

2Q17 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



	1H17 x 1H16	2Q17 x 1Q17	Pro-Forma 1H17 x 1H16
Adjusted Net Income	R\$9.4 bi +13.0%	R\$4.7 bi +1.2%	
NII – Interest-Earning Portion	R\$31.7 bi +7.3%	R\$15.8 bi -0.8%	-5.5%
ALL Expenses	R\$9.8 bi -6.1%	R\$5.0 bi +2.2%	-23.7%
Fee and Commission Income	R\$14.9 bi +14.6%	R\$7.5 bi +0.9%	+2.5%
Operating Expenses	R\$19.5 bi +22.0%	R\$9.9 bi +2.0%	-2.7%
Insurance Written Premiums, Pension Plan Contributions and Capitalization Bond Income	R\$36.5 bi +12.4%	R\$18.5 bi +3.1%	+7.5%
	Jun17 x Jun16	Jun17 x Mar17	Pro-Forma Jun17 x Jun16
Expanded Loan Portfolio	R\$493.6 bi +10.3%	-1.8%	-7.2%
Annualized Return on Average Equity	18.2% +0.8 p.p.	-0.1 p.p.	
BIS Tier I Ratio	12.5% -1,2 p.p.	+0.5 p.p.	
90-day delinquency ratio	4.9% +0.3 p.p.	-0.7 p.p.	

- **Net income** of R\$4.7 billion in 2Q17, R\$9.4 billion in 1H17, delivering a **18.2% ROE**.
- **Asset quality continued** improving, **delinquency declined 70 bps**.
- **ALL expenses** remained under control, leading to a **downward revision in guidance**.
- **Loan portfolio** decreased 7.2% y-o-y (pro-forma). Signs of improvement in origination, **both for individuals and companies**.
- **Interest-earning portion of the NII** decreased 5.5% in 1H17 (pro-forma), **leading to a slight downward revision in guidance**.
- **Cost control remain a positive**, with **2.7% pro forma drop in 1H17**.
- **Sound Basel Tier I Ratio**, going up thanks to earnings retention.

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

Book Net Income x Adjusted Net Income



R\$ million	2Q17	1Q17	1H17	1H16
Book Net Income	3,911	4,071	7,982	8,255
Non-recurring events (net of tax effects)	793	577	1,370	19
- Goodwill amortization (Gross)	565	554	1,119	-
- Regulatory change in Cielo (1)	210	-	210	-
- Other (2)	18	23	41	19
Adjusted Net Income	4,704	4,648	9,352	8,274

(1) It refers to our proportional interest in Cielo, as a result of the adjustments and effects of its change of accounting standards, from IFRS (CPC) to COSIF, since it started being regulated by the Central Bank, becoming equivalent to financial institutions; and
 (2) Primarily contingent liabilities.

Income Statement, Total Assets, Shareholders' Equity and Returns

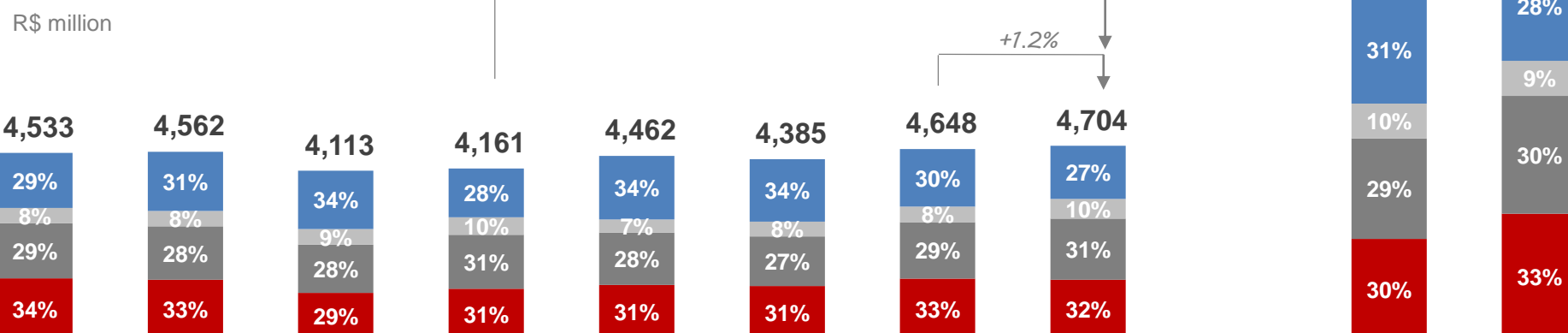
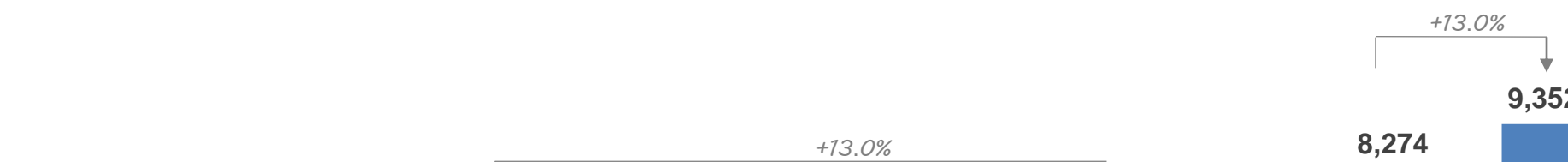


