

# 1Q17 Earning Results



**Bradesco**



Índice de Ações com Tag Along Diferenciado **ITAG**



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

Índice Carbono Eficiente **ICO2**



# Highlights



## Income Statement Figures (R\$ Million)

	1Q17	4Q16	Q-o-Q	Y-o-Y
Adjusted Net Income	<b>4,648</b>	4,385	6.0%	13.0%
NII - Interest-Earning Portion	<b>15,900</b>	16,743	(5.0%)	7.9%
Fee and Commission Income	<b>7,430</b>	7,545	(1.5%)	16.0%
Operating Expenses	<b>(9,676)</b>	(10,482)	(7.7%)	22.9%
ALL Expenses	<b>(4,862)</b>	(5,525)	(12.0%)	(10.8%)
Net Income (Insurance Activities)	<b>1,374</b>	1,505	(8.7%)	(0.4%)
Insurance Written Premiums, Pension Plan Contributions and Capitalization Bond Income	<b>17,948</b>	21,247	(15.5%)	18.2%

## Statement of Financial Position Figures (R\$ Million)

	Mar17	Dec16	Q-o-Q	Y-o-Y
Total Assets	<b>1,294,139</b>	1,293,559	-	17.5%
Expanded Loan Portfolio	<b>502,714</b>	514,990	(2.4%)	8.5%
Shareholders' Equity	<b>104,558</b>	100,442	4.1%	12.0%

## Performance Ratios (In %)

	Mar17	Dec16	Q-o-Q	Y-o-Y
Operating Efficiency Ratio	<b>40.8%</b>	39.5%	1.3 p.p.	3.6 p.p.
Annualized Return on Average Equity	<b>18.3%</b>	17.6%	0.7 p.p.	0.8 p.p.
Operating Coverage Ratio	<b>75.3%</b>	76.2%	(0.9) p.p.	(4.8) p.p.
BIS Tier I Ratio	<b>12.0%</b>	12.0%	-	(0.9) p.p.
90-day delinquency ratio	<b>5.6%</b>	5.5%	0.1 p.p.	1.4 p.p.

- Adjusted net income of R\$4.6 billion in 1Q17, delivering a 18.3% ROE.
- Positive impact on the results arising from the reduction of ALL expenses and operating costs, partially offset by the lower interest-earning portion.
- Environment for credit remained complex, with a decrease of 2.4% in the loan portfolio. We expect the resumption of growth in the second semester.
- Confirmation that the peak of delinquency occurred in 4Q16. NPL improvements for individuals and SMEs in 1Q17.
- Reduction of 7.7% in operating costs in 1Q17 and a 2.8% pro forma drop in 12 months.
- Fee and commission income dropped 1.5% in the quarter.
- Insurance income recorded a strong performance.
- Shareholders' equity grew 12% in 12 months.
- Sound Basel Tier I Ratio, even with the effect of the change in the factor applied for prudential adjustments (from 60% to 80%).

For comparison purposes, some slides present consolidated pro forma financial information including HSBC Brasil.

# Book Net Income x Adjusted Net Income



R\$ million	1Q17	4Q16	1Q16
<b>Book Net Income</b>	<b>4,071</b>	<b>3,592</b>	<b>4,121</b>
<b>Non-recurring events (net of tax effects)</b>	<b>577</b>	<b>793</b>	<b>(8)</b>
- Goodwill amortization (Gross)	554	342	-
- Contingent Liabilities (1)	23	257	25
- Impairment of Non-Financial Assets (2)	-	157	57
- Other (3)	-	37	(90)
<b>Adjusted Net Income</b>	<b>4,648</b>	<b>4,385</b>	<b>4,113</b>

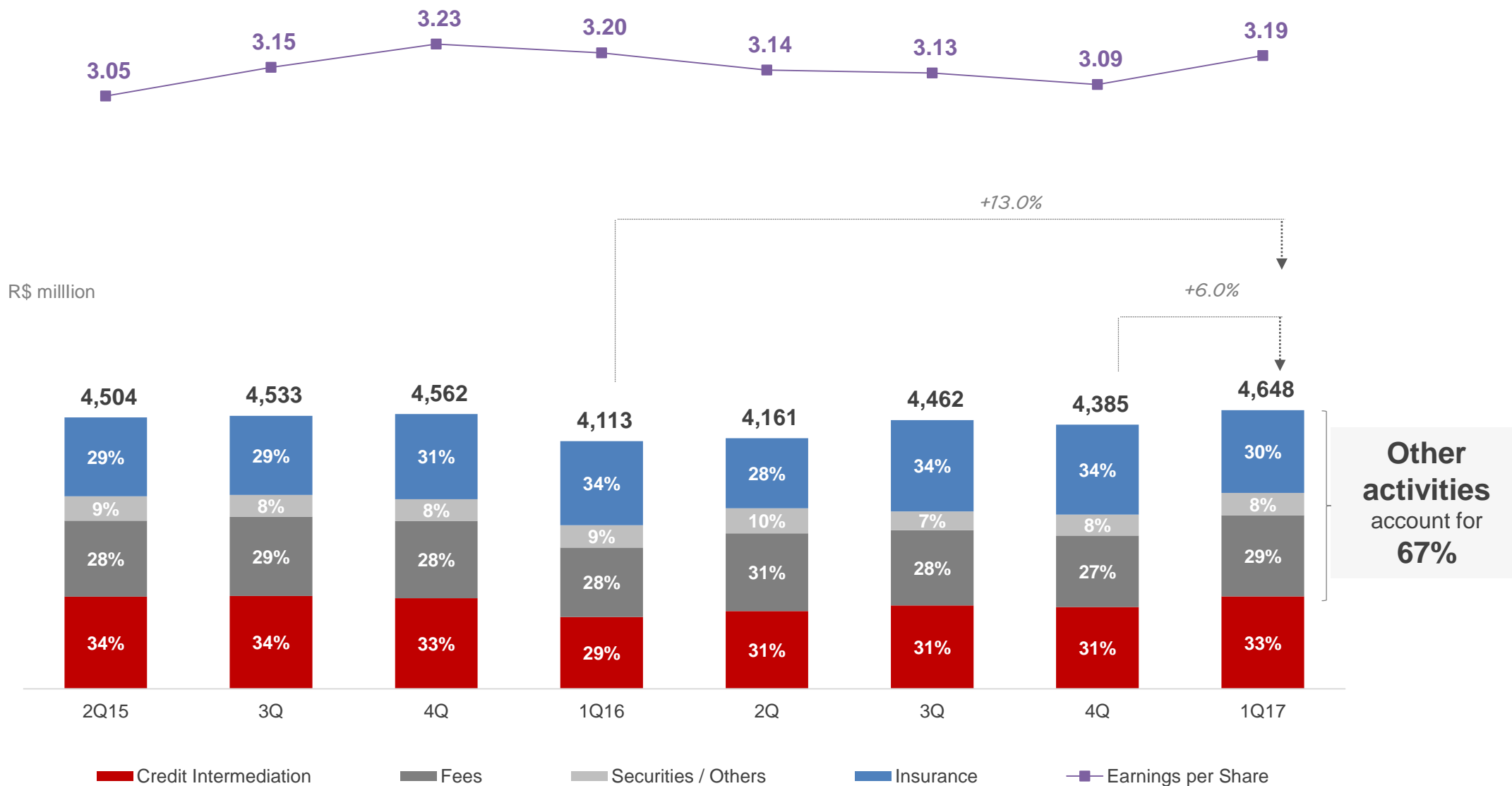
(1) In the fourth quarter of 2016, it is largely related to the formation of provision for contingent liabilities, originating from loan assignment liabilities - FCVS, in the amount of R\$ 235 million; (2) Impairment loss was recorded in the fourth quarter of 2016 in: (i) data processing systems/others, in the amount of R\$ 137 million; and (ii) shares, in the amount of R\$ 20 million (R\$ 57 million, in the first quarter of 2016); and (3) Refers to: (i) in the fourth quarter of 2016, to other non-recurring expenses, such as costs with migration/takeover of HSBC Brasil; and (ii) in the first quarter of 2016, to earnings in the partial disposal of investments

