

BANCO BRADESCO S.A.

Resolution Plan

Public Section

July 2022



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

## I. INTRODUCTION

This resolution plan (the “Plan”) for the U.S. operations of Banco Bradesco S.A. (“Bradesco”) is submitted pursuant to Section 165(d) of the Dodd-Frank Wall Street Reform and Consumer Protection Act, as amended by the Economic Growth, Regulatory Relief, and Consumer Protection Act of 2018, and applicable regulations of the Board of Governors of the Federal Reserve System (the “Federal Reserve”) and the Federal Deposit Insurance Corporation (the “FDIC”), as codified at 12 C.F.R. Parts 243 and 381. In October 2019, the Federal Reserve and the FDIC adopted a final rule revising resolution planning requirements (the “Final Rule”).<sup>2</sup>

Bradesco is a foreign banking organization required to file this Plan pursuant to the Final Rule. This Plan is intended to describe the resolution strategy for Bradesco’s material entities and core business lines domiciled in the United States as well as provide an explanation of how resolution planning for certain U.S. entities is integrated into Bradesco’s overall resolution and contingency planning process. Under the Final Rule, Bradesco is a triennial reduced filer and is required to submit a reduced resolution plan as described in 12 C.F.R. § 243.7 and 12 C.F.R. § 381.7. Accordingly, this Plan will address material changes experienced by Bradesco, changes to the strategic analysis and any changes to information provided in accordance with 12 U.S.C. §§ 5365(d)(1)(A), (B) and (C) since Bradesco’s last filed resolution plan.

## II. EXECUTIVE SUMMARY

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

Bradesco’s U.S. presence consists of four entities: (i) Banco Bradesco S.A. New York Branch (the “New York Branch”); (ii) Bradesco Securities Inc. (“Bradesco Securities”), a brokerage firm based in New York; (iii) Bradesco BAC Florida Bank (the “Florida Bank”), a state-chartered non-member bank; and (iv) Bradesco BAC Florida Investments Corp. (“Florida Investments”), a brokerage firm based in Florida and a direct subsidiary of the Florida Bank. As of December 31, 2021, the U.S. total assets of Bradesco were \$6.86 billion.

This Plan describes Bradesco’s resolution planning for the New York Branch, Bradesco Securities, the Florida Bank and Florida Investments under two hypothetical material financial distress or failure scenarios: (i) the U.S. operations only are under resolution; and (ii) Bradesco is also in resolution. We have omitted from this strategic analysis any resolution plan that may involve an insolvency regime other than the U.S. bankruptcy laws in accordance with 12 C.F.R. § 243.4(h)(3) and 12 C.F.R. § 381.4(h)(3).

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<sup>2</sup> See Federal Reserve and FDIC, Resolution Plans Required, 84 Fed. Reg. 59194 (Nov. 1, 2019).

## **A. Material Entities**

A material entity is defined by the Final Rule as “a subsidiary or foreign office of the covered company that is significant to the activities of an identified critical operation or core business line, or is financially or operationally significant to the resolution of the covered company.” Bradesco has identified four material entities within the meaning of the Final Rule, as described below (collectively, “Material Entities”).

### Banco Bradesco S.A. New York Branch

The New York Branch is a legal and operational extension of Bradesco and is not a separate legal entity. The New York Branch is licensed by the Office of the Comptroller of the Currency (the “OCC”) and is principally engaged in trade finance for Brazilian and U.S. companies. The New York Branch also engages in a de minimis amount of non-trade finance related lending to U.S. companies. The New York Branch is located at 450 Park Avenue, 32nd floor, New York, New York 10022-2605. As of December 31, 2021, the New York Branch had total assets of \$3.89 billion and a credit portfolio of \$519 million.

