

BANK BRADESCO  
Form 6-K  
May 31, 2016

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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 May, 2016**  
**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. Responsible for the Form**

**1.1 - Declaration and identification of individuals in charge**

**Name of the person in charge of the form's contents:** Luiz Carlos Trabuco Cappi

**Position:** Chief Executive Officer

**Name of the person in charge of the form's contents:** Luiz Carlos Angelotti

**Position:** Investor Relations Officer

**The aforementioned Officers hereby state:**

- a)** to have revised the reference form;
- b)** that all information contained in the form meets the provisions of CVM Instruction No. 480, particularly those set out in articles 14 to 19; and
- c)** that the set of information contained therein is a true, accurate, and complete description of the issuer's economic financial outcomes and of the risks inherent to its activities and securities issued.

## 1.1 - CEO's Statement

### STATEMENT

Cidade de Deus, Osasco/SP, May 31, 2016.

I, **Luiz Carlos Trabuco Cappi** - CEO of Banco Bradesco S.A., declare that:

1. I have reviewed Banco Bradesco S.A.'s annual reference form for 2015;
2. All information in the form complies with the CVM Instruction No. 480 in particular with articles 14 to 19; and
3. Based on our knowledge, 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.

Luiz Carlos Trabuco Cappi

**CEO**

5 – Reference Form – 2016

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## 1.2 - Investor Relations Officer's Statement

### STATEMENT

Cidade de Deus, Osasco/SP, May 31, 2016.

I, **Luiz Carlos Angelotti** - Investor Relations Officer of Banco Bradesco S.A., declare that:

1. I have reviewed Banco Bradesco S.A.'s annual reference form for 2015;
2. All information in the form complies with the CVM Instruction No. 480 in particular with articles 14 to 19; and
3. To the best of our knowledge, the information herein provides a true, accurate and full picture of the issuer's financial situation and the risks inherent to its activities and its issue of securities.

Luiz Carlos Angelotti

**Investor Relations Officer**

6 – Reference Form – 2016

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## **1.3 - Statement of the CEO / Investor Relations**

The individual statements of the CEO and of the Officer of Investor Relations are described, respectively, in items 1.1 and 1.2 of this Reference Form.

7 – Reference Form – 2016

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## 2. Independent Auditors

### 2.1/2.2 - Identification and remuneration of Auditors

Identification and remuneration of Auditors	
Is there an auditor?	Yes
CVM Code	418-9
Type of auditor	Local
Name/Corporate name	KPMG Auditores Independentes
CPF/CNPJ [Individual/Corporate Taxpayer's Registry]	57.755.217/0022-53
Service period	03/21/2011
Description of contracted services	<p>The services referring to the fiscal year of 2015, include: (i) Auditing of the financial statements of companies and funds within the Bradesco Organization; (ii) Regulatory Reports in compliance with the Central Bank and the Brazilian Securities Commission (CVM); and (iii) Other services provided by the external auditors (pre-agreed procedures, investigations and review of information, substantially, financial, fiscal and actuarial data).</p> <p>The services referring to the fiscal year of 2014, include: (i) Auditing of the financial statements of companies and funds within the Bradesco Organization; (ii) Regulatory Reports in compliance with the Central Bank and the Brazilian Securities Commission (CVM); and (iii) Other services provided by the external auditors (system diagnostics and compilation of IT information and training).</p> <p>The services referring to the fiscal year of 2013, include: (i) Auditing of the financial statements of companies and funds within the Bradesco Organization; (ii) Regulatory Reports in</p>



compliance with the Central Bank and the Brazilian Securities Commission (CVM); and (iii) Other services provided by the external auditors (pre-agreed procedures for the review of financial information, sweepstakes, review and diagnostics of systems and tax reviews). Auditing services contracted in 2015: R\$31,523 thousand

Other Services: R\$1,410 thousand

Total: R\$32,933 thousand

Auditing services contracted in 2014: R\$27,782 thousand

Other Services: R\$1,181 thousand

Total: R\$28,963 thousand

Auditing services contracted in 2013: R\$29,836 thousand

Other Services: R\$926 thousand

Total: R\$30,762 thousand

Not Applicable

Not Applicable

03/21/2011

Cláudio Rogélio Sertório

094.367.598-78

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#### **Total amount of compensation of independent auditors divided by service**

**Justification for the replacement  
Reason presented by the auditor in case of  
disagreement with the justification provided by the  
issuer**

**Service period**

**Name of the technician in charge**

**CPF [Individual Taxpayer's Registry]**

**Address**

## **2.3 - Other relevant information**

There is no other information deemed relevant at this time.

## 3. Selected financial information

## 3. Selected financial information

## 3.1 - Financial Information – Consolidated

(In accordance with International Accounting Standards - IFRS) In R\$	Fiscal Year 12/31/2015	Fiscal Year 12/31/2014	Fiscal Year 12/31/2013
Shareholders' Equity	90,914,762,000.00	82,291,805,000.00	72,102,926,000.00
Total Assets	1,026,703,522,000.00	930,451,016,000.00	838,301,614,000.00
Net revenue / Revenue from financial intermediation / Gains from insurance premiums	204,488,753,000.00	172,800,179,000.00	153,586,386,000.00
Gross earnings	9,603,583,000.00	19,330,791,000.00	14,319,169,000.00
Net earnings	18,237,905,000.00	15,416,478,000.00	12,486,138,000.00
Number of shares, excluding Treasury	5,029,475,653	5,034,468,671	5,035,810,991
Share equity value ( <i>Reais</i> per unit)	18.08	16.35	14.32
Basic Earnings per Share	3.43	2.90	2.34
Diluted Earnings per Share	3.43	2.90	2.34

## 3.2 - Non-GAAP earnings

The non-GAAP earnings were not disclosed in the course of the last fiscal year.

## 3.3 - Subsequent events to the latest financial statements

There were no subsequent events that need to be adjusted or disclosed for the consolidated financial statements closed on December 31, 2015.

## 3.4 - Income allocation policy

(R\$ thousand)	Income Allocation		
	2015	2014	2013

### **Legal reserve**

The allocation of a portion of the net income for legal reserves is set out by Article 193 of Law No. 6,404/76 and is intended to ensure the integrity of the share capital, and may only be used to offset losses or to increase the capital.

The net income for the year, five percent (5%) shall be applied before any other allocation, in the constitution of the legal reserve, which shall not exceed twenty percent (20%) of the share capital.

The legal reserve may no longer be constituted in the year in which the balance of this reserve, increased by the amount of the capital reserves provided for in Paragraph 1 of Article 182, exceeds thirty percent (30%) of the share capital.

### **Statutory Reserves**

Article 194 of Law No. 6,404/76 regulates the creation of statutory reserves. Pursuant to such legal document, the company's bylaws may create reserves based on the following specific conditions:

- the purpose is accurately and completely indicated;
- the criteria for determining the portion of annual net income that will be allocated for its constitution is established; and
- the maximum reserve limit is set.

Pursuant to applicable laws, Article 28 of the Bylaws sets out that the balance of the net income, after all statutory allocations, will have the allocation proposed by the Board of Executive Officers, approved by the Board of Directors and deliberated in the Shareholders' Meeting, and one hundred percent (100%) of this balance may be allocated to the Profits Reserves - Statutory, aimed at keeping the operating margin compatible with the development of active operations of the Company, up to the limit of ninety-five percent (95%) of the value of the paid-in share capital.

In case a proposal by the Board of Executive Officers on the allocation of the net income for the year includes the payout of dividends and/or payment of interest on shareholders' equity in an amount greater than the mandatory dividend established in Article 27, item III, of the bylaws, and/or withholding of profits in accordance with Article 196 of Law No. 6,404/76, the balance of net income for purposes of constituting this reserve will be determined after the full deduction of these allocations.

#### **a) Rules on withholding of profits**

## 3. Selected financial information

	Net Income for the Year	17,189,634	15,088,818	12,011,028
Amounts referring to Withholding of Profits (R\$ thousand)	Legal Reserve	859,481	754,442	600,551
	Statutory Reserves	10,295,188	9,279,796	7,332,569
	Gross Interest on Shareholders' Equity	5,122,963	3,595,008	3,224,050
	Dividends	912,000	1,459,572	853,858

**b) Rules on the distribution of dividends**

With the advent of Law No. 9,249/95, which entered into force on January 1, 1996, companies can pay interest on shareholders' equity, to be imputed, net of withholding income tax, to the amount of the minimum mandatory dividend.

**Minimum Mandatory Dividend**

In accordance with item III of Article 27 of Bradesco's Bylaws, shareholders are entitled to thirty percent (30%) of the net income as minimum mandatory dividends, in each fiscal year, adjusted by reducing or increasing the values specified in items I, II and III of Article 202 of Law No. 6,404/76 (Brazilian Corporate Act). Therefore, the minimum percentage of thirty percent (30%) established in the Bylaws is above the minimum percentage of twenty five percent (25%) established in paragraph 2 of Article 202 of Law No. 6,404/76.

**Shareholders Holding Preferred Shares**

Preferred shares grant their holders dividends ten percent (10%) higher than those attributed to common shares (letter "b" of paragraph 2 of Article 6 of the corporate Bylaws).

**Re-Application of Dividends or Interest on Shareholders' Equity**

The re-application of Dividends and/or Interest on Shareholders' Equity is a product that allows Bradesco's depositor shareholders registered in the Bradesco Corretora, either individuals or corporate entities, to invest the amount received, credited to checking accounts, in new shares (currently only for preferred shares), thereby increasing shareholding interest.

Shareholders have the option of re-applying the monthly and/or special (complementary and intermediary) dividends. There is no ceiling for this re-application and the minimum limit should be

enough for the acquisition of at least one (1) share. Bradesco has distributed dividends on a monthly basis since 1970, becoming the first Brazilian financial institution to adopt such practice.

### **Interim Dividends**

The Board of Executive Officers, upon approval by the Board of Directors, is authorized to declare and pay interim dividends, twice a year or on a monthly basis, to the existing Accrued Profits or Profit Reserves accounts (Article 27, paragraph 1 of the Corporate Bylaws).

#### **c) Frequency of dividend payouts**

They may also authorize the distribution of Interest on Shareholders' Equity to replace interim dividends, either integrally or partially (Article 27, paragraph 2 of the Corporate Bylaws).

### **Interest on Shareholders' Equity Monthly Payment System**

For the purposes set out in Article 205 of Law No. 6,404/76, shareholders entered in the records of the Company on the date of the statement, which occurs on the first business day of each month, shall be deemed beneficiaries.

Payments are made on the first business day of the subsequent month, one month in advance of the mandatory dividend, by credit in the account informed by the shareholder or provided to the Company.

#### **d) Any restrictions on the distribution of dividends imposed by special laws or regulations applicable to the issuer, as well as contracts, judicial or administrative decisions or arbitration.**

There are no restrictions on the distribution of dividends.

## 3. Selected financial information

**3.5 - Dividend payouts and withholding of net income**

In R\$	Fiscal Year 12/31/2015	Fiscal Year 12/31/2014	Fiscal Year 12/31/2013
Adjusted Net Income	16,330,152,666.20	14,334,377,257.19	11,410,476,390.24
Dividend distributed in relation to adjusted net income	36.955954	35.261943	35.738276
Rate of return in relation to the equity of the issuer	19.334477	18.512013	16.931296
Total distributed dividend	6,034,963,689.47	5,054,579,977.10	4,077,907,507.89
Withheld net income	11,154,670,696.00	10,034,238,188.36	7,933,120,271.31
Date of approval of the withholding	3/10/2016	3/10/2015	3/10/2014

Withheld net income	Amount	Dividend Payout	Amount	Dividend Payout	Amount	Dividend Payout
<b>Mandatory Dividend</b>						
Common	435,144,968.29	07/17/2015				
Preferred	476,855,031.71	07/17/2015				
Common			300,728,662.31	03/06/2015		
Preferred			329,845,144.47	03/06/2015		
Common			395,361,818.50	07/18/2014		
Preferred			433,636,746.57	07/18/2014		
Common					407,103,274.12	03/07/2014
Preferred					446,754,600.73	03/07/2014
Common						
Preferred						

## 3. Selected financial information

Withheld net income	Amount	Dividend Payout	Amount	Dividend Payout	Amount	Dividend Payout
<b>Interest on Shareholders' Equity</b>						
Common	39,531,550.03	02/02/2015				
Common	39,531,549.96	03/02/2015				
Common	39,531,549.21	04/01/2015				
Common	43,484,690.31	05/04/2015				
Common	43,484,683.32	06/01/2015				
Common	43,484,684.25	07/01/2015				
Common	43,481,379.16	08/03/2015				
Common	43,481,379.42	09/01/2015				
Common	43,481,379.44	10/01/2015				
Common	43,481,379.83	11/03/2015				
Common	43,481,379.61	12/01/2015				
Common	43,481,379.68	01/04/2016				
Common	1,935,154,280.79	03/01/2016				
Preferred	43,356,901.17	02/02/2015				
Preferred	43,356,895.48	03/02/2015				
Preferred	43,356,900.27	04/01/2015				
Preferred	47,692,133.56	05/04/2015				
Preferred	47,692,135.11	06/01/2015				
Preferred	47,671,006.32	07/01/2015				
Preferred	47,646,706.32	08/03/2015				
Preferred	47,610,813.19	09/01/2015				
Preferred	47,610,806.92	10/01/2015				
Preferred	47,610,802.20	11/03/2015				
Preferred	47,610,802.38	12/01/2015				
Preferred	47,610,802.33	01/04/2016				
Preferred	2,119,045,719.21	03/01/2016				
Common			39,531,550.63	02/03/2014		
Common			39,531,551.09	03/05/2014		
Common			39,531,551.14	04/01/2014		
Common			39,531,551.29	05/02/2014		
Common			39,531,551.29	06/02/2014		
Common			39,531,551.90	07/01/2014		
Common			39,531,551.37	08/01/2014		
Common			39,531,551.67	09/01/2014		
Common			39,531,551.92	10/01/2014		
Common			39,531,551.66	11/03/2014		
Common			39,531,550.78	12/01/2014		
Common			39,531,550.89	01/02/2015		
Common			1,240,120,014.11	03/06/2015		
Preferred			43,380,016.82	02/03/2014		
Preferred			43,380,012.76	03/05/2014		
Preferred			43,356,859.89	04/01/2014		
Preferred			43,356,873.37	05/02/2014		

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Preferred	43,356,889.11	06/02/2014
Preferred	43,356,894.27	07/01/2014
Preferred	43,356,895.65	08/01/2014
Preferred	43,356,904.78	09/01/2014
Preferred	43,356,914.62	10/01/2014
Preferred	43,356,911.44	11/03/2014
Preferred	43,356,908.51	12/01/2014
Preferred	43,356,912.06	01/02/2015
Preferred	1,360,179,982.23	03/06/2015

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## 3. Selected financial information

Withheld net income	Amount	Dividend Payout	Amount	Dividend Payout	Amount	Dividend Payout
<b>Interest on Shareholders' Equity</b>						
Common					35,937,603.64	02/01/2013
Common					35,937,604.14	03/01/2013
Common					35,937,604.07	04/01/2013
Common					197,735,649.57	07/18/2013
Common					39,530,680.64	05/02/2013
Common					39,530,680.64	06/03/2013
Common					39,530,680.64	07/01/2013
Common					197,735,649.57	07/18/2013
Common					39,530,680.64	08/01/2013
Common					39,530,680.64	09/02/2013
Common					39,530,680.64	10/01/2013
Common					39,530,680.64	11/01/2013
Common					39,530,680.64	12/02/2013
Common					39,530,157.18	01/02/2014
Common					677,648,939.80	03/07/2014
Preferred					39,486,014.49	02/01/2013
Preferred					39,486,024.39	03/01/2013
Preferred					39,486,019.68	04/01/2013
Preferred					217,263,210.87	07/18/2013
Preferred					43,434,852.74	05/02/2013
Preferred					43,434,852.74	06/03/2013
Preferred					43,434,852.74	07/01/2013
Preferred					217,263,210.87	07/18/2013
Preferred					43,434,852.74	08/01/2013
Preferred					43,422,952.43	09/02/2013
Preferred					43,385,899.80	10/01/2013
Preferred					43,385,899.80	11/01/2013
Preferred					43,385,899.80	12/02/2013
Preferred					43,385,376.64	01/02/2014
Preferred					743,651,060.20	03/07/2014

### 3.6 - Declaration of dividends to the withheld profits or reserves account

In relation to the last three fiscal years, no dividends were declared to the withheld profits accounts or reserves constituted in previous fiscal years.

### 3.7 - Level of indebtedness

Fiscal Year *	Sum of Current and Non-Current Liabilities	Index type	Level of indebtedness	Description and reason for the use of other indexes
12/31/2015	935,788,760,000.00	Level of indebtedness	10.2930343	-

\*In accordance with International Accounting Standards - IFRS

### 3.8 - Obligations

Fiscal year 12/31/2015 (In accordance with International Accounting Standards-IFRS)

Type of Obligation	Type of Guarantee	Other guarantees or privileges	Less than one year	One to three years	Three to five years	More than five years
Loans	Unsecured		22,967,173,000.00	5,269,665,000.00	-	
Debt Security	Unsecured		656,883,551,000.00	190,625,420,000.00	22,739,905,000.00	37,303,046,000.00
Total			679,850,724,000.00	195,895,085,000.00	22,739,905,000.00	37,303,046,000.00

**Note:**

The information refers to the Consolidated Financial Statements. It is important to stress that the financial institution as financial mediators, capturing resources from clients, and onlending loans to clients. Therefore, the obligations in "Securities" in item 3.8 are composed basically, by (i) Captures, that include: (a) Deposits; (b) Debentures; (c) Onlending Obligations through the Issuance of Bonds and Securities and (e) Subordinated debt, besides the (ii) Provisions for pension plans and (iii) further contingent assets.

## 3. Selected financial information

**3.9 - Other relevant information**

The selected financial information described in Section 3 refers to consolidated financial statements.

**Item 3.1:****i. Composition of Net Income – Consolidated**

	In R\$		
<b>Composition (In accordance with International Accounting Standards-IFRS)</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
Revenue from financial intermediation	127,048,252,000.00	103,893,096,000.00	90,682,625,000.00
Fee and Commission Income	17,856,873,000.00	16,759,980,000.00	14,535,723,000.00
Insurance, pension plan and bond retained premiums	58,760,780,000.00	50,454,983,000.00	44,887,215,000.00
Equity in The Earnings (Losses) of Unconsolidated Companies and Joint Ventures	1,528,051,000.00	1,389,816,000.00	1,062,687,000.00
Other operating income	3,695,561,000.00	3,916,996,000.00	5,914,680,000.00
Cofins contributions	(3,290,081,000.00)	(2,628,819,000.00)	(2,557,543,000.00)
Tax on Services - ISS	(565,259,000.00)	(525,671,000.00)	(489,559,000.00)
Social Integration Program (PIS) contribution	(545,424,000.00)	(460,202,000.00)	(449,442,000.00)
<b>Total</b>	<b>204,488,753,000.00</b>	<b>172,800,179,000.00</b>	<b>153,586,386,000.00</b>

**ii. Number of Shares, Ex-Treasury (Units)**

The number of shares presented in 2014 and 2013 were adjusted to reflect the share split, approved at the Special Shareholders' Meeting of March 10, 2015, in the proportion of two new shares for every 10 possessed.

**iii. Basic Result per Share and Result Diluted per Share**

The basic earnings per share is calculated by dividing the net profit attributable to Bradesco's shareholders by the weighted average of shares in circulation during the year, excluding the average number of shares acquired by Bradesco and held in treasury. The diluted profit per share does not differ from the basic earnings per share, because there are no potential dilutable instruments.

**Items 3.4 and 3.5: Dividend payouts and withholding of net income**

We highlight the fact that the financial statements used for the policy of allocating incomes and for the distribution of dividends and interest on shareholders' equity, pursuant to items 3.4 and 3.5, respectively, were prepared in accordance with accounting practices adopted in Brazil applicable to institutions

authorized to operate by the Central Bank.

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3. Selected financial information

**4. Risk factors**

**4.1 - Description of risk factors**

Below are the main risk factors that the Organization considers relevant, on the date of this Reference Form, and that could influence the decision of investment. If they materialize, these risks could have an adverse effect on our business, our financial situation and equity, and the price of our securities. Therefore, possible investors could evaluate the risks described below thoroughly, as well as other information contained in this Reference Form.

We observed that the risks described below are not the only risks to which the Organization is subject. Other risks that we are not aware of, in case they materialize, can generate similar effects to those mentioned previously.

It is important to highlight that, the order in which the risks are presented reflect a criterion of relevance established by the Organization.

**a) Risks relating to the issuer**

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

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

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

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

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

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

- limiting our ability to increase our customer base and expand our operations;
- reducing our profit margins in banking, insurance, leasing and other services and products we offer; and
- increasing competition for foreign investment opportunities.

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

Our loans and advances portfolio has grown over recent years. Any corresponding rise in our level of non-performing loans and advances may lag behind the rate of loan growth, as loans typically do not have payments falling due for a short period of time after their origination. Levels of past due loans are usually higher among our individual clients than our corporate clients.

In 2013 and 2014, our delinquency ratios, which are defined as the total operations overdue for over 90 days in relation to the total portfolio of loans and advances, remained stable at 3.5%. Now in 2015, our delinquency rate above 90 days evolved to 4.1%, due to the deceleration of economic activity in the period.

As of December 31, 2014, our impairment of loans and advances increased by 6.4% when compared to December 31, 2013, while our portfolio of loans and advances to customers grew by 7.8% over that same period. As of December 31, 2015, our impairment of loans and advances increased by 20.5% when compared to December 31, 2014, while our portfolio of loans and advances to customers grew by 6.1% over that same period.

## 4. Risk factors

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

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

The value of certain of our investments in financial assets may decline significantly due to the volatility of the financial markets and may fluctuate over short periods of time. As of December 31, 2015, investments in financial assets represented 27.0% of our assets, and realized investment gains and losses have had and will continue to have a significant impact on the results of our operations. The amounts of such gains and losses, which we record when investments in financial assets are sold, or in certain limited circumstances where they are marked to market or recognized at fair value, may fluctuate considerably from period to period. The level of fluctuation depends, in part, upon the fair value of the financial assets, which in turn may vary considerably, and our investment policies. We cannot predict the amount of gain or loss realized for any future period, and our management believes that variations from period to period have no practical analytical value. Furthermore, any gains in our investment portfolio may not continue to contribute to net income at levels consistent with recent periods or at all, and we may not successfully realize the appreciation in our consolidated investment portfolio or any portion thereof.

***Our trading activities and derivatives transactions may produce material losses.***

We engage in the trading of securities, buying debt and equity securities principally to sell them in the short term with the objective of generating profits on short-term differences in price. These investments could expose us to the possibility of material financial losses in the future, as securities are subject to fluctuations in value, which may generate losses. In addition, we enter into derivatives transactions to manage our exposure to interest rate and exchange rate risk. Such derivatives transactions are designed to protect us against increases in exchange rates or interest rates or against decreases in such rates.

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

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

Our substantial dependence on technology, by its very nature, makes us exposed to viruses, malicious software and other forms of cyber attacks, which may unexpectedly impair the operation of the systems that manage and store sensitive and/or confidential information on our operations.

We and other financial institutions have already experienced attacks on our computer systems. Although we have to date not experienced any material or data loss from these attacks, it is possible, given the use of new technologies and increasing reliance on the Internet and the varying nature of attacks, that we may not be able to effectively anticipate and prevent such attacks.

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

***The Brazilian Supreme Court is currently deliberating cases relating to the application of inflation adjustments which may increase our costs and cause losses.***

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



## 4. Risk factors

In connection with a related sentence, the Superior Court of Justice (*Superior Tribunal de Justiça*, or “STJ”), which is the highest court responsible for ruling on federal laws, ruled, in May 2014, that the starting date for counting default interest for compensating savings account holders must be the date of summons of the related lawsuit (rather than the date of settlement of the judgment), therefore increasing the amount of possible losses for the affected banks in the event of an unfavourable decision by the STF.

We cannot predict the outcome of this case. However, depending on the ruling made by the STF, banks (including ourselves) might incur material costs which could cause losses for us.

***We may incur losses associated with counterparty exposures.***

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

**b) Risks related to its direct or indirect controlling shareholder or control group**

***The majority of our common shares are held by one shareholder and none of our Board members are independent, therefore their interests may conflict with those of our other investors.***

As of December 31, 2015, Fundação Bradesco directly and indirectly held 56.7% of our common shares. As a result, Fundação Bradesco has the power, among other things, to prevent a change in control of our company, even if a transaction of that nature would be beneficial to our other shareholders, as well as to approve related party transactions or corporate reorganizations. Under the terms of Fundação Bradesco’s by-laws, members of our Board of Executive Officers or of our Board of Executive Officers, that have been working with us for more than ten years serve as members of the Managing Board of Fundação Bradesco. The Managing Board has no other members.

Our Board of Directors has eight members, none of whom are regarded as independent. Brazilian Corporate Law provides that only individuals may be appointed to a company’s Board of Directors. Accordingly, there is no legal or statutory provision requiring us to have independent directors. As a result, the interests of our Board of Directors may not always be in line with the interests of our common shareholders and these holders do not have the same protections they would have if most of the directors were independent. Furthermore, our directors are associated to Fundação Bradesco and circumstances may arise in which the interests of Fundação Bradesco, and its associates, conflict with our other investors’ interests.

Fundação Bradesco and our Board of Directors may make decisions in relation to our policy regarding acquisitions, divestitures, financings or other transactions, which may be contrary to the interests of holders of common shares, and which may have a negative impact on the interests of holders of common shares.

**c) Risks related to its shareholders**

***If we issue new shares or our shareholders sell their shares in the future, the market price of your preferred share ADSs and common share ADSs may be reduced.***

Sales of a substantial number of shares, or the belief that this may occur, could decrease the market price of our shares by diluting value. If we issue new shares or our existing shareholders sell the shares they hold, the market price of our shares may decrease significantly.

***Under Brazilian corporate law, holders of preferred shares have limited voting rights***

Under corporate law and our Bylaws, holders of our preferred shares are not entitled to vote at our Shareholders' Meetings, except in exceptional circumstances. This means that, in contrast to holders of common shares, holders of preferred shares are not entitled to vote on corporate transactions, including any proposed merger or consolidation with other companies, among other things.

**d) Risks related to its subsidiaries and associated companies**

Below we highlight the main risks that could affect the business of our main subsidiary, Grupo Bradesco Seguros, Previdência e Capitalização, which contributed almost 30% of our income.

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

## 4. Risk factors

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

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

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

#### **e) Risks related to its suppliers**

We are not exposed to relevant risks related to our suppliers that could influence the decision of investment in our real estate values.

#### **f) Risks related to its customers**

We consider a risk relating to "the customers" as a risk related to the "issuer," as described in item "a" of this section, which reads as "*We may face an increase in our level of delinquency in the payment of loans, to the measure that our loans and advance payment portfolio matures.*"

#### **g) Risks relating to the economic sectors in which the issuer operates**

***The current weakness in Brazilian macroeconomic conditions and perception of certain risks and uncertainties relating to Brazil may have a material adverse effect on our financial condition and results of operations.***

Our results of operations are significantly impacted by macroeconomic conditions in Brazil. We have, in previous years, benefited from the generally stable economic environment and the annual growth of the relatively strong GDP in Brazil. However, beginning in 2013, the GDP growth slowed down as a result of a number of factors, including the depreciation of the *real*, the increasing current accounts deficit and a

persistent inflation rate.

The reduction in primary balances in recent years and the increase of the net debt of the public sector have contributed to a higher deterioration in the macroeconomic conditions. Additionally, other events contributed to the more intense deceleration of economic activity last year, affecting even more negatively the perception of the Brazilian risk. Also, the elevation of the unemployment rate, as a result of the macroeconomic situation, creates risks for the banking activity (especially with regards to the possibility of an increase of delinquency of families and businesses). At the same time, the continued high inflation may lead to an increase in the basic interest rate of financial assets, which could also affect the profitability of our operations.

In 2014, the Brazilian Federal Police and the Federal Public Prosecutor's Office started a series of anti-corruption investigations, named *Operação Lava Jato* or Car Wash Operation, in which, among other things, some executives and employees of Petróleo Brasileiro S.A. (Petrobras), a Brazilian state-owned oil company, were accused of accepting illegal payments to influence commercial decisions. During 2014, 2015 and 2016, these anti-corruption investigations have deepened and resulted in various criminal proceedings, which ended by including, in addition to the executives and employees of Petrobras, several executives from companies of the Brazilian civil construction sector. The symbolic nature of these investigations may have impaired Brazil's reputation momentarily, which could lead to the reduction of the investors' confidence, thus making it difficult for Brazilian companies to obtain funding. We cannot foresee how long these anti-corruption investigations will take or how significant their impacts will be on the Brazilian economy. If the uncertainty continues or if the reduction in investor confidence is relevant, the results of our operations may be adversely affected.

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#### 4. Risk factors

In addition to that, our subsidiary Banco Bradesco BBI S.A. ("Bradesco BBI") is party to certain legal proceedings filed against Petrobras and other defendants, due to its role as underwriter in a notes offering of Petrobras. We or our subsidiaries may become a party to other legal and/or administrative proceedings against Petrobras or other companies which have not yet been filed. A negative outcome of these ongoing legal proceedings or any new legal proceedings may harm our reputation and may adversely affect our financial condition and the results of our operations.

The continuity of any of these factors or their combination may lead to a higher slowdown of GDP growth, which, in turn, may have a negative impact on our financial position and the results of our operations.

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

Our financial conditions and results from operations depend substantially on the Brazilian economy, which in the past has been characterized by frequent and occasionally drastic intervention on the part of 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. We have no means of controlling or predicting which measures or policies the government may take in response to the current or future economic situations or how the government's policies or intervention will affect the economy and directly or indirectly affect our operations and revenues.

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

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

- macroprudential measures;
- inflation;
- allegations of corruption against political parties, public officials elected or other public officials, including claims related to the investigation of *Operação Lava Jato*, or “Operation Car Wash;” and
- other political, diplomatic, social and economic developments within and outside of Brazil that affect the country.

Changes or uncertainties in relation to the implementation of the policies, listed above, can contribute to economic uncertainty in Brazil, increasing the volatility of the Brazilian capital market and the value of their securities negotiated abroad.

Historically, the country's political scenario has influenced the performance of the Brazilian economy and the political crises have affected the confidence of investors and the public in general, which resulted in an economic slowdown and a higher volatility of securities of Brazilian companies issued abroad.

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## 4. Risk factors

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

Fluctuations in the value of the *real* may impact our business. After an extended appreciation process, interrupted only in late 2008 as a result of the global crisis, the *real* started to weaken in mid-2011. This trend accelerated in the past four years and early 2016. The weaker currency made some local manufacturers (particularly exporters) more competitive but also made managing economic policy, particularly inflation, increasingly difficult, even with a slowdown in growth. A weaker *real* impacts adversely the Brazilian companies with debts denominated and/or indexed in U.S. dollar.

As of December 31, 2015, the net exposure of our assets and liabilities denominated in, or indexed to, foreign currencies (primarily U.S. dollars) was 3.3% of our total assets. If the Brazilian currency devalues or depreciates, we risk losses on our liabilities denominated in, or indexed to, foreign currencies, such as our U.S. dollar denominated long term debt and foreign currency loans, and experience gains on our monetary assets denominated in or indexed to foreign currencies, as the liabilities and assets are translated into *reais*. Accordingly, if our liabilities denominated in, or indexed to, foreign currencies significantly exceed our monetary assets denominated in, or indexed to, foreign currencies, including any financial instruments entered into for hedging purposes, a large devaluation or depreciation of the Brazilian currency could materially and adversely affect our financial results and the market price of our shares, even if the value of the liabilities has not changed in their original currency. In addition, our lending operations depend significantly on our capacity to match the cost of funds indexed to the U.S. dollar with the rates charged to our customers. A significant devaluation or depreciation of the U.S. dollar may affect our ability to attract customers on such terms or to charge rates indexed to the U.S. dollar.

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

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

The COPOM establishes the base interest rates for the Brazilian banking system (SELIC). The base interest rate was 14.25%, 11.75% and 10.00% p.a. as of December 31, 2015, 2014 and 2013, respectively. Changes in the base interest rate may adversely affect our results of operations, once we have assets and liabilities indexed to the SELIC rate. At the same time, high basic interest rates can increase the probability of delinquency of clients, the result of the slowdown of the economic activity. In an analogous manner, reduced rates may increase the leverage of borrowers, generating additional risk to the financial system.

