

1Q18

Earning Results



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MEMBER OF **Dow Jones Sustainability Indices**
In Collaboration with RobecoSAM

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Highlights

- **Recurring Net Income 1Q18** of R\$5.1 bi. Evolution of 9.8% p.a. and ROE of 18.6%. Highlight to the Operating Income that grew 16.4% p.a.
- **Delinquency** continued improving, with a reduction of 0.3 p.p. in the quarter. Highlight for individuals and PMEs
- **Expanded ALL** reduced 28.0% in the quarter, with a drop in the PDD and in the impairment.
- **Operating Expenses** presenting a good performance reducing 0.4% p.a.
- **Portfolio of Expanded Credit** presented a reduction of 3.2% p.a. The drop is due to the segment of large corporates. The mass-product portfolios (Prime and Retail) grew 6.4% p.a.
- **Interest Margin** in line with the guidance, presenting a drop of 2.6% p.a.

R\$ billion	1Q18	Variation %	
		1Q18 x 4Q17	1Q18 x 1Q17
Recurring Net Income	R\$ 5.1	4.9%	9.8%
Expanded ALL	R\$ 3.9	(28.0)%	(26.3)%
Fee and Commission Income	R\$ 7.8	(2.9)%	5.4%
Operating Expenses	R\$ 9.6	(5.7)%	(0.4)%
Insurance Premiums	R\$ 17.6	(17.1)%	(2.1)%
Annualized Return on Average Equity (ROE)	18.6%	0.6 p.p.	0.3 p.p.
Annualized Return on Average Assets (ROA)	1.6%	0.1 p.p.	0.2 p.p.
Tier I Capital	12.4%	(0.7) p.p.	0.4 p.p.
Delinquency Ratio over 90 days	4.4%	(0.3) p.p.	(1.2) p.p.



Recurring Net Income x Book Net Income

R\$ million	1Q18	4Q17	1Q17
Recurring Net Income	5,102	4,862	4,648
Non-Recurring Events	(635)	(1,069)	(577)
- Goodwill amortization (Gross)	(607)	(600)	(554)
- Other (1)	(28)	(469)	(23)
Book Net Income	4,467	3,793	4,071

(1) Consisting basically of contingent liabilities, and in the 4Q17, includes: (a) impairment of non-financial assets, in the amount of R\$278 million; (b) special tax regularization program (PERT), in the amount of R\$49 million; and (c) program of incentivized installment (PPI), in the amount of R\$62 million. Net of tax effects.



Recurring Income Statement, Total Assets, Shareholders' Equity and Returns

R\$ million

Recurring Income Statement	1Q18	4Q17	1Q17	Variation %	
				1Q18 x 4Q17	1Q18 x 1Q17
Net Interest Income	15,686	15,813	16,036	(0.8)	(2.2)
- NII - Interest - earning Portion	15,493	15,661	15,900	(1.1)	(2.6)
- NII - Non-Interest - earning Portion (1)	193	152	136	27.0	41.9
Expanded ALL	(3,892)	(5,405)	(5,282)	(28.0)	(26.3)
ALL Expenses	(4,599)	(5,414)	(5,896)	(15.1)	(22.0)
Income from Credit Recovery	1,447	1,593	1,541	(9.2)	(6.1)
Discounts Granted / Other (2)	(485)	(801)	(507)	(39.5)	(4.3)
Impairment of Financial Assets	(255)	(783)	(420)	(67.4)	(39.3)
Gross Income from Financial Intermediation	11,794	10,408	10,754	13.3	9.7
Income from Insurance, Pension Plans and Capitalization Bonds (3)	1,515	1,873	1,627	(19.1)	(6.9)
Fee and Commission Income	7,831	8,062	7,430	(2.9)	5.4
Operating Expenses	(9,639)	(10,218)	(9,676)	(5.7)	(0.4)
Tax Expenses	(1,821)	(1,758)	(1,772)	3.6	2.8
Other Operating Income / (Expenses)	(2,010)	(1,893)	(1,775)	6.2	13.2
Operating Income	7,670	6,474	6,588	18.5	16.4
Income Tax / Social Contribution	(2,483)	(1,543)	(1,839)	60.9	35.0
Non-Operating Income / Non-controlling interests in subsidiaries	(85)	(69)	(101)	23.2	(15.8)
Recurring Net Income	5,102	4,862	4,648	4.9	9.8
Shareholders' Equity	113,776	110,457	104,558	3.0	8.8
Assets	1,303,842	1,298,328	1,294,139	0.4	0.7
ROAE	18.6%	18.0%	18.3%	0.6 p.p.	0.3 p.p.
ROAA	1.6%	1.5%	1.4%	0.1 p.p.	0.2 p.p.

