

4Q17 Earning Results



Bradesco



Highlights

- **Net income 2017** of R\$ 19.0 billion, growth of 11.1% compared to 2016 with **ROE of 18.1%**.
- **Branches:** decrease of 565 units compared to 2016.
- **Allowance for Loan Losses Expenses:** decrease of 24.3% pro-forma in the year.
- **Loan Portfolio:** decrease of 4.3%.
- **Interest Margin:** decrease of 6.4% pro-forma in the year.

R\$ billion	12M17	Pro-Forma Variation % 12M17 x 12M16
Recurring Net Income	R\$19.0	11.1%
Allowance for Loan Losses Expenses	R\$18.3	(24.3)%
Fee and Commission Income	R\$30.8	4.2%
Operating Expenses	R\$39.6	(2.9)%
Insurance Premiums	R\$76.3	4.6%
Annualized Return on Average Equity (ROE)	18.1%	0.5 p.p.
Annualized Return on Average Assets (ROA)	1.5%	-
BIS Tier I Ratio	13.1%	1.1 p.p.
90-day delinquency ratio	4.7%	(0.8) p.p.

For comparison purposes, some slides present consolidated pro-forma financial information including HSBC Brasil during the entire period of 2016.



Recurring Net Income x Book Net Income

R\$ million	4Q17	3Q17	12M17	12M16
Recurring Net Income	4,862	4,810	19,024	17,121
Non-recurring events (net of tax effects)	(1,069)	(1,926)	(4,365)	(2,037)
- Special Voluntary Severance Program Scheme (PDVE)	-	(1,262)	(1,262)	-
- Goodwill amortization (Gross)	(600)	(583)	(2,302)	(577)
- Excess Provision/Rating Downgrade/Carryover (HSBC Brasil)	-	-	-	(716)
- Impairment of non-financial assets	(278)	(47)	(325)	(137)
- Other (1)	(191)	(34)	(476)	(607)
Book Net Income	3,793	2,884	14,659	15,084

(1) In addition to contingent liabilities, includes: (i) in 4Q17: (a) special tax regularization program ("PERT"), in the amount of R\$49 million; and (b) program of incentivized installment ("PPI"), in the amount of R\$62 million; (ii) in 3Q17: (a) special tax adjustment program ("PERT"), in the amount of R\$192 million, (b) IRB IPO (initial public offering), in the amount of R\$149 million; and (c) reversal of the tax provision related to the social security contribution – Odontoprev, in the amount of R\$101 million; (iii) in 2Q17: regulatory change in Cielo, in the amount of R\$210 million; and (iv) in 2016: (a) gain on the partial sale of investments, in the amount of R\$91 million, (b) migration/merger costs of HSBC Brasil, in the amount of R\$104 million, (c) single salary bonus, in the amount of R\$191 million, (d) impairment of shares of stock, in the amount of R\$77 million, and (e) technical reserves, in the amount of R\$592 million.



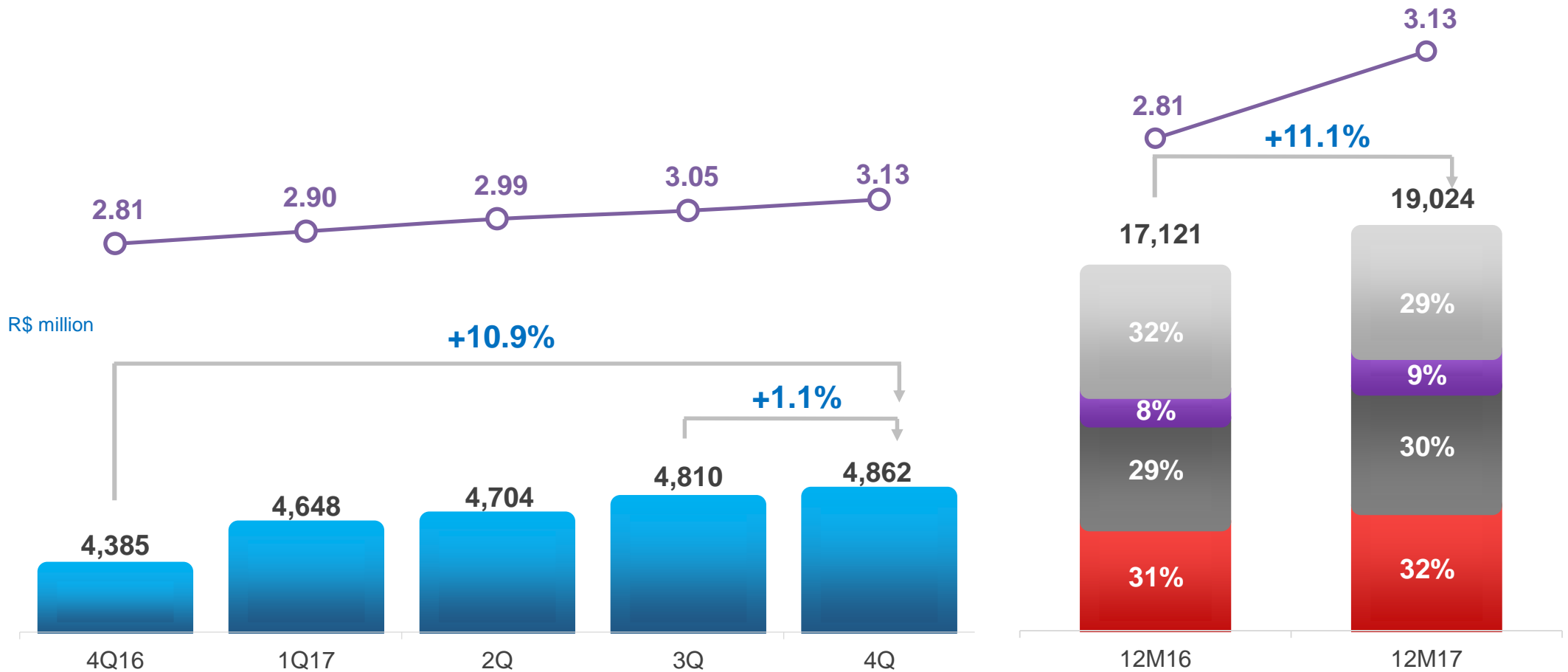
Income Statement, Total Assets, Shareholders' Equity and Returns