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

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

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

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



**h) Risks related to the regulation of sectors in which the issuer operates**

***We can take longer than expected to receive the authorization from Brazilian regulatory agencies for the acquisition of the operations of HSBC Brasil or we may not be able to integrate the acquired business of HSBC Brasil successfully.***

In August 2015, we communicated to the market that we had signed the purchase contract of shares with HSBC Latin America Holdings Limited for the acquisition of its Brazilian subsidiary ("HSBC Brasil"). The acquisition was approved by the Central Bank at the beginning of 2016 and, until the date of this annual report, the acquisition was pending approval by other Brazilian regulatory agencies.

The acquisition and integration of the HSBC Brasil involve certain risks, including the risk of:

- integration of the new communication network, information systems, accounting, financial and personnel system, system of risks and other systems of administration, planning and financial disclosure, bases of clients and products, within our business and can operate with difficulty or with unexpected costs and establish additional demands on our Senior Management, information systems, front office and back office operations and marketing capacity;
- occurrence of unexpected events, such as losses on assets and/or recognition of liabilities or contingencies related to the acquired business;
- restrictions or limitations in terms of the acquisition, risk of requiring the exposure of certain assets or business or to prevent the approval of the transaction, taxes by regulating agencies; and
- delays in the process of integration, which can lead to higher operational expenses than those expected in relation to the acquired business.

Additionally, the expected operation, the financial synergy and other benefits from the acquisition may not be fully achieved.

If we fail to achieve opportunities for business growth and other benefits of this acquisition, or incur in integration costs higher than expected, our results of the operations and financial condition may be adversely affected.

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

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

- minimum capital requirements;
- compulsory deposit/reserve requirements;
- fixed assets investment limitations;

- lending limits and other credit restrictions;
- accounting and statistical requirements;
- minimum coverage; and
- mandatory provisioning policies.

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

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

#### 4. Risk factors

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

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

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

- a portion of our compulsory deposits do not receive remuneration of Central Bank; and
- a portion of our compulsory deposits must finance a federal housing program, the Brazilian rural sector, low income customers and small enterprises under a program referred to as a "microcredit program."

Rules related to compulsory deposits have been changed from time to time by the Central Bank.

As of December 31, 2015, our compulsory deposits in connection with demand, savings and time deposits and additional compulsory deposits were R\$54.8 billion. Reserve requirements have been used by the Central Bank to control liquidity as part of monetary policy in the past, and we have no control over their imposition. Any increase in the compulsory deposit requirements may reduce our ability to lend funds and to make other investments and, as a result, may adversely affect us.

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

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

**i) Risks related to foreign countries where the issuer operates**

The risks to which our offices abroad are exposed are not characterized as relevant insofar as they generate significant impacts that could influence our decision of investment.

There is a proviso that the operations of our Offices Abroad are supported by policies, standards and procedures issued by the Organization.

**j) Socio-environmental issues**

The socio-environmental risk is represented by the potential damages that an economic activity may cause to society and the environment. The socio-environmental risks associated to financial institutions are, in their majority, indirect and stem from the business relations, including those with the supply chain and with clients, through activities of financing and investment, observing the principles of relevance and proportionality of activities of the Organization.

***Funding for large projects carried out by clients can generate socio-environmental impacts that could affect the results and/or reputation of the Organization negatively.***

The Organization promotes credit and financing operations, acting in several sectors, which may significantly affect an entire ecosystem, involving communities and the local flora and fauna. If a client, in the development of their activities, causes environmental impacts, such as the contamination of soil and water pollution above the regulations and/or environmental disasters, it has a direct obligation to repair the damage caused financially. Consequently, depending on the magnitude of the socio-environmental impact, this client can have their economic-financial structure compromised, which may generate losses to the Organization.

#### **4.2 - Description of the main market risks**

Bradesco is exposed to market risk inherent to their activities, such as currency risk and interest rate, since it exercises the role of financial broker, performing and funding/financing loans in various types of indexers.

As the best practice of risk management governance, Bradesco has a continuous process of management positions, which includes control of all positions exposed to market risk through measures consistent with the international best practices and the Agreement of Capitals – Basel. There is an area independent of the business areas that performs the monitoring and control of the limits for exposure to market risk.

## 4. Risk factors

The proposals for risk limits are validated in specific business Committees supported by the Committee of Integrated Risk Management and Capital Allocation, and submitted for approval by the Board of Directors, according to the characteristics of the operations, which are segregated into the following Portfolios:

- **Trading Portfolio:** comprised by all operations carried out with financial instruments, including derivatives, held with trading intent or to hedge other instruments in the trading portfolio, and which are not subject to the limitation of their negotiability. Operations held with trading intent are those intended for resale, obtention of benefits from effective or expected price variation, or for arbitration; and
- **Banking Portfolio:** comprised by operations not classified in the Trading Portfolio from the other business of the Organization and their respective hedges.

### Market Risk Measurement Models

The measurement and control of market risk are made through methodologies of Stress, Value at Risk (VaR), Economic Value of Equity (EVE) and Sensitivity Analysis, in addition to Results Management limits and Financial Exposure. The use of several methodologies for risk measurement and assessment is important, because they are always complementary and their combined use allows you to capture various scenarios and situations.

### Trading and Regulatory Portfolio and Risk of Banking Portfolio Shares

The risks of the Trading Portfolio are controlled by Stress and VaR. In the case of Stress, which aims to quantify the negative impact of shocks and economic events that are financially unfavorable to the positions of the Organization, the analysis uses stress scenarios prepared by the area of Market Risk and Economic Area of the Organization from historical and prospective data for the risk factors in which the Portfolios have position.

For the calculation of VaR, the Delta-Normal methodology is adopted, with 99% confidence level, and the horizon applied takes into account the number of days taken to undo existing exposure. The methodology is applied to Trading and Regulatory Portfolios (Trading Portfolio positions plus exposure in foreign currency and commodities of the Banking Portfolio). Additionally, for the measurement of all risk factors of the options portfolio, the models of historic simulation and the Delta-Gama-Vega are applied, whereby the most conservative between the two prevails. For the calculation of the volatilities, correlations and historical returns a window of at least 252 working days was adopted.

For regulatory purposes, the need for capital relating to Banking Portfolio shares is realized through the evaluation of credit risk, as determined by the Central Bank, i.e. they are not included in the calculation of Market risk.

### Interest Rate Risk in the Banking Portfolio

The measurement and control of the interest rate risk of the Banking Portfolio are made from the EVE methodology, which measures the economic impact on the positions, according to the scenarios drawn up by the Economic area of the Organization, seeking to determine positive and negative movements that may occur in the curves of interest rates on our applications and funding.

The EVE methodology consists of re-pricing the portfolio subject to variation in interest rates taking into consideration increases or decreases in the rates used for the calculation of the present value and the total duration of assets and liabilities. Therefore, the economic value of the portfolio is calculated both with market interest rates on the date of the analysis and with the scenarios designed for the one-year horizon. The difference between the values obtained for the portfolio will be the EVE, i.e. interest rate risk assigned to the Banking Portfolio.

For the measurement of interest rate risk in the Banking Portfolio, the premise of early settlement of loans is not used because this outcome is not representative on the total volume of operations. For demand deposits and savings, which have no maturity defined treatments for verification of historical behaviors are carried out as well as the possibility of their maintenance. Hence, after all the deductions levied on the demand deposits and savings, for example, the compulsory maintained by the Central Bank, the remaining balance (free resources) is considered in accordance with the flow of salaries of prefixed active operations.

## 4. Risk factors

**Evolution of Risk Exposure**

In this section, we present the evolution of the VaR calculated by the internal model, Stress Analysis and Sensitivity Analysis, the latter in accordance with the criteria set out by the CVM Instruction No. 475/08.

**VaR Internal Model - Trading Portfolio**

The VaR for the 1-day horizon and net of the tax effects of 2015 was higher than at the end of 2014, with no significant variation during the period. However, the average VaR in 2015 was considerably lower compared to 2014.

<b>Risk Factors</b>	<b>2015</b>	<b>R\$ million 2014</b>
Fixed	17	20
IPCA (Consumer Price Index - Broad)	1	10
Exchange coupon	1	6
Foreign Currencies	1	9
Equities	-	4
Sovereign/Eurobonds and Treasuries	6	6
Other	-	2
Correlation/diversification effect	(8)	(20)
<b>VaR at end year</b>	<b>18</b>	<b>37</b>
VaR at mid year	21	36
VaR year low	5	16
VaR year high	65	57

**Note:** VaR for the 1-day horizon and net of tax effects.

**VaR Internal Model – Regulatory Portfolio**

Since January 2013, Bradesco has used its internal market risk models, which were used in their management, in the calculation of the regulatory capital requirement<sup>(1)</sup> for all risk factors and business of the Organization. This capital is calculated on the basis of the Regulatory Portfolio, which includes the Trading Portfolio plus Currency Exposure and in Commodities of the Banking Portfolio through the VaR Delta-Normal model. Additionally, in order to measure all the risk factors of the options portfolio, the models of historical simulation and the Delta-Gama-Vega are applied, whereby the most conservative of the two prevails. It is important to note that, the value at risk is extrapolated for the regulatory horizon<sup>(2)</sup> (10-day minimum) based on the time root method. The values of VaR and Stressed VaR demonstrated below are for the horizon of ten days and are net of tax effects.

(1) In order to calculate the share of the Market Risk, the capital requirement will be the maximum between the internal model and 80% of the standard model, according to Circulars No. 3,646/13 and No.

3,674/13 of the Central Bank; and

(2) The maximum between the maintenance period (holding period) of the portfolio and 10 days, which is the regulatory minimum horizon required by the Central Bank, is adopted.

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## 4. Risk factors

Risk Factors	R\$ million			
	2015		2014	
	VaR	Stressed VaR	VaR	Stressed VaR
Interest Rate	56	111	96	211
Exchange Rate	49	71	61	103
Price of Goods (Commodities)	3	7	2	4
Stock Prices	-	-	16	17
Correlation/diversification effect	(17)	(11)	(40)	(53)
<b>VaR at end year</b>	<b>90</b>	<b>178</b>	<b>134</b>	<b>282</b>
VaR at mid year	100	180	142	272
VaR year low	26	73	55	146
VaR year high	312	378	201	347

**Note:** VaR for the 10-day horizon and net of tax effects.

For the purposes of the calculation of the regulatory capital requirement in accordance with the internal model, one must take into consideration the rules described in Circular Letters No. 3,646/13 and No. 3,674/13 of the Central Bank of Brazil (Bacen), such as the use of VaR and Stressed VaR without tax purposes, of the average of the last 60 days and the multiplier.

### Stress Analysis – Trading Portfolio

The Organization evaluates, also daily, the possible impact on positions in stress scenarios to a horizon of 20 working days, with limit set in the governance process. Thus, considering the effect of diversification between the risk factors and the net amounts of tax effects, the possibility of estimated average loss in stress outcomes would be R\$190 million in 2015 (2014 - R\$384 million), and estimated maximum loss would be R\$398 million (2014 - R\$542 million).

	R\$ million	
	2015	2014
At end of the year	184	438
Average in the year	190	384
Minimum in the year	54	162
Maximum in the year	398	542

### Sensitivity analysis

The Trading Portfolio is also monitored daily by sensitivity analyses that measure the effect of market shifts and price curves on our positions. Furthermore, a sensitivity analysis of the Organization's financial exposures (Trading and Banking Portfolio) is performed on a quarterly basis, in compliance with CVM Instruction No. 475/08.

Note that the impact of the financial exposure on the Banking Portfolio (notably interest rates and price indexes) do not necessarily represent a potential accounting loss for the Organization because a portion of loan operations, held in the Banking Portfolio, are financed by demand and/or savings deposits, which are “natural hedges” for future variations in interest rates, moreover, interest rate variations do not represent a material impact on the institution’s result, as Loans are held to maturity. In addition, due to our strong presence in the insurance and pension plan market, Bradesco holds a large volume of assets on which price adjustments would also impact the linked technical reserves.

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## 4. Risk factors

		R\$ million					
		Trading and Banking portfolios (1)					
		2015			2014		
		1	2	3	1	2	3
<b>Scenario 1 - shock of 1 base point on rates and 1% on market prices</b>							
<b>Scenario 2 - shock of 25% on rates and market prices</b>							
<b>Scenario 3 - shock of 50% on rates and market prices</b>							
Interest Rate in <i>Reais</i>	Exposure subject to variations in fixed interest rates and interest rate coupons.	(5)	(1,921)	(3,740)	(7)	(2,027)	(3,924)
Price indexes	Exposure subject to variations in price index coupon rates.	(8)	(1,395)	(2,614)	(9)	(1,371)	(2,568)
Exchange coupon	Exposure subject to variations in foreign currency coupon rates.	(1)	(82)	(151)	(1)	(57)	(107)
Foreign Currency	Exposure subject to exchange rate variations.	(5)	(132)	(265)	(7)	(142)	(273)
Equities	Exposure subject to variation in stock prices.	(12)	(301)	(603)	(18)	(447)	(895)
Sovereign/Eurobonds and Treasuries	Exposure subject to variations in the interest rate of securities traded on the international market.	(1)	(51)	(101)	(1)	(41)	(79)
Other	Exposure not classified in other definitions.	(0)	(11)	(23)	(1)	(29)	(58)
<b>Total without correlation</b>		<b>(32)</b>	<b>(3,894)</b>	<b>(7,496)</b>	<b>(44)</b>	<b>(4,114)</b>	<b>(7,904)</b>
<b>Total with correlation</b>		<b>(18)</b>	<b>(3,218)</b>	<b>(6,181)</b>	<b>(33)</b>	<b>(3,412)</b>	<b>(6,546)</b>
(1) Amounts net of taxes.							

The sensitivity analysis of the Trading Portfolio, which represents exposures that may have a material impact on the Organization's results, is presented below. Note that results show the impact for each scenario on a static portfolio position today. However, the market is highly dynamic which currently results in continuous changes in these positions but does not necessarily reflect the position shown here. Moreover, as previously mentioned, the Organization has an ongoing process of market risk management, which constantly seeks to adjust positions to mitigate related risks according to the strategy determined by Senior Management. Therefore, in cases of deterioration indicators in a certain position, proactive measures are taken to minimize any potential negative impact, aimed at maximizing the risk/return ratio for the Organization.

R\$ million

Trading portfolio (1)

**Scenario 1 - shock of 1 base point on rates and 1% on market prices****Scenario 2 - shock of 25% on rates and market prices****Scenario 3 - shock of 50% on rates and market prices**

		2015			2014		
		1	2	3	1	2	3
Interest Rate in <i>Reais</i>	Exposure subject to variations in fixed interest rates and interest rate coupons.	(1)	(322)	(628)	(1)	(366)	(713)
Price indexes	Exposure subject to variations in price index coupon rates.	(0)	(9)	(16)	(1)	(81)	(157)
Exchange coupon	Exposure subject to variations in foreign currency coupon rates.	(0)	(1)	(3)	(0)	(48)	(89)
Foreign Currency	Exposure subject to exchange rate variations.	(0)	(7)	(14)	(3)	(85)	(170)
Equities	Exposure subject to variation in stock prices.	-	-	-	(1)	(16)	(33)
Sovereign/Eurobonds and Treasuries	Exposure subject to variations in the interest rate of securities traded on the international market.	(1)	(7)	(15)	(1)	(29)	(57)
Other	Exposure not classified in other definitions.	-	(0)	(0)	(1)	(28)	(55)
<b>Total without correlation</b>		<b>(2)</b>	<b>(346)</b>	<b>(675)</b>	<b>(8)</b>	<b>(653)</b>	<b>(1,274)</b>
<b>Total with correlation</b>		<b>(1)</b>	<b>(333)</b>	<b>(649)</b>	<b>(5)</b>	<b>(434)</b>	<b>(844)</b>

(1) Amounts net of taxes.

Sensitivity analyses were carried out based on scenarios prepared for the respective dates, always considering market data at the time and scenarios that would adversely affect our positions, according to the examples below:

**Scenario 1:** Based on market information (BM&FBOVESPA, Anbima, etc.), stresses were applied for 1% variation on prices and 1 basis point on the interest rate. For example: for a *Real*/U.S. dollar exchange rate of R\$3.97 a scenario of R\$4.00 would be used, while for a 1-year fixed interest rate of 15.87%, a 15.88% scenario would be applied;

**Scenario 2:** 25% stresses were determined based on market information. For example: for a *Real*/U.S. dollar exchange rate of R\$3.97 a scenario of R\$4.96 was used, while for a 1-year fixed interest rate of 15.87%, a 19.83% scenario was applied. The scenarios for other risk factors also accounted for 25% stresses in the respective curves or prices; and

## 4. Risk factors

**Scenario 3:** 50% stresses were determined based on market information. For example: for a *Real*/U.S. dollar exchange rate of R\$3.97 a scenario of R\$5.95 would be used, while for a 1-year fixed interest rate of 15.87%, a 23.80% scenario would be applied. The scenarios for other risk factors also account for 50% stresses in the respective curves or prices.

#### 4.3 - Non-confidential and relevant litigation, arbitration or adjudicatory proceedings

The Organization is party to a number of labor, civil and tax lawsuits, arising from the normal course of business.

In our relevance analysis of the lawsuits, which considers: (i) the opinion the legal advisers; (ii) the nature of the shares; (iii) the similarity with previous lawsuits; (iv) the complexity; and (v) the opinion of courts (whenever the loss is assessed as probable), we did not identify relevant lawsuits that could have an influence on the decision of investment. In addition, the Management understands that the provision constituted is sufficient to meet the losses resulting from the respective lawsuits.

Although we do not have relevant lawsuits, according to the criteria mentioned above, we have listed below the tax and pension obligations that have values, assets or rights involved, above the materiality of R\$514 million, which represents 0.5% of the Reference Equity of the issuer (R\$102,825 million). It is important to note that possible differences found between the proceedings disclosed below with the values disclosed in the Notes refer to proceedings that, individually, have lower materiality than that which we consider relevant.

<b>Judicial Proceedings:</b>	16327.000190/2011-83
<b>a. court</b>	Administrative
<b>b. jurisdiction</b>	Second Instance - Administrative Council of Tax Resources - CARF
<b>c. date brought</b>	12/14/2011
<b>d. parties to the proceedings</b>	Defendant: Federal Authority (Brazil's Federal Revenue) Plaintiff: Banco Bradesco S.A.
<b>e. sums, goods or rights involved</b>	R\$ 2,921,625,578.06
<b>f. principal facts</b>	Administrative Procedure: Credit of COFINS resulting from the success in AO 2006.61.00.003422-0 (expansion of the calculation basis – Law No. 9,718/98), whose qualification was denied by the RFB in 2011, however the compensation also made in 2011 was undeferred. After being judged as favorable, in the ordinary proceedings, on June 2011, the company filed a request for credit qualification, which was deferred on August 2011. Therefore, the company started using the credit recognized by the RFB, however, on December 2011 the company was informed of the decision that denied the compensations made. Exhausted discussion in the administrative sphere, the enforcement of the tax credit is suspended by offering guarantee insurance under Fiscal Execution No.

0006016-63.2015.4.03.6130, whose object includes the discussion of the concept of billing for Banks.

**g. chance of losing  
(probable, possible or**

Remote

**remote)**

**h. analysis of impact if case  
is  
lost**

If there is loss of the legal procedure in the administrative sphere, the case will be discussed in the court, where the prospect of loss is also remote, due to the pleas of fact and law involved.

If there is a loss in the possible legal procedure the value involved must be paid, sensitizing the result for the year.

## 4. Risk factors

<b>Judicial Proceedings:</b>	MS 1999.61.00.009282-1
<b>a. court</b>	Federal
<b>b. jurisdiction</b>	TRF 3rd Region – 2nd Section
<b>c. date brought</b>	3/4/1999
<b>d. parties to the proceedings</b>	Defendant: Banco BMC S.A (currently known as Banco Bradesco Financiamentos S.A.) Plaintiff: Special Representative of the Financial Institutions in SP
<b>e. sums, goods or rights involved</b>	R\$ 2,284,819,355.18
<b>f. principal facts</b>	Legal Proceedings, where there is a plea to calculate and collect the COFINS, as per February 1999, on the effective turnover, whose concept is stated in article 2 of LC No. 70/91, moving away from the unconstitutional expansion of the calculation basis intended by paragraph 1 of article 3 of Law No. 9,718/98. After the Judgment in favor of the company, as the final ruling in August 2006, discussion began about the interpretation of the judgment, where there has already been a final decision in favor of the company, against which the Federal Union perpetrated the Motion to Set Aside Judgment No. 0024478-62.2014.4.03.0000 ruling on the contestation. Judicial deposits performed monthly.

<b>g. chance of losing (probable, possible or remote)</b>	Remote
<b>h. analysis of impact if case is lost</b>	If there is a loss in the proceedings the values should be paid upon the conversion of the judicial deposit made into income of the Federal Government.

<b>Judicial Proceedings:</b>	16327.720430/2012-41
<b>a. court</b>	Administrative
<b>b. jurisdiction</b>	Second Instance - Administrative Council of Tax Resources - CARF
<b>c. date brought</b>	04/13/2012
<b>d. parties to the proceedings</b>	Defendant: Federal Authority (Brazil's Federal Revenue) Plaintiff: Ferrara Participações Ltda.
<b>e. sums, goods or rights involved</b>	\$1,895,467,560.10
<b>f. principal facts</b>	Administrative Procedure: Infraction of IRPJ and CSLL concerning the taxation of supposed capital gain in the sale of investment. Entry maintained in the trial of the motion to deny and voluntary appeal. The value involved has the enforcement suspended by the exercise of the embargoes of declaration awaiting trial in the Administrative Tax Appeals

Council - CARF. Special Appeal awaiting judgment of admissibility in the Upper Chamber of Tax Appeals.

**g. chance of losing  
(probable, possible or  
remote)**

Possible

**h. analysis of impact if  
case is lost**

If there is loss of the legal procedure in the administrative sphere, the case will be discussed in the court, where the chances of success are good, due to the pleas of fact and law involved.

If there is a loss in the possible legal procedure the value involved must be paid, sensitizing the result for the year.



## 4. Risk factors

<b>Judicial Proceedings:</b>	16327.720064/2012-20
<b>a. court</b>	Administrative
<b>b. jurisdiction</b>	Second Instance - Administrative Council of Tax Resources - CARF
<b>c. date brought</b>	02/03/2012
<b>d. parties to the proceedings</b>	Defendant: Federal Authority (Brazil's Federal Revenue) Plaintiff: Banco Bradesco S.A.
<b>e. sums, goods or rights involved</b>	\$1,244,427,113.63
<b>f. principal facts</b>	<p>Administrative Procedure: This is the notification (Isolated fine of 50%) imposed on the values that were compensated from the credit of COFINS resulting from the success in AO 2006.61.00.003422-0 (enlargement of the basis of calculation - Law No. 9,718/98), whose qualification was accepted by the RFB in 2011, but the compensation also made in 2011 was rejected.</p> <p>After being judged as favorable, in the ordinary proceedings, on June 2011, the company filed a request for credit qualification, which was deferred on August 2011. Therefore, the company started using the credit recognized by the RFB, however, on December 2011 the company was informed of the decision that denied the compensations made. With this undeferment, the company presented a manifestation of nonconformity. However, in February 2012, the company received the notice of infraction related to the isolated fine of 50% imposed as a result of non-approved compensations.</p> <p>Once the discussion in the administrative sphere is exhausted, the enforcement of the tax credit is suspended by the injunction obtained in MS 0005360-09.2015.4.03.6130.</p>
<b>g. chance of losing (probable, possible or remote)</b>	Remote
<b>h. analysis of impact if case is lost</b>	<p>If there is loss of the legal procedure in the administrative sphere, the case will be discussed in the court, where the prospect of loss is also remote, due to the pleas of fact and law involved.</p> <p>If there is a loss in the possible legal procedure the value involved must be paid, sensitizing the result for the year.</p>
<b>Judicial Proceedings:</b>	MS 2006.61.00.027475-9
<b>a. court</b>	Federal
<b>b. jurisdiction</b>	TRF 3rd Region – 3rd Bench
<b>c. date brought</b>	12/14/2006
<b>d. parties to the proceedings</b>	Defendant: Banco IBI S.A. - Banco Múltiplo Plaintiff: Special Representative of the Financial Institutions in São Paulo
<b>e. sums, goods or rights involved</b>	\$1,075,780,946.70
<b>f. principal facts</b>	Legal Proceedings, in which a plea was made since January 2007: (i) to recognize and declare the non-enforceability of the COFINS and of the contribution to the PIS, in the modality required by Law No. 9,718/98, preventing it, because its incidence on income earned its inconsistent with the concept of turnover (product of the sales of merchandise and of services

provided); (ii) to recognize and declare the non-enforceability of the COFINS levied at 3%, maintaining the levy at 2%; and (iii) to recognize the existence of amount inappropriately collected as PIS (basis of calculation) and of the COFINS (basis of calculation and levy) and the consequent credit rights and authorize the compensation of the values in reference against the instalments due of taxes and contributions managed by the Brazilian Federal Revenue Office.

On March 2007 a partial injunction was obtained, moving away only from the requirement of the collection of the PIS and COFINS on the basis of calculation as determined by Law No. 9,718/98.

On November 2007 the sentence was given as unfounded, re-establishing the Injunction following the favorable decision obtained through a bill of review.

On January 2011 judgment was given as partially favorable, declaring as unconstitutional the incidence of the PIS and COFINS of Law No. 9,718/98 for other income that is not of turnover. Pending judgment is the Amendment of Judgment required in order to clarify if in the concept of turnover the financial income included.

A judicial deposit of the full amount was made of the values involved.

The company lodged a special and extraordinary appeal before the STJ and STF, which are awaiting examination of admissibility.

**g. chance of losing  
(probable, possible or  
remote)**

The prospect of losing the case is rated “possible”. Provision was made because we believe this is a legal obligation.

**h. analysis of impact if  
case is lost**

If the case is lost, the amounts provisioned will have to be paid by converting the realized judicial deposit amount into income to the Federal Government.

## 4. Risk factors

<b>Judicial Proceedings:</b>	MS 2000.51.01.006622-4
<b>a. court</b>	14th Federal Bench – Judicial Section of Rio de Janeiro
<b>b. jurisdiction</b>	High Court of Justice
<b>c. date brought</b>	10/01/2008
<b>d. parties to the proceedings</b>	Defendant: Bradesco Saúde S.A. Plaintiff: INSS
<b>e. sums, goods or rights involved</b>	\$891,840,130.66
<b>f. principal facts</b>	<p>Writ of mandamus filed by Bradesco Saúde S.A. challenging the existence of the legal-tax relationship obliging it to withhold social security contributions on payments made to doctors/dentists.</p> <p>In November 2001, the verdict was given as unfavorable, recognizing the incidence of the Social Security Contribution on payments made by petitioners to doctors, and therefore, denied in court.</p> <p>In February 2003, the judgment was given by TRF 2nd region, dismissing the appeal of the Petitioner to maintain the contested decision.</p> <p>Special and extraordinary appeals were made - both were admitted initially. Monocratic decision of the Reporting Judge admitted the Special Appeal of Bradesco Saúde to grant security. A Specific Appeal was made, by the Federal Government, which denied the appeal. It is awaiting the lodge of a possible appeal by the Federal Government.</p>
<b>g. chance of losing (probable, possible or remote)</b>	Remote
<b>h. analysis of impact if case is lost</b>	Deposit in court paid to Federal Revenue. Need to withhold social security contribution on payments made to doctors/dentists.
<b>Judicial Proceedings:</b>	16327.720616/2014-61
<b>a. court</b>	Administrative
<b>b. jurisdiction</b>	First Instance – Federal Revenue Service Office Judgment (local acronym DRJ)
<b>c. date brought</b>	10/27/2014
<b>d. parties to the proceedings</b>	Defendant: Federal Authority (Brazil's Federal Revenue) Plaintiff: Banco Bradesco S.A.
<b>e. sums, goods or rights involved</b>	\$742,979,585.40
<b>f. principal facts</b>	<p>Administrative Procedure – Infraction of IRPJ concerning the year of 2009 on the disallowance of depreciation expenses of rented property.</p> <p>DRJ converted the trial of the impugnation into diligence. In the result, the auditor who issued the notification proposed the correction of the value entered, in fact, recognizing the error.</p> <p>With the return of the DRJ notification for trial, the enforcement of the tax credit is suspended.</p> <p>The portion classified as "remote" loss corresponds to the value exonerated by the auditor in the diligence report.</p>
<b>g. chance of losing (probable, possible or remote)</b>	R\$389,989,984.38 - remote R\$352,989,601.02 - possible

remote)

R\$742,979,585.40

**h. analysis of impact if  
case is lost**

If there is loss of the legal procedure in the administrative sphere, the case will be discussed in the court, where the chances of success are good, due to the pleas of fact and law involved.

If there is a loss in the possible legal procedure the value involved must be paid, sensitizing the result for the year.

## 4. Risk factors

<b>Administrative Procedure:</b>	10970.720351/2011-88
<b>a. court</b>	Administrative
<b>b. jurisdiction</b>	Second Instance - Administrative Council of Tax Resources - CARF
<b>c. date brought</b>	11/30/2011
<b>d. parties to the proceedings</b>	Defendant: Federal Authority (Brazil's Federal Revenue) Plaintiff: Tempo Serviços Ltda
<b>e. sums, goods or rights involved</b>	\$669,897,518.58  Administrative Procedure: Fine of IRPJ and CSLL related to the gloss of expense of the premium amortization paid in the acquisition of the investment. In August 2014, there was the option for partial compliance with tax benefit introduced by Law No. 11,941/09, extended by art. 2 of Law No. 12,996/14, only in relation to the values of CSLL at a difference of percentage from 9% to 15%. Waiting for approval.
<b>f. principal facts</b>	The value involved has the enforcement suspended by voluntary appeal to the Administrative Tax Appeals Council - CARF brought only in relation to the disallowance of the amortization of the goodwill.
<b>g. chance of losing (probable, possible or remote)</b>	R\$248,933,917.90 - remote R\$420,963,600.67 - possible R\$669,897,518.58
<b>h. analysis of impact if case is lost</b>	If there is loss of the legal procedure in the administrative sphere, the case will be discussed in the court, where the chances of success are good, due to the pleas of fact and law involved. If there is a loss in the possible legal procedure the value involved must be paid, sensitizing the result for the year.
<b>Tax enforcement proceedings:</b>	0100563-94.0700.8.26.0090
<b>a. court</b>	Municipal
<b>b. jurisdiction</b>	Court of Municipal Tax Collections of the Capital/SP
<b>c. date brought</b>	05/02/2011
<b>d. parties to the proceedings</b>	Defendant: City Hall of the Municipality of São Paulo Plaintiff: Bradesco Leasing S.A. Arrendamento Mercantil
<b>e. sums, goods or rights involved</b>	\$666,451,358.34  Tax Execution – Filed by the Municipality of São Paulo (SP) against Bradesco Leasing in June 2007, originating from acts of infringement issued against BCN Leasing, extinct by incorporation.
<b>f. principal facts</b>	The company became aware of the Tax Collection in May 2011 and in June 2011, presented a motion for advanced dismissal of enforceability founded on nullities of the preceding administrative procedures, partial illegitimacy, expiry and limitation. The enforcement of the values involved is suspended by the offer of Guarantee Insurance in the full amount of the debit and opposition of embargoes of implementation that are awaiting trial.

**g. chance of losing  
(probable, possible or  
remote)**

Possible

**h. analysis of impact if  
case is lost**

If there is a loss in the possible legal procedure the value involved must be paid, sensitizing the result for the year.

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## 4. Risk factors

<b>Judicial Proceedings:</b>	MS 0047693-88.2012.4.02.5101
<b>a. court</b>	Federal
<b>b. jurisdiction</b>	TRF 3rd Region – 3rd Bench
<b>c. date brought</b>	11/16/2012
<b>d. parties to the proceedings</b>	Defendant: Banco Bradesco BERJ S.A. Plaintiff: Special Representative of the Financial Institutions in RJ
<b>e. sums, goods or rights involved</b>	\$640,737,041.79
<b>f. principal facts</b>	<p>The Legal Procedure, where there is a plea to calculate and collect the PIS and COFINS, from the competence of October 2012, on its effective billing, whose concept firmed by private law and accepted by the STF is mentioned explicitly in article 2 of LC 70/91, referred to in articles 1 and 2 of Law No. 9,718/98, thus moving away from the requirement of these contributions on the entirety of the operating revenues, in particular financial revenues.</p> <p>The value involved has the enforcement suspended due to the full judicial deposit involved, made with the decline of the appeal initially granted.</p> <p>The company made an appeal which awaits trial in the TRF 2nd Region.</p>
<b>g. chance of losing (probable, possible or remote)</b>	The prospect of losing the case is rated “possible”. Provision was made because we believe this is a legal obligation
<b>h. analysis of impact if case is lost</b>	If the case is lost, the amounts provisioned will have to be paid by converting the realized judicial deposit amount into income to the Federal Government.
<b>Judicial Proceedings:</b>	NFL 1667.2013
<b>a. court</b>	Administrative
<b>b. jurisdiction</b>	Municipal Secretary of Treasury - City Hall of Salvador/BA
<b>c. date brought</b>	01/13/2014
<b>d. parties to the proceedings</b>	Defendant: City Hall of the Municipality of Salvador/BA Plaintiff: Banco Alvorada S.A.
<b>e. sums, goods or rights involved</b>	\$536,322,022.73
<b>f. principal facts</b>	<p>NFL 1667.2013 – Tax Infraction Notice drawn up by the City Hall of Salvador aiming to collect alleged values of ISS in the period from December 2008 to December 2012 on revenues from lease operations of Banco Alvorada.</p> <p>Once the discussion was exhausted a writ of mandamus No. 0571168-65.2015.8.05.0001 was perpetrated and an injunction was obtained by which the value involved has had the enforcement suspended.</p>
<b>g. chance of losing (probable, possible or remote)</b>	Possible
<b>h. analysis of impact if case is lost</b>	If there is a loss in the possible legal procedure the value involved must be paid, sensitizing the result for the year.