R\$ million

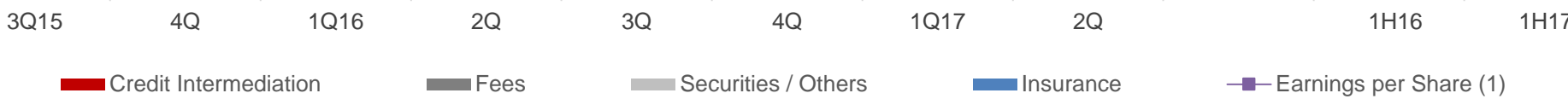
Adjusted Income Statement	2Q17	1Q17	1H17	1H16	Variation %		Pro-Forma - Variation %	
					2Q17/1Q17	1H17/1H16	2Q17/2Q16	1H17/1H16
Net Interest Income	15,484	15,616	31,100	29,854	(0.8)	4.2	(8.4)	(8.6)
- NII - Interest - earning Portion	15,778	15,900	31,678	29,517	(0.8)	7.3	(5.3)	(5.5)
- NII - Non-Interest - earning Portion	120	136	256	337	(11.8)	(24.0)	(48.9)	(47.8)
- Impairment of Financial Assets	(414)	(420)	(834)	-	(1.4)	-	-	-
ALL Expenses	(4,970)	(4,862)	(9,832)	(10,472)	2.2	(6.1)	(19.8)	(23.7)
Gross Income from Financial Intermediation	10,514	10,754	21,268	19,382	(2.2)	9.7	(1.8)	0.7
Income from Insurance, Pension Plans and Capitalization Bonds (1)	1,781	1,627	3,408	2,709	9.5	25.8	41.9	10.4
Fee and Commission Income	7,496	7,430	14,926	13,029	0.9	14.6	2.1	2.5
Operating Expenses	(9,865)	(9,676)	(19,541)	(16,022)	2.0	22.0	(2.5)	(2.7)
Tax Expenses	(1,718)	(1,772)	(3,490)	(2,744)	(3.0)	27.2	13.1	9.6
Other Operating Income / (Expenses)	(1,730)	(1,775)	(3,505)	(3,622)	(2.5)	(3.2)	(22.7)	(11.8)
Operating Income	6,478	6,588	13,066	12,732	(1.7)	2.6		
Income Tax / Social Contribution	(1,699)	(1,839)	(3,538)	(4,232)	(7.6)	(16.4)		
Non-Operating Income / Equity in the earnings (losses) of unconsolidated and jointly controlled	(75)	(101)	(176)	(226)	(25.7)	(22.1)		
Adjusted Net Income	4,704	4,648	9,352	8,274	1.2	13.0		
Shareholders' Equity	106,807	104,558	106,807	96,358	2.2	10.8		
Assets	1,291,184	1,294,139	1,291,184	1,105,244	(0.2)	16.8		
ROAE (2) (3)	18.2%	18.3%	18.2%	17.4%	(0.1) p.p.	0.8 p.p.		
ROAA (3)	1.4%	1.4%	1.4%	1.5%	-	(0.1) p.p.		