R\$ million	Variation %							Pro-Forma
	4Q17	3Q17	12M17	12M16	4Q17 x 3Q17	4Q17x 4Q16	12M17 x 12M16	Variation % 12M17 x 12M16
Recurring Income Statement								
Net Interest Income	15,030	14,604	60,734	62,454	2.9	(4.1)	(2.8)	(8.8)
- NII - Interest - earning Portion	15,661	15,436	62,775	63,059	1.5	(6.5)	(0.5)	(6.4)
- NII - Non-Interest - earning Portion	120	102	478	659	17.6	(36.8)	(27.5)	(41.1)
- Impairment of Financial Assets	(751)	(934)	(2,519)	(1,264)	(19.6)	(40.6)	99.3	99.3
Allowance for Loan Losses Expenses	(4,622)	(3,822)	(18,276)	(21,739)	20.9	(16.3)	(15.9)	(24.3)
Gross Income from Financial Intermediation	10,408	10,782	42,458	40,715	(3.5)	2.6	4.3	-
Income from Insurance, Pension Plans and Capitalization Bonds (1)	1,873	1,511	6,792	5,669	24.0	11.5	19.8	12.3
Fee and Commission Income	8,062	7,822	30,810	28,024	3.1	6.9	9.9	4.2
Operating Expenses	(10,218)	(9,863)	(39,622)	(36,771)	3.6	(2.5)	7.8	(2.9)
Tax Expenses	(1,758)	(1,696)	(6,944)	(6,048)	3.7	3.2	14.8	7.0
Other Operating Income / (Expenses)	(1,893)	(1,804)	(7,201)	(6,797)	4.9	19.4	5.9	0.7
Operating Income	6,474	6,752	26,293	24,792	(4.1)	15.6	6.1	
Income Tax / Social Contribution	(1,543)	(1,771)	(6,853)	(7,338)	(12.9)	33.4	(6.6)	
Non-Operating Income / Equity in the earnings (losses) of unconsolidated and jointly controlled	(69)	(171)	(416)	(333)	(59.6)	23.2	24.9	
Recurring Net Income	4,862	4,810	19,024	17,121	1.1	10.9	11.1	
Shareholders' Equity	110,457	110,301	110,457	100,442	0.1	10.0		
Assets	1,298,328	1,311,672	1,298,328	1,293,559	(1.0)	0.4		
ROAE	18.1%	18.1%	18.1%	17.6%	-	0.5 p.p.		
ROAA	1.5%	1.5%	1.5%	1.5%	-	-		

(1) Income from Insurance, Pension Plans and Capitalization Bonds = Insurance, Pension Plan and Capitalization Bond Retained Premiums – Changes in Technical Provisions for Insurance, Pension Plans and Capitalization Bonds – Retained Claims – Capitalization Bond Draws and Redemption – Insurance, Pension Plan and Capitalization Bond Sales Expenses.



Recurring Net Income and Earnings per Share



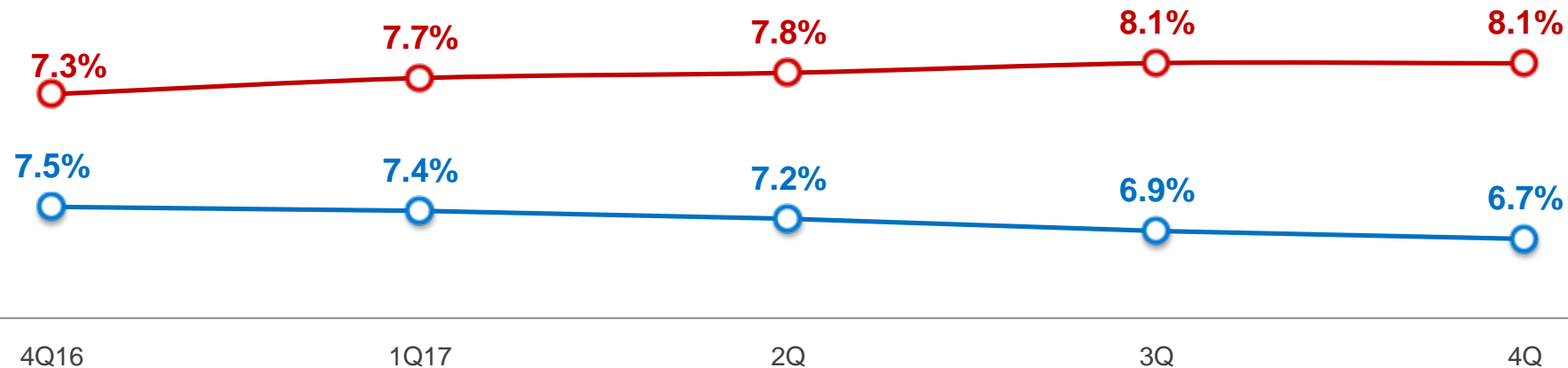
■ Recurring Net Income
 ■ Credit Intermediation
 ■ Fees
 ■ Securities/Others
 ■ Insurance
 ○— Earnings per Share (1)

(1) Shares were adjusted in accordance with bonuses and stock splits occurred in the periods.



Net Interest Income

R\$ million	4Q17	3Q17	12M17	12M16	Variation %			Pro-Forma
					4Q17 x 3Q17	4Q17x 4Q16	12M17 x 12M16	Variation % 12M17 x 12M16
- NII - Interest - earning Portion	15,661	15,436	62,775	63,059	1.5	(6.5)	(0.5)	(6.4)
Credit Intermediation	11,943	11,923	48,748	49,897	0.2	(10.9)	(2.3)	(9.6)
Insurance	1,460	1,503	5,637	5,895	(2.9)	(0.7)	(4.4)	(4.4)
Securities / Others	2,258	2,010	8,390	7,267	12.3	20.8	15.5	15.5
- NII - Non-Interest - earning Portion	120	102	478	659	17.6	(36.8)	(27.5)	(41.1)
Net Interest Income	15,781	15,538	63,253	63,718	1.6	(6.8)	(0.7)	(6.8)
Net Credit Intermediation	7,321	8,101	30,472	28,158	(9.6)	(7.1)	8.2	2.4



● Net Credit Intermediation Margin (12 months)

● 12 month interest-earning portion NIM = (Interest-earning portion of the NII/Average Assets - Repos - Permanent Assets)