In 2015, the total value of provisioned processes described in this item was R\$2,746,570 thousand.

**4.4 - Non-confidential and relevant litigation, arbitration or adjudicatory proceedings whose appellees are administrators, former administrators, controllers, former controllers or investors**

We do not have any proceedings under the conditions mentioned in item 4.4.

**4.5 - Confidential relevant proceedings**

We do not have any proceedings under the conditions mentioned in item 4.5.

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## 4. Risk factors

**4.6 - Non-confidential and relevant joint litigation, arbitration or adjudicatory proceedings, recurring or ancillary****Labor claims**

These are claims brought by former employees and outsourced employees seeking indemnifications, most significantly for unpaid overtime, pursuant to Article 224 of the Brazilian Labor Laws (CLT). In proceedings in which a judicial deposit is used to guarantee the execution of the judgment, the labor provision is made considering the estimated loss of these deposits. For proceedings with similar characteristics and not judged, the provision is recorded based on the average calculated value of payments made for labor complaints settled in the past 12 months; and for proceedings originating from acquired banks, with unique characteristics, the calculation and assessment of the required balance is conducted periodically, based on the updated recent loss history.

Overtime is monitored by using electronic time cards and paid regularly during the employment contract and, accordingly, the claims filed by former employees do not represent significant amounts.

**Civil claims**

These are claims for pain and suffering and property damages, mainly relating to protests, returned checks, the inclusion of information about debtors in the credit restriction registry and the replacement of inflation adjustments excluded as a result of government economic plans. These lawsuits are individually controlled using a computer-based system and provisioned whenever the loss is deemed as probable, considering the opinion of Management and their legal counsel, the nature of the lawsuits, similarity with previous lawsuits, complexity and positioning of the courts.

Most of these lawsuits are brought to the Special Civil Court (JEC), in which the claims are limited to 40 times the minimum wage and do not cause significant impact on the Organization's financial income.

It is worth mentioning the significant number of legal claims pleading alleged differences in adjustment for inflation on savings account balances is due to the implementation of economic plans that were part of the government's economic policy to reduce inflation in the 80s and 90s.

Although Bradesco complied with the law and regulation in force at the time, these lawsuits have been recorded in provisions, taking into consideration the claims where the Bank is the defendant and the perspective of loss, which is considered after the analysis of each demand, based on the current decision of the Superior Court of Justice (STJ).

Note that, regarding disputes relating to economic plans, the Federal Supreme Court (STF) suspended the prosecution of all lawsuits at the cognizance stage, until the Court issues a final decision regarding the right under litigation.

**Tax and social security contributions**

The Organization is disputing the legality and constitutionality of certain taxes and contributions in court, for which provisions have been recorded in full, although there is good chance of a favorable outcome, based

on the opinion of Management and their legal counsel. The processing of these legal obligations and the provisions for cases for which the risk of loss is deemed as probable is regularly monitored in the legal court. During or after the conclusion of each case, a favorable outcome may arise for the Organization, resulting in the reversal of the related provisions.

In 2015, the total value provisioned for the proceedings described in this item was:

- Labor proceedings: R\$3,048,442 thousand;
- Civil proceedings: R\$4,202,950 thousand; and
- Tax and pension obligations: R\$8,112,925 thousand.

#### **4.7 - Other relevant contingencies**

There are no other relevant contingencies that have not been covered in the previous items.

#### **4.8 - Rules of the country of origin and the country where the securities are guarded**

Not applicable due to fact that Bradesco is not categorized as a foreign issuer.

## 4. Risk factors

## 5. Risk management and internal controls

## 5.1. Risk management policy

In relation to the risks indicated in item 4.1, report the following:

**a) if the issuer has a formal policy of risk management, highlighting, if affirmative, the agency that approved it and the date of its approval, and, if negative, the reasons for which the issuer did not adopt a policy**

The Organization has policies, standards and procedures for the management of risks and of capital. These instruments establish the basic guidelines of activity expressed by Senior Management in line with the standards of integrity and ethical values of the institution and cover all the activities of the Organization and related companies.

The policies, standards and procedures shall ensure that the Organization maintains a control framework compatible with the nature of its operations, complexity of its products and services, activities, processes, systems and the size of their risk exposure.

The risk management and capital policies are aligned with the strategic objectives of the Organization, with the best national and international practices, in accordance with laws and regulations issued by the supervisory agencies, reviewed at least annually by the Board of Directors and made available to all employees and companies associated through the corporate intranet.

<b>Policies / Corporate Standards</b>	<b>Risk factors related to (item 4.1):</b>	<b>Approving agent</b>	<b>Date of approval</b>
	a) issuer		
Credit Risk Management	f) clients	Board of Directors	12/14/2015
	g) sectors of the economy		
	a) issuer	Board of Directors	
Market and Liquidity Risk Management	b) controller		12/14/2015
	c) shareholder		
Operational Risk Management	g) sectors of the economy		
	a) issuer	Board of Directors	12/14/2015
Underwriting Risk Management of Bradesco Seguros' Risk	a) issuer	Board of Directors	12/14/2015
Business Continuity Management	d) subsidiaries	Board of Directors	12/14/2015
	d) subsidiaries	Board of Directors	12/14/2015
	e) suppliers	Board of Directors	12/14/2015

Procurement and Management of  
Outsourced Services

Corporate Sustainability	j) socio-environmental issues	Board of Directors	02/26/2015
Strategic Risk Management	h) regulation of sectors	Board of Directors	04/20/2015
Information security	a) issuer	Board of Directors	03/23/2015
Purchases of the Bradesco Organization	e) suppliers	Board of Directors	08/03/2015

**b) the objectives and strategies of the risk management policy, if applicable, including:**

**i. the risks against which one seeks protection:**

In relation to the risks indicated in item 4.1, the objectives and strategies of the management policy aimed at ensuring compliance with the Organization's risk appetite. The risk appetite refers to the types and levels of risks that, broadly, the Organization proposes to admit in running its business and achieving its objectives and is reflected in the philosophy of corporate risk management and of capital, which in turn influences the culture and the mode of operation of the Organization.

## 5. Risk management and internal controls

This appetite is influenced by several factors, among which are the corporate strategy, the targets of solvency, the indexes of liquidity, the control of concentration of portfolios and the definition of the types of risks not accepted in running the business.

In the Organization, the risk appetite is defined and formalized by the Board of Directors, which is subsidized by the Integrated Risk Management and Capital Allocation Committee (COGIRAC), which is controlled by various limits of risks. The risk appetite is aligned to the strategy of the Organization, demonstrating the engagement of the governance structure in its definition and monitoring. The process of monitoring risks is corporate, which is considered from the budgeting process of the Organization.

## ii. the instruments used for protection:

The management process allows the risks to be proactively identified, measured, mitigated, monitored and reported, which is necessary in view of Bradesco's complex financial products and activity profile, and is composed of the following stages:

ì	<b>Identification</b>	n	Consists in identifying the risks inherent to the activities of the Organization, contemplating the evaluation and classification of business, products and services related to risks.
ê			
	<b>Measurement</b>	n	Consists in quantifying losses (expected and unexpected) by means of internationally known methodologies, either under normal market conditions, or in situations of stress. For such, technical tools compatible with the complexity of existing operations, products and services are used.
ê			
	<b>Mitigation</b>	n	Represents the measures taken by the Organization to reduce risks by adopting actions that minimize the impact in the case of occurrence of adverse events. It includes, for example, the activities of internal controls, the use of secured guarantees, fiduciary guarantees, hedges, insurance and risk transfer, among others.
ê			
	<b>Monitoring</b>	n	The Organization has several activities to guarantee the appropriate behavior of risks, respecting the policies and limits defined. It also covers the verification of the effectiveness of the internal controls and the correct design of the processes and their updates.
ê			
ë	<b>Report</b>	n	It includes all the actions focused on disseminating information on risks and controls promptly, permeating all spheres of the Organization, market and regular national and international bodies.

The Organization has policies, standards and procedures for the management of risks and of capital. These instruments establish the basic guidelines for activity expressed by Senior Management in line with the standards of integrity and ethical values of the institution and cover all the activities of the Organization and related companies.

The policies, standards and procedures shall ensure that the Organization maintains a control framework compatible with the nature of its operations, complexity of its products and services, activities, processes, systems and the size of their risk exposure.

The risk management and capital policies are aligned with the strategic objectives of the Organization, with the best national and international practices, in accordance with laws and regulations issued by the supervisory agencies, reviewed at least annually by the Board of Directors and made available to all employees and companies associated through the corporate intranet.

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5. Risk management and internal controls

**iii. the organizational structure of risk management:**

The structure of our risk and capital management function consists of committees, responsible for assisting our Board of Directors, the Presidency and the Board of Executive Officers in making strategic decisions.

The Organization has a committee, called “Integrated Risk Management and Capital Allocation Committee,” which is responsible for advising the Board of Directors on the performance of its roles in the management and control over risks and capital.

The committee is assisted by the Capital Management Executive Committee, and the executive committees for risk management of: a) Credit; b) Market and Liquidity; c) Operational and Socio-environmental; d) Grupo Bradesco Seguros and BSP Empreendimentos Imobiliários; and e) Basel II Implementation. There is also the Products and Services Executive Committee, and Executive Committees for our business units, whose tasks include suggesting limits for exposure to their related risks and devising mitigation plans to be submitted to the Integrated Risk Management and Capital Allocation Committee and the Board of Directors.

Highlighted in this structure is the Integrated Risk Control Department (DCIR), whose mission is to promote and facilitate the control of risks and allocation of capital, through robust practices and the certification of existence, of execution and effectiveness of controls to ensure acceptable levels of risks in the processes of the Organization, independently, consistently, transparently and in an integrated manner. This Department is also responsible for meeting the requirements of the Central Bank related to risk management activities.

Corporate Governance of the Organization counts on the participation of all its hierarchical levels, which aim to optimize the performance of the company and protect interested parties, as well as facilitate access to capital, add value to the Organization and contribute to its sustainability, mainly involving aspects focused on transparency, and equality of treatment and accountability. This framework meets the guidelines established by the Board of Directors.

In this context, the management of risks and capital is carried out by means of collective decision-making, supported by specific committees. This process counts on the participation of all the layers encompassed by the scope of Corporate Governance, which comprises Senior Management and the various areas of business, operations, products and services.

## 5. Risk management and internal controls

### **Board of Directors**

- Approves and reviews the risk management strategies, policies and structures of risk and capital management, including appetite and exposure limits according to the types of risks.

### **Risk and Capital Allocation Integrated Management Committee**

- Validates and submits the appetite and exposure limits according to the types of risks for approval by the Board of Directors;
- Validates and submits to the Board of Directors policies for risk and capital management;
- Ensures compliance with the Organization's risk management policies;
- Monitors the risk profile, performance, need for capital and sufficiency, exposures versus limits and control of the risks.

### **Audit Committee**

- Reviews the integrity of the financial statements;
- Makes recommendations to the Board of Executive Officers for correcting or improving policies, practices and procedures identified within the ambit of their attributions.

### **Internal Controls and Compliance Committee**

- Evaluates the effectiveness and compliance of the Organization's Internal Controls System;
- Ensures procedures comply with applicable rules, regulations and legislation;
- Submits Half-yearly Reports of Internal Controls Compliance for the Organization's companies to the Board of Directors.

### **General Inspectorate Department**

- Certifies the risk management process of the business;
- Ensures compliance with the policies, norms, standards, procedures and internal and external regulations;

- Recommends improvements in the internal control environment.

### **Disclosure Executive Committee**

- Supports Senior Management to appraise the disclosure of significant transactions and information relating to the Organization;
- Examines reports in order to ensure that they are prepared in accordance with controls and procedures defined for their preparation.

### **Executive Committees**

- Ensures compliance with the risk management policies;

### **Market and Liquidity Risk**

- Ensures the efficacy of risk management processes;



<b>Credit Risk</b>	<ul style="list-style-type: none"> <li>• Approves definitions, criteria and procedures to be adopted, as well as methodologies, models and tools focused on the management and measurement of risk;</li> </ul>
<b>Operational and Socio-environmental Risks</b>	<ul style="list-style-type: none"> <li>• Monitors and evaluates information on the level of exposure to risk, consolidated and by office;</li> </ul>
<b>Risks of Grupo Bradesco Seguros and of BSP Empreendimentos Imobiliários</b>	<ul style="list-style-type: none"> <li>• Follows behavior and evolution of the market, as well as evaluate the impacts and risks.</li> </ul>
<b>Capital Management Executive Committee</b>	<ul style="list-style-type: none"> <li>• Approves methodologies, definitions, criteria and tools focused on the capital management process;</li> <li>• Assesses and submits for validation the policy, structure, roles and responsibilities, risk appetite, capital plans and assessment of the adequacy of the capital by the Integrated Risk Management and Capital Allocation Committee.</li> </ul>
<b>Basel Executive Committee</b>	<ul style="list-style-type: none"> <li>• Establishes corporate designs to meet the Basel Capital Accord, as facilitator of the necessary demands to adapt the Organization to the standards and for the timely monitoring of its implantation.</li> </ul>
<b>Products and Services Executive Committee</b>	<ul style="list-style-type: none"> <li>• Evaluates if all risks have been identified and are acceptable, deliberating on the creation, modification, suspension or discontinuity of products and services.</li> </ul>
<b>Executive Committee for Collection and Loan Recovery</b>	<ul style="list-style-type: none"> <li>• Deliberates on proposals of renegotiation of debts matured or with the potential risk of loss;</li> <li>• Approves standards, procedures, measures and guidelines of corporate character, related to the subject of Collection and Recovery of Loans;</li> <li>• Defines limits of authority for approval in the renegotiation of debts.</li> </ul>
<b>Executive Committee for Credit</b>	<ul style="list-style-type: none"> <li>• Takes collective decisions on consultations of limits or operations involving credit risk, proposed by Offices and Companies of the Bradesco Organization.</li> </ul>

5. Risk management and internal controls

**c) adequacy of the operational structure and internal controls for the verification of the effectiveness of the policy adopted**

The Organization has an Internal Controls and Compliance Committee to advise the Board of Directors on fulfillment of its duties related to adoption of strategies, policies and measures for the dissemination of its culture of internal controls, risk mitigation and compliance with the regulations applicable to the Bradesco Organization.

In addition to the information provided in the items mentioned above, the Bradesco Organization publishes the **Risk Management Report – Pillar 3** quarterly, which can be consulted on <http://www.bradesco.com.br>, via the link "Reports and Spreadsheets."

**5.2 - Market risk management policy**

**a) if the issuer has a formal market risk management policy, highlighting, if affirmative, the agency that approved it and the date of its approval, and, if negative, the reasons why the issuer did not adopted a policy**

The Organization has the Market and Liquidity Risk Management Policy, approved by the Board of Directors, and the latest review was made on December 14, 2015.

**b) the objectives and strategies of the risk management policy, if applicable, include**

**i. market risks for which protection is sought**

The Treasury Department (treasury) is the only unit of the Organization that has a mandate to take risks in the Trading Portfolio. In addition, the Treasury is responsible for the decision to mitigate the risks of the trading portfolio of the Conglomerate, which includes the volatility risks, currency risk, liquidity risk, stock prices and commodity risks and interest rate risk.

All market risk exposures of the Organization are admitted up to the limits established by the Board of Directors, which are reviewed at least annually, and that such limits are monitored independently in time.

**ii. asset protection strategy (hedge)**

To standardize the use of financial instruments designed to hedge operations and use of derivatives of the Treasury, the Organization has drafted specific standards, which were adopted by the competent Committees.

The hedge operations performed by Bradesco Treasury must, necessarily, cancel or mitigate the risks of mismatching of amounts, deadlines, currencies or indexers of the positions of the Treasury books, respecting the risk and exposure limits approved by the Board of Directors, being used for this purpose, the assets and derivatives authorized for trading in each of his books, aiming to:

- Control and frame operations, respecting the limits for exposure and current risks;
- Change, modify, or reverse positions due to market changes and operational strategies; and
- Reduce or mitigate exposures to dead markets, operations in stress conditions or low liquidity.

For those derivatives classified in the "hedge accounting" category, there is the monitoring of their effectiveness, as well as its accounting implications.

### **iii. instruments used for asset protection (hedge)**

Due to the characteristics of its businesses and its international activities, the Organization uses various financial instruments to hedge which include transactions with securities issued by Governments and private companies, as well as stock exchange or counter derivatives.

The Bradesco's Treasury can use standardized derivatives (Exchange-traded) and those of continuous use (OTC-traded) with the purpose of achieving results and also with the purpose of construction of hedges. Derivatives of continuous use are those that are usual for the OTC-traded market, such as vanilla swaps (interest rates, currencies, CDS, among others), term operations (currencies, for example), vanilla options (currency, Bovespa index), among others. As for non-standard derivatives that are not classified as continuous use or the structured operations, their use is subject to the authorization by the competent Committee.

5. Risk management and internal controls

**iv. parameters used for the management of these risks**

All transactions exposing the Organization to market risk are mapped, measured and classified by probability and importance, and the whole process is approved by the corporate governance structure.

The proposals for risk limits are validated in specific business Committees supported by the Committee of Integrated Risk Management and Capital Allocation, and submitted for approval by the Board of Directors, according to the characteristics of the operations, which are segregated into the Trading and Banking portfolios.

The Integrated Risk Control Department, regardless of the business management, monitors compliance with the limits established and provides daily management reports for the control of the business areas and positions to the Senior Management, in addition to weekly reports and periodic presentations to the Board of Directors.

The reports are complemented with a system of alerts, which determines the recipients of the risk reports in accordance with the percentage of use of limits, and thus, the higher the risk limit consumption, the more members of the Senior Management will receive the reports.

For the Trading Portfolio, the following limits are monitored:

- VaR;
- Stress;
- Result; and
- Financial Exposure/Concentration.

For the Banking Portfolio, the following limits are monitored:

- Interest Rate Risks.

In addition to the limits mentioned above, there are specific limits for each operator of the Treasury Department.

**v. If the issuer operates financial instruments with diverse goals of asset protection (hedge) and what these goals are**

In the proposal of a financial institution, the Organization meets the demands of clients by offering swap operations, forward among others, as well as proprietary trading of treasury, respecting the limits of exposure to market risk established by the Board of Directors.

**vi. organizational structure of market risk management control**

The process of market risk management is performed at the corporate level. This process involves several areas, with specific assignments, ensuring an efficient structure, with the measurement and control of market risk being performed centrally and independently. This process enabled the Organization to be the

first financial institution and only one in the country authorized by the Central Bank to use, since January 2013, their internal market risk models for the calculation of regulatory capital requirements. The management process, approved by the Board of Directors, is reviewed at least annually by the Committees and by the Board of Directors.

The Integrated Risk Control Department – DCIR, whose mission is to promote and facilitate the control of risks and capital allocation of the Organization's activities, independently, consistently, and in a transparent and integrated manner, is responsible for:

- Proposing methodologies for the measurement of risks;
- Identifying, calculating, and reporting risks;
- Controlling risks calculated vis a vis limits;
- Calculating Capital allocation; and
- Proposing the establishment and review of policies, rules and procedures pertaining to the management of market risks and liquidity.

## 5. Risk management and internal controls

### **Macro process of market risk management**

- (1) DPOC – Department of Planning, Budgeting and Control;
- (2) DCIR – Integrated Risk Control Department;
- (3) DGC – Department of Guarantees and Registers;
- (4) DCG – General Accounting Department;
- (5) DRM – Market Relations Department;
- (6) DEPEC – Department of Research and Economic Studies; and
- (7) DOM – Department of Organization and Methods.

Market risk is accompanied by the meetings of the Executive Committees of Treasury, Treasury for Asset and Liability Management and Market Risk and Liquidity Management. In addition, the monitoring is also done by the Committee of Integrated Risk Management and Capital Allocation, which is still responsible for extraordinary meetings for the analysis of positions and situations where the risk exposure limits are exceeded, leading to Board of Directors measures and strategies adopted for validation when needed.

The responsibilities of the Committee of Integrated Risk Management and Capital Allocation are:

- to ensure compliance with risk management policies of the Organization;
- to ensure the effectiveness of the risk management process;
- to adopt exposure limits for types of risks, in accordance with the risk appetite approved by the Board of Directors;
- to validate and submit to the approval of the Board of Directors:
  - i. the policies inherent in the management of the risks and of capital;
  - ii. the proposals of appetite and exposure limits per type of risks; and
  - iii. the results of the reviews conducted on policies and structures for the management of risks and capital, abiding by at least, the periodicity established in the regulations;
- to report risk control reports, the assessment of the need of capital and capital adequacy, the relevant amendments in relation to strategies adopted and the status of the business continuity plans to the Board of Directors;
- to take note of the work carried out by internal and external audits that pertain to risk management and results concerning independent validation of models;
- to position the Board of Directors on a regular basis on the activities of the Committee;
- to review and propose to the Board of Directors the update of the Regiments of the Risk Management Executive Committees, when necessary; and
- to provide the Board of Directors with a comprehensive and integrated vision of the risks and impacts of capital.

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## 5. Risk management and internal controls

The Executive Committee of Market Risk and Liquidity Management has the following responsibilities:

- to ensure compliance with the Market Risk and Liquidity Management Policy of the Organization;
- to ensure the effectiveness of the market risk and liquidity management process in the framework of the Organization;
- with regards to market risk and liquidity management, to approve and revise:

i. definitions, criteria and tools; and

ii. the measures to be adopted, including methodologies, modeling, mathematical statistics and econometrics;

- to value and submit for the validation by the Committee of Integrated Risk Management and Capital Allocation of the Bradesco Organization, the policy, structure, roles, procedures and responsibilities of dependencies involved in the process of management of market risks and liquidity, as well as the revisions performed at least annually;
- to validate the behavior of the results, backtesting of models and other materials deemed pertinent;
- to create conditions for the conduction of the review carried out by the area of independent validation of models of the Department of Guarantees and Registers (DGC) and the internal and independent audits; and
- to delegate responsibilities to technical committees involved in the liquidity and market risk management process.

The responsibilities of the Executive Committee of Treasury are:

### ○ **Trading Portfolio:**

§ to evaluate and endorse the national and international strategies of operation of the local treasury, of New York, London and other international extensions of the conglomerate for the optimization of the results, based on the analysis of the political-economic scenarios, at national and international levels;

§ to validate the proposed tolerance limits for exposure to risks by Treasury, to be submitted for approval by the Committee of Integrated Risk Management and Capital Allocation (COGIRAC);

§ to conduct special meetings for the analysis of positions and situations, where the tolerance limits for exposure to risks are exceeded;

§ to deliberate on new specific Treasury products traded within the financial market, stress scenarios and limits of exposure and/or risk of competence of the Committee; and

§ to monitor the results, strategies, behaviors and risks of the positions established by the Treasury Department.

### **Tables of Clients and of Treasury Products:**

§ to monitor and countersign:



- the results and volumes of products under the management of the Treasury negotiated with clients, namely: derivatives, COEs (Certificate of Structured Operations) and public and private securities trading;
- the results and asset volumes negotiated by the Treasury with clients, spread trading activity of the bank assets; and
- the net volumes of funding with Corporate and Institutional clients, whose negotiations are made by the Treasury.

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5. Risk management and internal controls

○ **The departments listed below shall be responsible for the exposure of subjects so specified:**

§ DEPEC – Department of Research and Economic Studies:

- political-economic scenario.

§ Treasury Department:

- positions of trading portfolios;
- proposals of new products; and
- positions of operations with clients.

§ DCIR – Integrated Risk Control Department:

- risk positions versus the limits in force;
- the proposed scenarios for both normal and situations of stress; and
- capital allocation in internal and standard models.

Finally, the responsibilities of the Executive Committee of Treasury and Management of Assets and Liabilities are:

○ **Asset and Liability Management – ALM:**

§ to assess strategies:

- of expertise in the management of assets and liabilities, within the limits established based on the analysis of the political-economic scenarios, at national and international levels; and
- of expertise in the hedge management of foreign heritage;

§ to monitor and countersign the pricing strategies of active, passive and derivative operations with clients of the Organization;

§ to define internal Funds Transfer Price (FTP) of liabilities and assets in local and foreign currency;

§ to validate proposals to be submitted for approval by the COGIRAC:

- liquidity rule; and
- limit of tolerance to risk exposure;

§ to monitor and countersign:

- the results, strategies, behaviors and risks of the mismatches and indexers maintained by the Organization managed by the Treasury Department; and
- the management of liquidity in *reais* and in the foreign currency of the Organization, including liquidity reserves, managed by the Treasury Department; and

§ to approve:

- minimum reserve of liquidity for a scenario of stress of one (1) month;
- adverse and stress scenarios for the risk of the Non-trading Portfolio; and
- limits of exposure and/or risk of competence of the Committee.

○ **The Departments listed below shall be responsible for the exposure of subjects so specified:**

§ DEPEC – Department of Research and Economic Studies:

- political-economic scenario.

§ Treasury Department:

- management strategies for the mismatch of assets and liabilities generated by the business of the Bank in Brazil and abroad and hedge of foreign heritage; and

## 5. Risk management and internal controls

- presentation of the cash and liquidity management in the Financial Conglomerate (National, Units Abroad and Brokers).

### § DCIR – Integrated Risk Control Department:

- risk positions versus the limits in force;
- the proposed scenarios for both normal and situations of stress, for assessing the risk of the Non-Trading Portfolio;
- proposal for minimum liquidity reserve and liquidity indicators for the various activities of the Financial Conglomerate.

### **c) adequacy of the operational structure and internal controls for verifying the effectiveness of the policy adopted**

In the Organization, the DCIR – Integrated Risk Control Department, also responsible for the measurement and control of business risks, has an area dedicated to activities focused on internal controls and compliance, while the DGC – Department of Guarantees and Registry – has an area dedicated to independent validation of models, which carries out the measurement of adequacy and adherence of models used in risk management. In addition, all departments and enterprises of the Organization have people responsible for establishing, evaluating and executing controls, and performance of the adherence tests applicable.

There is, also, the General Inspectorate Department, which is responsible for the Organization's internal audit.

## **5.3 - Description of the internal controls**

**In relation to internal controls used to ensure that reliable financial statements are prepared, the Officers should comment on:**

### **a) the main practices of internal controls, level of efficiency of such controls, indicating any imperfections and measures adopted to correct them**

The effectiveness of the internal controls of the Organization is sustained by qualified professionals, well-defined and implemented processes and technology compatible with the business needs.

The methodology of internal controls applied in the Organization is in line with the guidelines of the Committee of Sponsoring Organizations of the Treadway Commission (COSO) – version 2013, which has the purpose of supplying a model for internal controls, management of corporate risks and fraud, in order to improve the performance and organizational supervision.

The existence, implementation and effectiveness of the controls that ensure acceptable levels of risk in the processes of the Organization are certified by the area responsible for the execution of tests of adherence of the controls, and the results are reported to the Audit Committee and Internal Controls and Compliance

Committee, as well as to the Board of Directors, with the purpose of providing security for the proper running of the business and to reach the objectives established in accordance with applicable laws and regulations, external policies, internal standards and procedures, in addition to applicable codes of conduct and self-regulation codes.

On the basis of the above, the Management has evaluated the effectiveness of internal controls related to the consolidated financial statements ended on December 31, 2015, and concluded, with a reasonable degree of certainty, that the internal controls are effective and efficient to guarantee the integrity of information, whereby no significant deficiencies or material weaknesses were identified.

**b) the organizational structures involved**

The structure of internal controls defined by the Organization combines the observance of the applicable regulatory requirements with the adoption of the best practices of Corporate Governance, to ensure the necessary focus and effective management of the Internal Controls.

The responsibilities are presented as follows:

- Board of Directors: Establish the strategic guidance of the Organization in order to, among the best practices of Corporate Governance, protect and maximize the return on investment of the shareholder, by ensuring that the Board of Executive Officers is always able to exercise its functions with competence, transparency and respect regarding the strictest ethical principles.

## 5. Risk management and internal controls

- Committees: Advise the Board of Directors or the Executive Presidency on issues that require specific knowledge and/or the establishment of collective decision-making. We highlight those related to internal controls and that support the Board of Directors.
  - Audit Committee: Advise the Board of Directors in the performance of their duties relating to monitoring accounting practices on preparing financial statements for the Company and its subsidiaries, as well as designating independent auditors and evaluating their effectiveness.
  - Internal Controls and Compliance Committee: Advise the Board of Directors in the fulfillment of its duties related to the adoption of strategies, policies and measures for the dissemination of its culture of internal controls, risk mitigation and compliance with the regulations applicable to the Organization.
  - Integrated Risk Management and Capital Allocation Committee: Advise the Board of Directors in the performance of its duties in the management and control of risks and capital in the sense of the consolidated economic financial entity.
  - Ethics Committee: Propose actions to ensure the enforcement of the Organization's Corporate and Sector Codes of Ethics, and to promote awareness of it among our employees and management.
- Executive Presidency: Establish policies and guidelines that will lead to the deployment and maintenance of an adequate and effective system of Internal Controls and Compliance.
- Board of Executive Officers: Implement the necessary actions to achieve the guidelines imposed by the Executive Presidency, defining the responsibilities, authorities and subordinations, providing input that leads to the maintenance of controls to mitigate the operational risks incurred by the Organization, promoting high standards of integrity and ethics and the dissemination of a culture that emphasizes and demonstrates the importance of the internal controls to all employees and collaborators.
- Owners of the Rights to the Offices: Responsible for activities and for the existence and effectiveness of the internal controls of their Office, as well as the identification, classification, measurement and monitoring of controls and operational risks. For this purpose, create and maintain appropriate structures for the demands and other conditions necessary to safeguard compliance with laws, regulations, standards and procedures.
- Managers in the Offices: Define and document the flows of processes, identifying and assessing the events of risks, defining the proper response for the risks. Acting on risks, identifying gaps, preparing and following up on the implementation of action plans to correct anomalies or improve existing controls. Ensure that the policies, rules and procedures necessary for the completion of the activities are accessible and being complied with by all those involved. Define, implement and ensure the effectiveness of the controls. Communicate promptly to the Integrated Risk Control Department (DCIR) any creation or alteration in the flow of the processes and/or in the controls exercised, as well as the identification of new risks.
- Integrated Risk Control Department: Certify independently the existence, implementation and effectiveness of the controls that ensure acceptable levels of risk in the processes of the Organization. Responds for the consolidation of the results of the adherence tests applied in the scope of the financial conglomerate and by drafting the Compliance Report of the Internal Controls. The Agent of Internal Controls should have access and report directly to the Departmental Board or to the *Board of Executive*

*Officers* if the case so requires, and its role must be exercised without restriction of access to systems, data, information, documents and areas and, above all, without any connection with existing commercial, operational or administrative activities in its area of operation. Promote and facilitate the control of risks and allocation of capital for the activities of the Organization, independently, consistently, transparently and in an integrated manner. This Office is also responsible for meeting the requirements of the Central Bank related to risk management activities.

- General Inspectorate Department (Internal Audit): Assess independently the processes of the Organization, Business vision and Information Technology, contributing to the mitigation of risks, suitability and effectiveness of internal controls and compliance with the Policies, Norms, Standards, Procedures and Internal and External Regulations.

5. Risk management and internal controls

**c) if and how the effectiveness of internal controls is supervised by the administration of the issuing authority, indicating the position of the people responsible for this monitoring**

Risk management permeates the entire Organization and is aligned with the guidelines established by the Board of Directors and by the structure of the Committees that define the global objectives, expressed in targets and limits for the risk management business units. The control and capital management units, in turn, support the administration by means of monitoring processes and analysis of risk and capital.

The internal control is part of the responsibility of all employees in the Organization. When service providers (employees) perform controls on behalf of the Organization the contracting parties of the Offices are liable for these controls.

