

BANK BRADESCO  
Form 6-K  
September 15, 2010

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

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**FORM 6-K**

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

**For the month of September, 2010  
Commission File Number 1-15250**

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

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

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

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

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

Yes  No

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**1.1 ☐ Declaration and identification of persons responsible**

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

**Position of person responsible** Chief Executive Officer

**Name of person responsible for contents of the form** **Domingos Figueiredo de Abreu**

**Position of person responsible** Director of Investor Relations

**The above mentioned directors declare that:**

a. they have reviewed this reference form

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

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

**2.1/2.2 ☐ Auditors ☐ identification and remuneration**

**Auditor's reference number** 287-9  
**with Brazilian Securities Commission (CVM)**

**Auditor's business name/ trading name** PRICEWATERHOUSECOOPERS AUDITORES INDEPENDENTES

**Auditor's corporate taxpayer number (CPF/CNPJ)** 61.562.112/0001-20

**Period in which services rendered** 01/05/2009

**Name of technical person responsible** Washington Luiz Pereira Cavalcanti

**Taxpayer number (CPF) of technical person responsible** 023.115.418-62

**Address** Av. Francisco Matarazzo, 1400, Torre Torino, Água Branca, São Paulo, SP, Brazil, postal code 05001-903, telephone +55 (0011) 36742000, e-mail: [Washington.cavalcanti@br.pwc.com](mailto:Washington.cavalcanti@br.pwc.com)

**Description of services engaged** Audit work related to a review of the Bradesco conglomerate's financial statements for the year ended December 31, 2009

**Total amount of remuneration of independent auditors segregated by service** Auditing work and other services:

2009 (R\$ '000)

Auditing 31,008

Other services 366

Total 31,374

NB: "Other services" refers to the diagnostic of technology processes, responses to queries on tax matters and training

**2.3 ☐ Other material information**

There have been no auditor alterations/replacements in the last three fiscal years or of the other information provided in item 2.1.

**Periods in which auditing services were provided ☐ 2007-2009**

	<b>2007</b>	<b>2008</b>	<b>2009</b>
Initial date of engaging services	02/05/2007	02/06/2008	01/05/2009
Final date of engaging services	06/30/2008	06/30/2009	06/30/2010

Audit work related to the review of financial statements of the Bradesco conglomerate for the years ended December 31, 2007, 2008 and 2009.

**3.1 Financial information**

	<b>(BRL)</b>	<b>Fiscal year (12/31)</b>
Shareholders' equity		41,753,75
Total Assets		506,223,09
Net Income /Revenues from Financial Intermediation/Insurance Premiums Earned		100,864,48
Gross income		12,119,29
Net income		8,012,28
Number of shares, except treasury (units)		3,420
Value per share (BRL per unit)		1
Net earnings per share		:

### **3.2 ☐ Non-accounting metrics**

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

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### 3.3 - Events subsequent to the most recent financial statements

a) On June 10, 2010, an Extraordinary General Meeting approved a capital increase from R\$ 26.5 to R\$ 28.5 billion by capitalizing R\$ 2.000 billion from the statutory reserve, and a 10% share bonus by issuing 342,040,948 new nominative book-entry shares without nominal value, of which 171,020,483 were common and 171,020,465 preferred shares. These shares were allotted to shareholders free of charge as a bonus in the proportion of one (1) new share for every ten (10) shares of the same type held on the base date.

b) On June 2, 2010, Bradesco concluded its acquisition of the entire share capital of the controlling block of the conglomerate Ibi Serviços S. de R. L. México ("Ibi México") and RFS Human Management S. de R.L.. On December 31, 2009, Ibi México had a credit portfolio of R\$ 205 million and over 1.3 million credit cards. This transaction included a partnership agreement with C&A México S. de R. L. (C & A México) for a period of 20 years for the exclusive sale of financial products and services through the retail portfolio of C & A México.

c) On April 27, 2010, Bradesco and Banco do Brasil signed a non-binding memorandum of understanding to develop a business model in order to:

- Join part of their card operations;
- Launch a Brazilian credit, debit and prepaid card flag for account holders and non-account holders;
- Jointly format new business for private label cards (cards offered to non-account holder customers via retail partners);
- Set up a company to sell cards to certain groups of non-account holder customers; and
- Transfer interests in CBSS S.A. held by both institutions, or their subsidiaries, to a company to be created.

The banks state that they are studying the possibility of transferring their interests in Cielo S.A. to the new company to be set up, observing the interests of shareholders, the requirements of the Novo Mercado segment of the BM&FBovespa stock exchange, and the company bylaws.

If this transaction goes through to conclusion, the banks intend to set up a holding company to integrate and manage the above mentioned businesses, obtain synergy gains, structure new private label business and undertake other similar business ventures, building a business model to enable them to offer cards all over Brazil.

Conclusion of the transaction is subject to technical, legal and financial studies, satisfactory negotiation of definitive documents and compliance with applicable legal and regulatory formalities.

d) On April 23, 2010, Bradesco submitted a binding proposal (Proposal) to Grupo Santander Espanha (Santander) to acquire part of the latter's shares in the following companies:



- Cielo S.A. (Cielo), corresponding to 2.09% of the company's share capital, for the amount of R\$ 425; and
- Companhia Brasileira de Soluções e Serviços □ CBSS, corresponding to 10.67% of the company's share capital for the value of R\$ 139.2.

Since the proposal was accepted by Santander on the same date, the formal conclusion of the purchase and sale is subject to satisfactory negotiation of definitive documents and compliance with the applicable legal and regulatory formalities.

### **3.3 ☐ Events subsequent to the most recent financial statements**

On concluding the transaction, Bradesco's holdings in Cielo and CBSS will increase from 26.56% to 28.65% and from 34.33% to 45.00% respectively, thus reinforcing its holdings in the capital of companies operating in the card market.

### **3.4 - Policy for allocating earnings**

#### **a) Rules on retained earnings**

Pursuant to Article 192 of Law No. 6,404/76, together with the financial statements for the period, and subject to the provisions of articles 193 to 203 and its bylaws the company's management bodies shall draw up a proposal for use of the period's net income and submit it to the Annual General Meeting.

##### Legal reserve

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

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

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

##### Statutory reserves

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

- its purpose is accurately and fully stated;
- criteria are set to determine the annual portion of net profits that will be allocated to the statutory reserve; and
- the maximum amount of the reserve is stated.

Pursuant to the legislation, Article 31 of the bylaws states that after all statutory allocations have been made, a proposal for the allocation or use of any net income remaining shall be made by the executive board, to be approved by the board of directors and decided by General Meeting, and such income may be allocated one hundred percent (100%) to "Income Reserves □ Statutory" in order to maintain an operational margin consistent with the development of the Company's active operations up to the limit of ninety-five percent (95%) of paid-up share capital.

If the board's proposal for use of net income from the period contains provision for distributing dividends and/or payment of interest on own capital in an amount greater than the mandatory dividend pursuant to Article 30, item III of the bylaws, and/or retained earnings under Article 196 of Law No. 6,404/76, the balance of net income for making this reserve will be determined after deducting these allocations in full.

#### **b) Rules for distribution of dividends**

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

Minimum mandatory dividend

Pursuant to item III of Article 28 of Bradesco's bylaws, shareholders are assured thirty percent (30%) of net income, each year, as a minimum mandatory dividend, adjusted for any decrease or increase of the amounts specified in items I, II and III of Article 202 of Law No. 6,404/76 (Law of Joint Stock Corporations).

### **3.4 - Policy for allocating earnings**

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

Shareholders holding preferred shares

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

Reinvestment of dividends or interest on own capital

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

Shareholders have the option of reinvesting monthly and/or special (supplementary or intermediate) dividends. There is no upper limit for reinvesting and the minimum must be enough to purchase at least one (1) share.

#### **c) Periodicity of dividend distributions**

Banco Bradesco S.A. ("Bradesco") has distributed dividends monthly since 1970, and became the first Brazilian financial institution to adopt this practice.

Interim dividends

The executive board, on approval of the board of directors, is authorized to declare and pay out interim dividends, semiannual or monthly, from existing earnings, or profit reserve accounts (§1, Article 28 of the bylaws).

It may also authorize payment of interest on own capital in total or partial substitution of interim dividends (§2, Article 28 of the bylaws).

Monthly Payment of Interest on Own Capital

For the purposes set forth in Article 205 of Law No. 6,404/76, beneficiaries are shareholders registered with the Company on declaration dates, which are on the first day of each month.

Payments are made on the first business day of the following month, as monthly advances on the mandatory dividend by crediting the account informed by the shareholder or made available to the Company.

#### **d) Any restrictions on dividend payments imposed by special laws or regulations applicable to the issuer, as well as contracts, court decisions, administrative or arbitration court rulings**

There are no restrictions on the distribution of dividends.



**3.5 - Distribution of dividends and retention of net income****(BRL)**

	<b>Fiscal year 12/31/2009</b>	<b>Fiscal year 12/31/2008</b>	<b>Fiscal year 12/31/2007</b>
Adjusted net income	7,611,668,193.44	7,244,186,529.91	7,244,186,529.91
Dividend distributed / adjusted net income	35.709402	37.167395	37.167395
Issuer's return on shareholders' equity	6.509789	7.859740	7.859740
Total dividend distributed	2,718,081,158.73	2,692,475,443.99	2,692,475,443.99
Retained earnings	5,294,201,150.15	4,828,542,821.96	4,828,542,821.96
Date retention approved	03/10/2009	03/24/2008	03/24/2008

<b>Retained earnings</b>	<b>Amount</b>	<b>Dividend payment</b>	<b>Amount</b>	<b>Dividend payment</b>	<b>Amount</b>	<b>Dividend payment</b>
<b>Mandatory dividend</b>						
Common	20,287,372.01	04/01/2009	18,444,799.47	07/01/2008	153,234,679.40	
Common	20,287,373.27	05/04/2009				
Common	20,287,271.46	06/01/2009				
Common	20,553,168.99	01/04/2010				
Common	20,264,408.68	11/03/2009				
Common	20,287,376.85	07/01/2009				
Common	20,287,605.49	03/02/2009				
Common	20,288,639.90	08/03/2009				
Common	20,286,933.57	10/01/2009				
Common	18,443,377.65	02/02/2009				
Common	20,287,859.49	09/01/2009				
Common	20,252,324.90	12/01/2009				
Common	36,666,668.65	03/09/2010				
Preferred	22,315,243.60	03/02/2009	20,282,157.48	12/01/2008	168,743,490.88	

**3.5 - Distribution of dividends and retention of net income**

Preferred	22,317,059.89	09/01/2009	
Preferred	22,315,274.90	05/04/2009	
Preferred	40,333,331.35	03/09/2010	
Preferred	22,317,056.59	08/03/2009	
Preferred	22,281,056.58	12/01/2009	
Preferred	22,315,303.39	06/01/2009	
Preferred	22,613,297.87	01/04/2010	
Preferred	20,282,156.59	02/02/2009	
Preferred	22,296,957.73	11/03/2009	
Preferred	22,317,066.35	10/01/2009	
Preferred	22,315,251.44	04/01/2009	
Preferred	22,315,310.00	07/01/2009	
Common			184,453,606.50
Common			18,444,908.78
Common			18,444,908.11
Common			18,444,282.19
Common			18,444,282.70
Common			18,444,282.86
Common			18,443,965.03
Common			18,443,377.53
Common			18,443,377.22
Preferred			20,282,149.12
Preferred			20,282,614.01



**3.5 - Distribution of dividends and retention of net income**

				07/21/2008		
				05/02/2008		
				06/02/2008		
				08/01/2008		
				09/01/2008		
				10/01/2008		
				11/03/2008		
Common		18,443,377.53		12/01/2008		
Common		18,443,377.22		01/02/2009		
Preferred		20,282,149.12		10/01/2008		
Preferred		20,282,614.01		05/02/2008		
Preferred		20,282,151.62		01/02/2009		
Preferred		20,282,161.19		11/03/2008		
Preferred		20,282,640.24		06/02/2008		
Preferred		202,891,593.72		07/21/2008		
Preferred		20,282,604.01		07/01/2008		
Preferred		20,282,154.56		09/01/2008		
Preferred		20,282,150.33		08/01/2008		
Common			404,761,926.61	03/17/2008		
Preferred			445,238,073.39	03/17/2009		
Common			31,047,604.61	03/17/2008		
Preferred			34,152,395.39	03/17/2008		
<b>Interest</b>						
<b>on own</b>						
<b>capital</b>						
Common	777,055,954.33	03/09/2010	18,193,292.14	04/01/2008	16,031,039.11	02/01/2007
Common	238,690,962.07	07/20/2009				
Preferred	262,577,886.98	07/20/2009	20,006,019.30	02/01/2008	17,655,409.43	02/01/2007
Preferred	854,941,608.16	03/09/2010				
Common			18,193,379.50	03/03/2008		
Common			18,193,408.95	02/01/2008		
Common			877,113,542.98	03/09/2009		
Preferred			964,880,026.03	03/09/2009		
Preferred			20,005,983.62	03/03/2008		
Preferred			20,005,624.80	04/01/2008		
Common					18,026,630.70	04/02/2007

**3.5 - Distribution of dividends and retention of net income**

Common	18,026,631.09	05/02/2007
Common	16,387,797.12	03/01/2007
Preferred	19,847,309.28	04/02/2007
Preferred	18,048,688.99	03/01/2007
Common	18,026,632.26	06/01/2007
Common	18,026,633.52	07/02/2007
Preferred	19,844,740.26	07/02/2007
Preferred	19,844,722.17	06/01/2007
Common	18,026,630.72	08/01/2007
Common	18,026,635.30	09/03/2007
Common	18,026,287.61	10/01/2007
Common	18,025,773.05	11/01/2007
Common	18,193,408.76	12/03/2007
Preferred	19,832,874.31	11/01/2007
Preferred	19,842,323.49	09/03/2007
Preferred	20,006,030.35	12/03/2007
Preferred	19,833,849.62	10/01/2007
Preferred	19,842,320.33	08/01/2007
Common	18,190,210.03	01/02/2008
Common	541,976,219.73	03/17/2008
Preferred	596,173,780.27	03/17/2008
Preferred	20,009,228.97	01/02/2008
Preferred	19,846,109.53	05/02/2007

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

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

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**3.7 - Level of indebtedness**

<b>Fiscal year</b>	<b>Total debt of all types</b>	<b>Type of index</b>	<b>Level of indebtedness</b>	<b>Description of other index and reason for using it</b>
<b>12/31/2009</b>	463,351,041,497.71	Level of indebtedness	11.10000000	

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**3.8 - Obligations by nature and due date**

**Fiscal year (31/12/2009)**

<b>Type of debt</b>	<b>Less than one year</b>	<b>1- 3 years</b>	<b>3 -5 years</b>	<b>Over 5 years</b>
<b>Unsecured</b>	298,608,497,808.19	130,184,567,051.69	26,125,465,856.01	8,432,510,781.82
<b>Total</b>	298,608,497,808.19	130,184,567,051.69	26,125,465,856.01	8,432,510,781.82

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**3.9 - Other material information**

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

N.B. Item 3.1: Composition of Net Revenue □ Consolidation

	<b>R\$</b>		
COMPOSITION:	<b>2009</b>	<b>2008</b>	<b>2007</b>
Revenues from financial intermediation	62,899,079,423.85	57,610,973,408.23	42,823,464,027.81
Fee and commission income	11,611,490,588.21	10,861,633,343.70	10,805,490,029.99
Premiums retained □ insurance, pension plans and certificated savings plans	26,109,908,113.37	22,823,750,368.08	20,856,934,210.87
Income from equity interests in affiliates	200,100,610.44	135,355,864.68	42,267,948.28
Other operating income	2,563,612,857.33	1,718,246,040.26	1,486,766,274.50
Tax / social contribution (Cofins)	(1,834,741,061.91)	(1,184,543,254.08)	(1,490,038,047.46)
Tax on services of any type □ (ISS)	(342,555,595.87)	(330,350,101.61)	(345,836,213.09)
Tax / social contribution (PIS)	(342,675,180.73)	(259,726,062.34)	(259,749,694.03)
<b>TOTAL</b>	<b>100,864,489,754.69</b>	<b>91,375,339,606.92</b>	<b>73,919,298,539.87</b>

#### **4.1 - Description of risk factors**

##### **Macroeconomic risks**

***Bradesco's business and results from operations were substantially affected by adverse conditions on global financial markets.***

Recent turbulence on in global capital and credit markets led to a liquidity crunch and higher credit risk premiums for various market participants, which led to less availability of funding and/or increased costs for both financial institutions and their customers. Rising or high interest rates and/or higher levels of spreads on credit created a less favorable environment for most of Bradesco's business dealings and may impair customers' ability to repay their debts, reducing Bradesco's flexibility in terms of planning or reacting to changes in its operations and the financial industry in general. Therefore, despite the strong recovery of the world's economies and Brazil's as of the second half of 2009, Bradesco's results from operations may be affected by adverse conditions in global financial markets for as long as they remain volatile and subject to turbulence and uncertainty.

***Macroeconomic conditions worldwide and in Brazil have impacted Bradesco's business dealings and the results from its operations may be adversely affected as long as these adverse conditions persist.***

Most of Bradesco's profit is generated by its operations in Brazil; following the world trend, there was a situation of weakness in the Brazilian economy related mainly to volatile commodity prices, which impacted some of Brazil's leading corporations and industries. According to the Brazilian Institute of Geography and Statistics (IBGE), Brazil's GDP fell 0.2% in 2009 on previous years. Bradesco's provision for losses on income from loans increased significantly on December 31, 2009, compared with previous years, as a result of adverse economic conditions. Since economic conditions worldwide and in Brazil have not yet fully recovered, some of Bradesco's clients may continue to have difficulty paying off their debts. Adverse economic conditions may also limit Bradesco's ability to execute its strategy in the same way it would have done in a period of economic growth and stability. Therefore Bradesco's results from operations may be adversely affected for as long as these adverse conditions persist.

***The Brazilian government has significant influence on the Brazilian economy and local political and economic conditions may have a direct impact on Bradesco's business.***

Bradesco's financial conditions and results from operations depend mainly on the Brazilian economy, which in the past has been characterized by frequent and occasionally drastic intervention by the Brazilian government and by volatile economic cycles.

In the past, the Brazilian government has often changed monetary, fiscal and taxation policy in order to influence the course of the Brazilian economy. Bradesco has no means of controlling or predicting which measures or policies the Brazilian government may take in response to current or future economic situations or how the Brazilian government's policies or intervention will affect the economy and directly or indirectly affect Bradesco's operations and revenues.

Bradesco's business, financial condition and the market value of its shares may be negatively affected by changes in these policies and other factors such as:

- fluctuating exchange rates;
- fluctuating benchmark interest rates;
- domestic economic growth;
- political, social or economic instability;

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#### **4.1 - Description of risk factors**

- monetary factors;
- fiscal factors and alterations to the taxation system;
- currency exchange controls;
- liquidity of domestic credit, capital and financial markets;
- customers' ability to meet their obligations to Bradesco;
- reductions in wages or income levels;
- rising rates of unemployment;
- inflation; or
- other political, diplomatic, social or economic developments in Brazil or internationally.

Uncertainty as to whether the government will implement changes in policies or regulations affecting these or other factors in the future may contribute to economic uncertainty in Brazil and drive volatility on the Brazilian securities markets and the market for securities issued abroad by Brazilian companies. Changes in policies or regulations may adversely affect Bradesco's business dealings, its financial position, results from operations and the market value of its preferred shares.

#### ***Exchange rate variations may negatively affect the Brazilian economy, and Bradesco's earnings and financial situation.***

Its business is impacted by variations in Brazilian real's exchange rate. Since June 2004, the Brazilian real has been gradually appreciating against the dollar (reaching R\$ 1.5593 per US\$ 1.00 on August 1, 2008). In 2008, the real depreciated (reaching R\$ 2.3370 per US\$ 1.00 on December 31, 2008). In 2009, the real was again appreciating against the dollar (reaching R\$ 1.7412 per US\$ 1.00 on December 31, 2009).

On December 31, 2009, Bradesco's net balance of assets and liabilities denominated in foreign currencies, or indexed to them, (principally dollars) amounted to 1.6% of its total assets. If the Brazilian currency depreciates, Bradesco may incur losses on its liabilities denominated in foreign currencies, or indexed to them. For example, its long-term debt denominated in dollars, loans in foreign currencies and gains on monetary assets denominated in foreign currencies or indexed to them, since such liabilities and assets are converted into Brazilian reais. Therefore, if Bradesco's liabilities denominated in foreign currency, or indexed to it, significantly exceed its assets denominated in foreign currency or indexed to it, including any financial instruments used for hedging purposes, major depreciation of the Brazilian currency could substantially and adversely affect its business, financial conditions and results from operations, and the market price of its shares, even though the value of its liabilities had not altered in their original currency. Furthermore, Bradesco's loans depend significantly on its ability to match the cost of dollar-indexed funds

with rates charged to customers. Significant depreciation may affect its ability to attract customers on these terms or to charge fees indexed in dollars.

On the other hand, when the Brazilian currency appreciates, Bradesco may incur losses in its monetary assets denominated in or indexed to foreign currency, such as the dollar, and its liabilities denominated in or indexed to foreign currencies may be reduced since liabilities and assets are converted into reais. Therefore, if Bradesco's monetary assets denominated in or indexed to foreign currency significantly exceed its liabilities denominated in or indexed to foreign currency, including any financial instruments used for hedging purposes, major appreciation of Brazil's currency could substantially and adversely affect its financial performance, even if the monetary value of such an asset remains unchanged in its original currency.

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#### **4.1 - Description of risk factors**

***If Brazil experiences substantial inflation in the future, Bradesco's revenues and its ability to access foreign financial markets will be diminished.***

In the past, Brazil has experienced extremely high rates of inflation together with government measures aimed at combating inflation. According to the Consumer Price Index □ Domestic Availability (or IGP-DI) inflation rates in Brazil reached 1.23%, 3.80%, 7.90%, 9.11% and (1.44)% on December 31, 2005, 2006, 2007, 2008 and 2009 respectively. Government measures to curb inflation and public speculation in relation to possible government measures had a negative effect on the economy and added to economic uncertainty in Brazil and heightened volatility in the Brazilian securities market, which may have a negative effect for Bradesco.

The Brazilian government's measures may include restrictive monetary policy with high interest rates, restricting availability of credit and reducing economic growth. As a result, interest rates may fluctuate significantly. Increases in the rate of the Special Settlement and Custody System, known as the "SELIC" rate, and the benchmark interest rate set by the Brazilian Monetary Policy Committee, or "COPOM", may negatively affect Bradesco by reducing demand for credit and raising borrowing costs, the cost of domestic debt, and the risk of customer default. SELIC rate reductions may also have a negative effect on Bradesco by reducing financial income from interest-bearing assets. Although in this case there may be a fall in financial expenses relating to its liabilities and an increase in revenue due to possible increased demand for credit.

Future actions of the Brazilian government □ including interest rate cuts, foreign exchange market interventions, or steps to adjust or fix the value of the Brazilian real □ may lead to rising inflation. If Brazil undergoes fluctuating inflation rates, Bradesco's costs and net margins may be affected and if there is lack of investor confidence, prices of its securities may fall. Inflationary pressures may also affect its ability to access financial markets abroad and may lead to counter-inflationary policies that may have adverse effects on its business, financial situation, results from operations and market value of its shares.

***Alterations of the benchmark interest rate made by the Central Bank's monetary policy committee (COPOM) may substantially and adversely affect margins and results from operations.***

COPOM sets basic interest rates for the Brazilian banking system. Basic interest rates were 18.00%, 13.25%, 11.25%, 13.75% and 8.75% per annum on December 31, 2005, 2006, 2007, 2008 and 2009, respectively. Variations in the basic interest rate may substantially and adversely affect Bradesco's results from operations for these reasons:

- high basic interest rates raise Bradesco's domestic debt costs and may increase the probability of customer default; and
- low basic interest rates may reduce Bradesco's net financial income.

The monetary policy committee (COPOM) sets the benchmark interest rate to manage certain aspects of the Brazilian economy, and hedge capital reserves and flows. Bradesco has no control over the basic interest rates set by COPOM or the frequency at which these rates are

adjusted.

***Economic events and perception of risk in Brazil and other emerging markets may negatively affect the market value of Brazilian securities, including Bradesco's shares.***

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#### **4.1 - Description of risk factors**

The market value of securities issued by Brazilian companies is affected to varying degrees by economic conditions in other countries including the United States, other Latin American countries, and other emerging countries. Although economic conditions in these countries may differ significantly from economic conditions in Brazil, investors' reaction to events in these countries can have an adverse effect on the market value of securities of Brazilian issuers. Crises in other emerging countries may reduce investor appetite for securities from Brazilian issuers, including Bradesco, which might negatively affect the market value of its shares.

The recent global financial crisis has had significant consequences worldwide, including in Brazil, such as volatility on capital markets, tight credit or non-availability of credit, higher interest rates, a slowdown in the global economy, volatile exchange rates, and inflationary pressures, among others that have directly or indirectly had, and will continue to have, negative impacts on Bradesco's business dealings, financial position, results from operations, the market value of securities of Brazilian issuers, including Bradesco, and its ability to finance its operations.

***Bradesco was affected and may continue to be so, by volatility in markets and adverse macroeconomic conditions globally and in Brazil.***

Most of Bradesco earnings come from its operations in Brazil. In line with global trends, the Brazilian economy was adversely affected in 2008 and 2009, mainly as a result of falling commodity prices. This impacted certain sectors in Brazil, including those in which Bradesco has customer holding loans from the bank. Recently there has been significant volatility on global markets as a result of adverse economic conditions in certain European Union countries, including Greece. If these conditions persist or deteriorate, the Brazilian economy may be affected or Bradesco may not be able to obtain financing on favorable terms, and these situations may adversely affect results from its operations and its ability to execute its strategy.

#### **Risks related to Bradesco and the Brazilian banking sector**

***Bradesco may meet with higher levels of arrears in repayment of loans, as its loan portfolio matures.***

Banco Bradesco's loan portfolio has grown substantially since 2005, mainly due to Brazil's economic growth. Any corresponding increase in its level of borrowing taking an abnormal course may lead to an imbalance for the ratio of growth of loans, since the latter are not normally repayable within a short period of their origination. Levels of non-performing loans are higher for Bradesco's personal than for its corporate customers.

The weakening of economic conditions in Brazil, which began in mid-2008, resulted in higher unemployment, leading to increases in Bradesco's levels of non-performing loans, especially for personal customers. This trend towards higher levels of non-performing loans deteriorated in 2009. On December 31, 2009, Bradesco's provision for loan losses increased 58.9% compared with December 31, 2008, while its loan portfolio grew 6.1% in the same period. If economic conditions in Brazil deteriorate even further, Bradesco may be forced to increase its

provision for loan losses in the future.

Rapid growth of loans may also reduce the ratio of non-performing loans compared to total loans, until the rate of growth slackens or the portfolio becomes more mature. Adverse economic conditions and a lower growth rate of Bradesco's loan portfolio may result in an increase in its provisions for loan losses, write-downs and non-performing loans as a proportion of total loans, which may have an adverse effect on its business dealings, financial condition and results from operations.

***Adverse conditions in credit markets and capital markets may adversely affect Bradesco's ability to efficiently access funding in terms of cost and/or in good time.***

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#### **4.1 - Description of risk factors**

Recent volatility, disruption and uncertainty in credit and capital markets had in general reduced liquidity by raising funding costs for financial institutions and companies. These conditions can impact Bradesco's ability to efficiently reschedule its liabilities in terms of costs and/or timeliness, and/or obtain access to funds required to execute its growth strategy. If it were forced to borrow at unattractive interest rates, its financial condition and results from operations may be adversely affected.

#### ***The increasingly competitive environment in banking and insurance in Brazil may adversely affect Bradesco's business prospects.***

The Brazilian markets for financial, banking and insurance services are highly competitive. Bradesco faces significant competition from other large Brazilian and foreign banks and insurance companies, both public and private, in all the key segments of its operations. Over the past two years, the Brazilian banking market has undergone more consolidation. In November 2008, Banco Itaú S.A. (Banco Itaú), and Unibanco - União de Bancos Brasileiros S.A. (Unibanco), merged and gave rise to a major presence in the market. In addition, Banco do Brasil S.A. (Banco do Brasil), announced a merger with Banco Nossa Caixa S.A. in November 2008 and a strategic partnership with Banco Votorantim S.A. (Banco Votorantim) in January 2009. Itaú Unibanco has recently announced a partnership with Porto Seguro in the automobile and residential insurance sector.

Moreover, Brazilian regulations create barriers to entry and make no distinction between foreign and Brazilian commercial and investment banks or between Brazilian and foreign insurance companies. Therefore the presence of foreign banks and insurance companies in Brazil, some of whom have more resources than Bradesco, has increased competitiveness in banking and insurance and brought more competition in markets for specific products. Privatization of public (government controlled) banks has also made the Brazilian banking and financial services markets more competitive.

This higher level of competition may adversely affect Bradesco's results and its potential business, and may among other factors:

- restrict its ability to build its customer base and expand its operations;
- reduce its profit margins on services and banking products, insurance, leasing and other services and products; and
- lead to more competition for foreign investment opportunities.

#### ***Losses on investments in securities may have a significant impact on Bradesco's results from operations and are unpredictable.***

The value of some of its investments in securities may be significantly reduced due to volatile financial markets and may vary over short periods. On December 31, 2009, investments in securities accounted for 29.0% of Bradesco's assets, and gains and losses on investments have had, and will continue to have, a significant impact on the bank's results from operations. The amounts of these gains and losses, which are journalized as investments in

securities are sold or recognized at fair value, may fluctuate substantially from one period to another. The extent of this fluctuation partly depends on market values of securities, which in turn may vary considerably. It is not possible to predict the amount of gains or losses realized in a certain future period and Bradesco's management believes that variations from one period to another are of no practical value for the purposes of analysis. Additionally, any income from its investment portfolio may no longer contribute, in full or in part, to its net income at the same levels as in recent periods, and Bradesco may no longer enjoy rising valuations such as those currently seen in its consolidated investment portfolio, or any portion of the corresponding increase in value.



#### **4.1 □ Description of risk factors**

##### ***Bradesco may suffer losses associated with exposure to counterparties.***

Bradesco is subject to the possibility of a counterparty not honoring its contractual obligations due to bankruptcy, lack of liquidity, operational failure, or other reasons. This risk may arise, for example, with swaps or other derivatives in which counterparties have an obligation to repay or execute currencies or other trades that do not occur when required due to inability to make delivery or system failures affecting clearing agents, currency exchange, clearing houses or other financial intermediaries. This counterparty risk is higher in difficult markets where there is greater risk of counterparty failure.

##### ***Trading in derivatives and related transactions may cause substantial losses.***

Bradesco is actively engaged in trading securities, and in buying fixed-income securities and equity shares in particular, to sell them in the short-term with the aim of profiting from short-term price differentials. These investments may expose Bradesco to substantial financial losses in the future, since securities are subject to fluctuations in value and may lead to losses. In addition, Bradesco trades in derivatives in order to manage its overall exposure to currency and interest-rate risk and hedge against increases or reductions in these rates, but not for both cases. For example, Bradesco may buy derivatives to hedge against reductions in the rate of the Brazilian real or a lower interest rate; if the Brazilian real appreciates, or interest rates rise, the Bank may incur financial losses. These losses may negatively affect its net income and future liquidity.

##### ***The Brazilian government regulates operations of local financial institutions and insurance companies and changes in existing regulations and laws, and/or new laws or regulations, may adversely affect Bradesco's operations and revenues.***

Brazilian banks and insurance companies, including Bradesco's banking and insurance operations, are subject to extensive and ongoing regulatory supervision by the Brazilian government. Bradesco has no control over government regulation, which governs all aspects of the Bank's operations, including the following:

- minimum capital requirements;
- compulsory deposits/reserves;
- requirements for investment in fixed assets;
- lending limits and other credit restrictions;
- accounting and statistical requirements;
- solvency margins;
- minimum coverage levels; and
- mandatory policies.



#### **4.1 □ Description of risk factors**

The regulatory framework for banks and insurance companies in Brazil is constantly evolving. Existing laws and regulations may be altered, or the ways in which these laws and regulations are implemented or interpreted may change, or new laws and new regulations may be introduced. These changes may adversely affect Bradesco's operations and revenues.

The Brazilian government, in particular, has historically promulgated regulations affecting financial institutions in an attempt to implement its economic policies. These regulations aim to control the availability of credit and boost or lower consumption in Brazil. These changes may adversely affect Bradesco, since the returns it earns on compulsory deposits are less than those it would obtain from other investments.

Part of Bradesco's business currently not subject to government regulations may be regulated in the future. For example, various legislative proposals to regulate the credit card sector are now being discussed in Brazil's Congress. Some of these proposals aim to increase competitiveness in the sector and restrict tariffs charged by credit card companies. New regulations affecting the credit card industry may have a negative effect on Bradesco's revenues from credit card business. Such regulations and regulatory changes affecting other business dealings in which Bradesco is involved, including leasing and brokerage, may have a negative effect on its operations and revenues.

#### ***Most of Bradesco's common shares are owned by a shareholder whose interests may conflict with those of certain investors.***

On December 31, 2009, the Bradesco Foundation (Fundação Bradesco) directly or indirectly owned 51.23% of Bradesco's shares. Consequently, this shareholder has the power, among others, to avoid a change in control of the company and to approve related party transactions or corporate reorganizations. Under the terms of the Bradesco Foundation's bylaws, all directors, members of the executive board, and department directors working in the Bradesco Group for over ten years are members of the Bradesco Foundation's governing body. The governing body has no other members.

#### ***Changes in regulations relating to reserve requirements and compulsory deposits and taxes may reduce operating margins.***

The Central Bank has periodically altered the levels of reserves and compulsory deposits that financial institutions in Brazil are required to keep at the Central Bank. For example, in September 2008, the Central Bank revoked and changed various compulsory deposit requirements in an attempt to reduce the impact of the global financial crisis. In February 2010, after a strong recovery in the Brazilian and world economy in the second half of 2009, the Central Bank raised the level of compulsory deposits on time deposits. The Central Bank may further raise reserve requirements and compulsory deposits in the future or may introduce new reserve requirements and compulsory deposits.

Compulsory deposits generally do not yield the same return as other investments and deposits for the following reasons:

- part of compulsory deposits are non-interest bearing;

- part of compulsory deposits must be held in Brazilian federal government securities; and
- part of compulsory deposits must be used to finance the federal housing program, Brazil's agricultural sector, low-income customers and small businesses through what is known as a "microcredit program."

#### **4.1 □ Description of risk factors**

Compulsory deposits have been used by the Central Bank to control liquidity as part of its monetary policy in the past and Bradesco has no control over these requirements. Any increase in compulsory deposit requirements may reduce its ability to make loans and other investments and may thus negatively affect Bradesco.

#### ***Changes in taxes and other fiscal initiatives may adversely affect Bradesco.***

The Brazilian government regularly changes tax regimes and takes other fiscal initiatives that affect Bradesco and its customers. The latter include changes in tax rates and occasionally temporary taxes, the proceeds from which are used for the government's purposes. The effects of these changes and other changes resulting from additional tax initiatives have not, and cannot, be quantified and there is no guarantee that these laws, once implemented, will not have a negative effect on Bradesco's business dealings. Furthermore, such changes may lead to uncertainties for the financial system, raise the cost of loans and contribute to an increase in the loan portfolio taking an abnormal course.

#### ***In the past, Brazil's constitution set a cap for interest rates charged on bank loans, and the impact of subsequent legislation introducing regulatory details for this matter is uncertain.***

The Brazilian constitution's article 192, promulgated in 1988, set a 12.0% per annum cap for interest rates charged on bank loans. However, after promulgation of the constitution, this rate was not put into practice since the regulatory aspects for the cap were still pending. Several attempts were made to adjust interest rates on bank loans, but none were implemented.

On May 29, 2003, Constitutional Amendment No. 40 (locally known as EC 40/03) was enacted to repeal all paragraphs and subparagraphs of Article 192 of Brazil's constitution. This amendment allows the Brazilian financial system to be regulated by specific laws for each sector rather than a single law for the system as a whole.

With the coming into effect of the new Civil Code (or Law No. 10,406 of January 10, 2002), uncertainty arose as to whether the cap on interest rates would be linked to the base rate charged by the Federal Revenue authority, unless the parties to a loan had agreed to use another rate. This basic rate is now the SELIC rate, which stood at 8.75% per annum on December 31, 2009. However, there is some uncertainty as to whether this applicable base rate would be the SELIC rate or the 12.0% per annum interest rate stipulated in the Tax Code (*Código Tributário Nacional*).

The impacts of EC 40/03 and the determinations of the new Civil Code are uncertain at the moment, but any substantial increase or decrease in the interest rate may have a material adverse effect on the financial conditions, results from operations or prospects of Brazilian financial institutions, including Bradesco.

Furthermore, some Brazilian courts have in the past issued rulings restricting interest rates on consumer financing transactions that were regarded as unfair or excessive in comparison with market practices. Future decisions by Brazilian courts, or changes in legislation and

regulations restricting interest rates charged by financial institutions may have a negative effect on Bradesco's business.

***Losses relating to insurance claims may vary from time to time and differences between losses on actual claims and underwriting assumptions and actuarial reserves may have an adverse effect on Bradesco.***

#### 4.1 □ Description of risk factors

Bradesco's results from operations depend significantly on the extent to which claims and loss event numbers are consistent with its actuarial assumptions used to evaluate benefits and obligations related to claims under current and future policies and to price its insurance products. Bradesco attempts to limit its liability and price its insurance products, based on expected payments of benefits calculated using factors such as: assumptions for returns on investments, mortality and disability expenses, and certain macroeconomic factors such as inflation and interest rates. These assumptions may differ from past experience due to factors beyond Bradesco's control, such as natural disasters (floods, explosions and fires) or human disasters (riots, terrorist or gang attacks) or changes in rates of mortality and disability as a result of advances in medicine and increased longevity. Therefore, Bradesco is unable to accurately determine the values that will ultimately be paid to settle these obligations, or when these payments will have to be made, or if the assets guaranteeing its insurance obligations, together with future premiums, will be sufficient to cover payments against these obligations. These values may vary in relation to estimates, especially when payments do not occur until the distant future, as is the case with some of Bradesco's life insurance products. To the extent that the actual experience of loss events and claims is less favorable than the underlying assumptions used to calculate obligations, Bradesco may be required to increase its reserves, which may affect its cash flow.

***If actual losses exceed reserves for the risks that have been underwritten, Bradesco could be adversely affected.***

Bradesco's results from operations and financial condition depend on its ability to accurately assess actual losses associated with the risks that have been underwritten. Bradesco's current reserves are based on estimates that rely on available information and involve many factors, including experiences of recent losses, current economic conditions, internal risk ratings, actuarial and statistical projections of the cost of settling future claims, such as estimates of future trends for the severity and frequency of claims, legal theories concerning liability, levels and/or time of receipt or payment of premiums and retirement, mortality and incapacity rates. Consequently, calculating reserves is inherently uncertain and actual losses are often different from such estimates, sometimes by a substantial margin. Discrepancies occur for several reasons, for example: since Bradesco records its provisions for loan losses based on estimates, but provisions may not be sufficient to cover actual losses; there may be more numerous claims for loss events; or costs could be higher than estimated. If actual losses significantly exceed its reserves, Bradesco may be affected.

***Bradesco is jointly liable for clients' losses if its reinsurers fail to meet their obligations under reinsurance contracts.***

Purchasing reinsurance does not exempt Bradesco from liability to its customers if a reinsurer fails to comply with its obligations under reinsurance contracts. Consequently, the reinsurer's insolvency or failure to make timely payments as described in the contracts could have an adverse effect on Bradesco, since the latter continues to be liable to its insured persons.





**4.2 - Comments on expected alterations of exposure to risk factors**

In relation to expected reductions or increases of the issuer's exposure to the above mentioned risks, this was covered in the previous item.

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#### **4.3 ☐ Non-confidential significant judicial, administrative or arbitration proceedings**

Cases relating to this item were obtained based on a material amount of R\$ 50 million, which accounts for 0.12% of the Bank's shareholders' equity, (R\$ 41.754 billion), or 0.01% of its total assets (R\$ 506.223 billion). Therefore, we selected cases whose financial impacts exceed this material amount.