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

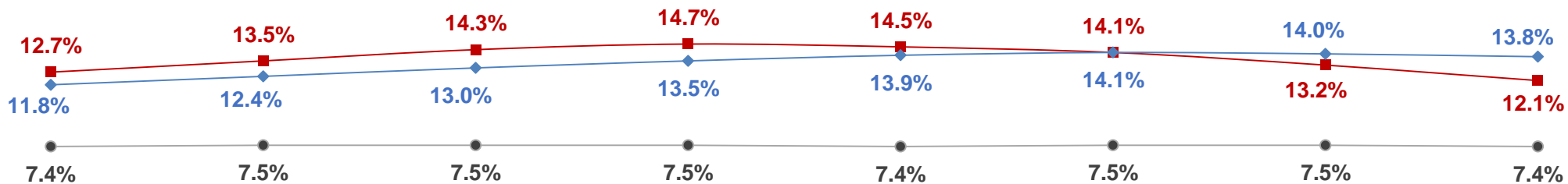
R\$ million						Variation %		Pro-Forma	
	Adjusted Income Statement	1Q17	4Q16	1Q16	Q-o-Q	Y-o-Y	1Q16	Variation Y-o-Y %	
<b>Net Interest Income</b>	<b>15,616</b>	<b>15,669</b>	<b>14,892</b>	(0.3)	4.9	<b>17,112</b>	(8.7)		
- NII - Interest - earning Portion	15,900	16,743	14,734	(5.0)	7.9	16,858	(5.7)		
- NII - Non-Interest - earning Portion	136	190	158	(28.4)	(13.9)	254	(46.5)		
- Impairment of Financial Assets	(420)	(1,264)	-	(66.8)	-	-	-		
ALL Expenses	(4,862)	(5,525)	(5,448)	(12.0)	(10.8)	(6,690)	(27.3)		
<b>Gross Income from Financial Intermediation</b>	<b>10,754</b>	<b>10,144</b>	<b>9,444</b>	<b>6.0</b>	<b>13.9</b>	<b>10,422</b>	<b>3.2</b>		
Income from Insurance Premiums, Pension Plans and Capitalization bonds, minus Variation of Technical Reserves, Retained Claims and others (1)	1,627	1,680	1,625	(3.2)	0.1	1,831	(11.1)		
Fee and Commission Income	7,430	7,545	6,405	(1.5)	16.0	7,224	2.9		
Operating Expenses	(9,676)	(10,482)	(7,870)	(7.7)	22.9	(9,959)	(2.8)		
Tax Expenses	(1,772)	(1,703)	(1,418)	4.1	25.0	(1,666)	6.4		
Other Operating Income / (Expenses)	(1,775)	(1,586)	(1,629)	11.9	9.0	(1,738)	2.1		
<b>Operating Income</b>	<b>6,588</b>	<b>5,598</b>	<b>6,557</b>	<b>17.7</b>	<b>0.5</b>				
Income Tax / Social Contribution	(1,839)	(1,157)	(2,311)	58.9	(20.4)				
Non-Operating Income / Equity in the earnings (losses) of unconsolidated and jointly controlled	(101)	(56)	(133)	80.4	(24.1)				
<b>Adjusted Net Income</b>	<b>4,648</b>	<b>4,385</b>	<b>4,113</b>	<b>6.0</b>	<b>13.0</b>				
<b>Shareholders' Equity</b>	<b>104,558</b>	<b>100,442</b>	<b>93,330</b>	4.1	12.0				
<b>Assets</b>	<b>1,294,139</b>	<b>1,293,559</b>	<b>1,101,763</b>	-	17.5				
<b>ROAE (2) (3)</b>	<b>18.3%</b>	<b>17.6%</b>	<b>17.5%</b>	0.7 p.p.	0.8 p.p.				
<b>ROAA (3)</b>	<b>1.4%</b>	<b>1.5%</b>	<b>1.5%</b>	(0.1) p.p.	(0.1) p.p.				

(1) "Others" includes: Capitalization Bond Draws and Redemptions; and Insurance and Pension Plan and Capitalization Bond Sales Expenses; (2) Excludes mark-to-market effects of available-for-sale securities recorded under Shareholders' Equity; and (3) Calculated on a linear basis.

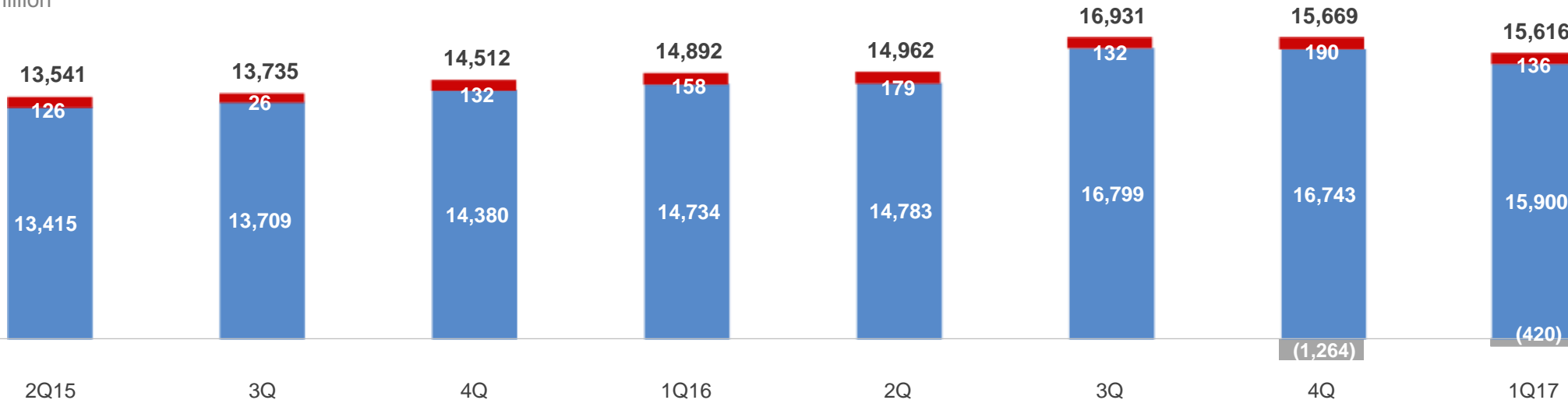
# Net Income Breakdown and Earnings per Share



# NII - Interest Earning Portion and Non-Interest Earning Portion



R\$ million



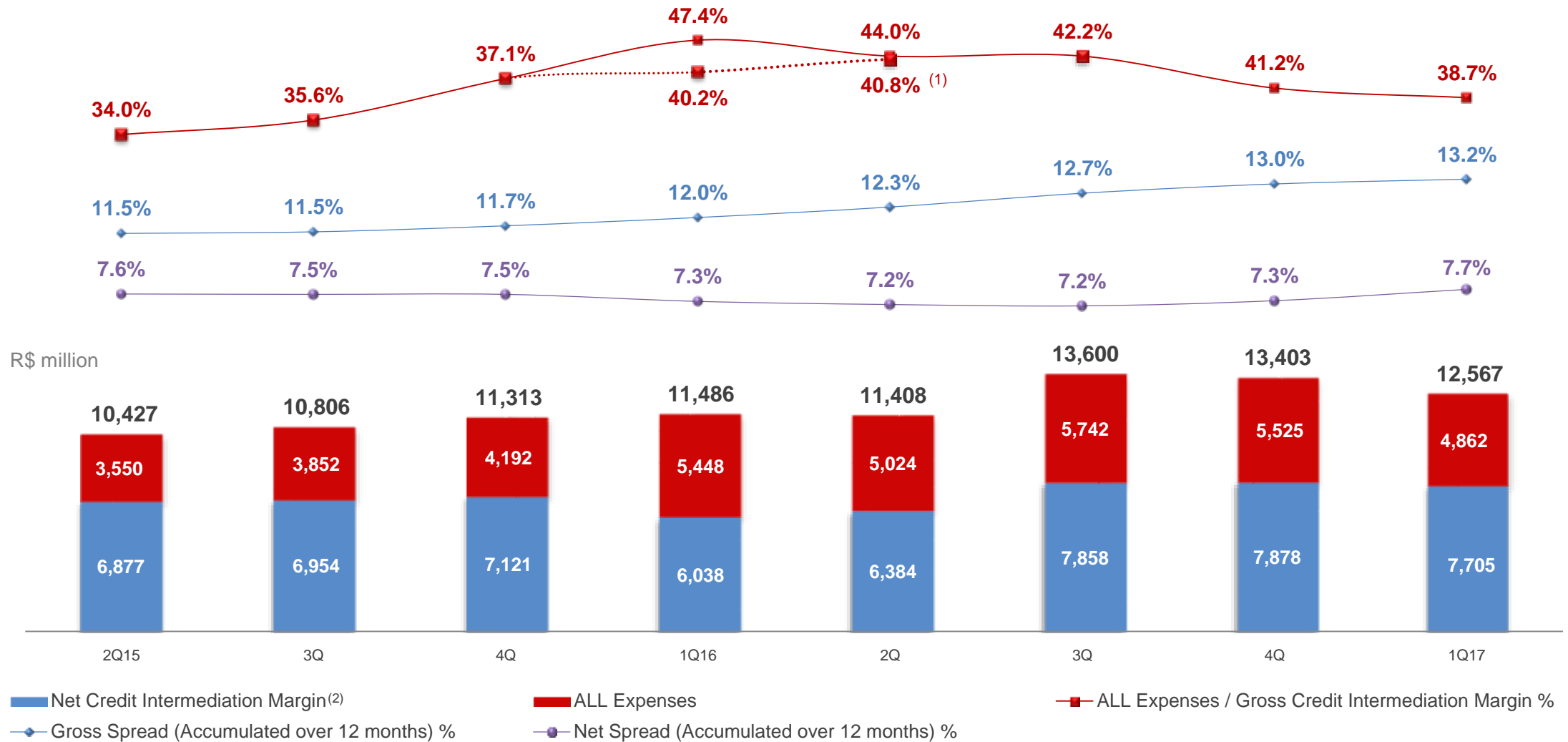
- NII Non-Interest-earning Portion
- NII Interest-earning Portion
- Impairment of Financial Assets
- BM&F Fixed Rate (12 months)
- ◆ Average Selic Rate (12 months)
- 12 month interest-earning portion NIM = (Interest-earning portion of the NII/Average Assets - Repos - Permanent Assets)