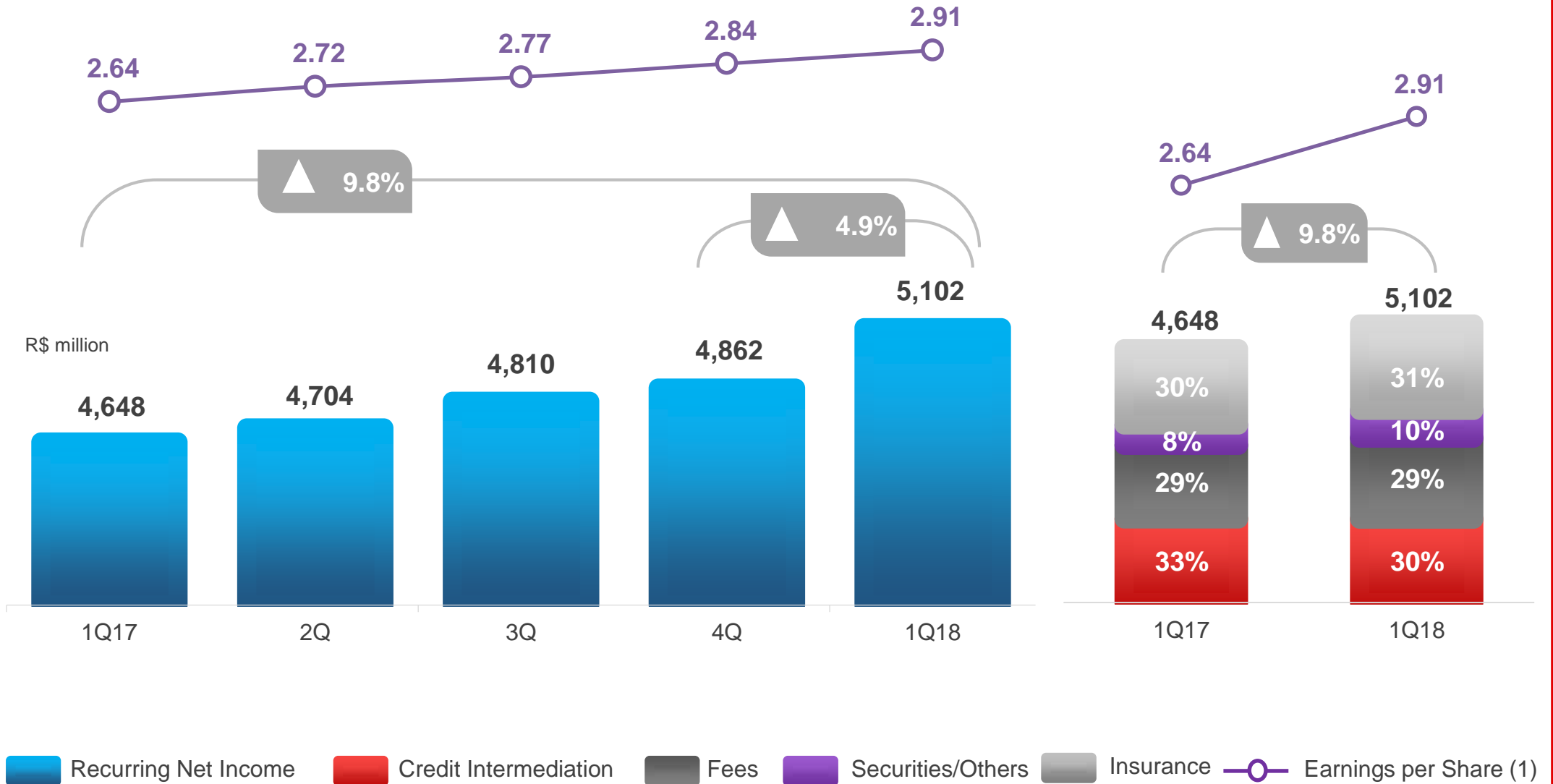
(1) Includes impairment of financial assets without characteristic of credit;

(2) Includes the result with BNDU and provision to sureties and guarantees; and

(3) Income from Insurance, Pension Plans and Capitalization Bonds = Retained Premiums from Insurance, Pension Plans and Capitalization Bonds (-) Variation in technical reserves for Insurance, Pension Plans and Capitalization Bonds (-) Retained Claims - Capitalization Bond Draws and Redemptions (-) Insurance Plan, Pension Plan and Capitalization Bond Selling Expenses.



Recurring Net Income and Earnings per Share

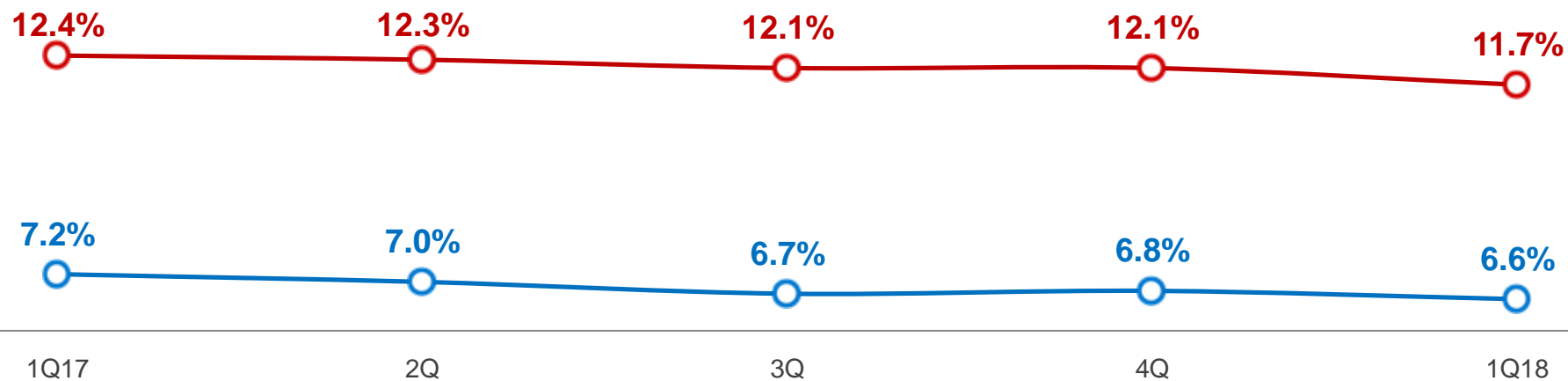


(1) In the last 12 months - Shares were adjusted in accordance with bonuses and stock splits in the periods.



Net Interest Income

R\$ million	Variation %				
	1Q18	4Q17	1Q17	1Q18 x 4Q17	1Q18 x 1Q17
- NII - Interest - earning Portion	15,493	15,661	15,900	(1.1)	(2.6)
Credit Intermediation	11,690	12,129	12,781	(3.6)	(8.5)
Insurance	1,526	1,460	1,481	4.5	3.0
ALM / Other	2,277	2,072	1,638	9.9	39.0
- NII - Non-Interest - earning Portion	193	152	136	27.0	41.9
Net Interest Income	15,686	15,813	16,036	(0.8)	(2.2)
Net Credit Intermediation	7,798	6,724	7,499	16.0	4.0



○ Quarterly average interest-earning credit intermediation

○ Quarterly average interest-earning portion NIM



Loan Portfolio (Bacen) x Expanded Loan Portfolio

R\$ million	Mar18	Dec17	Mar17	Variation %	
				Q-o-Q	Y-o-Y
Individuals	176,879	174,537	170,726	1.3	3.6
Companies	194,520	195,542	211,225	(0.5)	(7.9)
Total Loan Portfolio - Bacen	371,399	370,079	381,950	0.4	(2.8)
Sureties and Guarantees	72,676	78,867	75,951	(7.8)	(4.3)
Debentures and Promissory Note	38,336	39,980	42,385	(4.1)	(9.6)
Other (1)	4,234	4,005	2,428	5.7	74.4
Total Expanded Loan Portfolio / Segment	486,645	492,931	502,714	(1.3)	(3.2)
Retail	129,248	125,470	121,079	3.0	6.7
Prime	45,180	43,557	42,870	3.7	5.4
Corporate (2)	217,294	225,993	236,816	(3.8)	(8.2)
Middle Market	44,771	45,672	48,917	(2.0)	(8.5)
Other / Non-checking account holders (3)	50,152	52,240	53,033	(4.0)	(5.4)

(1) It considers letter of credit, advances of credit card receivables and co-obligation in the assignment of CRI and rural credit;

(2) In the vision of the segment it includes co-obligations in credits granted and other operations not considered in the vision per client size (large corporates portfolio); and

(3) It consists, mostly, of non-account holders, originating from the credit cards, payroll-deductible loans and financing of vehicles activities.