**This is the case of the ruling ordering Bradesco to pay inflation adjustment from November and December 1991 on amounts collected and transferred to the Social Security Institute (INSS) in this period.**

**The same type of action is being brought against all banks, since at that time they had entered into agreements with the INSS, which was represented by the then President of the INSS, to alter the system for transferring the sums collected.**

**a. court:** 5<sup>th</sup> Federal Court, Brasília

**b. instance:** First instance.

**c. date brought:** August 5, 2008

**d. parties to the proceedings:**

Plaintiff: Social Security Institute (*Instituto Nacional da Seguridade Social*, or INSS)

Defendant: Banco Bradesco S.A.

**e. sums, goods or rights involved:** R\$ 95,483,516.47

**f. principal facts:** index used to adjust values of onlending in November and December 1991, of sums collected and paid to the INSS. This subject involves the entire financial system since the transfer system was authorized by the then President of the INSS.

**g. chance of losing:** Remote

**h. analysis of impact if the case is lost:** There will be no significant impact, since we will set aside appropriate provisions should the case go against Bradesco, although our internal and outside legal advisers do not believe it will.

**i. amount provisioned:** since the risk is rated "remote", no provision has been made for this action.

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

**Judicial Process ☐ writ of mandamus filed by Bradesco Saúde S.A. objecting to the existence of the legal-taxation relationship obliging it to withhold social security contributions on payments made to doctors/dentists**

**a. court:** 14<sup>th</sup> Federal Court ☐ Judicial Section of Rio de Janeiro

**b. instance:** High Court of Justice.

**c. date brought:** 04/10/2000

**d. parties to the proceedings:**

Plaintiff: Federal Authority (Federal Revenue Department).

Defendant: Bradesco Saúde S.A.

**e. sums, goods or rights involved:** R\$ 472,930,185.28

**f. principal facts:** Amounts deposited in court.

**g. chance of losing:** Remote. Provision was made because we believe that this is a legal obligation.

**h. analysis of impact if the case is lost:** The court deposit becomes federal revenue. Need to withhold social security contribution on payments made to doctors/dentists.

**i. amount provisioned:** R\$ 472,930,185.28

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

**Judicial Process ☐ ordinary action brought by Bradesco Seguros S.A. objecting to the existence of the legal-tax relationship that obliges it to withhold social security contribution on payments made to doctors/dentists**

**a. court:** 6<sup>th</sup> Federal Court ☐ Judicial Section of the Federal District

**b. instance:** High Court of Justice.

**c. date brought:** 07/03/1996

**d. parties to the proceedings:**

Plaintiff: Federal Authority (Federal Revenue Department).

Defendant: Bradesco Seguros S.A.

**e. sums, goods or rights involved:** R\$ 84,444,053.41

**f. principal facts:** Amounts deposited in court.

**g. chance of losing:** Remote. Provision was made because we believe that this is a legal obligation.

**h. analysis of impact if the case is lost:** The court deposit becomes federal revenue. Need to withhold social security contribution on payments made to doctors/dentists.

**i. amount provisioned:** R\$ 84,444,053.41

#### 4.3 ☐ **Non-confidential significant judicial, administrative or arbitration proceedings**

**Judicial process in which plaintiff seeks to calculate and pay Cofins tax from October 2005 on actual billing, as per the concept stated in Article 2 of LC 70/91, thus diverging from the unconstitutional expansion of the calculation base posed by paragraph 1 of Article 3 of Law No. 9,718/98.**

- a. **court:** Federal
- b. **instance:** 3<sup>rd</sup> Region Federal Regional Court ☐ 6<sup>th</sup> Bench.
- c. **date brought:** 11/14/2005
- d. **parties to the proceedings:**

Plaintiff: Special Delegate for Financial Institutions in São Paulo.

Defendant: Banco Bradesco S.A.

- e. **sums, goods or rights involved:** R\$ 3,439,953,918.68
- f. **principal facts:** Validity of the values involved has been suspended by court order since the beginning of the case.
- g. **chance of losing:** Possibility of losing rated "possible". Provision was made because we believe that this is a legal obligation.
- h. **analysis of impact if the case is lost:** If the case is lost, the amounts provisioned will have to be paid.
- i. **amount provisioned:** R\$ 3,439,953,918.68

#### 4.3 ☐ **Non-confidential significant judicial, administrative or arbitration proceedings**

**Judicial process in which plaintiff seeks to calculate and pay Cofins tax from October 2005 on actual billing, as per the concept stated in Article 2 of LC 70/91, thus diverging from the unconstitutional expansion of the calculation base posed by paragraph 1 of Article 3 of Law No. 9,718/98.**

- a. **court:** Federal
- b. **instance:** 3<sup>rd</sup> Region Federal Regional Court ☐ 6<sup>th</sup> Bench.
- c. **date brought:** 11/14/2005
- d. **parties to the proceedings:**

Plaintiff: Special Delegate for Financial Institutions in São Paulo.

Defendant: Banco Finasa S.A.

- e. **sums, goods or rights involved:** R\$ 321,098,255.94
- f. **principal facts:** Validity of the values involved has been suspended by court order since the beginning of the case.
- g. **chance of losing:** Possibility of losing rated "possible". Provision was made because we believe that this is a legal obligation.
- h. **impact analysis in the event of loss of the case:** If the case is lost, the amounts provisioned will have to be paid.
- i. **amount provisioned:** R\$ 321,098,255.94

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

**Judicial process seeking, for the purpose of ascertaining the calculation base for income tax (IRPJ) and social contribution (CSLL) owed, to deduct the value of actual and definitive losses, in full or in part, posted in the base year 1999, from receipt of credits, irrespective of meeting conditions and deadlines stipulated in articles 9 to 14 of Law No. 9,430/96 which are only applicable for temporary losses.**

- a. **court:** Federal
- b. **instance:** 3<sup>rd</sup> Region Federal Regional Court  6<sup>th</sup> Bench.
- c. **date brought:** 12/28/1999
- d. **parties to the proceedings:**

Plaintiff: Special Delegate of Financial Institutions in São Paulo.

Defendant: Banco Bradesco S.A.

- e. **sums, goods or rights involved:** R\$ 66,945,016.17
- f. **principal facts:** Validity of the values involved has been suspended by court order since the beginning of the case.
- g. **chance of losing:** Possibility of losing rated "possible". Provision was made because we believe that this is a legal obligation.
- h. **impact analysis in the event of loss of the case:** If the case is lost, the amounts provisioned will have to be paid.
- i. **amount provisioned:** R\$ 66,945,016.17

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

**Judicial process seeking, for the purpose of ascertaining the calculation base for income tax (IRPJ) and social contribution (CSLL) owed, to deduct the value of actual and definitive losses, in full or in part, posted in the base year 2001, from receipt of credits, irrespective of meeting conditions and deadlines stipulated in articles 9 to 14 of Law No. 9,430/96 which are only applicable for temporary losses.**

- a. **court:** Federal
- b. **instance:** 3<sup>rd</sup> Region Federal Regional Court  6<sup>th</sup> Bench.
- c. **date brought:** 02/28/2001
- d. **parties to the proceedings:**

Plaintiff: Special Delegate for Financial Institutions in São Paulo.

Defendant: Banco Bradesco S.A.

- e. **sums, goods or rights involved:** R\$ 50,010,004.62
- f. **principal facts:** Validity of the values involved has been suspended by court order since the beginning of the case.
- g. **chance of losing:** Possibility of losing rated "possible". Provision was made because we believe that this is a legal obligation.
- h. **analysis of impact if the case is lost:** If the case is lost, the amounts provisioned will have to be paid.
- i. **amount provisioned:** R\$ 50,010,004.62



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

**Judicial process seeking, for the purpose of ascertaining the calculation base for income tax (IRPJ) and social contribution (CSLL) owed, to deduct the value of actual and definitive losses, in full or in part, posted in the base year 2002, from receipt of credits, irrespective of meeting conditions and deadlines stipulated in articles 9 to 14 of Law No. 9,430/96 which are only applicable for temporary losses.**

- a. **court:** Federal
- b. **instance:** 3<sup>rd</sup> Region Federal Regional Court  6<sup>th</sup> Bench.
- c. **date brought:** 02/26/2002
- d. **parties to the proceedings:**

Plaintiff: Special Delegate for Financial Institutions in São Paulo.

Defendant: Banco Bradesco S.A.

- e. **sums, goods or rights involved:** R\$ 62,756,930.75
- f. **principal facts:** Liability for the amount involved has been suspended due to deposit in court of the full amount, which was made when the initial injunction was overturned.
- g. **chance of losing:** Possibility of losing rated "possible". Provision was made because we believe that this is a legal obligation.
- h. **analysis of impact if the case is lost:** In the event of the case being lost, the amounts provisioned must be paid by the court deposit becoming Federal Authority revenue.
- i. **amount provisioned:** R\$ 62,756,930.75

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

**Judicial process seeking, for the purpose of ascertaining the calculation base for income tax (IRPJ) and social contribution (CSLL) owed, to deduct the value of actual and definitive losses, in full or in part, posted in the base year 2003, from receipt of credits, irrespective of meeting conditions and deadlines stipulated in articles 9 to 14 of Law No. 9,430/96 which are only applicable for temporary losses.**

- a. **court:** Federal
- b. **instance:** 3<sup>rd</sup> Region Federal Regional Court  3<sup>rd</sup> Bench.
- c. **date brought:** 05/28/2003
- d. **parties to the proceedings:**

Plaintiff: Special Delegate for Financial Institutions in São Paulo.

Defendant: Banco Bradesco S.A.

- e. **sums, goods or rights involved:** R\$ 59,797,337.52
- f. **principal facts:** Validity of the values involved has been suspended by court order since the beginning of the case.
- g. **chance of losing:** Possibility of losing rated "possible". Provision was made because we believe that this is a legal obligation.
- h. **analysis of impact if the case is lost:** If the case is lost, the amounts provisioned will have to be paid.
- i. **amount provisioned:** R\$ 59,797,337.52

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

**Judicial process seeking, for the purpose of ascertaining the calculation base for income tax (IRPJ) and social contribution (CSLL) owed, to deduct the value of actual and definitive losses, in full or in part, posted in the base year 2005, from receipt of credits, irrespective of meeting conditions and deadlines stipulated in articles 9 to 14 of Law No. 9,430/96 which are only applicable for temporary losses.**

- a. **court:** Federal
- b. **instance:** 3<sup>rd</sup> Region Federal Regional Court  6<sup>th</sup> Bench.
- c. **date brought:** 02/23/2005
- d. **parties to the proceedings:**

Plaintiff: Special Delegate for Financial Institutions in São Paulo.

Defendant: Banco Bradesco S.A.

- e. **sums, goods or rights involved:** R\$ 78,727,443.09
- f. **principal facts:** Validity of the values involved has been suspended by court order since the beginning of the case.
- g. **chance of losing:** Possibility of losing rated "possible". Provision was made because we believe that this is a legal obligation.
- h. **analysis of impact if the case is lost:** If the case is lost, the amounts provisioned will have to be paid.
- i. **amount provisioned:** R\$ 78,727,443.09

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

**Judicial process brought to object to social contribution on profits (CSLL) required from financial institutions for base years 1994 to 1995 at higher rates than those applied to corporates in general, thus flouting the constitutional principle of isonomy.**

- a. **court:** Federal
- b. **instance:** 3<sup>rd</sup> Region Federal Regional Court  4<sup>th</sup> Bench.
- c. **date brought:** 06/14/1995
- d. **parties to the proceedings:**

Plaintiff: Federal Authority (National Treasury).

Defendant: Banco Mercantil de São Paulo S.A.

- e. **sums, goods or rights involved:** R\$ 65,202,809.15
- f. **principal facts:** Validity of the values involved has been suspended by court order since the beginning of the case.
- g. **chance of losing:** Possibility of losing rated "possible". Provision was made because we believe that this is a legal obligation.
- h. **analysis of impact if the case is lost:** If the case is lost, the amounts provisioned will have to be paid.
- i. **amount provisioned:** R\$ 65,202,809.15

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

**Judicial process claiming offsetting for amounts unduly paid in base years 1994 and 1995 as PIS contribution tax, corresponding to excess that would be charged over the constitutionally stipulated calculation base, which is gross operating revenue, as defined in income tax legislation ☐ concept as per Article 44 of Law No. 4,506/64, not including financial revenues.**

- a. court:** Federal
- b. instance:** 3<sup>rd</sup> Region Regional Federal Court ☐ 4<sup>th</sup> Bench.
- c. date brought:** 12/22/1997
- d. parties to the proceedings:**

Plaintiff: Delegate of the Federal Revenue Authority in Osasco.

Defendant: Banco Bradesco S.A.

- e. sums, goods or rights involved:** R\$ 273,505,693.99
- f. principal facts:** Validity of the values involved has been suspended by court order since the beginning of the case.
- g. chance of losing:** Possibility of losing rated "possible". Provision was made because we believe that this is a legal obligation.
- h. analysis of impact if the case is lost:** If the case is lost, the amounts provisioned will have to be paid.
- i. amount provisioned:** R\$ 273,505,693.99

#### 4.3 ☐ **Non-confidential significant judicial, administrative or arbitration proceedings**

**Judicial process claiming there was no CSLL tax liability for base years 1996 through 1998, because the company had no employees, and article 195, I of the Constitution stipulates that only employers are liable for his tax.**

- a. **court:** Federal
- b. **instance:** High Court of Justice.
- c. **date brought:** 03/24/1997
- d. **parties to the proceedings:**

Plaintiff: Delegate of the Federal Revenue Authority in Osasco.

Defendant: União de Comércio e Participações Ltda.

- e. **sums, goods or rights involved:** R\$ 49,647,596.68
- f. **principal facts:** Liability for the amount involved is now suspended due to appeal made to the Administrative Tax Appeal Board (local acronym CARF), filed in administrative proceedings, arising from notification by Brazil's Federal Revenue authority for constitution of tax liability and prevention of limitation.
- g. **chance of losing:** Possibility of losing rated "possible". Provision was made because we believe that this is a legal obligation.
- h. **analysis of impact if the case is lost:** If the cases (judicial and administrative) are lost, the amounts provisioned must be paid.
- i. **amount provisioned:** R\$ 49,647,596.68

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

**Judicial process for calculation and collection of income tax due for the base year 1997 and thereafter, without adding Social contribution tax on profits tax (CSLL) to the calculation base, determined by Article 1 of Law No. 9,316/96 since this contribution represents a effective, necessary and mandatory cost for the company.**

- a. **court:** Federal
- b. **instance:** Federal Supreme Court.
- c. **date brought:** 03/21/1997
- d. **parties to the proceedings:**

Plaintiff: Delegate of the Federal Revenue Authority in Osasco.

Defendant: Banco Bradesco S.A.

- e. **sums, goods or rights involved:** R\$ 181,667,742.33
- f. **principal facts:** Liability for the amount involved is now suspended due to deposit in court of the full amount involved made when the initial preliminary order was overthrown.
- g. **chance of losing:** Possibility of losing rated "possible". Provision was made because we believe that this is a legal obligation.
- h. **analysis of impact in the event of the case being lost:** In the event of the case being lost, the amounts provisioned must be paid by the court deposit becoming Federal Authority revenue.
- i. **amount provisioned:** R\$ 181,667,742.33

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

**Judicial process for calculation and collection of income tax due for the base year 1997 and thereafter, without adding Social contribution tax on profits tax (CSLL) to the calculation base, determined by Article 1 of Law No. 9,316/96 since this contribution represents a effective, necessary and mandatory cost for the company.**

- a. **court:** Federal
- b. **instance:** Federal Supreme Court.
- c. **date brought:** 03/21/1997
- d. **parties to the proceedings:**

Plaintiff: Delegate of the Federal Revenue Authority in Osasco.

Defendant: Bradesco Vida e Previdência.

- e. **sums, goods or rights involved:** R\$ 110,369,946.77
- f. **principal facts:** Liability for the amount involved is suspended due to deposit in court of the full amount involved made when the initial preliminary order was overthrown.
- g. **chance of losing:** Possibility of losing rated "possible". Provision was made because we believe that this is a legal obligation.
- h. **analysis of impact in the event of the case being lost:** In the event of the case being lost, the amounts provisioned must be paid by the court deposit becoming Federal Authority revenue.
- i. **amount provisioned:** R\$ 110,369,946.77



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

**Judicial process for calculation and collection of income tax due for the base year 2000 and thereafter, without adding Social contribution tax on profits tax (CSLL) to the calculation base, determined by Article 1 of Law No. 9,316/96 since this contribution represents a effective, necessary and mandatory cost for the company.**

- a. **court:** Federal
- b. **instance:** 2<sup>nd</sup> Region Regional Federal Court  4<sup>th</sup> Bench.
- c. **date brought:** 03/27/2001
- d. **parties to the proceedings:**

Plaintiff: Delegate of the Federal Revenue Authority in Rio de Janeiro.

Defendant: Bradesco Capitalização S.A.

- e. **sums, goods or rights involved:** R\$ 89,178,975.26
- f. **principal facts:** Liability for the amount involved is suspended due to deposit in court of the full amount involved made when the initial preliminary order was overthrown.
- g. **chance of losing:** Possibility of losing rated "possible". Provision was made because we believe that this is a legal obligation.
- h. **analysis of impact in the event of the case being lost:** In the event of the case being lost, the amounts provisioned must be paid by the court deposit becoming Federal Authority revenue.
- i. **amount provisioned:** R\$ 89,178,975.26

#### 4.3 ☐ **Non-confidential significant judicial, administrative or arbitration proceedings**

**Administrative proceedings ☐ Tax deficiency notification for alleged underpayment of taxes ☐ income tax (IRJP) and social contribution tax on profits (CSLL) ☐ for base years 2000 through 2004 due to invalid setoff of tax losses and negative tax base for Social contribution tax on profits (CSLL) or invalid setoff of tax liabilities or non-taxation of inflationary deferred income, all relating to various merged companies.**

- a. **court:** Administrative
- b. **instance:** Second Instance ☐ Administrative Tax Appeals Board (local acronym CARF).
- c. **date brought:** 10/31/2006
- d. **parties to the proceedings:**

Plaintiff: Federal Authority (Brazil's Federal Revenue).

Defendant: Banco Alvorada S.A.

- e. **sums, goods or rights involved:** R\$ 223,743,176.05
- f. **principal facts:** With the objection and subsequent appeal to the Administrative Tax Appeals Board (local acronym CARF), liability for the amount involved has been suspended.
- g. **chance of losing:** Remote
- h. **analysis of impact if the case is lost:** If the case is lost on the administrative level, it will go to court, where the prospect of losing is also remote on the factual and legal merits involved. In the unlikely event of a loss in any future legal proceedings, the amount involved will have to be paid, which would affect income for the fiscal year.
- i. **amount provisioned:** There is no provision for this contingency, since the prospect of losing is remote.

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

**Administrative proceedings  Notification establishing tax liability and prevention of limitation in relation to income and social contribution tax on profits taxes (IRPJ and CSLL) for the year 2002, which pursuant to Normative Instruction 213/2002 would be applicable to equity-equivalence earnings on investments in foreign subsidiaries or affiliates (revenues from currency exchange-rate gains on foreign investments).**

- a. **court:** Administrative
- b. **instance:** First Instance  Federal Revenue Adjudication Office (DRJ).
- c. **date brought:** 12/27/2007
- d. **parties to the proceedings:**

Plaintiff: Federal Authority (Brazil's Federal Revenue).

Defendant: Banco Mercantil de São Paulo S.A.

- e. **sums, goods or rights involved:** R\$ 251,163,741.26

f. **principal facts:** Liability for the amount involved has been suspended due to a ruling made during the judicial proceedings, on appeal by the Federal Authority (National Treasury), to be adjudicated by the Federal Court, 3<sup>rd</sup> Region, 3<sup>rd</sup> Bench and also the company objection submitted in the administrative proceedings to be adjudicated by Brazil's Federal Revenue Adjudication Office.

- g. **chance of losing:** Remote

h. **analysis of impact if the case is lost:** If the judicial and administrative cases are lost, the amount involved will have to be paid, thus affecting income for the fiscal year.

i. **amount provisioned:** There is no provision for this contingency, since the prospect of losing is remote.

#### 4.3 ☐ **Non-confidential significant judicial, administrative or arbitration proceedings**

**Administrative proceedings ☐ Notification establishing tax liability and prevention of limitation in relation to income and social contribution tax on profits taxes (IRPJ and CSLL) for the year 2002, which pursuant to Normative Instruction 213/2002 would be applicable to equity-equivalence earnings on investments in foreign subsidiaries or affiliates (revenues from currency exchange-rate gains on foreign investments).**

- a. **court:** Administrative
- b. **instance:** Concluded on the administrative level. Awaiting final decision of the judicial process.
- c. **date brought:** 10/21/2003
- d. **parties to the proceedings:**  
  
Plaintiff: Federal Authority (Brazil's Federal Revenue).  
  
Defendant: Banco BCN S.A.
- e. **sums, goods or rights involved:** R\$ 110,651,705.67
- f. **principal facts:** Liability for the amount involved has been suspended due to a ruling made during the judicial proceedings, on appeal by the Federal Authority (National Treasury), to be tried by the Federal Court 3<sup>rd</sup> Region, 3<sup>rd</sup> Bench.
- g. **chance of losing:** Remote
- h. **analysis of impact if the case is lost:** In the event of the case (judicial proceedings) being lost, the amounts provisioned will have to be paid, which will affect income for the fiscal year.
- i. **amount provisioned:** There is no provision for this contingency, since the prospect of losing is remote.

#### 4.3 ☐ **Non-confidential significant judicial, administrative or arbitration proceedings**

**Administrative proceedings ☐ Notification establishing tax liability and prevention of limitation in relation to income and social contribution tax on profits taxes (IRPJ and CSLL) for the year 2002, which pursuant to Normative Instruction 213/2002 would be applicable to equity-equivalence earnings on investments in foreign subsidiaries or affiliates (revenues from currency exchange-rate gains on foreign investments).**

- a. **court:** Administrative
- b. **instance:** Concluded on the administrative level. Awaiting final decision of the judicial process.
- c. **date brought:** 08/22/2005
- d. **parties to the proceedings:**  
  
Plaintiff: Federal Authority (Brazil's Federal Revenue).  
  
Defendant: Banco Boavista Interatlântico S.A.
- e. **sums, goods or rights involved:** R\$ 75,323,659.39
- f. **principal facts:** Liability for the amount involved has been suspended due to a ruling made during the judicial proceedings, on appeal by the Federal Authority (National Treasury), to be tried by the Federal Court 3<sup>rd</sup> Region, 3<sup>rd</sup> Bench.
- g. **chance of losing:** Remote
- h. **analysis of impact if the case is lost:** In the event of the case (judicial proceedings) being lost, the amounts provisioned will have to be paid, which will affect income for the fiscal year.
- i. **amount provisioned:** There is no provision for this contingency, since the prospect of losing is remote.

#### 4.3 ☐ **Non-confidential significant judicial, administrative or arbitration proceedings**

**Administrative proceedings ☐ Assessment for allegedly unduly deducting losses for non-receipt of overdue loans from the calculation base for taxes ☐ income tax and social contribution tax on profits (IRPJ and CSSL) ☐ for base year 2003, as per articles 9 and 10 of Law No. 9,430/96.**

- a. **court :** Administrative
- b. **instance:** Second Instance ☐ Administrative Tax Appeals Board (local acronym CARF).
- c. **date brought:** 12/10/2008
- d. **parties to the proceedings:**

Plaintiff: Federal Authority (Brazil's Federal Revenue).

Defendant: Bradesco Vida e Previdência.

- e. **sums, goods or rights involved:** R\$ 117,118,223.26
- f. **principal facts:** With the objection and subsequent appeal to the Administrative Tax Appeals Board (local acronym CARF), liability for the amount involved has been suspended.
- g. **chance of losing:** Possible
- h. **analysis of impact if the case is lost:** If the case is lost on the administrative level, it will go to court, where the prospect of losing is also possible given the factual and legal merits involved.

In the event of the case being lost in any future legal proceedings, the amount involved will have to be paid, thus affecting income for the fiscal year.

- i. **amount provisioned:** There is no provision for the contingency, since the prospect of losing the case is possible.

#### 4.3 ☐ **Non-confidential significant judicial, administrative or arbitration proceedings**

**Administrative proceedings ☐ Notification of tax liability for social security contribution (INSS), which would be payable on amounts paid to employees in September 2002, as a one-time payment stipulated in the corresponding collective bargaining agreement.**

- a. **court:** Administrative
- b. **instance:** Second Instance ☐ Tax Appeal Administrative Council (local acronym CARF).
- c. **date brought:** 12/17/2004
- d. **parties to the proceedings:**

Plaintiff: Federal Authority (Brazil's Federal Revenue).

Defendant: Banco Bradesco S.A.

- e. **sums, goods or rights involved:** R\$ 50,934,939.36
- f. **principal facts:** Liability for the amount involved has been suspended due to a ruling made during the judicial proceedings, on appeal by the Federal Authority (National Treasury), to be tried by the Federal Court 3<sup>rd</sup> Region, 1<sup>st</sup> Bench, and the company's appeal submitted in the administrative proceedings to the Administrative Tax Appeal Board (CARF).
- g. **chance of losing:** Remote
- h. **analysis of impact if the case is lost:** If the judicial and administrative cases are lost, the amount involved will have to be paid, thus affecting income for the fiscal year.
- i. **amount provisioned:** There is no provision for this contingency, since the prospect of losing is remote.

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

**Administrative proceedings  Notification of tax liability for social security contribution (INSS), which would be payable on amounts paid to employees in October 2003 as a one-time payment stipulated in the corresponding collective bargaining agreement.**

- a. **court:** Administrative
- b. **instance:** Second instance  Administrative Tax Appeals Board (local acronym CARF).
- c. **date brought:** 12/17/2004
- d. **parties to the proceedings:**

Plaintiff: Federal Authority (Brazil's Federal Revenue).

Defendant: Banco Bradesco S.A.

- e. **sums, goods or rights involved:** R\$ 67,207,910.81

f. **principal facts:** Liability for the amount involved has been suspended due to deposit in court of the full amount involved made when the initial preliminary order was overthrown on appeal by the company, to be tried by the Federal Court 3<sup>rd</sup> Region, 1<sup>st</sup> Bench, and the company's appeal submitted in the administrative proceedings to the Administrative Tax Appeals Board (CARF).

- g. **chance of losing:** Remote

h. **analysis of impact in the event of the case being lost:** If the judicial and administrative cases are lost, the amount involved will have to be paid by the deposit in court becoming federal revenue thus affecting income for the fiscal year.

- i. **amount provisioned:** There is no provision for this contingency, since the prospect of losing is remote.



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

##### **Administrative proceedings Assessment for allegedly unduly excluding or offsetting amounts from the calculation base for taxes income tax and social contribution (IRPJ and CSSL) for 2001, 2002, and 2003.**

- a. **court:** Administrative
- b. **instance:** First Instance  Federal Revenue Adjudication Office (DRJ).
- c. **date brought:** 06/27/2006
- d. **parties to the proceedings:**

Plaintiff: Federal Authority (Brazil's Federal Revenue).

Defendant: Banco BEC S.A.

- e. **sums, goods or rights involved:** R\$ 53,043,874.18
- f. **principal facts:** With the objection awaiting decision by the Federal Revenue Adjudication Office (DRJ), liability for the amount involved is suspended.
- g. **chance of losing:** Remote
- h. **analysis of impact if the case is lost:** If the case is lost on the administrative level, it will go to court, where the prospect of losing is also remote on the factual and legal merits involved.  
  
In the unlikely event of a loss in any future legal proceedings, the amount involved will have to be paid, which would affect income for the fiscal year.
- i. **amount provisioned:** There is no provision for this contingency, since the prospect of losing is remote.

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

**Administrative proceeding ☐ Notification by e-mail of inconsistencies in filling out ancillary obligations filings (DCTFs) for the 1<sup>st</sup> and 3<sup>rd</sup> quarters of 1997.**

**a. court:** Administrative

**b. instance:** First Instance ☐ Federal Revenue Adjudication Office (DRJ).

**c. date brought:** 02/21/2002

**d. parties to the proceedings:**

Plaintiff: Federal Authority (Brazil's Federal Revenue).

Defendant: Banco Bradesco S.A.

**e. sums, goods or rights involved:** R\$ 68,122,327.20

**f. principal facts:** With the objection awaiting decision by the Federal Revenue Adjudication Office (DRJ), liability for the amount involved is suspended.

**g. chance of losing:** Remote

**h. analysis of impact if the case is lost:** If the case is lost on the administrative level, it will go to court, where the prospect of losing is also remote on the factual and legal merits involved.

In the unlikely event of a loss in any future legal proceedings, the amount involved will have to be paid, which would affect income for the fiscal year.

**i. amount provisioned:** There is no provision for this contingency, since the prospect of losing is remote.

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

**Administrative proceedings  Notification for allegedly unduly deducting losses on overdue loans from the calculation base for income tax and social contribution on profits (IRJP and CSSL) in March and June 2005, as per articles 9 and 10 of Law No. 9,430/96.**

- a. **court:** Administrative
- b. **instance:** First Instance  Federal Revenue Adjudication Office (DRJ).
- c. **date brought:** 12/18/2009
- d. **parties to the proceedings:**

Plaintiff: Federal Authority (Brazil's Federal Revenue).

Defendant: Cia Securitizadora de Créditos Financeiros Rubi.

- e. **sums, goods or rights involved:** R\$ 98,037,409.38
- f. **principal facts:** With the objection awaiting a decision from the Federal Revenue Adjudication Office (DRJ), liability for the amount involved is suspended.
- g. **chance of losing:** Possible
- h. **analysis of impact if the case is lost:** If the case is lost on the administrative level, it will go to court, where the prospect of losing is also possible given the factual and legal merits involved.

In the event of the case being lost in any future legal proceedings, the amount involved will have to be paid, thus affecting income for the fiscal year.

- i. **amount provisioned:** There is no provision for the contingency, since the prospect of losing the case is possible.

**4.4 ☐ Non-confidential judicial, administrative or arbitration proceedings in which the other parties are officers, former officers, controlling shareholders, former controlling shareholders, or investors**

We are not involved in any case covered by the conditions mentioned in item 4.4.

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**4.5 ☐ Significant confidential cases**

We are not involved in any case covered by the conditions mentioned in item 4.5.

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**4.6 ☐ Repeated or related significant non-confidential judicial, administrative or arbitration proceedings, as a whole**

a. amounts involved: R\$ 1,121,593,864.47

b. amount provisioned, if applicable: R\$ 1,121,593,864.47

c. practice of the issuer or its subsidiary that gave rise to this contingency: Like all the other financial institutions, the issuer complied with legislative programs designed to control inflation in 1987, 1989 and 1999, which were known as the "Bresser Plan", "Summer Plan" and "Collor Plan" respectively. These "plans" modified indices used for inflation adjustment of amounts in savings accounts. Now, some 20 years later, account holders alleging losses due to these alterations are asking the courts to order financial institutions to use the previous indices.

Individually none of these cases involve significant amounts.

**4.7 ☐ Other material contingencies**

There are no significant contingencies other than those covered in previous items.

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**4.8 ☐ Rules of the country of origin or country in which securities are custodied**

Bradesco is not categorized as a foreign issuer.

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## 5.1 □ Description of principal market risks

Bradesco is exposed to market risks inherent to its business, such as currency risk and interest rate risk, since its role as financial intermediary involves borrowing and lending / financing using various types of indexers.

As good governance practice for its risk management, Bradesco has an ongoing process for managing its positions, which includes control of all positions exposed to market risk using measures consistent with best practices internationally and the New Capital Accord □ Basel II. A unit working separately from the business units is tasked with monitoring and controlling market risk tolerance limits.

The proposed exposure limits are validated by specific business committees and submitted for approval by the Integrated Risk Management and Capital Allocation Committee, observing the limits set by the board of directors, depending on the objectives of positions, which are divided into the following portfolios:

**Trading:** consists of all transactions with financial instruments and commodities, including derivatives, held with the intention of trading or to hedge other trading portfolio assets, and not subject to restrictions on their tradability. Those held with the intention of trading are those held for reselling, obtaining benefits from actual or expected price movements, or arbitrage between markets;

**Banking:** transactions not classified in the Trading Portfolio. Consists of structural transactions derived from the Organization's different lines of business and any hedging transactions.

For further details, see the market-risk section and the note on sensitivity analysis relating to CVM Instruction No. 475/08 in our quarterly financial reports to the market at the following URL address:

<http://www.bradescori.com.br/site/conteudo/informacoes-financeiras/relatorios-trimestrais.aspx?seca>

## **5.2 □ Description of market risk management policy**

### **a. risks for which hedging is sought**

All Bradesco exposures to market risk are admitted up to the limits established by the board of directors, which are reviewed at least annually. Therefore, the structure of the bank's risk management enables it to detect, manage and mitigate all risks involving the bank's activities.

### **b. asset protection strategy (hedging)**

Bradesco's Treasury has a hedging policy determining that its hedging transactions must cancel out or mitigate risks of mismatch in quantities, terms, currencies and indexes, and be within the limits of risk exposure approved by the board of directors.

### **c. instruments used for asset protection (hedging)**

Given the characteristics of its business and its international operations, Bradesco uses a number of financial instruments for hedging, including trading in securities issued by governments or private companies, as well as exchange-traded or OTC derivatives.

### **d. market risk management policy**

Bradesco's market risk management policy is approved by its board of directors and has as its basic guidelines:

- i. ensuring the existence of formal procedures for the Organization's market risk management and liquidity carried out by an independent unit;
- ii. ensuring at least annual reviews of market and liquidity risk management, policy and guidelines, submitting them for approval by the board of directors, and promoting their dissemination;
- iii. ensuring the existence of separate and clearly defined roles, allocation of responsibilities, establishment of tolerance limits for market and liquidity risks and delegation of powers to support effective management of the latter;
- iv. establishing and disseminating the definition of market and liquidity risk for and to all stakeholders, along with criteria and procedures adopted for detecting, measuring, controlling, monitoring and mitigating risk and expeditiously reporting the latter to the appropriate levels of the organization;
- v. ensuring prior detection and appropriate assessment of exposure to market and liquidity risks inherent to new business and products;
- vi. ensuring the existence of strategy and action plans for liquidity crisis situations;
- vii. ensuring separation across transactions that will be part of trading and non-trading portfolios as well as adherence to rating criteria; and

viii. ensuring effective and independent internal and outside auditing for market and liquidity risk management procedures.

Additionally, there are other policies supporting Market Risk Management Policy, such as those for: hedging, rating and re-rating trades in the Trading and Banking portfolios.

**e. whether issuer trades in financial instruments for purposes other than asset protection (hedging) and what these purposes are**

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## **5.2 □ Description of market risk management policy**

As part of its proposal as a financial institution, Bradesco meets customer demand for swaps, term and other transactions, as well as proprietary treasury trades within the limits of market risk exposure set by the board of directors.

### **f. organizational structure for controlling risk management**

#### **Macro-process for market risk management**

### **g. adequacy of operational structure and internal controls for verifying the effectiveness of policy adopted**

## **5.2 □ Description of market risk management policy**

Bradesco has its specific Internal Controls and Compliance Department (locally DCIC) which is segregated from those running trading business and corporate risk management, and runs a unit focusing on internal controls and compliance. This department also has a unit tasked with independently validating models and gauging the adherence and adequacy of models used for risk management. Additionally, all the Organization's departments and companies have persons responsible for introducing, appraising and deploying controls, and applicable adherence tests.

There is also the General Inspection Department, which is responsible for the Organization's internal auditing.

### **5.3 □ Significant alterations in principal market risks**

Bradesco reports quarterly risks to the market through the URL:

<http://www.bradesco.com.br/site/conteudo/informacoes-financeiras/relatorios-trimestrais.aspx?seca>

As Bradesco publications illustrate, the bank's risk levels have historically been related to the yield curve, in both nominal and real terms.

In relation to risk management policy, an annual review is conducted and submitted for approval by the board of directors, and there were no alterations last year.

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#### **5.4 □ Other material information**

Bradesco forwards daily reports to the Central Bank showing the market risk of its trading portfolio, with its exposures to foreign currency and commodities. In this case, the reported risk is calculated based on the standard model established by the Central Bank and is used to measure the regulatory capital the Organization must hold to support risks involved in its activities. Therefore, like the other financial institutions, the Bradesco Organization operates in accordance with Central Bank rules and its risks are subject to the Basel index, which determines an institution's maximum leverage depending on its reference equity.

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**6.1/6.2/6.4 ☐ Incorporation of issuer, duration and date of registration with the Brazilian Securities and Exchange Commission CVM**

<b>Issuer's incorporation date</b>	01/05/1943
<b>Issuer 's corporate format</b>	Privately held business corporation, incorporated as a commercial bank.
<b>Country of incorporation</b>	Brazil
<b>Duration</b>	Indefinite
<b>CVM registration date</b>	07/20/1977



### **6.3 ☐ Brief history**

Banco Bradesco S.A. was founded in 1943 as a commercial bank under the name of Banco Brasileiro de Descontos S.A. In 1948, we embarked on a period of intensive growth to become the largest private-sector commercial bank in Brazil by the late 1960s. We expanded our activities all over Brazil in the 1970s, and gained new urban and rural markets.

On 12.29.1988, as authorized by the Central Bank of Brazil, the Company was reorganized as a multiple bank with the incorporation of Bradesco S.A. Crédito Imobiliário, in order to operate commercial and real estate portfolios, and the business name was altered to Bradesco S.A. ☐ Banco Comercial e de Crédito Imobiliário and on 01.13.1989, it was again changed to Banco Bradesco S.A., as the current name of Banco Brasileiro de Descontos S.A.

On 09.25.1989, the company known as Financiadora Bradesco S.A. Crédito, Financiamento e Investimentos altered its business name and its business purpose, which led to the Central Bank of Brazil canceling its authorization to operate as a financial institution, and its Credit, Financing and Investment Portfolio was then constituted.

On 11.04.1992, Banco Bradesco de Investimento S.A. (BBI) was taken over by Bradesco, and the investment portfolio constituted.

We are one of Brazil's largest private-sector banks in terms of total assets. We offer a wide range of banking and financial products and services in Brazil and abroad for individuals, and small and medium businesses in Brazil, major corporate customers, and local and international institutions. Our network of branches and services is more extensive than any other private sector bank in Brazil and serves the entire country, which enables us to cover a diversified customer base. Our products and services include banking transactions such as: making loans and accepting deposits, issuing credit cards, managing groups of consumers buying durables by installment (known locally as "consortiums"), insurance, certificated savings plans with prize draws, leasing, collection and payment processing, private pension plans, asset management, and broker and dealer services for financial securities.

**6.5 ☐ Principal corporate events occurring in issuer, subsidiaries or affiliated companies**

**2007**

a. event:

**Acquisition of controlling interest in Banco BMC S.A. by Bradesco**

b. principal conditions of the deal:

**date of commitment to acquisition by merging shares:** 01.23.2007

**date of payment (stocks merged):** 08.24.2007

**price:** R\$ 789.6 million

**form of payment:** allocation of Bradesco shares to BMC's shareholders.

**pending approval by regulators:** none

**effects of the decision on the transaction:** achieve better levels of competitiveness and productivity by absorbing expertise in a segment of great attractiveness for the banking business.

c. companies involved

Banco Bradesco S.A. and Banco BMC S.A.

d. effects arising from the transaction for share ownership structure, especially for the holding of the controlling block, of shareholders with more than 5% of share capital and the issuer's management.

There were no material effects on Bradesco's share ownership structure, as shown in item [e] below.

e. corporate structure before and after the transaction

There was no material alteration, as follows:

**Absorption of Banco BMC S.A. shares for it to become a wholly owned subsidiary of Banco Bradesco**

Shareholders	Before			After		
	% ON	% PN	% Total	% ON	% PN	% Total
Cidade de Deus Cia. Cial. Participações	48.46%	0.22%	24.33%	48.01%	0.21%	24.10%
Fundação Bradesco	16.37%	2.46%	9.41%	16.22%	2.44%	9.33%
<b>Total Controlling Shareholders</b>	<b>64.83%</b>	<b>2.68%</b>	<b>33.74%</b>	<b>64.23%</b>	<b>2.66%</b>	<b>33.43%</b>

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Banco Bilbao Vizcaya Argentaria S.A.	5.06%	0.03%	2.54%	5.01%	0.03%	2.52%
Grupo BES	5.94%	0.01%	2.97%	5.88%	0.01%	2.94%
Other	24.17%	97.28%	60.75%	24.88%	97.30%	61.11%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

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**6.5 ☐ Principal corporate events occurring in issuer, subsidiaries or affiliated companies**

a. event

**Sale / transfer of 676,009 Serasa S.A. shares to Experian Brasil Aquisições Ltda.**

b. principal conditions of the deal

**date:** 06.25.2007

**price:** R\$ 625.8 million

**payment:** 06.29.2007

**pending approval by regulators:** none

**effects of the decision on the transaction:** the participation of Experian (global leader in analytical and data services) in Serasa will lead to evolution in the credit information market in Brazil and pose competitive advantages for Serasa, which adds value to Bradesco's remaining interest in the latter, of approximately 8.26%.

c. companies involved

Organização Bradesco, Serasa S.A. and Experian Brasil Aquisições Ltda.

d. effects arising from the transaction for share ownership structure, especially for the holding of the controlling block, of shareholders with more than 5% of share capital and the issuer's management

There was no effect on Bradesco's share ownership structure.

e. corporate structure before and after the transaction

Not applicable.

a. event

**Sale / transfer of Interest held in Bovespa Holding S.A.**

b. principal conditions of the deal

**date:** 10.26.2007

**price:** R\$ 311 million

**pending approval by regulators:** none

**effects of the decision on the transaction:** the transaction was carried out in the ambit of the Initial Public Offering (IPO) of Bovespa Holding S.A. (Bovespa).

c. companies involved

Organização Bradesco and Bovespa Holding S.A.

d. effects arising from the transaction for share ownership structure, especially for the holding of the controlling block, of shareholders with more than 5% of share capital and the issuer's management

There was no effect on Bradesco's share ownership structure.

e. corporate structure before and after the transaction

Not applicable.