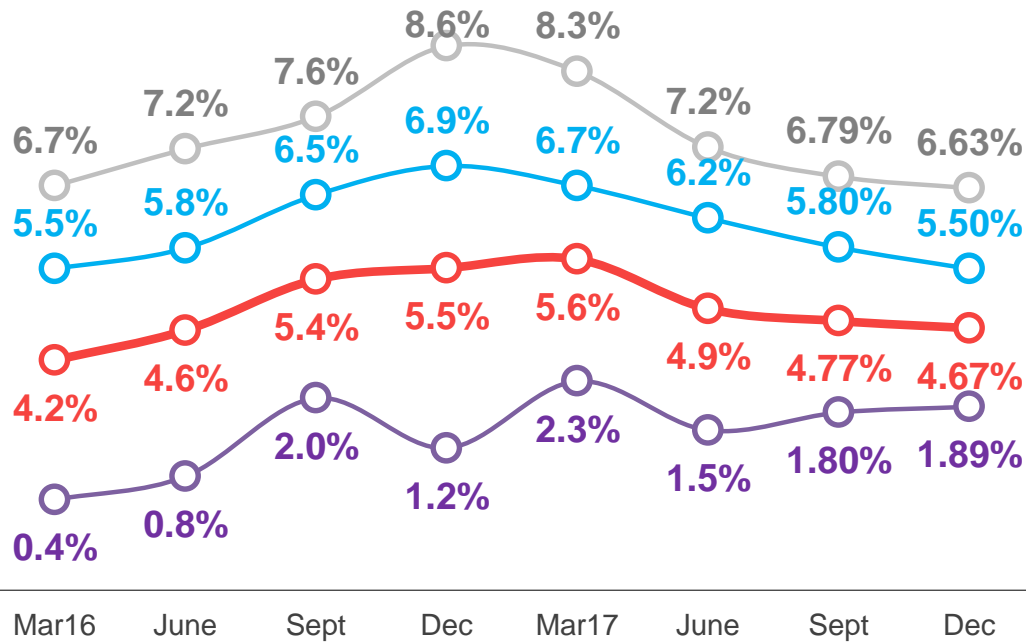
Expanded Loan Portfolio

R\$ million	Dec17	Sept17	Dec16	Variation %		% in relation to total Dec17
				Q-o-Q	Y-o-Y	
Companies	317,462	314,657	342,945	0.9	(7.4)	64.4
Large Corporates	225,248	223,801	240,410	0.6	(6.3)	45.7
Micro, Small and Medium-Sized Enterprises	92,214	90,856	102,535	1.5	(10.1)	18.7
Individuals	175,469	172,207	172,045	1.9	2.0	35.6
Payroll-deductible Loans	43,968	42,551	38,804	3.3	13.3	8.9
Credit Cards	34,437	32,867	35,622	4.8	(3.3)	7.0
Real Estate Financing	33,687	33,305	32,298	1.1	4.3	6.8
CDC / Vehicle Leasing	20,784	19,851	19,952	4.7	4.2	4.2
Personal Loans	16,877	17,122	18,437	(1.4)	(8.5)	3.4
Others	25,716	26,511	26,932	(3.0)	(4.5)	5.2
Expanded Loan Portfolio - Total	492,931	486,864	514,990	1.2	(4.3)	100.0

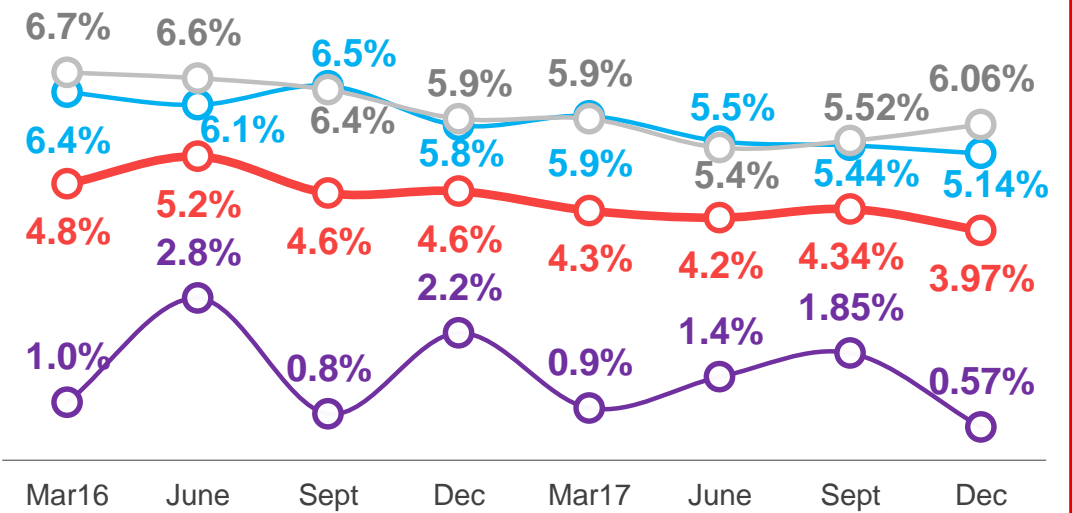


Delinquency Ratios

Delinquency over 90 days %



15-90 day delinquency ratio %

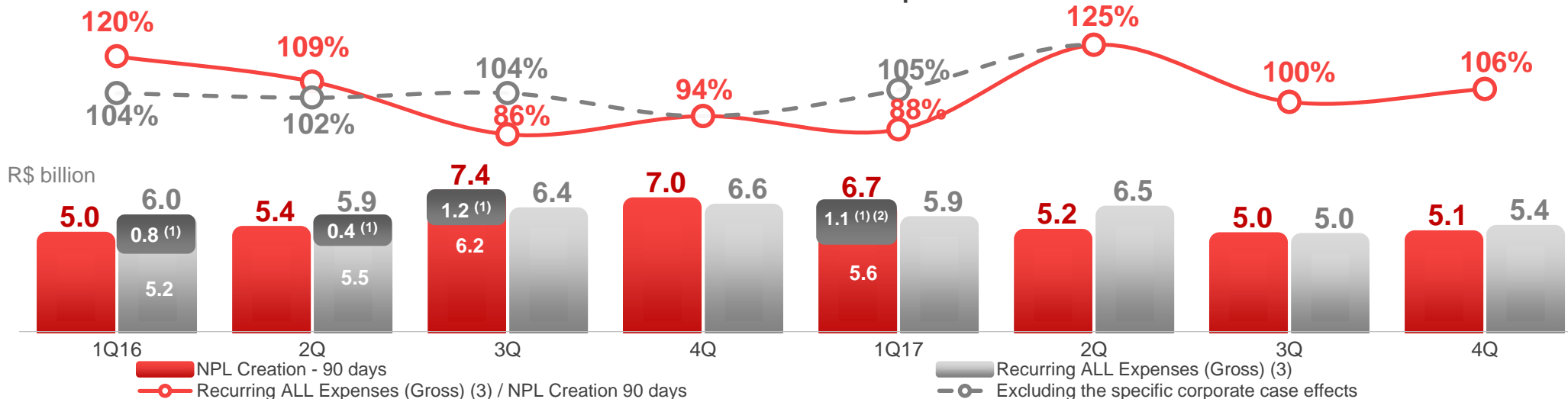


—○— Micro, Small and Medium-Sized Enterprises
 —○— Individuals
 —○— Total
 —○— Large Corporates