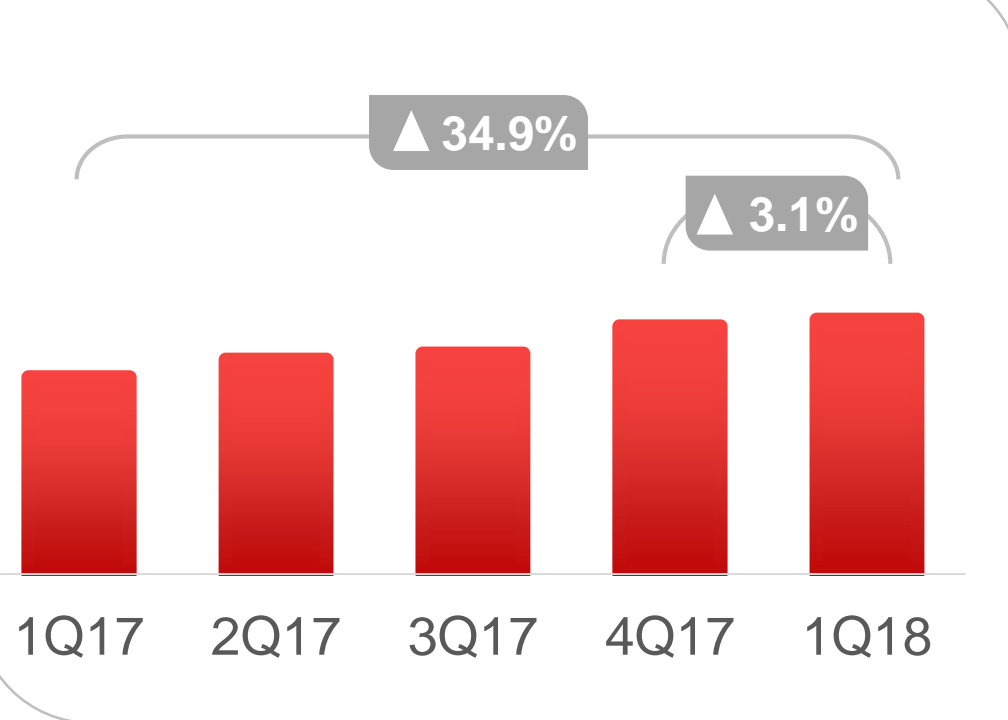
Expanded Loan Portfolio

R\$ million	Mar18	Dec17	Mar17	Variation %		% in relation to total Mar18
				Q-o-Q	Y-o-Y	
Companies	308,831	317,462	330,894	(2.7)	(6.7)	63.5
Large Corporates	216,907	225,248	234,444	(3.7)	(7.5)	44.6
Micro, Small and Medium-Sized Enterprises	91,924	92,214	96,450	(0.3)	(4.7)	18.9
Individuals	177,814	175,469	171,820	1.3	3.5	36.5
Payroll-deductible Loans	45,281	43,968	39,937	3.0	13.4	9.3
Real Estate Financing	34,396	33,687	32,589	2.1	5.5	7.1
Credit Cards	32,982	34,437	34,018	(4.2)	(3.0)	6.8
CDC / Vehicle Leasing	21,584	20,784	19,526	3.8	10.5	4.4
Personal Loans	17,581	16,877	17,761	4.2	(1.0)	3.6
Others	25,990	25,716	27,989	1.1	(7.1)	5.3
Expanded Loan Portfolio - Total	486,645	492,931	502,714	(1.3)	(3.2)	100.0