### Bradesco Securities Inc.

Bradesco Securities is a broker-dealer incorporated under the laws of the State of Delaware. It is registered with the Securities and Exchange Commission (“SEC”) and has been a member of the Financial Industry Regulatory Authority (“FINRA”) since March 23, 2001. Bradesco Securities is also a member of NASDAQ, obtaining membership status therewith on July 31, 2006. The main business function of Bradesco Securities is acting as an executing broker for major institutional clients. Bradesco Securities facilitates the purchases and sales of U.S. equities with an emphasis on Brazilian American Depository Receipts and fixed income instruments with a focus on Brazilian corporate Eurobonds in U.S. dollar denominations. The clients of Bradesco Securities are fully introduced to the firm’s clearing agent and custodian, National Financial Services, L.L.C. (“NFS”). All securities transactions executed by Bradesco Securities are settled on a delivery versus payment/receive versus payment (“DVP/RVP”) basis between NFS and the client’s custodian or prime broker. Bradesco Securities is not at any time in possession of a customer’s funds or securities. Bradesco Securities is located at 450 Park Avenue, 32nd Floor, New York, New York 10022-2605.

### Bradesco BAC Florida Bank

Bradesco BAC Florida Bank is a full-service bank with one branch located in Coral Gables, Florida. It has total assets of approximately \$2.9 billion and total deposit liabilities of approximately \$2.6 billion as of March 31, 2022. The Florida Bank is located at 2333 Ponce de Leon Boulevard, Coral Gables, Florida 33134-5427.

### Bradesco BAC Florida Investments Corp.

Florida Investments is a broker-dealer incorporated under the laws of the State of Florida. It is registered with the SEC and is a member of FINRA. Florida Investments is wholly owned by the Florida Bank. The main business function of Florida Investments is acting as an executing broker for retail and institutional clients. Florida Investments clears all of its securities

transactions on a fully-disclosed basis through Pershing LLC (“Pershing”). Accordingly, customer accounts are cleared and carried by Pershing. Florida Investments is located at 2333 Ponce de Leon Boulevard, Suite 700, Coral Gables, Florida 33134-5427.

**B. Core Business Lines**

A core business line is defined by the Final Rule as “those business lines of the covered company, including associated operations, services, functions and support, that, in the view of the covered company, upon failure would result in a material loss of revenue, profit, or franchise value.” Bradesco has identified two core business lines within the meaning of the Final Rule.

Corporate Banking and Private Banking

Through the New York Branch and Florida Bank, Bradesco provides corporate banking services to multinational companies consisting of trade finance, revolving credit facilities, letters of credit and guarantees. Both the New York Branch and Florida Bank also provide certain private banking products, such as money market and demand deposit accounts, savings and time deposits.

Trading

Through Bradesco Securities and Florida Investments, Bradesco’s trading activities consist of trading on a riskless principal basis, executing transactions in equity and fixed income securities on behalf of its clients and affiliates and acting as a placement agent for initial public offerings and other capital market transactions on behalf of other affiliates. As a placement agent, Bradesco Securities and Florida Investments have no capital commitment, and all financial risk remains with the affiliates or issuers.

**C. Critical Operations**

Critical operations are defined by the Final Rule as “those operations of the covered company, including associated services, functions and support, the failure or discontinuance of which would pose a threat to the financial stability of the United States.” Bradesco has not identified any critical operations within the meaning of the Final Rule.

**D. Principal Officers**

**Figure 1. - Key Management and Principal Officers**

**Bradesco**

Octavio de Lazari Junior	Chief Executive Officer
Maurício Machado de Minas	Executive Vice President
Marcelo de Araújo Noronha	Executive Vice President
André Rodrigues Cano	Executive Vice President

### **New York Branch**

Roberto Schwartz	Deputy General Manager
Amir Silva	Operations Manager
Androula Sergiou	Controller
Luis Cifuentes	Chief Compliance Officer
John Christie	IT Manager

### **Bradesco Securities**

Fernando Reitzfeld	Head of Global Markets
Isabela Behar	Chief Compliance Officer

### **Florida Bank**

Henrique Pinto	Chief Executive Officer
David Hernandez	Chief Risk Officer

### **Florida Investments**

Ricardo Lanfranchi	Chief Executive Officer
Dulce Maria Galindo Gnibus	Chief Compliance Officer

## **E. High-Level Description of Resolution Strategy**

In the event of material financial distress or failure of any or all of the Material Entities, whereas Bradesco is not under resolution, Bradesco would evaluate the business viability of the Material Entities. If the Material Entities are found to be viable, then Bradesco would provide liquidity and capital to them for whatever time period is necessary. If the Material Entities are found not to be viable, then Bradesco would proceed with a winding down of the Material Entities in an organized and expedited manner, providing sufficient liquidity to repay its creditors in connection with all of its outstanding debt facilities.

