradesco and its subsidiaries offer other benefits to their employees and administrators, including health insurance, dental care, life and personal accident insurance, and professional training. These expenses, including the aforementioned contributions, totaled R\$ 6,101,527 thousand during the year ended on December 31, 2019 (R\$ 4,550,580 thousand in 2018).

33) INCOME TAX AND SOCIAL CONTRIBUTION

a) Calculation of income tax and social contribution charges

	Years ended December 31 - R\$ thousand	
	2019	2018
Income before income tax and social contribution	16,179,340	23,946,996
Total burden of income tax and social contribution at the current rates (Note 3h)	(6,471,736)	(10,776,148)
Effect on the tax calculation:		
Equity investment in unconsolidated and jointly controlled companies	481,412	728,468
Net non-deductible expenses of nontaxable income	673,882	269,917
Interest on shareholders' equity (paid and payable)	2,949,143	3,284,368
Other amounts (1)	8,921,659	1,796,209
Income tax and social contribution for the period	6,554,360	(4,697,186)

(1) Primarily, includes: (i) the exchange rate variation of assets and liabilities, derived from investments abroad; (ii) the effect of R\$6,403,185 thousand, referring to the increase in the social contribution rate on banks' net income from 15% to 20% on temporary differences and negative basis, as established in Constitutional Amendment No. 103 promulgated in November 2019; (iii) incentive deductions; and (iv) equalization of the effective rate of non-financial companies in relation to that shown.

b) Breakdown of income tax and social contribution in the income statement

	Years ended December 31 - R\$ thousand	
	2019	2018
Current taxes:		
Income tax and social contribution payable	(7,750,724)	(5,927,813)
Deferred taxes:		
Amount recorded/realized in the period on temporary differences	13,101,758	(444,996)
Use of opening balances of:		
Social contribution loss	(107,984)	(313,223)
Income tax loss	(186,773)	(343,791)
Constitution in the period on:		
Social contribution loss	1,174,988	870,717
Income tax loss	323,095	1,461,920
Total deferred tax assets	14,305,084	1,230,627
Income tax and social contribution for the period	6,554,360	(4,697,186)

Notes to the Consolidated Financial Statements

c) Deferred income tax and social contribution

	R\$ thousand			
	Balance on 12/31/2018	Amount recognized (1)	Realized / Decrease	Balance on 12/31/2019
Allowance for loan losses	31,425,769	13,341,183	(6,199,140)	38,567,812
Civil provisions	2,218,971	2,325,382	(750,400)	3,793,953
Tax provisions	2,935,174	576,430	(90,893)	3,420,711
Labor provisions	2,380,578	1,888,720	(1,021,112)	3,248,186
Impairment of securities and investments	1,889,028	1,967,811	(1,067,523)	2,789,316
Provision for devaluation of foreclosed assets	665,765	395,334	(227,936)	833,163
Adjustment to fair value of trading securities	2,198,742	1,339,401	(2,191,475)	1,346,668
Amortization of goodwill	360,903	71,723	(22,089)	410,537
Other	2,315,215	4,501,375	(1,735,033)	5,081,557
Total deductible taxes on temporary differences	46,390,145	26,407,359	(13,305,601)	59,491,903
Income tax and social contribution losses in Brazil and overseas	6,679,495	1,498,083	(294,757)	7,882,821
Subtotal	53,069,640	27,905,442	(13,600,358)	67,374,724
Adjustment to fair value of available-for-sale securities	977,639	9,899	(962,027)	25,511
Total deferred tax assets (Note 3h and 10b)	54,047,279	27,915,341	(14,562,385)	67,400,235
Deferred tax liabilities (Note 33e)	4,120,387	4,949,690	(999,679)	8,070,398
Deferred tax assets, net of deferred tax liabilities	49,926,892	22,965,651	(13,562,706)	59,329,837
- Percentage of net deferred tax assets on capital (Note 31)	42.3%			47.4%
- Percentage of net deferred tax assets over total assets	3.9%			4.4%

(1) Includes the effect of R\$6,403,185 thousand, referring to the increase in the social contribution rate on banks' net income from 15% to 20% on temporary differences and negative basis, as established in Constitutional Amendment No. 103 promulgated in November of 2019.