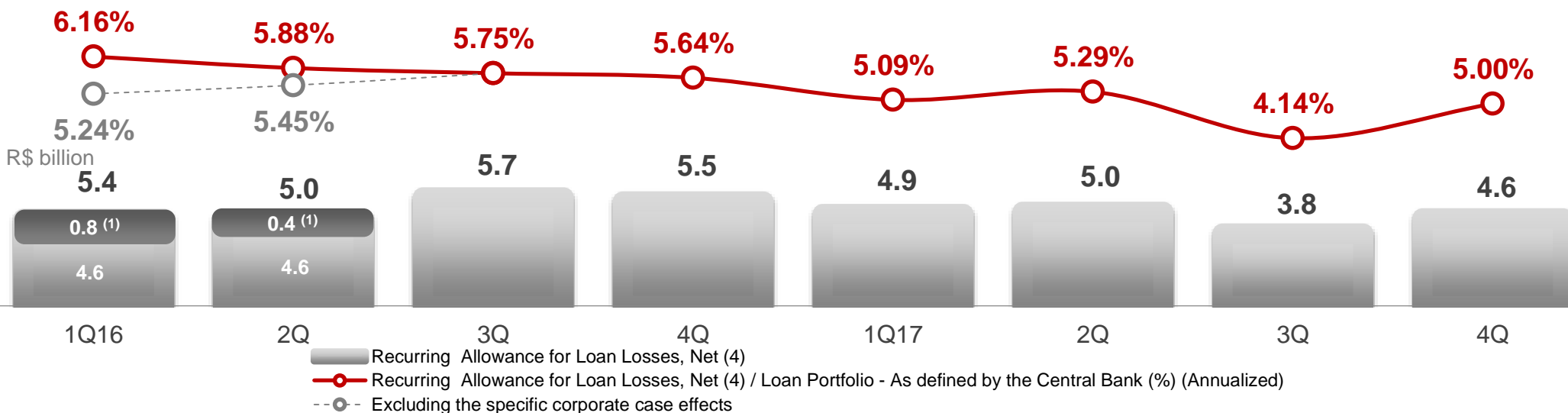


NPL Creation and Allowance for Loan Losses (ALL) Expenses

NPL Creation X ALL Expenses



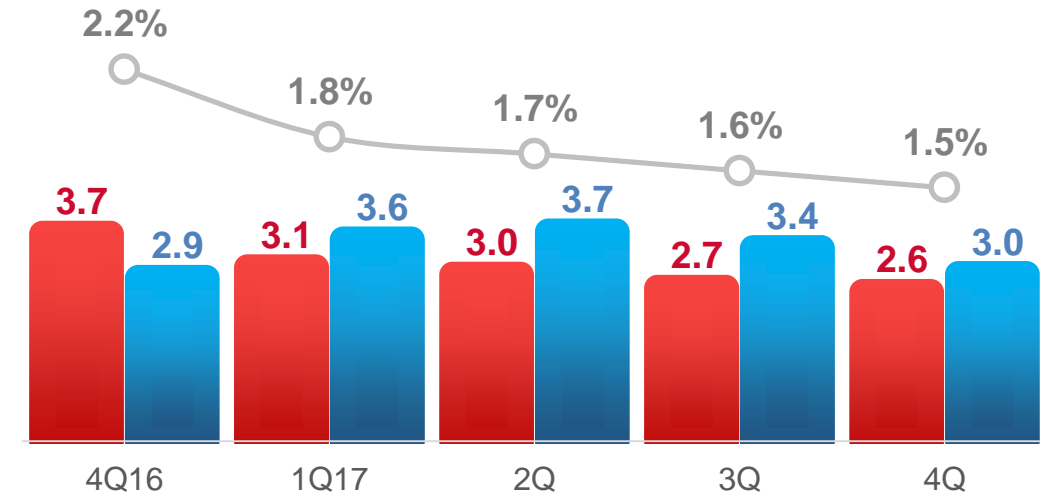
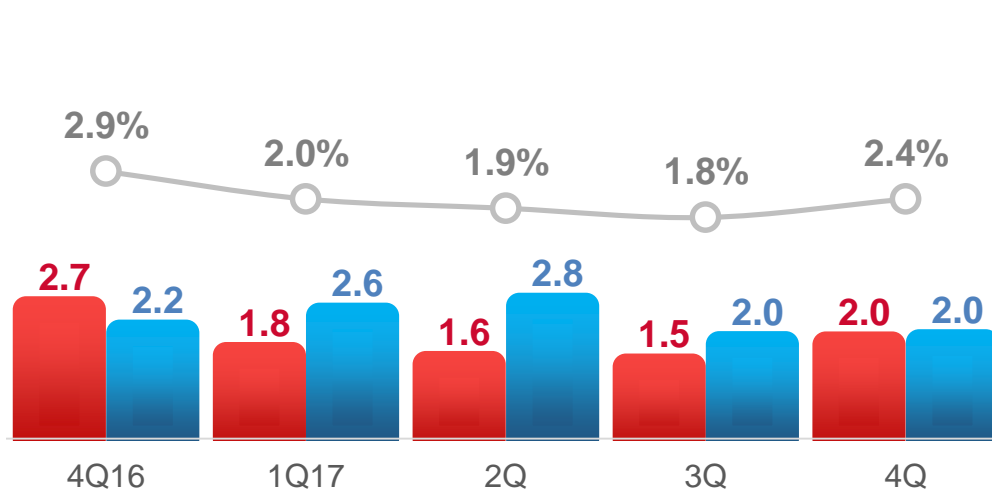
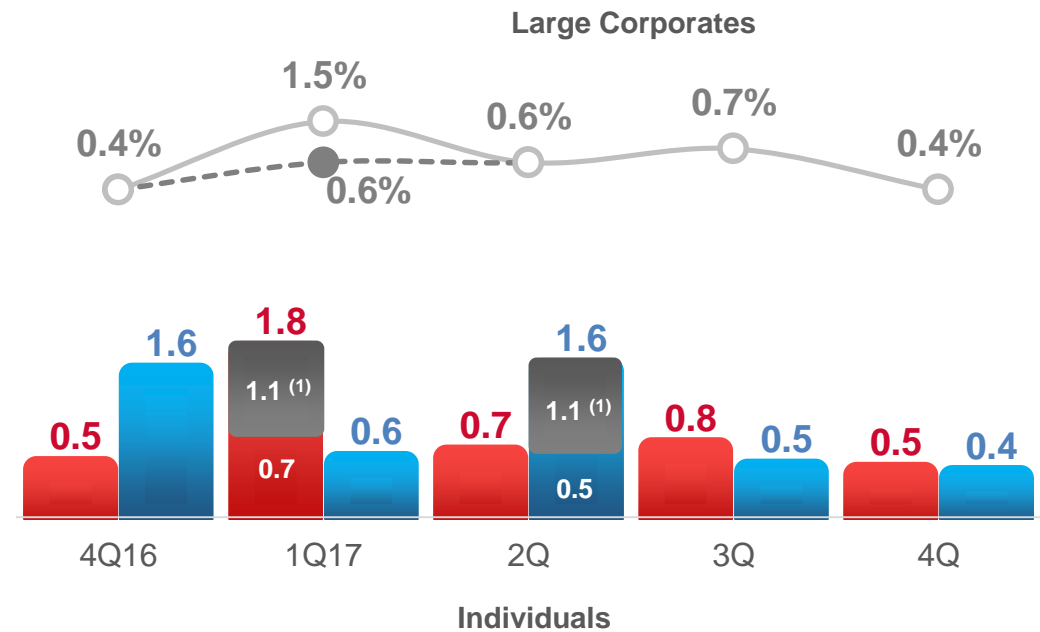
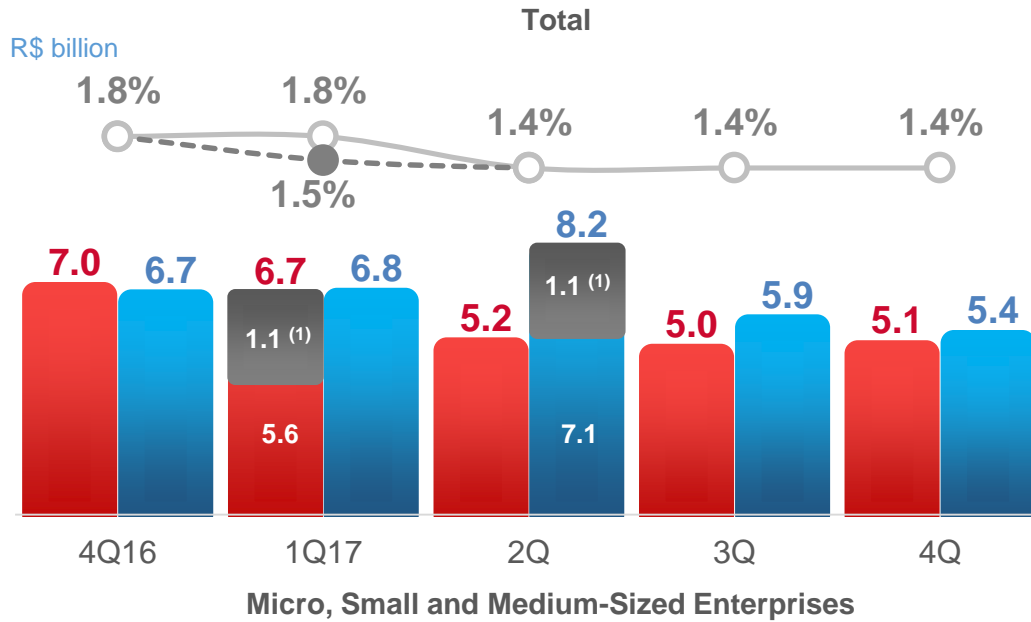
Allowance for Loan Losses (ALL) Expenses / Bacen Loan Portfolio