# NII - Interest Earning Portion



R\$ million	1Q17	4Q16	1Q16	Variation %		Pro-Forma	
				Q-o-Q	Y-o-Y	1Q16	Variation Y-o-Y%
- Credit Intermediation	12,567	13,403	11,486	(6.2)	9.4	13,610	(7.7)
- Insurance	1,481	1,471	1,475	0.7	0.4	1,475	0.4
- Securities / Others	1,852	1,869	1,773	(0.9)	4.5	1,773	4.5
<b>NII - Interest-Earning Portion</b>	<b>15,900</b>	<b>16,743</b>	<b>14,734</b>	<b>(5.0)</b>	<b>7.9</b>	<b>16,858</b>	<b>(5.7)</b>

# Credit Intermediation Margin



**Net Credit Margin -2.2% compared to 4Q16 and +27.6% compared to 1Q16**

(1) Without the effect of the leveling of provisioning from one specific corporate client; and (2) If we ignore the effect of the leveling of provisioning from one specific corporate client, net margin, in the second quarter of 2016 would be R\$6,749 million, and in the first quarter of 2016 would be R\$6,874 million.



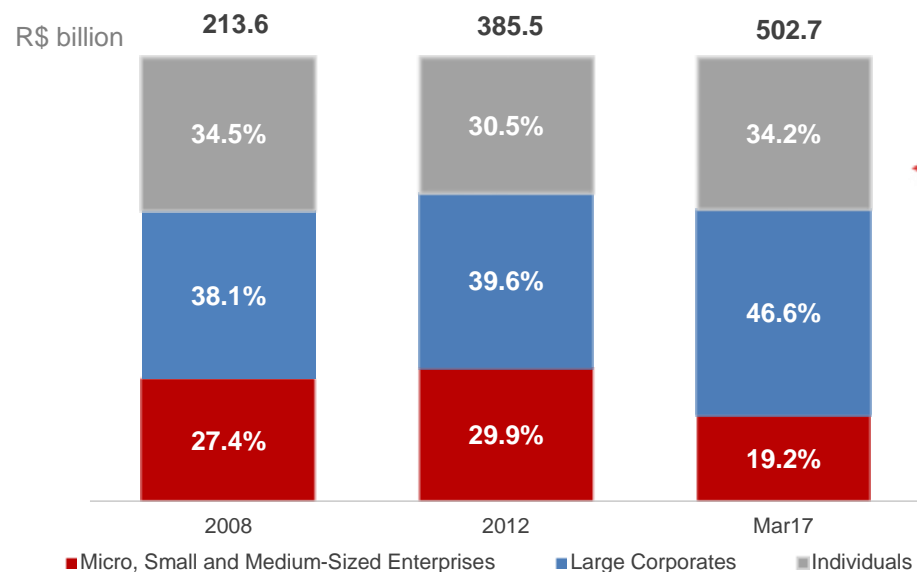
# Expanded Loan Portfolio



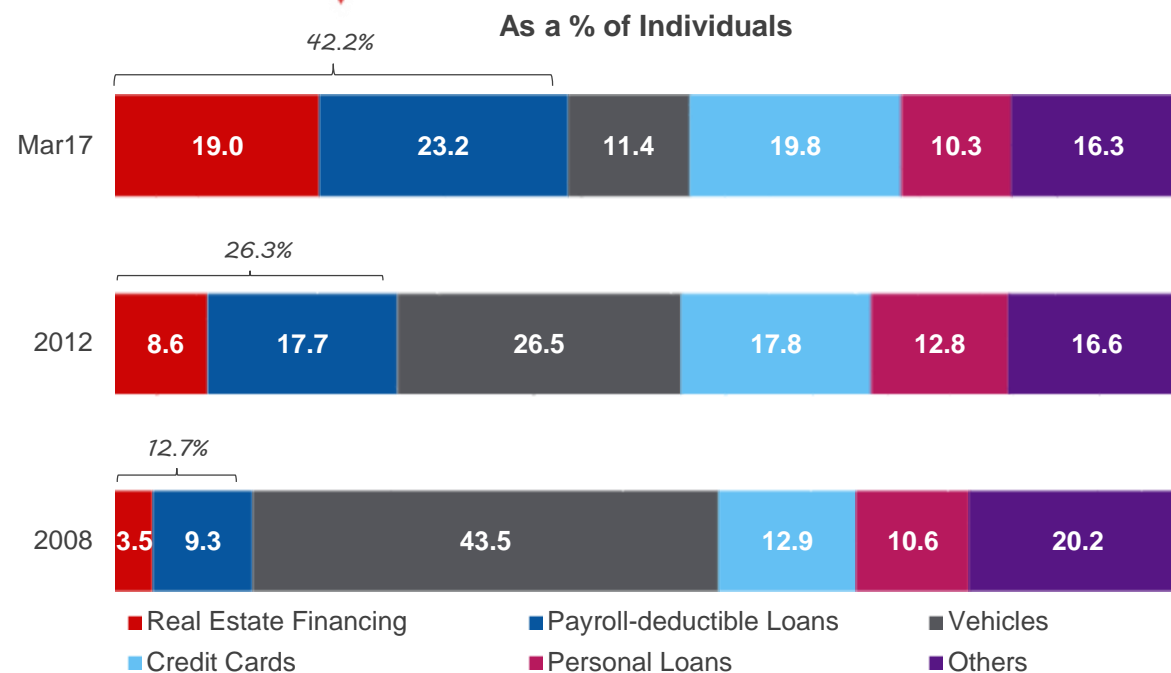
R\$ million				Variation %	
	Mar17	Dec16	Mar16	Q-o-Q	Y-o-Y
<b>Companies</b>	<b>330,894</b>	<b>342,945</b>	<b>315,449</b>	<b>(3.5)</b>	<b>4.9</b>
Large Corporates	234,444	240,410	212,237	(2.5)	10.5
Micro, Small and Medium-Sized Enterprises	96,450	102,535	103,212	(5.9)	(6.6)
<b>Individuals</b>	<b>171,820</b>	<b>172,045</b>	<b>147,759</b>	<b>(0.1)</b>	<b>16.3</b>
Payroll-deductible Loan	39,937	38,804	35,503	2.9	12.5
Credit Cards	34,018	35,622	27,566	(4.5)	23.4
Personal Loans	17,761	18,437	15,219	(3.7)	16.7
Real Estate Financing	32,589	32,298	23,839	0.9	36.7
CDC / Leasing - Vehicles	19,526	19,952	20,654	(2.1)	(5.5)
Others	27,989	26,932	24,978	3.9	12.1
<b>Expanded Loan Portfolio - Total</b>	<b>502,714</b>	<b>514,990</b>	<b>463,208</b>	<b>(2.4)</b>	<b>8.5</b>