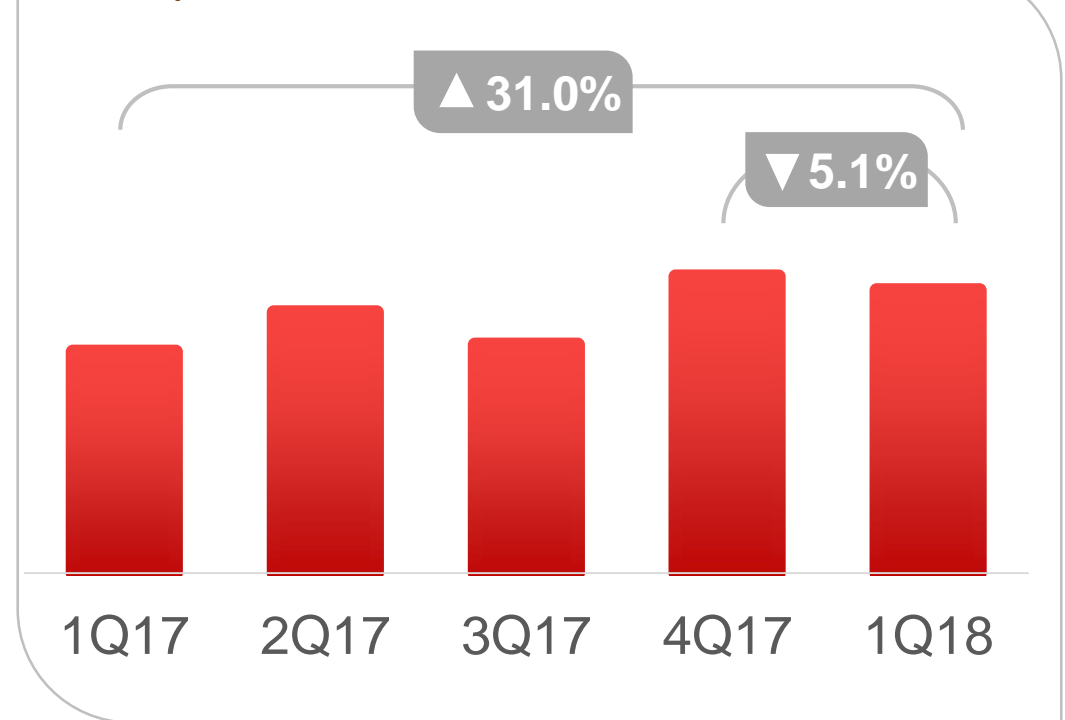


Loan Origination per Business Day – Earmarked and non-earmarked loans

Individuals



Companies

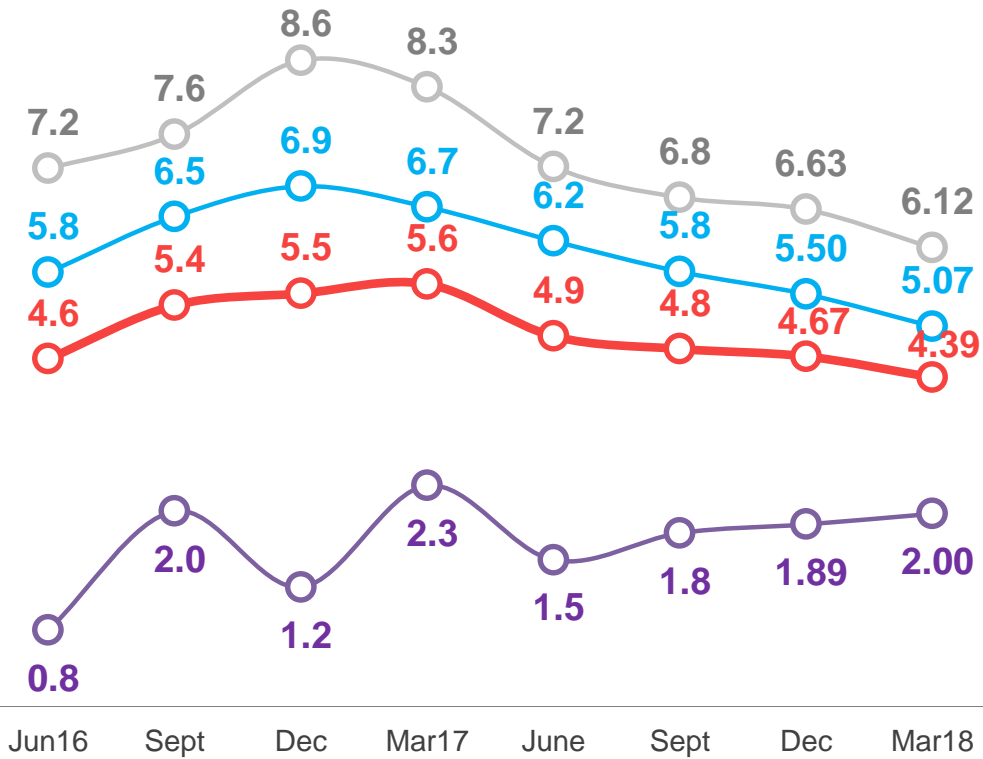


Note: Does not include sureties and guarantees, debentures, foreign exchange products and limits.