**6.5 ☐ Principal corporate events occurring in issuer, subsidiaries or affiliated companies**

a. event

**Sale / transfer of Interest Held in Bolsa de Mercadorias & Futuros ☐ BM&F S.A.**

b. principal conditions of the deal

**date:** 11.30.2007

**amount:** R\$ 247 million

**pending approval by regulators:** none

**effects of the decision on the transaction:** the transaction was carried out in the ambit of the Initial Public Offering (IPO) of BM&F.

c. companies involved

Organização Bradesco and Bolsa de Mercadorias & Futuros ☐ BM&F S.A.

d. effects arising from the transaction for share ownership structure, especially for the holding of the controlling block, of shareholders with more than 5% of share capital and the issuer's management

There was no effect on Bradesco's share ownership structure.

e. corporate structure before and after the transaction

Not applicable.

**2008**

a. event

**Acquisition of Corporate Control of Mediservice ☐ Administradora de Planos de Saúde Ltda.**

b. principal conditions of the deal

**date:** 01.21.2008

**price:** R\$ 84.9 million

**payment:** on 02.22.2008

**pending approval by regulators:** none

**effects of the decision on the transaction:** important strategic step for Organização Bradesco, enabling the Bradesco insurance and pensions business (Grupo Bradesco de Seguros e Previdência) to expand its customer base in a highly competitive segment and supplement its market positioning in the market of healthcare plans for groups of employees.

c. companies involved

Organização Bradesco (via Bradesco Seguros), Marsh Corretora de Seguros Ltda. (controller of Mediservice) and Mediservice.

d. effects arising from the transaction for share ownership structure, especially for the holding of the controlling block, of shareholders with more than 5% of share capital and the issuer's management

There was no effect on Bradesco's share ownership structure.

## 6.5 ☐ Principal corporate events occurring in issuer, subsidiaries or affiliated companies

e. corporate structure before and after the transaction

Not applicable.

a. event

**Acquisition, by the controllers of Bradesco, of the interest of Banco Bilbao Vizcaya Argentaria, S.A. (BBVA) in Bradesco and sale / transfer by controllers, on the same date, of part of the shares thus acquired to Banco Espírito Santo, S.A. (BES)**

b. principal conditions of the deal

**date of acquisition of lot held by BBVA:** 04.11.2008

**acquisition price:** R\$ 2 billion

**date of partial sale / transfer of the lot acquired:** 04.11.2010

**price of transfer / sale of partial lot:** R\$ 685 million

**pending approval by regulators:** none

**details of the transaction:** (i) exercise by the controllers of Bradesco (Cidade de Deus ☐ Companhia Comercial de Participações and Fundação Bradesco), of the obligation to purchase Bradesco nominative common shares held by BBVA corresponding to 5.01% of Bradesco's common share capital; (ii) on the same date (04.11.2008) Bradesco's controlling shareholders sold part of the shares acquired from BBVA to Banco Espírito Santo, S.A., equivalent to 1.5% of Bradesco's voting capital, for the amount of R\$ 685.8 million. The acquisition decision arose from BBVA exercising its put option in relation to Cidade de Deus and Fundação Bradesco. The sale / transfer of part of the shares acquired to BES arose from BES's objective of augmenting its holding in Bradesco's capital. This led to the termination of the Bradesco Shareholders' Agreement signed on 06.09.2003 between Cidade de Deus, Fundação Bradesco and BBVA.

c. companies involved

Cidade de Deus and Fundação Bradesco (indirectly ☐ NCF Participações S.A.), BBVA and BES.

d. effects arising from the transaction for share ownership structure, especially for the holding of the controlling block of shareholders with more than 5% of share capital and the issuer's management

On this occasion, the joint interest of controllers Cidade de Deus and Fundação Bradesco (including through NCF) in Bradesco's common share capital increased from 64.66% to 68.17%. The portion of common stock held by BES increased from 5.64% to 7.14%.

e. corporate structure before and after the transaction





**6.5 ☐ Principal corporate events occurring in issuer, subsidiaries or affiliated companies****Banco Bilbao Vizcaya ☐ sells its interest to NCF and the latter sells approximately 1.5% to BES**

Shareholders	Before			After		
	% ON	% PN	% Total	% ON	% PN	% Total
Cidade de Deus Cia. Cial. Participações	48.22%	0.02%	24.12%	48.22%	0.02%	24.12%
Fundação Bradesco	16.42%	1.56%	8.99%	16.42%	1.56%	8.99%
<b>NCF Participações S.A.</b>	<b>0.03%</b>	<b>0.06%</b>	<b>0.05%</b>	<b>3.54%</b>	<b>0.06%</b>	<b>1.80%</b>
<b>Total Controlling Shareholders</b>	<b>64.66%</b>	<b>1.64%</b>	<b>33.15%</b>	<b>68.17%</b>	<b>1.64%</b>	<b>34.91%</b>
<b>Banco Bilbao Vizcaya Argentaria S.A.</b>	<b>5.01%</b>	<b>0.00%</b>	<b>2.50%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>
<b>Grupo BES</b>	<b>5.64%</b>	<b>0.01%</b>	<b>2.83%</b>	<b>7.14%</b>	<b>0.01%</b>	<b>3.58%</b>
Other	24.68%	98.35%	61.51%	24.68%	98.35%	61.51%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

a. event

**Acquisition of Corporate Control of Ágora Holdings, holder of the controlling block of Ágora Corretora de Títulos e Valores Mobiliários S.A.**

b. principal conditions of the deal

**date of commitment to acquisition by merging shares:** 03.06.2008**date of payment (takeover of stock):** 09.17.2008**price:** R\$ 907 million**form of payment:** attribution of Banco Bradesco BBI S.A. shares to Ágora Holdings shareholders, representing at the time approximately 8% of BBI's share capital.**pending approval by regulators:** none**effects of the decision on the transaction:** enable Bradesco to take over leadership of a segment characterized by high growth rates.

c. companies involved

Organização Bradesco, Ágora Holdings S.A. and Ágora Corretora de Títulos e Valores Mobiliários S.A.

d. effects arising from the transaction for share ownership structure, especially for the holding of the controlling block of shareholders with more than 5% of share capital and the issuer's management

There was no effect on Bradesco's share ownership structure. As a result of this transaction, former Ágora shareholders became owners of 7.78% of Banco BBI's common and total share capital. Currently, these shareholders hold less than 2% of BBI's capital, and Bradesco, the controlling shareholder, holds 98.35% of BBI's capital.

e. corporate structure before and after the transaction

Not applicable.

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## **6.5 ☐ Principal corporate events occurring in issuer, subsidiaries or affiliated companies**

a. event

### **Sale / transfer of Equity Interest ☐ Visa Inc. (USA)**

b. principal conditions of the deal

**date:** 03.19.2008

**amount:** R\$ 352 million

**details of the transaction:** partial sale of Bradesco's interest in the share capital of Visa Inc., through an Initial Public Offering (IPO) in the United States of America

**pending approval by regulators:** none

c. companies involved

Organização Bradesco and Visa Inc.

d. effects arising from the transaction for share ownership structure, especially for the holding of the controlling block of shareholders with more than 5% of share capital and the issuer's management

There was no effect on Bradesco's share ownership structure.

e. corporate structure before and after the transaction

Not applicable.

a. event

### **Operational Alliance between Bradesco and Tokyo-Mitsubishi UFJ**

b. principal conditions of the deal

**date:** 08.18.2008

**details of the transaction:** Bram ☐ Bradesco Asset Management S.A. DTVM (BRAM) and Mitsubishi UFJ Asset Management Co. Ltd. (MUAM) signed a cooperation agreement for investment fund management and distribution.

**pending approval by regulators:** none

**effects of the decision on the transaction:** enable Japanese investors to access Brazilian assets through the distribution network of Mitsubishi UFJ Financial Group.

c. companies involved

Organização Bradesco and The Bank of Tokyo-Mitsubishi UFJ

d. effects arising from the transaction for share ownership structure, especially for the holding of the controlling block of shareholders with more than 5% of share capital and the issuer's management

There was no effect on Bradesco's share ownership structure.

e. corporate structure before and after the transaction

Not applicable.

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## 6.5 ☐ Principal corporate events occurring in issuer, subsidiaries or affiliated companies

### 2009

a. event

#### Acquisition of Banco ibi and partnership with C&A

b. principal conditions of the deal

**date of commitment to acquisition by merging shares:** 06.04.2009

**date of payment (takeover of stock):** 10.29.2009

**price:** R\$ 1.4 billion

**form of payment:** delivery to Banco ibi S.A. shareholders of Bradesco shares.

**details of the transaction:** part of the deal was the Partnership Agreement with C&A. Modas Ltda., for a period of twenty years to jointly market financial products and services exclusively through C&A's chain of retail outlets.

**pending approval by regulators:** none

**effects of the decision on the transaction:** enable Bradesco to expand and strengthen its transactions involving financial products and services, especially credit cards, building up customer relationships in a segment characterized by very high growth rates.

c. companies involved

Organização Bradesco, Banco ibi S.A. ☐ Banco Múltiplo and C&A Modas Ltda.

d. effects arising from the transaction for share ownership structure, especially for the holding of the controlling block of shareholders with more than 5% of share capital and the issuer's management

There were no material effects on Bradesco's share ownership structure, as shown in item ☐e☐ below.

e. corporate structure before and after the transaction

#### Absorption of ibi Participações shares for conversion to wholly owned subsidiary of Banco Bradesco

Shareholders	Before			After		
	% ON	% PN	% Total	% ON	% PN	% Total
Cidade de Deus Cia. Cial. Participações	49.09%	0.02%	24.56%	48.37%	0.02%	24.20%
Fundação Bradesco	17.29%	1.01%	9.15%	17.04%	0.99%	9.02%

NCF Participações S.A.	1.92%	0.00%	0.96%	1.89%	0.00%	0.95%
<b>Total Controlling Shareholders</b>	<b>68.31%</b>	<b>1.03%</b>	<b>34.66%</b>	<b>67.30%</b>	<b>1.02%</b>	<b>34.16%</b>
<b>Grupo BES</b>	<b>7.10%</b>	<b>0.00%</b>	<b>3.55%</b>	<b>7.00%</b>	<b>0.00%</b>	<b>3.50%</b>
<b>Other</b>	<b>24.59%</b>	<b>98.96%</b>	<b>61.78%</b>	<b>25.70%</b>	<b>98.98%</b>	<b>62.34%</b>
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

## **6.5 ☐ Principal corporate events occurring in issuer, subsidiaries or affiliated companies**

a. event

### **Partial sale of the Organização Bradesco holding in the share capital of Companhia Brasileira de Meios de Pagamento (VisaNet Brasil)**

b. principal conditions of the deal

**date of initial offer:** 07.03.2009

**total value (including sale of supplementary lot):** R\$ 2.4 billion

**details of the transaction:** sale of shares as part of the Public Offering of Common Shares issued by VisaNet Brazil.

**pending approval by regulators:** none

c. companies involved

Organização Bradesco and VisaNet Brasil

d. effects arising from the transaction for share ownership structure, especially for the holding of the controlling block of shareholders with more than 5% of share capital and the issuer's management

There was no effect on Bradesco's share ownership structure.

e. corporate structure before and after the transaction

Not applicable.

a. event

### **Association between Bradesco Dental and OdontoPrev S.A.**

b. principal conditions of the deal

**date of association:** 10.18.2009

**agreement reached:** Organização Bradesco (Bradesco Saúde) gained shares representing 43.50% of OdontoPrev's total capital and OdontoPrev shareholders acquired the remaining 56.50% of OdontoPrev's total capital.

**pending approval by regulators:** none

**effects of the decision on the transaction:** integration of activities developed by OdontoPrev and Bradesco Dental in the dental plan business, providing economies of scale



and synergy.

c. companies involved

Organização Bradesco S.A. and OdontoPrev S.A.

d. effects arising from the transaction for share ownership structure, especially for the holding of the controlling block of shareholders with more than 5% of share capital and the issuer's management

There was no effect on Bradesco's share ownership structure.

e. corporate structure before and after the transaction

Not applicable.

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**6.6 ☐ Information on any filing for bankruptcy based on material value or judicial or extrajudicial recovery**

There is not and there has not been any event of this nature related to the Company.

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**6.7 ☐ Other material information**

There is no further information that we believe to be significant.

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## 7.1 Description of the business of the issuer and its subsidiaries

Currently, Bradesco is one of Brazil's largest private-sector (not government-controlled) banks in terms of total assets. Bradesco offers a wide range of banking and financial products and services in Brazil and other countries for individuals, large, medium and small companies, and major national and international corporate entities and institutions. Bradesco has the most extensive network of branches and services in Brazil's private sector, which enables it to cover a diversified customer base. Bradesco products and services comprise banking transactions, such as: making loans and accepting deposits, issuing credit cards, managing groups for buying consumer durables by installment (consortiums), insurance, leasing, collection and payment processing, private pension plans, asset management, and broker and dealer services for financial securities.

According to information published by the Superintendence of Private Insurance (SUSEP) and the National Agency for Supplementary Health (ANS), Grupo Bradesco de Seguros e Previdência is the largest group of companies in insurance, private pensions and certificated savings plans, in terms of insurance premiums, private pension contributions and revenues from saving bonds on a consolidated basis. Certificated savings plans combine savings bonds with periodic draws for cash prizes. According to the annual publication of Fundacion Mapfre in Spain, Grupo Bradesco de Seguros e Previdência was the largest insurance and pension funds group in Latin America in 2008.

In 2009, some of the Bank's subsidiaries were rated among the largest companies in Brazil in their respective markets, according to information provided by the entities listed in parentheses below, including:

- Bradesco Seguros S.A., insurance subsidiary (Bradesco Seguros), together with its subsidiaries, is leader in terms of insurance premiums, shareholders' equity and technical reserves (SUSEP / ANS):

Bradesco Vida e Previdência S.A. ("Bradesco Vida e Previdência"), a subsidiary of Bradesco Seguros, is the largest company in the market in terms of contributions to pension plans, premiums for life and personal accident insurance, investment portfolio and technical provisions ("SUSEP");

Bradesco Capitalização S.A. (Bradesco Capitalização), a subsidiary of Bradesco Seguros, which offers certificated savings plans. In terms of revenue from sales of certificated savings plans, Bradesco Capitalização is the leader among private companies in this sector ("SUSEP");

Bradesco Auto / RE Companhia de Seguros S.A. ("Bradesco Auto / RE"), a subsidiary of Bradesco Seguros, is one of the largest companies in its segment, offering auto insurance, non-life and civil liability products ("SUSEP");

Bradesco Saúde S.A. (Bradesco Saúde), a subsidiary of Bradesco Seguros, which offers health insurance, including coverage for medical and hospital expenses. Bradesco Saúde has referenced one of the largest referral networks among providers of medical and hospital services, and holds market leadership in the health insurance market ("ANS");

- Bradesco Leasing S.A. Arrendamento Mercantil ("Bradesco Leasing"), is among the leaders in terms of present value of the leasing portfolio (Brazilian Association of Leasing Companies, or ABEL);
- Bradesco Administradora de Consórcios Ltda. (□Bradesco Consórcios□), a market leader with more than 395,000 active payment-by-installment transactions (□Banco Central□); and
- Banco Bradesco Financiamentos (□Bradesco Financiamentos□), (ex-Banco Finasa BMC), a leader in consumer finance for purchase of vehicles (□Banco Central□).

## **7.1 □ Description of the business of the issuer and its subsidiaries**

Bradesco is also among the leading private financial institutions in asset management and others and underwriting debt securities, according to information provided by the Brazilian Association of Financial and Capital Market Entities ("ANBIMA).

Although Bradesco's customer base includes individuals from all income levels, as well as large, medium and small companies, its strategic focus has traditionally been low to middle income citizens in Brazil. This segment still has great potential for development and provides better margins than other segments, such as: loans to corporates and securities trading, with stiffer price competition.

### **Recent acquisitions**

In June 2010, Bradesco concluded its acquisition of the entire share capital of the controlling group Ibi Services S. de R.L. México (□Ibi México□) and RFS Human Management S. de R.L., a company controlled by Ibi Mexico. In December 2009, Ibi Mexico had a loan portfolio equivalent to R\$ 205 million and more than 1.3 million active credit cards. The deal also covers a partnership agreement with C&A México S. de R.L. (C&A Mexico) for a period of 20 years to jointly market financial products and services exclusively, through C&A Mexico's chain of stores.

In October 2009, it was reported that the Boards of Directors of OdontoPrev and Bradesco, the latter in its capacity as indirect controller of Bradesco Dental, approved the conclusion of the Agreement for Association and Other Covenants, which sets forth the rules for integrating Bradesco Dental and OdontoPrev in the dental plan business. Under the integration plans, Bradesco Dental becomes a wholly owned subsidiary of OdontoPrev and Bradesco Saúde, direct controller of Bradesco Dental, gets OdontoPrev shares representing 43.50% of its total capital. Bradesco Saúde and OdontoPrev's principal shareholder, Mr. Randal Luiz Zanetti, will together hold 51.06% of the company's capital.

In June 2009, Bradesco entered into an agreement for the acquisition of Ibi Participações S.A., Banco Ibi and its subsidiaries with a total value of R\$ 1.5 billion paid to the former controlling block in return for Bradesco shares representing approximately 1.6% of its share capital. Banco Ibi is among the largest issuers of credit cards in Brazil, in both the private-label and flag-card segments, and its acquisition will significantly strengthen Bradesco's position in both markets. The transaction includes a Partnership Agreement with C&A Modas Ltda., a leading fashion and apparel company, through which Bradesco will offer financial products and services at C&A stores for a period of 20 years.

In April 2009, Bradesco announced that it had acquired 20% of the voting capital and total capital of Integritas, the Fleury group holding company, through its insurer group Bradesco Seguros e Previdência. The Fleury Group is one of the most reputable medical and health organizations in Brazil, with an 83-year history of operating medical services such as clinical diagnosis, treatment and exams, and is a reference for complex advanced exams for approximately 1,500 clinical laboratories and hospitals. The total amount involved in the transaction was R\$ 342 million.

### ***Banco Postal***

Bradesco offers products and services in all Brazilian municipalities through a partnership with the Brazilian Post and Telegraph Company ("Post Office"), through branches working under the "Banco Postal" (Postal Bank) brand.

Through a services agreement signed in September 2001, Bradesco has the exclusive right to offer services in several of its own branches and others franchised by the Post Office, which the Bank calls "postal branches".

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## **7.1 □ Description of the business of the issuer and its subsidiaries**

These services started in March 2002 with the inauguration of the first branch of Banco Postal in the state of Minas Gerais. At the end of the month of December 2009, Bradesco had 6,067 branches in 5,183 Brazilian municipalities. The number of transactions averages over 38.9 million monthly, or 1.77 million daily.

Of the 6,067 postal banks that have been opened, some 1,800 were located in localities not previously served by banks, thus directly or indirectly benefiting millions of people who lived outside the financial system.

Banco Postal (postal bank) offers basic services, especially those aimed at segments of the low-income population, including:

- forwarding proposals for opening accounts;
- forwarding proposals for loans, financing and credit cards;
- withdrawals from current and savings accounts and payments of INSS (Social Security) benefits;
- deposits in current and savings accounts ;
- consult balances of current or savings accounts, and payments of INSS (Social Security) benefits;
- receipt of bank collection invoices;
- processing consumer account payments;
- processing payments of municipal, state and federal taxes; and
- licensing for vehicles.

### ***Bradesco Expresso***

In addition to the branches of the Banco Postal (postal bank) in post offices, Bradesco has signed partnerships with retail chains such as supermarkets, pharmacies, bakeries, to provide correspondent services under the "Bradesco Expresso" brand name. In their chain stores, these companies accept payments of consumers' bills (water, electricity, telephone, etc.) and bank payment slips as well as withdrawals from current accounts, savings accounts and payments of retirement pensions.

On December 31, 2009, the Bradesco Expresso network totaled 20,200 points of service and averaged over 30.7 million transactions monthly and 1.4 million transactions daily.

In addition to obtaining direct benefits from Bradesco Expresso through remuneration received with Bradesco Expresso units located in their stores, retailers also gain indirect benefits, especially in terms of greater flows of people, which may both boost sales and build



customer loyalty.

### **Business strategy**

Bradesco believes that Brazil's financial system was able to adjust to the abrupt slowdown in the global economy that started in the second half of 2008, and the challenges of the financial crisis involving liquidity for major financial institutions. The Bank expects that the Brazilian economy's growth can gradually regain growth due to the significant increase in the purchasing power of certain income-segments of the population, especially low- and middle-income citizens, along with the growth of business investments. This would lead to sustained growth in demand for financial and insurance services in the coming years and in the long term, Brazil's financial system could be strengthened as a result of the current world economic crisis.

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## **7.1 □ Description of the business of the issuer and its subsidiaries**

Bradesco's main objective is to focus on the domestic market so that, in its position as one of the largest private banks in Brazil, Bradesco may expand profitability, maximize shareholder value and generate returns higher than other institutions in Brazil's financial sector.

The strategy to reach these goals is focused not only on continuing to build out the customer base, but also to consolidate its role as a "full service bank" in the Brazilian market, so that Bradesco is the "number one bank" for all its customers. Bradesco is increasingly segmenting service through efficient allocation of its human resources and talents to provide customers with products and services that truly meet their needs. Bradesco believes that attention paid to the financial profile of its customers and respect for their individuality lead to higher levels of satisfaction and loyalty in bank-customer relationships. By segmenting financial services, Bradesco has been able to leverage synergies across the institutions it has acquired in recent years.

Among Brazil's private banks, Bradesco has the largest network of distribution channels, and probably the best too. This network consists of branches, banking stations, points of self-service, the postal bank and other third-party channels, whose growth has been particularly significant with the adhesion of large retail chains as correspondents. Bradesco has more than 71,800 physical points of service. The fine, segmented and well-distributed capillarity of Bradesco's customer service network optimizes the logistics of delivering products and services and enables it to compete at full strength in the retail banking sector. Bradesco intends to further expand and refine its service network to offer more and better mass-market products and services to meet the growing demand for credit and insurance in the Brazilian market.

Bradesco is also focusing on expanding all aspects of its wholesale operations, especially corporate and private banking services. In the corporate segment, in which Bradesco believes it is very well positioned, Brazil's economic scenario has significantly boosted the performance of small and medium businesses.

In addition, Bradesco has been making a special effort for its investment bank, Bradesco BBI, since 2006. The Bank went to the market to find highly qualified professionals and plans to fully utilize strong relationships with its corporate clients and high-wealth customers to leverage its investment banking operations.

Bradesco intends to step up its drive to enter the markets in which it has traditionally been less focused, such as its securities brokerage business. With major growth in the Brazilian securities market in recent years and the acquisition of Ágora Corretora, the largest brokers in Brazil, Bradesco has become one of the market leaders in securities brokerage locally.

In the insurance segment, Bradesco believes it has great potential to grow its operations because the insurance industry still accounts for a low proportion of Brazilian Gross Domestic Product. Rising average income in Brazil has incorporated millions of insurance clients and Bradesco wishes to increasingly tap into this growing demand for insurance products.

Bradesco has also organized its business to leverage gains of scale and operational efficiency by segmenting its product offering with the creation of specialized insurers in each branch of

insurance (multi-line insurance). This avoids cross-subsidies and ensures full control of the performance of each product line. Bradesco believes it can benefit from its structure to maximize sales of insurance products which essentially have a high contribution margin, creating access to independent brokers.

Bradesco believes that the essence of business success in the financial sector is combining an attractive product for its clients with highly able and dedicated staff whose ongoing training and strict standards of discipline and work ethic are reflected in service levels.

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## **7.1 □ Description of the business of the issuer and its subsidiaries**

Finally, the principal element of Bradesco's philosophy is to conduct business in accordance with the highest ethical standards. Therefore, the Bank's strategy is always guided by the best Corporate Governance practices and the belief that Bradesco must be a constructive element in society as well as a source of profit for shareholders.

The key elements of Bradesco's business strategy are:

- expanding through organic growth;
- doing business based on the bank-insurance model in order to maintain profitability and consolidate leadership in the insurance industry;
- building up revenues, profitability and shareholder value by strengthening lending and financing business, as our primary activity, and expanding our range of new products and services;
- maintaining our commitment to technological innovation;
- obtaining profitability and shareholder returns by constantly improving our efficiency index;
- maintaining acceptable risk levels for our operations; and
- expansion through strategic alliances and selective acquisitions when advantageous.

### **Expanding through organic growth**

Despite the world economic crisis that broke out in the second half of 2008, Bradesco expects Brazil's economy to recover and continue to grow. Brazil's economy has attained sustainable growth and over time has created strategic opportunities for growth in the financial and insurance sectors, primarily higher volumes of business in segments in which Bradesco is particularly well positioned. Bradesco aims to continue leveraging these developments to boost revenues, obtain profitability and maximize shareholder value, as described below:

- seizing the opportunity to win new customers in Brazil, especially low- and middle-income groups, whose credit and financial needs have yet to be served, and additionally to keep competing hard for a small layer of clients with higher levels of income;
- expanding the distribution of financial services, showing creativity in developing new mass products, making good use of third-party channels, such as expanding the offer of credit cards and financial products and services and insurance through large retail chains through alliances with retail stores, the Banco Postal (postal bank) and other correspondents;
- benefiting from the existing distribution channels, including the traditional branch network and other means of access to detect demand for new products and expand our offering of products for which demand is gradually reviving due to monetary stability in Brazil, such as long-term finance, and housing or real estate loans in particular;

- tap into our customer base to offer a more extensive range of products and services and raise the average number of products used;
- using the systems supported by our branches so as to assess and monitor use of our products by customers, in order to channel them to the appropriate sales, delivery and marketing platform ; and
- developing segmented products in accordance with customers' profiles and needs, both actual and potential.

## 7.1 □ Description of the business of the issuer and its subsidiaries

Bradesco's aim is to have our customers look to us as their "number one bank" to serve their banking, insurance and pension needs. Bradesco believes it is well placed to capitalize on synergy across its banking, insurance, pensions and other financial activities. Bradesco's insurance group reaches nationwide coverage, since in addition to the extensive banking distribution network, which is of great importance to the distribution of insurance and pension plans, distribution services via the Internet and new distribution channels that Bradesco is creatively developing, the Bank also has specific channels for offering these products through pension and insurance brokers and VGBL pension plans. Bradesco's brokers and dealers are continuously assisted and encouraged to improve client service levels.

At the same time, Bradesco plans to raise levels of profitability from its insurance and pension business using profitability metrics instead of volume of premiums underwritten or amounts deposited, as shown below:

- managing reserves and portfolio;
- intensively marketing products and services; and
- maintaining acceptable risk levels in operations through these strategies:
  - prioritizing opportunities to underwrite insurance depending on risk spread between expected revenue from an insurance contract and the statistically projected value of claims thereof;
  - using hedging transactions in order to avoid mismatch between actual inflation rate and provisions for adjustments of interest rates and inflation in long-term contracts; and
  - participating in reinsurance contracts with reputable reinsurers, tapping into the new situation in the Brazilian reinsurance market.

### ***Boosting revenue, profitability and shareholder value by strengthening lending and financing, and expanding new products and services***

Bradesco is focused on boosting revenues and the profitability of its banking operations through the following measures:

- our traditional business of accepting deposits and making loans, and continually improving the quality of our loan portfolio through risk mitigation plans, while enhancing models for pricing delinquency risks, which ensures the best results from originating, monitoring and recovering loans while making adequate provision for expected loan losses;
- building our customer base, both personal and corporate, offering services to match the profiles and meet the needs of specific customers;
- intensively developing paid services based on fees, such as invoicing and payment processing;

- increasing revenues from asset management; and
- continuously building up our high-wealth customer base, offering a wide range of personalized financial products and services.

### **Continuing our commitment to technological innovation**

Developing effective means of reaching out to customers and processing transactions securely and without interruptions, is the key element of Bradesco's drive to boost its profitability and capitalize on opportunities for coordinated growth.

Bradesco has a history of more than six decades showing its pioneering spirit, always anticipating future challenges with effective strategies and positive impacts for society. In this context, a highlight is the use of technology as one of the cornerstones of the organization's strategy to drive business and sustainability while giving customers easy access to innovative services and insurance.

## **7.1 □ Description of the business of the issuer and its subsidiaries**

Bradesco is among the Brazilian companies that invest most in research and development focused for the banking sector. In order to further strengthen our IT environment, preparing for the coming decades and broadening the public's perception in relation to technological resources used by Bradesco, based on existing best practices and technologies, the Bank is investing in a grandiose strategic program called "IT Improvements", which reaches the 5 macro areas of the IT chain: (Processes, Applications, Operating Environments, Technologies and Infrastructure).

Bradesco believes that technology offers unparalleled opportunities for the Bank to reach its customers effectively in terms of costs. Bradesco maintains its commitment to stay at the forefront of banking automation processes by creating opportunities for the Brazilian public to contact the Bank through the Internet and other means of access, such as:

- expansion of its mobile phone banking service, "Bradesco Celular", which enables customers to conduct their banking transactions through compatible mobile phones; and
- providing Pocket Internet Banking for palmtops and Personal Digital Assistants (PDA's), including cell phones that enable customers to check their current and savings accounts, check credit card transactions, make payments, transfer funds, and obtain institutional information.

### ***Obtaining profitability and shareholder returns by constantly improving our efficiency index***

Bradesco aims to improve its levels of operational efficiency:

- maintaining austerity as a guideline for its policy of cost control;
- continually reviewing internal processes, reducing resources consumed and contributing to corporate policy for sustainability;
- consolidating synergies enabled by recent acquisitions;
- continuing to reduce operating costs by investing in technologies that reduce cost per transaction, emphasizing current automated distribution channels, including wireless distribution systems, telephone, Internet Banking and ATMs; and
- continuing to incorporate financial institutions that may be acquired in order to eliminate potential overlap, redundancy and inefficiency to tap into gains of scale.

### **Maintaining acceptable levels of risk in operations**

Bradesco manages the risks inherent to its business on an integrated basis, as a process within its Internal Controls and Compliance structure, which is known as "Risk Management Process." This process enables continuous improvement of risk management models and minimizes the existence of lacunae that compromise their correct identification and assessment. Bradesco's ongoing centralized approach identifies, measures, controls, monitors



and mitigates Credit, Market, Liquidity and Operational risks.

Bradesco's unique risk management process is ensured by the Integrated Risk Management and Capital Allocation Committee at the statutory level, whose duty is to advise the Board of Directors on the adoption of institutional policies, operational guidelines and establishment of risk exposure limits at the level of the consolidated economic-financial conglomerate.

Additionally, Bradesco has three Executive Committees for issues related to Credit, Market Liquidity and Operating Risk. Their tasks include recommending limits of risk tolerance and developing mitigation plans to be submitted to the Integrated Risk Management and Capital Allocation Committee.

## **7.1 □ Description of the business of the issuer and its subsidiaries**

Bradesco has two independent departments for overall risk management and internal controls, the Integrated Risk Control Department and the Internal Controls and Compliance Department, which implement and monitor the guidelines and procedures formulated by the Bank's high-level committees on an ongoing and integrated basis.

Bradesco's internal risk management bodies and processes ensure that operational risks are kept at appropriate levels with efficient capital allocation, and are comparable to international best practices, which enables Bradesco to gain competitive advantages.

### ***Expansion through strategic alliances and selective acquisitions when advantageous***

While Bradesco believes that Brazilian financial institutions will grow through organic growth in the coming years, we also believe there may be opportunities to acquire other institutions. Nevertheless, Bradesco believes that some institutions that may be acquired could pose niche opportunities, such as consumer finance, credit cards and investment banking. Therefore, Bradesco is continually assessing potential strategic alliances and opportunities for consolidation, including proposals for privatization or acquisitions, as well as other formats that may offer potential opportunities to boost our market share or raise our efficiency. In addition to focusing on the value and quality of assets, Bradesco takes into account potential operating synergies, cross-selling opportunities, acquisition of know-how and other advantages from a potential alliance or acquisition. Our analysis of potential opportunities is guided by their impact in terms of earnings.

## **7.2 □ Information on operational segments**

- a. products and services marketed
- b. revenue from segment and its share of the issuer's net revenues
- c. profit or loss resulting from the segment and its share of the issuer's net income

### **a. products and services marketed**

Bradesco organizes its operations in two main areas: (i) banking and (ii) insurance, pension plan management and certificated savings plans services.

The following diagram shows the principal elements of the business segments:

### **Banking**

Bradesco has a diversified client base that includes both personal clients and small, medium and large companies in Brazil. Historically, the Bank has cultivated a stronger presence in the broadest segment of the Brazilian market, which is the middle- and low-income population. In 1999, Bradesco set up its Corporate Department to serve corporate clients with annual revenues of over R\$ 350 million and its Private Banking Department for individuals with net worth of R\$ 2 million or more. In 2002, we introduced the Bradesco Empresas Department for corporate clients posting annual revenues of R\$ 30 □ 350 million in order to expand operations in the middle corporate market segment. In May 2003, Bradesco Prime was launched to offer services to personal customers with a monthly income of R\$ 6,000 or more or whose amount available for immediate investment was R\$ 70,000 or more. Small businesses with annual revenues of R\$ 30 million or less, and personal customers whose monthly income is less than R\$ 6,000 are served by the Bradesco Retail segment (□Bradesco Varejo□).

## **7.2 □ Information on operational segments**

Bradesco's customer base is segmented in order to meet the needs of each segment, and the Bank offers a wide range of banking products and services, including:

- accepting deposits, including checking accounts, savings accounts and time deposits;
- making loans (personal or corporate, housing finance, microcredit, onlending from BNDES lines, rural credit, leasing, and others);
- issuing credit cards, debit cards and prepaid cards;
- managing receipts, payments, human resources and administrative support;
- asset management;
- services related to capital markets and investment banking;
- intermediation services and trading (brokerage);
- share services, custody and controllership;
- international banking; and
- groups buying durables on installment plans (consortiums).

### **Insurance, pension plans and certificated savings plans**

Bradesco offers insurance products through several different entities which the Bank refers to collectively as Grupo Bradesco de Seguros e Previdência. Grupo Bradesco de Seguros e Previdência is the largest insurance group in Brazil, based on total sales and technical provisions, according to information provided by SUSEP and ANS. These companies offer a wide range of insurance products, both individually and through contracts with companies. Their products include health insurance, life, personal accident, policies for automobiles and other goods.

According to the annual publication of Fundacion Mapfre in Spain, Grupo Bradesco de Seguros e Previdência was the largest insurance and pension funds group in Latin America in 2008.

### **b. the segment's revenue and its share of the issuer's net revenues**

### **c. profit or loss resulting from the segment and its share of the issuer's net income**

## 7.2 Information on operational segments

2009	Financial (1)(2)		Insurance Group (2)(3)		Other business (2)	Eliminations (4)	Total consolidated	R\$ '
	Country	Abroad	Country	Abroad				
Revenues from financial intermediation	53,533,061	1,404,378	8,035,175	3,417	29,347	(106,299)	62,899,079	
Financial intermediation expenses	36,584,153	919,594	5,128,517	-	-	(107,039)	42,525,225	
<b>Gross income from financial intermediation</b>	<b>16,948,908</b>	<b>484,784</b>	<b>2,906,658</b>	<b>3,417</b>	<b>29,347</b>	<b>740</b>	<b>20,373,854</b>	
Other operating income / expenses	(11,682,102)	(127,784)	1,297,024	843	136,421	(553)	(10,376,151)	
<b>Operating income</b>	<b>5,266,806</b>	<b>357,000</b>	<b>4,203,682</b>	<b>4,260</b>	<b>165,768</b>	<b>187</b>	<b>9,997,703</b>	
Non-operating income	1,786,901	375,723	(18,571)	3	(22,403)	(57)	2,121,596	
<b>Income before tax on profit and holdings</b>	<b>7,053,707</b>	<b>732,723</b>	<b>4,185,111</b>	<b>4,263</b>	<b>143,365</b>	<b>130</b>	<b>12,119,299</b>	
Income tax and social contribution (IR, CSLL)	(2,569,530)	(2,492)	(1,461,454)	(1,888)	(46,815)	(130)	(4,082,309)	
Minority interest in subsidiaries	(20,637)	-	(3,390)	-	(681)	-	(24,708)	
<b>Net income for fiscal year 2009</b>	<b>4,463,540</b>	<b>730,231</b>	<b>2,720,267</b>	<b>2,375</b>	<b>95,869</b>	<b>-</b>	<b>8,012,282</b>	
<b>b) Share of Net revenues</b>	<b>52.7%</b>	<b>3.6%</b>	<b>42.0%</b>	<b>0.0%</b>	<b>1.7%</b>	<b>0.0%</b>	<b>100.0%</b>	
<b>c) Share of Net income</b>	<b>55.7%</b>	<b>9.1%</b>	<b>34.0%</b>	<b>0.0%</b>	<b>1.2%</b>	<b>0.0%</b>	<b>100.0%</b>	

2008	Financial (1)(2)		Insurance Group (2)(3)		Other business (2)	Eliminations (4)	Total consolidated	R\$ '
	Country	Abroad	Country	Abroad				
Revenues from financial intermediation	50,658,177	620,487	6,484,221	(3,315)	35,755	(184,351)	57,610,974	
Financial intermediation	37,007,572	1,005,897	4,007,684	-	1,681	(184,140)	41,838,694	

expenses							
<b>Gross income from financial intermediation</b>	<b>13,650,605</b>	<b>(385,410)</b>	<b>2,476,537</b>	<b>(3,315)</b>	<b>34,074</b>	<b>(211)</b>	<b>15,772,280</b>
Other operating income / expenses	(9,477,388)	(91,188)	1,570,856	496	13,573	211	(7,983,440)
<b>Operating income</b>	<b>4,173,217</b>	<b>(476,598)</b>	<b>4,047,393</b>	<b>(2,819)</b>	<b>47,647</b>	<b>-</b>	<b>7,788,840</b>
Non-operating income	98,877	237,349	37,785	17	9,942	-	383,970
<b>Income before tax on profit and holdings</b>	<b>4,272,094</b>	<b>(239,249)</b>	<b>4,085,178</b>	<b>(2,802)</b>	<b>57,589</b>	<b>-</b>	<b>8,172,810</b>
Income tax and social contribution (IR, CSLL)	943,966	(657)	(1,431,862)	(1,776)	(28,422)	-	(518,751)
Minority interest in subsidiaries	(33,460)	-	(6)	-	(355)	-	(33,821)
<b>Cumulative net income on December 31, 2008</b>	<b>5,182,600</b>	<b>(239,906)</b>	<b>2,653,310</b>	<b>(4,578)</b>	<b>28,812</b>	<b>-</b>	<b>7,620,238</b>
<b>b) Share of Net revenues</b>	<b>53.6%</b>	<b>-6.1%</b>	<b>52.0%</b>	<b>0.0%</b>	<b>0.6%</b>	<b>0.0%</b>	<b>100.0%</b>
<b>c) Share of Net income</b>	<b>68.0%</b>	<b>-3.1%</b>	<b>34.8%</b>	<b>-0.1%</b>	<b>0.4%</b>	<b>0.0%</b>	<b>100.0%</b>

**7.2 □ Information on operational segments**

<b>2007</b>	<b>Financial</b>		<b>Insurance Group</b>		<b>Other business</b>	<b>Eliminations</b>	<b>Total</b>	<b>R\$ '000</b>
	<b>(1)(2)</b>		<b>(2)(3)</b>					<b>(4)</b>
	<b>Country</b>	<b>Abroad</b>	<b>Country</b>	<b>Abroad</b>	<b>(2)</b>			
Revenues from financial intermediation	33,069,674	1,096,722	7,667,963	8,256	56,795	(294,887)		41,604,523
Financial intermediation expenses	18,396,496	852,001	4,616,356	-	3,451	(295,954)		23,572,350
<b>Gross income from financial intermediation</b>	<b>14,673,178</b>	<b>244,721</b>	<b>3,051,607</b>	<b>8,256</b>	<b>53,344</b>	<b>1,067</b>		<b>18,032,173</b>
Other operating income / expenses	(9,118,513)	(43,249)	327,398	2,554	142,025	(1,067)		(8,690,852)
<b>Operating income</b>	<b>5,554,665</b>	<b>201,472</b>	<b>3,379,005</b>	<b>10,810</b>	<b>195,369</b>	<b>-</b>		<b>9,341,321</b>
Non-operating income	1,125,278	2,410	75,435	22	(291)	-		1,202,854
<b>Income before tax on profit and holdings</b>	<b>6,679,943</b>	<b>203,882</b>	<b>3,454,440</b>	<b>10,832</b>	<b>195,078</b>	<b>-</b>		<b>10,544,175</b>
Income tax and social contribution (IR, CSLL)	(1,372,851)	(4,721)	(1,100,928)	(3,242)	(41,496)	-		(2,523,238)
Minority interest in subsidiaries	(5,207)	-	(5,640)	-	(366)	-		(11,213)
<b>Cumulative net income on December 31, 2007</b>	<b>5,301,885</b>	<b>199,161</b>	<b>2,347,872</b>	<b>7,590</b>	<b>153,216</b>	<b>-</b>		<b>8,009,724</b>
<b>b) Share of Net revenues</b>	<b>59.5%</b>	<b>2.2%</b>	<b>36.2%</b>	<b>0.1%</b>	<b>2.1%</b>	<b>0.0%</b>		<b>100.0%</b>
<b>c) Share of Net income</b>	<b>66.2%</b>	<b>2.5%</b>	<b>29.3%</b>	<b>0.1%</b>	<b>1.9%</b>	<b>0.0%</b>		<b>100.0%</b>

(1) "Financials" segment is represented by: financial institutions; holding companies (basically managing financial assets); card administrator and asset management companies;

(2) Eliminating balances of asset accounts, revenues and expenses between same-segment companies;

(3) The Insurance Group ("Grupo Segurador") segment consists of insurance, pensions and savings bond companies; and

(4) Elimination between companies in different segments and between domestic and foreign transactions.