The operation of the Organization related to the internal control is performed by means of three lines of defense where everyone contributes to provide reasonable assurance that the objectives specified are achieved:

- The first line of defense - the whole structure of customer service and clients, Departments and Affiliated Companies - responsible for managing the risks from day to day and for implementing corrective actions in order to maintain the effectiveness of the controls;
- The second line of defense - Offices with supporting activities - responsible for establishing functions of compliance and risk management to support the development and/or monitoring of the controls in the first line of defense; and
- The third line of defense - the General Inspectorate Department - responsible for evaluating and reporting the effectiveness of governance, risk management and internal controls, including how the first and second lines of defense achieve their targets.

**d) deficiencies and recommendations on internal controls included in the detailed report of the independent auditor, prepared and forwarded to the issuer by the independent auditor, in accordance with the regulation issued by CVM that provisions on the registry and exercise of the independent audit activity**

Based on our skills and works carried out by the independent auditor to evaluate the structure of internal controls, the objective of which is to ensure the adequacy of the Organization's financial statements, there are no deficiencies or recommendations related to internal control in the independent auditor's report that could significantly affect our financial statements.

**e) comments of the Officers on the weaknesses found in the detailed report prepared by the independent auditor and on the corrective measures adopted**

Since there are no deficiencies or recommendations in the independent auditor's report, there are no comments from the officers.

**5.4 - Significant changes**



Regarding the last financial year, there were no significant changes in the main risks to which the Organization is exposed. Also, the policies / standards of risk management did not suffer any relevant changes in the period.

#### **5.5 - Other relevant information**

Bradesco reports the interest rate risk of the Banking Portfolio weekly, which includes all companies in the Prudential Conglomerate, to the Senior Management, the Board of Directors and the Central Bank.

5. Risk management and internal controls

6. Issuer's history

6.1 / 6.2 / 6.4 - Establishment of the issuer, term of duration and date of registration at the CVM

**Establishment of the issuer, term of duration and date of registration at the CVM**

<b>Issuer Incorporation Date</b>	01/05/1943
<b>Issuer Incorporation Method</b>	Joint-stock company, established as a Commercial Bank.
<b>Country of Incorporation</b>	Brazil
<b>Term</b>	Indefinite Term
<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 entered a period of intense expansion, which, by the end of the 60s, led us to become the largest commercial bank in the private sector in Brazil. We expanded our activities across the country in the 70s, winning Brazilian urban and rural markets.

In 1988, as provided for by the Central Bank, the reorganization of the Company took place in the form of a Multiple Bank, with the incorporation of the real estate loans company, to operate with the Commercial and Real Estate Loan Portfolios, changing its corporate name to Bradesco S.A. - Banco Comercial e de Crédito Imobiliário, which was again changed to Banco Bradesco S.A. on 01/13/1989.

In 1989, Financiadora Bradesco S.A. Crédito, Financiamento e Investimentos changed its object and corporate name, resulting in the cancellation of the authorization to operate as a financial institution, followed by the creation of Carteira de Crédito, Financiamento e Investimentos and, in 1992, Banco Bradesco de Investimento S.A. (BBI) was incorporated by Bradesco, an occasion in which the investment portfolio was established.

We are one of the largest banks in Brazil in terms of total assets. We provide a wide range of banking and financial products and services in Brazil and abroad, for individuals and corporate entities (small, medium and large corporations). We have the widest network of branches and services in the private sector in Brazil, which allows us to cover a diverse customer base. Our services and products include banking operations, such as: loan operations and collection of deposits, issuance of credit cards, insurances, capitalization, consortium, leasing, billing and payment processing, pension plans, asset management and brokerage services as well as securities brokerage.

Macroeconomic and Sectorial Policies

The macroeconomic context, sectorial policies and the regulatory framework have significant impact on Banco Bradesco operations. The performance of the economic activity, monetary policies decisions regarding the basic interest rate and mandatory deposits, inflation level, evolution of the foreign exchange rate, among other variables, impact on the speed of credit expansion, level of delinquency rates and the result of financial intermediation, to name a few. In recent years, the GDP growth slowdown contributed to a more modest expansion of credit, while the increase in the prime rate raised the raising costs in the activity of banking intermediation. Even though in 2016 the Brazilian economy should display a new cyclic contraction of the GDP and increase of unemployment, the macroeconomic adjustments in progress should create the necessary conditions for a more sustainable growth ahead. From the point of view of policies that could be regarded as sectoral or microeconomic, there was a substantial gain in the participation of targeted investments (conditioned to governmental decisions) within the bank credit. One example is the lines of housing finance. The banking sector is subject to wide regulation, thus suffering the influence of changes in the regulatory framework. In recent history, some examples that may be mentioned are: macro-prudential measures that change the capital requirements for the financing of vehicles; changes regarding IOF in the concession of credit and foreign funding; alteration of the rule of compensation for savings deposits; interest

## 5. Risk management and internal controls

rates and maximum maturity of consigned credit; rules on the sharing of credit card transaction systems; changes on reserve requirements and compensation of mandatory deposits. But above all, the most important example might be the implementation of rules of Basel III, which changes a wide set of rules regarding capital requirements, risk control, liquidity requirements, among other. In this context, Banco Bradesco has been meeting such requirements and shall remain prepared to comply with these possible changes in the regulatory environment.

### **6.5 - Bankruptcy information founded on relevant value or judicial or extrajudicial recovery**

There was and there is no event of this nature related to the Company.

### **6.6 - Other relevant information**

There is no other information deemed relevant at this time.

## 7. Issuer's activities

### 7.1 - Description of the main business activities of the issuer and its subsidiaries

Currently, we are one of the largest banks in Brazil in terms of total assets. We offer a wide range of banking and financial products and services in Brazil and abroad to individuals, large, mid sized and small companies and major local and international corporations and institutions. Our products and services comprise banking operations such as loans and advances and deposit taking, credit card issuance, purchasing consortiums, insurance, leasing, payment collection and processing, pension plans, asset management and brokerage services. For a better view of the main companies that are part of the Issuer's Economic Group, and its respective activities, please see items 15.4.b and 9.1.c of this Reference Form.

### 7.2 - Information on operating segments

#### a) products and services marketed

We operate and manage our business through two segments: (i) the banking sector; and (ii) insurance, pension plans and capitalization bonds.

#### ***Banking products and services***

With the objective of meeting the needs of each client, we offer a range of products and services, such as:

- deposit-taking with clients, including checking accounts, savings accounts and time deposits;
- loans and advances (individuals and companies, real estate financing, microcredit, onlending BNDES/FINAME funds, rural credit – leasing, among others);
- credit cards, debit cards and pre-paid cards;
- cash management solutions;
- solutions for the public authorities;
- asset management and administration;
- services related to capital markets and investment banking activities;

- intermediation and trading services;
- solutions for the capital markets;
- international banking services;
- import and export financings; and
- purchasing consortiums.

***Insurance products and services***

We offer insurance products through a number of different entities, which we refer to collectively as "Grupo Bradesco Seguros." Grupo Bradesco Seguros is the leader in the Brazilian insurance market. The insurance products offered in our customer service channels, are:

- life and personal accident insurance;
- health insurance;
- automobile insurance, property and casualty and liability insurance lines;
- reinsurance;
- Pension plans; and
- capitalization bonds.

## 6. Issuer's history

**b) segment revenue and its participation in the issuer's net revenue**

The following information about segments was prepared on the basis of reports provided to the Administration to assess performance and make decisions regarding the allocation of resources for investment and other purposes. Our Management uses a variety of information, including financial information, which is prepared in accordance with BR GAAP, and non-financial information, measured on a different basis. Therefore, the information contained in the segments has been prepared in accordance with accounting practices adopted in Brazil and the consolidated information has been prepared in accordance with IFRS.

The main assumptions of the segment for income and expenses include: (i) the excess of cash held by the insurance, private pension and capitalization, which are included in this segment, resulting in an increase in net revenue interest; (ii) wages and benefits and administrative costs included within the insurance segment, pension plans and capitalization, which consist only of costs associated directly with these operations; and (iii) the costs incurred in the Banking segment, related to the infrastructure of the branch network and other overheads, that are not allocated.

				R\$ million
Composition of Net Revenues 2015	Banking sector (1) (2)	Insurance,	Other	Total
		Pension Plans and	transactions,	
		Capitalization	adjustments	
		Bonds (2) (3)	and eliminations (4)	
Interest income and similar	106,807	22,076	(1,835)	127,048
Fee and Commission income	19,200	1,529	(2,872)	17,857
Insurance, pension plan and bond retained premiums	-	58,761	-	58,761
Equity in the earnings (losses) of unconsolidated companies	1,358	167	3	1,528
Other operating income	2,752	1,331	(387)	3,696
Cofins contributions	(2,586)	(699)	(5)	(3,290)
Tax on Services - ISS	(548)	(16)	(1)	(565)
Social Integration Program (PIS) contribution	(429)	(116)	-	(545)
<b>Total</b>	<b>126,554</b>	<b>83,033</b>	<b>(5,097)</b>	<b>204,489</b>
<b>Participation in net revenue</b>	<b>61.9%</b>	<b>40.6%</b>	<b>-2.5%</b>	<b>100.0%</b>

				R\$ million
Composition of Net Revenues 2014	Banking sector (1) (2)	Insurance,	Other	Total
		Pension Plans and	transactions,	
		Capitalization	adjustments	
		Bonds (2) (3)	and eliminations (4)	
Interest income and similar	91,859	14,976	(2,942)	103,893
Fee and Commission income	17,571	1,578	(2,389)	16,760
Insurance, pension plan and bond retained premiums	-	50,455	-	50,455
Equity in the earnings (losses) of unconsolidated companies	1,221	169	-	1,390

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Other operating income	2,424	1,814	(321)	3,917
Cofins contributions	(1,960)	(630)	(39)	(2,629)
Tax on Services - ISS	(484)	(15)	(27)	(526)
Social Integration Program (PIS) contribution	(368)	(89)	(3)	(460)
<b>Total</b>	<b>110,263</b>	<b>68,258</b>	<b>(5,721)</b>	<b>172,800</b>
<b>Participation in net revenue</b>	<b>63.8%</b>	<b>39.5%</b>	<b>-3.3%</b>	<b>100.0%</b>

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## 7. Issuer's activities

Composition of Net Revenues 2013	R\$ million			Total
	Banking sector (1) (2)	Insurance, Pension Plans and Capitalization Bonds (2) (3)	Other transactions, adjustments and eliminations (4)	
Interest income and similar	79,936	11,578	(832)	90,682
Fee and Commission income	15,648	1,292	(2,404)	14,536
Insurance, pension plan and bond retained premiums	-	44,887	-	44,887
Equity in the earnings (losses) of unconsolidated companies	1,031	31	-	1,062
Other operating income	4,939	1,346	(370)	5,915
Cofins contributions	(1,895)	(611)	(51)	(2,557)
Tax on Services - ISS	(447)	(13)	(30)	(490)
Social Integration Program (PIS) contribution	(336)	(102)	(11)	(449)
<b>Total</b>	<b>98,876</b>	<b>58,408</b>	<b>(3,698)</b>	<b>153,586</b>
<b>Participation in net revenue</b>	<b>64.4%</b>	<b>38.0%</b>	<b>-2.4%</b>	<b>100.0%</b>

(1) The financial segment is comprised of financial institutions, holding companies – which are mainly responsible for managing financial resources, and credit card and asset management companies;

(2) The asset, liability, income and expense balances among companies from the same segment are eliminated;

(3) The Insurance Group segment comprises insurance, pension plan and capitalization bond companies; and

(4) Refers to amounts eliminated among companies from different segments, as well as among operations carried out in Brazil and overseas.

**c) profit or loss resulting from the segment and participation in the issuer's net income**

Income Statement 2015	R		
	Banking sector (1) (2)	Insurance, Pension Plans and Capitalization Bonds (2) (3)	Other transactions, adjustments and eliminations (4)
Net Income on interests	46,935	5,974	2,727
Net fee and Commission income	19,195	1,498	(2,872)
Gains/(losses) net assets for trading	(7,200)	(627)	(425)
Unrealized Gains/Losses from financial assets available for sale	(371)	(354)	53

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Gains/(losses), net foreign currency	(3,523)	-	-
Result of insurances and pension plans	-	5,496	2
Loss by decrease in recoverable value of loans and advances	(16,480)	-	1,759
Personnel expenditure	(13,104)	(1,217)	263
Other administrative expenses	(13,077)	(1,138)	493
Depreciation and amortization	(2,753)	(321)	132
Other Operating Income/(Expenses)	(11,726)	(964)	(299)
<b>Operating income</b>	<b>(2,103)</b>	<b>8,347</b>	<b>1,832</b>
Result from participation in affiliated companies	1,358	167	3
<b>Profit before taxes and non-controlling shareholders' participation</b>	<b>(745)</b>	<b>8,514</b>	<b>1,835</b>
Income tax and social contribution	12,621	(3,193)	(794)
<b>Net income for the year</b>	<b>11,876</b>	<b>5,321</b>	<b>1,041</b>
Attributable to controlling shareholders	11,875	5,216	1,043
Attributable to non-controlling shareholders	1	105	(1)
<b>Participation in net profits</b>	<b>65.1%</b>	<b>29.2%</b>	<b>5.7%</b>

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## 7. Issuer's activities

Income Statement 2014	Banking sector (1) (2)	Insurance, Pension Plans and Capitalization Bonds	Other transactions, adjustments and eliminations
		(2) (3)	(4)
Net Income on interests	43,035	4,556	2,455
Net fee and Commission income	17,571	1,557	(2,389)
Gains/(losses) net assets for trading	(1,834)	(255)	156
Unrealized Gains/Losses from financial assets available for sale	(297)	(729)	33
Gains/(losses), net foreign currency	(1,245)	-	-
Result of insurances and pension plans	-	5,411	1
Loss by decrease in recoverable value of loans and advances	(10,432)	-	141
Personnel expenditure	(12,461)	(1,197)	(10)
Other administrative expenses	(12,578)	(1,119)	725
Depreciation and amortization	(2,749)	(244)	61
Other Operating Income/(Expenses)	(8,915)	(850)	(458)
<b>Operating income</b>	<b>10,096</b>	<b>7,130</b>	<b>716</b>
Result from participation in affiliated companies	1,221	169	-
<b>Profit before taxes and non-controlling shareholders' participation</b>	<b>11,316</b>	<b>7,299</b>	<b>715</b>
Income tax and social contribution	(772)	(2,843)	(299)
<b>Net income for the year</b>	<b>10,545</b>	<b>4,456</b>	<b>416</b>
Attributable to controlling shareholders	10,533	4,355	427
Attributable to non-controlling shareholders	12	101	(11)
<b>Participation in net profits</b>	<b>68.4%</b>	<b>28.9%</b>	<b>2.7%</b>

Income Statement 2013	Banking sector (1) (2)	Insurance, Pension Plans and Capitalization Bonds	Other transactions, adjustments and eliminations
		(2) (3)	(4)
Net Income on interests	41,600	5,590	2,110
Net fee and Commission income	15,639	1,265	(2,404)
Gains/(losses) net assets for trading	(4,073)	(1,915)	198
Unrealized Gains/Losses from financial assets available for sale	(3,881)	(2,526)	306
Gains/(losses), net foreign currency	(1,121)	-	27
Result of insurances and pension plans	-	6,933	1
Loss by decrease in recoverable value of loans and advances	(9,731)	-	108
Personnel expenditure	(11,201)	(1,092)	(61)
Other administrative expenses	(12,068)	(1,103)	1,019
Depreciation and amortization	(2,626)	(180)	65
Other Operating Income/(Expenses)	(6,157)	(967)	(499)

<b>Operating income</b>	<b>6,381</b>	<b>6,005</b>	<b>870</b>
Result from participation in affiliated companies	1,031	31	-
<b>Profit before taxes and non-controlling shareholders' participation</b>	<b>7,412</b>	<b>6,036</b>	<b>870</b>
Income tax and social contribution	790	(2,253)	(369)
<b>Net income for the year</b>	<b>8,202</b>	<b>3,783</b>	<b>501</b>
Attributable to controlling shareholders	8,195	3,693	508
Attributable to non-controlling shareholders	7	90	(7)
<b>Participation in net profits</b>	<b>65.7%</b>	<b>30.3%</b>	<b>4.0%</b>

(1) The financial segment is comprised of financial institutions, holding companies – which are mainly responsible for managing financial resources, and credit card and asset management companies;

(2) The asset, liability, income and expense balances among companies from the same segment are eliminated;

(3) The Insurance Group segment comprises insurance, pension plan and capitalization bond companies; and

(4) Refers to amounts eliminated among companies from different segments, as well as among operations carried out in Brazil and overseas.

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

#### a) Characteristics of the product process

We present below some characteristics of the main products and services of Bradesco.

#### **Banking segment**

##### ***Deposits with clients***

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

- non-interest-bearing checking accounts, such as:
  - **Easy Account** (Conta Fácil) – customers have a checking account and a savings account under the same bank account number, using the same card for both accounts;
  - **Click Account** (Click Conta) – account for minors (from 11 to 17 years of age), with exclusive website and debit card, automatic pocket money service and free online courses, among other benefits; and
  - **Academic Account** (Conta Universitária) – low fee checking account for college students, with subsidized credit conditions, exclusive website and free online courses, among other benefits.
- traditional savings accounts, which currently earn the Brazilian reference rate, known as the "TR" (*taxa referencial*), plus 6.2% annual interest in the case that the SELIC rate is higher than 8.5% per annum or TR plus 70% of the SELIC rate if the SELIC rate is lower than 8.5% per annum; and
- time deposits, which are represented by Bank Deposit Certificates (*certificados de depósito bancário* – or "CDBs"), and earn interest at a fixed or floating rate.

As of December 31, 2015, we had 26.0 million checking account holders, 24.5 million of which were individual account holders and 1.5 million of which were corporate account holders. As of the same date, we had 60.1 million savings accounts.

##### ***Loans and advances to consumers***

Our loans and advances to customers totaled R\$370.3 billion as of December 31, 2015.

The following table shows a breakdown of our deposits from our loans and advances to customers on the dates indicated:

	Dec15	Dec14	R\$ million Dec13
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**Loans and advances to individuals outstanding by  
type of operation**

Other loans and advances to individuals	80,071	79,828	77,446
Real Estate Financing	48,115	40,103	27,870
BNDES/Finame Onlending	38,158	42,169	40,543
Other corporate loans and advances	107,047	102,311	99,022
Rural loans	13,710	17,058	13,652
Leasing	3,073	4,319	5,713
Credit Card	30,943	28,072	25,473
Import and export financings	49,207	35,337	34,261
<b>Total</b>	<b>370,324</b>	<b>349,197</b>	<b>323,980</b>

***Other loans and advances to individuals***

Our significant volume of individual loans enables us to avoid concentration on any individual loans on the performance of our portfolio and helps build customer loyalty. They consist primarily of:

- personal credit, with a pre-approved limit of free access to our clients through our branches, ATM, call center, mobile and Internet Banking. These short-term loans are on average repaid in four months with an average interest rate of 8.6% per month as of December 31, 2015;

## 7. Issuer's activities

- vehicle financings are on average repaid in 14 months with an average interest rate of 1.7% per month as of December 31, 2015;
- loans, through overdrawn current accounts (or “overdraft”), with an average settlement of one month and subject to interest that varies between 11.1% and 12.0% per month, on December 31, 2015; and
- payroll-deductible loans to INSS retirees and pensioners, public-sector employees and private sector.

As of December 31, 2015, we had outstanding personal loans, vehicle financings and overdrafts, totaling R\$80.1 billion, or 21.6% of our portfolio of loans and advances.

Banco Bradesco Financiamentos (“Bradesco Financiamentos”) offers direct-to-consumer credit and leasing for the acquisition of vehicles through our extensive network of correspondents in Brazil, which includes retailers and dealers of light and heavy vehicles and motorcycles and payroll-deductible loans to the public and private sectors in Brazil.

Under the “Bradesco Promotora” brand, we offer payroll-deductible loans to INSS retirees and pensioners, and public-sector employees (federal, state and municipal) and other aggregated products (insurance, cards, purchasing consortiums, and others).

### **Real estate financing**

As of December 31, 2015, we had 117,2 thousand real estate financing. The aggregate outstanding amount of our financing amounted to R\$48.1 billion, representing 13.0% of our portfolio of loans and advances.

Real estate financing is made through the Housing Finance System – SFH (*Sistema Financeiro Habitacional*), by the Housing Mortgage Portfolio – CHH (*Carteira Hipotecária Habitacional*) or by the Commercial Mortgage Portfolio –CHC (*Carteira Hipotecária Comercial*). Loans from SFH or CHH feature variable-installment repayments and annual interest rates ranging from 11.0% to 12.0% plus TR, or 12.5% to 15.0% from CHC.

Residential SFH and CHH financing are to be repaid within 30 years and commercial financing within 10 years.

Our financing for the completion of home construction, granted to individuals, has a maximum term of 360 months, including up to 24 months to complete the construction and a 2-month grace period. The remaining period (up to 334 months) is for repayment of the loan. Payments are made at an interest rate from 11.0% to 12.0% p.a. plus the TR variation for real estate classified under the SFH rules, or an interest rate from 12.5% to 14.0% p.a. plus TR variation for real estate classified under the CHH.

We also extend corporate financing for builders under the SFH with a term of construction of up to 36 months and interest rate of 12.0% p.a. plus TR. These funds are for construction, whose purpose is the transfer of funding to purchasers of units once the construction is completed. If the debt is not paid off in full the remaining balance should be paid by the entrepreneur in up to 36 months the TR plus an interest rate of 12.0% p.a. in SFH and TR plus 18.0% p.a. in CHH.

The regulations of the Central Bank establish that of the resources captured through savings deposits, 65.0% must be directed to real estate financing operations; 24.5% to the compulsory payment; 5.5% to the additional compulsory payment, and the remaining balance, in financial resources and in other operations permitted according to the terms of the legislation and regulations in force.

***BNDES/Finame onlending***

The government has programs to provide government-funded long-term financing with below-market interest rates to sectors of the economy that it has targeted for development. We borrow funds under these programs from either BNDES, the government's development bank, or *Agência Especial de Financiamento Industrial* (FINAME), the equipment financing subsidiary of BNDES. We then on-lend these funds to borrowers in targeted sectors of the economy. We determine the spread on some of the loans based on the borrowers' credit. Although we bear the risk for these BNDES and FINAME onlending transactions, they are always secured.

According to BNDES, we disbursed R\$8.1 billion, 60.1% of which was loaned to micro, small and medium-sized companies as of 2015 (base October/15). Our BNDES onlending portfolio totaled R\$38.2 billion as of December 31, 2015, and accounted for 10.3% of our portfolio of loans and advances at that date.



## 7. Issuer's activities

***Other local commercial loans and advances***

We provide traditional loans for the ongoing needs of our corporate customers. As of December 31, 2014, we had R\$107.1 billion of outstanding other local commercial loans, accounting for 28.9% of our portfolio of loans and advances. We offer a range of loans to our corporate customers headquartered in Brazil, including:

- short-term loans of 29 days or less;
- working capital loans to cover our customers' cash needs;
- guaranteed checking accounts and corporate overdraft loans;
- discounting trade receivables, promissory notes, checks, credit card and supplier receivables, among others;
- financing for purchase and sale of goods and services; and
- investment lines for acquisition of assets and machinery.

These lending products generally bear interest at a rate of 1.6% to 12.0% per month.

Besides these modalities, we offer a guaranteed bond.

***Rural loans***

We extend loans to the agricultural sector financed by demand deposits, BNDES onlendings and our own funds, in accordance with Central Bank regulations. As of December 31, 2015, we had R\$13.7 billion in outstanding rural loans, representing 3.7% of our portfolio of loans and advances. In accordance with Central Bank regulations, loans arising from compulsory deposits are offered at a fixed rate. The annual fixed rate was 8.7% as of December 31, 2015. Repayment of these loans generally coincides with agricultural harvest and the principal is due when a crop is sold. For BNDES onlending for rural investment the term is no more than ten years with repayments on a semi-annual or annual basis. As security for such loans, we generally obtain a mortgage on the land where the agricultural activities being financed are conducted.

Since July 2012, Central Bank regulations require us to use at least 34.0% of the annual average (from June through May) of our checking account deposits to provide loans to the agricultural sector.

***Leasing***

According to ABEL, as of December 31, 2015, our leasing companies were among the sector leaders, with a 17.2% market share. According to this source, the aggregate discounted present value of the leasing portfolios in Brazil as of December 31, 2015 was R\$17.9 billion.

As of December 31, 2015, we had 29,884 outstanding leasing agreements totaling R\$3.1 billion, representing 0.8% of our portfolio of loans and advances.

The Brazilian leasing market is dominated by large banks and both domestic- and foreign-owned companies affiliated with vehicle manufacturers. Brazilian lease contracts generally relate to motor vehicles, computers, industrial machinery and other equipment.

Most of our leasing operations are financial (as opposed to operational). Our leasing operations primarily involve the leasing of trucks, cranes, aircraft and heavy machinery. As of December 31, 2015, 58.7% of our outstanding leasing operations were for vehicles.

We conduct our leasing operations through our primary leasing subsidiary, Bradesco Leasing and also through Bradesco Financiamentos.

We obtain funding for our leasing operations primarily by issuing debentures and other securities in the domestic market.

As of December 31, 2015, Bradesco Leasing had R\$91.0 billion of debentures outstanding in the domestic market. These debentures will mature in 2032 and bear monthly interest at the interbank interest rate ("CDI rate").

### ***Terms of leasing agreements***

Financial leases represent a source of medium and long-term financing for Brazilian customers. Under Brazilian law, the minimum term of financial leasing contracts is 24 months for transactions relating to products whose average life of five years or less, and 36 months for transactions for those with an average useful life of five years or more. There is no legal maximum term for leasing contracts. As of December 31, 2015, the remaining average maturity of contracts in our lease portfolio was approximately 57 months.

## 7. Issuer's activities

### ***Microcredit***

We extend microcredit to low-income borrowers and small companies, in accordance with Central Bank regulations requiring banks to use 2.0% of their cash deposits to provide microcredit loans. As of December 31, 2015, we had 6,199 microcredit loans outstanding, totaling R\$13.0 million.

In accordance with Central Bank regulations, most microcredit loans are charged at a maximum effective interest rate of 2.0% per month. However, microcredit loans for certain types of business or specific production have a maximum effective interest rate of 4.0% per month. The CMN requires that the maximum amount loaned to a borrower be limited to (i) R\$2,000 for low-income individuals in general, (ii) R\$5,000 for individuals or legal entities enterprising a productive activity of professional, commercial or industrial nature provided that the sum of the value of the operation with balance in other credit operations does not exceed R\$40,000; and (iii) R\$15,000 for our "guided microcredit productive" transactions. In addition, microcredit loans must not be for less than 120 days, and the origination fee must be 2.0% to 3.0% of the loan value.

### ***Credit cards***

We offer a range of credit cards to our clients including American Express, Elo, Visa, MasterCard brands and private label cards, which stand out due to the extent of benefits and convenience offered to associates.

We earn revenues from our credit card operations through:

- fees on purchases carried out in commercial establishments;
- issuance fees and annual fees;
- interest on credit card balances;
- interest and fees on cash withdrawals through ATMs; and
- interest on cash advances to cover future payments owed to establishments that accept credit cards.

We offer our customers the most complete line of credit cards and related services, including:

- cards issued for use restricted to Brazil;
- credit cards accepted nationwide and internationally;
- credit cards directed toward high net worth customers, such as Gold, Platinum and Infinite/Black from Visa, American Express and MasterCard brands;
- multiple cards that combine credit and debit features in a single card, which may be used for traditional banking transactions and shopping;
- co-branded credit cards, which we offer through partnerships with companies;

- "affinity" credit cards, which we offer through associations, such as sporting clubs and non-governmental organizations; and
- private label credit cards, which we only offer to customers of retailers, designed to increase business and build customer loyalty for the corresponding retailer, which may or may not have a restriction on making purchases elsewhere, among others.

We detain 50.0% of the shares of Elopár, investments holding company that includes Alelo (benefit cards, pre-paid and Money card), Liveló (coalition loyalty program), Stelo (digital portfolio for online purchases), participation in Elo Services (Cred. Card Co.) and in Ibi Promotora (stores for sales of cards, personal credit, consigned credit and other products).

We also have a card business unit abroad, Bradescard Mexico, which has a partnership with C&A, with Suburbia stores of the Walmex Group and the LOB store chain.

As of December 31, 2015, we had several partners with whom we offered co-branded, affinity and private label/hybrid credit cards. These relationships have allowed us to integrate our relationships with our customers and offer our credit card customers banking products, such as financing and insurance.

## 7. Issuer's activities

The following table shows our revenues and total number of transactions of credit cards for the years indicated:

<b>Revenue</b>	<b>2015</b>	<b>2014</b>	<b>R\$ million 2013</b>
Credit	140,063.8	132,000.0	119,407.0
<b>Number of transactions</b>	<b>2015</b>	<b>2014</b>	<b>In million 2013</b>
Credit	1,530.3	1,423.5	1,346.7

***Import and export financing***

Our Brazilian foreign-trade related business consists of export and import finance.

We provide foreign currency payments directly to foreign exporters on behalf of Brazilian importers, which are linked to the receipt of local currency payments by the importers. In export finance, exporters obtain advances in *reais* on closing an export forex contract for future receipt of resources in of foreign currency on the contract due date. Export finance arrangements prior to shipment of goods are known locally as Advances on Exchange Contracts or "ACCs," and the sums advanced are used to manufacture goods or provide services for export. If advances are paid after goods or services have been delivered, they are referred to as Advances on Export Contracts, or "ACEs."

There are still other forms of export financing, such as export prepayments, onlendings from BNDES-EXIM funds, export credit notes and bills (referred to locally as "NCEs" and "CCEs"), and the PROEX (Export Financing Program) rate equalization program.

Our foreign trade portfolio is funded primarily by credit lines from correspondent banks. We maintain relations with various American, European, Asian and Latin American financial institutions for this purpose, using our network of approximately 1,400 correspondent banks abroad, 58 of which extended lines of credit as of December 31, 2015.

As of December 31, 2015, our international unit had a balance of R\$42.3 billion in export financing and R\$11.2 billion and R\$4.8 billion in import financing and international guarantees. The volume of our foreign exchange contracts for exports reached US\$28.2 billion in 2015. In the same period, the volume of our foreign exchange contracts for imports reached US\$19.0 billion. In 2015, based on Central Bank data, we reached a 15.3% market share of trade finance for Brazilian exports and 12.2% for imports.

***Cash Management Solutions******Management of accounts payable and receivable***

In order to meet the cash management needs of our customers in both public and private sectors, we offer many electronic solutions for managing accounts payable and receivable, supported by our network of branches, bank correspondents and electronic channels, all of which aim to improve speed and security for customer data and transactions. The solutions provided include: (i) collection and payment services; and (ii) online resource management enabling our customers to pay suppliers, salaries, and taxes and other levies to governmental or public entities. These solutions, which can also be customized, facilitate our customers' day-to-day tasks and help to generate more business. We also earn revenues from fees and investments

related to collection and payment processing services and, also by funds in transit received up to its availability to the related recipients.

### ***Global Cash Management***

Global Cash Management aims at structuring solutions to foreign companies operating in the Brazilian market and Brazilian companies making business in the international market. By way of customized solutions, partnerships with international banks and access to the SWIFT (Society for Worldwide Interbank Financial Telecommunication) network, we offer products and services for carrying out the cash management of these companies.

### ***Solutions for receipts and payments***

In 2015, we processed 1.4 billion receipts for the payment of taxes and utility bills (such as water, electricity, telephone and gas), checks custody service, identified deposits and credit orders via our teleprocessing system (credit order by teleprocessing or OCT). In 2015, the volume processed through virtual means (Pag-For Bradesco, Net Empresa and Online Tax Payment) was 774 million documents.

## 7. Issuer's activities

### ***Market Niches***

We offer our customers, in specific market niches such as education, condominiums, health and expeditors/driving schools, support of a qualified team to structure customized solutions, adding value to a customer's business, in accordance with profile, features and needs. Another important feature in this area is support for the development of Local Productive Arrangements – LPA, providing business advisory services and assistance to these customers. We also highlight Bradesco Franquias e Negócios (Bradesco Franchises and Business), a program which has the mission of seeking customized and directed solutions by observing the characteristics and needs of Brazilian franchising (franchisees and franchise). The purpose is to centralize servicing to all franchisees of our networks accredited to the Bank, thus improving the number of customers and the business volume in this significant sector of the Brazilian economy.