(1) Effect of the levelling of provisions for a specific corporate client; (2) Fully provisioned client; (3) Excluding non-recurring effects; and (4) Managerial criteria comprising income from credit recovery, sureties and guarantees, expenses with discounts granted and proceeds from sale of non-use assets.



90-day NPL Creation by Segment

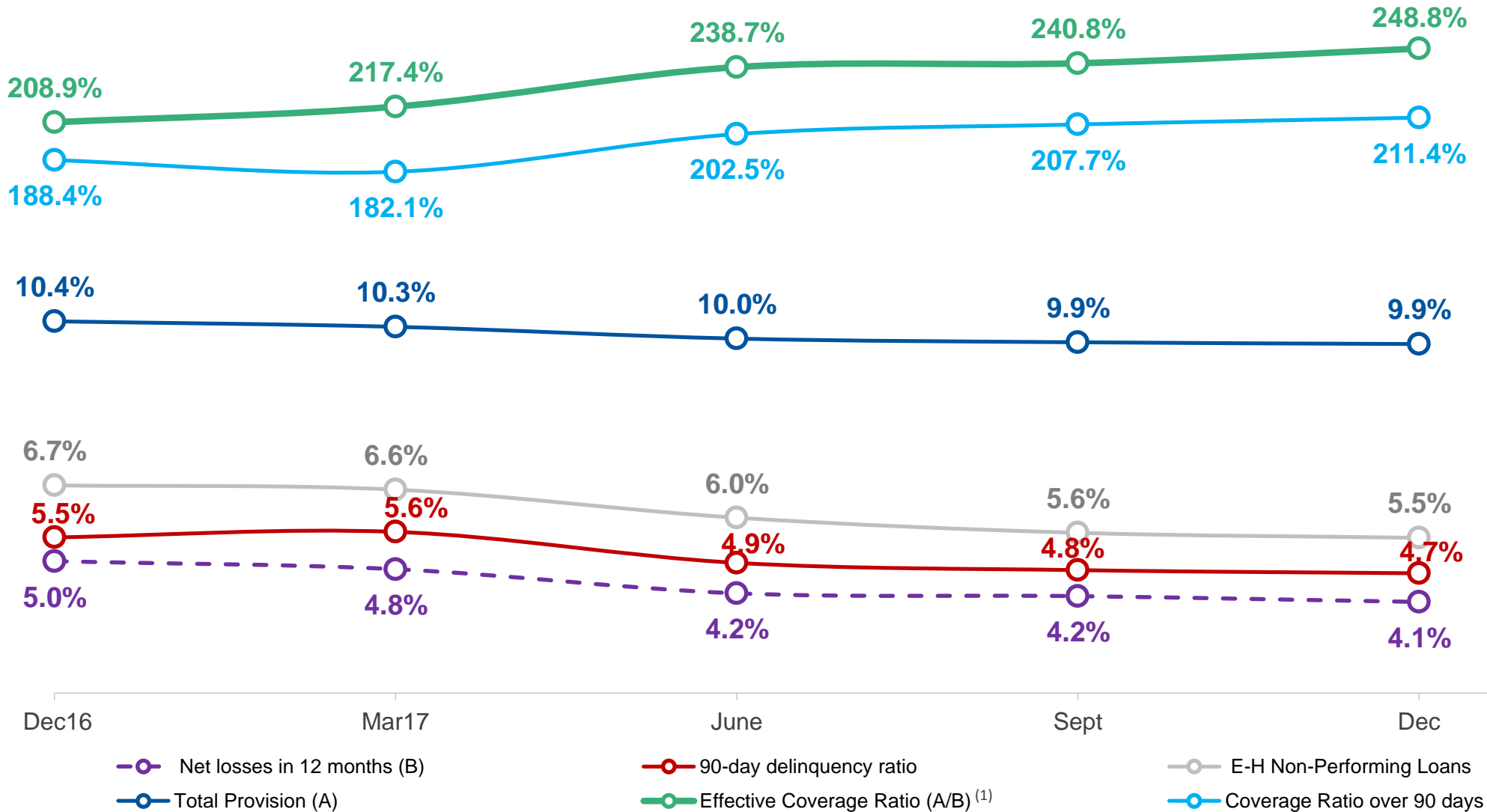


■ NPL Creation
 ■ Write-off
 ○ NPL Creation / Loan Portfolio - As defined by the Central Bank
 -●- Excluding the specific corporate case effects

(1) Effect of a specific corporate client.