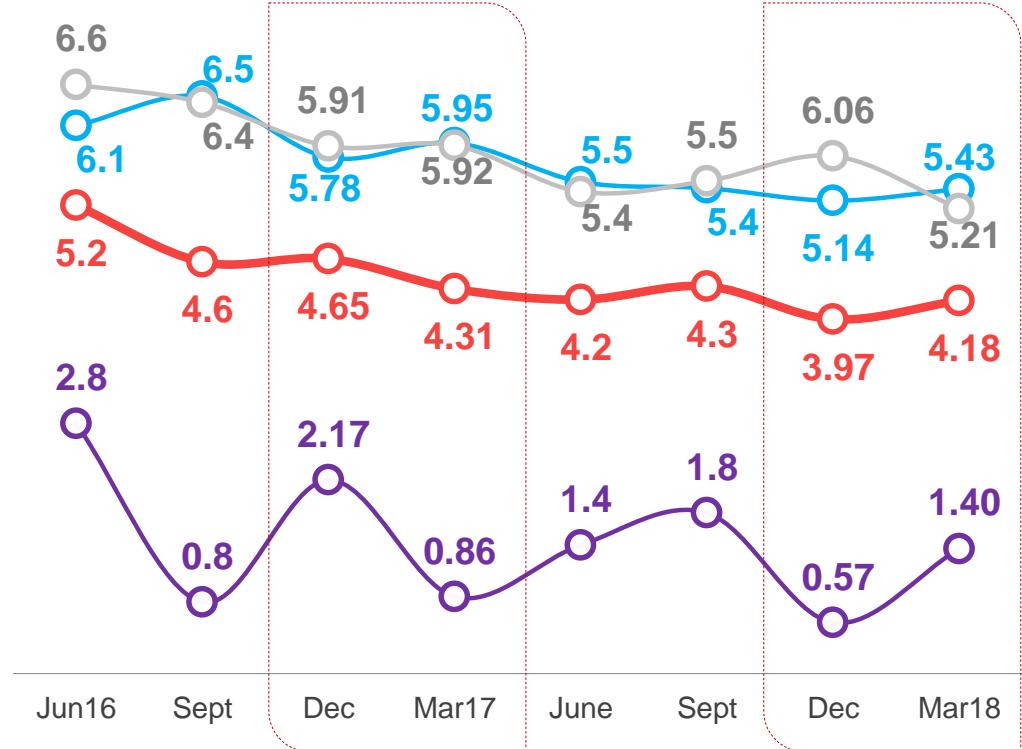


Delinquency Ratios

Over 90 days %



15-90 days %



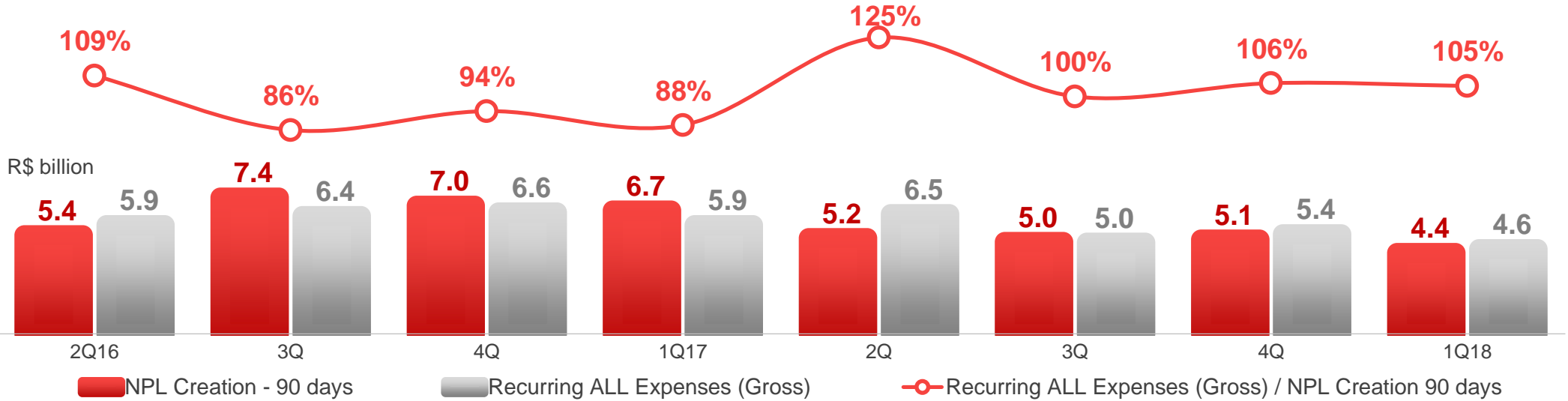
○ Micro, Small and Medium-Sized Enterprises
 ○ Individuals
 ○ Total
 ○ Large Corporates