### ***Solutions for the public authority***

To meet the needs of public administration, we have a specific area and we offer specialized services in order to identify business opportunities and structure tailored solutions to entities and bodies of the Executive, Legislative and Judiciary branches at federal, state and municipal levels, in addition to independent governmental agencies, public foundations, state-owned and mixed companies, the armed forces (army, navy and air force) and the auxiliary forces (federal and state police forces).

Our exclusive website developed for these customers ([www.bradescopoderpublico.com.br](http://www.bradescopoderpublico.com.br)) poses corporate solutions for federal, state and municipal governments for payments, receipts, human resources and treasury services. The website also features exclusive facilities for public employees and the military showing all of our products and services for these customers.

The relationship is made and maintained by specialized business managers to serve this target audience, which is located in distributed platforms throughout the national territory and that can be identified on site.

In 2015, we took part in bidding processes sponsored by the Brazilian government and were successful in over 87.9% of these processes. Furthermore, we remain as leaders in payments of INSS benefits, with more than 8.9 million retirees and pensioners.

### ***Asset management and administration***

We administer and manage assets by way of:

- mutual funds;
- individual and corporate investment portfolios;
- pension funds, including assets guaranteeing the technical provisions of Bradesco Vida e Previdência;
- insurance companies, including assets guaranteeing the technical provisions of Bradesco Seguros; and

- Receivable funds (FIDCs – Fundos de Investimento em Direitos Creditórios), FIIs (Real Estate Investment Funds) and private equity funds (FIPs *Fundos de Investimento em Participações*).

On December 31, 2015, we administered or managed 2,054 funds and 320 portfolios, providing services to 2.7 million investors. These funds comprise a wide group of fixed-income, non-fixed income, foreign investment and multimarket funds, among others.

The following tables show our equity of funds and equity of portfolios which are under our management, the number of investors and the number of investment funds and managed portfolios for each period.

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## 7. Issuer's activities

			R\$ million
	Dec15	Dec14	Dec13
<b>Distribution of assets</b>			
<b>Financial investment funds - Total</b>	<b>510,343</b>	<b>452,102</b>	<b>407,874</b>
Fixed Income	485,125	419,768	373,552
Equities	21,295	27,019	27,967
Third-party Fund quotas	3,922	5,316	6,355
<b>Managed Portfolios - Total</b>	<b>39,941</b>	<b>36,628</b>	<b>27,490</b>
Fixed Income	32,797	26,542	16,856
Equities	4,897	8,130	8,390
Third-party Fund quotas	2,247	1,955	2,244
<b>Grand Total</b>	<b>550,284</b>	<b>488,730</b>	<b>435,364</b>

	12/31/2015		12/31/2014		12/31/2013	
	Number of Shareholders		Number of Shareholders		Number of Shareholders	
Financial investment funds	2,054	2,710,988	1,697	2,776,357	1,550	2,731,246
Managed Portfolios	320	1,138	237	518	233	430
<b>Grand Total</b>	<b>2,374</b>	<b>2,712,126</b>	<b>1,934</b>	<b>2,776,875</b>	<b>1,783</b>	<b>2,731,676</b>

Our products are mostly distributed through our branch network, banking service by phone and the Internet ([www.bradesco.com.br](http://www.bradesco.com.br) - investments).

### ***Services related to capital markets and investment banking activities***

As the organization's investment bank, Bradesco BBI originates and executes mergers and acquisitions, and originates, structures, syndicates and distributes fixed-income and equity capital market transactions in Brazil and abroad.

In 2015, Bradesco BBI advised customers on 144 transactions across a range of investment banking products, totaling R\$170.9 billion.

### ***Equities***

Bradesco BBI coordinates and places public offerings of shares in local and international capital markets and intermediates public tender offers. Bradesco BBI ended 2015 with a significant presence in IPOs and follow-ons by issuers in Brazil. Bradesco BBI participated as an underwriter and joint bookrunner in 5 offers totaling R\$18.3 billion: Telefônica Brasil S.A. follow-on involving the amount of R\$16.1 billion; Valid Soluções e Serviços de Segurança em Meios de Pagamento e Identificação S.A. follow-on involving the amount of R\$396.0 million; Metalúrgica Gerdau S.A. follow-on involving the amount of R\$900.0 million; OPA of acquisition in the takeover of Tempo Participações S.A., in the amount of R\$318.0 million; and FCP Par Corretora de Seguros S.A. IPO, in the amount of R\$603.0 million.

### ***Fixed income***

After having been engaged in several projects during 2015, Bradesco BBI ended the year with a very strong presence in the fixed-income segment. For the year ended December 31, 2015, Bradesco BBI was the market leader in terms of value, according to the ranking of fixed income distribution of ANBIMA. In the period, it coordinated 68 domestic-market offerings totaling more than R\$14.0 billion. In the international broker-dealer market, Bradesco BBI is continuously expanding its presence. In 2015, it acted as “joint bookrunner” for 4 bond issues, in which 3 involved US-based issuers, which exceeded the amount of US\$4.2 billion. In addition, Bradesco BBI led several operations of liability management for Brazilian companies, repurchasing more than US\$675 million in debt. In 2015, Bradesco BBI won The Best Investment Bank in Brazil Award by Euromoney magazine.

### ***Structured operations***

Bradesco BBI offers financial solutions tailored to meet the needs of clients in their demands for investments, acquisition, corporate restructuring, repurchasing of shares, improvement of financial indicators, optimization of the capital structure and segregation of assets and risk, using various instruments to capture resources by the companies. Additionally, Bradesco BBI has a strong presence in the acquisition finance segment and in securitization operations (CRI, CRA and FIDC). In 2015, Bradesco BBI held a leading position in the securitization ranking published by ANBIMA, as a result of structuring 11 operations with a total value of R\$3.4 billion.

## 7. Issuer's activities

***Mergers and acquisitions***

Bradesco BBI provides advisory services to important customers in merger, acquisition and corporate sale transactions, private placements, forming joint ventures, financial and corporate restructuring, and privatizations. In 2015, Bradesco BBI was rated among the top banks that provided advice for mergers and acquisitions in Brazil. During the year, Bradesco BBI advised on 21 transactions with a disclosed value of R\$47.6 billion.

***Project finance***

Bradesco BBI has a solid background as a financial advisor and structuring agent for a number of projects involving project and corporate finance, seeking to optimize financing solutions for projects across various industries through both credit and capital markets. Bradesco BBI received the important award "Latin America Port Deal of the Year," from IJGlobal, for its performance as a leading adviser and structurer of the long-term financing for Porto de Açu, of Prumo Logística. As of December 31, 2015, Bradesco BBI was involved in providing financial advice and structuring for approximately 33 projects totaling R\$68.8 billion in investments.

***Intermediation and trading services***

Bradesco S.A. CTVM, or "Bradesco Corretora," operates in the financial market, whose objective is to mediate the purchase and sale of shares, commodities futures contracts, financial assets, indexes, options, share rental, and term contracts, in the primary and secondary market. It also offers a wide range of products such as Investment Funds, Investment Clubs, securities of the Brazilian government through Tesouro Direto (Treasury Direct), admitting negotiations on BM&FBOVESPA and in the organized OTC market, which are tailored to the needs of high net-worth individuals, major corporations and institutional investors.

In 2015, Bradesco Corretora traded R\$104.7 billion in the BM&FBOVESPA equities market and the exchange ranked it 9<sup>th</sup> in Brazil in terms of total trading volume.

In addition, in the same period, Bradesco Corretora traded 17.7 million futures, swaps and options totaling R\$1.4 trillion on the BM&FBOVESPA. In 2015, Bradesco Corretora ranked 14<sup>th</sup> in the Brazilian market, in terms of the number of options, futures and swaps contracts executed.

Bradesco Corretora was awarded by BM&FBOVESPA, within the Operational Qualifying Program (PQO), four excellence seals (Carrying Broker, Agro Broker, Retail Broker and Execution Broker), indicating the high quality of its future market transactions. Bradesco Corretora is also certified by CETIP (Clearing House for the Custody and Financial Settlement of Securities).

Bradesco Corretora offers its clients the possibility to trade securities on the Internet through its "Home Broker" service. In 2015, "Home Broker" trading totaled R\$11.1 billion, or 1.5% of all Internet transactions on BM&FBovespa, and Bradesco Corretora was the 18<sup>th</sup> largest Internet trader in the Brazilian market.

Bradesco Corretora has a full range of services in investment analysis with coverage of the main sectors and companies of the Brazilian market. With a team of 25 analysts, it is composed of sector specialists, who fairly disclose their opinions to the customers by way of follow-up reports and instruction guides, with a wide range of projections and comparison multiples. Bradesco Corretora also has a team of its own

economists dedicated to the customers' specific demands, focused on the stock market. Over 170 reports, in English and Portuguese, are forwarded monthly to the most important investors domiciled in Brazil, the United States, Europe and Asia.

Bradesco Corretora also operates through Bradesco Corretora spaces distributed throughout Brazil. This is another service channel, where certified professionals advise clients interested in performing the purchase and sale of shares and other products.

Bradesco Corretora offers its services as a representative of non-resident investors for transactions in the financial and capital markets, in accordance with CMN Resolution No. 4,373/14.

### ***Solutions for the Capital Market***

In 2015, the company was present as one of the main service providers for the capital market and we maintained the leadership in the ranking of custody of assets of ANBIMA in the domestic market.

Among the main services of this segment we highlight the following: qualified custody of securities for investors and issuers, investment fund controllership, clubs and managed portfolios; bookkeeping of bonds and securities (shares, BDR - Brazilian Depositary Receipts, investment fund shares, Certificates of Real Estate Receivables or CRIs, and debentures); custody of shares underlying Depositary Receipts (DRs); loan of shares, settling bank, depositary (escrow account - trustee), clearing agent, tax and legal representation for non-resident investors, and fiduciary administration for investment funds.

## 7. Issuer's activities

Bradesco Custódia has 12 Quality Management System ISO 9001:2008 certifications, three data protection GoodPriv@cy certifications and also an ISAE 3402 (International Standard on Assurance Engagements) certification, which comprises assurance reports on controls. These certifications extend the structures of controls, raising the level of effectiveness and quality of processes.

As of December 31, 2015, the main services provided by Bradesco Custódia were:

- administrative and custody services for investment funds and managed portfolios involving:
  - R\$1.0 trillion in custodied assets of clients;
  - R\$1.5 trillion in total shareholders' equity of investment funds and managed portfolios which are using our administration services; and
  - 26 registered DR (Depository Receipts) programs with a market value of R\$61.1 billion as measured by the ANBIMA ranking.
- fiduciary administration for third party funds involving:
  - R\$254.2 billion total shareholders' equity of third-party investment funds under fiduciary administration by BEM DTVM.
- bookkeeping of bonds and securities:
  - Bradesco's share registration system comprises 242 companies, with a total of 4.5 million shareholders;
  - our debenture registration system contained 324 companies with 443 issuances with a total restated market value of R\$310.7 billion;
  - our fund share registration system contains 536 investment funds with a restated market value of R\$69.1 billion; and
  - we managed 33 registered BDR (Brazilian Depository Receipts) programs, with a market value of R\$2.4 billion.
- depositary (escrow account):
  - 8,216 contracts, with a financial volume of R\$12.2 billion.

In December 2013, the CVM changed the rules that govern these activities through the issuance of Instructions No. 541, No. 542 and No. 543, which address centralized deposit, custody and bookkeeping of securities, respectively. Pursuant to these new instructions, recording agents will be required to maintain records in relation to issuances of registered assets and custodians will be responsible for safeguarding assets that were physically issued or for which they are holders of customers' custody positions in central depositary entities. In addition, centralized deposit service providers will take on a crucial role for trading assets in organized markets, concentrating all operations corresponding to deposited assets. These new instructions became effective as of July 1, 2014.

In January 2015 the Central Bank began regulating the activities of centralized depositories and the recording of financial assets, by way of Circular No. 3,743/15, which includes the registration and centralized depository of financial assets and liens and encumbrances on deposited financial assets

***International banking services***

As a private commercial bank, we offer a wide range of international services, such as foreign exchange transactions, foreign trade finance, lines of credit and banking. As of December 31, 2015, our international banking services included:

Branches:

- one in New York City;
- one in in the Cayman Islands;
- one in London.

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## 7. Issuer's activities

## Subsidiaries:

- one in London, Bradesco Securities U.K.;
- one in the Cayman Islands, Cidade Capital Markets Ltd., or "Cidade Capital Markets;"
- one in Argentina, Banco Bradesco Argentina S.A., or "Bradesco Argentina;"
- one in Luxembourg, Banco Bradesco Europa S.A., or "Bradesco Europe;"
- one in Japan, Bradesco Services Co. Ltd., or "Bradesco Services Japan;"
- one in Mexico, Bradescard México, Sociedad de Responsabilidad Limitada, or "Bradescard México;"
- two in Hong Kong: (i) Bradesco Trade Services Ltd., or "Bradesco Trade;" and (ii) Bradesco Securities Hong Kong or "Bradesco Hong Kong"; and
- three in New York: (i) Bradesco Securities Inc. or "Bradesco Securities U.S."; (ii) Bradesco North America LLC or "Bradesco North America"; and (iii) BRAM US LLC.

Our international transactions are coordinated by our international and foreign exchange department in Brazil with support from 28 operational units specializing in foreign exchange businesses located at major exporting and importing areas nationwide.

***Foreign branches and subsidiaries***

Our foreign branches and subsidiaries offer, mainly, financing in foreign currency (particularly foreign trade finance operations) to Brazilian and non-Brazilian customers. Total assets of the foreign branches, excluding intra-group transactions, were R\$76.2 billion, as of December 31, 2015, denominated in currencies other than the *real*.

Funding required for export finance - from the Brazilian foreign trade - is mainly obtained from the international financial community, through credit lines granted by correspondent banks abroad. We issued debt securities in international capital markets, which amounted to US\$8.7 billion in 2015, as an additional source of funding.

Below is a brief description of our subsidiaries abroad:

**Bradesco Europa** - In April 2002, we acquired Banque Banespa International S.A., of Luxembourg, now called Banco Bradesco Europa. Bradesco Europa, through its unit in Luxembourg and its branch in London, is also dedicated to providing additional services to clients of the Private Banking segment. On December 31, 2015, its assets totaled R\$19.5 billion.

**Bradesco Argentina** – To expand our operations in Latin America, in December 1999, we established our subsidiary in Argentina, Bradesco Argentina, the general purpose of which is to extend financing, largely to companies based in Brazil with local establishments and, to a lesser extent, to companies based in Argentina doing business with Brazil. As of December 31, 2015, Bradesco Argentina recorded R\$176.8 million in assets.

**Cidade Capital Markets** – In February 2002, Bradesco acquired Cidade Capital Markets in Grand Cayman, due to the acquisition of its parent company in Brazil, Banco Cidade. As of December 31, 2015, Cidade Capital Markets had R\$159.1 million in assets.

**Bradesco Securities (U.S., U.K. and H.K.)** – Bradesco Securities, our wholly owned subsidiary, is a broker dealer in the United States, England and Hong Kong:

- The focus of Bradesco Securities U.S. is on facilitating the purchase and sale of shares, primarily in the form of ADRs and common shares. It is also an authorized dealer in bonds, commercial paper and deposit certificates, among other securities, and may provide investment advisory services. As of December 31, 2015, Bradesco Securities U.S. had assets of R\$116.5 million;
- Bradesco Securities U.K. focuses on the intermediation of equities and fixed income operations for Brazilian companies with global institutional investors. On December 31, 2015, Bradesco Securities U.K. had assets of R\$39.9 million; and
- Bradesco Securities H.K. focuses on the trading of ADRs and public and private securities issued by Brazilian companies to global institutional investors. On December 31, 2015, Bradesco Securities H.K. had assets of R\$21.3 million.

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## 7. Issuer's activities

**BRAM U.S. LLC** – Manages investment funds and portfolios dedicated to North American investors. On December 31, 2015, its assets totaled R\$4.3 million.

**Bradesco North America LLC** – It was incorporated in August 2011 to be used as a holding company focused on Bradesco's investments in non-bank businesses in the United States. As of December 31, 2015, its total assets was R\$6.0 million.

**Bradesco Services Japan** – In October 2001, we incorporated Bradesco Services Japan to provide support and specialized services to the Brazilian community in Japan, including remittances to Brazil and advice regarding investments within Brazil. As of December 31, 2015, its assets totaled R\$4.0 million.

**Bradesco Trade Services** – A non-financial institution and a subsidiary of our branch in the Cayman Islands, which we incorporated in Hong Kong in January 2007, in partnership with the local Standard Chartered Bank.

**Bradescard Mexico** – The business cards unit, maintains partnership with the chain of C&A stores, and also, with the Suburbia stores, of the Walmex Group, and with the chain of LOB stores. As of December 31, 2015, its assets totaled R\$690.1 million.

### ***Foreign exchange products***

In addition to import and export financing, our customers have access to a range of services and foreign exchange products such as:

- WEB foreign exchange contracts;
- collecting import and export receivables;
- cross border money transfers;
- advance payment for exports;
- accounts abroad in foreign currency;
- domestic currency account for foreign domiciled customers;
- cash holding in other countries;
- structured foreign currency transactions: through our overseas units;
- foreign loans to customers (Decree-Law No. 4,131/62);
- working capital loans abroad;
- service agreements – receiving funds from individuals abroad via money orders;
- prepaid cards with foreign currency (individual and corporate customers);

- purchasing and selling travelers checks and foreign currency paper money;
- cashing checks denominated in foreign currency;
- international financial clearance certificate; and
- international financial capacity certificate.

### ***Consortia***

In Brazil, persons or entities that wish to acquire certain goods may set up a group known as a "consortium," in which members pool their funds and plan the acquisition. The groups of consortium, which are formed for the purchase of real estate, vehicles, trucks/tractors/machines and equipment, have a term of duration, number of quotas previously determined and are managed by an administrator.

Bradesco Consórcios manages groups of consortium and as of December 31, 2015, it registered total sales of 1,194,015 outstanding quotas in the three segments, with total group revenues of over R\$49.6 billion; net income of R\$822.4 million; and revenues from the provision of services of consortia of R\$1.0 billion.

### **Insurance, pension plans and capitalization bonds**

We offer a range of products and services to our customers, including health, life, automobile and property/casualty; for individuals as well as for corporate entities, individual and corporate pension plans and capitalization bonds, through our broad distribution network.

## 7. Issuer's activities

***Life and personal accident insurance***

We offer life and personal accident insurance, as well as insurance against miscellaneous events, such as job loss, through our subsidiary Bradesco Vida e Previdência. As of December 31, 2015, there were 29.6 million life insurance policyholders.

***Health insurance***

The health insurance policies cover medical/hospital expenses. We offer health insurance policies through Bradesco Saúde and its subsidiaries for small, medium or large companies wishing to provide benefits for their employees.

On December 31, 2015, Bradesco Saúde and its subsidiary Mediservice Administradora de Planos de Saúde S.A (Mediservice) had more than 4.4 million beneficiaries covered by company plans and individual/family plans. Approximately 132 thousand companies in Brazil pay into plans provided by Bradesco Saúde and its subsidiaries, including 50 of the top 100.

Bradesco Saúde currently has one of the largest networks of providers of health services in Brazil. As of December 31, 2015, it included 12,207 laboratories, 15,750 specialized clinics, 15,610 physicians and 2,711 hospitals located throughout the country.

***Automobiles, property/casualty and liability insurance***

We provide automobile, property/casualty and liability insurance through our subsidiary Bradesco Auto/RE. Our automobile insurance covers losses arising from vehicle theft, damage to the passenger and third-party injury. Retail property/casualty insurance is for individuals, particularly those with residential and/or equipment related risks and small- and medium-sized companies whose assets are covered by multi-risk business insurance.

Of the mass property/casualty lines for individuals, our residential note ("*Bilhete Residencial*") is a relatively affordable and highly profitable product. For corporate customers, Bradesco Auto/RE offers Bradesco Seguro Empresarial (business insurance), which is adapted to meet our customers' and business needs. For corporate property/casualty and liability insurance, Bradesco Auto/RE has a specialized team that provides large business groups with services and products tailor-made to the specific needs of each policyholder. Top sellers in this segment are insurance policies for aeronautics, transportation, engineering, named operational and oil risks.

As of December 31, 2015, Bradesco Auto/RE had 1.5 million insured automobiles and 2.2 million property/casualty policies and notes, making it one of Brazil's main insurers.

***Pension plans***

We have managed individual and corporate pension plans since 1981 through our wholly owned subsidiary Bradesco Vida e Previdência, which is now the leading pension plan manager in Brazil, as measured by investment portfolio and technical provision criteria, based on information published by Fenaprevid and SUSEP.

Bradesco Vida e Previdência offers and manages a range of individual and group pension plans. Our largest individual plans in terms of contributions known as VGBL and PGBL are exempted from withholding taxes on income generated by the fund portfolio.

As of December 31, 2015, Bradesco Vida e Previdência accounted for 28.8% of the pension plan and VGBL market in terms of contributions, according to SUSEP. Managed pension funds accounted for 28.7% of VGBL, 25.5% of PGBL and 13.5% of traditional pension plans in Brazil. As of December 31, 2015, Bradesco Vida e Previdência accounted for 29.4% of all supplementary pension plan assets under management, 28.0% of VGBL, 21.9% of PGBL and 51.9% of traditional pension plans, according to Fenaprevi.

Brazilian law currently permits the existence of both "open" and "closed" private pension entities. "Open" private pension entities are those available to all individuals and legal entities wishing to join a benefit plan by making regular contributions. "Closed" private pension entities are those available to discrete groups of people such as employees of a specific company or a group of companies in the same sector, professionals in the same field, or members of a union. Private pension entities grant benefits on the basis of periodic contributions from their members, or their employers, or both.

We manage pension and VGBL plans covering 2.4 million participants, 62.7% of whom have individual plans, and the remainder of whom are covered by company plans. The company's plans account for 22.2% of technical reserves.

## 7. Issuer's activities

Under VGBL and PGBL plans, participants are allowed to make contributions either in installments or in lump-sum payments. Participants in pension plans may deduct the amounts contributed to PGBL up to 12.0% of the participant's taxable income when making their annual tax declaration. Under current legislation, redemptions and benefits are subject to withholding tax. VGBL plan participants may not deduct their contributions when declaring income tax. At the time of redemption, or when benefits are paid out, tax will be levied on these benefits, pursuant to current legislation.

VGBL and PGBL plans may be acquired by companies in Brazil for the benefit of their employees. In 2015, Bradesco Vida e Previdência managed R\$106.1 billion in VGBL and R\$22.8 billion in PGBL plans. Bradesco Vida e Previdência also managed R\$27.5 billion in pension plans.

Bradesco Vida e Previdência also offers pension plans for corporate customers that are in most cases negotiated and adapted to specific needs of this type of customer.

Bradesco Vida e Previdência earns revenues primarily from:

- pension and PGBL plan contributions, life insurance and personal accidents premiums and VGBL premiums;
- revenues from management fees charged to participants in accordance with mathematical provisions; and
- interest income.

### ***Capitalization bonds***

Bradesco Capitalização is the leader among private sector capitalization bond companies, according to SUSEP, and offers its customers capitalization bonds with the option of a lump-sum or monthly contributions. Plans vary in value (from R\$8 to R\$50,000), form of payment, contribution period, and periodicity of draws for cash prizes of up to R\$5.0 million (net premiums). Plans are adjusted based on the Reference Rate (TR) plus, approximately, 0.5% per month over the value of the mathematical provision, which may be redeemed by the shareholder at the end of the grace period. As of December 31, 2015, we had around 7.6 million "traditional" capitalization bonds and around 13 million incentive capitalization bonds. Given that the purpose of the incentive capitalization bonds is to add value to the products of a partner company or even to provide an incentive for its customer to avoid delinquency, the plans are for short terms and grace periods with low unit sales value. In 2015, Bradesco Capitalização had approximately 21 million capitalization bonds and 3.2 million customers.

Bradesco Capitalização is the only company in its industry to have received a Standard & Poor's (S&P) rating of "brAA+," the highest rating in Brazil.

### **b) Characteristics of the distribution process**

#### ***Distribution channels***

The following table presents our main distribution channels in the period stated:

#### **Structural Information - Units**

**Dec15**

#### 3.9 - Other relevant information

<b>Service Points</b>	<b>65,851</b>
- Agencies	4,507
- PAs (1)	3,511
- PAEs (1)	736
- External Terminals in the Bradesco Network	627
- Assisted Points of Banco24Horas Network	11,721
- Bradesco Expresso (Corresponding)	43,560
- Bradesco Sales Promoter	1,175
- Branches/Overseas Subsidiaries	14
<b>Self-service machines</b>	<b>50,467</b>
- Bradesco Network	31,527
- Banco24Horas Network	18,940

(1) PA (Service Points): a result of the consolidation of PAB (Banking Service Point), PAA (Advanced Service Point) and Exchange Branches, according to CMN Resolution No. 4,072/12; and PAE (Electronic Service Points in Companies) – Posts located on a company's premises.

## 7. Issuer's activities

***Distribution channels of insurance products, pension and capitalization***

We sell our insurance products, pension plans and capitalization bonds through our website, through exclusive brokers based in our network of bank branches, and non-exclusive brokers throughout Brazil. Our capitalization bonds are offered through our branches, the Internet, our call center, ATMs and external distribution channels.

The following table shows the distribution of sales of these products through our branches and outside our branches:

<b>Percentage of total sales by product</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
<b>Insurance products:</b>			
Sales through branches	38.0%	36.0%	37.9%
Sales outside branches	62.0%	64.0%	62.1%
<b>Supplementary pension products:</b>			
Sales through branches	87.9%	86.6%	86.1%
Sales outside branches	12.1%	13.4%	13.9%
<b>Capitalization bonds:</b>			
Sales through branches	87.0%	83.0%	82.1%
Sales outside branches	13.0%	17.0%	17.9%

***Other distribution channels******Digital channels***

The digital channels offer mobility and independence to customers so that they may expand their businesses with us.

We aim to make the banking experience even more convenient, fast and safe. In addition to the traditional service channels, such as Self-Service, “Fone Fácil” (easy phone) and internet, customers and users have access to us anywhere via Bradesco Celular (Mobile Banking). Below is a brief description of our digital channels:

**Internet** – Bradesco’s Portal encompasses 15 account access environments (transactional websites), for banking transactions and 42 institutional sites, which provide information on the Bank, guidance on security, disclosure of social and environmental actions, and specific investor publications, among others.

**Self-service network** – Our self-service network has 31,527 ATMs distributed across Brazil, providing quick and convenient access to products and services. In addition to our ATMs, customers can access the pooled network of 18,940 Banco24Horas Network machines to effect transactions such as cash withdrawals, statements, balance status queries, loans, payments of payment vouchers, transfers between Bradesco accounts and to other banks, consultation of wage proof, consultation of checks paid and cleared, proof of life for INSS and pre-paid card services. As of 2015, 2.0 billion transactions were conducted through ATMs.

We were a pioneer in Brazil in introducing a biometric reading system that identifies customers and authenticates ATM transactions through a sensor/invisible light beam capturing the image of the vascular

pattern of the palm of the hand. This technology allows our customers to carry out transactions using only their card and hand palm reading. In addition, for greater convenience and speed, customers may also withdraw cash and check balances without their card, simply using biometry and a six-digit password.

We believe that the biometric reading system is one of the world's most advanced security technologies. This technology is available in 100% of our ATMs and in ATMs of the Banco24Horas Network.

Based on an agreement with the INSS, the biometric reading allows retired customers and pensioners to perform "proof of life" with the use of automatic biometrics.

**Bradesco Celular (Mobile Banking)** – We were the first Brazilian institution to use mobile banking.

Through this channel the customer can check bank balances and statements, make payments, recharge prepaid mobile phones, make transfers, get loans, obtain quotes and follow stock purchase and sale orders, among other things.



## 7. Issuer's activities

Bradesco Celular also provides the following services:

- **Free access:** our free access allows the client to access their account using Bradesco Celular free-of-charge, without consuming their data plan. Our agreement signed with the operators Claro, Oi, Tim, and Vivo (Brazilian cell phone network operators) is an important step not only to facilitate access, but also for digital inclusion in the country;
- **Depositing checks via mobile phone:** our Bradesco app allows clients to capture the image of the check with their smartphone camera, eliminating the need to deliver physical checks at the branch or ATMs;
- **Payment with barcode reader:** our barcode reader allows clients to pay an invoice, pointing the camera to the barcode, which is automatically filled in;
- **Touch ID:** this function allows the client to associate their digital print to a four-digit password, enabling faster and more practical access to the account using the apps. It is available on all Bradesco apps, Bradesco Exclusive and Bradesco Prime for iPhones with a digital reader;
- **Bradesco Direct Reload:** a service that enables reloading credit for prepaid mobile phones with just a single call from the device itself, even if there is no credit available for making calls. This feature is currently available for mobile phone users who are registered customers of Vivo, TIM and Claro;
- **SMS payments:** by answering a SMS, previously-registered customers may schedule payments in advance or make payments with their banking collection forms registered with the DDA or utility bills;
- **InfoCelular (information on mobile phones):** with this feature, our registered customers quickly and safely receive SMS messages reporting on banking transactions for their account in accordance with the period and amount they designate;
- **Bradesco Net Empresa Celular (Bradesco Net Company Mobile Banking):** unique application that allows the legal entity client to manage their company at anytime and anywhere;
- **Token embedded in the mobile device:** an innovative and pioneering service in the market, the embedded token provides an additional convenience option for our customers by enabling them to authenticate any transaction carried out on the device and other digital channels; and
- **Bradesco Celular via SMS (SMS Banking):** this service allows our customers to confirm balances, see their last three entries in a bank statement and reload credits for prepaid mobile phones via SMS.

**Telephone services – Fone Fácil** – Fone Fácil is our telephone banking system. The customized service system, with financial experts and virtual servicing, makes Fone Fácil one of the most efficient service channels and we have one of the most awarded banking relationship centers in Brazil, which is available to customers on a 24/7 basis.

Through this channel, the customer may acquire products, obtain information on their account, credit card, pension plans and capitalization bonds and carry out a number of transactions, such as: checking account balances, bank statements, payments, transfers, credit transactions, investments, registering with the Bradesco Token into the mobile device, registering and disabling a password, cancellation and reissuing of

cards.

In addition to the customized digital service, customers have access, through a number of specific numbers, to several telephone service centers including service centers for: internet banking, Net Empresa, Consortium, Private Pension Plan, Bradesco Financiamentos and *Alô Bradesco*.

**Social Networks** – We have had a strong performance on social networks since 2004 by performing the monitoring of our brand, products and services, providing services and relating to clients and non-clients 24 hours a day, 7 days a week. Our specialist team in social media seeks to provide answers to any question in about 5 minutes. We maintain relevant content on the financial universe, technology and relationship in all major social platforms.

**Espaço Next Móvel** – In 2012, we introduced Bradesco Next, a fully digital and multitouch interaction facility developed to test new forms of banking service usage, formats and layouts. The strategy behind Bradesco Next is to develop new digital services that may be used in our branches.

In 2015, 92.0% of transactions were carried out through digital channels. The table below shows the number of operations carried out through digital channels:

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## 7. Issuer's activities

Year ended December, 31	In millions of transactions		
	2015	2014	% change
Internet Individual + Companies – with WebTa <sup>(1)</sup>	4,585	4,492	2.1%
ATMs	1,982	2,087	(5.0)%
Mobile Banking (Bradesco Celular)	3,664	1,908	92.0%
Contact Center (Fone Fácil)	278	410	(32.2)%
<b>Total</b>	<b>10,509</b>	<b>8,897</b>	<b>18.1%</b>

(1) WebTa is an internet file transmission service, to the bank, carried out by corporate customers using Net Empresas.

### ***Partnerships with retail companies – Bradesco Expresso***

We have also entered into partnership agreements (Bradesco Expresso) with supermarkets, drugstores, grocery stores, department stores and other retailers. These companies provide basic banking services such as the payment of utility bills and other bills, withdrawal of cash from checking, savings accounts and social security benefits, deposits, among other things. These services are rendered by the staff of our business partners, but all credit decisions are made by us.

The main services we offer through Bradesco Expresso are:

- receipt and submission of account applications;
- receipt and submission of loans, financing and credit card applications;
- withdrawals from checking accounts and savings accounts;
- Social Security National Service (INSS –*Instituto Nacional do Seguro Social*) benefit payments;
- checking accounts, savings accounts and INSS balance statements;
- receipt of utility bills, bank charges and taxes; and
- prepaid mobile top-up.

As of December 31, 2015, the Bradesco Expresso network totaled 43,560 service points, of which 6,154 were points of service contracted in the period, with an average of 38.5 million monthly transactions or 1.8 million transactions per business day.