In the event of material financial distress or failure of the Brazilian company, this Plan assumes that the Brazilian government does not provide Bradesco with financial assistance to provide inter-company liquidity to the Material Entities. In this event, each Material Entity would wind down in accordance with U.S. federal laws and regulations.

## **III. FINANCIAL INFORMATION**

### **A. Assets and Liabilities of Material Entities**

The New York Branch's assets consist of cash and other cash items, loans made to affiliates, loans made abroad, loans and other amounts due from other banking institutions and capital equivalency deposits pledged to the OCC. The New York Branch's material liabilities include debt owed to third-party banking institutions in connection with its outstanding working

capital and trade finance loan facilities. As of December 31, 2021, debt outstanding to such third-party banks equaled \$217,468,422.26. Payments required to service such debt are required at maturity, with interest, at various maturity dates not exceeding one year. The New York Branch also has material liabilities consisting of inter-company loans payable to affiliates, time deposits and certificates of deposits and customer and affiliate deposit accounts, including money market and savings accounts. The inter-company loans payable to affiliates generally have maturities ranging from one to seven years (last maturity deal date February 24, 2023) and are unsecured obligations of the New York Branch. The maturities are always matched with assets of the New York Branch.

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

The liabilities of the New York Branch are matched to the maturity of its assets. Funding obtained and having a tenor up to seven days is kept with the Federal Reserve Bank of New York (e.g., sight cash deposited by customers through money market, demand deposit accounts and overnight and time deposits). The New York Branch’s capitalization consists of \$1,215,014,831, including long-term funding from Bradesco. As of December 31, 2021, the New York Branch’s net due to position was \$274,580,000 (equivalent to 0.77% of the New York Branch’s total liabilities). Such amounts, together with the New York Branch’s equity, amount to 0.22% of the New York Branch’s third-party loan portfolio.

As of December 31, 2021, the total assets of Bradesco Securities were \$60,551,952 and material liabilities, consisting of accrued operating expenses and taxes payable, were \$8,569,353.75. None of these material liabilities consist of secured obligations. As of December 31, 2021, Bradesco Securities reported net capital in the amount of \$13,018,335, which exceeds Bradesco Securities’ minimum net capital requirement of \$250,000.

The Florida Bank’s assets consist of cash and other cash items, loans and other amounts due from other banking institutions and securities. The Florida Bank’s material liabilities include interest-bearing deposits, of which approximately 55% are insured, and other borrowed funds. As of March 31, 2021, these other borrowed funds equaled \$63,050,000. The Florida Bank also has material liabilities certificates of deposits and customer and affiliate deposit accounts, including money market and savings accounts.

As of December 31, 2021, the total assets of Florida Investments were \$5,824,808 and material liabilities, consisting of accrued operating expenses and other payables, were \$1,266,345. As of December 31, 2021, Florida Investments reported net capital in the amount of \$3,384,492, which exceeds its minimum net capital requirement of \$100,000.



## **B. Capital and Funding Sources**

The New York Branch receives its funding for operating expenses largely from its deposit-taking activities in the form of corporate time deposits, direct-deposit accounts, escrow account, money market accounts and through its Yankee CD Program. Further, the New York Branch receives loans from third-party banks (consisting of both foreign and domestic banks). As of December 31, 2021, debt outstanding to such third-party banks equaled \$217,468,422.26. Finally, the New York Branch also borrows certain amounts from Bradesco's Cayman Islands branch. As of December 31, 2021, amounts outstanding owed to the Cayman Islands branch equaled \$975,550,944.