	Pro-Forma				
	Mar17	Dec16	Mar16	Q-o-Q	Y-o-Y
Companies	330,894	342,945	379,717	(3.5)	(12.9)
Individuals	171,820	172,045	169,978	(0.1)	1.1
<b>Expanded Loan Portfolio - Total</b>	<b>502,714</b>	<b>514,990</b>	<b>549,696</b>	<b>(2.4)</b>	<b>(8.5)</b>

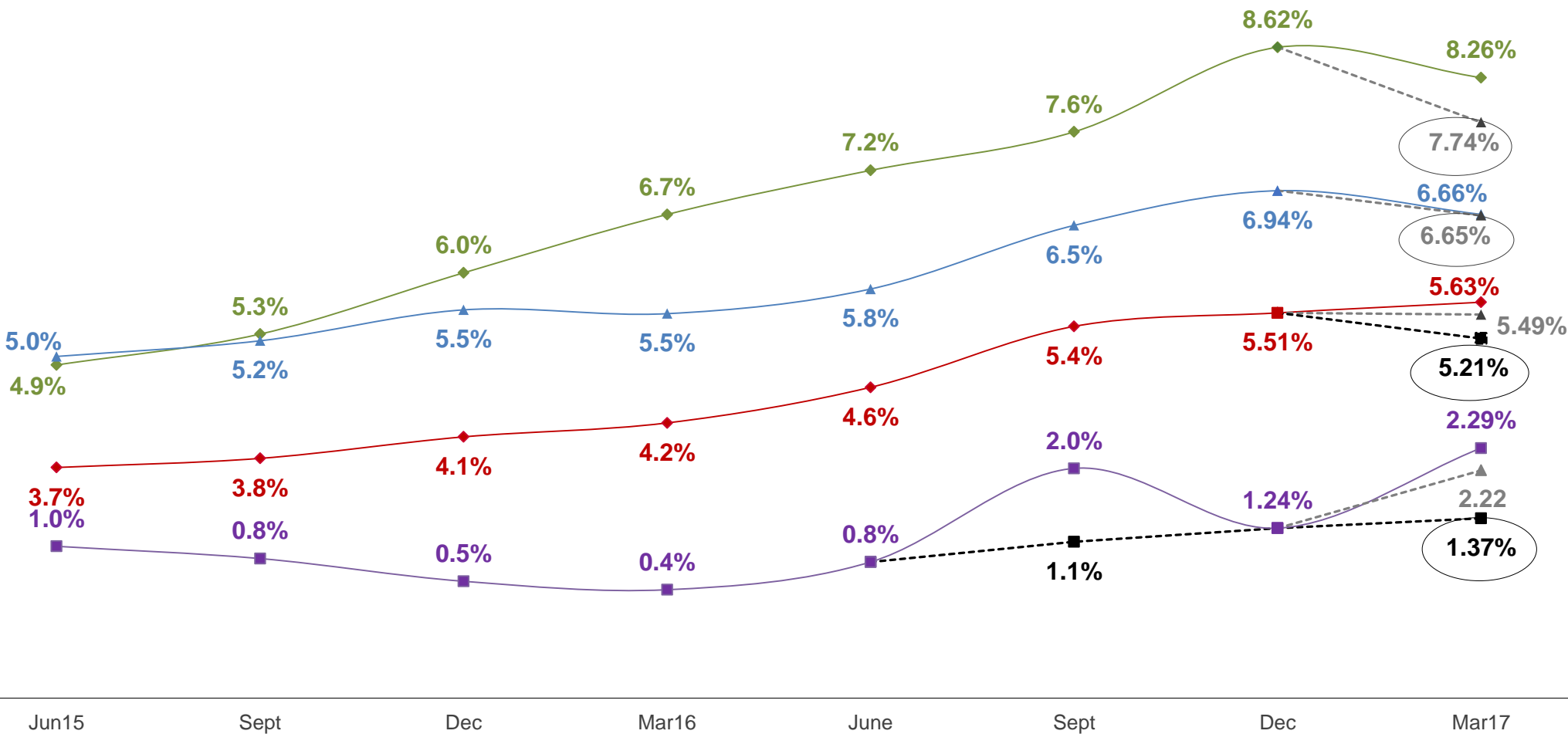
# Expanded Loan Portfolio Mix



Lower risk operation growth

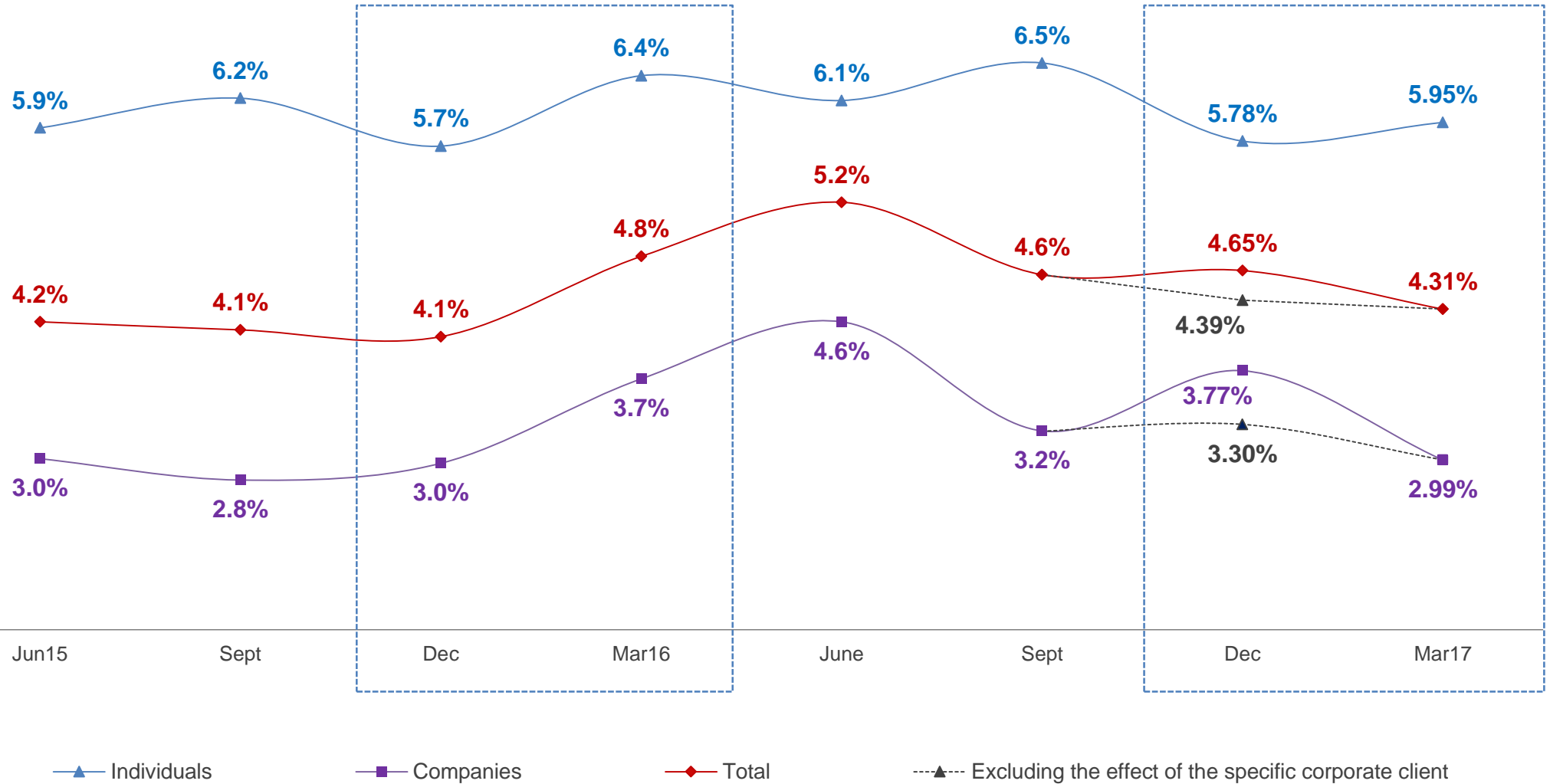


# Delinquency over 90 Days



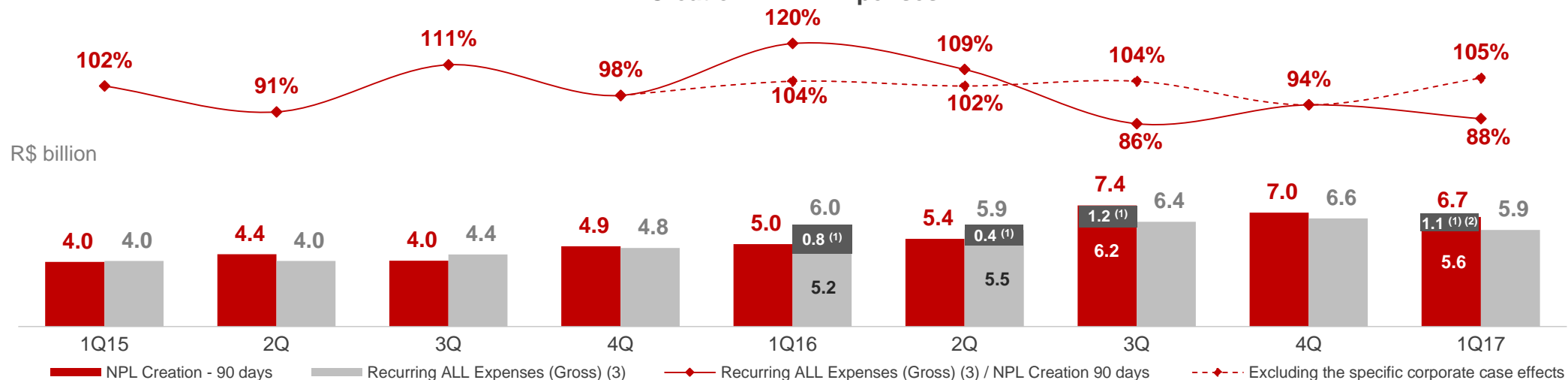
◆ Micro, Small and Medium-Sized Enterprises     
 ▲ Individuals  