Effective Coverage Ratio and Coverage Ratio Over 90 Days



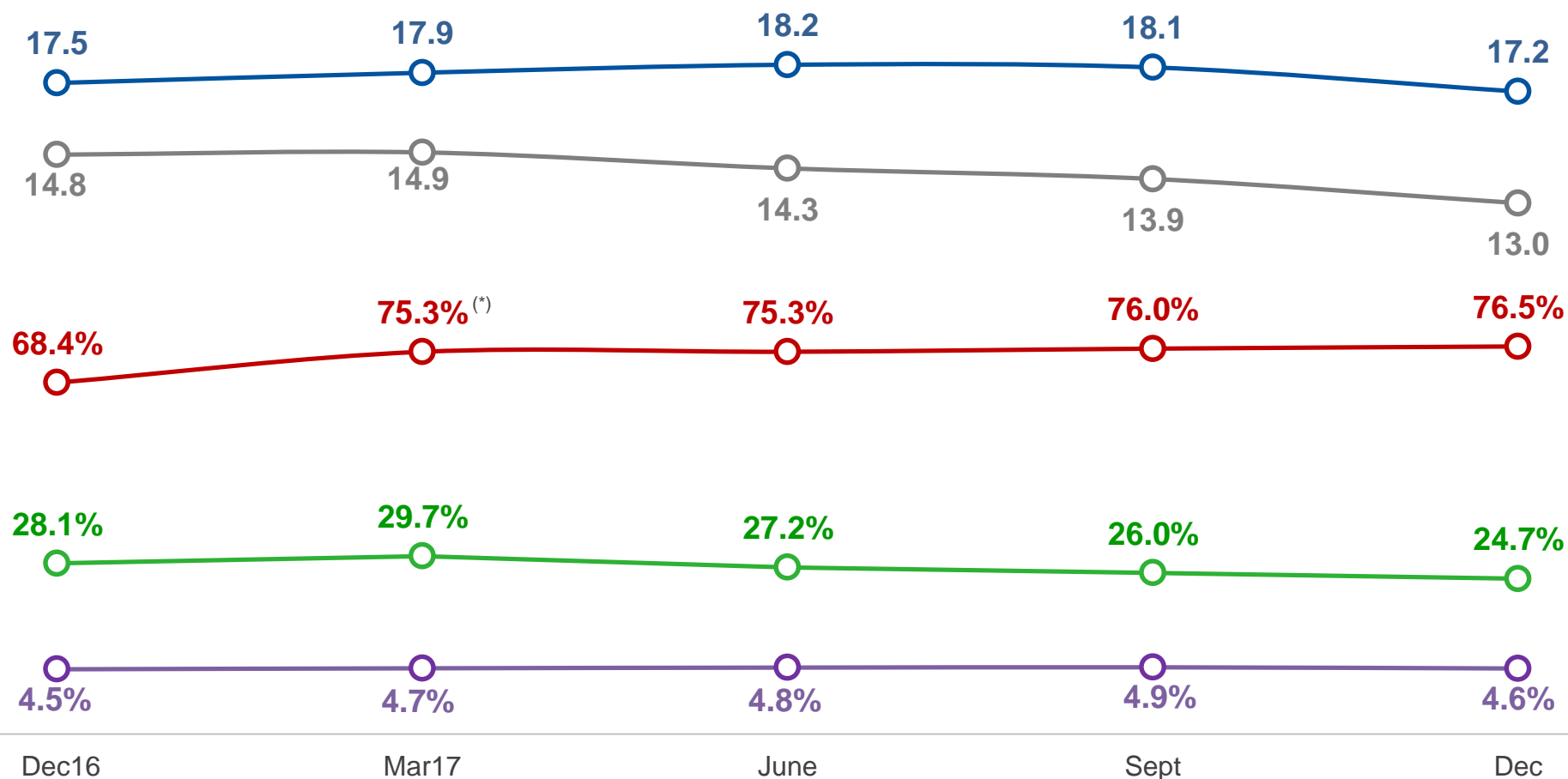
In Dec17:

- R\$6.9 bi Excess Provision.
- R\$21.4 bi Allowance for Loan Losses above net expected losses.

(1) Up to March 2017, includes allowance for guarantees provided.



Renegotiated Portfolio



Renegotiated Portfolio - R\$ billion

Renegotiated Portfolio (Excluding Loans from Write-offs) – R\$ billion

Allowance for Loan Losses as a % of the Total Renegotiated Portfolio

Total Renegotiated Portfolio / Loan Portfolio

90-day delinquency ratio

(*) The increase in the Allowance for Loan Losses on the renegotiated portfolio is due to the change in our internal criteria for allocating excess provision, without any impact on results.