Bradesco Securities obtains its working capital for operating expenses from its parent by means of a Transfer Pricing Agreement. Bradesco Securities does not borrow any amounts from any third-party lenders.

The Florida Bank is a wholly owned subsidiary of Banco Bradesco, S.A. and it funds itself largely through domestic and foreign deposits and borrowings. As of December 31, 2021, the Florida Bank had non-interest- and interest-bearing deposits totaling \$2,263,498,054 and borrowings of \$106,623,319.

Accordingly, subject to liquidity reserves being utilized for the continued operations of the U.S. Material Entities, the resolution of Bradesco would also likely have a negative impact on the liquidity needs of the Material Entities and their core business lines.

## **C. Material Hedges/Hedging Strategies**

None of the Material Entities engage in any material hedges. However, the New York Branch engages in certain ordinary course FX forwards in connection with loans made by the New York Branch in foreign currencies.

## **D. Booking of Trading and Derivatives Activities**

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

## **E. Membership in Trading, Payment and Clearing Systems**

Bradesco Securities is an SEC registered broker-dealer and member of FINRA and NASDAQ. Bradesco Securities executes equity transactions using Electronic Communication Networks or brokers on the NYSE floor. Bradesco Securities uses Bloomberg L.P.'s electronic order management systems, SSEOMS and TOMS, for all of its orders. Bradesco Securities has

engaged NFS to serve as its custodian and clearing firm and the entity to Bradesco Securities' clients are introduced. All transactions are settled on a DVP/RVP basis between NFS and the client's custodian or prime broker. Bradesco Securities does not hold client funds or securities at any time, and it does not conduct trading for its own proprietary account.

Florida Investments is an SEC registered broker-dealer and member of FINRA. Florida Investments has engaged Pershing to serve as Florida Investments' custodian and clearing firm and the entity to which clients of Florida Investments are introduced. All transactions are settled on a fully-disclosed basis between Pershing and the client's custodian or prime broker.

#### **IV. ORGANIZATIONAL STRUCTURE/FOREIGN OPERATIONS**

Bradesco is a *sociedade anônima* organized under the laws of Brazil. The New York Branch is a branch of Bradesco. Bradesco Securities is a direct, wholly owned subsidiary of Bradesco. The Florida Bank is a subsidiary bank of Bradesco. Florida Investments is a direct, wholly owned subsidiary of the Florida Bank.

#### **V. MATERIAL SUPERVISORY AUTHORITIES**

The New York Branch is supervised by:

**Office of the Comptroller of the Currency**

400 7th Street, SW, Suite 3E-218

Washington, DC 20219

Telephone: (202) 649-6800

**Federal Reserve Bank of New York**

33 Liberty Street

New York, NY 10045

Telephone: (212) 720-5000

Bradesco Securities is supervised by:

**Securities and Exchange Commission**

100 F Street, NE

Washington, DC 20549

Telephone: (202) 942-8088

**Financial Industry Regulatory Authority**

1735 K Street, NW

Washington, DC 20006

Telephone: (301) 590-6500

The Florida Bank is supervised by:

**Florida Office of Financial Regulation**

200 E. Gaines Street  
Tallahassee, FL 32399  
Telephone: (850) 487-9687

**Federal Deposit Insurance Corporation**

550 17th Street, NW  
Washington, DC 20429-9990  
Telephone: (877) 275-3342

Florida Investments is supervised by:

**Securities and Exchange Commission**

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

**Financial Industry Regulatory Authority**

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

The Brazilian authority responsible for resolving Bradesco is the following:

**Central Bank of Brazil**

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

## **VI. CORPORATE GOVERNANCE**

The National Monetary Board, in its Act no. 3988/2011 (adjusted by Act no. 4388/2014) (the “Act no. 3988” and “Act no. 4388”), issued regulations for the implementation of a compliance structure for all financial institutions in the Brazilian financial system. “Capital management” was defined therein as the ongoing process of monitoring and control of capital held by the institution, evaluating capital requirements to cover risks to which the institution is exposed and the planning of targets for capital considering the institution’s strategic objectives. In managing their capital, the Act no. 3988 and Act no. 4388 requires institutions to adopt a forward-looking perspective, anticipating capital requirements deriving from potential changes in market conditions.