## **7.3 □ Information on products and services relating to the operational segments**

### **a) Characteristics of the production process**

Characteristics of Banco Bradesco's main products and services.

#### **Accepting deposits**

Bradesco offers customers a variety of deposit products and services through its branches, including:

- non-remunerated current accounts;
- deposit accounts for investments;
- traditional savings accounts currently earning the reference interest rate, known as "TR", plus 6.2% per year;
- time deposits, represented by banking deposit certificates (or "CDBs") which pay interest at fixed or variable rates; and
- interbank deposits, obtained solely from financial institutions, represented by interbank deposit certificates, or "CDIs", earning the interbank deposit rate.

On December 31, 2009, Bradesco had 20.9 million account-holders, of whom 19.7 million were personal and 1.2 million corporate customers. On the same date, the bank had 37.7 million savings accounts.

Bradesco offers customers certain additional special services, such as:

- "Easy Account", which is a combination of a current account and a savings account in which funds deposited in the account earn income at the same rate as savings accounts after a certain predetermined period stipulated by the card's regulations, unlike normal current accounts, which are not remunerated;
- "identified deposits", which enable customers to identify deposits made in favor of a third party using a personal identification number; and
- "bank transfers" in real time, from or to a current account, savings account or investment account □ including accounts in other banks.

#### **Loans and payroll-deduct loans**

Bradesco provides loans and payroll-deduct loans, which are mainly for consumer credit, corporate loans and credit cards.

#### **Consumer credit**

Bradesco's significant volume of personal loans enables it to reduce the impact of individual loans while obtaining customer loyalty benefits. These loans basically comprise:

- short-term loans to account holders made by branches and, within certain limits, through the ATM network, for an average term of four months with an average interest rate of 6.2% per month on December 31, 2009;
- auto loans for terms of fifteen months at an average interest rate of 1.9% per month on December 31, 2009; and

### **7.3 □ Information on products and services relating to the operational segments**

- loans through current account overdrafts (locally known as "special checks") for an average repayment period of one month, subject to interest rates ranging from 7.6% to 8.2% in the month, as of December 31, 2009.

Bradesco also provides revolving credit and traditional loans for specified terms.

In 2009, Bradesco repositioned its □Finasa□ and □BMC□ brands as □Bradesco Financiamentos□ and □Bradesco Promotora□ respectively.

Bradesco Financiamentos runs two lines of business:

- paycheck loans to: (i) retirees and pensioners receiving INSS benefits; (ii) employees of companies controlled by federal, state and municipal governments ; and (iii) employees of private sector companies. Currently, it is working with correspondents in all Brazilian states, that also offer aggregated products (credit cards, insurance, certificated savings plans, consumer buying groups [consortiums] and others) and operate in partnership with Bradesco branches directly prospecting customers in the market; and
- vehicle financing and leasing with solutions such as CDC (direct consumer credit), leasing and other arrangements with own funds or onlending funds for Bradesco customers and non-customers, acting through its network of 22,639 business partners throughout the country, comprising resellers and dealerships for light vehicles, motorcycles and heavy vehicles.

#### **Housing / real estate loans**

On December 31, 2009, Bradesco had 43,231 outstanding loans tied to mortgage arrangements or residential sales. Of the units whose building was being financed through December 2009 by financial institutions for the construction segment, Bradesco had a 22.6% share, according to Central Bank data.

Housing loans are made by the Housing Finance System (Sistema Financeiro Habitacional, or "SFH"), the Housing Mortgage Portfolio (Carteira Hipotecária Habitacional, or "CHH"), and the Commercial Mortgage Portfolio (Carteira Hipotecária Comercial, or "CHC"). SFH and CHH loans with variable repayments are made at annual interest rates of 8.9% to 11.9% plus the reference rate (TR) or at 14% by the CHC. SFH loans for repayment by fixed installments charge annual rates of 12.9%.

Bradesco also provides business financing plans through the SFH. These loans are for financing construction work within a period of up to 36 months and must be repaid within 36 months of concluding legal formalities for construction.

#### **Microcredit**

Bradesco provides microcredit for low income individuals and small businesses pursuant to Central Bank regulations requiring banks to use 2% of their deposits for this type of loan. Bradesco started making microcredit loans in August 2003. On December 31, 2009, the Bank

had 42,785 outstanding microcredit loans totaling R\$ 22.947 billion.

According to Central Bank regulations, most transactions have a maximum effective interest rate of 2% per month. However, guided productive microcredit operations have an effective interest rate of 4%. The National Monetary Council (CMN) requires the maximum loaned to any borrower to be limited to: (i) R\$ 1,000 for individuals in general; (ii) R\$ 3,000 for individuals, to facilitate professional, commercial or industrial business ventures, or for micro-firms; and (iii) R\$ 10,000 for guided productive microcredit transactions. In addition, microcredit loans may not be for less than 120 days, and the borrowing fee must range from 2% to 4% of the amount loaned.

## **7.3 □ Information on products and services relating to the operational segments**

### **Onlending from BNDES**

The Brazilian government has a program for long-term loans financed by the government itself. Bradesco obtains funds under this program (i) from the BNDES, which is the Brazilian federal government's development bank, or (ii) the Special Industrial Finance Agency ("Finame"), the BNDES subsidiary for equipment finance. Bradesco then transfers the funds to borrowers in targeted sectors of the economy, determining the margin on loans based on borrowers' credits. Onlending risk is borne by the Bank after obtaining collateral. According to the BNDES, in the 2009 fiscal year, Bradesco disbursed R\$ 8,880 billion, of which 45.7% was loaned to micro-, small- and medium-sized companies.

### **Other corporate loans**

Bradesco offers a wide variety of loans for the everyday needs of Brazilian corporate clients, including:

- short-term loans of up to 29 days;
- working capital loans to cover customers' cash needs;
- current accounts with guarantees and overdraft for corporates;
- discounting bills, promissory notes, checks, credit card and vendor receivables, and a series of other receivables;
- finance for purchases and sale of goods and services;
- corporate property loans;
- investment lines for acquiring assets and machinery; and
- guarantee deposit.

### **Rural credit**

Bradesco provides loans to the rural sector financed by using funds from sight deposits pursuant to Central Bank regulations, onlending of BNDES loans and own funds. Under Central Bank regulations, loans arising from compulsory deposits are offered at a fixed rate. The fixed annual rate was 6.8% on December 31, 2009. These loans' repayment dates usually coincide with their harvest cycle, with the principal due when a crop is sold. Onlending of BNDES loans for rural sector investments may have repayment terms of up to five years with quarterly or annual installments. As guarantee for these loans, Bradesco usually obtains a pledge on the area in which the rural activity it finances is being exercised.

As of November 2008, Central Bank regulations require Bradesco to use at least 30% of sight or demand deposits to provide rural sector credit. If Bradesco does not meet the minimum percentage of 30%, it must deposit the remainder in a non-remunerated Central Bank

account.

### **Credit cards**

Bradesco was the first bank to issue credit cards in Brazil in 1968, and as of December 31, 2009, was one of Brazil's largest issuers with a base of 79.6 million credit and private label cards. Bradesco offers customers Visa, American Express, MasterCard and private label credit cards. On December 31, 2009, its credit cards were accepted in over 200 countries.

Bradesco receives revenue from credit card operations through:

- fees on purchases made in stores;

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### **7.3 □ Information on products and services relating to the operational segments**

- issue fee /annual fee;
- interest on balances financed;
- Interest and charges for withdrawals made at ATMs;
- interest on amounts advanced to be received by merchant establishments selling to credit cardholders; and
- sundry fees charged to cardholders and affiliated merchant establishments.

Bradesco offers its customers the most comprehensive line of credit and related services, including the following:

- cards issued for use restricted to Brazil;
- international cards, valid in Brazil and other countries;
- cards for high-spend customers such as: "Gold", "Platinum" and "Infinite / Black" from flags Visa, MasterCard and American Express. Highlights are benefits under Loyalty Programs, including the "Membership Rewards Program";
- multiple cards, combining credit and debit functions in the same card, so that in addition to traditional banking transactions, cardholders may also use them for purchase transactions;
- to ensure security, Bradesco is issuing cards with micro-circuits (chips) to all its customer base enabling them to use passwords instead of signatures;
- corporate cards accepted nationally and internationally;
- cards with shared brands, known as co-branded cards, issued through partnerships with companies in a wide range of segments, such as: airlines, retail stores, newspapers, magazines, auto makers and others;
- affinity cards issued by associations such as sports clubs and non-governmental organizations;
- "CredMais" for employees of companies whose payroll goes through Bradesco, with more attractive rates for revolving credit, and "CredMais INSS" cards for pensioners and other Social Security beneficiaries, which have the lowest lending rates;
- exclusive private label cards for customers of retail establishments, in order to leverage business and build customer loyalty, which may or may not have flag for use outside these establishment, among others;
- "Gift Card" preloaded card to buy gifts for individuals;

- SMS ☐ Bradesco Messaging Service enabling cardholders to receive real-time messages on their mobile phones when a card transaction takes place;
- CPB ☐ Passagem Bradesco Card, a virtual card for corporates to manage and control spending on airfares;
- "Bradesco Transport Card", for transport firms, shippers, risk managers and truck drivers with multiple prepaid and debit functions;
- "Blue Credit Cards" credit card featuring sharp design and special benefits for American Express customers with distinctive lifestyles;
- "FixCard" with reduced fees that enable cardholder's to plan monthly repayment of spends;
- "Visa Vale Flex Car Card", prepaid card offers customers more convenience and options to pay vehicle expenses such as fuel, parking, and other items, and enables the company to determine maximum credit for each employee;
- Card invoices paid into up to 12 installments, with specific charges depending on card type;



### 7.3 □ Information on products and services relating to the operational segments

- "Unemployment Insurance Protection Bradesco", which pays off or amortizes the outstanding balance on the Credit Card participant in the event of involuntary unemployment (for professionals in employment) or permanent physical disability or temporary (for self employed professionals). Coverage varies depending on the plan agreed;
- "Super Protected Bradesco Prize-Draw Secure Card", which pays off or amortizes the amount owed on the credit card except withdrawals arising from its loss or theft. This protection covers a period of up to 7 consecutive days (168 hours) prior to the event being reported for amounts up to the credit card's limit, with a cap of R\$ 50,000;
- "Buy and Get Change", service made available by Bradesco in which a cardholder-customer has the option of requesting change when making a purchase;
- Flagged "Contactless cards" enabling customers to make a payment by just placing the card near a reader;
- "Bradesco Current Account Corporate Card", as well as being used to make current account transactions, is ideal for small everyday expenses using advanced technology to ensure convenience, agility and much more security for companies;
- "Preferential Gold Card", with differentiated services, in line with the segmentation strategy for Bradesco customers offering competitive products posing profitability for the Bank and benefits for customers; and
- "Visa FIFA World Cup 2010 Credit Card", a special edition for individuals, whether or not they are account holders, of which the main attraction is the association with the 2010 World Cup in South Africa.

Bradesco is accredited to allow Visa, MasterCard and American Express system outlets in its branches, and process banking domicile transfers.

The following table shows a breakdown by year of credit cards Bradesco has issued in Brazil:

<b>(Million)</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
<b>Card base:</b>			
Credit	28.5	35.3	79.6
Debit	43.2	48.0	53.3
<b>Total</b>	<b>71.7</b>	<b>83.3</b>	<b>132.9</b>
<b>Revenue □ R\$:</b>			
Credit	<b>38.746</b>	<b>46.704</b>	<b>55.294</b>
<b>Number of transactions:</b>			
Credit	<b>506.3</b>	<b>607.4</b>	<b>722.6</b>
<b>Debit Cards</b>			

Bradesco started to issue debit cards in 1981 using the name "Bradesco Instantâneo". In 1999, we began to convert all our Bradesco Instantâneo debit cards to new cards called "Bradesco Visa Electron". Bradesco Visa Electron debit cardholder customers may use them to purchase goods and services from merchants or make withdrawals through the extensive self-service network in Brazil and the "Plus Visa" network in other countries. Debiting the ticket amount to the cardholder's account does away with the inconvenience and red tape of checks.

### **7.3 □ Information on products and services relating to the operational segments**

#### **Prepaid cards**

In 2009, Bradesco actively participated in the distribution of Visa Vale cards along with other card issuers and Visa International.

#### **Managing receipts, payments, human resources and administrative support**

##### **Managing receipts and payments**

To meet cash management needs for customers from both the public and private sectors, Bradesco offers various electronic solutions for managing receipts and payments, supported by a large branch network, banking correspondents and electronic channels, to ensure greater speed and reliability for data processing and handling customers' funds.

The solutions offered include: (i) collection and payment services and (ii) online funds management enabling customers to pay suppliers, wages, taxes and other charges levied by governmental or public entities.

These solutions, which may also be customized, facilitate everyday business for customers and help to generate more business for the organization.

Revenues are earned from fees for collection services such as invoicing or collection and payment processing, and also for the transit of funds received through to their being made available to payees.

##### **Solutions for invoicing and other receipts**

In 2009, 616.9 million in receipts were derived from invoicing, custody of checks, deposit boxes (identified deposits) and credit orders using our teleprocessing system (teleprocessing credit orders, or OCTs), which was up 4.0% on the same period of 2008.

##### **Custody of checks**

Our post-dated check system enables customers to pay for goods and services through checks written for future dates. Sellers deposit postdated checks at the future date, thus postponing the payment date in effect. Bradesco holds these checks in custody to facilitate control over them in the period between issue and deposit in the beneficiary's account.

##### **Payment solutions for suppliers, wages and taxes**

Our volume of transactions processed electronically in 2009 was 256.6 million, an increase of 19.8% on the same period of 2008.

##### **Human resource management and administrative support**

Bradesco offers its corporate clients several solutions for managing electronic resources and administrative support, including payroll processing, opening current accounts for employees

and "corporate cards" to pay for travel and business expenses, for example. By receiving their salaries through Bradesco, company employees enjoy facilities such as special credit lines, differentiated conditions for fees, tariffs, products and services and access to our extensive self-service network.

### 7.3 □ Information on products and services relating to the operational segments

#### Asset management

Bradesco provides asset management services through:

- mutual funds;
- investment portfolios for personal and corporate clients;
- private pension funds, including assets guaranteeing technical reserves for Bradesco Vida e Previdência;
- insurers, including assets guaranteeing technical reserves of Bradesco Seguros; and
- receivables funds (locally referred to as FIDCs).

On December 31, 2009, Bradesco had assets totaling R\$ 247.7 billion, of which R\$ 174.6 billion was managed by Bradesco Asset Management and R\$ 73.1 billion in funds relating to specific fiduciary, custody and controllership services provided separately by broker-dealer BEM Distribuidora de Títulos e Valores Mobiliários Ltda., or "BEM DTVM".

In the same period, Bradesco offered 960 funds and 209 managed portfolios for 3.2 million investors. The Bank offers an extensive range of fixed-income, equity, and money market funds, among others. Bradesco does not currently invest in highly leveraged funds.

The following tables provide a breakdown of our managed assets, shareholders and number of investment funds and managed portfolios on the dates indicated.

(R\$ million)	Distribution of Assets December 31		
	2007	2008	2009
Investment Funds:			
Fixed Income	143,214	155,365	201,012
Equities	14,169	10,797	23,999
Shares in Others' Funds	6,580	4,857	5,641
<b>Total</b>	<b>163,963</b>	<b>171,019</b>	<b>230,652</b>
Administrative Portfolios:			
Fixed Income	4,952	8,484	8,590
Equities	7,645	6,881	7,552
Shares in Others' Funds	926	767	906
<b>Total</b>	<b>13,523</b>	<b>16,132</b>	<b>17,048</b>
<b>Grand Total</b>	<b>177,486</b>	<b>187,151</b>	<b>247,700</b>

	December 31		
	2007	2008	2009

	<b>Quantity</b>	<b>Shareholder</b>	<b>Quantity</b>	<b>Shareholder</b>	<b>Quantity</b>	<b>Shareholder</b>
Investment Funds	666	3.312.565	807	3.281.540	960	3.169.464
Administrative Portfolios	121	540	209	568	209	486
<b>Grand Total</b>	<b>787</b>	<b>3.313.105</b>	<b>1,016</b>	<b>3.282.108</b>	<b>1,169</b>	<b>3.169.950</b>

## **7.3 □ Information on products and services relating to the operational segments**

### **Services relating to capital markets and investment banking**

Banco Bradesco BBI S.A. or "Bradesco BBI" was incorporated in February 2006 with the mission of being Bradesco's investment bank operating in capital markets, mergers and acquisitions, project finance, structured finance and private equity. In 2009, Bradesco BBI coordinated the placement of R\$ 24.064 billion in primary and secondary offerings of stocks and other debt instruments, and accounted for 38.6% of volume of the issues registered with the CVM in this period.

In addition to these activities, Bradesco BBI is controller of trades made by brokerage firms Bradesco Corretora de Títulos e Valores Mobiliários, Ágora Corretora de Títulos e Valores Mobiliários, and BRAM □ Bradesco Asset Management and Bradesco Securities Inc.

### **Equities**

Bradesco BBI provides coordination and placement of initial public offerings on local and international capital markets, and acts as an intermediary for Public Offers of Acquisition (□OPAs□). In 2009, it was involved in several Initial Public Offerings ("IPOs") and Subsequent Public Offerings ("Follow-ons") for clients' shares. In December 2009, the ANBIMA ranking placed Bradesco BBI 3rd in volume distributed in equities, with a 12.2% market share and volume of R\$ 4.5 billion, in 5th place in the number of trades.

### **Fixed income**

During 2009, Bradesco BBI was among the top players in the fixed-income market, reaching 3rd position in the ANBIMA's December 2009 ranking of Origination and Distribution by fixed income volume in the domestic market. Major transactions executed amounted to more than R\$ 10.3 billion in transaction volumes, with a market share of approximately 21.5%.

### **Structured transactions**

Bradesco BBI develops structures to segregate credit risks through securitization, using SPEs, assignments of shared-risk credits with medium to long-term finance, to be structured based on receivables and/or other guarantees.

### **Intermediation and trading services**

Through its wholly owned subsidiary, Bradesco S.A. Corretora de Títulos e Valores Mobiliários, or □Bradesco Corretora□ (brokers), Bradesco trades in futures contracts, options and private and government securities on behalf of its clients. Bradesco Corretora's customers include high net-worth individuals, corporations and institutional investors.

In 2009, Bradesco Corretora (brokers) traded over R\$ 77.809 billion on BM&FBovespa equity markets and the latter rated it 11th in Brazil in terms of total trading volume.

In addition, during the same period, Bradesco Corretora (brokers) traded approximately 3,466,477 futures, swaps, options and other contracts, for a total of R\$ 364.238 billion on the

BM&FBovespa. According to the same exchange (BM&FBovespa), in 2009, Bradesco Corretora ranked 23rd in the Brazilian market in terms of futures, options and swaps executed.



### **7.3 □ Information on products and services relating to the operational segments**

In September 2009, through its Operational Qualification Program, BM&FBovespa awarded Bradesco Corretora (brokers) five seals, thus confirming the excellence of its trading in future markets. The awards were for: Agro Broker, Carrying Broker, Execution Broker, Retail Broker and Web Broker.

Bradesco Corretora (brokers) has 60 traders serving retail investors and supporting Bradesco's branch managers; 12 traders for Brazilian and foreign institutional investors and 10 for the BM&FBovespa.

Bradesco Corretora (brokers) offers its customers the ability to trade securities over the Internet through its "Home Broker" service. In 2009, "Home Broker" trades totaled R\$ 28.160 billion, which was 6.0% of all transactions made over the Internet at BM&FBovespa, and was ranked 5th in the Brazilian market.

#### **Share services, custody and controllership**

In 2009, Bradesco was one of the leading service providers qualified to act in the capital market and held on to its leadership in the domestic market for asset custody, according to the ANBIMA's ranking. Bradesco's modern infrastructure and specialized team offers a wide range of services: qualified custody □ local and international markets, controllership for managed funds and portfolios, structured funds, offshore funds, fiduciary management for investment funds, Brazilian Depositary Receipts (BDRs) and DRs, representing foreign investors, asset registration, agent bank, depositary (escrow account □ trustee), and clearing/settlement agent.

On December 31, 2009, Bradesco Custódia (Custody) offered:

- fund management services □ custody, controllership and administration;
- with R\$ 562.919 billion of assets under custody (ANBIMA ranking);
- R\$ 625.092 billion in managed investment funds and portfolios (ANBIMA ranking);
- 13 registered Depositary Receipt programs totaling market value of R\$ 84.652 billion;
- R\$ 126.230 billion in investments funds managed by BEM DTVM Ltda.;
- asset registration;
- 236 companies covered by Bradesco's Share Registration System, with 3.038 million shareholders;
- 93 companies comprising Bradesco Registered Debentures System with assets worth R\$ 126.305 billion; and
- 124 investment funds were covered by Bradesco's Fundshare Registration System with assets worth R\$ 15.701 billion.

### **International banking services**

As a private commercial bank, Bradesco offers a wide range of international services, such as: foreign exchange, trade finance, credit and banking. Bradesco's international structure:

International transactions are coordinated by the foreign exchange department with support from 12 operational units in Brazil, and 13 forex platforms located in the main exporting and importing centers.

### **7.3 □ Information on products and services relating to the operational segments**

#### *Branches and subsidiaries in other countries*

The chief purpose of our international branches and subsidiaries is to provide finance for Brazilian foreign trade. Bradesco Luxembourg also provides additional services for our private banking segment. Except for Bradesco Services Japan and Bradesco Trade Services, our branches are officially allowed to take foreign currency deposits from personal and corporate clients and extend loans to Brazilian and non-Brazilian customers. Total assets held in these branches outside Brazil, excluding transactions between related parties, amounted to the equivalent of R\$ 20.4 billion on December 31, 2009, all denominated in currencies other than the Brazilian real.

In October 2007, Bradesco indirectly acquired the Grand Cayman branch of BMC. On March 27, 2009, this branch was absorbed by Bradesco Grand Cayman.

Funds needed to finance imports and exports are mainly obtained from the international financial community through credit lines provided by correspondent banks in other countries. In addition to this traditional source of funds, from correspondent banks, Bradesco's public and private issues of debt securities in the international capital market amounted to US\$ 1.4 billion in fiscal year 2009. In 2009, the Bank borrowed US\$ 1.3 billion in lines of credit to finance Brazilian exports through foreign currency auctions held by the Central Bank of Brazil.

#### **Trade finance □ imports and exports**

Brazilian trade finance consists basically of finance for exporting and importing.

When financing imports, Bradesco transfers foreign currency directly to foreign exporters on payment in local currency by Brazilian importers. For export financing, prepayments in local currency are forwarded to exporters against a currency exchange contract for exports for future receipt in foreign currency on the contract's due date. Export financing prior to shipment of goods is known as "advance on exchange contracts", or "ACCs", and the funds received are used to manufacture the goods to be exported. When financing is provided after shipping goods, this type of financing arrangement is referred to as "advance on export contract" or "ACE."

Other methods of financing trade include export prepayment, onlending funds from BNDES-EXIM, forfaiting, export credit bills and export credit notes.

#### **Currency exchange products**

In addition to trade finance for imports and exports, Bradesco's clients have access to a number of different currency exchange products and services:

- purchase and sale of traveler's checks and paper money;
- financial transfers to / from other countries;
- payment in advance against exports;

- accounts in domestic currency for customers domiciled abroad;
- arranging cash holdings in other countries;
- collection against imports and exports;
- purchase of checks in foreign currency; and
- structured transactions in foreign currency through units located abroad.

## **7.3 □ Information on products and services relating to the operational segments**

### **Buying groups (consortiums)**

In Brazil, people or companies that wish to acquire certain assets may form a group known as a "consortium", whose members pool their funds to help purchase the goods. The purpose of a consortium is to acquire goods, so Brazilian law does not allow consortiums for investment purposes.

In January 2003, Bradesco Consórcio managing subsidiary (Bradesco consortium) started selling membership units, known as "quotas," to Bradesco clients. The company took over leadership of the home-purchasing segment in May 2004 and automobiles too in December 2004. In October 2008, it became overall leader on taking first position in the truck / tractor segment. Bradesco Consórcios ended 2009 with a total of 395,611 active quotas in the three segments, with total revenues of approximately R\$ 18.6 billion and net quarterly profit of R\$ 207.3 million. Bradesco Consórcios acts as manager of the consortiums set up to buy houses or properties, autos and trucks / tractors.

### **Life and personal accident insurance**

Bradesco offers life insurance, personal accident and random events products through its subsidiary Bradesco Vida e Previdência. On December 31, 2009, Bradesco Seguros had 19 million life insurance policyholders.

### **Health insurance and dental insurance**

Health and dental insurance policies provide medical and hospital coverage and dental care. The Bank offers insurance from Bradesco Saúde and its subsidiaries for small, medium or large companies providing these benefits for their employees.

### **Automobile insurance, non-life and civil liability**

Bradesco offers auto insurance, non-life and civil liability products through its subsidiary, Bradesco Auto / RE. Automobile insurance covers losses arising from robbery / theft and damages for passengers or third parties. Mass-market non-life insurance is for individuals, in particular residential risk and equipment insurance, and for small and medium businesses, whose assets are covered by multi-risk business insurance.

### **Pension plans**

Bradesco has managed pension plans for individuals and corporates since 1981 through its wholly owned subsidiary, Bradesco Vida e Previdência, which is currently the largest pension fund manager in Brazil in terms of contributions to plans, investment portfolio and technical provisions, according to reports published by Fenaprevi and the SUSEP.

Bradesco Vida e Previdência offers and manages a range of individual and group pension plans. The major plans for individuals, in terms of contributions, are known as VGBL and PGBL and are not subject to withholding tax on income generated by the fund's portfolio.

Bradesco Vida e Previdência also offers pension plans for corporates, which are usually individually negotiated and tailored to meet specific customer needs.

### **7.3 □ Information on products and services relating to the operational segments**

#### **Certificated savings plans (with prize draws)**

Bradesco Capitalização offers its customers certificated savings plans, or bonds, which are eligible for prize draws and may be acquired for a lump-sum or monthly contributions. Certificated bonds vary in value (from R\$ 8.00 to R\$ 20,000.00), form of payment, period of contribution, and frequency of prize-draws, with cash prizes of up to R\$ 2 million. Customers' certificated bonds earn interest at the reference rate ("TR") plus 0.5% per month on the value of the mathematical provision. Certificated savings plan bonds may be redeemed after 12 months. On December 31, 2009, about 5.3 million "traditional" certificated savings bonds and 11 million active certificated savings plans were associated with promotional events or campaigns, which are described as "incentive" bonds. Since the purpose of incentive bonds is to add value to the product of the partner company or encourage timely payments by their customers, these bonds have short vesting periods and low unit value. In all, the company ended 2009 with about 16.3 million active certificated savings plans and approximately 2.5 million customers.

#### **Treasury activities**

Bradesco's treasury departments trade in derivative financial instruments in particular for hedging purposes (referred to as "macro-hedge"). These transactions are governed by limits set by senior management and guidelines from risk management units, using value at risk ("VaR") methodology.

#### **Business Continuity Plan (BCP)**

The business continuity plan (BCP) is structured and maintained to mitigate the possibility of business interruption by protecting business processes, especially those focused on customer service and relationships.

#### **Business Continuity Management (BCM)**

The business continuity management process is handled on the corporate level and covers all Bradesco's essential activities. Duties and responsibilities are defined and stratified on three levels: strategic, tactical and operational.

On the corporate level, Bradesco has defined business continuity in terms of two aspects. One is contingency, which is a temporary solution to keep critical processes in a business unit running if their support systems fail or are inaccessible. The other is continuity, which is developing preventive and maintenance measures as part of a set of strategies and action plans ensuring that essential services are adequately identified and preserved after a disaster until normal operations are restored, thus avoiding or mitigating losses for both Bradesco and its customers.

#### **Business continuity model management and control**

Business continuity management is based in developing plans for the organization's different core activities using methodologies and tools to standardize formats for data collection and

processing and documentation of BCP procedures.

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### 7.3 □ Information on products and services relating to the operational segments

#### Data processing

Bradesco's data processing and communications systems operate at its headquarters complex (Cidade de Deus), in a building known as the Information Technology Center (CTI) occupying a 9,575 square meter site, which was purpose built to house IT infrastructure meeting all requirements for class 4 certification from the Uptime Institute, which guarantees 99.995% availability.

Data is continuously replicated at a processing center located in Alphaville, Barueri, which has sufficient capacity to take over the activities of the major systems if the IT center's system is down. All branches and ATMs are able to use telecommunications services to reach either of the two processing centers.

The Alphaville IT infrastructure also houses all systems development activities for applications. If there is an electricity outage, both centers have 72 hours autonomy.

The IT infrastructure is supported by processes meeting ITIL (IT Infrastructure Library) reference standards, using recognized best practices for IT service management.

#### b) Characteristics of the distribution process

	<b>Dec09</b>
Structural Details □ Units	
Points of Service	44,577
□ Branches	3,454
□ PAAs <sup>(1)</sup>	1,371
□ PABs <sup>(1)</sup>	1,190
□ PAEs <sup>(1)</sup>	1,551
□ External PoSs □ Self-service Machines	3,577
□ Points Served □ 24-h Network (Banco24Horas)	6,486
□ Banco Postal	6,067
□ Bradesco Expresso (Correspondents)	20,200
□ Bradesco Promotora de Vendas (Correspondents)	670
□ Credicerto Promotora de Vendas (Affiliates)	-
□ Foreign branches / Subsidiaries	11
Self-service Machines	37,957
□ Own	30,657
□ Banco24Horas	7,300

(1) PAB (Point of Banking Services) □ Located on a company's premises with a staff member from Bank; PAE (In-company Electronic PoS) □ Electronic point of service located on a company's premises; PAA (Remote Point of Service) □ Located in a municipality not served by a branch.

#### Distribution channels

Bradesco has the largest private-sector banking network in Brazil. In fiscal year 2009, the Bank added another 95 agencies. The branch network is complemented by other channels:

ATMs; telephone and internet banking and mobile phone bank services. By introducing new distribution systems, Bradesco enhances security and raises its efficiency.

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### **7.3 □ Information on products and services relating to the operational segments**

Also in 2009, in order to establish stronger ties with its corporate clients, Bradesco created 374 points of banking services on the premises of selected corporate clients, reaching a total of 4,112 points of banking services on December 31, 2009. Through these special points of service, Bradesco offers all the products and services available at branches.

Bradesco also offers banking services through 6,067 post offices and 20,200 banking correspondents.

#### **Distribution of specialized products and services**

As part of its distribution system, Bradesco has five departments offering a differentiated range of products and services on an individual basis to companies and individuals in every specific segment of its customer base. Market segmentation aims for the best offering for each customer profile and size while enabling differentiated service and improved efficiency.

#### **Bradesco Varejo (Retail)**

Serves all sections of the population, focusing primarily on individuals earning less than R\$ 6,000 and companies with annual revenues of under R\$ 30 million. On December 31, 2009, Bradesco provided services to more than 20 million customers who made millions of transactions daily at 3,090 retail branches and over 4,471 points of service where clients receive exclusive service based on the "Managed Account" concept.

#### **Bradesco Corporate**

The Corporate segment was established in 1999 to serve target clients consisting mostly of companies posting annual revenues of over R\$ 350 million, served by a sales team of 124 professionals with centralized relationship management offering not only traditional products but also tailor-made solutions.

A standout is that Bradesco has ISO 9001:2008 certification for all the Corporate structure, including its Corporate service platforms.

#### **Bradesco Empresas (Companies)**

Bradesco Empresas (Companies) was set up to serve companies posting revenues of R\$ 30 □ 350 million per year and has 68 exclusive branches located in Brazil's main state capitals and positioned strategically across the country: Southeast (41), South (16), Midwest (4), Northeast (5) and North (2).

The aim is to offer the best management for business: loans, financing, investments, foreign trade, hedging, cash management and structured transactions, in order to ensure customer satisfaction and results for the organization.

Bradesco Empresas (Companies) manages funds, including loans, deposits, funds and collection amounting to R\$ 58.4 billion.

## **Bradesco Private Banking**

Bradesco Private Banking started its activities in 2000 to serve exclusively high net-worth individuals with net assets of over R\$ 1 million to invest (raised to R\$ 2 million in July 2008). Bradesco Private Banking finds the best financial solution for each customer based on a tailor-made concept, providing asset allocation, tax and succession advice. Bradesco Private Banking is ISO 9001:2008 certified and has the "GoodPriv@cy Data Protection Label" (2007 edition) awarded by the International Quality Network. In January 2009, for the second consecutive year, it was recognized by Euromoney magazine as the best private banking service in Brazil.

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### **7.3 □ Information on products and services relating to the operational segments**

#### **Bradesco Prime**

Bradesco Prime operates in the high-income segment and was set up in May 2003 to target individuals earning monthly income of over R\$ 6,000 or investing over R\$ 70,000. Its mission is to be the customer's number one bank, focusing on quality customer relationships and offering appropriate solutions for their needs, with highly qualified teams adding value for shareholders and employees while upholding our high ethical and professional standards. The value of the Bradesco Prime segment is based on the following premises:

- Personalized service provided by relationship managers who manage small portfolios of clients and are constantly retraining to provide the highest level financial advice;
- Differentiated products and services, such as the Bradesco Prime loyalty program, which offers increasing benefits to foster customer relationships;
- Exclusive agencies specifically designed to provide comfort and privacy; and
- Relationship channels such as: exclusive Internet Banking with online chat, which enables financial advisors to interact with clients in real time; an exclusive call center; in addition to Bradesco's extensive service network, including its branches; and ATMs and self-service devices, Bradesco Day & Night and Banco24Horas, available all over Brazil.

Throughout its history, by investing in technology, enhancing customer relationships and training staff, Bradesco Prime has earned a leading position in the Brazilian high net-worth banking services market to become the largest provider of banking services for these customers with its network of 259 branches strategically positioned to serve over 419,000 customers.

#### **Branches**

Bradesco's main distribution channel for banking services is its network of branches. In addition to offering retail banking services, the branches serve as a distribution network for all the other products and services that Bradesco offers, including management of receipts and payments, private banking services, credit cards and asset management products. The Bank markets leasing services both through channels operated by the branch network and directly through its wholly-owned subsidiary Bradesco Leasing and through Bradesco Financiamentos. Bradesco Corretora and Bradesco Consórcios also market brokerage and trading services, and buyer consortiums, through the branches. Bradesco Vida e Previdência sells its products through 8,460 independent representatives all over Brazil, most of them based at Bradesco's facilities. Remuneration for these agents is based on commission.

Bradesco sells its insurance products and pension plans through its website and exclusive brokers based in the network of branches, and through other non-exclusive brokers all over Brazil, all working on a commission basis. On December 31, 2009, 24,004 brokers were offering Bradesco insurance policies to the public. Certificated savings plans are sold through bank branches, Internet, call center, self-service machines and outside distribution channels.

The table below shows distribution of sales of products by branches and other outlets:

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**7.3 □ Information on products and services relating to the operational segments**

	<b>2007</b>	<b>2008</b>	<b>2009</b>
	<b>(Percentage of total sales by product)</b>		
<b>Insurance products:</b>			
Sales through branches	37,70%	35,5%	40,7%
Sales other than branches	62,3	64,5	59,3
<b>Private pensions products:</b>			
Sales through branches	83,6	82,3	82,5
Sales other than branches	16,4	17,7	17,5
<b>Leasing products:</b>			
Sales through branches	19,7	26,0	53,5
Sales other than branches	80,3	74,0	46,5
<b>Certificated savings plans:</b>			
Sales through branches	92,3	93,2	92,3
Sales other than branches	7,7%	6,8%	7,7%
<b>Other distribution channels</b>			

Bradesco's clients have extensive access to check on their transactions, conduct financial transactions and purchase products and services offered by the high-tech channels known as Self-service and Easy Phone, as well as Internet and Bradesco Celular.

**Self-service**

On December 31, 2009, Bradesco's self-service network had 30,657 machines located all over Brazil to provide fast and convenient access to a wide range of products and services. Cardholders or checking or savings account holders may also make withdrawals, obtain statements, check balances, get loans or transfer funds between accounts at 7,300 machines labeled Banco24Horas.

**Fone Fácil (Easy Phone)**

"Fone Fácil Bradesco" enables telephone access day and night, seven days a week, featuring convenience, speed and security. Electronic personalized service enables customers to obtain information, make transactions and acquire products and services related to their current or savings accounts, credit cards and other products available through this channel.

Customers have access to a number of telephone services using different phone numbers, in particular Internet Banking, Net Empresa (internet for companies), Consórcios (buyer consortiums), Previdência Privada (private pensions); Bradesco Financiamentos (finance / lending), Cobrança (collection) and Alô Bradesco (contact).

In 2009, there were 406.3 million calls and 456.1 million transactions were carried out.





### **7.3 □ Information on products and services relating to the operational segments**

#### **Internet**

"Portal Bradesco" consists of 68 websites, of which 48 are institutional and 20 for transactions, enabling users access to various products and services, wherever they are located. Customers and businesses make transactions securely using the Key Bradesco Electronic and Card Security System. In 2009, there were 1.8 billion transactions.

"Bradesco Internet Banking" operates in the Prime and Retail segments to provide personal products and services that can be accessed from anywhere in the world, at any time. Bradesco Internet Banking allows our customers to check their balances and statements, pay bills, transfer values and request copies of documents, among other services.

#### **Bradesco Celular**

"Bradesco Celular" enables mobile phone users to check their balance, obtain statements, schedule bill payments, recharge prepaid mobile devices, transfer funds, obtain loans, get quotations for stocks and track buy or sell orders, among other services and has the protection of "Key Bradesco Security" for authenticating debit transactions.

A total of 5.5 million transactions were made through the channel in 2009.

#### **Post office services**

In August 2001, Bradesco won a public bidding process organized by □Empresa Brasileira de Correios e Telégrafos□ ("Brazilian Post and Telegraph Company" or ECT, the state-owned post office), to offer banking services in post offices as part of a project for the nationwide network of post offices to be used to supplement the financial system.