◆ Total     
 ▲ Simulation of Delinquency based on the Portfolio of Dec16  
■ Excluding the effect of the specific corporate client (based on the Portfolio of Dec16)     
 ■ Large Corporates

# 15-90 day Delinquency Ratio

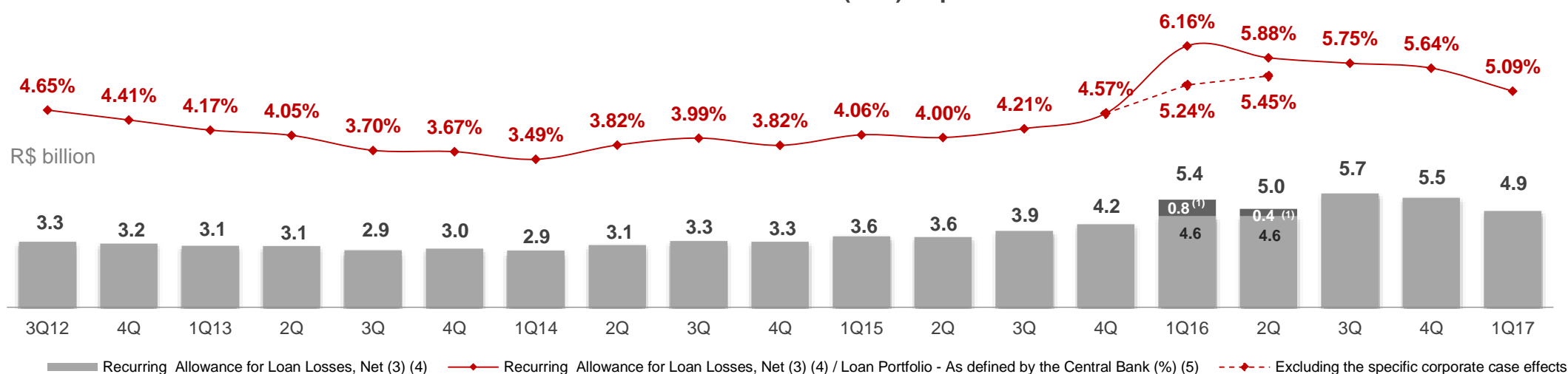


# NPL Creation and Allowance for Loan Losses (ALL) Expenses

## NPL Creation X ALL Expenses

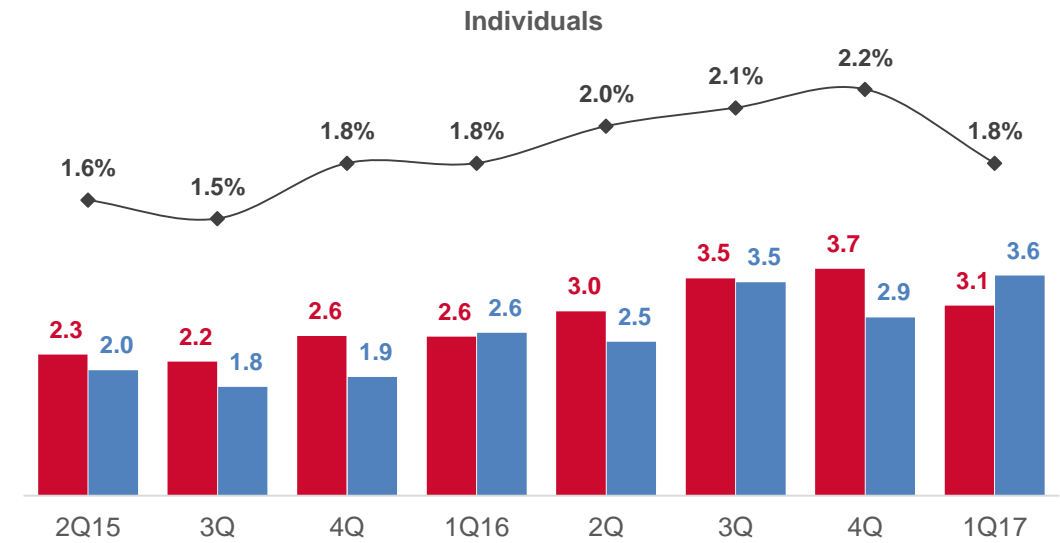
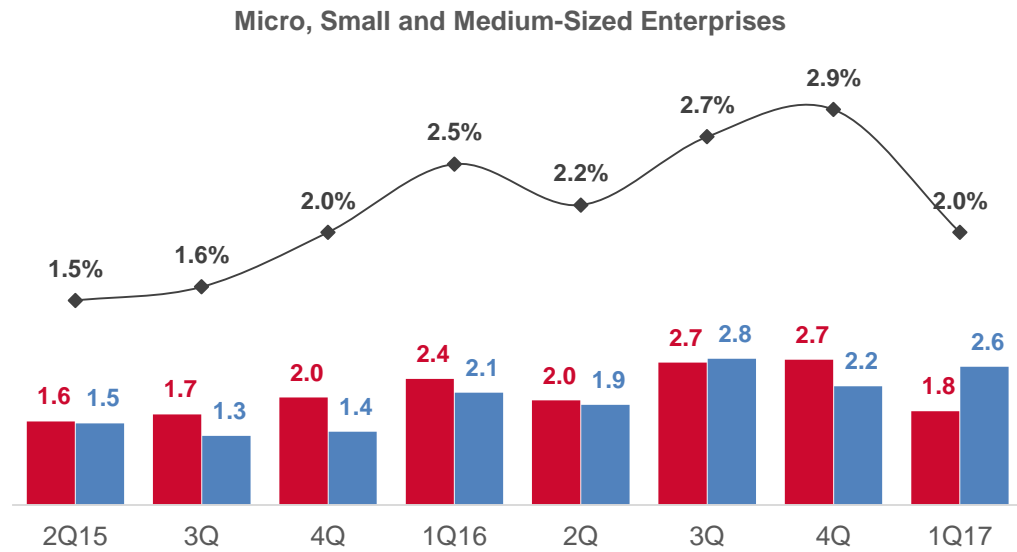
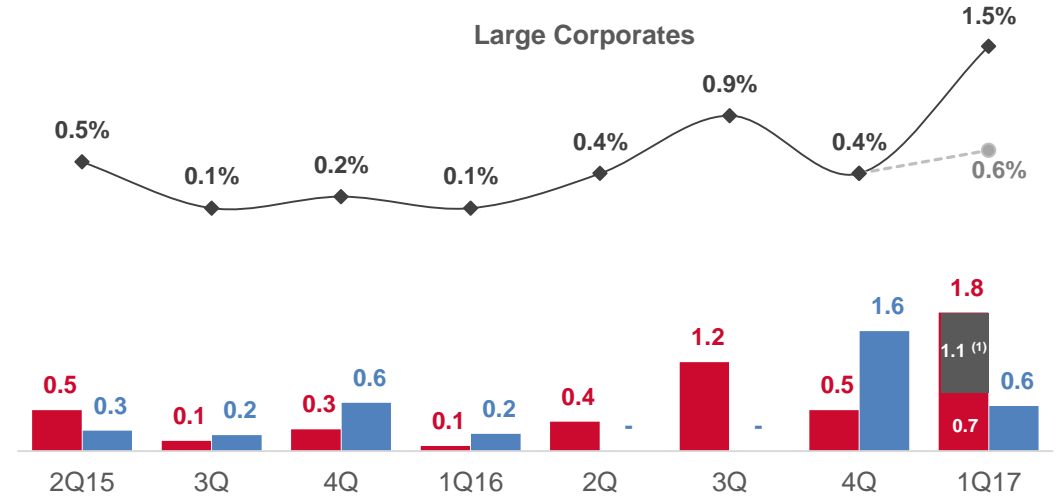
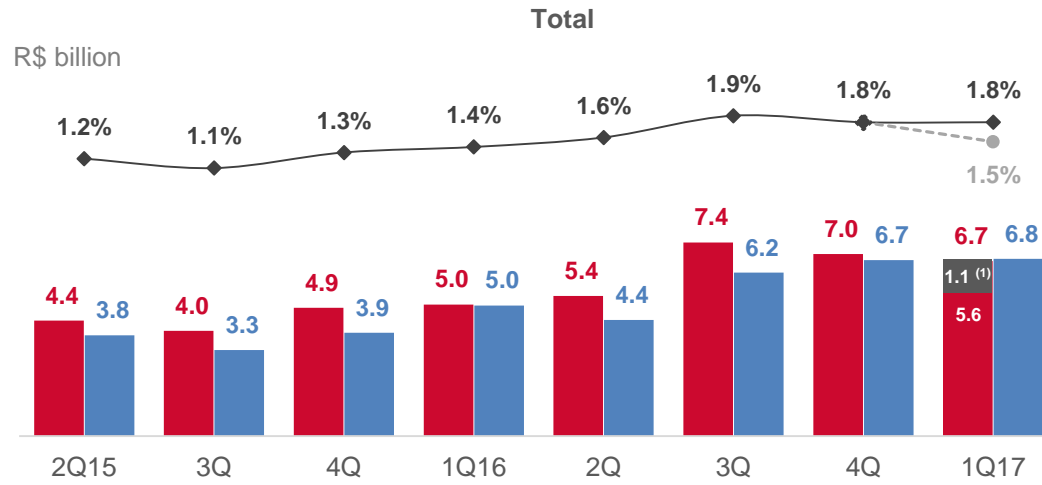