## 7. Issuer's activities

## c) Characteristics of the market segments, specially:

## i) Participation in each market:

In the following section, we demonstrate the percentages of Bradesco's participations in relation to banking and insurance segment and its distribution channels:

<b>Market Share</b>	<b>In percentage (%) Dec15</b>
<b>Banks - Source: Central Bank of Brazil</b>	
Demand Deposits	7.2
Savings Deposits	13.8
Term Deposits	8.7
Loan Operations	9.9 <sup>(1)</sup>
Loan Operations - Private Institutions	22.3 <sup>(1)</sup>
Loan operations - Individual Vehicles (CDC + Leasing)	13.3 <sup>(1)</sup>
Payroll Loans	12.6 <sup>(1)</sup>
Number of Branches	20.0
<b>Banks - Source: INSS/Dataprev</b>	
Payment of Benefits to Retirees and Pensioners	27.5
<b>Banks - Source: Anbima</b>	
Investment Fund and Managed Portfolios	19.4
<b>Insurance, Pension Plans and Capitalization Bonds - Source: Susep and ANS</b>	
Insurance, Pension Plan and Capitalization Bond Premiums	25.5
Insurance Premiums (including VGBL)	25.2
Life insurance and Personal Injury Premiums	17.7
Auto/RE Insurance Premiums	9.5
Auto/RCF Insurance Premiums	11.8
Health Insurance Premiums	49.3
Revenue from Pension Contributions (excluding VGBL)	29.5
Capitalization Bond Income	25.6
Technical reserves from insurance, pension plans and capitalization bonds	26.8
Revenue from VGBL Premiums	28.7
Revenue from Contributions to PGBL	25.5
<b>Insurances and Pension Plans – Source: Fenaprevi</b>	
Pension Investment Portfolios (including VGBL)	29.2
<b>Leasing - Source: ABEL</b>	
Active Operations	17.2
<b>Consortia – Source: Central Bank of Brazil</b>	
Real estate	28.7
Auto	28.5
Trucks, Tractors and Agricultural Implements	17.3

**International Sector - Source: Central Bank of Brazil**

Export market 15.3

Import market 12.2

(1) SFN data are preliminaries.

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**ii) competitive conditions in markets**

We face significant competition in all of our principal areas of operation, since the Brazilian financial and banking services markets are highly competitive and have undergone an intensive consolidation process in the past few years.

As of December 31, 2015, publicly owned financial institutions held 45.7% of the National Financial System's ("SFN") assets, followed by private sector locally owned financial institutions (taking into consideration financial conglomerates) with a 37.3% share and foreign-controlled financial institutions, with a 17.0% share.

Public-sector financial institutions play an important role in the banking sector in Brazil. Essentially, they operate within the same legal and regulatory framework as private-sector financial institutions, except that certain banking transactions involving public entities must be made exclusively through public-sector financial institutions (including, but not limited to, depositing federal government funds or judicial deposits).

In April, 2012, Circular No. 3,590/12 was issued, determining that the following transactions should be analyzed by the Central Bank with respect to their effects on competition, notwithstanding the review related to the stability of the financial system:

- transfers of ownership control;
- takeovers;
- mergers;
- business transfers; and
- other means of business concentration.

In August 2012, the CMN set out new requirements and procedures for incorporation, authorization for operations, cancellation of authorization, changes of control, corporate restructurings and conditions for exercising positions in statutory or contractual bodies.

***Loans and advances***

Competition in the market of loans and advances has increased in recent years. Our primary competitors are Itaú Unibanco, Banco do Brasil, and Santander Brasil. In December 2015, our market share total was of 9.9%, and between private banks, of 22.4%.

***Credit cards***

The credit card market in Brazil is highly competitive. Our primary competitors are Banco do Brasil, Itaú Unibanco, and Santander Brasil. Management believes that the primary competitive factors in this area are interest rates, annual fees, card distribution network and benefits offered.

***Consortia***

Currently, the consortia market counts on approximately 170 administrators, distributed in the bank, manufacturer and independent administrators.

We highlight as a competitive differential, our association to the credibility of the Bradesco brand and the capillarity of the distribution network, with the largest service network in Brazil.

### ***Investment Bank***

The investment bank market in Brazil is undergoing recession, further increasing the rivalry. Among the main players, there are Itaú BBA, BTG Pactual, Santander and other international institutions. The main competitive advantages are relationship with clients and the capacity of implementation.

### ***Leasing***

In general, the Brazilian leasing market is dominated by companies affiliated with vehicle and equipment producers and large banks. We currently enjoy certain competitive advantages, as we have a larger service network than any of our private sector competitors.

### ***Asset management***

As of December 31, 2015, the asset management industry in Brazil managed funds worth R\$2.8 trillion in shareholders' equity according to ANBIMA. BRAM held a portion of R\$395.8 billion, representing a growth of 13.6% as compared to the 12 previous months or 13.8% of market share. We are the leading institution as measured by the number of investment fund quotaholders with 2.7 million.

## 7. Issuer's activities

### ***Insurance, pension plans and capitalization bonds***

#### ***Insurance sector***

As the leader of the Brazilian insurance market, with a 25.5% market share as of December 31, 2015, Grupo Bradesco Seguros faces growing competition from several domestic and multinational companies in all branches of this sector.

Our principal competitors are BB Seguridade, Itaú Unibanco Seguros, SulAmérica Seguros, Porto Seguro, Caixa Seguros and Zurich/Santander, which account for a combined total of approximately 54.9% of all premiums generated in the market, as reported by SUSEP, in December 2015.

In recent years, there has been a change in the insurance sector in Brazil, as foreign companies have begun to form associations with national insurers. In this respect, the main competitive factors are price, financial stability, and recognition of the name and services provided by companies. With respect to services, competition primarily involves the ability to serve the branches that market such services, including the level of claims handling automation, and development of long-term relationships with customers.

We believe that the penetration of our service network, present in all municipalities in Brazil, gives Grupo Bradesco Seguros a significant competitive edge over most insurance companies, thereby promoting cost savings and marketing synergies.

Regarding the healthcare sector, although most insurance activities are carried out by companies with nationwide operations, there is also competition from companies that operate locally or regionally.

#### ***Pension plan sector***

The government's monetary stabilization policies stimulated the pension plan sector and attracted new international players.

With 28.8% of total contributions in the sector (SUSEP), Bradesco Vida e Previdência's main competitive advantages are: the brand "Bradesco," our extensive branch network, our strategy and our record of being in the forefront of product innovation.

#### ***Capitalization bonds sector***

Bradesco Capitalização holds a 25.6% market share in capitalization bonds income and 22.2% in terms of technical provisions, according to SUSEP. Among the competitive factors in the sector, we highlight the offering of low-cost products with a higher number of prize drawings, security, financial stability, and brand recognition by customers.

#### **d) Seasonality**

We generally have some seasonality in certain parts of our business. There is certain seasonality in our consumer financing business (including our credit card business, financing of goods and others), with increased levels of credit card transactions and financing of goods at the end of the year and a subsequent decrease of these levels at the beginning of the year. We also have certain seasonality in our collection



fees at the beginning of the year, which is when taxes and other fiscal contributions are generally paid in Brazil. In our PGBL and VGBL business, seasonality happens at the end of the year, when the Christmas bonuses and profit sharing are usually paid.

**e) Main raw materials, stating:**

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

Bradesco hires suppliers and establish business relationships with partners that operate with ethical standards compatible with the Organization, through a strict selection process and does not negotiate with those who, verifiably, disrespect the provision of its Code of Ethical Conduct, and also guides its business relationship by the Sectorial Code of Ethical Conduct for the Purchasing Professional.

The Bank also has a program relationship with strategic suppliers to discuss revaluation of the supply chain of the total acquisition cost, optimization of products, innovation and sustainability. There are regular meetings with executives of the Bank and suppliers, which established objectives and the monitoring the results of actions taken.

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

Bradesco has no dependence on suppliers to perform its activities.

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

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## 7. Issuer's activities

The prices volatility, as resources for loans, interest rates charged on products, among other things, rely on macroeconomic conditions and market rates.

If there is expected growth rate of inflation, the Central Bank may increase the base interest rate, increasing, consequently, interest rates for loans. Another factor that can enhance loans is the increase in the delinquency rate for customers. Moreover, variations in tax rates on loans also make these operations more expensive.

### 7.4 - Customers responsible for more than 10% of the total net revenue

Bradesco has no clients that are responsible for more than 10% of the total net revenue of the institution.

### 7.5 - Relevant effects of state regulation of activities

#### **a) need for governmental authorization for the exercise of activities and history of relation with the public administration in order to obtain such authorizations**

The basic institutional framework of the Brazilian Financial System was established in 1964 by Law No. 4,595/64, known as the "Banking Reform Law." The Banking Reform Law dealt with monetary, banking and credit policies and institutions, and created the Brazilian Monetary Council ("CMN").

For Brazilian regulatory purposes, insurance companies, private pension plans and capitalization bonds providers are not considered financial institutions.

#### ***Principal regulatory agencies***

##### ***CMN***

CMN is responsible for the overall supervision of monetary, credit, budgetary, fiscal and public debt policies. CMN has the following functions:

- regulating loans and advances granted by Brazilian financial institutions;
- regulating Brazilian currency issue;
- supervising Brazil's reserves of gold and foreign exchange;
- determining saving, foreign exchange and investment policies in Brazil; and
- regulating capital markets in Brazil.

In December 2006, CMN asked the CVM to devise a new "Risk-Based Supervision System" in order to: (i) identify risks to which the market is exposed; (ii) rank these risks in order of severity; (iii) establish mechanisms for mitigating these risks and the losses they might cause; and (iv) control and monitor the occurrence of risk events. Among other effects, this system provides for a fast-track reviewing process for the issuance of securities.

### ***Central Bank***

The Central Bank was created by Law No. 4,595/64. It is the primary executor of the guidelines of the CMN (National Monetary Council), responsible for ensuring the purchasing power of the national currency, besides being responsible for:

- implementing currency and credit policies established by the CMN;
- regulating and supervising public and private sector Brazilian financial institutions;
- controlling and monitoring the flow of foreign currency to and from Brazil; and
- overseeing the Brazilian financial markets.

The Central Bank's chairperson is appointed by the President of Brazil for an indefinite term of office, subject to approval by the Brazilian senate.

The Central Bank supervises financial institutions by:

- setting minimum capital requirements, compulsory reserve requirements and operational limits;

## 7. Issuer's activities

- authorizing corporate documents, capital increases, acquisition of interest in new companies and the establishment or transfer of principal places of business or branches (in Brazil or abroad);
- authorizing changes in shareholder control of financial institutions;
- requiring the submission of annual and semiannual audited financial statements, quarterly revised financial statements and monthly unaudited information; and
- requiring full disclosure of loans and advances and foreign exchange transactions, import and export transactions and other directly related economic activities.

### ***CVM***

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

### ***Banking regulations***

#### ***Principal limitations and restrictions on activities of financial institutions***

Under applicable laws and regulations, a financial institution operating in Brazil:

- may not operate without the prior approval of the Central Bank and in the case of foreign banks, authorization by presidential decree;
- may not invest in the equity of any other company beyond regulatory limits;
- may not lend more than 25.0% of its RC to any single person or group;
- may not own real estate, except for its own use; and
- may not lend to or provide guarantees for:
  - any individual that controls the institution or holds, directly or indirectly, more than 10.0% of its share capital;
  - any entity that controls the institution or with which it is under common control, or any officer, director or member of the Fiscal Council and Audit Committee of such entity, or any immediate family member of such individuals;
  - any entity that, directly or indirectly, holds more than 10.0% of its shares (with certain exceptions);
  - any entity that it controls or of which it directly or indirectly holds more than 10.0% of the share capital;
  - any entity whose management consists of the same or substantially the same members as its own Board of Executive Directors; or

– its executive officers and directors (including their immediate families) or any company controlled by its executive officers and directors or their immediate families or in which any of them, directly or indirectly, holds more than 10.0% of share capital.

The restriction related to the concentration limit of a single person or group is not adopted for investments in interbank deposits made by financial institutions subject to the consolidation of its financial statements.

***Capital adequacy and leverage***

Financial institutions headquartered in Brazil are subject to capital measurement and standards based on a weighted risk-asset ratio, according to CMN Resolutions No. 4,192/13 and No. 4,193/13. The parameters of this methodology resemble the international framework for minimum capital measurements adopted for the Basel Accord.

According to the CMN Resolution No. 4,280/13, financial institutions, except for credit cooperatives, must keep consolidated accounting records (for calculating their capital requirements) of their investments in companies whenever they hold, directly or indirectly, individually or together with partners, a controlling interest in the investee companies. If their interest does not result in control of a company, financial institutions may choose to recognize the interest as equity in the earnings of unconsolidated companies instead of consolidating such interests.

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Under certain conditions and within certain limits, financial institutions may include eligible instruments when determining their capital requirements in order to calculate their operational limits, provided that this instrument complies with the requirements of regulation in force.

As of January 2015, financial institutions calculate their capital requirements on a consolidated basis with institutions that are part of their prudential conglomerate.

CMN Resolution No. 4,280/13 defines that the following entities located in Brazil or abroad, shall be considered as members of the prudential conglomerate of their direct or indirect controllers: (i) financial institutions and other institutions authorized to operate by the Central Bank; (ii) consortium administrators; (iii) payment institutions; (iv) organizations that acquire credit transactions, including real estate and credit rights; and (v) other legal entities headquartered in Brazil that are solely engaged in holding interests in the entities set out above.

In December 2014, the CMN changed the scope of the rules for the management of credit, market, operational and liquidity risks and capital management in order to apply such rules at the prudential conglomerate level which is now required as the basis for calculation of the capital requirements of financial institutions. CMN Resolution No. 4,388/14 sets forth that risk management may be carried out by a single unit responsible for the prudential conglomerate and its respective affiliates. This applies only to market risk management and not to any other risk functions. Further, this resolution also updates the application of the relevant thresholds for any calculations of foreign exchange exposure.

***Risk Weighting***

Pursuant to Circular No. 3,644/13, the Central Bank consolidated the risk weighting factors applied to different exposures in order to calculate capital requirement through a standardized approach. According to such a rule, as amended, the risk weight factors vary from 0.0% to 1,250.0% and should be applied to credit risks, depending on the nature and characteristics of the exposure. Risk-weight factors applicable to different exposures are often changed by the Central Bank.

In addition, there are specific standards of the Central Bank to determine procedures to calculate the portion of risk-weighted assets related to other exposures.

In December 2014, and then again in October 2015, the Central Bank changed the procedures for calculating the portion of risk-weight assets, in connection with the calculation of the capital required for the operational risk by way of a standardized approach. Under the present model, this is calculated based on the risk of financial institutions and its direct and indirect controlled entities, based on the gross revenue for the past three years. The prudential conglomerate concept, however, does not have a retroactive data base to supply such information. In order to overcome this obstacle, a transitional model for the calculation of operational risk was adopted in January 2015.

***Compulsory Deposits***

The Central Bank periodically sets compulsory reserve and related requirements for financial institutions headquartered in Brazil. The Central Bank uses reserve requirements as a mechanism to control liquidity in the Brazilian Financial System (SFN).

Standards on compulsory deposits and additional reserve requirements are periodically altered by the Central Bank.

The total consolidated exposure of a financial institution in foreign currencies and gold cannot exceed 30.0% of its RC. In addition, if its exposure is greater than 5.0% of its RC, the financial institution must hold additional capital at least equivalent to 100% of its exposure. Since July 2007, the amount internationally offset in opposite exposures (purchases and sales) in Brazil and abroad by institutions of the same conglomerate is required to be added to the respective conglomerate's net consolidated exposure.

***Asset composition requirements***

According to the Resolution No. 2,844/01, as amended, financial institutions headquartered in Brazil may not allocate more than 25.0% of their RC to loans and advances (including guarantees) to the same customer (including customer's parent, affiliates and subsidiaries) or to securities from any issuer. They also may not act as underwriters (excluding best efforts underwriting) of securities issued by any one issuer representing more than 25.0% of their RC.

According to the Resolution No. 2,283/96, permanent assets (defined as property and equipment other than commercial leasing operations, unconsolidated investments and deferred assets) of Brazilian financial institutions may not exceed 50.0% of their regulatory capital (RC).

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***Repurchase transactions***

Repurchase transactions are subject to operational capital limits based on the financial institution's equity, as adjusted in accordance with Central Bank regulations. A financial institution may only hold repurchase transactions in an amount up to 30 times its RC. Within that limit, repurchase operations involving private securities may not exceed five times the amount of the financial institution's RC. Limits on repurchase operations involving securities issued by Brazilian governmental authorities vary in accordance with the type of security involved in the transaction and the perceived risk of the issuer as established by the Central Bank.

***Onlending of funds borrowed abroad***

Financial institutions and leasing companies are permitted to borrow foreign currency-denominated funds in the international markets (through direct loans or the issuance of debt securities) in order to on-lend such funds in Brazil. These onlendings take the form of loans denominated in *reais* but indexed to the U.S. dollar. The terms of the onlending transaction must mirror the terms of the original transaction. The interest rate charged on the underlying foreign loan must also conform to international market practices. In addition to the original cost of the transaction, the financial institution may charge onlending commission only.

Furthermore, the amount of any loan in foreign currency should be limited to the sum of foreign transactions undertaken by the financial institution to which loan funds are to be directed. Lastly, pursuant to the Central Bank's Circular No. 3,434/09, the total of loans and advances made against these funds must be delivered to the Central Bank as collateral, as a condition for the release of the amount to the financial institution.

***Foreign currency position***

Transactions in Brazil involving the sale and purchase of foreign currency may be conducted only by institutions authorized by the Central Bank to operate in the foreign exchange market.

Since 1999, the Central Bank have adopted a foreign exchange free float system, which has given rise to increased volatility. Since mid-2011 the *real* has depreciated against the U.S. dollar and the Central Bank has intervened in the foreign exchange market to control the foreign rate volatility.

The Central Bank does not impose limits on long positions in foreign exchange operations (i.e., in which the aggregate amount of foreign currency purchases exceeds sales) and short positions in foreign exchange operations (i.e., in which the aggregate amount of foreign currency purchases is less than sales) for banks authorized to operate in the foreign exchange market.

Standards that address foreign exchange markets are frequently changed by the CMN and the Central Bank.

***Registration of cross-border derivatives and hedging transactions and information on derivatives***

In December 2009, the Central Bank issued specific rules that became effective on February 2010, requiring Brazilian financial institutions to register their cross-border derivative transactions with a clearing house regulated by the Central Bank and by the CVM. Specifically, cross-border derivative transactions must: (i) be registered within two business days; and (ii) cover details of underlying assets, values,



currencies involved, terms, counterparties, means of settlement and parameters used.

In January 2010, registration rules were extended to cover hedging transactions in foreign OTC markets or exchanges.

In November 2010, to facilitate management of derivatives-related risk incurred by financial institutions, the CVM stipulated that market participants should create mechanisms in order to share information on derivatives contracts traded or registered in their systems, subject to banking confidentiality rules.

### ***Treatment of loans and advances***

Financial institutions are required to classify their loans and advances into nine categories, ranging from AA to H, based on their risk. These credit risk classifications are determined in accordance with Central Bank criteria relating to the conditions of:

- the debtor and the guarantor, such as their economic and financial situation, level of debt, capacity for generating profits, cash flow, delay in payments, contingencies and credit limits; and
- the transaction, such as its nature and purpose, the type, the level of liquidity, the sufficiency of the collateral and the total amount of the credit.

## 7. Issuer's activities

In the case of corporate borrowers, the nine categories that we use are as follows:

A loan and advance operation may be upgraded if it has credit support or downgraded if in default.

Doubtful loans are classified according to the loss perspective, as per E-H ratings as follows:

A similar nine-category ranking system exists for transactions with individuals. We grade credit based on data including the individual's income, net worth and credit history, as well as other personal data.

For regulatory purposes, financial institutions are required to classify the level of risk of their loan operations according to Central Bank criteria, taking into consideration both the borrower and guarantors' characteristics and the nature and value of the operation, among other things, in order to identify potential losses.

This risk evaluation must be reviewed at least every six months for loans extended to a single customer or economic group whose aggregate loan amount exceeds 5.0% of the financial institution's RC, and once every 12 months for all loan operations, with certain exceptions.

Past due loans and advances must be reviewed monthly. For this type of loan, regulatory provisions set the following maximum risk classifications:

Financial institutions are required to determine whether any loans must be reclassified as a result of these maximum classifications. If so, they must adjust their regulated accounting provisions accordingly.

The regulations specify a minimum provision for each category of loan, which is measured as a percentage of the total amount of the loan and advance operation, as follows:

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Loans and advances of up to R\$50,000 may be classified by the method used by the financial institution itself or the arrears criteria, described above, observing that the classification should correspond, at least, to the level A risk, according to the Central Bank.

Financial institutions must make their lending and loan classification policies available to the Central Bank and to their independent accountants. They are also required to submit information relating to their loan portfolio to the Central Bank, together with their financial statements. This information must include:

- a breakdown of the business activities and nature of borrowers;
- maturities of their loans; and
- amounts of rescheduled, written-off and recovered loans.

The Central Bank requires authorized financial institutions to compile and submit their loans and advances portfolio data in accordance with several requirements and may allow discrepancies in these statements of up to 5.0% per risk level and 2.5% in the reconciled total.

### ***Exclusivity in loans and advances to customers***

In January 2011, Central Bank Circular No. 3,522/11 prohibited financial institutions that provide services and loan transactions from entering into agreements, contracts or other arrangements that prevent or restrict the ability of their customers to access loans and advances offered by other institutions, including payroll-deductible loans. The purpose of this rule is to increase competition among credit providers and prevent exclusivity agreements between state-owned banks and government bodies with respect to payroll-deductible loans. While there is some uncertainty as to whether the new rules affect existing contracts, all new contracts are covered by the new regulations, allowing market competition and enabling employees in the public and private sectors to obtain payroll-deductible loans from any authorized financial institution.

### ***Brazilian Clearing System – (Sistema de Pagamentos Brasileiro, or “SPB”)***

SPB was regulated and restructured under legislation enacted in 2001. These regulations are intended to streamline the system by adopting multilateral clearing and boost security and solidity by reducing systemic default risk and financial institutions' credit and liquidity risks.

The subsystems in SPB are responsible for maintaining security mechanisms and rules for controlling risks and contingencies, loss sharing among market participants and direct execution of custody positions of contracts and collateral by participants. In addition, clearing houses and settlement service providers, as important components to the system, set aside a portion of their assets as an additional guarantee for settlement of transactions.

Currently, responsibility for settlement of a transaction has been assigned to the clearing houses or service providers responsible for it. Once a financial transaction has been submitted for clearing and settlement, it generally becomes the obligation of the relevant clearing house and/or settlement service provider to clear and settle, and it is no longer subject to the risk of bankruptcy or insolvency on the part of the market participant that submitted it for clearing and settlement.

Financial institutions and other institutions authorized by the Central Bank are also required under the rules to create mechanisms to identify and avoid liquidity risks, in accordance with certain procedures established by the Central Bank. Under these rules, institutions are required to maintain, at least:

- policies and strategies for the management of liquidity risk clearly documented, that establish operational limits and procedures intended to maintain the exposure to liquidity risk, in the levels established by the administration of the institution;

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- processes to identify, assess, monitor and control the exposure to liquidity risk in different time horizons, including intraday, contemplating, at least, the daily assessment of operations with settlement periods of less than 90 days;
- evaluation, with the minimum annual periodicity, of processes that provide for the previous item above;
- policies and strategies of capture that provide adequate diversification of renewable resources and of maturity dates;
- liquidity contingency plan, regularly updated, that establishes responsibilities and procedures to face situations of liquidity stress;
- perform periodic stress tests with scenarios of long and short-term, idiosyncratic and systemic scenarios, whose results should be considered when establishing or reviewing policies, strategies, limits and the liquidity contingency plan; and
- evaluation of the liquidity risk as part of the approval process of new products, as well as the compatibility of these with the existing procedures and controls.

Financial institutions were positively affected by the restructuring of SPB. Under the old system, in which transactions were processed at the end of the day, an institution could carry a balance, positive or negative, a situation which is no longer allowed. Payments must now be processed in real time, and since March 2013, the amounts over R\$1,000 are being processed by electronic transfers between institutions with immediately available funds. If a transaction is made using checks, an additional bank fee will be charged.

The Central Bank and CVM have the power to regulate and supervise the SPB.

In October 2013, Law No. 12,865/13 was enacted providing for payment arrangements and payment institutions that are part of the SPB. In November 2013, in order to regulate this law: (i) the CMN established guidelines for the regulation, surveillance and supervision of payment institutions and payment arrangements that are part of the SPB; and (ii) the Central Bank: (a) defined requirements and procedures to authorize the establishment and operation, cancellation of authorization, control changes, structure of management positions, name and head office location, corporate reorganizations, conditions to hold management positions in payment institutions and authorization for financial institutions to provide payment services; (b) created a regulation to govern, among others, provision of payment services in the ambit of payment arrangements that are part of the SPB, and established criteria according to which payment arrangements will not be part of the SPB, among others; and (c) established rules on risk management, minimum capital requirements, governance of payment institutions, preservation of value and liquidity of payment account balances.

In April 2014, the Central Bank changed the rules regarding any payment institutions and any related arrangements. The main changes were as follows: (a) it determined that the payment institutions shall deposit with the Central Bank the amounts corresponding to the electronic balance of any payment accounts, plus the electronic balance of any amounts being transferred between payment accounts within the same payment institution. To ensure the viability of the Brazilian Payment System (SPB), such a deposit should be affected gradually; starting with 20% in 2014 and increasing to 100% in 2019; and (b) it reviewed the definition of arrangements that may be considered an integral part of the SPB.

In September 2015, the Central Bank published Circular No. 3,765/15, amending Circular No. 3,682/13, bringing important changes to the rules applicable to payment agreements that are part of the SPB. Among the main changes, are the following: (i) the obligation of clearing and settlement of electronic credit or debit orders centrally, in the clearing and settlement system authorized to operate by the Central Bank; (ii) the establishment of new requirements for interoperability between the agreements, the introduction of the concept of a domicile institution, to change the criteria for maintenance of closed payment agreements; and (iii) the change of the deadlines for reduction of the minimum operational volumes applicable to the payment agreements that are not part of the SPB.

### ***Intervention***

The Central Bank will intervene in the operations and management of any financial institution not controlled by the government if the institution:

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- suffers losses due to mismanagement, putting creditors at risk;
- repeatedly violates banking regulations; or
- is insolvent.

Intervention may also be ordered upon the request of a financial institution's management and may not exceed 12 months. During the intervention period, the institution's liabilities are suspended in relation to overdue obligations, maturity dates for pending obligations contracted prior to intervention, and liabilities for deposits in the institution existing on the date intervention was ordered.

### ***Administrative liquidation***

The Central Bank will liquidate a financial institution if:

- the institution's economic or financial situation is at risk, particularly when the institution ceases to meet its obligations as they fall due, or upon the occurrence of an event that could indicate a state of bankruptcy;
- management commits a material violation of banking laws, regulations or rulings;
- the institution suffers a loss which subjects its unsecured creditors to severe risk; or
- upon revocation of the authorization to operate, the institution does not initiate ordinary liquidation proceedings within 90 days, or, if initiated, the Central Bank determines that the pace of the liquidation may impair the institution's creditors.

As a consequence of administrative liquidation:

- lawsuits pleading claims on the assets of the institution are suspended;
- the institution's obligations are accelerated;
- the institution may not comply with any liquidated damage clause contained in unilateral contracts;
- interest does not accrue against the institution until its liabilities are paid in full; and
- the limitation period of the institution's obligations is suspended.

### ***Temporary Special Administration Regime***

The Temporary Special Administration Regime, known as "RAET," is a less severe form of Central Bank intervention in financial institutions, which allows institutions to continue to operate normally. RAET may be ordered in the case of an institution that:

- repeatedly makes transactions contravening economic or financial policies under federal law;
- faces a shortage of assets;

- fails to comply with compulsory deposits rules;
- has reckless or fraudulent management; or
- has operations or circumstances requiring an intervention.

***Payment of creditors in liquidation***

In the case of liquidation of a financial institution, employees' wages, indemnities and tax claims have the highest priority among claims against the bankrupt institution. In November 1995, the Central Bank created the *Fundo Garantidor de Créditos* - FGC to guarantee the payment of funds deposited with financial institutions in case of intervention, administrative liquidation, bankruptcy, or other state of insolvency. Members of the FGC are financial institutions that accept demand, time and savings deposits as well as savings and loans associations. The FGC is funded principally by mandatory contributions from all financial institutions headquartered in Brazil accepting deposits from customers.

The FGC is a deposit insurance system that guarantees a certain maximum amount of deposits and certain credit instruments held by a customer against a financial institution (or against member financial institutions of the same financial group). The liability of the participating institutions is limited to the amount of their contributions to the FGC, with the exception that in limited circumstances, if FGC payments are insufficient to cover insured losses, the participating institutions may be asked for extraordinary contributions and advances. The payment of unsecured credit and customer deposits not payable under the FGC is subject to the prior payment of all secured credits and other credits to which specific laws may grant special privileges.



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In December 2010, the CMN increased the maximum amount of the guarantee provided by the FGC from R\$60,000 to R\$70,000. In May 2013, this amount was raised again to R\$250,000, held by the Central Bank up to the present date. In 2006, it reduced the ordinary monthly FGC contribution from 0.025% to 0.0125% of the balance held in bank accounts covered by FGC insurance. In February 2016, the rule was amended so that the percentage of 0.0125% could be applied on the balances of accounts associated to instruments related to art. 2, items I to X, of Annex II of the Resolution No. 4,222/13, even though the corresponding credits are not covered by the standard guarantee.

According to CMN rules, the maximum value of the balance of such deposits is limited (with a maximum aggregate of R\$5.0 billion by December 31, 2014 or R\$3.0 billion as of January 1, 2015) to: (i) for the balance of the deposits originally made without fiduciary assignment, the highest of the following amounts: (a) the equivalent of twice the regulatory Tier I capital, calculated yearly on the base date June 30 earning interest monthly at the SELIC rate; (b) the equivalent of twice the regulatory Tier I capital, calculated as of December 31, 2008, earning interest monthly at the SELIC rate as of May 1, 2009; and (c) the equivalent of the sum of balances in time deposits plus balances of bills of exchange held in the bank on June 30, 2008, earning interest monthly at the SELIC rate as of May 1, 2009; and (ii) for the balance of the deposits made with fiduciary assignment, the following factors over the regulatory Tier I capital, calculated as of December 31 of the previous year, adjusted by the SELIC rate: (i) 1.6 as of June 1, 2013; and (ii) 2.0 as of January 1, 2014.

Furthermore, the limit on taking time deposits with special FGC guarantees without fiduciary assignment has been reduced, in accordance with the following schedule:

- 40.0% from January 1, 2013;
- 60.0% from January 1, 2014;
- 80.0% from January 1, 2015; and
- 100.0% from January 1, 2016.

In May 2013 Resolution No. 4,222/13 was issued, amending and consolidating the rules addressing the FGC bylaws and regulation. In addition to increasing the maximum amount of the guarantee provided by the FGC to R\$250,000, agribusiness notes ("LCA") were included in credits guaranteed by FGC. In August 2013, the Central Bank amended and consolidated the provisions related to the calculation basis and payment of common contributions by the FGC-associated institutions. The rules governing the FGC are changed on a periodic basis.

### ***Internal compliance procedures***

All financial institutions must have in place internal policies and procedures to control:

- their activities;
- their financial, operational and management information systems; and
- their compliance with all applicable regulations.

The Board of Executive Officers of a financial institution is responsible for implementing an effective structure for internal controls by defining responsibilities and control procedures and establishing corresponding goals and procedures at all levels of the institution. The Board is also responsible for verifying compliance with all internal procedures.

***Restrictions on foreign investment***

The Brazilian Constitution permits foreign individuals or companies to invest in the voting shares of financial institutions headquartered in Brazil only if they have specific authorization from the government. However, foreign investors without specific authorization may acquire publicly traded non-voting shares of financial institutions headquartered in Brazil or depositary receipts representing non-voting shares offered abroad. Any investment in common shares would depend on government authorization. In January 2012, the Central Bank authorized us to create an ADR program for our common shares in the U.S. market. Foreign interest in our capital stock is currently limited to 30.0%.

***Anti-money laundering regulations, banking secrecy and financial transactions linked to terrorism***

Under Brazilian anti-money laundering rules, which the Central Bank consolidated in July 2009 through Circular No. 3,461/09, as amended, financial institutions must:

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- keep up-to-date records regarding their customers;
- maintain internal controls and records;
- record transactions involving Brazilian and foreign currency, securities, metals or any other asset which may be converted into money;
- keep records of transactions that exceed R\$10,000 in a calendar month or reveal a pattern of activity that suggests a scheme to avoid identification;
- keep records of all check transactions; and
- keep records and inform the Central Bank of any cash deposits or cash withdrawals in amounts above R\$100,000.