CONFERENCE CALL – 1Q18

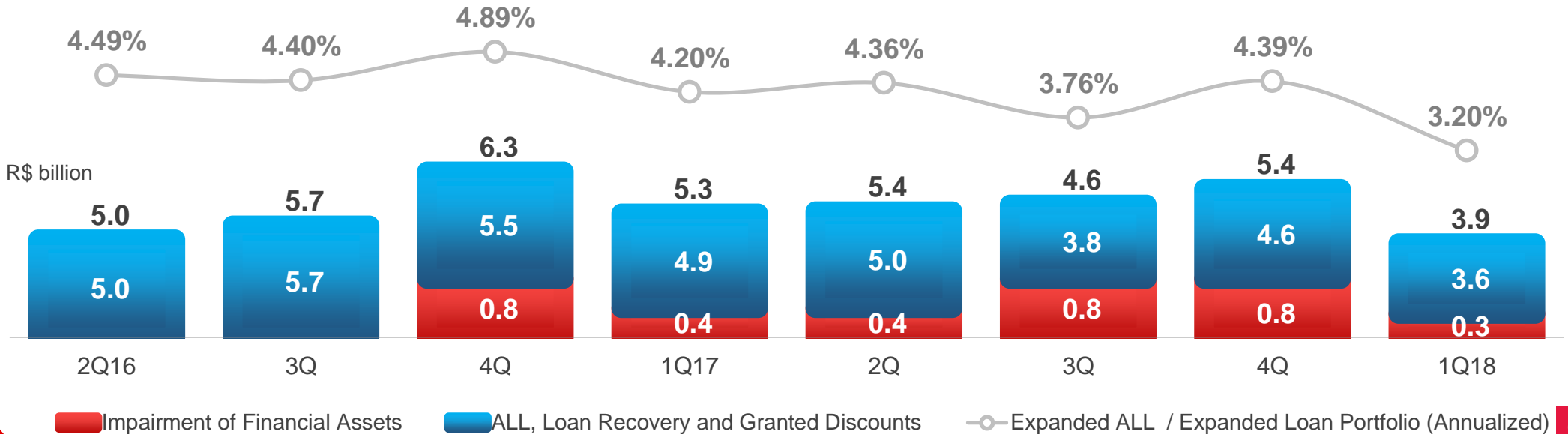


NPL Creation and Allowance for Loan Losses (ALL) Expenses

NPL Creation - 90 days X ALL Expenses - Recurring



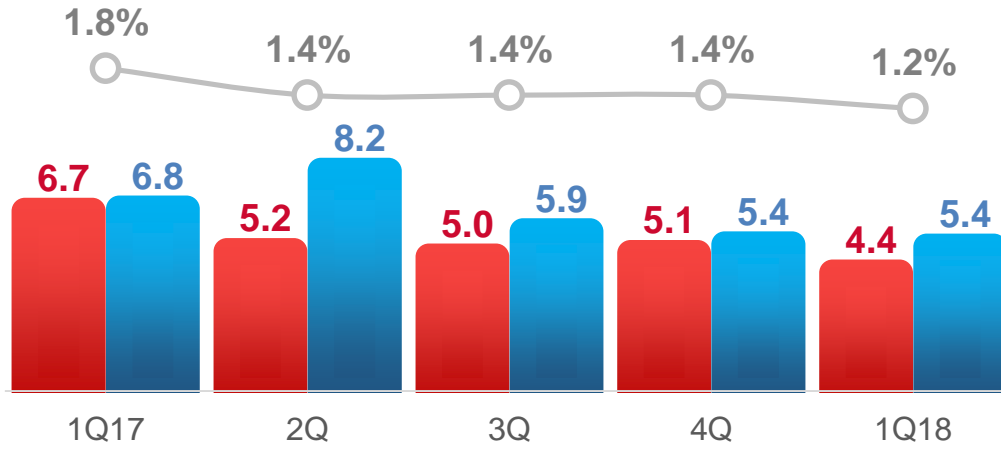
Expanded ALL / Expanded Loan Portfolio



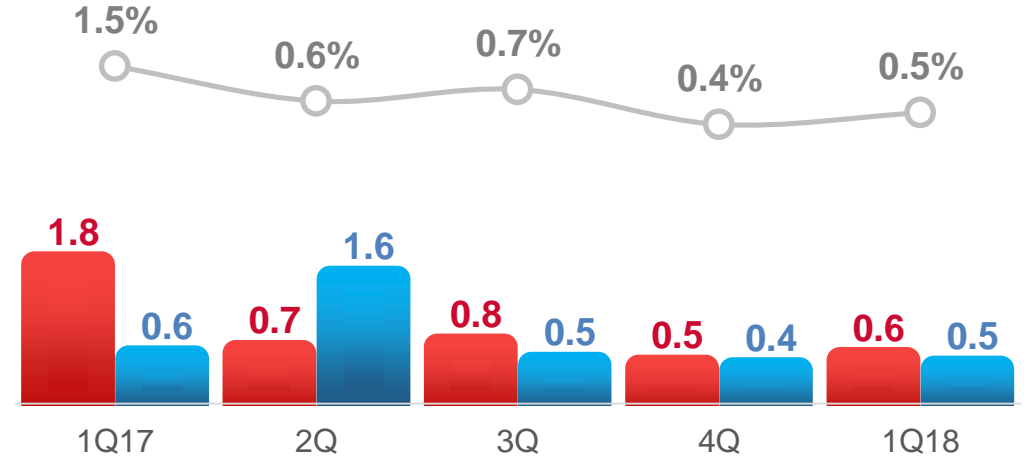
90-day NPL Creation by Segment

R\$ billion

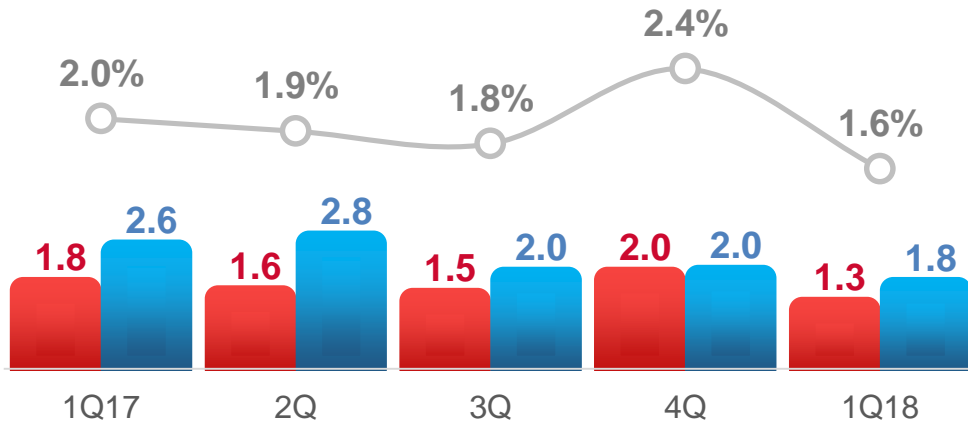
Total



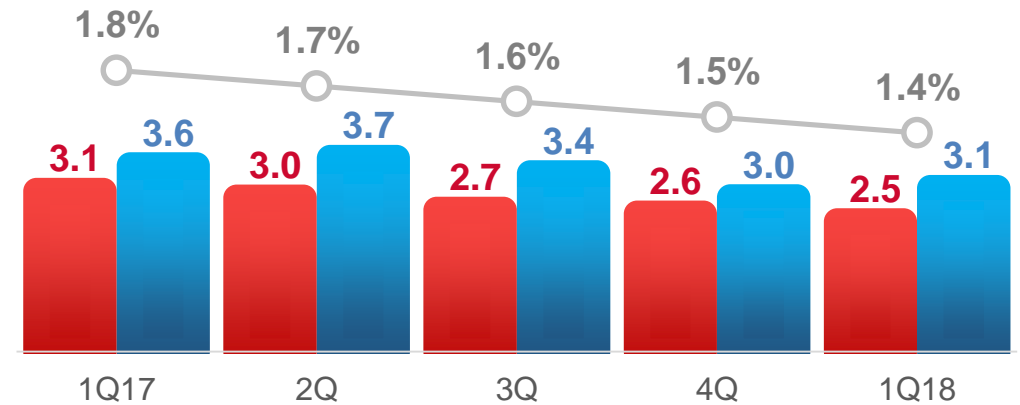