## Allowance for Loan Losses (ALL) Expenses / Bacen Loan Portfolio



(1) Effect of the levelling of provisions for a specific corporate client; (2) Fully provisioned client; (3) Excluding non-recurring effects; (4) Managerial criteria comprising income from loan operations, expenses with discounts granted and proceeds from sale of foreclosed assets; and (5) Calculated the ratio on a linear basis.

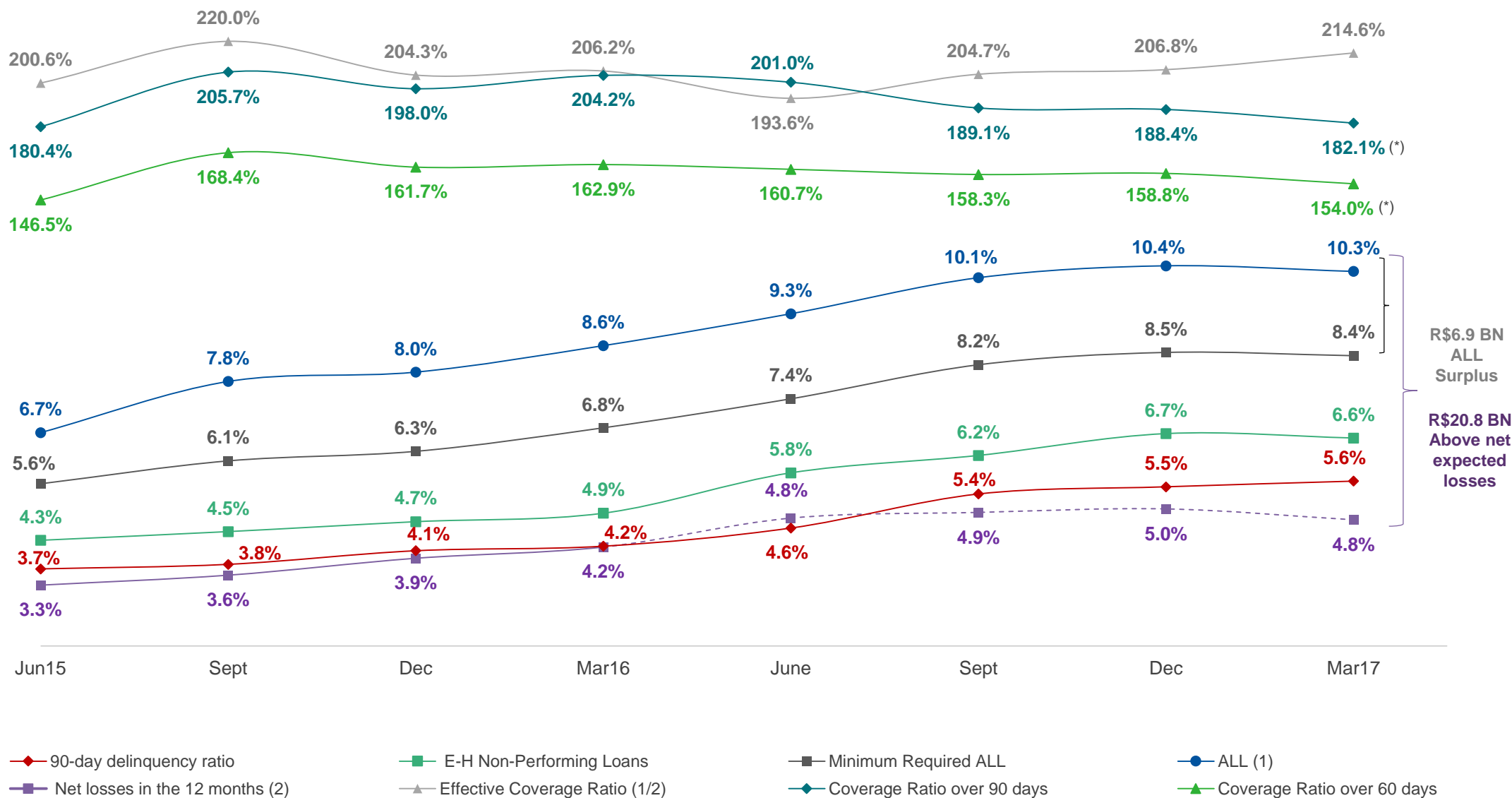
# 90-day NPL Creation by Segment



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

(1) Due to an specific corporate cliente which is fully provisioned.