Pursuant to the Act no. 3988 and Act no. 4388, the capital management structure calls upon institutions to define a capital plan in conformity with the institution’s strategic planning, including projections for at least three years. Current regulations require the following

considerations to be included in preparation of such capital plan: targets, projections and capital sufficiency for the base scenarios and stress scenarios. Capital plans shall also identify the institution's main sources of capital and the actions to be considered in the capital contingency plan.

One of the tools used for capital management is the risk appetite, which refers to risk types and levels that Bradesco is willing to accept in pursuing its objectives. It is reflected in its risk and capital management, which in turn influences the culture or actions of the Bradesco.

Within Bradesco, risk appetite is defined and formalized by the Board of Directors. It is supported by the Risk and Capital Allocation Integrated Management Committee, whose responsibility is to validate and submit to the Board of Directors the proposed risk appetite and exposure limits by type of risk and risk and capital management policies. Risk appetite is aligned with Bradesco's strategy, demonstrating the engagement of the governance structure in defining and monitoring it. The risk monitoring process is corporate and begins with Bradesco's budget process.

In December 2014, the Board of Directors approved the adoption of a buffer to supplement the regulatory capital requirement. It is applied to the Basel Index Capital, Capital Tier 1 and Capital Common Tier 1. The methodology to calculate the buffer is based on three premises: strategic acquisitions, other non-measurable risks and stress scenarios. This supplementary measurement of risk appetite uses solvency limit alerts, with reports and specific actions for each alert status, adhering to the governance defined by Bradesco.

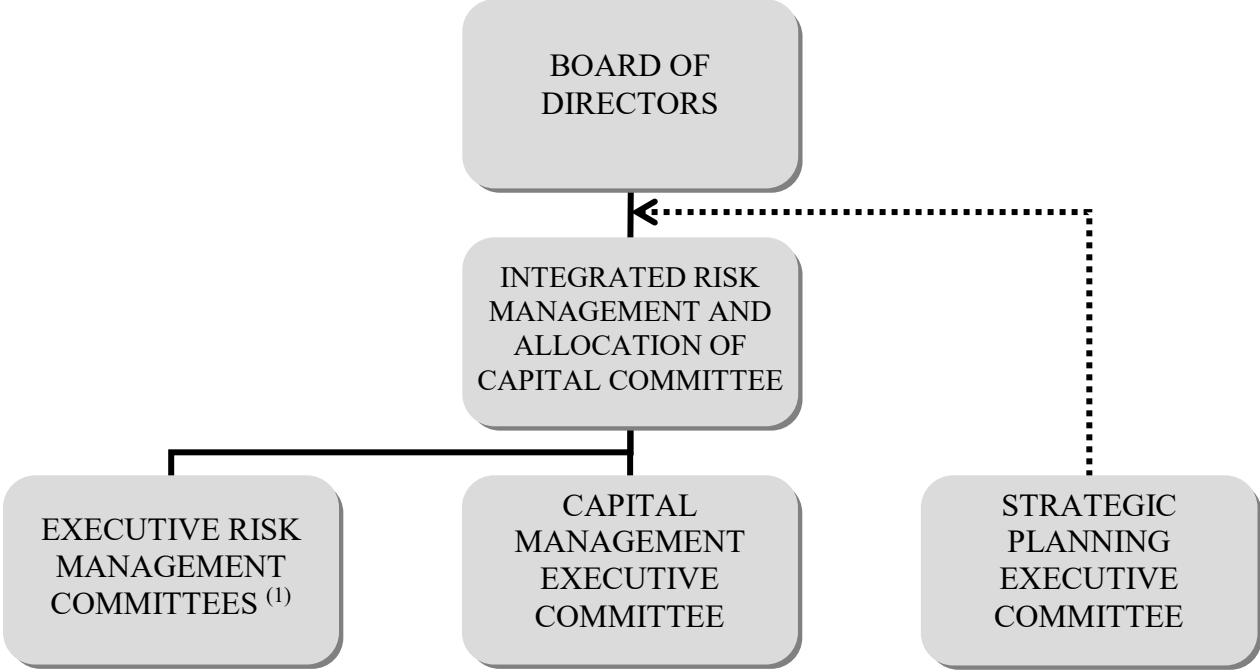
For Bradesco, the capital plan and capital contingency plan are considered to comprise part of the Bank's capital management structure. In this context, capital management is performed through collegiate decisions made in corporate governance forums, where different levels of executive management are represented. The meetings are held at least quarterly and more frequently if necessary.