Large Corporates



Micro, Small and Medium-Sized Enterprises



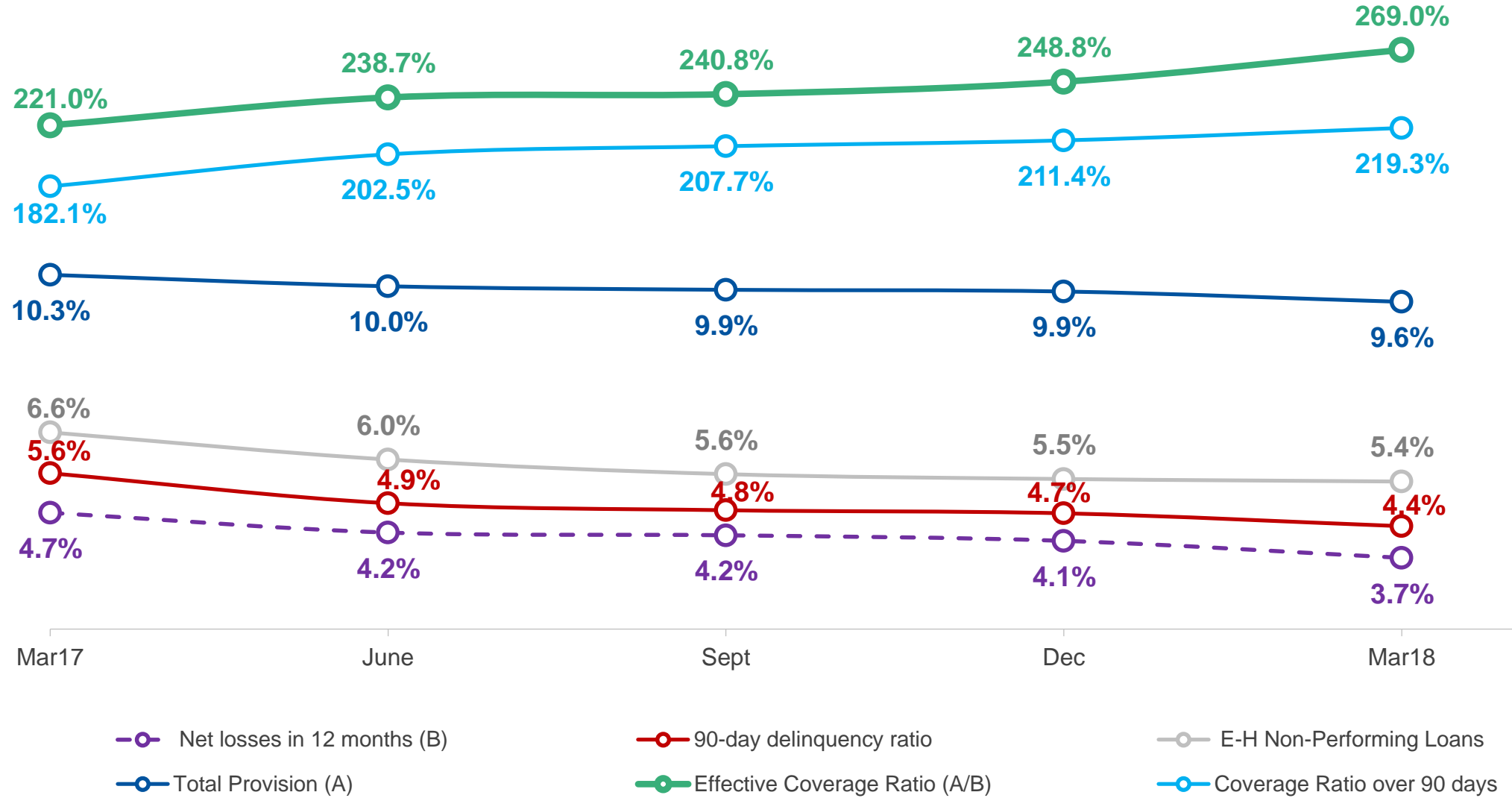
Individuals



■ NPL Creation
 ■ Write-offs
 ○ NPL Creation / Loan Portfolio - As defined by the Central Bank



Effective Coverage Ratio and Coverage Ratio Over 90 Days



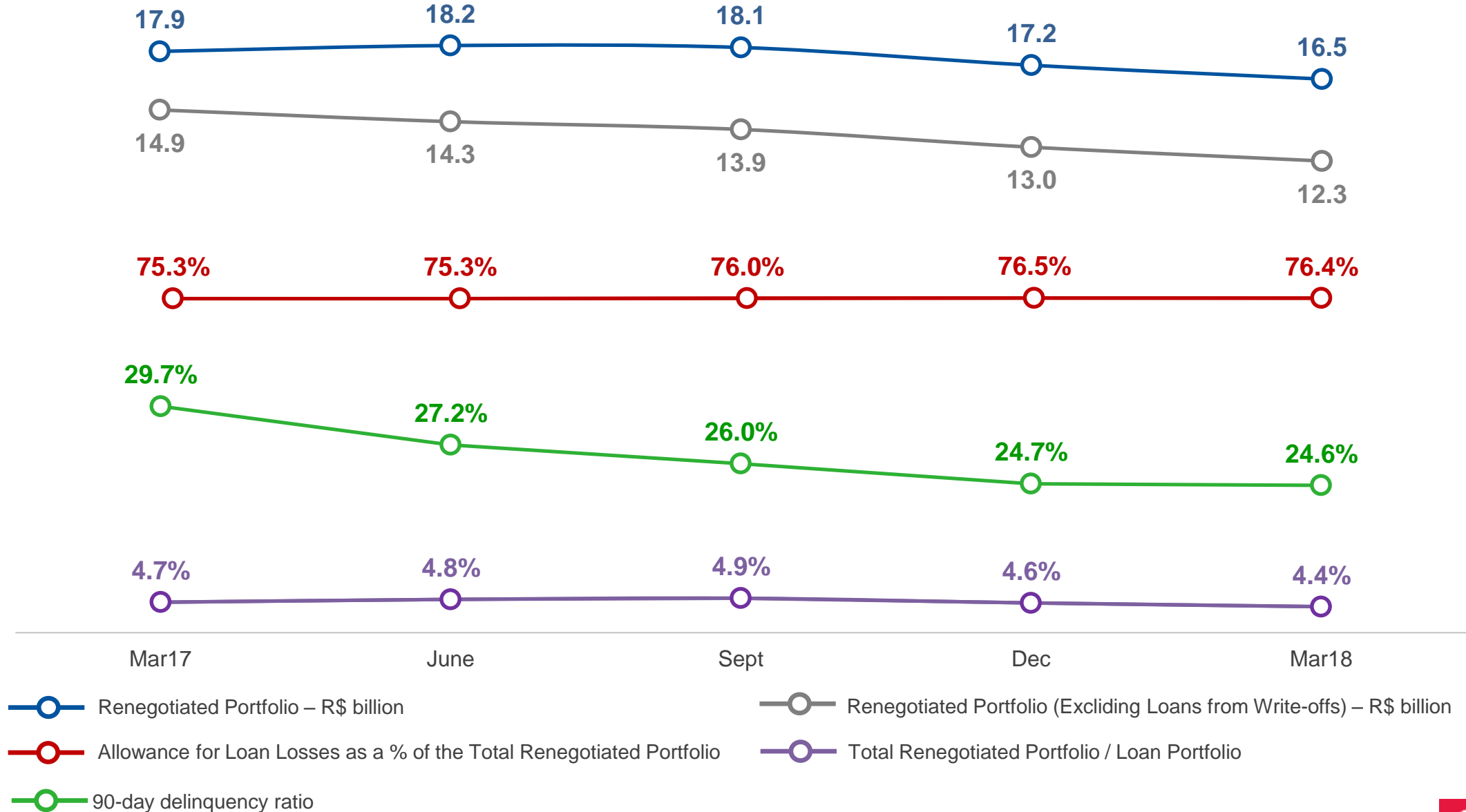
In Mar18:

- R\$6.9 bi Excess Provision.
- R\$22.0 bi ALL Above net expected losses.