# Effective Coverage Ratio and Coverage Ratio Over 90 and 60 Days

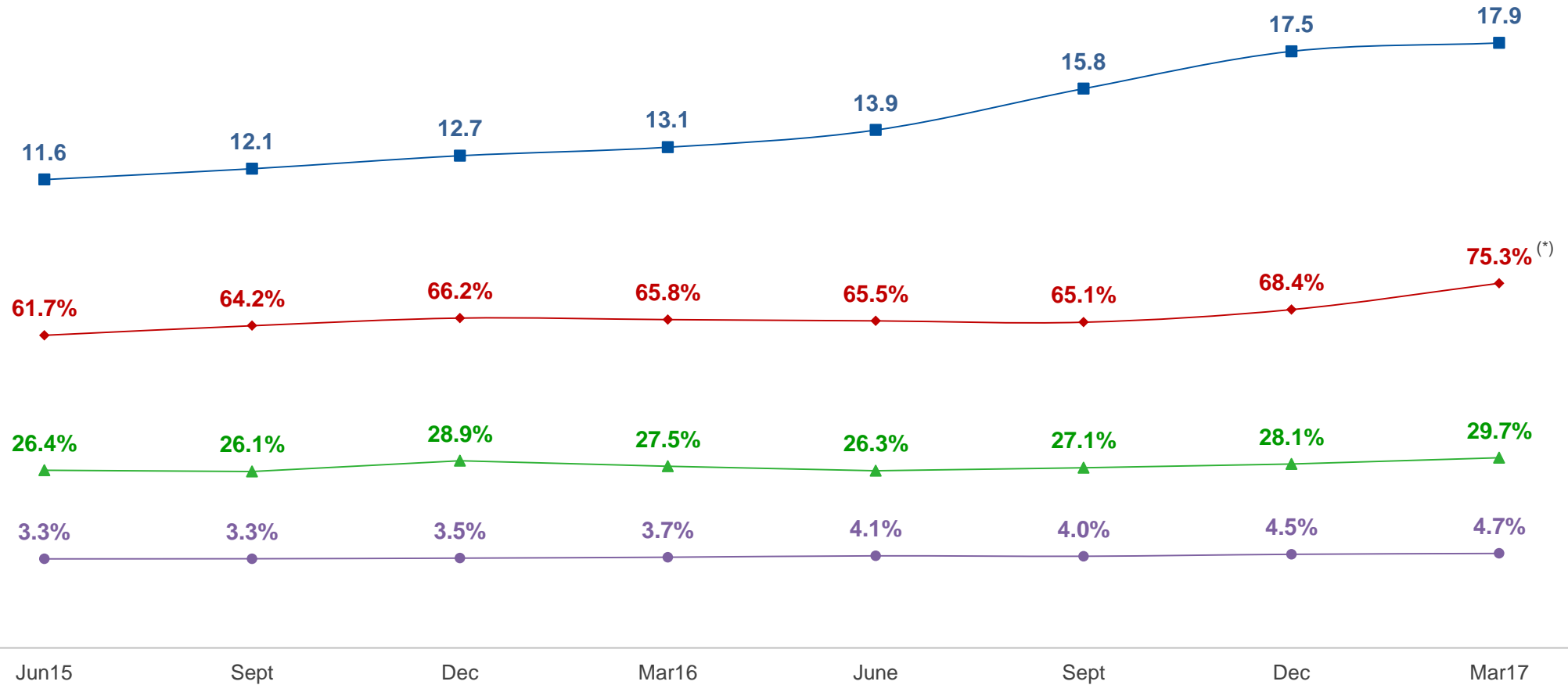


R\$6.9 BN  
ALL  
Surplus

R\$20.8 BN  
Above net  
expected  
losses

(\*) Excluding the effect of a specific corporate client, which is expected to be written-off next quarter, coverage ratios over 90 and 60 days would be 186.4% and 156.4%, respectively.

# Renegotiated Portfolio



■ Renegotiated Portfolio - R\$ billion 
 ◆ Allowance for Loan Losses as a % of the Renegotiated Portfolio 
 ● Renegotiated Portfolio / Loan Portfolio 
 ▲ 90-day delinquency ratio

(\*) The increase in the ALL 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	Variation %					Pro-Forma	
	1Q17	4Q16	1Q16	Q-o-Q	Y-o-Y	1Q16	Variation Y-o-Y %
Cards	2,637	2,798	2,421	(5.8)	8.9	2,551	3.4
Checking Accounts	1,601	1,623	1,364	(1.4)	17.4	1,528	4.8
Asset Management	912	851	674	7.2	35.3	734	24.3
Loan Operations	731	678	656	7.8	11.4	746	(2.0)
Collections	478	477	399	0.2	19.8	468	2.1
Consortium Management	369	363	278	1.7	32.7	314	17.5
Custody and Brokerage Services	211	203	150	3.9	40.7	180	17.2
Underwriting / Financial Advisory Services	180	232	162	(22.4)	11.1	179	0.6
Payments	108	94	97	14.9	11.3	106	1.9
Others	203	226	204	(10.2)	(0.5)	418	(51.4)
<b>Total</b>	<b>7,430</b>	<b>7,545</b>	<b>6,405</b>	<b>(1.5)</b>	<b>16.0</b>	<b>7,224</b>	<b>2.9</b>

## Variation (number)

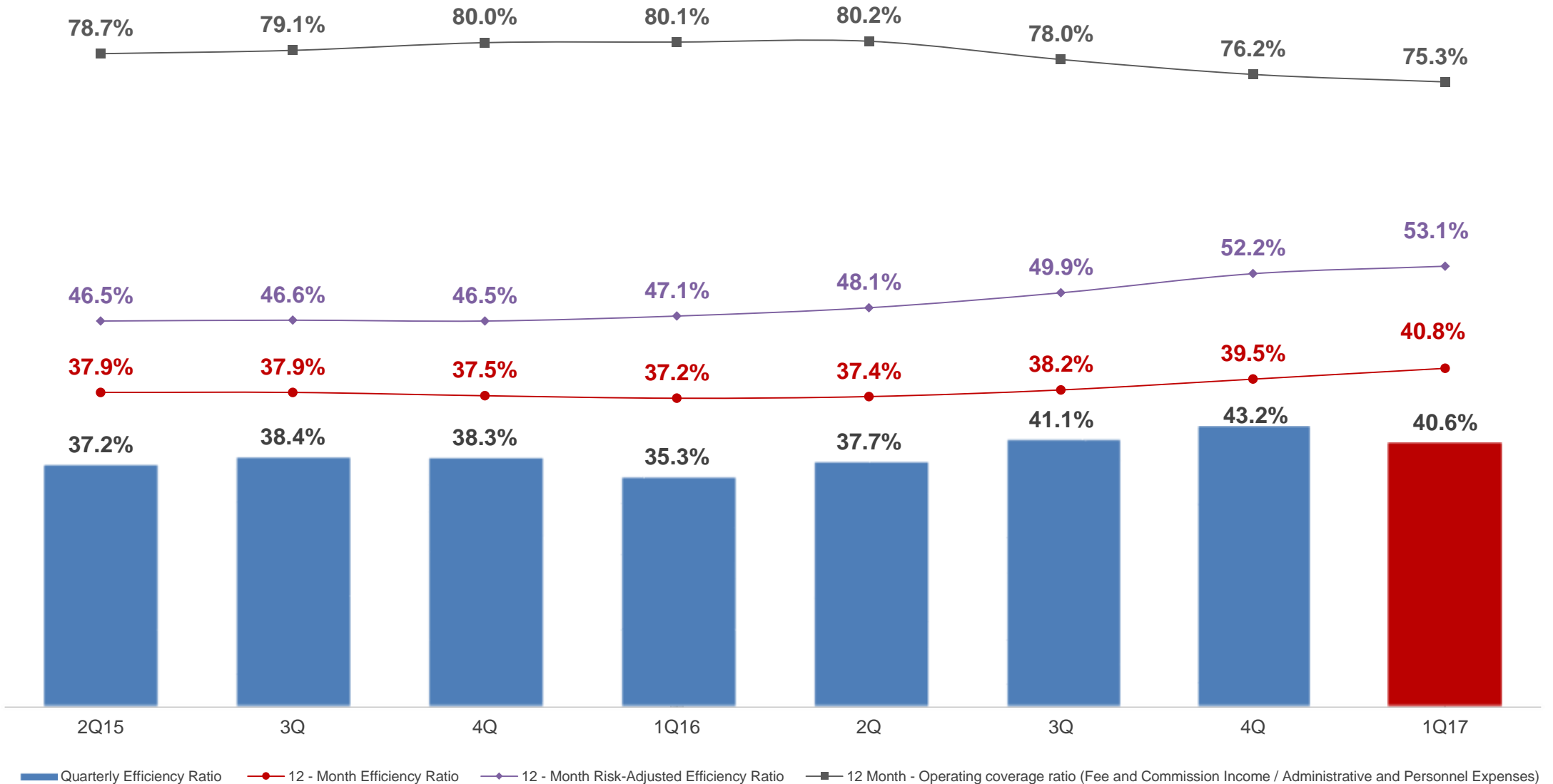
<b>Business Days</b>	<b>63</b>	<b>62</b>	<b>61</b>	<b>1</b>	<b>2</b>
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# Operating Expenses