The capital plan and capital contingency plan consider a consolidated view of all of Bradesco, including foreign branches, and aim to maintain and restore capital ratios according to internal (*i.e.*, risk appetite buffer) and regulatory limits. The plans are prepared by the Planning, Budget and Control Department. The processes and procedures established by the Planning, Budget and Control Department include the participation of several other departments and business units, including Integrated Risk Control, Guarantees and Registration, Research and Economic Studies Department, Treasury, Accounting Department, Tax Audit Department, Internal Audit and Bradesco Insurance Group.

Additionally, with the objective of evaluating eventual contingency situations and required actions to restructure Bradesco's capital, Executive Directors from the Finance and Risk areas, meet monthly, considering projections and simulations for a time horizon from three to five years. These simulations contemplate several variables impacting Bradesco's capital base for the upcoming five years. The results are presented to the executive forums defined in Bradesco's Corporate Governance for Capital Management for the required decisions.

The policies and strategies for capital management and contingency plan are evaluated by the Capital Management Executive Committee, validated by the Integrated Risk Management and Allocation of Capital Committee and approved annually by the Board of Directors. In addition to the capital management policy, Bradesco has specific rules that govern the capital management process, which are reviewed at least annually by the Planning, Budget and Control Department. The capital management framework, composed of Committees to advise the Board of Directors and the Executive Board in making strategic and capital decisions, is as follows:

**Figure 2. - Executive Committees of the Capital Management Framework**



(1) Risk management executive committees: Credit, Market and Liquidity, Operational and Social and Environmental Risk and Bradesco Insurance Group and BSP Empreendimentos Imobiliários.

Executive management receives daily reports on liquidity and capital risk, such as minimum liquidity reserve (“RML”) and capital adequacy, weekly reports of interest rate risk for the banking book through economic value of equity methodology and monthly reports of trial balance and financial results versus the plans included in the budget. Any deviations or exposures in excess of the predetermined values (alert triggers) are immediately reported to management, the forums and/or the Board of Directors pursuant to prevailing policies.

**Figure 3. - Banco Bradesco S.A. Senior Management**

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

<b>Name</b>	<b>Title</b>
André Rodrigues Cano	Executive Vice President (coordinator)
Maurício Machado de Minas	Executive Vice President
Marcelo de Araújo Noronha	Executive Vice President
Cassiano Ricardo Scarpelli	Executive Vice President
Eurico Ramos Fabri	Executive Vice President
Moacir Nachbar Junior	Executive Vice President (CRO)
Marlos Francisco de Souza Araujo	Department Director

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

**A. Risk Management**

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

This non-statutory committee is assisted by four executive risk management committees: (i) Credit, (ii) Market and Liquidity, (iii) Operational and Social and Environmental Risk and (iv) Bradesco Insurance Group and BSP Empreendimentos Imobiliários and by a Capital Management Executive Committee.

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

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

**Figure 4. - Loan Classification Table**

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

Global market risk management processes also incorporate the market risk of the New York Branch, Bradesco Securities, the Florida Bank and Florida Investments, through value at risk, economic value of equity, stress testing and sensitivity analysis methodologies, in addition to limits for profit and loss and financial exposure. All such risk measurement methodologies are set forth in a global Market and Liquidity Risk Management Policy, reviewed annually by the Board of Directors. For the New York Branch and Florida Bank banking portfolios, the global policy requires the branch to monitor interest rate risk limits. For the Bradesco Securities’ trading portfolio, the global market risk management policy requires the business unit to monitor the following limits: risk, stress, results and financial exposure. In addition to daily risk reports, global market risk exposures are discussed weekly by an Executive Committee, which assesses results and risks and discusses and validates strategies for the coming weeks. This governance process and the limits are validated by both the Board of Directors and the Integrated Risk Management and Capital Allocation Committee at least once a year.