#### **Banking units in retail outlets**

Bradesco signed partnership arrangements with retailers, supermarkets, drugstores and grocery stores to provide banking correspondent services (mainly receipts, withdrawals from current or savings accounts, and pension payments). While the staff at these branches belong to its partners, all credit decisions are taken by Bradesco's employees.

#### **c) Characteristics of the bank's markets, in particular:**

##### **i) Share in each market:**

On December 31, 2009, according to the following sources quoted in parentheses, Bradesco was:

- one of the largest private sector banks in terms of savings deposits, with 14.1% of all savings deposits in Brazil ("Banco Central");
- Brazil's largest operator of insurance, pension and certificated savings plans in terms of total premiums ("SUSEP" and "ANS");

- leader, for the 7th consecutive year, of the major banks onlending from the National Development Bank ("BNDES") to micro, small and medium-sized companies, disbursing 45.7% of total BNDES onlending and present in 94.9% of transactions for micro, small and medium-size companies;
- one of the leaders in leasing in Brazil, with R\$ 21.5 billion outstanding ("ABEL");

### 7.3 Information on products and services relating to the operational segments

- one of Brazil's leading banks in terms of placements of debt instruments in 2009 ("ANBIMA");
- one of the top private -sector managers and administrators of funds and portfolios in Brazil with R\$ 247.7 billion under administration and management, accounting for over 16% of the total Brazilian market ("ANBIMA");
- one of Brazil's largest credit card issuers with 79.6 million cards between Visa, American Express, MasterCard flags and private label cards, with credit card and private label cards billing some R\$ 55.3 billion;
- one of Brazil's largest debit card issuers with 53.3 million debit cards;
- market leader in banking collection services in Brazil with a share of around 29.7% (Banco Central);
- leader among private-sector banks in number of customers registered for Authorized Direct Debit (DDA, paperless bill payment) with 549,000 registrations;
- leader in sales of consortium quotas in the following three segments: houses / properties with 146,201 active quotas; automobiles with 225,792 active quotas; and trucks and tractors with 23,618 active quotas (Banco Central);
- one of the leaders of vehicle finance for consumers, with a market share of 19.6% (Banco Central);
- leader among private-sector banks paying out benefits from the Social Security Institute, known as "INSS", for over 5.3 million retirees, pensioners and other INSS beneficiaries, accounting for 19.6% of all INSS beneficiaries;
- most valuable brand in Brazil for the third consecutive year, according to a report compiled by specialized consulting firm BrandAnalytics / Millward Brown for the magazine *IstoÉ Dinheiro*. The result also makes Bradesco the first and only Brazilian in the *Financial Times* list of the world's 100 most valuable brands.

The table below shows Banco Bradesco S.A.'s percentage shares in relation to banking, insurance and service networks.

**7.3 Information on products and services relating to the operational segments**

	<b>Dec09</b>
<b>Banks Source: Bacen (Central Bank)</b>	
Time Deposit	13,0
Savings Deposit	14,1
Sight Deposit	19,8
Loans (1)	12,6
Loans Vehicles Personal (Direct-to-Consumer credit [CDC] + Leasing) (1)	19,6
Online Collection (Balance)	28,8
Branches Quantity	18,2
<b>Banks Source: Federal Tax Authority /Data Processing Service (Serpro)</b>	
DARF Federal Tax Authority Pay-in slip	21,3
DAS Federal Tax Pay-in slip ("Simples" program)	16,9
<b>Banks Source: INSS / Dataprev</b>	
GPS Social Insurance Pay-in slip	14.4 (*)
Payment of Benefits to Retirees and Pensioners	19,6
<b>Banks Source: Anbima</b>	
Investment Funds + Portfolios	16,6
<b>Insurance, Pensions plans and Certificated savings plans Source: Susep and ANS</b>	
Premiums Insurance, Pension plans and Certificated savings plans	24,4
Insurance Premiums (including "VGBL" plans)	24,8
Premiums Life and Personal Accident Insurance	16,8
Insurance Premiums Auto / non-life (Auto / RE)	10,4
Insurance Premiums Auto/third-party (Auto / RCF)	13,6
Premiums Health insurance	48,7
Revenues from pension contributions (except "VGBL" plans)	25,5
Revenues from Certificated savings plans	19,7
Technical Provisions for Insurance, Pensions plans and Certificated savings plans	32,0
<b>Insurance and Pensions Source: Fenaprevi</b>	
Revenues from Premiums VGBL plans	34,0
Revenues from Contributions PGBL plans	20,4
Pension Investment Portfolio (including VGBL)	35,1
<b>Credit Card Source: Abecs</b>	
Credit Card Billing	19,6
Leasing Source: ABEL	
Active Transactions	19,5
<b>Financing Source: Bacen (Central Bank)</b>	
Vehicles (Portfolio) incl. Banco Bradesco	19,8
<b>Buying groups (consortiums) Source: Bacen (Central Bank)</b>	
Homes / properties	27,3
Automobiles	23,3
Trucks, Tractors and Agricultural implements	14,6
<b>International Dept Source: Bacen (Central Bank)</b>	
Export Market	25,0
Import Market	18,4

(1) Central Bank data for December 2009 are preliminary;

(\*) Base date: November 2009; and



## **7.3 □ Information on products and services relating to the operational segments**

### **ii) competitive conditions in its markets**

Bradesco faces significant competition in all key areas of its operations, since the Brazilian banking and financial services markets are highly competitive and have been through intensive consolidation in recent years.

In 2009, Banco do Brasil concluded its acquisition of a controlling interest in Banco Nossa Caixa, which belonged to the São Paulo state government and arranged a strategic partnership through which it now holds 49.9% of voting capital and 50.0% of total capital of Banco Votorantim, thus regaining its position as Brazil's largest bank in terms of total assets.

On December 31, 2009, Brazil's public financial institutions held 42% of the domestic financial system's assets, followed by Brazilian private financial institutions (including financial conglomerates) with 40%, and financial institutions under foreign control with about 18%.

Public-sector financial institutions play an important role in banking in Brazil and basically work to the same legal and regulatory standards as private-sector financial institutions, except for the fact that certain banking transactions involving public entities must be made exclusively with public financial institutions (including but not only deposits of federal funds and deposits in court.)

On December 31, 2009, there were 137 financial conglomerates in Brazil, including multiple-service and commercial banks (including Caixa Econômica Federal), providing a full range of commercial banking services, such as consumer finance, investment banking services, brokerage, leasing, savings and loans and other financial services.

The credit card market in Brazil is highly competitive with approximately 136 million cards issued by December 31, 2009, according to the ABECS. Bradesco's chief competitors are Banco do Brasil, Banco Itaú Unibanco, Citibank, and Santander. Management believes that the principal competitive factors in this field are interest rates, annual fees, card distribution networks and benefits offered along with cards.

Another competitor of the credit card product is the postdated check, a popular form of deferred payment in Brazil, which enables customers to pay for products and services using checks written for future dates, which amounts to payment by installments over a longer term. Due to their convenience and growing acceptance, Bradesco believes credit cards will gradually replace postdated checks.

In general, the Brazilian leasing market is dominated by companies affiliated with vehicle and equipment manufacturers, and the major banks. Currently, Bradesco enjoys certain competitive advantages for having the largest service network among its competitors in the private sector.

The investment fund industry in Brazil ended 2009 managing R\$ 1.366 trillion in assets, thus showing nominal growth of 22.2% on 2008. The variation was basically due to:

- share prices rallying with the Bovespa index rising 82.6%, which contributed to 46% growth in equity funds' NAV;
- the significant net inflow of R\$ 35 billion into money market funds;
- growing contributions to open-end private pension funds, which ended 2009 with a positive balance of R\$ 23 billion; and
- consolidation of the market for investment funds structured as receivables funds (FIDCs), private equity and real estate funds.

The funds industry had a year of recovery in terms of both returns and investments in units / fundshares. However, this positive balance was more significant in the private and institutional clients segments and less so in the retail segment due to high levels of remuneration on savings accounts. Bradesco's main competitors in this sector include Banco do Brasil, Banco Itaú Unibanco, Caixa Econômica Federal and Santander.

### **7.3 □ Information on products and services relating to the operational segments**

Grupo Bradesco de Seguros e Previdência is leader in the Brazilian insurance market with a 24.4% market share, but faces increasing competition from Brazilian and multinational companies in all lines of insurance. On December 31, 2009, Bradesco's main competitors were: Cia. de Seguros Aliança do Brasil S.A., Itaú Unibanco Seguros S.A., Sul América Cia. Nacional de Seguros, Porto Seguros Cia. de Seguros Gerais, Santander Seguros, Caixa Seguros and HSBC Seguros, which together accounted for approximately 57.0% of total premiums generated in the market, according to information provided by SUSEP. Although Brazilian companies underwrote most insurance business, in health insurance especially Bradesco faces competition from local or regional firms that have lower operating costs and specialize in providing coverage for specific risk groups.

Competition in Brazil's insurance industry has changed dramatically in recent years as foreign companies started to form associations with Brazilian insurers with more experience in the local market. For example, the Dutch ING acquired an interest in one of the Sul América companies. Hartford has been operating in Brazil for some years through an association with Icatu AXA, Allianz, ACE, Generali, Tokio Marine and other foreign insurers that offer insurance in Brazil through their own local structure.

Bradesco believes that the main competitive factors in this segment are price, financial stability, brand name recognition and services. In relation to branches, Bradesco believes competition is mainly based on level of services, including processing claims, automation and the development of long-term relationships with individual clients. The Bank believes that its ability to distribute insurance products through its branch network gives it a competitive advantage over most other insurers. Since most of its insurance products are offered through retail banks, Bradesco benefits from some cost savings and marketing synergies, compared with its competitors. However, this cost advantage could become less significant over time, as the large private banks start to use their own branch networks to offer insurance products through exclusive agents.

The process of monetary stabilization brought by the Real Plan has stimulated the private pension sector and attracted more international players to the Brazilian market, such as: Principal, which joined with Banco do Brasil to create Brasilprev; Hartford, which associated with Icatu; ING which associated with Sul América; Metlife; Nationwide; and others.

In addition to monetary stability, favorable tax treatment and the prospect of more far-reaching reform of the official pension system contributed to increased competition.

Currently, Bradesco Vida e Previdência holds the lead in the pension fund market with 36.3% of total assets under management in the sector, according to data from Fenaprevi.

Bradesco's main competitive advantages are its brand, the capillarity of the branch network, strategy, its pioneering role, and its innovative products.

Currency stability, more stable exchange rates, and inflation under control made the savings bond market more competitive after 1994. On December 31, 2009, Bradesco Capitalização was 2nd in the ranking with a 19.7% share of revenues from certificated savings plans and 20.2% in technical provisions, according to SUSEP.



The main competitors in the certificated savings plans sector: Brasilcap Capitalização S.A., Itaú Unibanco Capitalização S.A., Caixa Capitalização S.A., Santander Capitalização S.A., Icatu Hartford Capitalização S.A., Sul America Capitalização and HSBC Capitalização S.A. The main competitive factors in this business are providing low cost products with more frequent prize draws, security, financial stability and brand recognition.

### **7.3 ☐ Information on products and services relating to the operational segments**

#### **d) Seasonality**

Bradesco believes that seasonality does not significantly affect its business.

#### **e) Key inputs and raw materials, stating:**

##### **i) description of relationships with suppliers, including whether they are subject to governmental control or regulation, with agencies and applicable legislation:**

In the course of its business, Bradesco is subject to control or regulation by various agencies, basically under Law No. 4,595 known as the "Banking Reform Law," which dealt with Monetary Policy and Banking and Credit institutions, and set up the National Monetary Counsel (CMN).

#### **The main regulatory bodies are:**

##### **CMN**

The CMN is currently the highest authority responsible for Brazil's monetary and financial policy and for oversight of monetary, credit, budgetary, fiscal and public debt policies. The CMN has the following functions:

- regulating loans by Brazilian financial institutions;
- regulating Brazilian currency issues;
- overseeing foreign currency and gold reserves in Brazil;
- determining savings, foreign exchange and investment policies in Brazil; and
- regulating capital markets in Brazil.

##### **Banco Central**

The Banco Central (Central Bank of Brazil) is responsible for:

- implementing CMN monetary and credit policies;
- regulating and supervising Brazil's public- and private-sector financial institutions;
- controlling and monitoring incoming / outgoing flows of foreign currency in Brazil; and
- overseeing the Brazilian financial market.

##### **CVM**

The CVM is responsible for regulating Brazilian securities markets in accordance with capital and securities market policies determined by the CMN.

The CVM is responsible for regulating and supervising mutual funds investing in equities. In addition, since November 2004, the CVM has had the authority to regulate and supervise fixed-income asset funds

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**7.3 □ Information on products and services relating to the operational segments**

**ii) Any dependence on a small number of suppliers:**

Not applicable. Bradesco does not depend on suppliers to conduct its business activities.

**iii) Possible volatility affecting its prices:**

Price volatility, such as funds for loans, or interest rates charged on products, among others, depend on macroeconomic conditions and market rates, such as the basic interest rate, default levels and tax rates.

**7.4 ☐ Customers accounting for more than 10% of total net revenues**

Bradesco does not have any customers that account for more than 10% of the institution's total net revenues.

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## **7.5 ☐ Material effects of state regulation on business**

### **a. requirement of government authorization to exercise activities and history of relationship with government to obtain these authorizations**

#### **Relationship with Public Administration**

Bradesco maintains excellent relationships with the different supervisory and regulatory bodies mentioned below and with the market in general, which contributes to the proper performance of its functions, as shown by the high standards required of the various bodies and agencies that oversee the activities of the Bank, and by the strict regulations covering the activities of financial institutions, both in Brazil and abroad (the Federal Reserve, NYSE, SEC, Latibex, etc.), and the requirements derived from its status as a publicly held company with shares listed on several stock exchanges.

The Brazilian financial market is regulated by the National Monetary Council (CMN) and disciplined by the Brazilian Securities Commission (CVM), the Central Bank of Brazil (BACEN) and the Private Insurance Superintendence (SUSEP). The Central Bank has jurisdiction over all financial institutions, SUSEP regulates the private insurance industry and CVM regulates the specific institutions of the securities market. Each plays one or more roles in setting standards, regulation, supervision and advice relating to the activities of the Brazilian financial system. They also have an important role as **self-regulatory bodies**, mainly represented by the stock market and commodities exchange.

#### **National Monetary Council (CMN)**

The CMN is the financial system's highest authority. It is the source of major economic policy guidelines for the financial system's regulatory bodies.

#### **Central Bank of Brazil (Banco Central do Brasil, or BACEN)**

It is the prerogative of the Central Bank of Brazil to grant the authorization required for a financial institution to operate in the country. In the ambit of its supervisory power and oversight, this Federal Authority may also apply penalties and fines to any person or entity not having authorization to exercise the activity germane to or exclusively a financial institution.

Financial institutions may only operate in the country with authorization from the Central Bank of Brazil or an Executive Power decree, if they are foreign.

#### **Brazilian Securities Commission (CVM)**

The CVM is the government agency charged with ensuring the integrity of the functioning of the Brazilian capital market. Its duties are regulating and supervising the activities of investors, financial intermediaries, stock exchanges and publicly traded companies in Brazil. The CVM also acts as the agency enforcing CMN resolutions.

### **b. Issuer environmental policy and costs incurred for compliance with environmental regulation, and other environmental practices if applicable,**

**including adherence to international standards of environmental protection**

Corporate Policy for Environmental Responsibility

1. Introduction

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## 7.5 □ Material effects of state regulation on business

Environmental protection and social inclusion are now major challenges for human development and business perpetuity.

Bradesco, being very much aware of this situation, and consisting of several companies operating different business segments, feels that it is its duty to consolidate its social and environmental policy and declare herein its concern for the sustainable development of the planet and its ecosystems, its respect for human dignity and for disseminating a culture of environmental responsibility.

### 2. Objective

This document consolidates "Corporate Social and Environmental Responsibility Policy", hereinafter "Policy" and has the following objectives:

- a) to define social and environmental guidelines (item 6 in this document) to be followed in the Bradesco environment, which are based on terminology and principles detailed in this document (items 4 and 5 respectively);
- b) to be used as a constant source of reference when taking any measure or action that may have a socio-environmental impact, in order to ensure compliance with the Organization's principles; and
- c) to be used as a source of guidance for our employees and collaborators, and to foster their awareness as to the social and environmental role of Bradesco.

### 3. Scope

The policy covers all Bradesco units without exception for the development of their activities, business and operations.

### 4. Terminology

In order to ensure correct comprehension of this document, the following expressions are used with the meanings shown below:

#### 4.1. Environment

All human surroundings and habitat influencing or supporting human life ways. In its more technical meaning, we may deduce that this is a set of physical, chemical and biological conditions, laws, influences and interactions that provide support for and govern life in all its forms.

#### 4.2. Environmental responsibility

A set of practices, actions and initiatives to put into effect the principle of social and environmental function, in the ambits of government, business or non-governmental organizations, by adopting, implementing and managing social and environmental activities to



benefit the community, and enhancing the quality of life and human development through preventive, educational, cultural, artistic, sporting and social welfare initiatives, protection of human rights, labor, environmental and social justice and support for combating corruption and bribery, among others.

#### 4.3. Sustainable development

Strategy for developing economic activity in consonance with social demands and issues and conscious use of the resources available in our environment. It aims to meet the demands of the present without compromising the ability of future generations to meet their own needs too.

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## **7.5 □ Material effects of state regulation on business**

### **4.4. Stakeholders**

All those directly or indirectly involved in the projects, activities, business and operations of an organization (shareholders, lenders, customers, suppliers, employees, consultants, communities, government, trade or professional associations, trade unions and NGOs, among others).

### **4.5. Corporate governance**

The system through which companies are managed and monitored, involving relationships between investors / shareholders, board of directors, departmental directors, independent auditors, supervisory council or audit committee and other stakeholders, based on transparency, fairness, accountability and corporate responsibility. The purpose of good corporate governance practices is to augment the value of society, facilitate its access to capital, and contribute to its perpetuity.

### **4.6. Corporate responsibility**

This is a broader view of business strategy, including all relationships with the community in which the company operates, in which management must ensure sustainability for organizations (long-term vision, sustainability); therefore, social and environmental considerations must be brought in when defining business ventures and operations.

## **5. Principles**

The following principles are advocated as the basis for governing socio-environmental issues in Bradesco:

### **5.1. Relating to sustainable development**

a) Bradesco believes in the importance of developing Brazil and is aligned with the best practices worldwide that advocate sustainability and corporate governance. It therefore sees sustainable growth, represented by the triple tenet of economic, environmental and social development, as an important component of corporate responsibility, adding value to business management and fostering environmental responsibility.

b) Bradesco declares its firm commitment to practice, encourage and enhance social and environmental responsibility, work for convergence of its business goals with the needs and interests of the community it serves, work for sustainable growth in a healthy environment and to use transparent and ethical methods.

c) Bradesco works to preserve ecosystems and optimize the use of resources, and non-renewable resources in particular.

### **5.2. Relating to social and environmental responsibility**

#### **a) Values**

Bradesco sees environmental responsibility as one of its corporate values.

b) Vocation / citizenship

b.1) Bradesco exercises its corporate citizenship in order to foster recognition of social and environmental responsibility.

b.2) Recognizing the importance of education, sports and social work are areas in which Bradesco has deep roots, such as the work of the Bradesco Foundation in different regions of the country, bringing free education and vocational education for children, young people and adults, acting as a sociocultural reference for the communities in which it operates.

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## **7.5 ☐ Material effects of state regulation on business**

b.3) Bradesco repudiates forced labor and child labor.

### 5.3. Relating to social and environmental legislation

Bradesco believes that compliance with applicable legislation is a fundamental responsibility.

### 5.4. Relating to social and environmental commitments

Bradesco also sees as essential the fulfillment of commitments, guidelines and safeguards set forth in Brazilian and international "Principles," "Protocols," "Agreements" and "Treaties" relating to social and environmental responsibility for which Bradesco has been a signatory or adhered to their terms.

## 6. Guidelines

These guidelines based on the above principles must direct all social and environmental initiatives or measures taken by Bradesco:

- a) working for the convergence of its business objectives with the aspects of environmental responsibility, adding value to all stakeholders;
- b) developing and marketing products and services, and offering credit lines to customers who respect the spirit of social and environmental awareness, thus ratifying the Organization's commitment to corporate responsibility;
- c) support partnership, sponsorship and cooperation with governmental bodies, NGOs and market entities aimed at developing and fostering environmental responsibility initiatives in various segments of civil society;
- d) for the purposes of selecting suppliers and service providers, including those demonstrably engaged with and practicing environmental responsibility, thus being in compliance to the principles stated in this document;
- e) maintaining and fostering an ethical and transparent approach at all levels of activities and business relationships, rejecting and combating any form of illegality, such as corruption or bribery;
- f) ensuring compliance with legislation governing social and environmental issues when developing and carrying out Bradesco economic activities;
- g) adopting responsible policies for lending to customers and their internal procedures, and whenever it believes necessary taking preventive, remedial or restorative measures for environmental impacts, to be used in these cases, when appraising risk in project finance;
- h) stipulating that borrowers for projects that pose potential social and environmental risks be required to have action plans to mitigate risks, and monitoring the project's phases throughout the loan period;

- i) adopting internal policies in order to rationalize the use of nonrenewable resources, recover and use recycled materials, ensure appropriate treatment for waste and disposable materials and foster preservation of the environment;
- j) raise awareness and train employees and advise service providers on social and environmental issues, emphasizing the concepts of citizenship, ecology and responsibility;

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## 7.5 ☐ **Material effects of state regulation on business**

- k) working for society to share the benefits of globalization through a more inclusive and egalitarian market;
- l) upholding the principles of social justice and human rights, rejecting exploitation, especially child labor;
- m) supporting education and occupational training for children, young people and adults, broadening the horizons of work and citizenship;
- n) adopting internal policies that value diversity in order to foster balance in relationships with the Organization's different publics;
- o) disseminate, recognize and support projects related to the practice of sports in the communities in which we operate, thus fostering respect for others, team spirit, dedication, persistence and the spirit of achievement through sports;
- p) developing, deploying and maintaining a system of social and environmental management to normalize, gauge the scale and monitor the performance of Bradesco environmental initiatives; and
- q) making our work known through corporate reporting and ☐ for those whom it may concern ☐ providing information relating to social and environmental actions initiatives carried out by the Organization.

## 7. Responsibilities and duties

7.1. Responsibility for obeying and fulfilling this policy rests with the management, departmental directors, all members of staff and other collaborators of Bradesco;

7.2. The Executive Committee for Environmental Responsibility, a non-statutory body, has the following duties as defined in specific bylaws:

- a) keeping policy consistent and current, adding new items or deleting items completely or partially, whenever such changes are deemed relevant by the Committee;
- b) encouraging and monitoring implementation of this policy within Bradesco through regular and special meetings analyzing issues related to environmental responsibility, for decision-making purposes;
- c) Based on this policy, fostering corporate sustainability strategies, initiatives and measures, reconciling economic development with environmental responsibility; and
- d) acting in accordance with specific rules, this policy and the Corporate Code of Ethics.

## **c) dependence on relevant patents, trademarks, licenses, concessions, franchises, or royalty agreements to develop business**

There is no dependence on patents, trademarks, licenses, concessions, franchises, royalty agreements relevant for the development of Banco Bradesco.

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**7.6 ☐ Material revenues from other countries**

**a. revenues from customers attributed to the issuer's country of origin and their share of the issuer's total net revenues**

On December 31, 2009, Bradesco obtained R\$ 61.598 billion in revenues in Brazil itself, which corresponded to 97.9% of its total of R\$ 62.899 billion.

**b. revenues from customers attributed to each foreign country and their share of the issuer's total net revenues**

Bradesco does not obtain significant revenues from clients attributed to foreign countries.

**c. total revenues from foreign countries and their share of the issuer's total net revenues**

Bradesco does not obtain significant revenues from its holdings in foreign countries.



## **7.7 ☐ Effects of foreign regulation on business activities**

Since they do not provide significant revenues, the specific regulations of other countries in which Bradesco has business do not have significant impacts on the Bank's operations.

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## **7.8 ☐ Material long-term relationships**

Since there are no significant revenues from other countries in which Bradesco does business, their specific regulations have no significant impacts on the Bank's operations.

**7.9 ☐ Other material information**

There is no further information that we believe to be significant.

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## **8.1 □ Description of the economic conglomerate**

### **a. Direct and indirect controllers**

On December 31, 2009, Bradesco's share capital consisted of 1,557,766,368 common shares (3,034,700 of them held in treasury) and 1,557,766,207 preferred shares (2,906,600 of them held in treasury), with no par value. At an Extraordinary General Meeting held on December 18, 2009, there was a capital increase with a bonus of 10% in shares (one new share of the same type for every 10 shares held by shareholders registered with the Bank on 01.19.2010 with these shares added to shareholders' positions on 01.22.2010), with the issue of 311,553,258 new registered book-entry shares with no nominal value, 155,776,637 of them common shares and 155,776,621 preferred shares. The Extraordinary General Meeting held on March 10, 2010, canceled 6,676,340 registered book-entry shares with no par value, held in treasury, of which 3,338,170 were common shares and 3,338,170 preferred shares, including the 10% bonus in the total. After the events described above the company's share capital remains divided into 3,420,409,493 registered book entry shares with no nominal value, of which 1,710,204,835 were common shares and 1,710,204,658 preferred shares.

The following chart shows Banco Bradesco's stock ownership structure on December 31, 2009:

(1) Bradesco's executive board and board of directors comprise the board of governors of Fundação Bradesco, which is the latter's highest decision making body.

Note.: Share ownership interests listed in this chart are shown irrespective of shares held in Treasury.

## 8.1 Description of the economic conglomerate

Cidade de Deus Participações, a holding company, directly owns 48.38% of voting capital and 24.20% of the total capital of Bradesco. Cidade de Deus Participações in turn is owned by the Aguiar Family, Fundação Bradesco and another holding company, Nova Cidade de Deus Participações S.A. referred to as "Nova Cidade de Deus". Nova Cidade de Deus is held by Fundação Bradesco and Elo Participações.

There have been no significant changes in the percentage holdings of any of the principal shareholders in the last five years.

### b. Subsidiaries and affiliates

Principal companies with direct and indirect holdings, included in consolidated financial statements.

#### Financial business by country

	<b>Business</b>
Alvorada Cartões, Crédito, Financiamento e Investimentos S.A.	Banking
Banco Alvorada S.A. (1)	Banking
Banco Bradesco Financiamentos S.A. (2)	Banking
Banco Bankpar S.A.	Banking
Banco Bradesco BBI S.A. (3)	Investment Bank
Banco Boavista Interatlântico S.A.	Banking
Bankpar Arrendamento Mercantil S.A.	Leasing
Banco Bradesco Cartões S.A.	Banking
Bradesco Administradora de Consórcios Ltda.	Managing purchasing group
Bradesco Leasing S.A. Arrendamento Mercantil	Leasing
Bradesco S.A. Corretora de Títulos e Valores Mobiliários	Broker/dealer
BRAM by Bradesco Asset Management S.A. DTVM	Asset management
Ágora Corretora de Títulos e Valores Mobiliários S.A.	Broker/dealer
Banco Ibi S.A. (4)	Banking
Cielo S.A. (5)(6)(7)(8)(9)(10)	Provision of services

#### Financial business by Foreign

Banco Bradesco Argentina S.A.	Banking
Banco Bradesco Luxembourg S.A.	Banking
Banco Bradesco S.A. Grand Cayman Branch (11)	Banking
Banco Bradesco New York Branch	Banking
Banco BMC S.A. Grand Cayman Branch (12)	Banking
Banco Bradesco S.A. Nassau Branch	Banking
Bradesco Securities, Inc.	Broker/dealer
Bradesco Securities, UK.	Broker/dealer

#### Insurance, pensions plans, and certificated savings plans business

Atlântica Capitalização S.A.	Certificated savings plan
Bradesco Argentina de Seguros S.A.	Insurance
Bradesco Auto/RE Companhia de Seguros	Insurance
Bradesco Capitalização S.A.	Certificated savings plan
Bradesco Saúde S.A.	Insurance / health

Bradesco Dental S.A. (13)

Insurance / dental health

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**8.1 Description of the economic conglomerate**

OdontoPrev S.A. (14)	Insurance / dental health	43.50%	-	-
Bradesco Seguros S.A.	Insurance	100.00%	100.00%	100.00%
Bradesco Vida e Previdência S.A.	Pensions/insurance	100.00%	100.00%	100.00%
Atlântica Companhia de Seguros	Insurance	100.00%	100.00%	100.00%
<b>Other business</b>				
Átria Participações Ltda.	Holding	100.00%	100.00%	100.00%
Andorra Holdings Ltda.	Holding	54.01%	54.01%	54.01%
Bradescor Corretora de Seguros Ltda.	Insurance Broker	100.00%	100.00%	100.00%
Bradesplan Participações Ltda.	Holding	100.00%	100.00%	100.00%
Cia. Securitizadora de Créditos Financeiros Rubi	Acquisition of credit receivables	100.00%	100.00%	100.00%
CPM Holdings Limited (7)	Holding	49.00%	49.00%	49.00%
Columbus Holdings S.A.	Holding	100.00%	100.00%	-
Nova Paiol Participações S.A.	Holding	100.00%	100.00%	100.00%
Scopus Tecnologia Ltda.	Information Technology	100.00%	100.00%	100.00%
Tempo Serviços Ltda.	Provision of services	100.00%	100.00%	100.00%
União Participações Ltda.	Holding	100.00%	100.00%	100.00%

- (1) Holding increased due to fully subscribed capital increase in April 2009;
- (2) Current name of Banco Finasa BMC S.A.;
- (3) Holding increased due to fully subscribed capital increase in December 2009;
- (4) Company acquired October 2009;
- (5) Companies whose auditing services were provided by other independent auditors in 2008;
- (6) Companies whose auditing services were provided by other independent auditors in 2009;
- (7) Companies consolidated proportionally pursuant CMN Resolution No. 2,723/00 and CVM Instruction No. 247/96;
- (8) Reduction in holding due to partial disposal in June and July 2009;
- (9) Consolidating the specific purpose company *Brazilian Merchant Voucher Receivables Limited*, which was used for securitization of future inflows of credit-card receivables for customers resident abroad;
- (10) Current name of Companhia Brasileira de Meios de Pagamento ☐ Visanet;
- (11) Consolidating the specific purpose company *International Diversified Payment Rights Company*, which was used in securitization of future inflows of payment orders received from abroad
- (12) Branch absorbed by Banco Bradesco S.A. Grand Cayman Branch ☐ March 2009;
- (13) Company absorbed by OdontoPrev October 2009; and
- (14) Holding received for absorption of Bradesco Dental S.A., in October 2009.

**c. Issuer's holdings in the group of companies**

Banco Bradesco holdings in group companies are listed in item 8.1.□b□.

**d. Holdings of the group's companies in the issuer**

No group company has a holding in Banco Bradesco.

**e. Companies under common control**

The following companies are under common control: Cielo S.A., OdontoPrev S.A. and CPM Holdings Limited □ as listed in item 8.1.□b□.



**8.2 ☐ Organizational structure of the conglomerate**

**8.2. Should the issuer so wish, insert a chart for the conglomerate with the issuer included, as long as it is compatible with the data shown in item 8.1.**

See items 8.1.a and 8.1.b of this reference form.

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### **8.3 ☐ Restructuring operations**

#### **Reasons for not filling out table:**

In the fiscal years 2007, 2008 and 2009 there were no restructuring operations in the conglomerate having significant effects for the company.

#### **8.4 ☐ Other material information**

There is no further information that we believe to be significant.

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**9.1 ☐ Significant noncurrent assets ☐ other**

There are no other significant non-current assets that have not been disclosed in this item.

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**9.1 Significant non-current asset items / 9.1.a Fixed assets**

<b>Description of real estate asset</b>	<b>Country</b>	<b>location</b>	<b>State</b>	<b>location</b>	<b>Municipality</b>	<b>location</b>
Head office Cidade de Deus	Brazil		SP		Osasco	
Alphaville center	Brazil		SP		Barueri	
Administrative center	Brazil		AM		Manaus	

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**9.1 ☐ Significant non-current asset items / 9.1.b ☐ Patents, trademarks, licenses, concessions, franchises and technology transfer agreements**

**Reasons for not filling out table:**

There are no significant non-current assets for the development of Bradesco's business that are covered by this item.

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**9.1 Significant non-current asset items / 9.1.c Equity holdings**

<b>Business name</b>	<b>Corporate Tax No. (CNPJ)</b>	<b>CVM code of No. company</b>	<b>Type of company</b>	<b>Country</b>	<b>State head office</b>	<b>Municipality of business developed</b>	<b>Description of interest (%)</b>
Banco Bradesco BBI S.A.	06.271.464/0001-19	-	Subsidiary	Brazil	SP	Osasco	Investment Bank 98.350000
<b>Fiscal year</b>	<b>Book value %</b>	<b>variation</b>	<b>Market value</b>	<b>Dividends received (BRL)</b>	<b>Date</b>	<b>Amount (BRL)</b>	
<b>12/31/2009</b>	15.000000	000000	000000	397.70	12/31/2009	15,203,074,000.00	
<b>12/31/2008</b>	259.900000	000000	000000	603.57			
<b>12/31/2007</b>	18.300000	000000	000000	0.00			
<b>Reasons for acquiring and holding this interest</b>							
The company is part of Organização Bradesco's strategy and was founded to consolidate, provide focus and develop new niches in business related to local and international capital markets.							
Banco Bradesco Cartões S.A.	59.438.325/0001-01	-	Subsidiary	Brazil	SP	Osasco	Banking 100.000000
<b>12/31/2009</b>	30.400000	000000	000000	0.00	12/31/2009	17,459,777,000.00	
<b>12/31/2008</b>	98.100000	000000	000000	535.03			
<b>12/31/2007</b>	0.000000	000000	000000	0.00			
<b>Reasons for acquiring and holding this interest</b>							
The company is part of Organização Bradesco's strategy and was founded to consolidate, centralize and develop focus in credit card related business.							
Banco Bradesco Financiamentos S.A.	07.207.996/001-50	-	Subsidiary	Brazil	SP	Osasco	Banking 100.000000
<b>12/31/2009</b>	3.100000	000000	000000	588.79	12/31/2009	23,029,636,000.00	
<b>12/31/2008</b>	0.000000	000000	000000	0.00			
<b>12/31/2007</b>	0.000000	000000	000000	0.00			
<b>Reasons for acquiring and holding this interest</b>							
The company is part of Organização Bradesco's strategy and its principal business is vehicles loans and leasing for Organização Bradesco customers and non-customers.							
	52.568.821/0001-22-	-	Subsidiary	Brazil	SP	Osasco	100.000000

Bradesco  
Administradora  
de Consórcios  
Ltda.

Managing  
purchasing  
groups  
(consortiums)

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**9.1 Significant non-current asset items / 9.1.c Equity holdings**

Business name	Corporate Tax No. (CNPJ)	CVM code No.	Type of company	Country	State head office	Municipality	Description of business developed	Owner interest (%)
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Fiscal year	Book value	variation	Market value	Dividends received	Date	Amount (BRL)
12/31/2009	10.300000	0.687	936.74	0.00	12/31/2009	106,000.00
12/31/2008	62.200000	0.000	0,000.00	0.00		
12/31/2007	47.800000	0.054	8,753.64	0.00		

**Market value****Reasons for acquiring and holding this interest**

The company is part of Organização Bradesco's strategy and its business is managing buying plans (consortiums) in the housing, automobiles, trucks and tractor segments.

Bradesco Auto/RE Companhia de Seguros	92.682.038/0001-00-	Subsidiária	Brazil	RJ	Rio de Janeiro	Casualty and personal insurance of all types in accordance with current legislation.	100.000000
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**Market value**

12/31/2009	8.300000	0.000	0.00	0.00	12/31/2009	208,911,000.00
12/31/2008	576.000000	0.000	0.00	0.00		
12/31/2007	-78.200000	0.000	0.00	0.00		

**Reasons for acquiring and holding this interest**

The company complements Organização Bradesco's core business by acting in automobile and non-life insurance.

Bradesco Capitalização S.A.	33.010.851/0001-74-	Subsidiária	Brazil	SP	São Paulo	All transactions allowed certificated savings plans companies under current legal and regulatory	100.000000
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provisions.

**Market  
value**

<b>12/31/2009</b>	97.2000000000	0.00	<b>Book value</b>	12/31/2009	225,000.00
<b>12/31/2008</b>	-58.9000000000	0.00			
<b>12/31/2007</b>	51.7000000000	0.00			

**Reasons for acquiring and holding this interest**

The company complements Organização Bradesco's core business by acting in the certificated savings plans segment.

Bradesco 47.509.120/0001-821964-5 Subsidiary Brazil SP Osasco Leasing 100.000000 Leasing S.A.

□  
Arrendamento  
Mercantil

**9.1 Significant non-current asset items / 9.1.c Equity holdings**

<b>Business name</b>	<b>Corporate Tax No. (CNPJ)</b>	<b>CVM Type code of No. company</b>	<b>Country</b>	<b>State head office</b>	<b>Municipality of business developed</b>	<b>Description of interest (%)</b>
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<b>Fiscal year</b>	<b>Book value %</b>	<b>variation %</b>	<b>Market value (BRL)</b>	<b>Dividends received (BRL)</b>	<b>Date</b>	<b>Amount (BRL)</b>
<b>12/31/2009</b>	9.3000	0.000000	0.00	0.00	<b>Market value</b>	<b>Book value</b> 12/31/2009, 150,000.00
<b>12/31/2008</b>	18.0000	0.000000	0.00	0.00		
<b>12/31/2007</b>	8.7000	0.000000	0.00	0.00		

**Reasons for acquiring and holding this interest**

The company is part of Organização Bradesco's strategy and acts in the leasing segment.

Bradesco Saúde S.A.	92.693.118/0001-60-	Subsidiary	Brazil	RJ	Rio de Janeiro	Private insurance exclusively in the health care business of all types as defined in current legislation.	100.000000
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<b>Fiscal year</b>	<b>Book value %</b>	<b>variation %</b>	<b>Market value (BRL)</b>	<b>Dividends received (BRL)</b>	<b>Date</b>	<b>Amount (BRL)</b>
<b>12/31/2009</b>	15.2000	0.000000	0.00	0.00	<b>Market value</b>	<b>Book value</b> 12/31/2009, 208,000.00
<b>12/31/2008</b>	23.0000	0.000000	0.00	0.00		
<b>12/31/2007</b>	1.9000	0.000000	0.00	0.00		

**Reasons for acquiring and holding this interest**

The company complements Organização Bradesco's core business by acting in health insurance.

Bradesco Seguros S.A.	33.055.146/0001-93-	Subsidiary	Brazil	SP	São Paulo	Casualty and personal insurance of all types in accordance with current legislation.	100.000000
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**Market value**

<b>12/31/2009</b>	70.2000000000	0.00	<b>Book value</b>	12/31/2009	1,822,000.00
<b>12/31/2008</b>	-40.3000000000	0.00			
<b>12/31/2007</b>	0.0000000000	0.00			

**Reasons for acquiring and holding this interest**

The company complements Organização Bradesco's core business by acting in insurance.

Bradesco	51.990.695/0001-37-	Subsidiária	Brazil	SP	Osasco	Life	100.000000
Vida e						insurance	
Previdência						of all	
S.A.						types,	
						personal	
						insurance,	
						and	
						open	
						pension	
						plans.	

**9.1 Significant non-current asset items / 9.1.c Equity holdings**

<b>Business name</b>	<b>Corporate Tax No. (CNPJ)</b>	<b>CVM Type code of No. company</b>	<b>Country</b>	<b>State head office</b>	<b>Municipality of business developed</b>	<b>Description of interest (%)</b>
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<b>Fiscal year</b>	<b>Book value %</b>	<b>variation</b>	<b>Market value (BRL) variation %</b>	<b>Dividends received (BRL)</b>	<b>Date</b>	<b>Amount (BRL)</b>
<b>12/31/2009</b>	96.2000	000000	0.00	0.00	<b>12/31/2009</b>	<b>99,462,000.00</b>
<b>12/31/2008</b>	-54.1000	000000	0.00	0.00		
<b>12/31/2007</b>	90.2000	000000	0.00	0.00		

**Reasons for acquiring and holding this interest**

The company complements Organização Bradesco's core business by acting in private pensions and insurance.