The financial institution must review transactions or proposals whose characteristics may indicate the existence of a crime and inform the Central Bank of the proposed or executed transaction. Records of transactions involving currency or any asset convertible to money, records of transactions that exceed R\$10,000 in a calendar month, and records of check transactions must be kept for at least ten years, unless the bank is notified that a CVM investigation is underway, in which case the ten-year obligation may be extended. Pursuant to Circular No. 3,461/09, amended by Circulars No. 3,517/10, No. 3,583/12 and No. 3,654/13, financial institutions must implement control policies and internal procedures.

The CVM directed special attention to politically exposed individuals through Instruction No. 463/08 and consolidated in Central Bank Circular No. 3,461/09, which refer to individuals politically exposed who hold or held prominent public positions in Brazil or abroad during the past five years and their relatives and representatives, heads of state and government, senior politicians and civil servants, judges or high-ranking military officers, and leaders of state controlled enterprises companies or political parties, among others. The Central Bank Circular No. 3,654/13 expanded such a list to include other members of the Judiciary, Legislative and Executive powers, as well as individuals who held or still hold relevant positions in foreign governments. Financial institutions are required to adopt certain mechanisms in order to: (i) identify the final beneficiaries of each transaction; (ii) identify whether these politically exposed individuals are involved; (iii) monitor financial transactions involving politically exposed individuals; and (iv) pay special attention to people from countries with which Brazil maintains a high number of business and financial transactions, shared borders or ethnic, linguistic or political relations.

In October 2008, the Central Bank broadened the reach of its rules for controlling financial transactions related to terrorism, so that operations carried out on behalf of, services provided to, or access to funds, other financial assets or economic resources belonging to or directly or indirectly controlled by, the following individuals or entities were required to be immediately reported to the Central Bank: (i) members of the Al-Qaeda organization, members of the Taliban and other individuals, groups, companies or entities connected with them; (ii) the former government of Iraq or its agencies or companies located outside of Iraq, as well as funds or other financial assets that might have been withdrawn from Iraq or acquired by Saddam Hussein or by other former Iraqi government senior officials or by the closest members of their families, including companies owned by, or directly or indirectly controlled by them or by individuals under their management; and (iii) individuals perpetrating or attempting to perpetrate terrorist actions or who take part in or facilitate such acts, entities owned or directly or indirectly controlled by such individuals, as well as by individuals and entities acting on their behalf or under their command.

In July 2012, Law No. 12,683/12 came into force, amending Law No. 9,613/98, and toughened the rules on money laundering offenses. According to the new law, any offense or misdemeanor – and not only serious offenses, such as drug traffic and terrorism – may be deemed as a precedent to the money laundering offense. Additionally, the law expands, to a great extent, the list of individuals and companies obliged to report transactions to Controlling Council of Financial Activities (“COAF”), including, among them, companies providing advisory or consulting services to operations in the financial and capital markets, under the penalty of fines of up to R\$20 million. In June 2013, the CVM enacted an instruction that conformed regulation of this government agency to Law No. 12,638/12, establishing the obligation to send to the regulatory or inspection agency information regarding the non-existence of suspect financial transactions and other situations that generate the need for communications.

In October 2014, the CVM issued Instruction No. 553/14 which, among other issues, (i) firmly states that any business relationship may only be initiated or kept after the arrangements related to the registration process and the “*Conheça seu Cliente*” (know your customer) Policy are adhered to; and (ii) requires a statement on the purpose and nature of the business relationship with the institution, making it clear that said statement may be obtained upon the update of registration data of already-existing customers.

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## 7. Issuer's activities

In November 2014, the Central Bank changed the procedures related to the Regulation of Anti-Money Laundering and Counter-Terrorism Financing (AML/CTF) to be adhered to by the payment institutions. Accordingly, in addition to the AML/CTF procedures already required, payment institutions must also: (i) adopt procedures and controls to confirm information on customer's identification, which may, among other things, match the information provided by the end users against information available in public or private data bases; and (ii) implement AML/CTF risk management systems to provide for the identification and assessment of such risk, as well as carry out mitigation measures proportionate to the risks identified, particularly for high risk cases. These changes were made to meet international requirements set forth under the scope of the Financial Action Task Force (FATF), which is the body responsible for establishing AML/CTF standards to be adhered to by the countries of the G20, such as Brazil. Notwithstanding the increase of the rules applicable to payment institutions, there was a relaxation related to pre-paid accounts, by amending the limit for simplified identification, which increased from R\$1,500 to R\$5,000, and also by reducing the list of information that should be obtained and maintained on individuals when they open their payment accounts.

Further, in November 2014, SUSEP established the Permanent Committee on Anti-Money Laundering and Counter-Terrorism Financing in the Insurance, Reinsurance, Capitalization and Private Pension Plan Markets (CPLD). The CPLD is a permanent governing body acting to prevent money laundering and curtail the financing of terrorism, both in connection with SUSEP and the insurance, reinsurance, capitalization and private pension plan markets.

#### ***Anticorruption Law***

In August 2013, Law No. 12,846/13 was enacted to regulate civil and administrative liability of legal entities for performing acts against public management, either domestic or foreign.

Based on this legal provision, legal entities shall be strictly liable, in both the administrative and civil spheres, for the practice of harmful acts in their exclusive or non-exclusive interest or benefit.

This law provides for penalties in amounts ranging from 0.1% to 20.0% of the gross revenues earned in the fiscal year preceding the fiscal year in which the administrative proceedings was commenced. In applying such sanctions, the existence of internal mechanisms and procedures for integrity, auditing and encouragement of whistle-blowing as well as effective implementation of codes of ethics and conduct of the legal entity, will be taken into consideration, among other things.

#### ***Rotational requirements of independent accounting firm***

Under Brazilian regulations, all financial institutions must:

- be audited by an independent accounting firm; and
- the technician in charge, officer, manager or audit team supervisor must be periodically replaced without the need to change the independent auditor firm itself. Rotation must take place after five fiscal years at most and replaced professionals may be reintegrated three years later. Terms of responsible specialists, officers, managers or audit team supervisors begin on the day the team begins work on the audit.

Each independent accounting firm must immediately inform the Central Bank of any event that may materially and adversely affect the relevant financial institution's status.

In March 2002, an amendment to the Brazilian Corporate Law gave the members of our Board of Directors veto rights over the appointment or removal of our independent accounting firm.

### ***Auditing requirements***

Because we are a financial institution and registered with the local stock exchange, we are obliged to have our financial statements audited every six months in accordance with BR GAAP, applicable to institutions authorized to operate by the Central Bank. Quarterly financial information filed with the CVM is subject to review by our independent auditors. Additionally, as required by CMN Resolution No. 3,786/09, we also are required to publish annual consolidated financial statements prepared in accordance with IFRS, accompanied by the opinion of an independent auditing firm.

In January 2003, the CVM enacted regulations requiring audited entities to disclose information relating to their independent accounting firm's non-auditing services provided to the entity whenever such services accounted for more than 5.0% of the amount paid to the external auditors.

The independent auditors must also declare to the audited company's management that their providing of these services does not affect the independence and objectivity required for external auditing services.

## 7. Issuer's activities

In May 2004, the CMN enacted new auditing regulations applicable to all financial institutions headquartered in Brazil; which were subsequently revised. Under these regulations, we are required to appoint a member of our management to be responsible for monitoring and supervising compliance with the accounting and auditing requirements set forth in the legislation.

Pursuant to this regulation, financial institutions having RC of more than R\$1.0 billion, managing third party assets of at least R\$1.0 billion or having an aggregate amount of third party deposits of over R\$5.0 billion are also required to create an audit committee consisting of independent members. According to the regulation, the number of members, their appointment and removal criteria, their term of office and their responsibilities must be specified in the institutions' bylaws. The Audit Committee is responsible for recommending to management which independent accounting firm to engage, reviewing the company's financial statements, including the notes thereto, and the auditors' opinion prior to public release, evaluating the effectiveness of the auditing services provided and internal compliance procedures, assessing management's compliance with the recommendations made by the independent accounting firm, among other matters. Our Bylaws were revised in December 2003 to stipulate the existence of an audit committee. In May 2004, our Board of Directors approved the internal regulations for the Audit Committee and appointed its first members. Our Audit Committee has been fully operational since July 1, 2004. In October 2006, the CMN issued Resolution No. 3,198/04, changing the minimum requirements to be observed by financial institutions in the election of members for the Audit Committee. In April 2014, CMN changed the standards related to the Audit Committee, in order to improve the composition and performance of the Committee allowing that up to one third of its members may exercise another single consecutive term of office, granting more independence to the Audit Committees of privately-held institutions.

Since July 2004, we have been required to publish a semiannual audit committee report together with our financial statements. Our Audit Committee's first report was issued together with our financial statements for the second half of 2004.

In September 2009, the Central Bank issued rules setting criteria for auditors on the latter preparation of reports on the quality and compliance of the internal controls systems, and on noncompliance with legal and regulatory provisions. These norms, amended in January 2010, state that in addition to their regular auditing functions, auditors must assess the following items: (i) control environment; (ii) risk identification and assessment; (iii) controls adopted; (iv) information and communication policies; (v) forms of monitoring and improvement; and (vi) deficiencies identified.

***Regulation of operations in other jurisdictions***

We have branches and subsidiaries in several other jurisdictions, such as New York, London, Buenos Aires, Tokyo, the Cayman Islands, Hong Kong, Mexico and Luxembourg. The Central Bank supervises Brazilian financial institutions' foreign branches, subsidiaries and corporate properties, and prior approval from the Central Bank is necessary to establish any new branch, subsidiary or representative office or to acquire or increase any interest in any company abroad. In any case, the subsidiaries activities' should be complementary or related to our own principal activities. In most cases, we have had to obtain governmental approval from local central banks and monetary authorities in foreign jurisdictions before commencing business. In all cases, we are subject to supervision by local authorities.

***Asset management regulation***

Asset management is regulated by the CMN and the CVM.

In August 2004, the CVM issued Instruction No. 409/04, which became effective in November 2004, and has been amended a number of times since then, consolidating all previous regulations applicable to fixed-income asset funds and equity mutual funds. Prior to this ruling, fixed-income asset funds were regulated by the Central Bank, and equity mutual funds were regulated by the CVM.

In December 2014, the CVM enacted Instruction No. 555/14, which will replace Instruction No. 409/04, in order to improve electronic communications, rationalize the volume, content and manner of disclosing information, and to make investment limits less rigid for certain financial assets, particularly foreign financial assets. Additionally, Instruction No. 555/14 addresses the following issues: (i) the framework for setting up funds without the need for executing an adhesion contract and the checking of the adequacy for investment in the fund to the customer's profile in connection with funds investing over 95.0% of its shareholders' equity in federal public debt bonds or equivalent risky securities; (ii) barring interest-bearing compensation that would jeopardize the independence of the fund management; (iii) providing more transparency to the distribution policy; (iv) improving performance fee regulation; and (v) providing safer rules for investments in foreign assets. Instruction No. 555/14 became effective on October 1, 2015.

Pursuant to CVM limits and our Bylaws, our investment funds must keep their assets invested in securities and types of trades available in the financial and capital markets.

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## 7. Issuer's activities

Securities, as well as other financial assets which are an integral part of the investment fund portfolio, should be duly registered in the registration system with a custodian or central depository, authorized by the Central Bank or the CVM to carry out such activities in their respective areas of competence.

In addition to the limitations specified in each financial investment fund's bylaws, they may not:

- invest more than 10.0% of their shareholders' equity in securities of a single issuer, if that issuer is: (i) a publicly-held non-financial institution; or (ii) a federal, state, or municipal entity; or (iii) another investment fund, except for equity funds;
- more than 20.0% of their shareholders' equity in securities issued by the same financial institution (including the fund administrator); and
- invest more than 5.0% of their shareholders' equity if the issuer is an individual or corporate entity that is not a publicly-held company or financial institution authorized to operate by the Central Bank.

There are no limits when the issuer is the government. For the purposes of these limits, the same issuer means the parent company, companies directly or indirectly controlled by the parent and its associated companies, or companies under common control with the issuer.

Under the previous regulation (Instruction No. 409/04), the qualified investor funds required a minimum investment of R\$1 million per investor and were not subject to concentration limitations per issuer or per type of asset as long as this is stated in their bylaws. Under the current regulation (Instruction No. 555/14), this privilege became eligible only for funds for professional investors.

In addition, CVM Instruction No. 409/04 stated that funds may hold financial assets traded abroad in their portfolios as follows: (i) for foreign-debt funds and qualified investor funds that stipulated this possibility, there was no limit; (ii) for multimarket funds, up to 20.0% of shareholders' equity; and (iii) for other funds, up to 10.0% of shareholders' equity. The Instruction No. 555/14 changed these limits to: (i) no limits, for funds classified as "Fixed Income – Foreign Debt," funds exclusively intended for professional investors that include in their denomination the suffix "Foreign Investment," and certain funds exclusively intended for qualified investors; (ii) up to 40.0% of its shareholders' equity for funds exclusively intended for qualified investors that do not follow certain provisions set forth in this Instruction; and (iii) up to 20.0% of its shareholders' equity for general public funds.

Also in December 2014, the CVM established a new concept for qualified and professional investors. Companies and individuals are to be deemed professional investors if they hold financial investments above R\$10.0 million, and are deemed to be qualified investors if they hold financial investments above R\$1 million. These definitions became effective in October 1, 2015.

### ***Regulation of brokers and dealers***

Broker and dealer firms are part of the National Financial System (SFN) and are subject to CMN, Central Bank and CVM regulation and supervision. Brokerage and distribution firms must be authorized by the Central Bank and are the only institutions in Brazil authorized to trade on Brazil's stock exchanges and commodities and futures exchanges. Both brokers and dealers may act as underwriters for the public placement of securities and engage in the brokerage of foreign currency in any exchange market.

Brokers must observe BM&FBOVESPA rules of conduct previously approved by the CVM, and must designate an executive officer responsible for observance of these rules.

Broker and dealer firms may not:

- with few exceptions, execute transactions that may be characterized as the granting loans to their customers, including the assignment of rights;
- collect commissions from their customers related to transactions of securities during the primary distribution; or
- acquire assets, including real estate properties, which are not for their own utilization, with certain exceptions.

Broker and dealer firms' employees, managers, partners, controlling and controlled entities may trade securities on their own account only through the broker they are related to.

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## 7. Issuer's activities

***Regulation of securities brokerage via the Internet***

The CVM approved regulations on Internet brokerage activities, which may be carried out only by registered companies. Brokers' web pages must contain details of their systems, fees, security and procedures for executing orders. They must also contain information about how the market functions generally and the risks involved with each type of investment offered.

Brokers that carry out transactions over the Internet must guarantee the security and operability of their systems, which must be audited at least twice a year.

***Leasing regulation***

The basic legal framework governing leasing transactions is established by Law No. 6,099/74, as amended (the "Leasing Law") and related regulations issued periodically by the CMN. The Leasing Law provides general guidelines for the incorporation of leasing companies and the business activities they may undertake. The CMN, as regulator of the Financial System, is responsible for issuing Leasing Law related regulations and overseeing transactions made by leasing companies. Laws and regulations issued by the Central Bank for financial institutions in general, such as reporting requirements, capital adequacy and leverage regulations asset composition limits and treatment of doubtful loans, are also applicable to leasing companies.

***Insurance regulation***

The Brazilian insurance business is regulated by Decree-Law No. 73/66, as amended, which created two regulatory agencies, the CNSP and the SUSEP. The SUSEP is responsible for implementing and overseeing the CNSP's policies and ensuring compliance with such policies by insurance companies, insurance brokers and insured individuals. Insurance companies require government approval to operate, as well as specific approval from the SUSEP to offer each of their products. Insurance companies may underwrite policies only through qualified brokers.

Insurance companies must set aside reserves in accordance with the CNSP criteria. Investments covering these reserves must be diversified and meet certain liquidity criteria, rules for which were consolidated by CNSP Resolution No. 226/10, as amended, solvency and security criteria. Insurance companies may invest a substantial portion of their assets in securities. As a result, insurance companies are major investors in the Brazilian financial markets and are subject to CMN rules and conditions for their investments and coverage of technical reserves.

Insurance companies may not, among other activities:

- act as financial institutions by lending or providing guarantees;
- trade in securities (subject to exceptions); or
- invest outside of Brazil without specific permission from the authorities.

Insurance companies must operate within certain retention limits approved by the SUSEP pursuant to CNSP rules. These rules reflect the economic and financial situation of insurance companies and the conditions of their portfolios. Insurers must also meet certain capital requirements as provided by the

SUSEP regulations.

Under Complementary Law No. 126/07, the ceding party (local insurer or reinsurer) must offer local reinsurers preference when contracting reinsurance or retrocession to the extent of the following percentages of risks ceded: (i) 60.0% in the first three years as of January 16, 2007; and (ii) 40.0% in subsequent years. Under SUSEP Resolution No. 225/10, insurance companies must have contracts with local reinsurers for at least 40.0% of ceded reinsurance in facultative or automatic contracts. The new rule will apply to existing automatic contracts upon renewal or as of March 31, 2012, whichever is earlier.

The new law also places more severe restrictions on ceding risk to foreign reinsurance companies and contracting of insurance abroad. Insurance companies must reinsure amounts exceeding their retention limits.

CNSP Resolution No. 232/11 prohibited a local insurance or reinsurance company from transferring more than 20.0% of each policy premium to their foreign affiliates. This restriction does not apply to the guarantee business, nuclear risks and risks related to export credit, rural credit and domestic credit, for which reinsurance cessions or retrocession are allowed for associated companies or those belonging to the same financial conglomerate headquartered abroad, which are subject to different legal requirements and regulations.

In 2013, CNSP issued Resolution No. 302/13 which establishes the minimum capital requirement and solvency regularization plans for insurance companies, capitalization bond entities, open pension plan entities and local reinsurance companies. The main changes in such regulation were the following:

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## 7. Issuer's activities

- consolidation of the correction plans and the plans of solvency recovery into a single plan, as the solvency regularization plan ("PRS");
- establishment of a liquidity minimum ratio (20.0%) over the minimum capital requirement, so that the companies can promptly react to unexpected losses incurred by their capital;
- changes to the base capital for open pension plan entities constituted as business corporations; and
- exclusion of all references to solvency margin, once all risk portions were already established in the capital requirement rules.

The CNSP Resolution No. 302/13 was revoked by CNSP Resolution No. 316/14, which maintained a large part of the prior rules. The main change was the definition of the capital installment amounts applicable to Supplementary Pension Plan Open Entities ("EAPC"), which are now applicable to insurance companies. In December 2014, the CNSP issued Resolution No. 317/14, addressing criteria for calculating risk capital based on the market risk of local insurance companies, supplementary pension plan open entities, capitalization companies and reinsurance companies.

Insurance companies are exempt from ordinary financial liquidation procedures in case of bankruptcy, and instead follow the special procedure administered by SUSEP. Financial liquidation may be either voluntary or compulsory.

As was already the case in relation to entities subject to CMN, SUSEP issued rules in December 2008 with specific internal controls for preventing and fighting money laundering crimes. These rules include a series of provisions on notifying proposed transactions with politically exposed individuals and suppression of terrorist financing activities. These rules were amended and consolidated by Circular No. 445/12.

There is currently no restriction on foreign investment in insurance companies.

### **Health insurance**

Private health insurance and health plans are regulated by Law No. 9,656/98, as amended, which we refer to as the "Health Insurance Law," containing general provisions applicable to health insurance companies and the general terms and conditions of agreements entered into between health insurance companies and their customers.

The ANS is responsible for regulating and supervising supplemental health services provided by health insurance companies pursuant to directives set forth by the Supplemental Health Council (*Conselho de Saúde Suplementar*).

Until 2002, SUSEP had authority over insurance companies, which were authorized to offer private health plans. Since 2002, pursuant to ANS regulations and supervision, only operators of private health plans may offer such plans. We created Bradesco Saúde in 1999 to fulfill this requirement.

### **Private pension plans**

Open pension plans are subject, for purposes of inspection and control, to the authority of the CNSP and the SUSEP, which are under the regulatory authority of the Ministry of Finance. The CMN, CVM and

Central Bank may also issue regulations pertaining to private pension plans, particularly related to assets guaranteeing technical reserves.

Private pension entities must set aside reserves and technical provisions as collateral for their liabilities.

EAPCs and insurance companies have been allowed to create, trade and operate investment funds with segregated assets since January 2006. Notwithstanding the above, certain provisions of Law No. 11,196/05 will only become effective when the SUSEP and the CVM issue regulatory texts. In September 2007, the CVM issued Instruction No. 459/07, which addresses the setup, management, operation and disclosure of information on investment funds exclusively related to supplementary pension fund plans. In January 2013, the CMN determined new rules to govern the application of reserves, provisions and funds of insurance companies, capitalization companies and open supplementary pension fund entities.

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## 7. Issuer's activities

***Taxes related to our activities******Tax on financial transactions ("IOF") on credit operations***

The IOF incumbent on credit operations has as a triggering event the delivery of the amount or the object value of its obligation or it is made available to the party concerned.

Rate applicable to loans and advances transactions of any type, including credit opening is 0.0041% per day to legal entity borrowers and since January 22, 2015, 0.0082% to individual borrowers.

This IOF rate will be charged on principal available to borrowers regarding the loans and advances, but for cases in which the amount of principal is not predetermined, in addition to the IOF levied on principal, there will be additional IOF at the same rate levied on interest and other charges, so that the calculation base will comprise the sum of daily outstanding debt balances calculated on the last day of each month.

Since January 2008, besides IOF on the aforementioned transactions, loans and advances have been subject to IOF additional rate of 0.38% irrespective of the repayment period or whether the borrower is an individual or a legal entity. For legal entities, IOF rate whose calculation base is not the sum of outstanding debt balances shall not exceed 1.8765% and, for individuals, it shall not exceed a 3.373% rate, which corresponds to the result of applying the daily rate to each amount of principal stipulated for the transaction, multiplied by 365 days, plus an additional rate of 0.38% even if the loan is to be repaid by installment.

IOF on loan transactions is levied on transactions between individuals and legal entities domiciled in Brazil, as well as on transactions whose creditor resides in Brazil, even if the debtor is located abroad. However, the tax on financial transactions (IOF) is not levied on loan transactions where the lender is located abroad and the borrower is in Brazil.

***IOF on insurance transactions***

The IOF incumbent on credit operations has as a triggering event the receipt of premium. Applicable rates are as follows:

- 0.0% on: (i) reinsurance transactions; (ii) transactions related to mandatory insurance, linked to residential real estate financing granted by an agent of the national housing system (SFH); (iii) insurance transactions for export credits and international merchandise transportation; (iv) aeronautical insurance and civil liability of airlines; (v) premiums intended to finance life insurance plans with survival coverage; and (vi) guarantee insurance;
- 0.38% of premiums paid, in the case of life insurance and similar policies, for personal or workplace accidents, including mandatory insurance for personal injuries caused by vehicles or ships or cargo to persons transported or others;
- 2.38% private health insurance business; and
- 7.38% for all other insurance transactions.

***Income and social contribution taxes on income***

Federal taxes on company income include two components, income tax known as "IRPJ" and tax on net profits, known as "Social Contribution" or "CSLL." Income tax charges are calculated based on a rate of 15.0% plus a surcharge of 10.0% on taxable income exceeding R\$240 thousand for the year. Considering the above, the IRPJ is assessed at a combined rate of 25.0% of adjusted net income. The Social Contribution due by financial institutions is calculated at a rate of 20.0% in the period between September 1, 2015 and December 31, 2018, and 15.0% from January 1, 2019.

Due to taxation on universal bases, companies based in Brazil are taxed based on their global income rather than income produced exclusively in Brazil. As a result, profits, capital gains and other income obtained abroad by Brazilian entities are computed in the determination of their taxable profits on an annual basis.

With respect to associated companies, by the general rule of Law No. 12,973/14, associated companies abroad will have their dividends (and not the corporate profit) taxed at the time of effective distribution, nevertheless, there are two exceptions: (i) cases in which they are domiciled in the Favored Taxation Country or Dependency; or (ii) that adopt a sub-taxation scheme, or in which they are treated as controlled. With regard to the rules applicable to the controlled companies, the new discipline introduced by Law No. 12,973/14 foresees that the legal entities in Brazil with a stake in a controlled company abroad must: (i) record in sub accounts the investment account, in proportion to the stake held, the share of the adjustment of the investment value equivalent to corporate profits (those calculated before local income tax), earned by the controlled companies directly and indirectly, in Brazil or abroad, concerning the calendar year in which they were calculated in the balance sheet; and (ii) compute these values in their calculation of actual income and from the calculation base of the Social Contribution.



## 7. Issuer's activities

In June 2010, legislation introduced thin capitalization rules in Brazil, and limited deduction for interest paid or credited by a company headquartered in Brazil to: (i) an addressee domiciled abroad, whether or not holding equity interest in the company paying; and (ii) an addressee resident, domiciled or incorporated in a tax haven or locality with a low or privileged tax regime.

In cases where the creditor is a related party domiciled abroad and holds an equity interest in the company headquartered in Brazil making a payment, debt may not exceed the equivalent of twice the value of the shareholders' interest in the total equity of the company headquartered in Brazil. In case of a related party with no shareholding interest, the limit will be equivalent to twice the total equity of the Brazilian company which is a resident in Brazil. If there is more than one creditor, total debt owed foreign companies may not exceed the equivalent of twice the total value of the interests of all the related parties in the equity of the company which is a resident in Brazil. If the creditor is domiciled in a low tax jurisdiction the debt amount may not exceed 30.0% of the shareholders' equity of the company headquartered in Brazil. Any amounts exceeding these limits may not be deducted for the purposes of withholding income and social contributions taxes.

Also since June 2010, tax deductions for any payment to a beneficiary that is a resident or domiciled in a country considered a tax haven have become subject to the following requirements, in addition to others already stipulated in the legislation: (i) identification of the actual beneficiary of the person domiciled abroad; (ii) proof of the ability of the person located abroad to complete the transaction; and (iii) documented proof of payment of the respective price and of receipt of the assets, rights, or utilization of service.

In November 2010, the Brazilian tax authorities issued a normative instruction altering the tax treatment applicable to variation in the monetary value of taxpayers' credit rights and obligations due to varying exchange rates. Under this new instrument, as of the 2011 calendar year, the election of tax regime for taxation of exchange-rate variations may only be exercised in January of each calendar year and may only be altered during the fiscal year if there is "material variation in the exchange rate," as published by a Finance Ministry Directive.

### ***PIS and COFINS***

Two federal taxes are imposed on the gross revenues of corporate entities: PIS and COFINS. Nonetheless, many revenues, such as: dividends, equity earnings from unconsolidated companies, revenues from the sale of non-current assets (investments, fixed assets and intangible assets) and, as a general rule, export revenues paid in foreign currency are not included in the calculation base for PIS and COFINS. Revenues earned by corporations domiciled in Brazil are subject to PIS and COFINS taxes corresponding to interest on equity.

Brazilian legislation authorizes certain adjustments to the calculation base of those taxes depending on the business segment and on other aspects.

Between 2002 (PIS) and 2003 (Cofins), the government implemented a non-cumulative collection system of PIS and COFINS taxes, allowing taxpayers to deduct from their calculation basis credits originating from certain transactions. In order to offset these credits, the rates of both PIS and COFINS were substantially increased. Subsequent to the changes made to PIS and COFINS, as of May 2004, both taxes are applicable on imports of goods and services when the taxpayer is the importing company domiciled in Brazil.

Since August 2004, PIS and COFINS rates were 0.0% for financial income earned by companies subject to the non-cumulative applicability of these taxes, including financial income arising from hedging operations. In April 2015, the Decree No. 8,426/15 required that from July 2015, these rates return to 0.65% and 4.0%, respectively, including with respect to the revenues arising from hedge operations. However, even before the production of the effects of Decree No. 8,426/15, the policy was changed with the promulgation of Decree No. 8,451/15, which reassured the maintenance of the zero rate for contributions to PIS and COFINS, specifically in relation to financial revenues arising from: (i) monetary variation, depending on the exchange rate, of export operations of goods and services, as well as obligations incurred by the legal entity, including loans and financing; and (ii) of hedge operations carried out on the stock exchange, of commodities and of futures, or in the organized OTC market.

Certain economic activities are expressly excluded from the non-cumulative collection system of PIS and COFINS. Financial institutions remain subject to PIS and COFINS according to the "cumulative" method, which does not allow any credits to be discounted, as provided by Article 10, item I, of Law No. 10,833/03. In spite of this impossibility of accrual of credits, the legislation in force enables the exclusion of certain expenditure in the calculation by such entities of the bases of calculation of the PIS and COFINS (as is the case, for example, of the expenses incurred by the banks in financial mediation operations and expenditure on severance payments corresponding to accidents occurring in the case of private insurance companies). In such cases, the income received by the financial institutions is subject to Contribution to the PIS and COFINS at the rates of 0.65% and 4.0%, respectively.

## 7. Issuer's activities

In July 2010, the Brazilian tax authorities introduced digital tax records for PIS and COFINS taxes. Under the new rule, financial and similar institutions must keep digital records for PIS and COFINS taxes relating to taxable events occurring as of January 2012.

### **b) environmental policy of the issuer and costs incurred for the fulfillment of environmental regulation and, where applicable, of other environmental practices, including adherence to international standards of environmental protection**

In April 2014, CMN approved Resolution No. 4,327, establishing guidelines for the establishment and implementation of Social and Environmental Responsibility Policy (PRSA) by financial institutions.

In compliance with the market's new guidelines, in 2015, the Organization revised its Policy of Sustainability, prepared a Social and Environmental Responsibility Regulation as well as an Action Plan aiming to enhance existing practices.

With a focus on improving performance in sustainability, Bradesco has been conducting a process of structuring, deployment and monitoring of projects, with targets and indicators, with themes such as relationship and customer satisfaction, development of suppliers, risk management, business opportunities, engagement of stakeholders, people management and climate change, among others.

Bradesco also seeks to incorporate and improve constantly the criteria for managing social and environmental risks, from business relations with customers, through financing and investment and with the supply chain.

In 2015, the socio-environmental risk was incorporated into the governance structure of risks and there was deliberation, by the Executive Committee of the Operational and Socio-environmental Risk Management, of the Socio-environmental Risk Standard, whose purpose is to control the exposure of the Organization through the identification, evaluation, classification, mitigation and monitoring both in credit operations and in the relationship with suppliers.

Part of the scope of the Socio-environmental Risk Standard is the verification as to the existence of contaminated and banned areas in credit operations and suppliers, as well as the evaluation of financing projects.

The Organization has been a signatory of the Ecuador Principles since 2004, whereby the implementation of the commitment includes, in addition to the Project Financing of over US\$10 million, the corporate financing projects with value greater than US\$100 million, provided that: the individual financial institution commitment is at least US\$50 million; the customer has operational control of the project and the financing period is at least two years.

Project financing operations covered by the Ecuador Principles and also those where environmental risks are identified are monitored periodically, in order to ensure compliance with the applicable standards and guidelines. Internal audits and visits "in loco" are made in the process of social and environmental assessment of such operations and, for high-risk operations, we also have independent audits. When nonconformities are identified during the process of monitoring obligations, the preparation of an action plan by the borrower is required, with measures and deadlines for adequacy.

Our supplier management is structured as the segment of companies with which we connect and has a staggered approach, so that greater efforts are directed to suppliers of higher risk to Bradesco. We consider strategic suppliers those that present great financial volume, innovation potential, high risk to our operation and high complexity in the segment in which they act.

Regarding investments, since 2010, the BRAM (Bradesco Asset Management), which is aligned with the overall commitments of encouraging the inclusion of environmental, social and corporate governance policies and investment decisions, has been a signatory of the PRI (Principles for Responsible Investment) and its strategy is based on three axes which reflect the impact of management actions on its professionals, business and investment industry in which we operate.

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## 7. Issuer's activities

In 2015, the BRAM continued with the work related to responsible investment initiatives, whereas the environmental, social and corporate governance risks have a growing impact on the performance of the assets in which it invests. Over the year, training activities were conducted with management professionals, including in the Investments area, addressing metrics and evaluation methodologies to incorporate assumptions (environmental, social and corporate governance) of transverse shape investment decisions. Overall, 29 sub sector methodologies have been developed with investment analysts, covering thus all sectors of relevance to the business. Our flow of analysis is based on public information and contact with companies, and the result of this analysis is the "ASG Rating," a tool addressing environmental, social and corporate governance topics related to the activities of companies, an instrument considered in the recommendations and decisions of managers and analysts. The data collected serve to benchmark our investments, and as a tool for feedback and induction of best practices in invested companies. The tool will be used to support the decision to invest in all funds, not just the niche products, categorized as core of sustainability or corporate governance. The BRAM has 120 companies in its business portfolio, and in 2015 completed the cycle initiated in 2014, performing engagement with all (100%) of the investee companies of the portfolio of variable income, whereby 85 individual meetings were held addressing environmental and social issues. This is an unprecedented initiative in the market, where it seeks to engage companies to induce best practices in management. In addition to promoting actions of direct interaction with the invested companies to encourage increased communication on environmental, social and information governance, BRAM participates in collaborative activities of the investment industry and the Brazilian PRI network.