Renegotiated Portfolio

CONFERENCE CALL – 1Q18



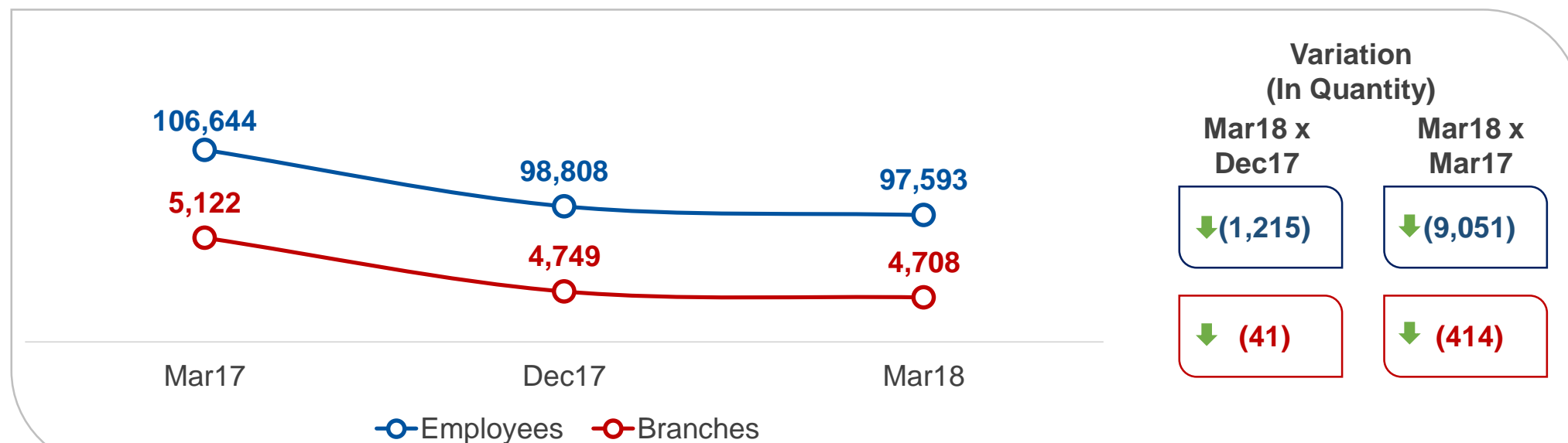
Fee and Commission Income

R\$ million	Variation %				
	1Q18	4Q17	1Q17	1Q18 x 4Q17	1Q18 x 1Q17
Card Income	2,763	2,949	2,637	(6.3)	4.8
Checking Account	1,748	1,727	1,601	1.2	9.2
Asset Management	994	944	912	5.3	9.0
Loans	724	761	731	(4.9)	(1.0)
Collections and Payments	612	613	586	(0.2)	4.4
Consortium Management	383	389	369	(1.5)	3.8
Custody and Brokerage Services	234	226	211	3.5	10.9
Underwriting / Financial Advisory Services	153	245	180	(37.6)	(15.0)
Others	220	208	203	5.8	8.4
Total	7,831	8,062	7,430	(2.9)	5.4

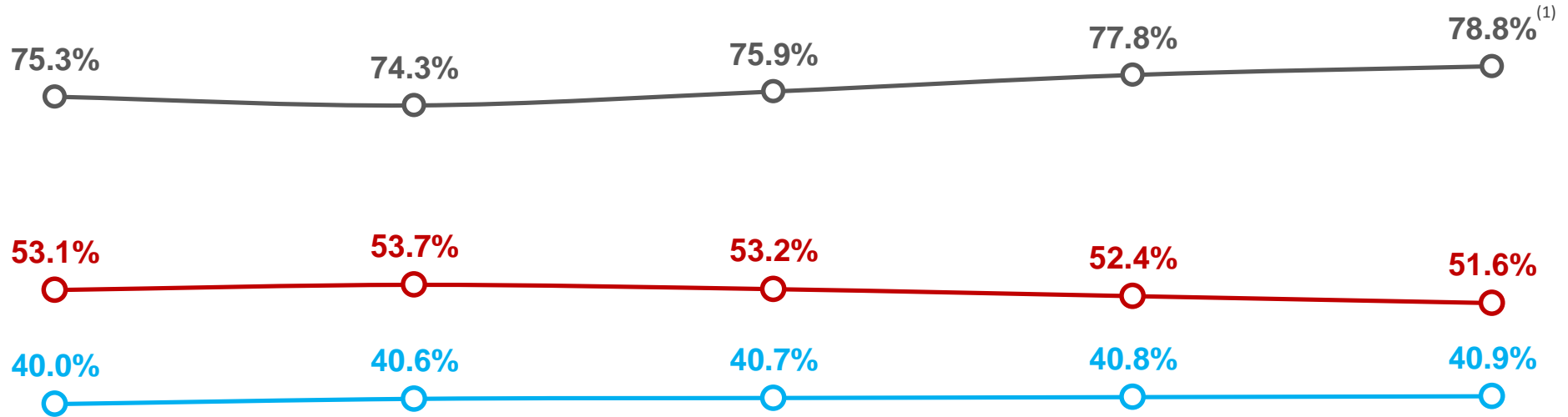


Operating Expenses

R\$ million	1Q18	4Q17	1Q17	Variation %	
				1Q18 x 4Q17	1Q18 x 1Q17
Personnel	4,829	4,878	4,822	(1.0)	0.1
- Structural	3,879	4,025	3,946	(3.6)	(1.7)
- Non-Structural	950	853	876	11.4	8.4
Administrative	4,810	5,340	4,854	(9.9)	(0.9)
Total	9,639	10,218	9,676	(5.7)	(0.4)



Efficiency and Operating Coverage Ratios



- Quarterly Efficiency Ratio
- 12-month risk-adjusted efficiency ratio
- 12 Month - Operating coverage ratio (Fee and Commission Income / Administrative and Personnel Expenses)
- 12 - Month Efficiency Ratio

(1) Quarterly index 81.2%.



Income from Insurance, Pension Plans and Capitalization Bonds

R\$ million	Variation %				
	1Q18	4Q17	1Q17	1Q18 x 4Q17	1Q18 x 1Q17
Life and Pension Plans	8,774	12,394	9,273	(29.2)	(5.4)
Health	6,077	6,041	5,793	0.6	4.9
Auto/P&C	1,293	1,296	1,436	(0.2)	(10.0)
Capitalization Bonds	1,426	1,461	1,446	(2.4)	(1.4)
Overall Income	17,570	21,192	17,948	(17.1)	(2.1)
Financial Assets	278,982	272,612	251,140	2.3	11.1
Technical Provisions	251,231	246,653	229,433	1.9	9.5
Shareholders' Equity	33,878	32,665	28,942	3.7	17.1
Net Income	1,563	1,407	1,374	11.1	13.8
ROAE	19.7%	19.4%	20.2%	0.3 p.p.	(0.5) p.p.
Combined Ratio	85.3%	86.1%	85.2%	(0.8) p.p.	0.1 p.p.



BIS Ratio

%

Changes in the Tier I Ratio in the Quarter



■ Additional Capital
 ■ Common Equity



Guidance

	Guidance 2018	Realized 1Q18 x 1Q17
Expanded Loan Portfolio	3% to 7%	-3.2%
NII - Interest-Earning Portion	-4% to 0%	-2.6%
Fee and Commission Income	4% to 8%	5.4%
Operating Expenses (Administrative and Personnel Expenses)	-2% to 2%	-0.4%
Insurance Premiums	4% to 8%	-2.1%
Expanded ALL	R\$16 bi to R\$19 bi	R\$3.9 bi (1Q18 Realized)





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