Bradseg Participações Ltda. 02.863.655/0001-19- Subsidiary Brazil SP Osasco Insurance 100.000000

<b>Fiscal year</b>	<b>Book value</b>	<b>variation</b>	<b>Market value</b>	<b>Dividends received</b>	<b>Date</b>	<b>Amount</b>
<b>12/31/2009</b>	27.1000	000,000	0.00	0.00	<b>12/31/2009</b>	<b>1,771,000.00</b>
<b>12/31/2008</b>	0.0000	000,990,737.76	0.00	0.00		
<b>12/31/2007</b>	0.0000	000000	0.00	0.00		

**Reasons for acquiring and holding this interest**

Subsidiary founded to centralize interests in the insurance and certificated savings plans businesses.

**9.2 ☐ Other material information**

There is no further information that we believe to be significant.

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## **10.1 □ General financial and equity conditions**

### **a) general financial and equity conditions**

#### **• 2007**

In 2007, Brazil's GDP grew 6.1% and the Brazilian real appreciated 17.1% against the dollar to reach R\$ 1.7713 per R\$ 1.00 on December 31, 2007 against R\$ 2.1380 per R\$ 1.00 on December 31, 2006. The Central Bank gradually cut the interest rate in the course of 2007, from 13.25% in December 2006 to 11.25% in December 2007.

The year 2007 was marked by severe turbulence and much volatility on international markets. Uncertainties were magnified by the impact of the housing loans crisis in the United States and Europe on emerging economies such as Brazil, which were holding up well and relatively comfortable. Even in this turbulent environment, Brazil was upgraded by Moody's, which rated it just one level from investment grade. Despite uncertainties over the extent of the global slowdown already underway, commodities exported by Brazil continued to be influenced mainly by strong demand from China and other developing countries. The Brazilian economy posted a very satisfactory growth rate of over 5% in 2007. The basis of this growth was business and consumer confidence in light of a favorable job market with inflation remaining stable.

Low inflation, social programs and in particular abundant credit were behind the growth of Brazil's retail trade at rates similar to those seen in Asia. Total bank lending amounted to around 33.4% of GDP in 2007, and delinquency remained under control at its historic level.

Net income for the year reached R\$ 8.010 billion, corresponding to R\$ 3.97 earnings per share and 31.44% annualized return on average equity. Annualized return on average total assets was 2.67%, against 2.17% the previous year. Consolidated total shareholders' equity totaled R\$ 30.357 billion and net total assets were R\$ 341.144 billion.

Based on the strategy of making credit more widely available and continued expansion and diversification of the offer of credit through its extensive network of branches, points of service, postal banks and its 0800 Credit Call Center, Bradesco drove volume through direct lending and partnerships with market agents, and other forms of personal credit such as loans against payroll deduction.

- The end-year balance of consolidated loans rose 57.71% in the period to R\$ 159.150 billion, including trade finance (advances on currency exchange contracts, or ACCs), guarantees and sureties, credit card receivables and leasing.
- The consolidated balance of provisions for doubtful debtors was R\$ 7.826 billion.

The Bank had 18.809 million account holders and accounted for 17.41% of the Brazilian savings and loan system (locally SBPE).

Total funding plus funds managed by Bradesco reached R\$ 482.971 billion at the end of the year, showing an increase of 24.93% on the previous year, consisting of:

- R\$ 171.957 billion in demand deposits, time deposits, interbank and other deposits, open market and savings accounts;
- R\$ 177.486 billion in assets under management, including mutual funds, managed portfolios and shares or units in third-party funds, showing growth of 20.65% on the same period of the previous year;



## 10.1 □ General financial and equity conditions

- R\$ 69.473 billion in the forex portfolio, borrowings and onlending loans, own working capital, collection and payment of taxes and other similar contributions, proceeds from issues of subordinated debt securities in Brazil and other funding;
- R\$ 58.526 billion in actuarial provisions for insurance, open pension plans and certificated savings plans, which was 19.13% up on the previous year; and
- R\$ 5.529 billion in external funding from public and private issues, subordinated debt, and securitized future financial flows (US\$ 3.121 billion).

### • 2008

In 2008, GDP grew 5.1% and the Brazilian real depreciated 31.9% against the dollar to reach R\$ 2.3370 per US\$ 1.00 on December 31, 2008, against R\$ 1.7713 per US\$ 1.00 on December 31, 2007. The Central Bank gradually raised the benchmark interest rate from 11.25% in December 2007 to 13.75% in December 2008.

Fiscal year 2008 was marked by a turning point in the cycle of robust global growth after the period of many structural changes that had started in 2004 and favored developing countries such as Brazil. This turnaround saw the emergence of the most severe crisis of the last 70 years, characterized primarily by a pronounced process of de-leveraging that became more acute from September onwards and affected various interconnected markets. The main consequences of this process were financial volatility and instability in the banking systems of many countries, credit restrictions and reduced capital flows, changing quotations for asset and commodity prices, and higher levels of risk aversion.

Despite the unfavorable international context, the Brazilian economy behaved well for most of the year, and for the second consecutive year growth reached around 5%. Household consumption and investment continued to act as the main drivers for economic growth, favored by a mood of greater consumer and business confidence, with credit and income rising too. Inflationary pressures due to a mismatch between demand and supply □ potentiated by high commodity prices until mid-year □ led to monetary tightening as a response, which played a decisive part in Brazil's avoidance of the high rates of inflation experienced by several other countries. In this environment, Brazil obtained much sought after investment grade rating in the first half-year, in a highly volatile period on global markets. Another highlight was the strong inflow of foreign direct investment (FDI), which reached US\$ 40 billion for the first time in history.

Net income for the fiscal year was R\$ 7.620 billion, corresponding to R\$ 2.48 per share and an annualized return of 23.76% on average equity. Annualized return on average total assets was 1.93%, against 2.67% the previous year. Consolidated total shareholders' equity totaled R\$ 34.257 billion and net total assets were R\$ 454.413 billion.

The increased volume of Bradesco's loans, through both direct loans and partnerships with market agents, and other lines of personal credit, such as loans made against payroll deductions, was based on the strategy of democratizing credit and the continued expansion and diversification of the credit offering through the extensive branch network, points of

service and postal bank outlets, as well as various alternative channels such as ATMs, round the clock services (Autoatendimento Bradesco Dia & Noite), Internet Banking, telephone services (Fone Fácil), mobile phone banking (Bradesco Celular), and the 0800 credit call center.

## 10.1 **General financial and equity conditions**

- The end-year balance for consolidated loans rose 34.21% in the period to R\$ 213.602 billion, including trade finance (advances on currency exchange contracts, or ACCs), guarantees and sureties, credit card receivables and leasing.
- The consolidated balance of provisions for doubtful debtors was R\$ 10.263 billion.

The Bank had 20.081 million account-holder customers and an 18.00% share of Brazil's savings and loan system (SBPE).

At the end of the period, Bradesco's total funding and funds under management reached R\$ 597.615 billion, showing an increase of 23.74% on the previous year, broken down as follows:

- R\$ 244.470 billion in demand deposits, time deposits, interbank and other deposits, open market and savings accounts;
- R\$ 187.151 billion in assets under management, including mutual funds, managed portfolios and shares or units in third-party funds, showing growth of 5.45% on the same period of the previous year;
- R\$ 92.944 billion recorded in the forex portfolio, lending and onlending, own working capital, collection and payment of taxes and other similar contributions, proceeds from issues of subordinated debt securities in Brazil and other funding;
- R\$ 64.587 billion in actuarial provisions for insurance, open pension plans and certificated savings plans, which was 10.36% up on the previous year; and
- R\$ 8.463 billion in foreign borrowing through public and private issues, subordinated debt, and securitized future financial flows (US\$ 3.621 billion).

### • **2009**

In 2009, the Brazilian real appreciated 25.5% against the dollar to reach R\$ 1.7412 per R\$ 1.00 on December 31, 2009 against R\$ 2.3370 per US\$ 1.00 on December 31, 2008. The Central Bank gradually cut the basic interest rate from 13.75% in December 2008 to 8.75% in December 2009.

There were very pessimistic assessments for the world economy at the beginning of 2009, but the year ended with consistent signs of recovery, although the pace differed from one country to another. Certain significant uncertainties remain in the developed world, where adjustments underway will mean consumption growing more slowly than in recent years. At the same time, the outlook points to challenges related to the extent of fiscal deterioration observed in these countries as part of their counter-cyclical response to the risk of economic depression.

Brazil tackled the challenges posed by the crisis and coped very well. Using its room for maneuver to introduce counter cyclical policies, the main component of GDP (household consumption) grew slowly and did not follow its historical pattern of retreating during periods

of great turbulence. The contraction in investment □ which temporarily halted the growth cycle of the previous five years □ unequivocally pointed to a change □ with high capacity utilization, a favorable outlook for domestic demand and opportunities created by the World Cup and the Olympics, as well as new offshore oil reserves in the pre-salt layer. Brazil is now emerging as one of the leading foreign direct investment targets for global companies.

Net income was R\$ 8.012 billion in the year, corresponding to R\$ 2.34 per share and of 21.41% annualized return on average shareholders' equity. Annualized return on average total assets was 1.66%, against 1.93% the previous year. Consolidated net shareholders' equity totaled R\$ 41.754 billion and the total balance of assets R\$ 506.223 billion.

## 10.1 **General financial and equity conditions**

Based on its strategy of democratizing credit and continuing expansion and diversification of its credit offerings, Bradesco stepped up its volume of lending both directly and through partnerships with market agents, and through other lines of personal credit, such as loans against payroll or paycheck deductions, through its extensive branch network, other points of service and post-office banking, in addition to the 0800 credit call center.

- The end-year balance for consolidated lending rose 6.78% in the period to R\$ 228.078 billion, including trade finance (advances on currency exchange contracts, or ACCs), guarantees and sureties, credit card receivables and leasing.
- The consolidated balance of doubtful debtor provision was R\$ 16.313 billion.

In all, the Bank has 20.910 million account holders and accounts for 17.73% of the Brazilian savings and loans system (SBPE).

At the end of the year, the total amount of funding and managed assets reached R\$ 702.065 billion, which was 17.48% higher than the previous year, consisting of:

- R\$ 284.346 billion in demand deposits, time deposits, interbank and other deposits, open market and savings accounts;
- R\$ 247.700 billion in assets under management, including mutual funds, managed portfolios and shares or units in third-party funds, showing growth of 32.35% on the same period of the previous year;
- R\$ 86.411 billion in the forex portfolio, lending and onlending, own working capital, collection and payment of taxes and other similar contributions, proceeds from issues of subordinated debt securities in Brazil and other funding;
- R\$ 75.572 billion in actuarial provisions for insurance, open pension plans and certificated savings plans accounts, which was 17.01% up on the previous year;
- R\$ 8.036 billion in external funding through public and private issues, subordinated debt, and securitized future financial flows (US\$ 4.615 billion).

### **b) capital structure and possibility of redemption of shares or units, stating: i) cases in which redemption is possible; ii) formula used to calculate redemption value**

There are no possible cases of redemption of the Company's shares other than those legally stipulated

### **c) ability to repay financial commitments**

Bradesco is fully capable of repaying all its financial commitments since it conducts a daily review of its policy of managing assets and liabilities in order to ensure sufficient liquidity for withdrawals, deposits, paying off other obligations on falling due, extending loans or other

forms of credit to its customers, and meeting its own needs for working capital for investment purposes. The following data show assets and liabilities grouped by maturity/due date.

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**10.1 □ General financial and equity conditions****We submit our balance of assets by due date**

	<b>1 to 30 days</b>	<b>31 to 180 days</b>	<b>181 to 360 days</b>	<b>Over 360 days</b>	<b>Term indefinite</b>	<b>R\$ '000 Total</b>
<b>Assets</b>						
<b>Current and long-term receivables</b>	<b>264,892,023</b>	<b>73,763,685</b>	<b>34,218,838</b>	<b>123,153,749</b>		<b>496,028,295</b>
Cash and due from banks	6,946,563	-	-	-	-	6,946,563
Interbank investments	84,014,995	23,461,341	2,243,038	1,077,439		110,796,813
Securities and derivative financial instruments (1)	112,399,041	1,183,473	2,741,485	30,294,736		146,618,735
Interbank and Interdepartmental accounts	18,235,972	686	836	485,722		-18,723,216
Loans and leasing	20,210,533	41,689,940	25,109,483	70,448,288		157,458,244
Other receivables and other assets	23,084,919	7,428,245	4,123,996	20,847,564		-55,484,724
<b>Permanent assets</b>	<b>185,160</b>	<b>885,043</b>	<b>844,144</b>	<b>6,673,399</b>	<b>1,607,051</b>	<b>10,194,797</b>
Investments	-	-	-	-	1,260,819	1,260,819
Premises and equipment and leased assets	49,782	248,911	298,693	2,474,336	346,232	3,417,954
Intangible assets	135,378	636,132	545,451	4,199,063	-	5,516,024
<b>Total on December 31, 2009</b>	<b>265,077,183</b>	<b>74,648,728</b>	<b>35,062,982</b>	<b>129,827,148</b>	<b>1,607,051</b>	<b>506,223,092</b>
<b>Total on December 31, 2008</b>	<b>251,683,627</b>	<b>52,258,067</b>	<b>41,822,570</b>	<b>107,188,414</b>	<b>1,460,305</b>	<b>454,413,043</b>
<b>Total on December 31, 2007</b>	<b>189,906,595</b>	<b>43,838,132</b>	<b>26,843,510</b>	<b>79,534,348</b>	<b>1,021,179</b>	<b>311,143,764</b>
<b>Liabilities</b>						
<b>Current and long-term liabilities</b>	<b>243,666,788</b>	<b>23,845,786</b>	<b>31,095,923</b>	<b>164,220,184</b>	<b>522,306</b>	<b>463,351,041</b>
Deposits (2)	83,561,376	9,372,739	11,547,447	66,591,522		171,073,084

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Federal funds purchased and securities sold under agreements to repurchase	74,550,284	3,395,355	8,644,541	26,682,866		113,273,046
Proceeds from issuing securities	402,172	897,707	2,067,772	4,114,933		- 7,482,584
Interbank and Interdepartmental accounts	2,950,154	-	-	-		- 2,950,154
Borrowings and onlendings	2,330,397	6,612,478	5,262,746	13,122,115		-27,327,736
Derivative financial instruments	183,601	101,867	149,707	96,019		- 531,194
Technical provisions for insurance, pensions plans and certificated savings plans (2)	54,785,150	1,689,198	1,015,251	18,082,322		-75,571,921
Other liabilities:						
□ Subordinated debt	79,980	172,026	68,454	22,261,157	522,360	23,103,977
□ Other	24,823,674	1,604,416	2,340,005	13,269,250		-42,037,345
<b>Deferred income</b>	<b>320,625</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>- 320,625</b>
<b>Minority interest in subsidiaries</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>797,675</b>	<b>797,675</b>
<b>Shareholders equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-41,753,751</b>	<b>41,753,751</b>	<b>-</b>
<b>Total on December 31, 2009</b>	<b>243,987,413</b>	<b>23,845,786</b>	<b>31,095,923</b>	<b>164,220,184</b>	<b>43,073,780</b>	<b>66,223,092</b>
<b>Total on December 31, 2008</b>	<b>200,022,806</b>	<b>23,944,909</b>	<b>24,780,135</b>	<b>170,381,210</b>	<b>35,283,983</b>	<b>34,413,043</b>
<b>Total on December 31, 2007</b>	<b>169,937,636</b>	<b>23,258,815</b>	<b>20,399,023</b>	<b>96,453,686</b>	<b>31,094,604</b>	<b>41,143,764</b>
<b>Cumulative net assets on December 31, 2009</b>	<b>21,089,770</b>	<b>71,892,712</b>	<b>75,859,771</b>	<b>41,466,735</b>	<b>-</b>	<b>-</b>
<b>Cumulative net assets on December 31,</b>	<b>51,660,821</b>	<b>179,973,979</b>	<b>97,016,414</b>	<b>33,823,618</b>	<b>-</b>	<b>-</b>



**2008**

<b>Cumulative net assets on December 31, 2007</b>	<b>19,968,959</b>	<b>40,548,276</b>	<b>46,992,763</b>	<b>30,073,425</b>	-	-
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- (1) Applications in investment funds are rated 1 - 30 days; and
- (2) Sight deposits, savings accounts and technical provisions for insurance, pensions plans and certificated savings plans, represented by the "VGBL" and "PGBL" products are rated as 1 -30 days term, irrespective of the historic average turnover.

**10.1 ☐ General financial and equity conditions****Subordinated debt ☐ 2008**

				R\$ '000	
<b>Stock</b>	<b>Issue</b>	<b>Value of transaction</b>	<b>Due Remuneration</b>	008	007
<b>Brazil:</b>					
CDB subordinated	Mar/02	528,550	2012100.0% of DI rate ☐ Cetip	1,491,106	1,326,962
CDB subordinated	June/2002	41,201	2012100.0% of CDI rate + 0,75% p.a.	118,116	104,318
CDB subordinated	Oct/2002	200,000	2012102.5% of CDI rate	523,332	464,367
CDB subordinated	Oct/2002	500,000	2012100.0% of CDI rate + 0,87% p.a.	1,348,412	1,189,455
CDB subordinated	Oct/2002	33,500	2012101.5% of CDI rate	86,707	77,028
CDB subordinated	Oct/2002	65,150	2012101.0% of CDI rate	167,425	148,821
CDB subordinated	Nov/02	66,550	2012101.0% of CDI rate	170,618	151,659
CDB subordinated	Nov/02	134,800	2012101.5% of CDI rate	346,449	307,773
CDB subordinated	Jan/06	1,000,000	2011104.0% of CDI rate	1,448,262	1,282,838
CDB subordinated	Feb/2006	1,171,022	2011104.0% of CDI rate	1,681,976	1,489,856
CDB subordinated	Mar/06	710,000	2011104.0% of CDI rate	1,005,496	890,645
CDB subordinated	June/2006	1,100,000	2011103.0% of CDI rate	1,488,845	1,320,323
CDB subordinated	Jul/06	13,000	2011102.5% of CDI rate	17,537	15,561
CDB subordinated	Jul/06	505,000	2011103.0% of CDI rate	680,211	603,219
CDB subordinated	Aug/2006	5,000	2011102.5% of CDI rate	6,652	5,903
CDB subordinated	May/2007	995,978	2012103.0% of CDI rate	1,206,822	1,070,223
CDB subordinated	Oct/2007	13,795	2012100.0% of CDI rate + 0.344% p.a.	15,891	14,092
CDB subordinated	Oct/2007	110,000	2012103.0% of CDI rate + (7.102% p.a. to 7.367% p.a.)	128,311	112,319
CDB subordinated	Nov/07	390,000	2012	445,894	395,426

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CDB subordinated	Nov/07	164,000	2012	100.0% of CDI rate + 0.344% p.a. IPCA + (7.446% p.a. to 7.593% p.a.)	190,772	166,912
CDB subordinated	Dec/2007	1,552,500	2012	100.0% of DCI rate + 0.344% p.a.	1,758,841	1,557,446
CDB subordinated	Dec/2007	10,000	2012	IPCA + 7.632% p.a.	11,559	10,116
CDB subordinated	Jan/08	30,000	2012	100.0% of DCI rate + 0.344% p.a.	33,713	-
CDB subordinated	Feb/2008	85,000	2012	IPCA + (7.44% p.a. and 7.897% p.a.)	95,386	-
CDB subordinated	Feb/2008	200,000	2012	100.0% of CDI rate + 0.4914% p.a.	222,843	-
CDB subordinated	April/2008	20,000	2013	IPCA + 7.90% p.a.	22,048	-
CDB subordinated	May/2008	10,000	2013	IPCA + 8.20% p.a.	10,927	-
CDB subordinated	Jul/08	230,000	2013	100.0% of CDI rate + 1.0817% p.a.	245,864	-
CDB subordinated	Nov/08	1,000,000	2014	112.0% of CDI rate	1,018,009	-
Subordinated debentures	Sept/2001	300,000	2008	100.0% of CDI rate + 0.75% p.a.	-	310,950
Subordinated debentures	Nov/01	300,000	2008	100.0% of CDI rate + 0.75% p.a.	-	305,284
<b>Subtotal □ Brazil</b>		<b>11,485,046</b>			<b>15,988,024</b>	<b>13,321,496</b>
<b>Abroad:</b>						
Subordinated debt (dollar)	Dec/2001	353,700	2011	Rate of 10.25% p.a.	350,356	265,087
Subordinated debt (yen)(1)	April/2002	315,186	2012	Rate of 4.05% p.a.	317,826	241,092
Subordinated debt (dollar)	Oct/2003	1,434,750	2013	Rate of 8.75% p.a.	1,182,936	895,867
Subordinated debt (euro)	April/2004	801,927	2014	Rate of 8.0% p.a.	735,689	591,864
Subordinated debt (dollar)(2)	jun/05	720,870		-Rate of 8.875% p.a.	705,940	535,058
Issuing costs over fundings (3)	-	-	-	-	(32,205)	(32,232)
<b>Subtotal □ abroad</b>		<b>3,626,433</b>			<b>3,260,542</b>	<b>2,496,736</b>
<b>Grand total</b>		<b>15,111,479</b>			<b>19,248,566</b>	<b>15,818,232</b>



**10.1 ☐ General financial and equity conditions**

- (1) Including "swap" cost for the dollar, the rate rises to 10.15% per annum;
- (2) Perpetual subordinate debt in the amount of US\$ 300,000,000 issued June 2005 with an exclusive total redemption option for the issuer through authorization from the Central Bank, on condition of it being: (i) five years after issue date and then each due date for interest charges; or (ii) at any time if there is a legal alteration in Brazil or abroad that may cause added costs for issuer and if the latter is notified in writing by the Central Bank that the securities may no longer be included in consolidated capital for the purpose of calculating its solvency ratio; and
- (3) Pursuant CVM Instruction No. 556 and CPC No. 08, expenses associated with borrowings are shown as deductions from the latter and accrued to income depending on the term of the transaction.

**Subordinated debt ☐ 2009**

						R\$ '000
Due	Original term ☐ years	Value of transaction	Currency	Remuneration	2009	2008
<b>Brazil:</b>						
Subordinate CDB:						
2011	5	4,504,022	R\$	102.5% ☐ 104.0% of CDI rate	6,979,342	6,328,979
2012	5	3,236,273	R\$	103.0% of CDI rate or 100.0% of CDI rate + 0.344% p.a. or IPCA + (7.102% p.a. ☐ 7.632% p.a.)	4,152,514	3,758,090
2013	5	575,000	R\$	100.0% of CDI rate + (0.344% p.a. ☐ 0.87% p.a.) or IPCA + (7.44% p.a. ☐ 8.20% p.a.)	700,900	630,781

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2014	6	1,000,000	R\$	112.0% of CDI rate	1,131,496	1,018,009
2015	6	1,294,696	R\$	108.0% and 112.0% of CDI rate or		-
2012	10	1,569,751	R\$	IPCA + (6.92% p.a. □ 8.70% p.a.) 100.0% of DI rate □ CETIP or 100.0% of CDI rate + (0.75% p.a. □ 0.87% p.a.) or	1,364,642	
				101.0% □ 102.5% of CDI rate	4,689,431	4,252,165
Related to loan transaction (3)						
2009 to 2013	2 to 5	1,913	R\$	100.0% □ 106.0% of CDI rate or	2,368	2,466
2009 to 2011	up to 2	289,059	R\$			
				Rate from 8,29% to 14,88% p.a.	304,003	435,630
<b>Subtotal □</b>		<b>12,470,714</b>			<b>19,324,696</b>	<b>16,426,120</b>
<b>Brazil</b>						
<b>Abroad:</b>						
2011	10	353,700	US\$	Rate 10.25% p.a.	261,487	350,356
2012 (1)	10	315,186	Yen	Rate 4.05% p.a.	236,799	317,826
2013	10	1,434,750	US\$	Rate 8.75% p.a.	882,067	1,182,936
2014	10	801,927	Euro	Rate 8.00% p.a.	570,412	735,689
Indefinite (2)		720,870	US\$	Rate 8.875% p.a.	525,966	705,940
2019	10	1,333,575	US\$	Rate 6.75% p.a.	1,328,427	-

Issuing costs over fundings		(25,877)	(32,205)
<b>Subtotal</b> □ <b>abroad</b>	<b>4,960,008</b>	<b>3,779,281</b>	<b>3,260,542</b>

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**10.1 □ General financial and equity conditions**

<b>Grand total</b>	<b>17,430,722</b>	<b>23,103,977</b>	<b>19,686,662</b>
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- (4) Including "swap" cost for the dollar, the rate rises to 10.15% per annum;
- (5) Perpetual subordinate debt in the amount of US\$ 300,000,000 issued June 2005 with an exclusive total redemption option for the issuer through authorization from the Central Bank, on condition of it being: (i) five years after issue date and then each due date for interest charges; or (ii) at any time if there is a legal alteration in Brazil or abroad that may cause added costs for issuer and if the latter is notified in writing by the Central Bank that the securities may no longer be included in consolidated capital for the purpose of calculating its solvency ratio; and
- (6) Refers to subordinated CDB transactions associated with loans that are not part of reference equity level II pursuant Circular No. 2,953/01.

**d) sources of financing used for working capital and for investment in non-current assets****e) sources of financing for working capital and investments in non-current assets to be used to cover liquidity shortfalls****f) levels of indebtedness and characteristics of debts, describing also: i) significant loan and financing agreements; ii) other long term relationships with financial institutions; iii) levels of subordination between debts**

- Principal sources of funding**

	<b>R\$ million</b>		
	<b>Dec/09</b>	<b>Dec/08</b>	<b>Dec/07</b>
Demand deposits + Investment account	35,663	28,612	29,420
Savings deposits	44,162	37,769	32,813
Time deposits	90,496	97,414	35,717
<b>Subtotal deposits</b>	<b>170,321</b>	<b>163,795</b>	<b>97,950</b>
Debentures	37,702	36,138	32,144
Loans and onlending	27,328	31,947	23,410
Proceeds from issuing securities	7,482	9,011	6,488
Subordinated debt	23,104	19,687	15,818
<b>Total</b>	<b>265,937</b>	<b>260,578</b>	<b>175,810</b>

- Liquidity and financing**

Central Bank requirements for compulsory deposits determine our minimum levels of liquidity. We periodically review our policies for managing assets and liabilities in order to ensure sufficient liquidity for withdrawals, deposits, paying off other obligations on falling due, extending loans or other forms of credit to our customers, and meeting our own needs for working capital for investment purposes.

Our Treasury department acts as a support center for our commercial segments, managing our liquidity and financing positions and fulfilling our investment objectives, in line with our policy for managing assets and liabilities. It is also responsible for setting fees for our products, including foreign exchange and interbank transactions. The Treasury department



covers any shortage of financing funds by borrowing in the interbank market in order to maximize efficient use of our deposit base, and invests any surplus in liquid instruments in the interbank market.

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## 10.1 **General financial and equity conditions**

We have used our excess liquidity to invest in government bonds and expect to continue to do so, subject to regulatory requirements and considerations for investments. Our main sources of funding are:

- demand deposits, savings and time deposits, also interbank deposits; and
- debentures, loans and onlending, proceeds from issues of securities and subordinated debt.

### • **Deposits**

Deposits are our most important source of funding. Our net deposits over the years have progressed as follows:

- in 2009, the balance of deposits rose around 4% on 2008, due primarily to an increase in demand deposits and savings; and
- in 2008, our balance of deposits rose around 67% on 2007, due primarily to an increase in time deposits.

Deposits accounted for approximately 64% of total liabilities on December 31, 2009. Our deposits basically consist of time deposits and savings denominated in Brazilian reais, which earn interest, and demand deposits, denominated in Brazilian reais, which do not pay interest. Our savings and demand deposits on December 31, 2009 rose on December 31, 2008 due to growth of our customer base. On December 31, 2008 we had approximately 20.1 million account holder customers and 35.8 million savings accounts, against 20.9 million account holder customers and 37.7 million savings accounts on December 31, 2009.

### • **Debentures**

The positive variation seen in 2009 and 2008 basically reflects: a) placements of these securities, which are used as collateral for repos; and b) higher interest rates charged on these transactions compared with time deposits, which have declined due to the return of liquidity to the market.

### • **Loans and onlending**

The variation in fiscal year 2008, compared with the 2007 balance, was due to the increased volume of loans and onlending internationally and in Brazil (mainly Finame and BNDES funds), influenced by the exchange rate variation of 31.9% in fiscal 2008, which impacted lending and onlending denominated in and/or indexed to foreign currencies.

On comparing 2009 to 2008 year on year, the reduction was due to: a) negative exchange rate variation of 25.5%, which directly impacted lending and onlending denominated in and/or indexed to foreign currency, partly offset by; b) the increased volume of funds for loans and onlending in Brazil, mainly through Finame and BNDES transactions.

- **Proceeds from issues of securities**

The variation in 2008 on 2007 was primarily due to: a) the increased volume of MT100 receivables notes securitizing future payment flows; b) funding through agribusiness credit notes; c) exchange rate variation of 31.9% in 2008; offset by: d) reduction in outstanding balance on debentures, repurchased from customers and redirected to repos; and e) reduced balance of MTN program issues.

Comparing 2009 with 2008, the reduction was mainly due to: a) exchange rate losses of 25.5%, which directly impacted MT100 notes; b) reduced proceeds from debentures due to repurchase from third parties in the second quarter of 2009; and offset by: c) more transaction with agribusiness credit notes.

## **10.1 ☐ General financial and equity conditions**

- **Subordinated debt**

Bradesco's subordinated debt totaled R\$ 23.104 billion (R\$ 3.779 billion other countries and R\$ 19.325 billion in Brazil) in December 2009.

In Brazil, in fiscal year 2009, we issued R\$ 1.295 billion in subordinated CDBs maturing in 2015. Internationally, Bradesco concluded its US\$ 750 million issue of subordinated notes. Note that only R\$ 10.951 billion of all our subordinated debt is used to calculate the Basel index, in light of the maturity for each subordinated debt issue. In 2008, we issued R\$ 1.575 billion in subordinated CDBs in Brazil.

- **Additional sources of liquidity**

In certain circumstances, we may obtain emergency funds from the Central Bank of Brazil through a transaction referred to as "rediscount". This is discount lending from the Central Bank to a financial institution backed by the latter's holdings of Federal Government bonds. The total amount of Federal Government of bonds held by a financial institution as "bonds to be traded" sets the limit for these transactions. Banco Bradesco did not undertake any such transaction for liquidity purposes.

**iv) any restrictions imposed on the issuer, in particular relating to limits on indebtedness and new borrowing, payment of dividends, disposal of assets, new issues of securities, and sale or transfer of corporate control**

No restrictions of this kind apply to Bradesco.

**g) limits on use of funding obtained**

- Minimum short-term liquidity limits are set by the guidelines issued by internal committees, the executive board and the board of directors. The purpose of these limits is to ensure sufficient liquidity and cover expected minimum requirements. Bradesco reviews these limits periodically, and projects cash requirements on this basis.

**h) significant alterations to the financial statement by item**

There are no significant alterations to items in the Organization's financial statements.

## 10.2 Operational and financial results

### a) results of issuer's operations, in particular: i) description of any major components of revenues; ii) factors that materially affect operating results.

The table below shows financial information for fiscal years ended December 31, 2009, December 31, 2008 and December 31, 2007. Note that we shall use management's statement of income to ensure better comprehension, comparability and analysis. For more information on details of management adjustments, we suggest consulting the Notice to the Market released 07.03.2009.

R\$ million	Management Income Statement		
	2009	2008	2007
<b>Financial margin (NIM)</b>	<b>29,730</b>	<b>23,143</b>	<b>20,375</b>
□ Interest	27,228	22,938	19,225
□ Non-interest	2,502	205	1,150
DD provision	(12,963)	(6,922)	(5,132)
<b>Gross income from intermediation</b>	<b>16,767</b>	<b>16,221</b>	<b>15,243</b>
Income from insurance, pension plans and certificated savings plans (*)	1,983	2,255	711
Fee and commission income	11,616	10,744	10,416
Personnel expenses	(7,967)	(7,390)	(6,774)
Other administrative expenses	(9,493)	(8,307)	(7,121)
Tax expenses	(2,535)	(2,230)	(2,416)
Income from interests in affiliates	200	136	42
Other operating income / expenses	(2,539)	(1,304)	(517)
<b>Operating income</b>	<b>8,032</b>	<b>10,125</b>	<b>9,584</b>
Non-operating income	2,570	263	69
IR / CS (taxes)	(2,566)	(2,729)	(2,432)
Minority interest	(24)	(34)	(11)
<b>Net income</b>	<b>8,012</b>	<b>7,625</b>	<b>7,210</b>

(\*) Income from insurance, pension plans and certificated savings plans = insurance premiums, pension plans and certificated savings plans □ variation in insurance and pensions technical provisions □ claims retained □ prize-draws and redemptions of certificated savings plans □ selling expenses for insurance, pensions and prize-draw certificated savings plans. In 2009, net income totaled R\$ 8.012 billion, and showed an increase of 5.1% or R\$ 387 million on the previous year, despite the negative impact of the economic downturn in the 1st half of 2009. Therefore, our return on average shareholders' equity (ROAE) reached 21.4%. Return on average assets (ROAA) in fiscal year 2009 was 1.7%.

Bradesco's net income for 2008 reached R\$ 7.625 billion, showing an increase of 5.8% on 2007. Therefore, our return on average shareholders' equity (ROAE) reached 23.8%. Return on average assets (ROAA) was 1.9% in 2008.

We shall proceed to comment on the main items that have influenced the results of the last three accounting periods:



## 10.2 Operational and financial results

- **Financial margin**

In 2009, our financial margin showed a 28.5% increase (R\$ 6.587 billion) on 2008 due to the following factors: a) an increase of R\$ 4.290 billion in income from interest-bearing transactions, basically due to growth in the average volume of business; and b) an increase in "non-interest" income in the amount of R\$ 2.297 billion, basically from higher gains from treasury/ securities.

In 2008, our financial margin rose R\$ 2.768 billion on 2007, basically due to: a) growth in income from interest-bearing transactions amounting to R\$ 3.713 billion; b) offset by a reduction in "non- interest" income in the amount of R\$ 945 million due to lower gains from treasury/securities due to the effects of volatility on world financial markets in the 2nd half of 2008.

- **Doubtful debtor provision**

In 2009, Doubtful debtor provision showed a variation of R\$ 6.041 million on 2008, mainly due to the need for adequate levels of provisioning in light of the weak performance of the economy, especially in the 1st half of 2009, and additional reinforcements for DDP.

In 2008, doubtful debtor provisions showed a variation of R\$ 1.790 million on 2007. The variation was substantially due to a 34.2% increase in loan volume in 2008. A highlight was the 24.6% increase in personal loans, especially "consumer finance," which by nature require higher volumes of provisioning.

- **Income from insurance, pension plans and certificated savings plans**

Net income for 2009 was R\$ 2.723 billion (against R\$ 2.648 billion in the same period of 2008), showing an annual return on stockholder equity of 27.1%.

Revenue for 2009 reached R\$ 26.3 billion, to show 13.8% growth on the same period of the previous year. Net income was up 2.8% on 2008, due to: a) higher financial income, despite lower interest rates; b) the net effect of payment of taxes under the program for dividing tax debts into installments (Law No. 11,941/09 (REFIS)); c) increased equity earnings, offset in part: d) by setting aside the above mentioned technical provisions; and e) the 6% increase in the rate of the social contribution on net profit (CSLL tax).

The Insurance group's net income in November 2009 accounted for 36.5% of net income of the entire Brazilian insurance market. (Source: Susep). The Insurance group's technical provisions accounted for 31.8% of those of the insurance market in November 2009, according to Susep and ANS data.

In 2008, the R\$ 1.543 billion variation on the previous year was basically due to: a) insurance transactions, R\$ 957 million, of which R\$ 855 million due mainly to the additional health insurance provision made in 2007; and b) pension plans, R\$ 540 million, due to increased volume of business.

- **Fee and commission income**

In 2009, revenues from services showed R\$ 872 million growth on the year 2008, mainly due to increased credit card segment transactions and an excellent performance from underwriting in the capital market, in addition to increased business and our customer-base growth of about 4.0% in the previous 12 months.

In 2008, growth on 2007 was mainly due to the increased volume of transactions. Highlights were increases in "Card Revenues" and "Fund Management", mitigated by lower levels from "Loans", due to the impact of tariff realignment and the end of the Credit Registration Fee (locally TAC) for personal loans in 2008.



## 10.2 Operational and financial results

- **Personnel expenses**

In 2009, there was an increase of R\$ 577 million on 2008, mainly due to: a) R\$ 505 million in the "structural" component, basically related to higher salaries and charges; and b) in "non-structural" component, the amount of R\$ 72 million basically for supplementary provision for the profit sharing program (locally PLR).

In 2008, personnel costs rose by R\$ 616 million from 2007, largely due to: a) growth in the number of points of service (from 29,982 in 2007 to 38,183 in 2008, which includes 3,359 branches) and consequent hiring of new staff (from 82,773 in 2007 to 86,622 in 2008) as well as higher salaries under collective bargaining agreements in 2007 (6%), plus benefits and other items, amounting to R\$ 439 million and the 2008 collective bargaining agreement (8.15% to 10%) of R\$ 158 million (R\$ 42 million related to current value of labor obligations and R\$ 116 million increase in payroll); and b) higher expenses for labor claims provision amounting to R\$ 20 million.

- **Administrative expenses**

In 2009, administrative expenses rose R\$ 1.186 billion on 2008, mainly due to the growing number of points of service, volume of business and customer base.

In 2008, administrative expenses showed an increase of R\$ 1.186 million due to: a) organic growth; b) the effect of growing volumes of business; c) investments in improvement and optimization of the technological platform (IT Improvement Project); and d) contractual adjustments.

- **Tax expenses**

In 2009, tax expenses rose R\$ 305 million on 2008, mainly due to higher PIS/Cofins taxation paid on taxable income derived from increased financial margin and fee and commission income in the period.

In 2008, tax expenses were R\$ 186 million less than in 2007, due mainly to: a) lower CPMF tax expenses in the amount of R\$ 252 million, since this CPMF contribution (tax) was abolished in 2008; and b) increased PIS/Cofins expenses of R\$ 69 million due to growth of taxable income.

- **Other operational revenues and expenses**

In 2009, "Other operational revenues and expenses" posted increased operational expenses on 2008, in the amount of R\$ 1.235 billion, net of other operating revenues, caused primarily by higher operational provisions, largely contingency provisions related to past economic plans, offset in part by the net impact of tax payments under the program for the payment by installment of tax debits  Law No. 11,941 / 09 (REFIS).

In 2008, the increase of R\$ 787 million on the previous year, was due primarily to: a) the R\$ 235 million increase in sundry losses; b) the R\$ 259 million increase in operating provisions; c) R\$ 170 million increased amortization of prepaid expenses under operational agreements;

and d) R\$ 122 million in increased commission on placements of debt.

**b) revenue variations due to changes in prices, exchange rates, inflation, and volumes, and introduction of new products and services**

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## 10.2 **Operational and financial results**

### **c) the impact of inflation, variations in prices of key inputs and products, the exchange rate and interest rate on the issuer's operating income and financial results**

- **Sensitivity analysis**

As good governance practice in risk management, Bradesco has an ongoing process for managing its positions, which includes control of all positions exposed to market risk using measures consistent with best practices internationally and the New Capital Accord  Basel II. Moreover, we would emphasize that financial institutions have their leverage, limits and risk controls regulated by the Central Bank.

The proposed exposure limits are validated by specific business committees and submitted for approval by the Integrated Risk Management and Capital Allocation Committee, observing the limits set by the board of directors, depending on the objectives of positions, which are divided into the following portfolios:

- **Trading portfolio:** consists of all transactions in financial instruments and commodities, including derivatives that are held for trading or to hedge other trading portfolio instruments, and are not subject to negotiability limitations. Transaction held for trading are those intended for resale, to obtain arbitrage benefits from actual or expected price movements; and
- **Banking portfolio:** transactions not classified in the Trading Portfolio. Consists of structural transactions derived from the Organization's different lines of business and any hedges it may have.

The tables below show sensitivity analysis for financial exposures (trading and banking portfolios), and does not reflect the way in which market risk for these exposures is managed on a daily basis by the Organization.