R\$ million	1Q17	4Q16	1Q16	Variation %		Pro-Forma	
				Q-o-Q	Y-o-Y	1Q16	Variation Y-o-Y %
<b>Personnel</b>	<b>4,822</b>	<b>5,071</b>	<b>3,754</b>	(4.9)	28.4	<b>4,732</b>	1.9
- Structural	3,946	4,257	3,025	(7.3)	30.4	3,999	(1.3)
- Non-Structural	876	814	728	7.6	20.3	732	19.7
<b>Administrative</b>	<b>4,854</b>	<b>5,411</b>	<b>4,116</b>	<b>(10.3)</b>	<b>17.9</b>	<b>5,227</b>	<b>(7.1)</b>
<b>Total</b>	<b>9,676</b>	<b>10,482</b>	<b>7,870</b>	<b>(7.7)</b>	<b>22.9</b>	<b>9,959</b>	<b>(2.8)</b>
<b>Employees</b>	<b>106,644</b>	<b>108,793</b>	<b>91,395</b>	<b>(2.0)</b>	<b>16.7</b>		
<b>Branches</b>	<b>5,122</b>	<b>5,314</b>	<b>4,509</b>	<b>(3.6)</b>	<b>13.6</b>		
<b>Service Points</b>	<b>60,570</b>	<b>60,610</b>	<b>63,552</b>	<b>(0.1)</b>	<b>(4.7)</b>		

# Efficiency and Operating Coverage Ratios



# Income from Insurance, Pension Plans and Capitalization Bonds



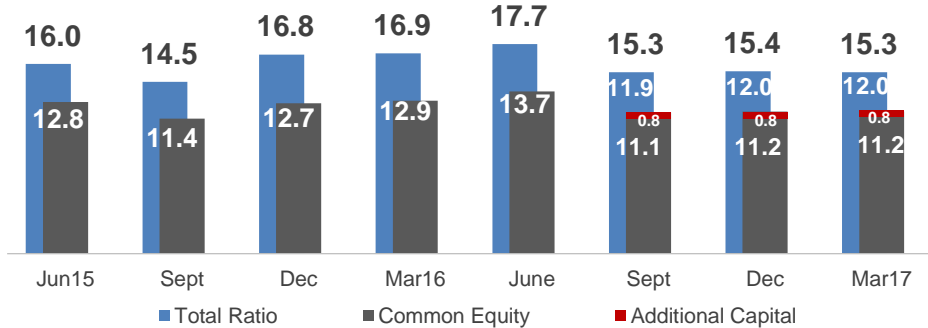
R\$ million	1Q17	4Q16	1Q16	Variation %		Pro-Forma	
				Q-o-Q	Y-o-Y	1Q16	Variation Y-o-Y %
Life and Pension Plans	9,273	12,552	7,175	(26.1)	29.2	7,774	19.3
Health	5,793	5,743	5,238	0.9	10.6	5,238	10.6
Auto/P&C	1,362	1,399	1,328	(2.6)	2.6	1,328	2.6
Capitalization Bonds	1,446	1,516	1,343	(4.6)	7.7	1,467	(1.4)
<b>Total Income</b>	<b>17,874</b>	<b>21,210</b>	<b>15,084</b>	<b>(15.7)</b>	<b>18.5</b>	<b>15,807</b>	<b>13.1</b>
DPVAT	74	37	102	100.0	(27.5)	102	(27.5)
<b>Overall Income</b>	<b>17,948</b>	<b>21,247</b>	<b>15,186</b>	<b>(15.5)</b>	<b>18.2</b>	<b>15,909</b>	<b>12.8</b>
<b>Financial Assets</b>	<b>251,140</b>	<b>242,063</b>	<b>200,016</b>	<b>3.7</b>	<b>25.6</b>	<b>215,292</b>	<b>16.7</b>
<b>Technical Provisions</b>	<b>229,433</b>	<b>223,342</b>	<b>182,973</b>	<b>2.7</b>	<b>25.4</b>	<b>197,693</b>	<b>16.1</b>
<b>Shareholders' Equity</b>	<b>28,942</b>	<b>27,269</b>	<b>22,834</b>	<b>6.1</b>	<b>26.7</b>	<b>23,711</b>	<b>22.1</b>
<b>Net Income</b>	<b>1,374</b>	<b>1,505</b>	<b>1,380</b>	<b>(8.7)</b>	<b>(0.4)</b>		
<b>ROAE (1)</b>	<b>20.2%</b>	<b>24.9%</b>	<b>24.9%</b>	<b>(4.7) p.p</b>	<b>(4.7) p.p</b>		

(1) Calculated on a linear basis.

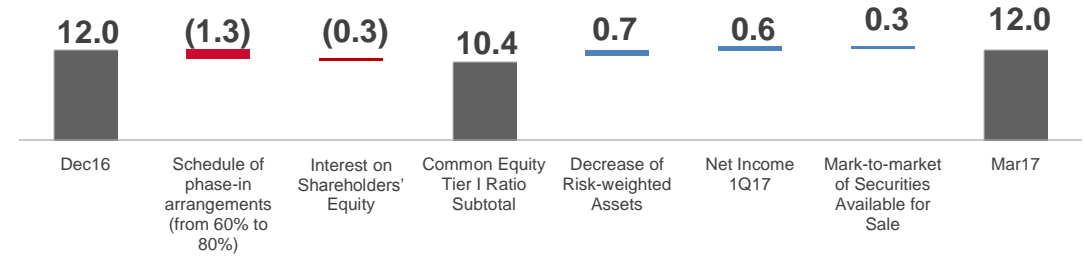


%

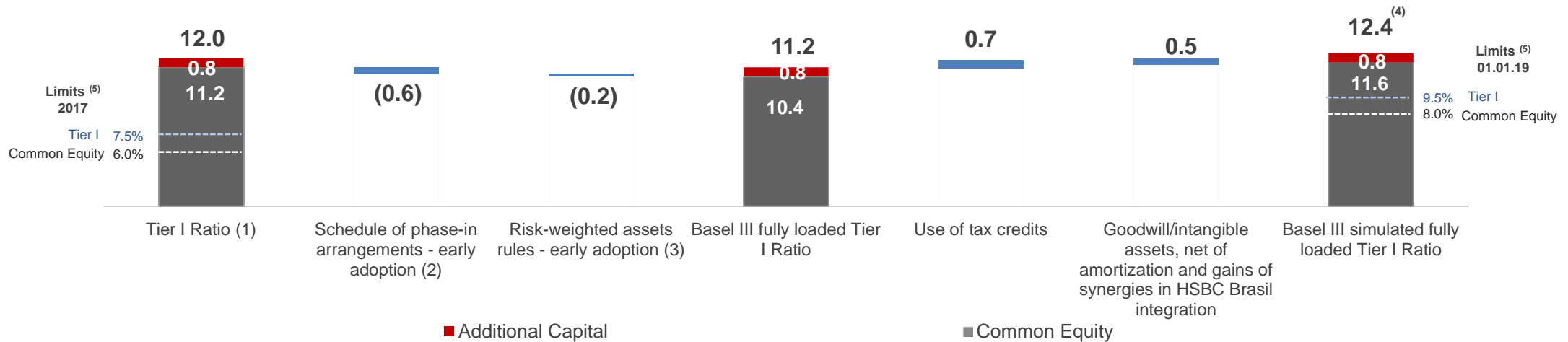
## Prudential Conglomerate



## 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 there were a possible issuance of additional capital by 2018, according to Management decisions and depending on market conditions, Tier I Capital Ratio would be 13.1%, 0.7 p.p higher; and (5) Refers to the required minimums, 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.



**Bradesco**