The accounting record of the deferred tax assets was made using the rates applicable to the period projected for its realization and is based on the projection of future results and on a technical analysis. On December 31, 2019, no deferred tax assets were constituted, substantially, on temporary differences, in the amount of R\$12,094 thousand, which will be recorded upon the effective perspectives of realization, according to the technical study and analyses made by the Board and by the Standards of Bacen.

d) Expected realization of deferred tax assets on temporary differences, tax loss and negative basis of social contribution

	R\$ thousand				
	Temporary differences		Income tax and social contribution losses		Total
	Income tax	Social contribution	Income tax	Social contribution	
2020	10,006,097	7,878,112	229,659	185,685	18,299,553
2021	8,358,345	6,593,347	278,169	222,356	15,452,217
2022	7,601,503	6,006,360	334,474	266,691	14,209,028
2023	6,201,835	4,896,820	1,127,995	904,025	13,130,675
2024	798,744	489,045	1,869,069	2,188,807	5,345,665
After 2024	367,590	294,105	33,093	242,798	937,586
Total	33,334,114	26,157,789	3,872,459	4,010,362	67,374,724

The projected realization of deferred tax assets is an estimate and it is not directly related to the expected accounting income.

On December 31, 2019, the present value of deferred tax assets, calculated based on the average funding rate, net of tax effects, amounts to R\$64,484,151 thousand (R\$50,040,054 thousand in 2018), of which: R\$57,223,800 thousand (R\$44,038,646 thousand in 2018) of temporary differences; and R\$7,260,351 thousand (R\$6,001,408 thousand in 2018) to tax losses and negative basis of social contribution.

e) Deferred tax liabilities

	On December 31 - R\$ thousand	
	2019	2018
Fair value adjustment to securities and derivative financial instruments	4,774,496	1,441,175
Difference in depreciation	237,400	242,571
Judicial deposit and others	3,058,502	2,436,641
Total	8,070,398	4,120,387

Notes to the Consolidated Financial Statements

34) OTHER INFORMATION

a) Fair value

The book value, net of loss provisions of the principal financial instruments is shown below:

Portfolio	On December 31 - R\$ thousand					
	Unrealized gain/(loss) without tax effects					
	Book value	Fair value	In income statement		In shareholders' equity	
	2019		2019	2018	2019	2018
Securities and derivative financial instruments (Notes 3e, 3f and 7)	609,539,006	621,304,525	23,744,832	8,620,449	11,765,519	7,489,606
- Adjustment of available-for-sale securities (Note 7bii)			11,979,313	1,130,843		
- Adjustment of held-to-maturity securities (Note 7c item 4)			11,765,519	7,489,606	11,765,519	7,489,606
Loan and leases (Notes 2, 3g and 9) (1)	452,941,674	458,060,210	5,118,536	1,410,314	5,118,536	1,410,314
Investments (Notes 3j and 12) (2)	7,290,761	23,796,760	16,505,999	14,043,178	16,505,999	14,043,178
Treasury shares (Note 22d)	440,514	1,126,582	-	-	686,068	548,525
Time deposits (Notes 3n and 15a)	214,765,753	214,561,285	204,468	235,275	204,468	235,275
Funds from issuance of securities (Note 15c)	170,727,563	169,488,129	1,239,434	456,580	1,239,434	456,580
Borrowing and on-lending (Notes 16a and 16b)	51,743,527	51,804,014	(60,487)	(902,988)	(60,487)	(902,988)
Subordinated debts (Note 18)	49,313,508	50,108,020	(794,512)	(438,100)	(794,512)	(438,100)
Unrealized gains excluding tax			45,958,270	23,424,708	34,665,025	22,842,390

(1) Includes advances on foreign exchange contracts, leases and other receivables with lending characteristics; and

(2) Primarily includes the surplus of interest in subsidiaries, associates and jointly controlled companies (Cielo, Odontoprev, IRB and Fleury).

Determination of the fair value of financial instruments:

- Securities and derivative financial instruments, investments, subordinated debts and treasury shares are based on the quoted market price at the reporting date. If no quoted market price is available, amounts are estimated based on the dealer quotations, pricing models, quotation models or quotations for instruments with similar characteristics;
- Fixed rate loans were determined by discounting estimated cash flows, using interest rates applied by the Organization for new contracts with similar features. These rates are consistent with the market at the reporting date; and
- Time deposits, funds from issuance of securities, borrowing and on-lending were calculated by discounting the difference between the cash flows under the contract terms and our prevailing market rates for the same product at the reporting date.