The impacts of the banking portfolio's financial exposure (particularly the interest rate and price indices factors) shown in the next table do not necessarily represent potential accounting losses for the Organization for the following reasons:

- part of the loans in the banking portfolio is financed by demand deposits and/or savings, which provide a "natural hedge" against any interest rate fluctuations;
- for the banking portfolio, fluctuating interest rates do not have a material impact on the institution's results, since it aims to hold loans through maturity; and
- derivatives transactions in the banking portfolio are there to hedge transactions with clients, or to hedge investments made in foreign currencies, also tax effects of possible exchange rate fluctuations

**10.2 Operational and financial results**

		<b>In December 31, 2009 □ R\$ '000</b>		
<b>Risk factors</b>	<b>Trading and Banking portfolios Definition</b>	<b>Scenarios (1)</b>		
		<b>1</b>	<b>2</b>	<b>3</b>
Interest Rate in BRL	Exposures subject to varying predetermined interest rates and interest-rate coupon	(3,983)	(901,254)	(1,729,973)
Price indices	Exposures subject to varying price-index coupons	(7,437)	(1,052,419)	(1,871,014)
Forex coupon	Exposures subject to varying foreign-currency coupons	(95)	(2,949)	(5,889)
Foreign currency	Exposures subject to currency rate variations	(337)	(8,434)	(16,868)
Equities	Exposures subject to share-price variations	(12,251)	(306,264)	(612,529)
Sovereigns / Eurobonds and Treasuries	Exposures subject to variations in the interest rate on securities traded on the international market	(1,083)	(54,670)	(103,964)
Other	Exposures not covered by the previous definitions	-	(14)	(28)
<b>Total without correlation</b>		<b>(25,186)</b>	<b>(2,326,004)</b>	<b>(4,340,265)</b>
<b>Total with correlation</b>		<b>(16,960)</b>	<b>(1,810,669)</b>	<b>(3,369,293)</b>

(1) Net of tax effects

		<b>In December 31, 2008 □ R\$ '000</b>		
<b>Risk factors</b>	<b>Trading and Banking portfolios Definition</b>	<b>Scenarios (1)</b>		
		<b>1</b>	<b>2</b>	<b>3</b>
Interest Rate in BRL	Exposures subject to varying predetermined interest rates and interest-rate coupon	418,731	(975,863)	(2,194,417)
Price indices	Exposures subject to varying price-index coupons	726,008	(183,528)	(1,054,060)
Forex coupon	Exposures subject to varying foreign-currency coupons	6,852	(4,349)	(14,989)
Foreign currency	Exposures subject to currency rate variations	(2,401)	(78,717)	(155,033)
Equities		56,072	(301,510)	(659,093)

	Exposures subject to share-price variations			
	Exposures subject to variations in the interest rate on securities traded on the international market	(100,077)	(241,801)	(384,274)
Sovereigns / Eurobonds and Treasuries				
Other	Exposures not covered by the previous definitions	-	(11)	(23)
	<b>Total without correlation</b>	-	<b>(1,785,779)</b>	<b>(4,461,889)</b>
	<b>Total with correlation</b>	<b>1,105,185</b>	<b>(1,503,720)</b>	<b>(3,605,738)</b>

(1) Net of tax effects

The sensitivity analysis shown below applies exclusively to the trading portfolio and shows exposures that may have significant impacts on the Organization's results. Note that the results show impacts for each scenario in a static portfolio position for the dates 12.31.2009 and 12.31.2008. Given the dynamic nature of the market, these positions are continuously changing and do not necessarily reflect the position stated. In addition, our ongoing market risk management process is constantly tapping market dynamism to find ways of mitigating/minimizing risk, following strategy formulated by senior management. If there are signs of deterioration in a certain position, we take proactive measures to minimize any negative effects and maximize risk/return ratios for the Organization.

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**10.2 Operational and financial results**

Risk factors	Trading Portfolios Definition	In December 31, 2009 □ R\$ '000		
		Scenarios (1)		
		1	2	3
Interest Rate in BRL	Exposures subject to varying predetermined interest rates and interest-rate coupon	(766)	(170,612)	(336,518)
Price indices	Exposures subject to varying price-index coupons	(270)	(39,565)	(77,676)
Forex coupon	Exposures subject to varying foreign-currency coupons	(3)	(141)	(279)
Foreign currency	Exposures subject to currency rate variations	(337)	(8,434)	(16,868)
Equities	Exposures subject to share-price variations	(1,285)	(32,126)	(64,252)
Sovereigns / Eurobonds and Treasuries	Exposures subject to variations in the interest rate on securities traded on the international market	(746)	(18,661)	(36,375)
Other	Exposures not covered by the previous definitions	-	(14)	(28)
<b>Total without correlation</b>		<b>(3,407)</b>	<b>(269,553)</b>	<b>(531,996)</b>
<b>Total with correlation</b>		<b>(1,881)</b>	<b>(205,907)</b>	<b>(406,008)</b>

(1) Net of tax effects

The sensitivity analysis was based on the scenarios shown below, assuming that these impacts would have negative effects on our positions.

Scenario 1: based on market information as of 12.31.2009 (BM & FBovespa, Anbima, etc), shocks were applied for a 1 basis point interest rate hike and 1% price variation. For example: with the Brazilian real/dollar rate at R\$ 1.76 and the fixed interest rate on 1-year bonds at 10.51% per annum.

Scenario 2: 25% shocks were determined based on the market data of 12.31.2009. For example: with the Brazilian real/dollar rate at R\$ 2.18 and the 1-year bond fixed interest rate at 13.13% per annum and with fluctuations in other risk factors accounting for 25% shocks in their yield curves or prices.

Scenario 3: 50% shocks were determined based on the market data of 12.31.2009. For example: with the Brazilian real/dollar rate at R\$ 2.62 and the 1-year bond fixed interest rate at 15.75% per annum and with fluctuations in other risk factors accounting for 50% shocks in their yield curves or prices.

Risk factors	Trading Portfolios Definition	In December 31, 2008 □ R\$ '000		
		Scenarios (1)		
		1 (*)	2	3

Interest Rate in BRL	Exposures subject to varying predetermined interest rates and interest-rate coupon	6,471	(223,487)	(443,847)
Price indices	Exposures subject to varying price-index coupons	125,658	(153,181)	(414,332)
Forex coupon	Exposures subject to varying foreign-currency coupons	5,794	(728)	(7,075)
Foreign currency	Exposures subject to currency rate variations	(2,401)	(78,717)	(155,033)
Equities	Exposures subject to share-price variations	1,142	(733)	(2,608)
Sovereigns / Eurobonds and Treasuries	Exposures subject to variations in the interest rate on securities traded on the international market	(65,781)	(171,986)	(281,599)
Other	Exposures not covered by the previous definitions	-	(12)	(23)
<b>Total without correlation</b>		-	<b>(628,844)</b>	<b>(1,304,517)</b>
<b>Total with correlation</b>		<b>70,883</b>	<b>(446,200)</b>	<b>(929,857)</b>

(\*) Scenario 1 (probable) compiled to include correlation between risk factors.

(1) Net of tax effects

The sensitivity analysis for December 31, 2008 was based on the following scenarios:

## 10.2 Operational and financial results

Scenario 1: the likely scenario for the risk factors based on market data (BM & FBovespa, Anbima, etc.) such as the yield curve for future interest rates. For example: with the Brazilian real/dollar rate at R\$ 2.35 and the 1-year fixed interest rate at 11.60% per annum.

Scenario 2: 25% shocks were determined based on the market on 12.31.2008 and applied to Scenario 1. For example: with the Brazilian real/dollar rate at R\$ 2.93 and the 1-year bond fixed interest rate at 14.64% per annum and with fluctuations in other risk factors accounting for 25% shocks in their yield curves or prices.

Scenario 3: 50% shocks were determined based on the market on 12.31.2008 and applied to Scenario 1. For example: with the Brazilian real/dollar rate at R\$ 3.52 and the 1-year bond fixed interest rate at 17.68% per annum and with fluctuations in other risk factors accounting for 50% shocks in their yield curves or prices.

- **Liquidity risk**

Liquidity risk is the possibility of the Organization not having sufficient funds to meet its commitments due to mismatches between payments and receipts, given the different currencies and repayment dates of its rights and obligations.

Bradesco's liquidity policy sets the minimum levels the Organization must maintain, and determines instruments for liquidity management in both normal and crisis scenarios. Control of liquidity risk is independently conducted on a daily basis, with reports forwarded to units or areas involved in management and control, and to the executive board.

- **Exchange rate sensitivity**

Most of our operations are expressed in Brazilian reais. Our policy is to avoid substantial exchange rate mismatches, and includes using derivative instruments as hedging against the effects of such mismatches on income, including for tax purposes. Generally, however, we may at any particular time have long-term liabilities denominated in foreign currencies (mainly the US dollar) or indexed to them. Consolidated foreign currency exposure is the net difference between total assets indexed or denominated in foreign currency and total liabilities indexed or denominated in foreign currency, including off-balance sheet derivative financial instruments.

Our foreign currency position basically reflects our purchases and sales of foreign currency (primarily US dollars) for Brazilian exporters and importers, other financial institutions in the interbank market, and the forward and spot money markets. The Central Bank regulates our maximum net position in foreign currency, outstanding, short and long.

The composition of our assets, liabilities and net equity and net position by currency on December 31, 2009, December 31, 2008 and December 31, 2007 is shown below. Our foreign currency assets are mostly denominated in Brazilian reais but indexed to foreign currencies, mainly the US dollar. Most of our foreign currency liabilities are in US dollars.





**10.2 Operational and financial results**

R\$ '000	December 31, 2009			December 31, 2008	December 31, 2007
	Balance	Brazil	Foreign (1)(2)	Foreign (1)(2)	Foreign (1)(2)
<b>Assets</b>					
<b>Current and long-term receivables</b>	<b>496,028,295</b>	<b>461,012,453</b>	<b>35,015,842</b>	<b>48,998,814</b>	<b>31,602,849</b>
Cash and due from banks	6,946,563	5,507,365	1,439,198	3,472,821	523,132
Interbank investments	110,796,813	107,218,687	3,578,126	5,717,083	2,342,836
Securities and derivative financial instruments	146,618,735	138,529,746	8,088,989	7,874,279	7,602,537
Interbank and Interdepartmental accounts	18,723,216	18,349,807	373,409	45,348	11,401
Loans and leasing	157,458,244	143,037,362	14,420,882	13,828,806	12,051,988
Other receivables and other assets	55,484,724	48,369,486	7,115,238	18,060,477	9,070,955
<b>Permanent assets</b>	<b>10,194,797</b>	<b>10,187,899</b>	<b>6,898</b>	<b>9,263</b>	<b>4,927</b>
Investments	1,260,819	1,260,819	-	-	-
Premises and equipment and leased assets	3,417,954	3,411,145	6,809	9,126	4,814
Intangible assets	5,516,024	5,515,935	89	137	113
<b>Total</b>	<b>506,223,092</b>	<b>471,200,352</b>	<b>35,022,740</b>	<b>48,008,077</b>	<b>31,607,776</b>
<b>Liabilities</b>					
<b>Current and long-term liabilities</b>	<b>463,351,041</b>	<b>436,096,615</b>	<b>27,254,426</b>	<b>41,391,620</b>	<b>22,508,568</b>
Deposits	171,073,084	165,197,277	5,875,807	6,084,709	2,284,221
Federal funds purchased and securities sold under agreements to repurchase	113,273,046	112,837,449	435,597	54,024	2,821,913
Proceeds from issuing securities	7,482,584	3,170,203	4,312,381	5,250,583	3,145,773
Interbank and Interdepartmental accounts	2,950,154	1,748,676	1,201,478	1,364,078	1,253,915
Borrowings and onlendings	27,327,736	19,050,603	8,277,133	14,592,427	9,621,089
Derivative financial instruments	531,194	369,613	161,581	1,117,147	134,417
Technical provisions for insurance, pensions	75,571,921	75,570,227	1,694	3,187	7,065

plans and certificated  
savings plans

Other liabilities:

☐ Subordinated debt	23,103,977	19,324,696	3,779,281	3,260,542	2,528,968
☐ Other	42,037,345	38,827,871	3,209,474	9,664,923	711,207

<b>Deferred income</b>	<b>320,625</b>	<b>320,625</b>	-	-	-
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<b>Minority interest in subsidiaries</b>	<b>797,675</b>	<b>797,675</b>	-	-	-
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<b>Shareholders' equity</b>	<b>41,753,751</b>	<b>41,753,751</b>	-	-	-
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<b>Total</b>	<b>506,223,092</b>	<b>478,968,666</b>	<b>27,254,426</b>	<b>41,391,620</b>	<b>22,508,568</b>
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<b>Net position assets/liabilities</b>			<b>7,768,314</b>	<b>7,616,457</b>	<b>9,099,208</b>
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Net position derivatives (2)			(16,071,190)	(16,552,003)	(13,520,844)
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Other net offsetting accounts (3)			(55,136)	913,517	(81,642)
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<b>Net forex position (liabilities)</b>			<b>(8,358,012)</b>	<b>(8,022,029)</b>	<b>(4,503,278)</b>
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(1) Values basically expressed and/or indexed in USD;

(2) Excepting transactions due D+I, for cash settlement on the last day of the month; and

(3) Referring to other commitments posted in offsetting account.

## 10.2 **Operational and financial results**

- **Interest-rate sensitivity**

Interest-rate sensitivity management is a key component of our assets/liabilities policy. Interest-rate sensitivity is the ratio between market interest rates and net income from interest to be paid through maturity or reset characteristics of interest-bearing assets and obligations on which interest is charged. For any specific period, the price structure is described as balanced when the same amount of these assets or obligations matures or is repriced or reset during this period. Any imbalance between interest bearing assets and obligations on which interest is charged is referred to as a gap position. A negative gap indicates the sensitivity of liabilities and usually means that falling interest rates would have a negative effect on net financial income. Conversely, a positive gap indicates sensitivity of assets and usually means that a fall in the interest rate would have a positive effect on net financial income. These ratios may vary significantly from one day to another, due to market forces or management decisions.

Our strategy for interest-rate sensitivity takes into consideration: a) rates of return; b) the underlying risk level; c) liquidity requirements, including minimum bank reserves required by regulations, mandatory liquidity ratios, withdrawal and due-dates of deposits, capital costs and additional demand for funds.

We monitor our mismatches and positions relating to maturity dates or due dates and manage them within established limits. Our Treasury Committee analyzes our positions weekly or more frequently and adjusts our positions as the market outlook varies.

### **10.3 ☐ Past or expected events having significant effects on financial statements**

#### **a) *introduction or disposal of operational segment***

Bradesco organizes operations into two main areas: (i) banking business; and (ii) insurance services, pension plan management, and certificated savings plans.

In the banking segment, Bradesco's extensive distribution network offers a range of banking products and services for customers, such as accepting deposits and making loans, issuing credit and debit cards, and capital-market services.

#### Banking business

Bradesco has a diversified client base that includes both personal clients and small, medium and large companies in Brazil. Historically, the bank has cultivated a stronger presence in the broadest segment of the Brazilian market, which is the middle- and low-income population. In 1999, our Corporate department was set up to serve corporate clients whose annual revenues were over R\$ 350 million, and the Private Banking department opened to cater for individuals with net worth of R\$ 2 million or more. In 2002, our Companies (Empresas) department was set up for businesses posting annual revenues of R\$ 30 ☐ 350 million in order to expand operations in the middle corporate market segment. In May 2003, we launched Bradesco Prime, a new segment offering services for individual customers whose monthly income was over R\$ 6,000 or who had over R\$ 70,000 available for immediate investment. Small businesses with annual revenues of up to R\$ 30 million, and personal customers reporting monthly income of less than R\$ 6,000 are served by the Bradesco Retail (☐Bradesco Varejo☐) segment.

#### **b) *acquisition or disposal of equity interest***

In June 2009, Banco Bradesco disposed of part of its shareholding in Companhia Brasileira de Meios de Pagamento (formerly known as VisaNet Brasil, and currently known as Cielo), through a secondary public offering of common shares believed to be Brazil's largest ever public offering.

In June 2009, Banco Bradesco and the controlling shareholders of Banco ibi S.A. signed a "private instrument of commitment for merger of shares and other items," for acquisition of its entire share capital, along with a partnership agreement with C&A Modas Ltda. for a period of 20 years to jointly and exclusively market financial products and services through the C&A retail chain. The R\$ 1.4 billion deal was paid in Bradesco stock.

In December 2009, Bradesco Dental stock was absorbed and it became a wholly owned subsidiary of OdontoPrev S.A. On this basis, Bradesco Saúde, the company controlling Bradesco Dental, then held 43.5% of OdontoPrev S.A. The two companies together should ensure economies of scale and synergy by combining best practices for claims management, and particularly by consolidating their trading platforms.

In June 2010, Bradesco concluded its acquisition of the entire share capital of the controlling group of Ibi Services S. de R.L. México (["Ibi México"]) and RFS Human Management S. de R.L., a company controlled by Ibi México. On December 2009, Ibi México had a loan portfolio equivalent to R\$ 205 million and more than 1.3 million active credit cards. The deal also covers a partnership agreement with C&A México S. de R.L. (C&A Mexico) for a period of 20 years to jointly market financial products and services exclusively, through C&A Mexico's chain of stores.

**10.3 ☐ Past or expected events having significant effects on financial statements****c) *unusual events or transactions***

	<b>2009</b>	<b>2009</b>	<b>R\$ million 2007</b>
<b>Net income</b>	<b>8,012</b>	<b>7,620</b>	<b>8,010</b>
<b>Extraordinary events</b>	<b>(426)</b>	<b>5</b>	<b>(800)</b>
☐ Partial / total disposal of investments <sup>(1)</sup>	(2,460)	(806)	(1,497)
☐ Additional DD provision	1,477	597	-
☐ Amortization of goodwill	-	53	953
☐ Supplementary labor claim provision	-	-	232
☐ Tax claim activated from prior periods	-	-	(718)
☐ Civil liability provision	915	124	274
☐ Law No. 11,941/09 (REFIS) <sup>(2)</sup>	(388)	-	-
☐ Other <sup>(3)</sup>	30	60	(87)
☐ Tax effects	-	(23)	43
<b>Net income ☐ Adjusted</b>	<b>7,586</b>	<b>7,625</b>	<b>7,210</b>
<b>ROAE %</b>	<b>21.4%</b>	<b>23.8%</b>	<b>28.3%</b>
<b>ROAE (ADJUSTED) %</b>	<b>20.3%</b>	<b>23.8%</b>	<b>26.3%</b>

#### **10.4 □ Significant changes in accounting practices - Qualifications and points emphasized in the auditor's report**

**a) *significant changes in accounting practices***

**b) *significant effects of changes in accounting practices***

On December 28, 2007, Law No. 11,638/07 amended the Law of Corporations in relation to accounting practices used in Brazil, with effect as of the year ended 12.31.2008.

The new law states that accounting rules for public companies issued by the CVM must comply with international standards.

The following accounting practices have been altered by the new law:

- "Permanent assets" now covers the "Intangible assets" subgroup and formally includes rights relating to intangibles goods or assets used to maintain the company or exercised for this purpose, including goodwill acquired relating to consolidated/merged companies;
- Fixed assets now include goods or assets arising from transactions in which there is a transfer of benefits, control, and risk irrespective of whether or not there is transfer of ownership;
- Deferred assets have been restricted to pre-operational expenses and incremental restructuring costs;
- The parameter for valuing investments in affiliates by the equity equivalence method has been altered, and this method is now applied to all affiliates in which the investor company has significant influence. Significant influence is presumed when the share is 20% or more of the voting shares (previously 20% of total capital);
- A new subgroup in shareholders' equity is headed "Equity Valuation Adjustment" showing currency-rate variation for a company's foreign investments if the investee's functioning currency is not the same as the controlling company's, and contra accounts for gains or impairments are attributed to components of assets and liabilities due to being marked to market. Investments held by Banco Bradesco and its subsidiaries are largely in the same functional currency as Bradesco, so this alteration did not lead to any adjustments;
- Introduction of the "adjusted to present value" concept for long term and significant short-term asset and liability transactions. As determined by the note to CVM Instruction No. 469, the purpose of this alteration is not to eliminate of the presence of an expectation of future income or future cost included in monetary assets and liabilities, but the need to obtain values representative of the period of the transaction.

Transactions carried out by Bradesco and its subsidiaries are now shown at values representative of the period of their realization, since fixed-rate assets and liability transactions are adjusted to present value by the existence of unearned income and expenses to be appropriated to accounts which adjust these transactions to values that would be obtained if they were cash transactions, and for receivables and payables subject to variations



determined subsequently, which are realized at their cash value and have their values regularly updated by transaction rates. Therefore, "adjustment to present value" for long-term and short-term asset and liability transactions did not lead to adjustments for Bradesco or its subsidiaries;

- Mandatory periodic review to assess the recoverability of values recorded in fixed assets, intangible assets, and deferred assets. Management's analysis of values stated in these accounts on December 31, 2008 showed no significant adjustments;

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**10.4 ☐ Significant changes in accounting practices - Qualifications and points emphasized in the auditor's report**

- Altered treatment of tax incentives, which now move to income, facilitating their allocation to income reserves ☐ tax incentive reserve ☐ and are excluded from the mandatory minimum dividend base. Banco Bradesco and its subsidiaries do not have specific arrangements in relation any type of tax incentive, and like any other company have the option of directing part of their income tax obligations to the acquisition of shares in companies located in regions covered by government incentives. The balance in the tax incentive reserve account in shareholders' equity was constituted prior to Law No. 11,638/07; and
- The initial recognition of funds obtained from third parties, which fall under liabilities, must show net amounts received available for use and incremental costs incurred to obtain them must be recorded as adjustment to the liabilities account. All financial charges, such as interest, monetary and currency variations and incremental funding expenses, must be appropriated to income by maturity or due date, based on the internal rate of return concept;
- Bradesco already defers funding costs and appropriates them to income by transaction maturity or due date. Under Law No. 11,638/07 these costs to be appropriated are being entered against liabilities whereas they were previously recorded in prepaid expenses.

**c) *qualifications and points emphasized by the auditor's report***

No qualifications were added or points emphasized in the auditor's report.

## 10.5 **□ Critical accounting policies**

### ***Critical Accounting Policies***

Bradesco's earnings are sensitive to accounting policies, assumptions and estimates. Management is responsible for adopting appropriate accounting policies, and making judgments and estimates that are reasonable and prudent for preparing financial statements.

Our significant accounting policies are described in Note 3 of the consolidated financial statements.

In terms of materiality, the following items describe the accounting policies that are considered critical, and areas that require more judgment and estimates or that involve a high degree of complexity, which may affect our financial condition and results from operations. The accounting estimates we make in these contexts require us to make assumptions about matters that are uncertain. In each case, if we had made other estimates or altered estimates from time to time, there could have been significant impacts for our financial condition or results from operations.

- ***Provision for doubtful debt***

Doubtful debtor provision is calculated in an amount sufficient to cover probable losses and takes into consideration CMN and Central Bank rules and instructions, together with appraisals made by management when determining credit risk.

At the end of each period, provision for loan losses is adjusted based on an analysis of our portfolio, including estimated loan and lease losses.

Deciding on the amount of provisions for loans and lease losses, by its nature, requires our making judgments and assumptions in relation to our loan portfolio, both individually and based on specific product portfolios. When we review the portfolio as a whole, several factors may affect our estimate of the likely scale of losses, including the methods we use to measure historical default levels and which historical period we take in order to make these measurements. Additional factors that could affect our determination of provisions for loan losses include:

- Brazilian economic conditions and general conditions in the sector concerned;
- previous experience with the borrower or the sector of the economy concerned, including recent experience of losses;
- credit quality trends;
- the amount of collateral provided for a loan;
- volume, composition and growth of our loan portfolio;
- the monetary policy of Brazil's government; or

- any delays in obtaining details required to assess loans or confirm the deterioration of existing debt.

We use models to help analyze our loan portfolio and determine the amount of provisions for losses required. We apply statistical factors for loss and other risk indicators for groups of loans with similar risk levels in order to estimate portfolio losses in model-based calculations. Although our models are frequently revised and improved, they are by nature dependent on our judgments of the information / forecasts we receive. In addition, volatile economic situations in Brazil may lead to greater uncertainty for our models than would be expected in more stable macroeconomic environments. Consequently, our provision for loan losses may not be indicative of actual future losses.

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## 10.5 **□ Critical accounting policies**

The process of determining the level of provisions for loan losses requires a high degree of judgment. Taking the same information, others may reasonably reach different conclusions at any time.

- ***Rating securities and derivatives***

Securities and derivatives are grouped into three categories: for trading, available for sale and held to maturity. This classification is based on Management's intention, on the date of acquisition of securities, in relation to holding or trading them. Accounting treatment of the securities we hold depends on our classification when acquiring them.

Circumstantial changes may alter our strategy in relation to a particular security, which will require a transfer from one of the three categories to another.

- ***Valuation of securities and derivatives***

The financial instruments recorded at fair value in our financial statements basically include primarily securities classified as: for trading, available for sale and other trading assets, including derivatives. Fair value is defined as the amount for which a position may be closed out or sold in a transaction with a party that is informed on the subject and prepared to trade without favoritism.

We estimate fair value using quoted market prices when available. We note that value may be affected by the volume of shares traded, and may not reflect "control premiums" resulting from agreements with shareholders holding significant investments. However, management believes quoted market prices are the best indicators of fair value.

In determining fair value when quoted market prices are not available, Management exercises its own judgment since models depend on our judgments of the weightings to be assigned to different factors and the quality of the information we receive. Factors used in these models include dealers' quotations, pricing models, prices of instruments with similar characteristics, and discounted cash flows. Pricing based on models also uses data on interest rates, exchange rates and option volatility where relevant and available. For instance, reliable market data for estimating the impact of holding a large position are usually limited. Similarly, we use our judgment for estimating prices when there is no external parameter. If we make incorrect assumptions, or the model itself does so, a specific asset or liability may be inadequate. Also, judgment must be used to determine whether a fall in fair value below the current cost of a security held to maturity or available for sale is temporary, thus requiring recognition of a lower value for current cost, which may reflect reduction as expense. If impairment is not temporary, Management decides which historical period should be taken and how severe a loss may be.

These valuation methods may lead Bradesco to show different results if the models used or assumptions and estimates made are inaccurate.

- ***Income tax***

Determining our income tax liability is a complex matter; our assessment is related to our analysis of our deferred tax assets and liabilities and income tax payable. In general, our assessment requires us to estimate future values of deferred tax assets and income tax payable. Our assessment of the possibility of a deferred tax asset being realized is subjective and involves evaluations and assumptions that are uncertain from origin. Realization of deferred tax assets is subject to changing tax rates and future development of our tax planning strategies. Support for our assessments and assumptions may change over time as a result of unforeseen events or circumstances affecting our valuation of our tax obligations.

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## 10.5 **□ Critical accounting policies**

We are constantly monitoring and evaluating the impact of new tax legislation on our obligations, or that of new events that may affect the assessments and assumptions of our analysis of the possibility of deferred tax assets being realized.

Significant judgment is required to determine whether or not an income tax position will be sustained upon examination, even after concluding any related judicial or administrative proceedings based on technical merits. Additional judgment is then required to determine the value of any benefit eligible for recognition in our consolidated financial statements.

- ***Impairment***

Values of securities classified in categories "available for sale" or "held to maturity", and of non-financial assets except other assets and tax claims, are reviewed annually or more often for indication of impairment, which is recognized in income for the period if the book value of an asset or its cash-generating unit exceeds its recoverable value.

A cash-generating unit is the smallest identifiable group of assets that generates cash flows that are largely independently of [those from] other assets or groups of assets.

- ***Technical provisions related to insurance activities***

Insurance technical reserves are liabilities representing estimates of amounts that will be paid out to our policyholders at a certain point in the future. Future benefits to be paid on policies or insurance claims include reserves for group and individual life insurance, health insurance and accident insurance, among others. These benefits are computed using assumptions for mortality, disability, loss of validity, investment performance, inflation and expenses. These assumptions are based on our experience and are regularly reviewed against industry standards in order to ensure actuarial credibility. For long-term insurance contracts, once assumptions are made for a particular policy or group of policies, they will not be altered during the term of the policy. However, significant changes in experience or assumptions may mean that we make provision for expected future losses on a product, and make provisions for premium insufficiency. Provisions for premium insufficiency may also be made in a short-term contract in order to foresee for expected future losses. Future benefits and insurance claims for policies include reserves for claims incurred but not reported for health, incapacity and life insurance. We recognize claims in the period in which the service was provided to our policyholders. However, costs of losses incurred in a particular period are not known for sure until we receive, we process and we pay the claims. We determine value of liabilities using actuarial methods based on historical claims payments to determine our estimate of claims liabilities. Methods used to make these estimates and quantify technical provisions are reviewed and updated regularly. The resulting adjustments are recognized in income for the respective period.

- ***Contingent liabilities***

To determine contingent liability, we make provisions taking into account the opinion of legal counsel, the nature of the legal actions, similarity to previous cases, complexity and positions taken by the courts, whenever loss is considered probable, and would cause an outflow of

funds to settle liabilities, and when the amounts involved may be measured with sufficient reliability.

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## **10.5 ☐ Critical accounting policies**

Contingent liabilities rated as possible losses are not recognized and should only be disclosed in notes, when material individually; those rated "remote" do not require provision or disclosure.

We are continuously monitoring legal proceedings underway in order to evaluate, among other things: (i) their nature and complexity; (ii) development of processes; (iii) opinion of our legal advisors; and (iv) our experience of similar processes. In determining whether a loss is probable and to estimate its value, we also consider:

- a) the probability of loss due to claims that occurred on or before the date of financial statements, but were identified by us after the balance sheet date but before the publication of financial statements; and
- b) the need to disclose complaints or events taking place after the date of financial statements, but before their publication.

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## **10.6 ☐ Internal controls relating to preparation of financial statements - Effectiveness and deficiencies and recommendations in auditor's report**

### **a) *effectiveness of controls, indicating deficiencies and measures taken to correct them***

#### **• *Internal Controls and Compliance***

Based on policy defined and approved by the Board of Directors, the Organization ensures that all components of the internal control system are kept current in order to mitigate any losses arising from risk exposure and to strengthen Corporate-Governance processes and procedures. Our structure of fully dedicated personnel combined with investments in technology and in staff training and refresher courses ensures that Bradesco's management of internal controls and compliance is effective, meets regulatory organization requirements and is aligned with international standards.

The Organization processes and systems are constantly being reviewed and adherence tests are regularly applied to gauge the effectiveness of the controls currently in place. This work is conducted with full involvement of Business areas, Internal Control and Compliance Committees, and Auditors reporting to the Board of Directors in line with the principal frameworks for control such as the Treadway Commission's Committee of Sponsoring Organizations (COSO) and the Control Objectives for Information and Related Technology (COBIT), which cover the Business and Technology sides respectively, and meet the requirements of the Public Company Accounting Oversight Board (PCAOB) and Section 404 of Sarbanes-Oxley.

In compliance with Section 404 of Sarbanes-Oxley, processes have been checked for adequacy, risks identified, and controls assessed. Adherence testing has not detected deficiencies affecting certification in the report base dated December 31, 2008, which was filed with the Securities and Exchange Commission (SEC) in June 2009, together with corresponding US-GAAP financial statements.

For certification relating to 2009, adherence tests conducted by Management have not, at this point in time, identified any deficiencies that might compromise certification of internal controls.

Note that the benefits from compliance with Sarbanes-Oxley, for the corporate ambit, include dissemination of the importance of a control culture, incrementing the quality of administrative and operational processes, and the robustness of associated controls, thus enhancing the requirements of Corporate-Governance best-practices.

### **b) *internal control deficiencies and recommendations in the independent auditor report***

To our knowledge and in light of the work done by the independent auditor to assess the internal control structure, which aims to ensure the adequacy of the Bradesco Conglomerate's financial statements, we know of no issues that could significantly affect the adequacy of our financial statements drafted in accordance with accounting practices adopted in Brazil.



**10.7 ☐ Use of proceeds from public offerings and any deviations**

**a) *how funds resulting from the offering were used***

**b) *if there were important differences between the effective application of resources and implementing proposals disclosed in the prospectuses for the corresponding distribution***

**c) *the reasons for any deviations, if applicable***

No public offering of securities was made in the period.

**10.8 ☐ Significant items not shown in financial statements**

**a) if the issuer directly or indirectly held assets and liabilities not shown on its balance sheet (off-balance sheet items), such as: i) operating leases, assets, and liabilities; ii) written down receivables portfolios for which the entity retains risks and responsibilities, indicating corresponding liabilities; iii) future contracts to buy or sell products or services; iv) construction contracts not yet concluded; v) contracts for the future receipts of financing;**

**b) other off-balance-sheet items**

There were no significant off-balance-sheet items.

**10.9 ☐ Comments on off-balance-sheet items**

**a) *how such items alter or may alter revenue, expenses, operating income, financial expenses or other items in the issuer's financial statements***

**b) *nature and purpose of the transaction***

**c) *nature and amount of obligations and rights in favor of the issuer as a result of the transaction***

There were no relevant off-balance-sheet items

**10.10 ☐ Business plan**

In 2009, Bradesco continued to expand its services and investment network by opening 441 new branches and sub-branch PoSs in 2009, making a total of 6,015 PoS. With 4,139 Bradesco Espresso units, the network had a total of 20,200 points of service provided by banking correspondents.

Investments in 2010: Our local investment was one of the highest made by a private Brazilian company in one single year. We spent R\$ 4.2 billion (22% more than in 2009) to expand infrastructure and technology, and open new branches or repair existing ones.

- **Investments in Infrastructure, Information Technology, and Telecommunications**

Our IT Improvement project, which was started in 2003 to prepare the Bank's IT for the coming decades, ended work on 25 of its 28 fronts in 2009, and the biggest (building New Systems Architecture) is due for conclusion within two years. The outcome ☐ already partially perceivable ☐ is enhanced operational flexibility, agility and simplicity, thus aligning technological applications to benefit the Bank's business, offering customers high quality services and responses.

Below, we show the total invested over the last three years, including infrastructure (buildings, furniture, and fixtures):

	R\$ million		
	2009	2008	2007
Infrastructure	630	667	478
Information Technology / Telecommunications	2,827	2,003	1,621
<b>Total</b>	<b>3,457</b>	<b>2,670</b>	<b>2,099</b>

**a) as long as they have already been disclosed, indicate acquisitions of plant, equipment, patents or other assets that are likely to materially affect the issuer's productive capacity**

No acquisitions of plant, equipment, patents or other assets that are likely to influence the above have been disclosed

**b) new products and services, indicating: i) description of ongoing studies already disclosed; ii) total amounts spent by issuer on research and development of new products or services; iii) projects being developed that have already been disclosed; iv) total amounts spent by the issuer on developing new products or services**

We have no significant new products or services.





**10.11 ☐ Other factors having material influence**

There are no other factors that have material influence on our operational performance that have not been mentioned in this section.

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## 11.1 ☐ Projections disclosed and underlying assumptions

The words "believe," "can," "may," "should," "seeks," "estimates," "continues," "anticipates," "intends," "expects," "potential" and similar words used in this section are used to identify forward looking estimates and perspectives. Forward looking projections and perspectives include information pertaining to results and projections, strategy, financing plans, competitive position, the industry context, potential growth opportunities, the effects of future regulation, and the effects of competition. These projections and perspectives refer only to the date on which they were made.

Given the risks and uncertainties described herein, such projections may not materialize and, therefore, do not provide any guarantee of future performance. In addition, Banco Bradesco's future results and performance may differ materially from those forecast in its estimates due to, but not limited to the risk factors listed in this Reference Form, many of which are beyond the Bank's ability to control or predict. Additionally, these estimates are based on assumptions that may not materialize. In light of these limitations and uncertainties, investors should not make their investment decisions based solely on forward looking estimates and perspectives posed in this Reference Form.

### a. Projection

Indicators used by market analysts to feed their forecasting models for Banco Bradesco's future results. Currently, the following indicators are disclosed:

<b>Indicators</b>	<b>Measurement</b>
Credit Portfolio (1)	Cumulative 12-month variation
Personal (1)	Cumulative 12-month variation
Corporates (1)	Cumulative 12-month variation
Small- and Medium-sized Companies	Cumulative 12-month variation
Large Companies	Cumulative 12-month variation
Products	
Vehicles	Cumulative 12-month variation
Cards	Cumulative 12-month variation
Housing Finance (origination)	Cumulative 12-month variation
	Cumulative 12-month variation
Pay-check Deduct Loans	
Financial Margin (NIM) (2)	Percentage growth expected in FY.
Provision of Services	Percentage growth expected in FY.
Operating Expenses	Percentage growth expected in FY.
	Estimated operating expenses comprise Personnel and Administrative expenses.
Insurance Premium	Percentage growth expected in FY.
(1) Not including Cards, Sureties, Guarantees, Receivables / Real estate funds (locally FIDC and CRI).	
(2) As of 2009 our Guidance on Financial Margin is for Interest only.	



**11.1 ☐ Projections disclosed and underlying assumptions****b. Projected period and validity of projections**

Banco Bradesco projections indicate values expected for the current year. On disclosing the results for each year (last quarter of each year), indicators expected for the following year are also stated. Projections are valid for the current year.

**c. Underlying assumptions for projections****Assumptions for the fiscal year 2010 that may be influenced by Management**

- Our Guidance covers contractual adjustments and costs reflecting growth in our business and the organization's investment plan;
- Expansion of the Bradesco Group's service network;
- Estimates do not include new partnerships or acquisitions;
- Business growth and the organization's strategy.

**Assumptions for fiscal year 2010 beyond Management's control**

- Maintenance of fundamentals of the current Macro-economic Policy;
- Resumption of growth worldwide, with Brazil's GDP growth above the world average;
- MPC raising Selic interest rate to control inflation. Inflation close to target midpoint;
- Lower level of default on loans in the market;
- Growth of competition in lending;
- Liquidity conditions catering for demand for credit.

**d. Projected values of indicators**

<b>Indicators</b>	<b>Projected 2010</b>	<b>2007</b>	<b>Actual 2008</b>	<b>2009</b>
Credit Portfolio	21% ☐ 25%	36.5%	32.1%	6.1%
Personal	16% ☐ 20%	35.0%	24.7%	11.5%
Corporates	25% ☐ 29%	37.5%	37.1%	2.5%
Small and Medium-sized Companies	28% ☐ 32%			11.0%
Large Companies	22% ☐ 26%			(6.2%)
Products				
Vehicles	10% ☐ 14%			(2.8%)
Cards	9% ☐ 13%			37.2%
Housing Finance (origination)	R\$ 7.5 bi	R\$ 4.1 bi	R\$ 6.0 bi	R\$ 4.7 bi
Pay-check Deduct Loans	32% ☐ 36%			38.2%

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Financial Margin (NIM)	14% □ 18%	12.4%	15.0%	18.7%
Provision of Services	7% □ 11%	21.4%	3.8%	8.1%
Operating Expenses	9% □ 13%	14.2%	13.9%	11.2%
Insurance Premiums	16% □ 20%	12.9%	9.2%	13.8%

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**11.2 ☐ Monitoring and alterations of projections disclosed****a. Alterations or substitutions of projections**

Projections for 2010 cover the same indicators that were provided and monitored in 2009. For 2007 and 2008, we included indicators for Small and Medium Companies, and Large Companies, with breakdowns for vehicles, cards and paycheck ☐ deduction loans.

**b. Projections for past periods ☐ Estimated x Actual**

CVM regulations relating to projections for past periods require the disclosure of comparisons between projected and actual data. Banco Bradesco started disclosing forecasts in 2007, thereof the data shown below refer to projections and actual data for 2007, 2008, and 2009.

**Projections for FY 2007**

<b>Indicators</b>	<b>Actual</b>	<b>Estimate</b>
Credit Portfolio	36.5%	21.0% ☐ 27.0%
Personal	35.0%	25.0% ☐ 30.0%
Corporates	37.5%	19.0% ☐ 24.0%
Products		
Housing Finance (origination)	R\$ 4.1 bi	R\$ 3.0 bi
Financial Margin (NIM)	12.4%	4.0% ☐ 10.0%
Provision of Services	21.4%	18.0% ☐ 23.0%
Operating Expenses	14.2%	12.0% ☐ 16.0%
Insurance Premiums	12.9%	12.0% ☐ 14.0%

**Reasons for deviations from projections:**

- Loan Portfolio ☐ faster growth in this indicator was due to the acquisition of BMC (bank) and strong growth in Leasing and Private-label transactions.
- Financial Margin ☐ gains due to Treasury trades MTM on Bovespa options market and the difference in the fixed v. CDI yield curve are the main factors behind the positive variation in this item.