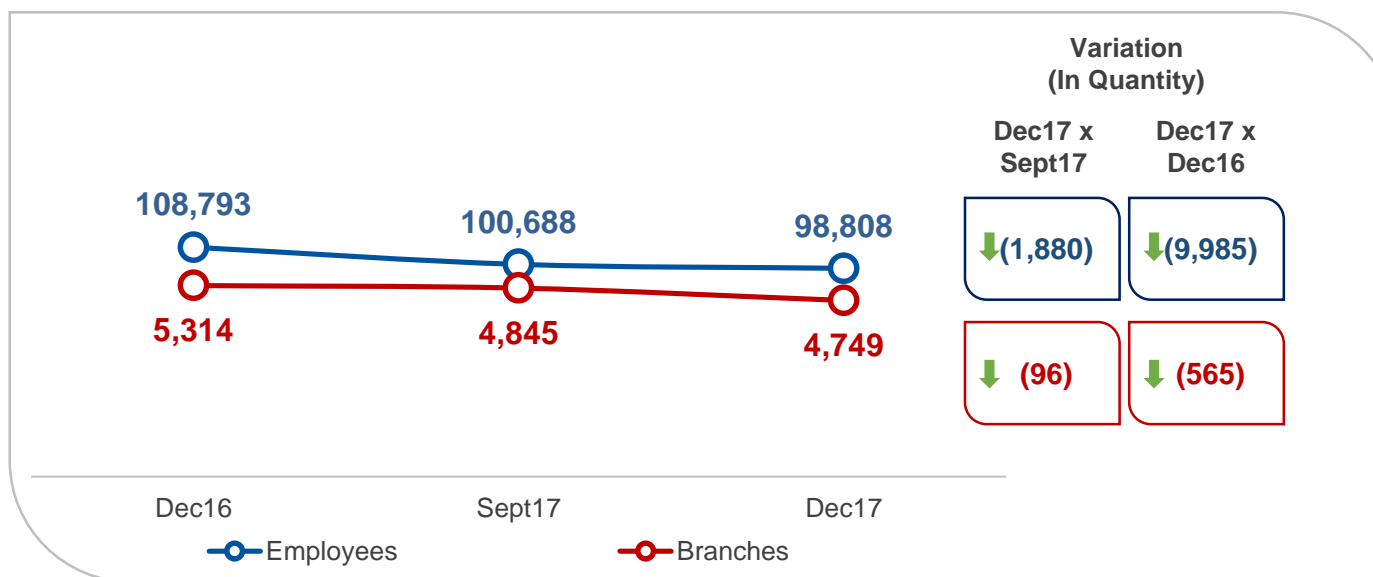
Fee and Commission Income

R\$ million	4Q17	3Q17	12M17	12M16	Variation %			Pro-Forma
					4Q17 x 3Q17	4Q17 x 4Q16	12M17 x 12M16	Variation % 12M17 x 12M16
Cards	2,949	2,789	11,025	10,374	5.7	5.4	6.3	3.6
Checking Accounts	1,727	1,679	6,658	6,012	2.9	6.4	10.7	5.0
Asset Management	944	977	3,731	3,090	(3.4)	10.9	20.7	16.2
Loans	761	718	2,984	2,811	6.0	12.2	6.2	(0.5)
Collections	512	501	1,966	1,778	2.2	7.3	10.6	2.4
Consortium Management	389	390	1,526	1,279	(0.3)	7.2	19.3	13.0
Custody and Brokerage Services	226	228	878	725	(0.9)	11.3	21.1	9.5
Underwriting / Financial Advisory Services	245	222	801	745	10.4	5.6	7.5	3.2
Payments	101	100	410	374	1.0	7.4	9.6	4.6
Others	208	218	831	837	(4.6)	(8.0)	(0.7)	(26.8)
Total	8,062	7,822	30,810	28,024	3.1	6.9	9.9	4.2

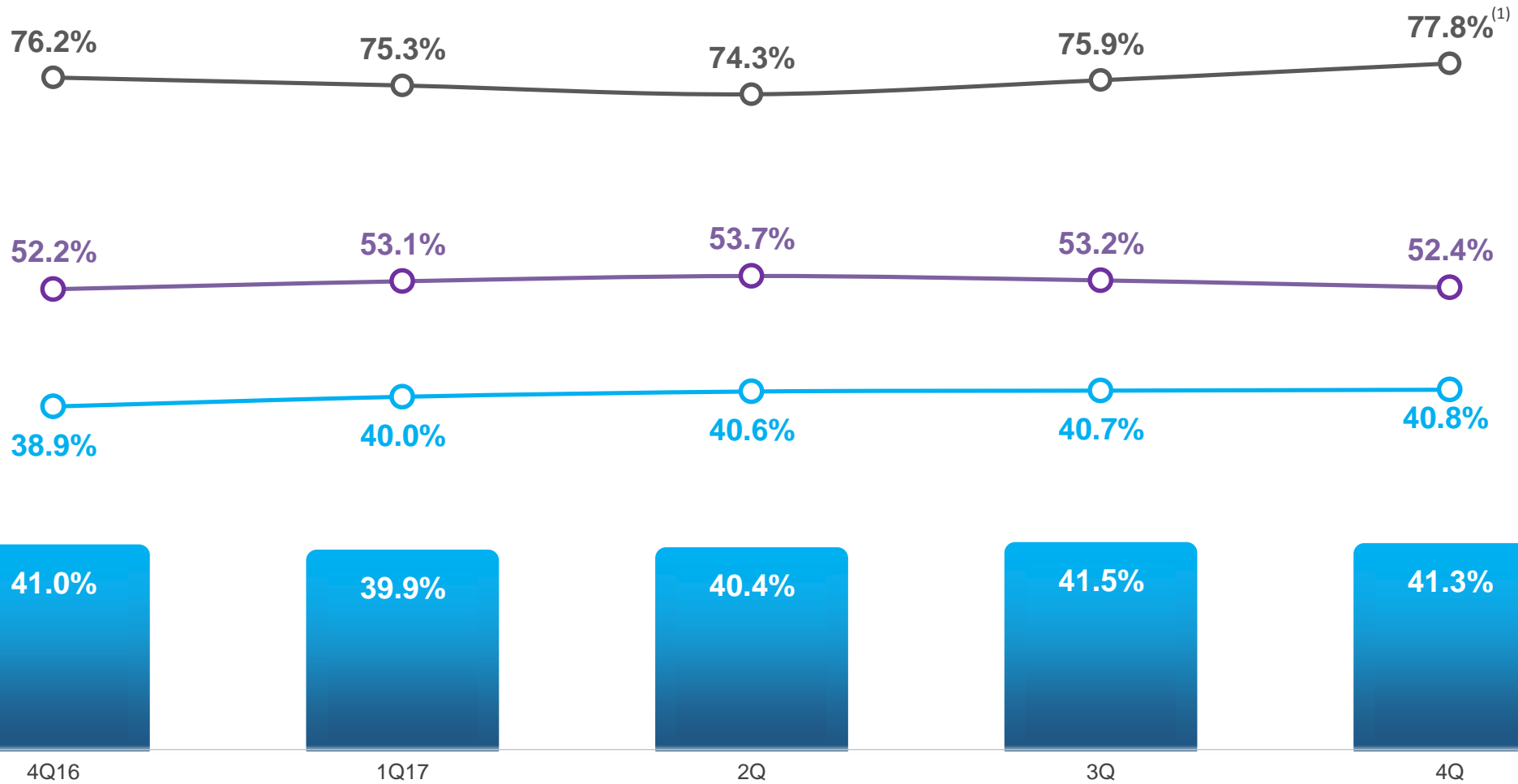


Operating Expenses

R\$ million	4Q17	3Q17	12M17	12M16	Variation %			Pro-Forma
					4Q17 x 3Q17	4Q17 x 4Q16	12M17 x 12M16	Variation % 12M17 x 12M16
Personnel	4,878	4,833	19,500	17,637	0.9	(3.8)	10.6	-
- Structural	4,025	4,022	16,063	14,378	0.1	(5.4)	11.7	(1.0)
- Non-Structural	853	811	3,437	3,259	5.2	4.8	5.5	5.2
Administrative	5,340	5,030	20,122	19,134	6.2	(1.3)	5.2	(5.7)
Total	10,218	9,863	39,622	36,771	3.6	(2.5)	7.8	(2.9)



Efficiency and Operating Coverage Ratios



- Quarterly Efficiency Ratio - excluding the effect of impairment of financial assets
- 12 - Month Risk-Adjusted Efficiency Ratio (Includes Allowance for Loan Losses Expenses + Impairment)
- 12 Month - Operating coverage ratio (Fee and Commission Income / Administrative and Personnel Expenses)
- 12-month efficiency ratio - excluding the effect of impairment of financial assets

(1) Quarterly index 78.9%.