Notes to the Consolidated Financial Statements

- b) The Organization manages investment funds and portfolios with net assets which, on December 31, 2019, amounted to R\$1,000,818,236 thousand (R\$897,577,143 thousand in 2018).

c) Consortium funds

	On December 31 - R\$ thousand	
	2019	2018
Monthly estimate of funds receivable from consortium members	670,865	653,690
Contributions payable by the group	35,317,947	31,570,330
Consortium members - assets to be included	31,268,865	27,468,111
Credits available to consortium members	6,251,300	6,347,845

	On December 31 - In units	
	2019	2018
Number of groups managed	3,537	3,527
Quantity of assets delivered in the period	271,465	259,238
Quantity of total delivered assets	1,937,381	1,665,916
Quantity of active consortium members in the period	419,844	352,557
Quantity of dropouts and cancellations in the period	266,722	239,996
Quantity of total active consortium members	1,616,675	1,503,817
Quantity of total dropouts and cancellations	1,347,640	1,215,599
Quantity of assets pending delivery	119,223	86,568
Default rate	3.79%	4.05%

- d) In the year ended on December 31, 2019, there were changes in the rules of compulsory collection as follows:

Description	Previous Rule	Current Rule
Time Deposits	The calculation basis was made up of Interbank Deposits issued to Leasing Companies.	As from July 15, 2019, the Interbank Deposits issued to Leasing Companies were revoked from the calculation basis.
	The compulsory reserve on long-term funds was 33%, based on the calculation basis defined in regulations.	As from July 15, 2019, the compulsory reserve on long-term resources decreased to 31%, based on the calculation defined in regulations.

- e) CMN Resolution No. 3,786/09 and Bacen Circular No. 3,472/09 establish that financial institutions and other entities authorized by Bacen to operate, which are publicly-held companies or which are required to establish an Audit Committee shall, since December 31, 2010, annually prepare and publish in up to 90 days after the reference date of December 31 their consolidated financial statements, prepared under the International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). As required by this Resolution, on March 7, 2019, Bradesco separately published its consolidated financial statements in accordance with IFRS for December 31, 2018 and 2017 on its website.
- f) On May 6, 2019, Bradesco announced to the market, that it has entered into a Share Purchase Agreement ("Agreement") with the controlling shareholders of BAC Florida Bank ("BAC Florida"), the bank that has offered various financial services in the United States for 45 years, especially to non-resident high net worth Individuals. Bradesco will assume the operations of BAC Florida, with the main objective of expanding the offering of investments in the United States to its high net worth clients (Prime and Private Bank), in addition to other banking services, such as checking accounts, credit card and real estate financing, as well as the opportunity to expand business related to corporate and institutional clients. The acquisition will cost approximately US\$500 million.

On September 10, 2019, the Central Bank authorized Bradesco to: (i) to hold up to 100% of the capital of BAC Florida Bank and its subsidiaries - the securities brokerage firm BAC Florida Investments Corp. and the non-financial corporations BAC Global Advisors Inc., 5551 Lockett Road, Inc. and Representaciones Administrativas Internacionales S.A., the latter located in Guatemala and the others located in the U.S.; and (ii) to participate temporarily in the capital of a holding company to be incorporated in the U.S., which should be extinguished in the corporate reorganization (merger) to be conducted to enable Banco Bradesco S.A. to hold 100% of the shares representing the capital of

Notes to the Consolidated Financial Statements

BAC Florida Bank. The completion of the transaction is subject to approval by the competent U.S. regulatory agencies and to compliance with legal formalities.