**Projections for FY 2008**

<b>Indicators</b>	<b>Actual</b>	<b>Estimate</b>
Credit Portfolio	32.1%	24.0% ☐ 29.0%
Personal	24.7%	24.0% ☐ 29.0%
Corporates	37.1%	23.0% ☐ 30.0%
Products		
Housing Finance (origination)	R\$ 6.0 bi	R\$ 5.7 bi
Financial Margin (NIM)	15.0%	17.0% ☐ 20.0%
Provision of Services	3.8%	5.0% ☐ 8.0%
Operating Expenses	13.9%	11.0% ☐ 17.0%
Insurance Premiums	9.2%	11.0% ☐ 13.0%



**11.2 □ Monitoring and alterations of projections disclosed****Reasons for deviations from projections:**

- Loan Portfolio □ variation in this group occurred due to the strong growth of loans, primarily for corporate working capital, due to tighter liquidity in the capital market in late 2008.
- Financial Margin □ falling stock exchanges and tighter market liquidity were behind the variation in this indicator.
- Services □ Central Bank (BACEN) regulation affecting our registration charge for borrowers (TAC) and current account (C/C) fees was the main item leading to the indicator being lower than projected.
- Insurance Premiums □ lower level of life and pensions business growth.

**Projections for FY 2009**

<b>Indicators</b>	<b>Actual</b>	<b>Estimate</b>
Credit Portfolio	6.1%	8.0% □ 12.0%
Personal	11.5%	9.0% □ 12.0%
Corporates	2.5%	7.0% □ 11.0%
Small- and Medium-sized Companies	11.0%	9.0% □ 13.0%
Large Companies	(6.2%)	6.0% □ 10.0%
Products		
Vehicles	(2.8%)	2.0% □ 5.0%
Cards	37.2%	10.0% □ 14.0%
Housing Finance (origination)	4.7 bi	4.5 bi
Pay-check Deduct Loans	38.2%	20.0% □ 30.0%
Financial Margin (NIM)	18.7%	18.0% □ 22.0%
Provision of Services	8.1%	6.0% □ 10.0%
Operating Expenses	11.2%	6.0% □ 11.0%
Insurance Premiums	13.8%	5.0% □ 7.0%

**Reasons for deviations from projections:**

- Loan Portfolio □ lower volume of major transactions with companies was due to exchange rate variation and migration to the capital market causing the variation of this indicator in relation to its projected level.
- Vehicles □ more transactions involved new / pre-owned vehicles (major dealerships), reducing exposure to older vehicles (small dealerships).
- Cards □ variation of this indicator was due to the acquisition of Banco ibi.
- Paycheck Deduction Loans □ positive variation of this item was due to strong growth in the consumer market, especially in the second half year.
- Insurance Premiums □ resumption of economic growth.





**11.2 ☐ Monitoring and alterations of projections disclosed**

**c. Projections for periods underway**

By the end of the 1st half of 2010, home loans (Housing Finance [origination]) had reached 65% of the projected total for the whole year (R\$ 4.2 billion actual x R\$ 6.5 billion projected). Given the scenario for the 2nd half of 2010, the projection was revised to R \$ 7.5 billion for the year.

Projections for fiscal year 2010 remain valid on the date of submitting this Form and will be reviewed when reporting income for the third quarter of 2010.

## 12.1 □ Description of management structure

Bradesco's management structure is decided by the Shareholders General Meeting as the highest body, electing the Board of Directors (*conselho de administração*) and members of the Supervisory Council (*conselho fiscal*), which is elected for a one-year mandate.

The Board of Directors has nine members, of which one is internal, one independent, and seven external, with one year mandates, and its tasks, described in item "a" below, including electing:

- the Executive Board consisting of a CEO, seven Executive Vice-presidents and eight Managing Directors whose duties, among others described in item "a" below, include drafting the strategic stance posed by the Board of Directors, monitoring its implementation, and managing and representing the Company;
- The Departmental Management body comprises 45 Directors responsible for efficaciously conducting business under the responsibility of their Departments, and for advising other members of the Executive Board;
- Six Board members carry out duties attributed to them in Departments to which they have been assigned and advise other members of the Board;
- Fifteen Regional Directors guide and supervise Branches and Dependencies under their jurisdiction, and carry out all duties assigned to them.

In addition, the Bank's structure has five statutory committees (Ethics, Audit, Compensation, Compliance, Internal Controls and Integrated Risk Management and Capital Allocation), whose powers are also described in item "a" below.

- a. attributions of each body or committee

### Board of Directors

- a) determine the Company's strategic course in order to protect and maximize shareholders' return on investment, within best practices for corporate governance;
- b) elect and/or remove members of the Board;
- c) appraise the performance and management of the CEO in the exercise of his mandate;
- d) at any time examine books and documents of the Bank and its Subsidiaries, and require details of measures taken, agreements concluded or being negotiated, or any other matter of interest;
- e) call a General Meeting when deemed appropriate, pursuant to current legislation;
- f) state their opinions of Management's Report and the Board's accounts;
- g) select and/or remove Independent Auditors;

- h) ensure that the Board is at all times able to perform its duties with competence, transparency and respect for the strictest ethical principles;
- i) appoint a replacement for the Vice-president of the Board if the position is vacant, or any other Director in cases of temporary or permanent absence;
- j) whenever possible, preserve management continuity in order to ensure the Company's stability, prosperity and security;

## 12.1 □ Description of management structure

- k) authorize acquisition, disposal or encumbrance of Fixed-assets items and holdings of a non-permanent character of the Company and its directly and indirectly controlled subsidiaries if their value is greater than one percent (1%) of their corresponding shareholders' Equity;
- l) authorize foreign borrowing;
- m) decide on trading in shares issued by the Company itself;
- n) authorize donations, contributions or assistance;
- o) discuss and decide on the board's proposals for the payment of dividends and/or interest on own capital;
- p) submit proposals to the General Meeting to increase or decrease capital stock, bundle or unbundle shares, conduct mergers, absorptions or splits, or amend Company bylaws;
- q) decide on associations involving the Company or its Subsidiaries, including on participation in shareholders' agreements;
- r) approve the use of funds derived from tax incentives;
- s) discuss and decide budgets and financial statements submitted by the Board;
- t) place matters of Company interest in its decision making powers, chosen by its own criteria, and decide on cases omitted;
- u) decide the allocation of director compensation voted by the General Meeting and decide on bonus payments for board members, officers and directors, and employees, as and when it believes appropriate;
- v) when deemed necessary, authorize individual representation of the Company for a period determined by a Board member or an attorney, with authorization indicating the powers involved.

The Board may assign special duties to Management or any of its members, and may set up committees for the two bodies, in order to address specific issues.

The Board must be at all times ready to implement, when necessary, previously conceived plans for succession of the chief executive and those holding key positions in the Organization.

### **The Chairman may:**

- a) chair Board meetings and hold the casting vote if there is a tied vote, and chair the Company's Meetings, or designate any member of the Board to do so instead;

- b) set the dates for Board meetings;
- c) assign special functions to any member of the Board;
- d) appraise the work and functional performance of each member of the Board in the exercise of their mandates;
- e) designate another Board member to take the place of the Vice-president of the Board in his absence or temporary incapacity;
- f) implement business procedures for the Board.

## **12.1 ☐ Description of management structure**

### **Duties of the Vice-president of the Board:**

- a) take the place of the Chairman in the event of the position being vacant, or in his absence or temporary impediment;
- b) carry out duties attributed to him by the Chairman.

### **Executive Board duties**

Executive Board members manage and represent the Company and bind it through any acts and contracts of its interest, and may waiver or forbear rights, and acquire, dispose of or encumber goods or assets.

### **Audit Committee duties**

- a) make recommendations to the Board of Directors as to the entity to be engaged to provide independent auditors services and their remuneration, and their replacement;
- b) review financial statements, including explanatory notes, management reports and independent auditor's opinion prior to disclosure to the Market;
- c) appraise the effectiveness of independent and internal audits, including for the verification of compliance with legal and regulatory provisions applicable to the Company, and internal regulations and codes;
- d) during ordinary quarterly meetings scheduled with the Board of the Company and independent and internal auditors, verify compliance with its recommendations and/or explanations for their questions, including in relation to planning audits and drafting formal Minutes of the contents of these meetings;
- e) appraise compliance by the Company's Management with recommendations made by independent or internal auditors and pose recommendations to the Board of Directors for settling any conflicts between outside auditors and Management;
- f) determine and disclose procedures for receiving and treating information relating to non fulfillment of legal or regulatory provisions applicable to the Company and internal regulations and codes, including specific procedures for whistleblower protection and confidentiality;
- g) make recommendations to the Company's Board of directors for correcting or improving policies, practices and procedures identified within the ambit of their attributions;
- h) determine operational rules for its functioning;
- i) meet with the Supervisory Council and Board of Directors at their request to discuss policies, practices and procedures identified within the ambit of their respective attributions.

### **Internal Controls and Compliance Committee ☐ Duties**

- a) evaluate the effectiveness and compliance of Bradesco's Internal Controls System;
- b) check if those recommendations for improvements of internal controls have been duly implemented by Managers;
- c) ensure procedures comply with applicable rules, regulations and legislation;
- d) monitor policies, procedures, responsibilities and definitions pertaining to operational risk management structure;



## **12.1 ☐ Description of management structure**

- e) submit Half-yearly Reports of Internal Controls Compliance for the Organization's companies to the Board of Directors;
- f) review and propose updates of these Rules to the Board of Directors when necessary;
- g) appraise reports issued by Regulatory Bodies and Internal and External Auditors in relation to deficiencies in internal controls and the corresponding measures to be taken for the units involved;
- h) regularly report to the Board on the Committee's Activities and make such recommendations as deemed appropriate.

### **Ethics Committee Duties**

- a) review any infractions or violations of corporate or industry Codes of Ethical Conduct, and/or Bradesco's Policies and Procedures, whether reported directly by a complainant or through the Organization's Dependencies;
- b) determine measures required by issuing a report or opinion addressed to the competent Dependencies;
- c) ensure infractions and violations meet the applicable disciplinary actions whichever level of hierarchy is concerned, and without prejudice of applicable legal penalties;
- d) ensure that the Board of Directors is informed of issues that may significantly impact the Organization's image; and
- e) submit issues relating to Bradesco Directors or officers to the board for appreciation.

### **Integrated Risk and Capital Allocation Committee ☐ Duties**

- a) ensure compliance with the Organization's risk management policies;
- b) ensure the effectiveness of the risk management process within the Organization;
- c) approve exposure limits for different types of risks in accordance with the overall limit set by the Board of Directors;
- d) validate and submit for approval by the Board of Directors:
  - I. risk management policies and guidelines;
  - II. proposed tolerance limits for overall risk exposure segregated by category; and
  - III. the results of reviews of risk management policies and structures at least as often as determined in regulations;

- e) report to the Board on risk positions in the ambit of the Organization, as well as any significant alterations to the strategies adopted, the amount of capital to be allocated and the status of business continuity plans;
- f) appraise internal and external auditors' studies pertaining to risk management and the results relating to Independent Validation of Models;
- g) regularly positioning the Board in relation to the Committee's activities; and
- h) review Risk Management Executive Committees Rules and propose updates to the Board when necessary.

## 12.1 ☐ Description of management structure

### Compensation Committee Duties

The committee shall report to the Board in relation to:

- a) policy and guidelines for Statutory Directors' compensation based on the Company's targets, objectives and performance and shareholder returns, using comparative analysis of compensation policies from previous periods and/or market parameters;
- b) overall and individual compensation policy, with awards, bonuses, gratifications, profit sharing, stock options and private pension plans;
- c) recommending alternative forms of compensation for executives, ensuring stimulus for performance, motivation and continuous corporate improvement;
- d) annual review and resizing of guidelines and general policy for compensation;
- e) proposals for amending the terms of these Rules when necessary.

### Executive Committee ☐ Disclosure

The committee's role is to ensure compliance with Bradesco's "Instrument of Disclosure of Policy Material Event or Fact and Securities Trading" in order to ensure control, consistency, quality and transparency for disclosure.

The Committee has the following responsibilities:

- a) **Regular Reports, Income Statements and Other Disclosures:** the Committee must examine annual reports and quarterly statements of income, offerings, material facts and any other accounting, financial or corporate disclosures in order to ensure that they are prepared in accordance with controls and procedures defined for their preparation.
- b) **Compliance with Disclosure Rules:** the Committee advises the Chief Executive Officer, Investor Relations Officer, and Executive Directors for the areas of Foreign Exchange, Accounting, Financial and Corporate on compliance with applicable laws, rules and certain standards, and supports senior management to appraise the disclosure of significant transactions and information relating to the Organization. The Committee may engage outside auditors and consultants when deemed necessary.
- c) **Filing Annual and Periodical Reports:** the Committee shall make recommendations to the Chief Executive Officer, Investor Relations Officer, and Executive Directors for the areas of Foreign Exchange, Accounts, Financial and Corporate on the proper registration and filing of reports required by applicable law and other information disclosed in Brazil, or Abroad, if applicable.
- d) **Evaluation of Disclosure Controls and Procedures:** the Committee shall advise the Chief Executive Officer, Investor Relations Officer, and Executive Directors for the areas of Foreign Exchange, Accounting, Financial and Corporate to conduct periodic evaluations of

disclosure controls and procedures.

e) **Responsibility for Reporting to the Committee:** the Chief Executive Officer, Investor Relations Officer, and Executive Directors for the areas of Foreign Exchange, Accounting, Financial and Corporate and other members are responsible for bringing to the attention of the Committee any information relating to Events or Facts that may cause errors or omissions in the Organization's disclosure.

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## 12.1 ☐ Description of management structure

f) **Training:** when deemed necessary, the Committee shall recommend training programs for staff involved in the Organization's disclosure processes.

b. date of instating supervisory council (if is not permanent) and setting up committees

Supervisory Council: 03.10.2010

Compensation Committee: 12.17.2003

Audit Committee: 12.17.2003

Internal Controls and Compliance Committee: 12.17.2003

Ethical Conduct Committee: 03.27.2006

Integrated Risk Management and Capital Allocation Committee: 03.24.2008

c. procedures for evaluating performance of each body or committee

Bradesco's bodies and committees are evaluated in terms of fulfilling their tasks and duties determined in their respective Rules and regulations. Through periodic meetings on subjects discussed and information received as assistance from the Executive Board and Committees, the Board of Directors evaluates the performance of these bodies, together with members from each of them, which enriches interaction with the board through numerous meeting sessions and ultimately their reelection by the Board of Directors. If a body's work is considered insufficient, the Board proposes to restructure it.

d. in relation to board members, their individual powers and duties

In addition to normal duties conferred on them by law and by these Bylaws, each member of the Board has the following specific duties:

a) The Chief Executive Officer shall chair the Board's meetings, and supervise and coordinate the work of its members;

b) Executive Vice-presidents shall collaborate with the Chief Executive Officer in carrying out the latter's functions;

c) Managing Directors shall carry out duties attributed to them;

d) Departmental Directors shall conduct the business of the pertinent Departments and advise other members of Management;

e) Directors shall carry out duties attributed to them and advise other members of Management;

f) Regional Directors shall guide and supervise Points of Service under their jurisdiction and carry out duties attributed to them.

The Company may also be represented by any member of the Board of Directors or by a representative with specific powers of attorney in the following cases:

- a) powers of attorney with "ad judicia" clauses, in which case the appointment may be indefinite and transferable;
- b) receiving judicial or extrajudicial summons or subpoenas;
- c) participating in bidding procedures;

## **12.1 □ Description of management structure**

- d) at Shareholder or Unitholder General Meetings of companies or investment funds in which the Company participates, or entities of which it is part owner or affiliate;
- e) in relations with government departments or their offices when not involving taking on responsibilities and/or obligations on behalf of the Company;
- f) making legal depositions.
- e. procedures for evaluating the performance of members of the board, the committees and senior management

### **Procedures for Evaluating Members of the Board of Directors**

The following are the chief attributes among those considered when evaluating the performance of Members of the Board determining corporate strategies, reviewing plans and business policies and supervising Senior Management activities carried out by the Chairman:

- a) fully comply with Company Bylaws and the Board of Directors' Internal Rules;
- b) loyally serve the Company and other Bradesco Companies and keep their business confidential;
- c) maintain the confidentiality of insider information obtained through their position that has not yet been disclosed to the market;
- d) ensure that company business is conducted with integrity in order to preserve the Company's good name;
- e) be aligned with the Company's values and objectives, taking into account the interests of customers, community, employees, shareholders and all other stakeholders involved directly or indirectly with the Organization;
- f) actively take part in the formulation and conduct of their attributions;
- g) take part in educational or technical programs, or refresher courses whenever necessary, in order to develop their competence in the professional exercise of their duties and evaluate the functionality of the Board of Directors as a whole;
- h) be able to read and understand financial and management reports and be informed of local and international markets;
- i) devote considerable time to the Board's activities assuming commitments that lead to significant absorption of its functions, using every means in their power to provide good grounds for their contributions to Board meetings;
- j) if unable to attend meetings, be informed of all subjects raised and decisions taken;

- k) remain constantly motivated, questioning and seeking innovations that contribute to the growth of the Company's business;
- l) be aware of the responsibility and challenges of the company, be familiar with its principal aspects and risks involved;
- m) be capable of teamwork, instilling in other members a philosophy of long-term vision and at the same time work for the preservation of the management continuity that is highly recommendable for the Company's stability, prosperity and security;
- n) constantly pursue best practices for corporate governance;



## **12.1 □ Description of management structure**

- o) have experience of crisis management and risk identification and management;
- p) avoid conflicts of interest with the Company; and
- q) maintain a relationship of total transparency and professionalism with Senior Management and the Board's advisory and supervisory bodies, with mutual explanations and information always available, to act independently and impartially, in all cases striving for the management and development of work to be focused on compliance with legislation and respect for ethical principles.

### **Procedures for Evaluating Board Members**

Procedures for evaluating the performance of the CEO, conducted by the Board of Directors, in consonance with the Company's constant concern for proper conduct of corporate strategies, in particular:

- 1) Performance / Results □ the Chief Executive Officer must:
  - a) make every effort to leverage growth of the Company's profits;
  - b) be aware of its responsibility and the challenges facing the Company, with in depth knowledge of its business;
  - c) maintain unity and harmony in conducting business;
  - d) have experience of managing crises and identifying and managing risks;
  - e) avoid conflicts of interest with the Company since targets set must be aligned with the strategic parameters set forth by the Board of Directors and comply with the Organization's corporate policy and culture, showing firm commitment to creating value for shareholders and advocating their interests; and
  - f) maintain constant concern for transparency in order to allow the use of more secure and efficient means for access to Company records easily, quickly and effectively for customers, shareholders, the market, and staff;
- 2) Performance of Shares / ADRs on Stock Exchanges in Brazil and Abroad □ the CEO must make every effort to pursue the best results for shareholders, which essentially translates to higher prices for its Stock, payment of interest on its own capital and dividends, and equitable treatment for all. The relationship must be based on the Organization's ethical principles following applicable rules and legislation, ensuring protection of market information and absolute confidentiality of information that is not yet public knowledge, obtained through the position, that may interfere with share prices and influence market movement and/or investment decisions;
- 3) Market Penetration □ the CEO must act actively formulating and implementing plans in relation to:

- a) ways of growing the customer base and volume of transactions; and
  - b) market opportunities that may add value to the Company, including possible acquisitions, partnerships and operational agreements;
- 4) Policies Adopted: Corporate Governance, Socioenvironmental Responsibility and Human Resources □ the CEO is committed to:

## **12.1 □ Description of management structure**

- a) ensuring the Organization's perpetuity, incorporating social and environmental factors when defining its business and operations, creating products for the ambit of corporate sustainability;
- b) keeping abreast of the main socio-environmental related demands in the market;
- c) constantly enhancing Corporate Governance practices;
- d) monitoring any issues that may have a significant impact on the Organization's image;
- e) taking an ethical approach in all relationships, such as those with shareholders, customers, investors, the Central Bank of Brazil and other Government Agencies; and
- f) acting fairly, in accordance with good principles in relation to employment, ensuring equal opportunities for hiring, professional development, evaluation, compensation and discipline of Directors and officers and other members of staff. Finally, note that the evaluation of other members of the Executive Board, conducted by the CEO, in as far as possible, should be based on the guidelines herein set forth and our organizational culture, in which the process of designating staff for other levels in the hierarchy depends on their showing outstanding merit in their field of work, considering factors such as competence, technical quality, interest and performance, and no event may be automatic or compulsory.

### **Procedures for Evaluating Committee Members**

Members of the Bank's statutory committees are regularly evaluated by the Board of Directors, which takes the following aspects into account:

- a) fulfilling the attributions stated in the rules of the committee to which the member belongs;
- b) availability in terms of the time a committee member spends on the committee's work;
- c) commitment to developing reports;
- d) frequency of attending meetings and effectively taking part in them.

There is strong interaction between Committees and the Board of Directors at Bradesco. Numerous committee sessions, as well as their meetings with the Board and the different Departments show good relations between these bodies and the Board, as well as Senior Management's support for development activities. In addition, the presence of the members of the Board of Directors and the members of Senior Management on statutory committees further facilitates relations between the bodies and their functioning, also facilitating the process of the Board's evaluation of committee members by observing the development of their activities and other aspects mentioned above.

The Audit Committee's self-assessment is conducted by its own members, and considers subjects related to the involvement of committee members and different subjects and areas

of the Bank, namely:

- a) financial statements;
- b) Internal Controls and Risk management;
- c) compliance and ethics;
- d) supervision of senior management and internal controls;
- e) relations with external auditors.

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## 12.2 ☐ Rules, policies, and practices relating to general meetings

### a. notification in good time

Law No. 6,404/76 requires a minimum of 15 days notice for holding meetings. Bradesco provides all documentation related to meetings and does so preferably 30 days in advance. In 2010, documents relating to the ordinary and extraordinary shareholders meeting held on 03.10.2010 were made available to the market on 02.09.2010.

### b. competences

General Meetings called and officially started in accordance with legislation and Bylaws have powers to decide on all business related to the Company's purpose and take decisions they deem appropriate for its defense and development. This subject is addressed in Chapter XI (Articles 121-137) of Law No. 6,404 of December 15, 1976.

Article 132 of Law No. 6,404/76 states that Business Corporations of the Sociedades Por Ações format shall hold annual General Meetings within the first four (4) months following the end of the fiscal year, to address the following issues:

- I. take management accounts, examine, discuss, and vote on the financial statements;
- II. decide on the use of net income for the year and distribution dividends; and
- III. elect officers and members of the Supervisory Council.

Extraordinary General Meetings must be called for other cases, such as amending bylaws, decisions involving transformation, consolidation, merger or split of the company, or its winding up and liquidation, appoint or dismiss liquidators, to examine their accounts, bundle or unbundle shares.

### c. addresses (physical or electronic) where documents relating to the shareholders general meeting will be available for analysis

Documents relating to General Meetings, such as Call Notices and Motions from the Board of Directors, are available to shareholders at Bradesco's Shares and Custody Department, the Depository Financial Institution for the company's shares, in Cidade de Deus, Prédio Amarelo, Vila Yara, Osasco, state of São Paulo, and may also be seen at [www.bradesco.com.br](http://www.bradesco.com.br) ☐ Corporate Governance / Shareholders, or the BM&FBovespa and CVM websites.

### d. identifying and managing conflicts of interest

As Law No. 6,404/76 states, shareholders should exercise voting rights in the interests of the company. Abusive voting refers to voting for the purpose of causing damage to the company or other shareholders, or to obtain undue advantage for voters themselves or for others, and which may lead to losses for the company or other shareholders.

During the meeting, shareholders whose interests are in conflict with the company's on specific points must report this immediately and refrain from taking part in discussion and

voting on this item.

e. management's request for proxies to exercise voting rights

Bradesco's Management does not request voting proxies and shareholders may decide on their representation at General Meetings at their own discretion.

f. formalities required for the acceptance of proxies appointed by shareholders, indicating whether the issuer accepts shareholders appointing proxies by electronic means.

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## 12.2 ☐ Rules, policies, and practices relating to general meetings

When a shareholder is represented by a proxy, the document must be examined before the General Meeting starts. In order to hasten the process and facilitate the work of Meetings, at the shareholder's discretion, proof of ownership of shares with preferably two (2) or more business days before the date set for the General Meeting, the proxy must be deposited at the Company's principal offices at Banco Bradesco S.A. ☐ General Secretariat ☐ Corporate ☐ Cidade de Deus ☐ 4<sup>th</sup> floor Prédio Vermelho ☐ Vila Yara ☐ Osasco, state of São Paulo ☐ postal code 06029-900. Copies of documentation may also be e-mailed to *governancacorp@bradesco.com.br* or faxed to (11) 3684-4630 or (11) 3683-2564.

Any proxies drafted in a foreign language must be translated into Portuguese and filed with the Registry of Deeds and Documents before forwarding to the Company.

g. maintaining Internet forums and pages to receive and share investors' comments on agendas for meetings

The following electronic channels are available for shareholders to send comments:

☐ *governancacorp@bradesco.com.br*

☐ *investidores@bradesco.com.br*

h. live video and/or audio broadcasts of meetings

Live video and/or audio broadcasts of Meetings are not available.

i. procedures for allowing shareholders to formulate proposals for inclusion on the agenda.

Notices calling the Company's General Meetings explicitly include numbered lists of all the matters to be discussed on the agenda, but other subjects that depend on a decision by the meeting may not be included

If the Company receives proposals from formulated shareholders, they are evaluated by Management.

**12.3 ☐ Dates and newspapers publishing information required under Law No. 6,404/76**

<b>Fiscal Year</b>	<b>Publication</b>	<b>Gazette / Newspaper</b>	<b>State</b>	<b>Date</b>
12/31/2009	Financial Statements	Diário Oficial do Estado	☐ SP	02/10/2010
				02/10/2010
	Notifying Shareholders that Financial Statements Are Available	Diário do Comércio (São Paulo)	☐ SP	02/02/2010
				02/03/2010
				02/04/2010
		Diário Oficial do Estado	☐ SP	02/02/2010
				02/03/2010
				02/04/2010
	Calling OGM that Reviewed Financial Statements	Diário do Comércio (São Paulo)	☐ SP	02/10/2010
				02/11/2010
				02/12/2010
		Diário Oficial do Estado	☐ SP	02/10/2010
				02/11/2010
				02/12/2010
12/31/2008	Financial Statements	Diário do Comércio (São Paulo)	☐ SP	03/05/2009
				03/05/2009
	Notifying Shareholders that Financial Statements Are Available	Diário do Comércio (São Paulo)	☐ SP	02/03/2009
				02/04/2009
				02/05/2009
		Diário Oficial do Estado	☐ SP	02/03/2009
				02/04/2009
				02/05/2009
	Calling OGM that Reviewed Financial Statements	Diário do Comércio (São Paulo)	☐ SP	02/18/2009
				02/19/2009
				02/20/2009
		Diário Oficial do Estado	☐ SP	02/18/2009
				02/19/2009
				02/20/2009
	Minutes of OGM that Reviewed Financial Statements	Diário do Comércio (São Paulo)	☐ SP	04/07/2009
				04/07/2009
12/31/2007	Financial Statements	Diário do Comércio (São Paulo)	☐ SP	02/13/2008
				02/13/2008
	Calling OGM that Reviewed Financial Statements	Diário do Comércio (São Paulo)	☐ SP	03/06/2008
				03/07/2008
		Diário Oficial do Estado	☐ SP	03/05/2008
				03/05/2008
				03/06/2008
				03/07/2008
	Minutes of OGM that Reviewed Financial Statements	Diário do Comércio (São Paulo)	☐ SP	04/15/2008
				04/15/2008





## **12.4 ☐ Rules, policies, and practices relating to the Board of Directors**

### a. frequency of meetings

The Board meets quarterly and may hold extraordinary meetings when necessary and called by the Chairman or half of its current members, and minutes are written for each meeting.

### b. If there are any, provisions of the shareholders agreement that pose restriction or conditions on the exercise of voting rights by members of the board

There are no shareholder agreements.

### c. rules for identifying and managing conflicts of interest

Law No. 6,404/76 bars officers from intervening in any corporate transaction in which they have conflicting interests with the company, or in related decisions taken by the other officers, and they must notify their impediment and have the nature and extent of their interest recorded in the minutes of the meeting of the board of directors or executive board.

Article 8 of the Internal Rules of Bradesco's Board of Directors identifies officer impediments that are characterized as conflicts of interest, namely:

a) performing acts of liberality at the expense of the Company or other Bradesco companies;

b) borrowing funds from the Company or its subsidiaries, or using the latter's assets for their own benefit;

c) enjoying any type of advantage due to the position held;

d) using business opportunities that they may learn of due to their position, for their own benefit or that of others, with or without prejudice to the Company;

e) omission in the exercise or protection of the Company's rights;

f) acquiring assets or rights known to be necessary to the Company, or that it intends to acquire, to be resold at a profit;

g) making use of insider information to gain advantage for themselves or others by buying or selling securities;

h) intervening in transactions that involve interests conflicting with the Company or any Bradesco company; should this occur, the reasons for impediment must be recorded in the minutes;

i) be directly or indirectly involved in trading Securities issued by the Company or referenced to them:

l. prior to disclosure to the market of a material event or fact in the business of Banco Bradesco S.A.;

II. within fifteen (15) days of Banco Bradesco S.A.'s quarterly or annual reports being disclosed;

III. if there is the intention of promoting a corporate merger, total or partial split, conversion, or reorganization;

IV. during the process of acquisition or disposal of shares issued by Banco Bradesco S.A., exclusively on dates on which the Bank is trading.

j) decide on purchase or sale by the Company or by other Bradesco publicly held companies, of their own stock, if there are any:

I. any agreement or contract seeking to transfer shareholder control;

## 12.4 ☐ Rules, policies, and practices relating to the Board of Directors

II. intention of promoting corporate absorption, total or partial split, merger, conversion or reorganization involving significant investment in affiliates.

In order to prevent conflicts of interest, Bradesco's Policy on Related Party Transactions consolidates the Company's procedures for the above mentioned transactions pursuant the rules issued by Regulatory Organizations, thus lending transparency to the process for our shareholders, investors and the market in general, and ensuring strict alignment with the Organization's interests in line with best practices for Corporate Governance. This Policy bars loans or advances to Directors or officers and members of Advisory Councils or the Board, or Tax committees or similar bodies, or to their spouses; relatives to the second degree of kinship, for persons mentioned above; persons or entities holding more than ten percent (10%) of Bradesco capital unless specifically authorized by the Central Bank of Brazil, in each case, for transactions collateralized by effects resulting from the purchase and sale or attachment of goods within general limits set by the National Monetary Council; legal entities of which Bradesco holds more than ten percent (10%) of capital; and legal entities in whose capital more than ten percent (10%) is held by any Bradesco director or officer, or their spouses and relatives to the second degree.

Once identified, any person involved in a conflict of interest must be removed from the arrangements made to solve the issue, which is the responsibility of the Ethics Committee, which shall:

- a) review any infractions and violations of corporate or industry Codes of Ethical Conduct, and/or Bradesco's Policies and Procedures, whether reported directly by the complainant or through the Organization's Dependencies;
- b) determine the measures necessary by issuing a report or opinion addressed to the competent Dependencies;
- c) ensuring that infractions and violations are followed by applicable disciplinary actions, regardless of the level of hierarchy concerned, without prejudice of applicable legal penalties;
- d) ensure that the Board of Directors is informed of issues that may significantly impact the Organization's image; and
- e) submit issues relating to Bradesco's Directors to the Board for appreciation.

**12.5 ☐ Description of section committing to settle disputes through arbitration**

The bylaws do not contain a commitment to arbitration for settling conflicts among shareholders or between the latter and the issuer.

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**12.6 / 8 ☐ Composition and professional experience of management and supervisory council**

<b>Name</b>	<b>Age</b>	<b>Management body</b>	<b>Date elected</b>	<b>Mandate</b>
<b>Taxpayer No. (CPF)</b>	<b>Profession</b>	<b>Elected position held</b>	<b>Date took office</b>	<b>Elected</b>
<b>Other positions and duties with issuer</b>				
Ademir Cossiello	54	Belongs to executive board only	03/10/2010	until the directors
722.446.408-25	Banking	19 ☐ Executive managing director	05/28/2010	Yes
Member of the statutory committee for Integrated Risk Management and Capital Allocation, and the following committees: Credit, Investments; Customer Relationship Management (CRM); Strategic Planning, Product and Direct Negotiations with Public and Private Institutions, acting as coordinator of the last two committees.				
Adineu Santesso	57	Belongs to executive board only	03/10/2010	until the directors
401.747.518-34	Banking	19 ☐ Departmental director	05/31/2010	Yes
Member of the Credit Risk Management executive committee.				
Airton Celso Exel Andreolli	61	Belongs to executive board only	03/10/2010	until the directors
053.336.958-49	Banking	19 ☐ Departmental director	05/31/2010	Yes.
Member of the Corporate Security, Brazilian Payments System (SBP), and Information Technology executive committee.				
Alex Silva Braga	45	Belongs to executive board only	03/10/2010	until the directors
509.505.336-53	Banking	19 ☐ Regional director	05/31/2010	Yes
Does not have other positions or duties with the issuer.				
Alexandre da Silva Glüher	49	Belongs to executive board only	03/10/2010	until the directors
282.548.640-04	Banking	19 ☐ Departmental director	05/31/2010	Yes
Member of statutory committees for Ethical Conduct and Internal Controls and Compliance, and of the executive committee; Corporate Security; Brazilian Payments System (SPB); Information Technology; Money Laundering and Financing for Terrorism; Bradesco Corporate Business, Bradesco Empresas [CIB Unit, BBI and Corretora (Broker / dealer); Credit Risk Management; and Basel II Application.				

**12.6 / 8 ☐ Composition and professional experience of management and supervisory council**

<b>Name</b>	<b>Age</b>	<b>Management body</b>	<b>Date elected</b>	<b>Ma</b>
<b>Taxpayer No. (CPF)</b>	<b>Profession</b>	<b>Elected position held</b>	<b>Date took office</b>	<b>Ele</b>
<b>Other positions and duties with issuer</b>				
Alfredo Antônio Lima de Menezes	48	Belongs to executive board only	03/10/2010	unt dire
037.958.008-03	Banking	19 ☐ Departmental director	05/31/2010	Yes
Member of Market and Liquidity Risk, Investments, and Treasury executive committees.				
Almir Rocha	46	Belongs to executive board only	03/10/2010	unt dire
125.546.708-89	Banking	19 ☐ Regional director	05/31/2010	Yes
Does not have other positions or duties with the issuer.				
Altair Antônio de Souza	49	Belongs to executive board only	03/10/2010	unt dire
244.092.606-00	Banking	19 ☐ Departmental director	06/10/2010	Yes
Member of the executive committee for Tenders and Direct Negotiations with Public and Private Institit				
Amilton Nieto	49	Belongs to executive board only	03/10/2010	unt dire
011.136.138-90	Banking	19 ☐ Departmental director	05/31/2010	Yes
Member of the Socioenvironmental Responsibility executive committee.				
André Bernardino da Cruz Filho	51	Belongs to executive board only	03/10/2010	unt dire
192.221.224-53	Banking	19 ☐ Departmental director	05/31/2010	Yes
Member of the following executive committees; Market and Liquidity Risk Management; Investments; Payments System (SPB)				
André Marcelo da Silva Prado	48	Belongs to executive board only	03/10/2010	unt dire
797.052.867-87	Banking	19 ☐ Departmental director	05/31/2010	Yes
Member of the following executive committees; Credit Risk Management; Investments; Capital Marke Bradesco Companies, Forex-International Unit, BBI and Corretora (broker / dealer).				

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**12.6 / 8 ☐ Composition and professional experience of management and supervisory council**

<b>Name</b>	<b>Age</b>	<b>Management body</b>	<b>Date elected</b>	<b>Mandate</b>
<b>Taxpayer No. (CPF)</b>	<b>Profession</b>	<b>Elected position held</b>	<b>Date took office</b>	<b>Elected by</b>
<b>Other positions and duties with issuer</b>				
André Rodrigues Cano	51	Belongs to executive board only	03/10/2010	until the first directors he
005.908.058-27	Banking	19 ☐ Departmental director	06/10/2010	Yes
Member of executive committees ☐ Quality, Customer Relationship Management (CRM), Socioenvironmental Corporate Security, Brazilian Payments System (SBP), Information Technology, and Products and Services				
Antonio Chinellato Neto	52	Belongs to executive board only	03/10/2010	until the first directors he
029.888.168-32	Banking	19 ☐ Director	05/31/2010	Yes
Does not have other positions or duties with the issuer.				
Antonio de Jesus Mendes	57	Belongs to executive board only	03/10/2010	until the first directors he
531.807.478-20	Banking	19 ☐ Departmental director	06/10/2010	Yes
Member of the following executive committees: Investments; Tenders and Direct Negotiations with Public Institutions; and Treasury.				
Antonio Gualberto Diniz	48	Belongs to executive board only	03/10/2010	until the first directors he
053.485.748-56	Banking	19 ☐ Regional director	05/31/2010	Yes
Does not have other positions or duties with the issuer.				
Antonio José da Barbara	41	Belongs to executive board only	03/10/2010	until the first directors he
083.858.728-33	Banking	19 ☐ Departmental director	05/31/2010	Yes
Member of the Socioenvironmental Responsibility, Corporate Governance, and Disclosure executive committees				
Antonio Piovesan	49	Belongs to executive board only	03/10/2010	until the first directors he
015.525.598-31	Banking	19 ☐ Regional director	06/10/2010	Yes
Does not have other positions or duties with the issuer.				

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**12.6 / 8 ☐ Composition and professional experience of management and supervisory council**

<b>Name</b>	<b>Age</b>	<b>Management body</b>	<b>Date elected</b>	<b>Date took office</b>
<b>Taxpayer No. (CPF)</b> 055.302.378-00	Banking	11 ☐ Executive vice-president / superintendent	05/28/2010	
<b>Other positions and duties with issuer</b> Member of the Ethical Conduct and Integrated Risk Management and Capital Allocation statutory committees; Credit; Operational Risk Management; Strategic Planning; Socioenvironmental Application.				
Arnaldo Alves Vieira	62	Belongs to executive board only	03/10/2010	
Arnaldo Nissental	54	Belongs to executive board only	03/10/2010	
425.048.807-15	Banking	19 ☐ Departmental director	05/31/2010	
Member of the Customer Relationship Management (CRM) and Corporate Security executive committees.				
Aur�lio Conrado Boni	58	Belongs to executive board only	03/10/2010	
191.617.008-00	Banking	19 ☐ Executive managing director	06/10/2010	
Member of the following executive committees: Operational Risk Management; Strategic Planning; Corporate Technology; Basel II Application; Acquisition and Integration of New Companies with Bradesco Organizational System (SBP), acting as coordinator of the latter.				
Aur�lio Guido Pagani	50	Belongs to executive board only	03/10/2010	
349.838.999-87	Banking	19 ☐ Director	05/31/2010	
Does not have other positions or duties with the issuer.				
Candido Leonelli	63	Belongs to executive board only	03/10/2010	
375.739.268-04	Banking	19 ☐ Executive managing director	05/28/2010	
Member of the following executive committees: Operational Risk Management; Strategic Planning; Corporate Services; Customer Relationship Management (CRM), acting as coordinator of the latter.				

**12.6 / 8 ☐ Composition and professional experience of management and supervisory council**

<b>Name</b>	<b>Age</b>	<b>Management body</b>	<b>Date elected</b>	<b>Mandate</b>
<b>Taxpayer No. (CPF)</b>	<b>Profession</b>	<b>Elected position held</b>	<b>Date took office</b>	<b>Elected b</b>
<b>Other positions and duties with issuer</b>				
Cassiano Ricardo Scarpelli	41	Belongs to executive board only	03/10/2010	until the fir directors h
082.633.238-27	Banking	19 ☐ Departmental director	05/31/2010	Yes
Member of executive committee ☐ Treasury.				
Cláudio Fernando Manzato	56	Belongs to executive board only	03/10/2010	until the fir directors h
594.044.938-72	Banking	19 ☐ Director	05/31/2010	Yes
Does not have other positions or duties with the issuer.				
Clayton Camacho	48	Belongs to executive board only	03/10/2010	until the fir directors h
049.313.418-29	Banking	19 ☐ Departmental director	05/31/2010	Yes
Member of statutory committees for Ethical Conduct and Internal Controls and Compliance, and of the committees: Prevention and Combat of Money Laundering and Financing for Terrorism; and Corporate				
Delvair Fidencio de Lima	50	Belongs to executive board only	03/10/2010	until the fir directors h
005.645.288-89	Banking	19 ☐ Regional director	05/31/2010	Yes
Does not have other positions or duties with the issuer.				
Denise Pauli Pavarina	47	Belongs to executive board only	03/10/2010	until the fir directors h
076.818.858-03	Banking	19 ☐ Departmental director		