Income from Insurance, Pension Plans and Capitalization Bonds

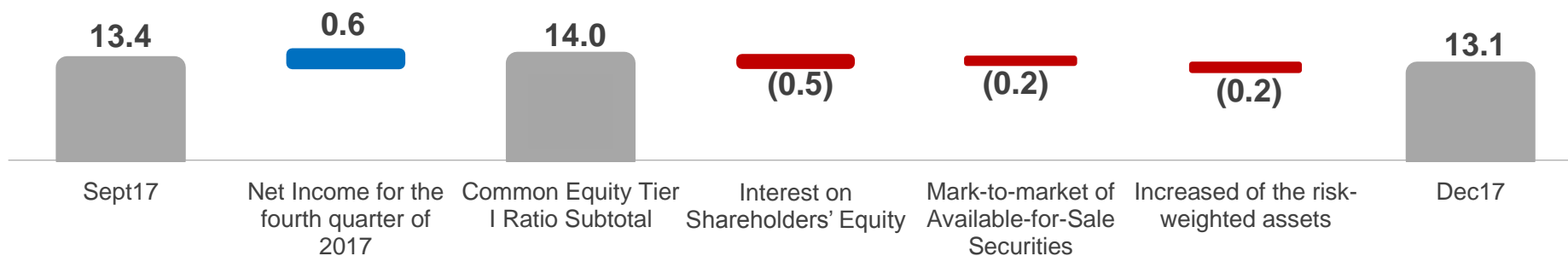
R\$ million	4Q17	3Q17	12M17	12M16	Variation %			Pro-Forma
					4Q17 x 3Q17	4Q17 x 4Q16	12M17 x 12M16	Variation % 12M17 x 12M16
Life and Pension Plans	12,394	9,540	40,647	37,381	29.9	(1.3)	8.7	5.3
Health	6,041	5,957	23,660	22,127	1.4	5.2	6.9	6.9
Auto/P&C	1,296	1,558	5,930	6,048	(16.8)	(9.7)	(2.0)	(2.0)
Capitalization Bonds	1,461	1,582	6,052	5,863	(7.6)	(3.6)	3.2	(0.9)
Overall Income	21,192	18,637	76,289	71,419	13.7	(0.3)	6.8	4.6
Financial Assets	272,612	266,232	272,612	242,063	2.4	12.6	12.6	
Technical Provisions	246,653	239,287	246,653	223,342	3.1	10.4	10.4	
Shareholders' Equity	32,665	31,901	32,665	27,269	2.4	19.8	19.8	
Net Income	1,407	1,483	5,534	5,551	(5.1)	(6.5)	(0.3)	
ROAE	19.4%	20.9%	19.1%	23.0%	(1.5) p.p.	(5.5) p.p.	(3.9) p.p.	



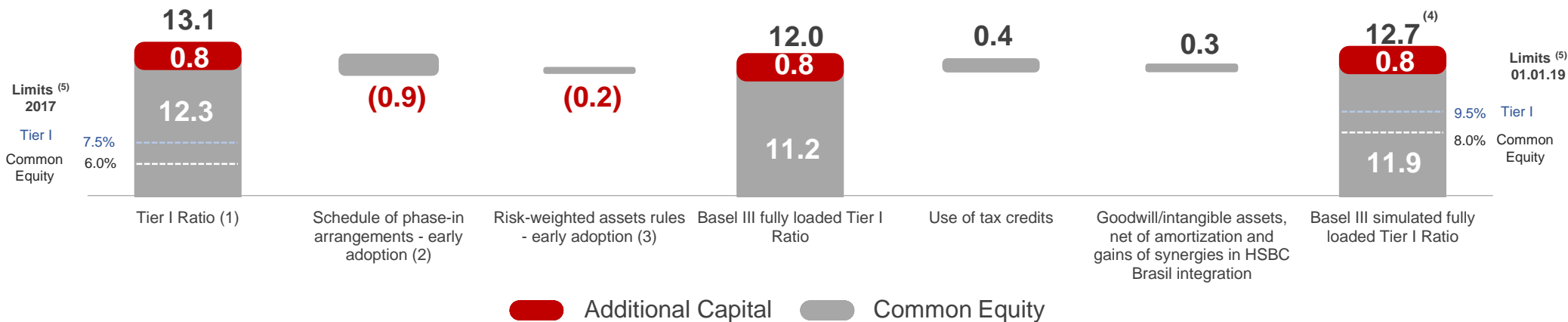
BIS Ratio

%

Changes in the Tier I Ratio in the Quarter



Fully Loaded Bis III Ratio



(1) Published (Schedule 80%); (2) Effect of the full impact. Also includes, the Goodwill / Intangible assets stock paid for the acquisition of HSBC Brasil, net of amortizations and the allocation of resources, obtained via payment of dividends, by the Insurance Group; (3) Considers the decrease in the market and operational risks multiplier (early adoption), from 9.250% to 8% in 2019; (4) If the bank exercises the possibility of issuance of additional capital by 2018 (if there were market conditions), the Tier I capital ratio would reach 13.4%; and (5) They refer to the minimum required ratio, in accordance with Resolution No. 4,193/13, added to the additional capital installments established by Circular Letters No. 3,768/15 and No. 3,769/15.



Guidance

	Guidance 2017 - "Pro-forma" ⁽¹⁾		Guidance 2018
	Disclosed ⁽²⁾	Actual Performance	
Expanded Loan Portfolio	-5 to -1%	-4.3%	3 to 7%
NII - Interest-Earning Portion	-5 to -1%	-6.4%	-4 to 0%
Fee and Commission Income	2 to 6%	4.2%	4 to 8%
Operating Expenses (Administrative and Personnel Expenses)	-4 to 0%	-2.9%	-2 to 2%
Insurance Premiums	4 to 8%	4.6%	4 to 8%
Allowance for Loan Losses Expenses (Includes income from credit recovery)	R\$18 bi to R\$21 bi	R\$18.3 bi	-
Allowance for Loan Losses Expenses + Impairment of Financial Assets (Includes income from credit recovery)	-	R\$20.8 bi	R\$16 bi to R\$19 bi

(1) Includes the incorporation of HSBC Brasil during the entire period of analysis to favor the comparability; and

(2) Revised July 2017.





Bradesco