- g) On August 29, 2019, Bradesco announced the launch the Voluntary Severance Program (PDV 2019), with the objective of contemplating employees who contributed significantly to the Organization throughout their career, offering a set of benefits to help them outside the Organization, in addition to optimizing and making the team structure more flexible in the best market standards, in order to obtaining improvements in productivity indicators. The deadline for adhesion to the program was October 31, 2019, and employees who fit the requirements established in the regulations may join freely and spontaneously. On December 31, 2019, the total costs were R\$1,819,232 thousand, with 3,418 members. It should be noted that dismissals are taking place on a scheduled basis, comprising in some cases a period of up to six months from the date of adhesion.
- h) In a meeting held on October 17, 2019, the Board of Directors approved the payment, on October 23, 2019, of extraordinary dividends from profit reserves, in the amount of R\$8.0 billion, which represents R\$0.948654134 per common share and R\$1.043519547 per preferred share.
- i) Banco Bradesco announced on November 13, 2019, that its indirect subsidiary Ágora Corretora de Títulos e Valores Mobiliários ("Ágora CTVM") will assume, within 120 days, the operations of non-institutional individuals and legal entities of Bradesco S.A. Corretora de Securities ("Bradesco Corretora"). The centralization of operations took place to consolidate a new investment platform called "Casa de Investimentos", which will offer more product options and facilities for clients to make their investments.
- j) Banco Bradesco announced to the market on December 9, 2019, that the Board of Directors approved the payment of complementary interest on equity, on December 30, 2019, in the amount of R\$4.2 billion, of which, in gross amounts, R\$0.503379600 per common share and R\$0.553717560 per preferred share, benefiting shareholders who are registered in the registrations until December 19, 2019.
- k) On January 15, 2020, Banco Bradesco announced that it sold the entire shareholding held in Chain Serviços e Contact Center S.A. ("Chain") to Alaviva do Brasil Telemarketing e Informática S.A..
- l) On January 27, 2020, Bradesco issued US\$1.6 billion of senior notes in the international market, composed of two tranches of US\$800 million, maturing in January 2023 and January 2025, with remuneration at fixed interest rates 2.85% and 3.20% p.a., respectively.

THE ISSUERS

Banco Bradesco S.A.
Cidade de Deus, Vila Yara,
06029-900, Osasco, São Paulo, SP
Brazil

Banco Bradesco S.A., Grand Cayman Branch
DMS House (3rd floor), 20 Genesis Close,
P.O. Box 1818, Cayman Islands KY1-1109
Cayman Islands
British West Indies

LEGAL ADVISERS

To the issuers

As to English law & United States law

Clifford Chance
Rua Funchal, 418 – 15th floor
04551-060, São Paulo, SP
Brazil

As to Brazilian law

Pinheiro Neto Advogados
Rua Hungria, 1100
01455-906, São Paulo, SP
Brazil

As to Cayman Islands law

Appleby (Cayman) Ltd.
71 Fort Street
P.O. Box 190 Grand Cayman KY1-1104
Cayman Islands

To the Dealers

As to English law & United States law

Cleary Gottlieb Steen & Hamilton LLP
One Liberty Plaza
New York, New York 10006
United States of America

As to Brazilian law

Machado, Meyer, Sendacz e Opice Advogados
Rua José Gonçalves de Oliveira, 116
01453-050, São Paulo, SP
Brazil

INDEPENDENT AUDITORS OF BANCO BRADESCO S.A.

KPMG Auditores Independentes

Av. Dionysia Alves Barreto, 500 – 10th floor – Conj. 1001,
06086-040, Osasco, SP
Brazil

TRUSTEE, PAYING AGENT, TRANSFER AGENT AND REGISTRAR

The Bank of New York Mellon
240 Greenwich Street 7E
New York, NY 10286
United States of America

LEGAL ADVISER

To the Trustee

Allen & Overy LLP
One Bishops Square, London, E1 6AD
United Kingdom

PRINCIPAL PAYING AGENT

The Bank of New York Mellon, London Branch
One Canada Square
London E14 5AL
United Kingdom

LISTING AGENT

The Bank of New York Mellon (Luxembourg) S.A.
2-4 rue Eugène Ruppert
Vertigo Building - Polaris
L-2453 Luxembourg

THE ARRANGER

Banco Bradesco BBI S.A.
Av. Pres. Juscelino Kubitschek, 1309, 10th floor
04543-011, São Paulo, SP
Brazil

THE DEALER

Banco Bradesco S.A., Grand Cayman Branch
DMS House (3rd floor), 20 Genesis Close,
P.O. Box 1818, Cayman Islands KY1-1109
Grand Cayman, Cayman Islands
British West Indies