**c) reliance on patents, trademarks, licenses, concessions, franchises, contracts of royalties relevant to the development of the activities**

No reliance on patents, trademarks, licenses, concessions, franchises, contracts of royalties relevant to the development of the Bradesco activities.

**7.6 - Relevant revenues coming from foreign countries**

Bradesco does not get relevant revenues from its holdings in foreign countries.

**7.7 - Effects of foreign control on activities**

Since they do not provide relevant revenues, specific regulations of the countries where Bradesco has business do not have relevant impacts on the operations of the bank.

**7.8- Socio-environmental policies**

In relation to socio-environmental policies, indicate:

**a) if the issuer discloses social and environmental information**

**3.9 - Other relevant information**

Bradesco's Integrated Report comprises financial and non-financial information (business, operational, environmental and governance) and presents a broad vision of our practice guidelines, corporate positioning and strategies and business outlooks, as well as our operations, initiatives and projects.

**b) the methodology followed in preparing such information**

This publication, which covers the entire Organization, was elaborated on the basis of the G4 guidelines for corporate reports, Global Reporting Initiative (GRI), the essential version, as well as in the array of relevance, constructed in 2014.

Also in 2014, for the first time, some aspects proposed by the structure of the integrated report recommended by the International Integrated Reporting Council (IIRC) began to be considered, tracing the path towards the effective integration of information.

In 2015, we made progress in the Basic Principles and Elements of Content aware that there is an evolutionary path to be followed. The Report became known as Integrated as a way of showing the firm intention to evolve in this direction. In the document, great changes that impact our business were considered – the global megatrends, economy, sporting events, and the political scenario, among others.

Additionally, in 2015, we continued the Strategic Sustainability Planning, elaborated with the involvement of various areas of the Organization, as well as the accompaniment of the *Board of Executive Officers*. The work establishes guidelines for sustainability for the next five years and its main purpose is to establish a clear connection between the sustainability actions and the business, allowing for the diligent management of risks and opportunities. The major advances last year were in the prioritization, structuring and implementation of projects, as well as in the establishment of a management and monitoring system. In 2015, the governance structure of the theme was strengthened with the creation of a Sustainability Commission, composed of 11 departments and subordinate to the Sustainability Committee, with the aim of advising the Committee and contributing towards adding value in the Organization.

7. Issuer's activities

**c) if this information is audited or reviewed by an independent entity**

The process of preparation and the information published in the document were ensured by KPMG Auditores Independentes.

**d) the page on the internet where this information can be found**

For more information, the document is available on:

- <http://www.bradescori.com.br>; or
- <http://www.bradescosustentabilidade.com.br>

**7.9 - Other relevant information**

There is no other information deemed relevant at this time.

## **8. Extraordinary business**

### **8.1- Extraordinary business**

All disposals and acquisitions of assets we consider relevant for the years 2015, 2014 and 2013 have been duly described in item 15.7 of this Reference Form.

### **8.2 - Significant alterations in the issuer's manner of conducting business**

In the years 2015, 2014 and 2013 there were no significant alterations in the issuer's manner of conducting its business.

### **8.3 - Significant contracts not directly related to operating activities entered into by the issuer or its subsidiaries**

There were no material contracts entered into by Banco Bradesco or its subsidiaries not directly related to its operational activities.

### **8.4 - Other relevant information**

There is no other information deemed relevant at this time.



## 7. Issuer's activities

## 9. Relevant assets

## 9.1 - Relevant non-current assets – others

There are no other relevant goods relating to non-current assets, which have not been disclosed in this item.

## a) fixed assets, including those subject to rent or lease, identifying location

Description of fixed asset	Country of location	State of location	Municipality of location	Property type
Head office – Cidade de Deus	Brazil	SP	Osasco	Rented
Alphaville Center	Brazil	SP	Barueri	Rented
Comenalle Building	Brazil	SP	São Paulo	Rented

## b) intangible assets such as patents, trademarks, licenses, concessions, franchises and contracts of technology transfer, and the domain name on the internet

**Reason for not completing the chart:**

There are no non-current assets relevant to the development of the activities of Bradesco that fit in this item.

## c) companies in which the issuer has participation:

Corporate name	CNPJ [Corporate Taxpayer's Registry]	CVM Code	Type of company	Host country	Host state	Host city	Description of the activities carried out	par
Fiscal Year	Book value variation %	Market value variation %	Amount of dividends received (Reais)		Date	Amount (Reais)		
<b>Banco Bradesco BBI S.A.</b>	06.271.464/0001-19	-	Subsidiary	Brazil	SP	Osasco	Investment bank	98
<b>12/31/2015</b>	9.827379	0.000000	47,652,585.19	<b>Market value</b>				
<b>12/31/2014</b>	-19.786264	0.000000	2,453,444,246.47	<b>Book value</b>	12/31/2015	56,909,951,000.00		
<b>12/31/2013</b>	5.959568	0.000000	4,189,656.91					

**Reasons for the acquisition and maintenance of such participation**

The company is part of the strategy of the Bradesco Organization and was formed with the purpose of consolidating focus and developing new niches in the domestic and international capital market.

Corporate name	CNPJ [Corporate Taxpayer's Registry]	CVM Code	Type of company	Host country	Host state	Host city	Description of the activities carried out	par
Fiscal Year	Book value variation %	Market value variation %	Amount of dividends received ( <i>Reais</i> )		Date	Amount ( <i>Reais</i> )		
<b>Banco Bradesco Cartões S.A.</b>	59.438.325/0001-01	-	Subsidiary	Brazil	SP	Osasco	Cards	10
<b>12/31/2015</b>	-94.401395	0.000000	6,770,991,385.96	<b>Market value</b>				
<b>12/31/2014</b>	961.966093	0.000000	1,472,586,647.90	<b>Book value</b>	12/31/2015	2,373,853,000.00		
<b>12/31/2013</b>	6.669493	0.000000	7,740,189.49					

**Reasons for the acquisition and maintenance of such participation**

The company is part of the strategy of the Bradesco Organization and was established in order to centralize and focus businesses related to credit card activity.

Corporate name	CNPJ [Corporate Taxpayer's Registry]	CVM Code	Type of company	Host country	Host state	Host city	Description of the activities carried out
Fiscal Year	Book value variation %	Market value variation %	Amount of dividends received ( <i>Reais</i> )		Date	Amount ( <i>Reais</i> )	
<b>Banco Bradesco Financiamentos S.A.</b>	07.207.996/0001-50	-	Subsidiary	Brazil	SP	Osasco	Banking
<b>12/31/2015</b>	-60.532525	0.000000	1,308,150,000.00	<b>Market value</b>			
<b>12/31/2014</b>	-11.583874	0.000000	7,043,518,010.28	<b>Book value</b>	12/31/2015	9,650,272,000.00	
<b>12/31/2013</b>	3.342204	0.000000	10,437,036.45				

**Reasons for the acquisition and maintenance of such participation**

The company is part of the strategy of the Bradesco Organization, working mainly on vehicle financing and leasing customers and not customers of the Bradesco Organization.



## 8. Extraordinary business

Corporate name	CNPJ [Corporate Taxpayer's Registry]	CVM Code	Type of company	Host country	Host state	Host city	Description of the activities carried out
Fiscal Year	Book value variation %	Market value variation %	Amount of dividends received ( <i>Reais</i> )		Date	Amount ( <i>Reais</i> )	
<b>Bradesco Administradora de Consórcios Ltda.</b>	52.568.821/0001-22	-	Subsidiary	Brazil	SP	Osasco	Consortium Management
<b>12/31/2015</b>	35.141198	0.000000	5,861,199.59	<b>Market value</b>			
<b>12/31/2014</b>	27.684908	0.000000	113,000,000.00	<b>Book value</b>	12/31/2015	3,132,750,000.00	
<b>12/31/2013</b>	35.011995	0.000000	3,682,973.97				

**Reasons for the acquisition and maintenance of such participation**

The company is part of the strategy of the Bradesco Organization in consortium for the real estate, cars, trucks and segments.

Corporate name	CNPJ [Corporate Taxpayer's Registry]	CVM Code	Type of company	Host country	Host state	Host city	Description of the activities carried out
Fiscal Year	Book value variation %	Market value variation %	Amount of dividends received ( <i>Reais</i> )		Date	Amount ( <i>Reais</i> )	
<b>Bradesco Leasing S.A.</b>	47.509.120/0001-82	1964-0	Subsidiary	Brazil	SP	Osasco	Leasing
<b>- Arrendamento Mercantil</b>							
<b>12/31/2015</b>	3.841715	0.000000	175,695,000.00	<b>Market value</b>			
<b>12/31/2014</b>	-34.631110	0.000000	2,106,450,000.00	<b>Book value</b>	12/31/2015	3,097,832,000.00	
<b>12/31/2013</b>	5.595280	0.000000	138,212,017.36				

**Reasons for the acquisition and maintenance of such participation**

The company is part of the strategy of the Bradesco Organization in the leasing segment.

Corporate name	CNPJ [Corporate Taxpayer's Registry]	CVM Code	Type of company	Host country	Host state	Host city	Description of the activities carried out
Fiscal Year	Book value variation %	Market value variation	Amount of dividends received ( <i>Reais</i> )		Date	Amount ( <i>Reais</i> )	

		%					
<b>Bradseg Participações S.A.</b>	02.863.655/0001-19	-	Subsidiary	Brazil	SP	Osasco	Holding
<b>12/31/2015</b>	1.971875	0.000000	1,219,008,864.16	<b>Market value</b>			
<b>12/31/2014</b>	18.702168	0.000000	1,034,670,823.63	<b>Book value</b>	12/31/2015	20,252,318,000.00	
<b>12/31/2013</b>	-12.869679	0.000000	1,477,775,205.94				

**Reasons for the acquisition and maintenance of such participation**

A company incorporated with the purpose of centralizing the entity's share in the insurance, pension plan and capital markets. It owns 100% of shares in companies: Bradesco Auto /RE Companhia de Seguros; Bradesco Capitalização S.A.; Bradesco Seguros S.A.; and Bradesco Vida e Previdência S.A.

**9.2 - Other relevant information****Item 9.1.c)**

For the amount of received dividends and interest on shareholders' equity, the net income tax is to be considered.

**Bradesco Cartões S.A.:**

- On November 27, 2015, the Minutes of the Special Shareholders' Meeting of November 17, 2015 were approved by the Central Bank, which deliberated the increase in capital share of R\$322,411 thousand through the capitalization of part of the balance of the "Profit Reserve – Legal Reserve," without issuance of shares and reduction of capital of R\$37,203,879 thousand without the cancellation of shares, which is R\$36,997,777 thousand in kind and R\$206,102 thousand through the transfer of shareholding participations in other subsidiaries of the Bradesco Organization; and
- On December 12, 2014, the Central Bank approved the Minutes of the Extraordinary General Shareholders' Meeting of February 28, 2014, acting to increase the share capital in the amount of R\$35,625,013 thousand, upon the issuance of 2,024,793,985 new book-entry shares, 1,012,396,993 common and 1,012,396,992 preferred, with-no par value, by the incorporation of Dueville Holdings S.A.

## 9. Relevant assets

**Bradesco Financiamentos S.A:**

- On April 9, 2015, the Minutes of the Extraordinary General Meeting of March 31, 2015 were approved by the Central Bank, which deliberated the reduction in capital share in the amount of R\$15,000,000 thousand, without the cancellation of shares.

**Bradesco Administradora de Consórcios Ltda.:**

- On April 28, 2015 the Private Instrument of Amendment of the Capital Share of the Company decided to increase the capital share by R\$ 360,000 thousand, raising it from R\$940,000 thousand to R\$ 1,300,000 thousand, through the capitalization of part of the account balance of the "Profit Reserve – Statutory," in the amount of R\$ 360,000 thousand, with the creation of 360,000,000 quotas, with a nominal value of R\$ 1.00 each, assigned to the Quota-Holder Banco Bradesco S.A. approved by Quota-Holder Banco Alvorada S.A. The process was approved by the Central Bank on May 27, 2015;
- On April 28, 2014 the Instrument of Amendment of the Capital Share of the Company decided to increase the capital share by R\$140,000 thousand, raising it from R\$800,000 thousand to R\$940,000 thousand, through the capitalization of part of the account balance of the "Profit Reserve – Legal Reserve," in the amount of R\$19,384 thousand and "Profit Reserve – Statutory," in the amount of R\$120,616 thousand, with the creation of 140,000,000 quotas, with a nominal value of R\$1.00 each, assigned to the Quota-Holder Banco Bradesco S.A. approved by Quota-Holder Banco Alvorada S.A. The process was approved by the Central Bank on July 1, 2014; and
- On April 30, 2013 the Instrument of Amendment of the Capital Share of the Company was approved by the Central Bank, which deliberated the increase in capital share of R\$281,000 thousand, raising it from R\$519,000 thousand to R\$800,000 thousand, through the capitalization of part of the account balance of the "Profit Reserve – Legal Reserve," in the amount of R\$29,641 thousand and "Profit Reserve – Statutory," in the amount of R\$251,359 thousand, with the creation of 281,000,000 quotas, with a nominal value of R\$1.00 each, assigned to the Quota-Holder Banco Bradesco S.A. approved by Quota-Holder Banco Alvorada S.A.

**Bradesco Leasing S.A. – Arrendamento Mercantil:**

- On December 27, 2013, the Central Bank approved the Minutes of the Extraordinary General Shareholders' Meeting of April 30, 2013, acting to increase the share capital in the amount of R\$662,200 thousand, without the issuance of shares.

## 10. Officers' Notes

### 10.1 - General Financial and Equity Conditions

#### a) general financial and equity conditions

The officers of Bradesco understand that Bradesco has all financial and asset conditions to ensure compliance with obligations, guaranteeing the expansion of the business in the short- and long-terms.

The Bradesco officers' analysis is based on information from the last three financial statements on the balance sheet date, as follows:

#### **2015**

2015 was a year of achievements and advances for Bradesco, which become all the more valuable taking into account the environment of uncertainties during this period, in a context of decelerated economy, decreasing GDP and persistent inflation. We have been successful and we are convinced that the financial activity is fundamental for the country to return to the path of growth.

Bradesco, since it was founded 72 years ago, has maintained an ongoing relationship with society, driven by its vocation for the pioneering spirit and determination to be contemporary at all times. From whichever angle it is assessed, the democratization of banking products and services has been a constant. The culture of quality, intersection point of all initiatives, contributed to the evolution of the technological structure, associated with the technical and professional improvement of staff, which are pillars that distinguish us in the financial market.

Among the events of major relevance in 2015, we highlight the signature for the Purchase Contract of Shares with HSBC Latin America Holdings (UK) Limited for the acquisition of 100% of the share capital of HSBC in Brazil. The operation, which is subject to the approval of the competent regulatory agencies, reaffirms Bradesco's objectives to strengthen its presence and activity in the market.

In the context of corporate sustainability, the Organization maintains its commitment in the constant effort to integrate its principles into its strategic planning. In the social area, Fundação Bradesco deserves special attention, one of the largest private social and educational programs in Brazil, with 40 schools installed in priority regions of accentuated socioeconomic deprivation, promoting free basic and quality education, strengthening ethical values and civic-mindedness.

With renewed optimism in facing future challenges, Bradesco reiterates its positive vision in relation to Brazil. The planning of the Organization has solid foundations, proven by the scale of what has already been achieved, its great diversification in terms of products and services, robust financial and equity situation, one of the largest networks of customer service in Brazil, compatible presence abroad, use of the best corporate governance practices and qualified internal structure, in terms of experience and operational efficiency, to respond to the demands of sustained growth.

With the sentiment of overcoming adversity and of recognition, we wish to thank our clients and shareholders, for their trust, support and preference; to the officers, employees and other collaborators, for their effort, dedication and commitment to the Organization's strategies, determinants for the results obtained.

Among the important events of 2015 are the following:

- **on July 6, the signature of the partnership with FCA Fiat Chrysler Automóveis Brasil and Banco Fidis, through Bradesco Financiamentos**, for a period of ten years, to finance the sales of vehicles of the brands Jeep, Chrysler, Dodge and Ram in Brazil;
- **On August 3, the disclosure of the signature of the Purchase Contract of Shares with HSBC Latin America Holdings (UK) Limited for the acquisition of 100% of the share capital of HSBC Bank Brasil S.A. – Banco Múltiplo and HSBC Serviços e Participações Ltda., with the consequent takeover of all operations of HSBC in Brazil, whose decision was ratified at the Special Shareholders' Meeting on December 17, 2015.** Subject to the approval of the competent regulatory bodies, the operation reaffirms the goals of Bradesco to strengthen its presence and activity in the market, thus increasing gains in efficiency and scale;
- **on August 6, the launch of the Espaço Bradesco Next Móvel at Shopping Iguatemi, in São Paulo; later, on October 8 and 30, in Morumbi Shopping and Shopping Park São Caetano, respectively.** The objective of this new configuration, itinerant in form, will mark our presence in different localities, bringing to the public the experience of the latest technologies and innovations, as well as expanding the conquest of new business;



## 9. Relevant assets

- **on August 31, the inauguration of the new premises of Grupo Bradesco Seguros in Alphaville – São Paulo**, with a modern and sustainable architectural structure, where it will centralize the operations of all its segments. The integration extends further the synergy between the areas, generating gains in productivity and quality, in addition to improving assistance to the Branches and to clients;
- **on September 14, for the tenth consecutive year, Bradesco was selected to integrate the Dow Jones Sustainability Index – DJSI**, of the New York Stock Exchange, in the Dow Jones Sustainability World Index and Dow Jones Sustainability Emerging Markets portfolios. The DJSI is composed of actions of a select list of companies in the world, with best practices for sustainable development; and
- **since September, Bradesco Clients can withdraw cash and check their balance without the use of the card, in the whole Rede Banco24Horas network, besides the Bradesco network**, using biometric authentication with the palm of their hand.

In addition to the highlights mentioned above, in January 2016, Bradesco signed a non-binding Memorandum of Understanding with Banco do Brasil S.A., Banco Santander (Brasil) S.A., Caixa Econômica Federal and Itaú Unibanco S.A., in order to create a holding company of credit intelligence ("GIC"), which will develop a database with the goal of adding, reconciling and handling database and credit-related information, of individuals and legal entities, which expressly authorize their inclusion in the database, as required by the applicable rules.

Net Income attributed to administrators was R\$18.133 billion for the year, corresponding to an annualized return of 21.2% on average Shareholders' Equity. The annualized return on Average Total Assets was 1.9%. Consolidated Shareholders' Equity attributable to shareholders totaled R\$90.789 billion and the total of the assets stood at R\$1.026 trillion.

### Loan operations and Funding and Resource Management

The challenging environment for the credit market means the Bank must always maintain its policy up-to-date and commensurate with the current situation of the economy, preserving the expansion and diversification of the offer, which covers the Branch Network, Banking Correspondents and Digital Channels. These differentials have contributed to the implementation of loans, in direct lending or in strategic partnerships with the various chains of business.

The performance of our loans and funding sources is shown below:

- R\$344.868 billion was the balance, at year end, of Loans and Advances to customers, net allowance for losses, presenting a growth of 5.1% compared to the previous period, highlighting the following products: Export Financing; Real Estate Financing; Personal Loans and Working Capital;
- R\$293.903 billion in deposits from banks, including: demand and interbank deposits, funding in the open market and borrowings and onlending, presenting a 5.0% increase compared to 2014;
- R\$194.510 billion in Deposits from clients, including: demand deposits, saving deposits and time deposits, a 7.4% decrease compared to the previous year;
- R\$170.941 billion in Technical Provisions for Insurance and Pension Plan, a 16.6% increase compared to the previous year;
- R\$50.283 billion in Subordinated Debt, R\$36.569 billion being issued in Brazil and R\$13.714 billion issued abroad; and

- R\$109.850 billion in funds from issuance of securities, R\$99.557 billion being issued in Brazil and R\$9.781 billion issued abroad, presenting a 29.2% increase compared to the previous year, highlighting a R\$16.7 billion increase of Financial Bills.

In December 2015, Bradesco's market value was R\$100.044 billion.

## **2014**

In 2014, Brazil experienced yet another moment in its well-established democracy, promoting elections that generated great interest from the general public – who were involved by the strength of the campaigns and a fierce contest at the polls. Now, economic officials face the task of revisiting projections and strategies, setting the groundwork for changes that can lead the country towards a leap in development.

The Organization believes there are reasons to feel optimistic about the future of Brazil. In this context, we hope that domestic economic policy and external factors, such as the recovery of the U.S. economy and the recovery efforts of the economies pegged to the Euro, can create growth opportunities in the country.

## 10. Officer's Notes

At Bradesco, among the most significant events of this past year, we should emphasize our permanence in the select group of companies in the BM&FBovespa's ISE (Corporate Sustainability Index), and in the Dow Jones Sustainability Index, of the New York Stock Exchange, which it forms part of for the ninth consecutive year; the launch of the payment solutions company Stelo S.A., as well as that of LIVELO S.A., which will take care of business related to a coalition loyalty program – both in conjunction with Banco do Brasil. Also worth mentioning were the opening of the second Fluvial Service Station on the Solimões River, serving 11 riverside towns along a 1,600-km extension of the river, and the establishment of the first branch in Vila Kennedy, a community in the west zone of Rio de Janeiro, aimed at the financial inclusion of approximately 130 thousand residents.

As it celebrates 71 years of existence, Bradesco boasts a strong balance sheet position that confirms the success of the strategies applied, which in turn are consistent with the choice of retail banking as our flagship product line for the goals of the democratization of credit and banking inclusion. Our market performance is the result of the instrumentality of an extensive and well-distributed Service Network and of our digital channels. This wide range of options is made possible by a constant and robust investment in infrastructure and especially in technology, which positions Bradesco at the forefront of banking technology.

The Organization maintains its commitment to corporate sustainability, seeking to integrate its basic principles into its global strategic planning. Among its social initiatives, we should highlight the work developed by the Fundação Bradesco, which offers free and high-quality education. The foundation focuses its work on regions that face greater educational and healthcare shortages in the country, with a network of 40 schools that constitute one of the largest socio-educational programs promoted by the private sector on a global scale.

The strength of the Bradesco brand will remain a powerful ally in the continuous effort to earn and maintain market positions, boosted by the competent and loyal dedication of its officers and employees, to whom we express our gratitude. We also wish to thank our customers and shareholders for the trust which has allowed us to stand apart from the competition.

The following are some of the most noteworthy events involving the Organization over the past year:

- **on April 17, Bradesco and Banco do Brasil launched Stelo S.A.**, a payment solutions company that manages, operates and explores the payment facilitator segment for e-commerce and digital portfolio business; **on May 14, they formed LIVELO S.A.**, whose purpose will be to explore businesses related to the coalition loyalty program, allowing the client to accumulate and redeem points with various partners;
- **on May 27, the second Fluvial Service Station was inaugurated aboard the ship Voyager V, in the Solimões River in the Amazon.** The new ship serves approximately 50 communities and 11 cities, covering a stretch of around 1,600 kilometers between Manaus and Tabatinga and bringing banking services that make life easier at these riverside communities;
- **on July 7, Bradesco was issued the Quality Certificate issued by IIA – Institute of Internal Auditors**, an entity present in more than 130 countries, empowered to assess and grant the Quality Certificate to internal audits. The certificate is the recognition that Bradesco has an internal audit structure that is prepared to act independently in all its dimensions, with emphasis on best practices for Risk Assessment and for the effectiveness of Internal Controls;

- **on July 17, Bradesco and the major retail Banks in the country signed a new Shareholders' Agreement for TecBan – Banking Technology S.A.**, which sets forth that, in approximately 4 years, their external networks of Self-Service Terminals will be consolidated into Banco24Horas Network;
- **on July 28, Bradesco formalized a strategic partnership with IBM Brasil – Indústria Máquinas e Serviços Ltda.**, which will provide hardware and software support and maintenance activities, currently provided by Scopus Tecnologia Ltda. IBM will take over the operational structure from Scopus, and all support and maintenance contracts signed between Scopus and its other clients;
- **on August 4, the opening of the first branch in Vila Kennedy**, a community located in the west zone of the city of Rio de Janeiro, allowing the financial inclusion of approximately 130 thousand residents;
- **on September 12, for the ninth consecutive year, Bradesco was selected to form part of the Dow Jones Sustainability Index – DJSI** of the New York Stock Exchange, as part of the Dow Jones Sustainability World Index and Dow Jones Sustainability Emerging Markets Index; **on November 27, it was once again selected to form part of the Corporate Sustainability Index (ISE)** of BM&FBOVESPA, which reflects the return of a portfolio composed of shares of the companies with the best performance in the ISE indicators; and

- **on September 15, it earned the RA1000 Reclame AQUÍ**, as the first bank to be awarded the RA1000, the maximum seal of quality for handling complaints made to the website Reclame AQUÍ.

Net Income attributed to administrators was R\$15.315 billion for the year, corresponding to an annualized return of 20.0% on average Shareholders' Equity. The annualized return on Average Total Assets was 1.8%. Consolidated Shareholders' Equity attributable to shareholders totaled amounted to R\$82.168 billion and the total of the assets stood at R\$930.451 billion.

### **Loan operations and Funding and Resource Management**

The democratization of credit is part of Bradesco's strategy. It is achieved by expanding and diversifying the credit available, and by more attractive interest rates, key factors that have increasingly boosted the volume of financing operations conducted directly or in partnerships with market players and in other lines aimed at individuals, such as payroll-deductible loans, through an extensive network of Branches, PAs (Service Branches) and Sales Promoters.

The performance of our loans and funding sources is shown below:

- R\$328.064 billion was the balance, at year end, of Loans and Advances to customers, net allowance for losses, presenting an 7.9% increase compared to the previous year, highlighting the following products: Real Estate Financing, Personal Loans, Rural Loans and Working Capital;
  - R\$279.940 billion in Deposits from banks, including: demand deposits, interbank deposits, Funding in the open market and borrowings and onlending, presenting an 15.2% increase compared to 2013;
  - R\$210.032 billion in Deposits from clients, including: demand, saving and time deposits, an 2.9% decrease compared to the previous year;
  - R\$146.559 billion in technical provisions for insurance and pension plan, presenting an 12.5% increase compared to the previous year;
- R\$35.822 billion in Subordinated Debt, R\$26.500 billion being issued in Brazil and R\$9.322 billion issued abroad; and
- R\$85.030 billion funds from issuance of securities, R\$75.799 billion being issued in Brazil and R\$8.971 billion issued abroad, presenting an 46.9% increase compared to the previous year, highlighting an increase of R\$19.8 billion in financial bills.

On December 31, 2014, Bradesco's market value was R\$145.536 billion. In the comparison between 2014 and 2013, the common shares of Bradesco recorded an appreciation of 7.4%, and preferred shares registered a valuation of 20.5%. It is worth mentioning that the Ibovespa index recorded a fall of 2.9% over the same period.

### **2013**

The year 2014 will be challenging in light of the start of the reduction of monetary stimuli in the U.S., as well as the slight slowdown in China's growth. An environment to be overcome by emerging countries, on the other hand, is a unique opportunity for those nations to improve their macroeconomic and institutional foundations.

Brazil is not immune to this external context, but is better poised to face the challenges. The resumption of economic activity in Brazil in the last few months of 2013 has been supported mainly by productive investments, which tend to become intensified with the current program of public concessions in infrastructure, as well as the major sporting events that will occur between 2014 and 2016.

Bradesco remains optimistic about Brazil, envisioning a favorable outlook in the segments in which it operates. The volume of credit tends to grow at sustainable rates compatible with the risk, while gains in income and the creation of jobs are still present. Given the intense and continuous process of social mobility in recent years, which is still under way, the environment for the banking and insurance sectors in Brazil remains very promising.

At the Organization, among the major events of the financial year, it was recorded that, on March 10, Bradesco completed 70 years in business, with an active presence in Brazilian life, permanent incentives for the democratization of financial products and services, and a renewed willingness to expand its business horizons. Guided by realistic strategies, it grew rapidly and soon became the Bank of Brazilians. For this reason, it built an extensive Customer Service Network that today allows it to be present in all regions of the nation, promoting banking inclusion and social mobility.

It is also noteworthy that Bradesco has once again been selected to be part of:

**Dow Jones Sustainability World Index – DJSI**, a select list of the New York Stock Exchange that gathers companies with best practices for sustainable development, in addition to the **Dow Jones Sustainability Emerging Markets**, a portfolio created earlier this year, for which companies with DJSI performance ranked among the top 10% in their respective sector are eligible; and

- **Corporate Sustainability Index (ISE) of BM&FBOVESPA S.A. – Securities, Commodities and Futures Exchange**, which reflects the return of a portfolio comprised of shares of companies **with the best performance in all dimensions** that measure corporate sustainability.

Net Income attributed to administrators was R\$12.396 billion for the year, corresponding to an annualized return of 18.2% on average Shareholders' Equity. The annualized return on average total assets was 1.5%. Consolidated Shareholders' Equity attributable to shareholders totaled amounted to R\$71.884 billion and total of the assets stood at R\$838.302 billion.

### **Loan Operations and Funding and Resource Management**

The democratization of credit is part of Bradesco's strategy. It is achieved through expansion and diversification of the offer and the more attractive interest rates, differentiating factors that have increasingly caused the volume of transactions in loans made directly or in partnerships with market agents and other lines aimed at individuals to rise, such as payroll lending, through its extensive network of Branches, Service Stations and Sales Promoters.

The performance of our loans and funding sources is shown below:

- R\$304.121 billion was the year-end balance of Loans and Advances to customers, net allowance for losses, presenting an 13.0% increase compared to the previous period, highlighting the following products: Personal Loans, Working Capital, Real Estate Financing and Onlendings BNDES/Finame;
- R\$243.100 billion in Deposits from banks including: demand deposits, interbank deposits, Funding in the open market and borrowings and onlending presenting an 10.0% increase compared to 2012;
- R\$216.218 billion in Deposits from clients, including: demand deposits, saving deposits and time deposits and other deposits, presenting an 2.6% increase compared to the previous year;
- R\$130.329 billion in technical provisions for insurance and pension plan, an 9.7% increase compared to the previous year;
- R\$35.885 billion in Subordinated Debt, R\$26.933 billion being issued in Brazil and R\$8.952 billion issued abroad, presenting an 3.0% increase compared to 2012; and
- R\$57.883 billion issued in Funds from Issuance of Securities, R\$46.179 billion being issued in Brazil and R\$11.704 billion issued abroad, presenting an 12.3% increase compared to the previous year, highlighting the increase of R\$7.0 billion on Financial Bills.

On December 31, 2013, Bradesco's market value stood at R\$128.085 billion. In the comparison between 2013 and 2012, Bradesco's common shares recorded an appreciation of 3.5%, while the preferred shares registered a fall of 9.0%, considering the last quote for each year, adjusted for corporate events, with the exception of the distribution of proceeds. It is worth mentioning that the Ibovespa index recorded a fall of 15.5% over the same period.

**The following are our key indicators:**

It is important to highlight that the comments in relation to the return on average shareholders' equity (ROAE) and the return on average assets (ROAA), are presented in item 10.2.a). Other analyses relevant to our financial and economic conditions related to liquidity sources and levels of indebtedness are presented in items 10.1.d), 10.1.e), 10.1.f) and 10.1.h).

**I. Basel Index**

Brazilian financial institutions are subject to methodology for capital metrics and levels based on a risk-weighted asset index. The parameters of this methodology resemble the international framework for minimum capital measurements adopted for the Basel Accord. Starting in October 2013, the implementation of the new capital structure began in Brazil. The Brazilian Central Bank (Bacen), through CMN Resolution No. 4,192/13, set out the new methodology for calculating the Referential Equity (PR – *Patrimônio de Referência*), superseding CMN Resolution No. 3,444/07. Given that this methodology involves the introduction of new adjustments, we adapted the time series, showing – in periods – the transition from Basel II to Basel III.



The calculation of our Basel Index is shown below:

Calculation Basis	Basel III (1)			R\$ million				
	Prudential Consolidated	Financial Consolidated		Dec15 x Dec14		Variation Dec14 x Dec13		
		Dec15	Dec14	Dec13	R\$		%	
					R\$	%	R\$	%
Reference equity (local acronym PR)	102,825	98,605	95,804	4,220	4.3	2,801	2.9	
Tier I	77,507	77,199	70,808	308	0.4	6,391	9.0	
Common equity	77,507	77,199	70,808	308	0.4	6,391		