Liquidity risk is based on the sizing and monitoring of cash for RML. This monitoring is performed daily for the financial conglomerate. Furthermore, the liquidity monitoring is also performed individually for each cash center, such as the cash foreign currency financial, where the New York Branch is included.

Bradesco adopts for management purposes an additional capital buffer above the minimum regulatory capital, aiming to create an additional capital reserve to cover losses arising from not measurable risks or resulting from market stress and possible strategic acquisitions. Monitoring of capital adequacy is performed by tracking three limits (Total, Pillar 1 and Common Pillar 1) by evaluating the excess of available capital in comparison with the minimum regulatory and managerial buffer.

## **B. Communications with Regulators**

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

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

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

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

The Florida Bank communicates credit risk exposures to its regulators through the following reports:

- (i) Call Report as of the end of each quarter to the FDIC  
Schedule C reports total Third Party loans  
Schedule N reports Past Due, Nonaccrual and Restructured Loans.  
Schedule L reports letters of credit and loan commitments  
Schedule M reports all related assets & liabilities
- (ii) Shared National Credit Review Report at year-end to the FDIC. This report lists all  
loan participations where the Florida Bank is the lead bank.

Additionally, Bradesco is required to submit an Internal Capital Adequacy Assessment Process (“ICAAP”) report to Brazilian regulators annually. Bradesco Securities does not have



credit risk exposure to be reported to regulators. As required of all FINRA-member broker-dealers, Bradesco Securities and Florida Investments file a Financial and Operational Combined Uniform Single Report with FINRA monthly and at the end of each fiscal year to report the firm's aggregate indebtedness and its net capital computation.

As of December 31, 2021, Bradesco Securities reported net capital in the amount of \$13,018,335, which exceeds Bradesco Securities' minimum net capital requirement of \$250,000. In addition, Bradesco Securities is required to file a Risk Assessment Report for Broker and Dealers ("Form 17-H") with the SEC quarterly and at the end of each fiscal year. Finally, Bradesco Securities must file annually audited financial data with the SEC and FINRA as well as a Securities Investor Protection Corporation ("SIPC") computation with SIPC.

As of December 31, 2021, Florida Investments reported net capital in the amount of \$3,384,492, which exceeds its minimum net capital requirement of \$100,000. In addition, Florida Investments is required to file Form 17-H with the SEC quarterly and at the end of each fiscal year. Finally, Florida Investments must file annually audited financial data with the SEC and FINRA as well as a SIPC computation.

## **VII. MANAGEMENT INFORMATION SYSTEMS**

The New York Branch and the Florida Bank must comply with Bradesco's anti-money laundering policy and procedures. Such procedures require an analysis of account activity reports for money laundering daily. Further, when warranted, the New York Branch and the Florida Bank file Suspicious Activity Reports and Currency Transaction Report with the Financial Crimes Enforcement Network of the U.S. Department of the Treasury. The New York Branch also has an electronic Office of Foreign Assets Control ("OFAC") system, which will notify branch representatives if a customer opening an account is on an OFAC list.

### **A. Daily Liquidity Ratio/Capital Ratio Reports**

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

### **B. Data Pro (eIBS System)**

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

The system was designed with a modulated concept that can support many of the financial activities that are associated with both retail and wholesale banking. These activities include retail accounts, lending, trade finance, credit facilities, branch administration and more. Supporting these activities is a core system that registers the customer information and produces

the financial statements of the bank. The system also facilitates interfacing with external payment systems to process wire transfers with other banks. Additionally, the system supports the handling of multiple currencies and is capable of processing multiple branches or banks all within the same host system.

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

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

### **C. Order Management Systems**

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

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