(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; (2) Excludes mark-to-market effects of available-for-sale securities recorded under Shareholders' Equity; and (3) Calculated on a linear basis. Year-to-Date Adjusted Net Income.

Adjusted Net Income and Earnings per Share

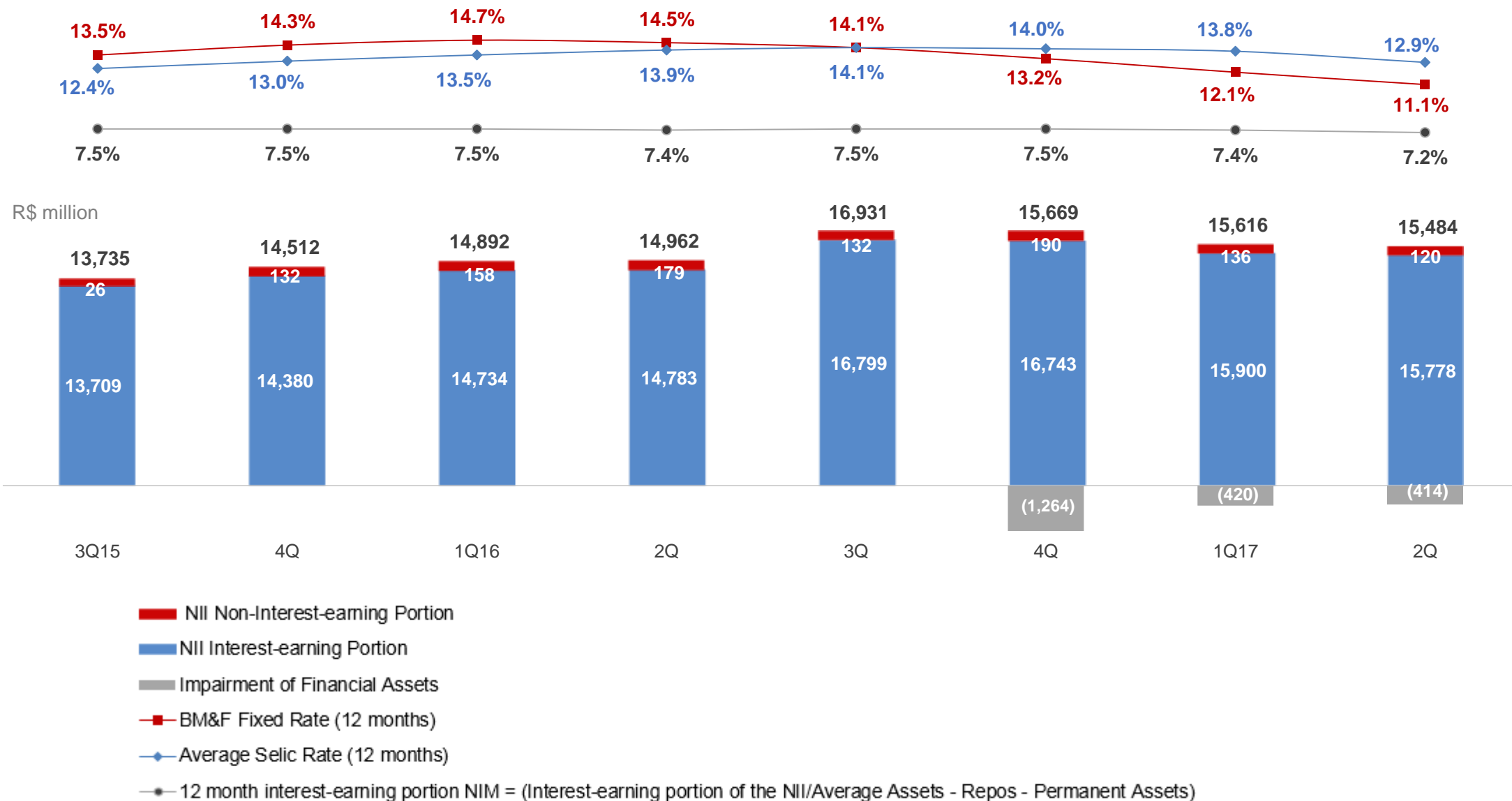


Other activities
account for **67%**



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

NII - Interest Earning Portion and Non-Interest Earning Portion

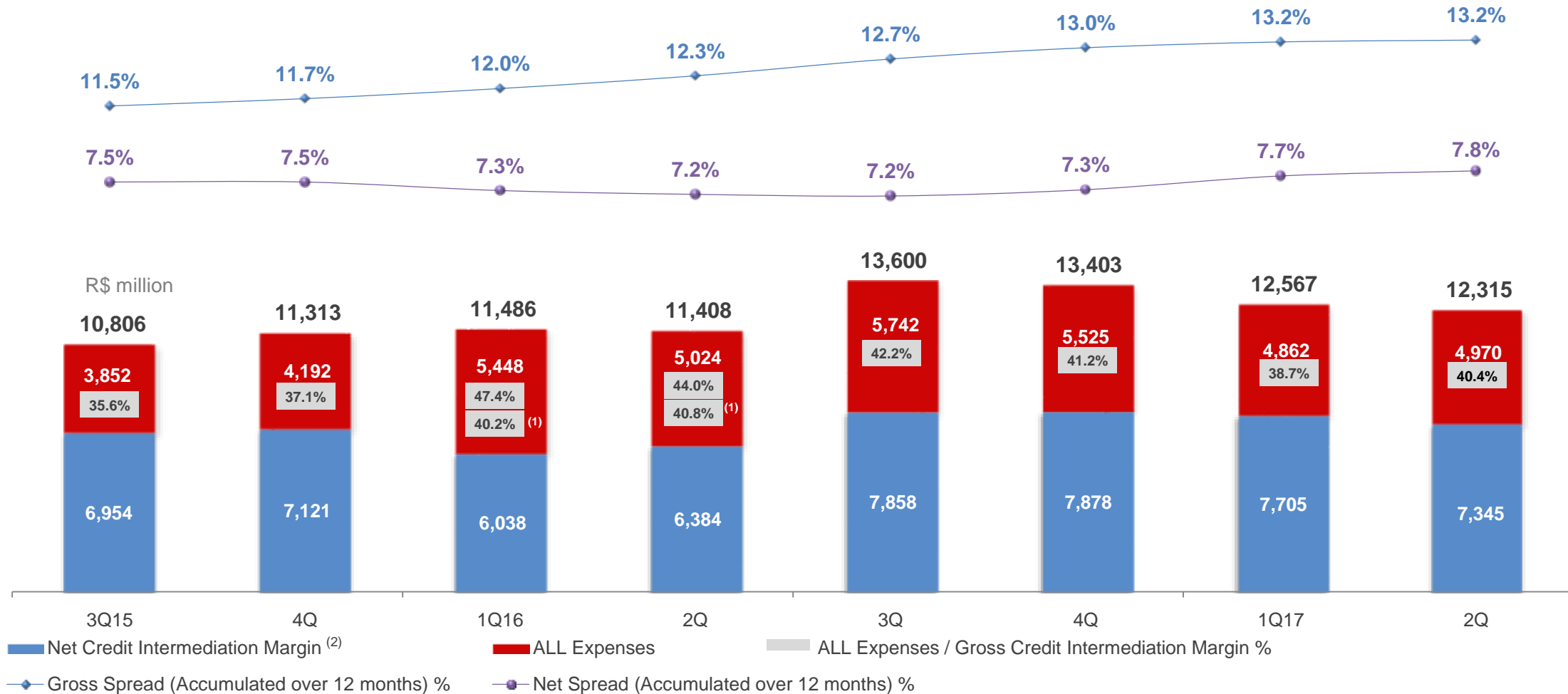


NII - Interest Earning Portion



R\$ million	2Q17	1Q17	1H17	1H16	Variation %		Pro-Forma - Variation %	
					2Q17/1Q17	1H17/1H16	2Q17/2Q16	1H17/1H16
- Credit Intermediation	12,315	12,567	24,882	22,894	(2.0)	8.7	(7.4)	(7.5)
- Insurance	1,193	1,481	2,674	2,890	(19.4)	(7.5)	(15.7)	(7.5)
- Securities / Others	2,270	1,852	4,122	3,733	22.6	10.4	15.8	10.4
NII - Interest-Earning Portion	15,778	15,900	31,678	29,517	(0.8)	7.3	(5.3)	(5.5)

Credit Intermediation Margin



Net Credit Margin -4.7% compared to 1Q17 and +21.2% compared to 1H16

(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.

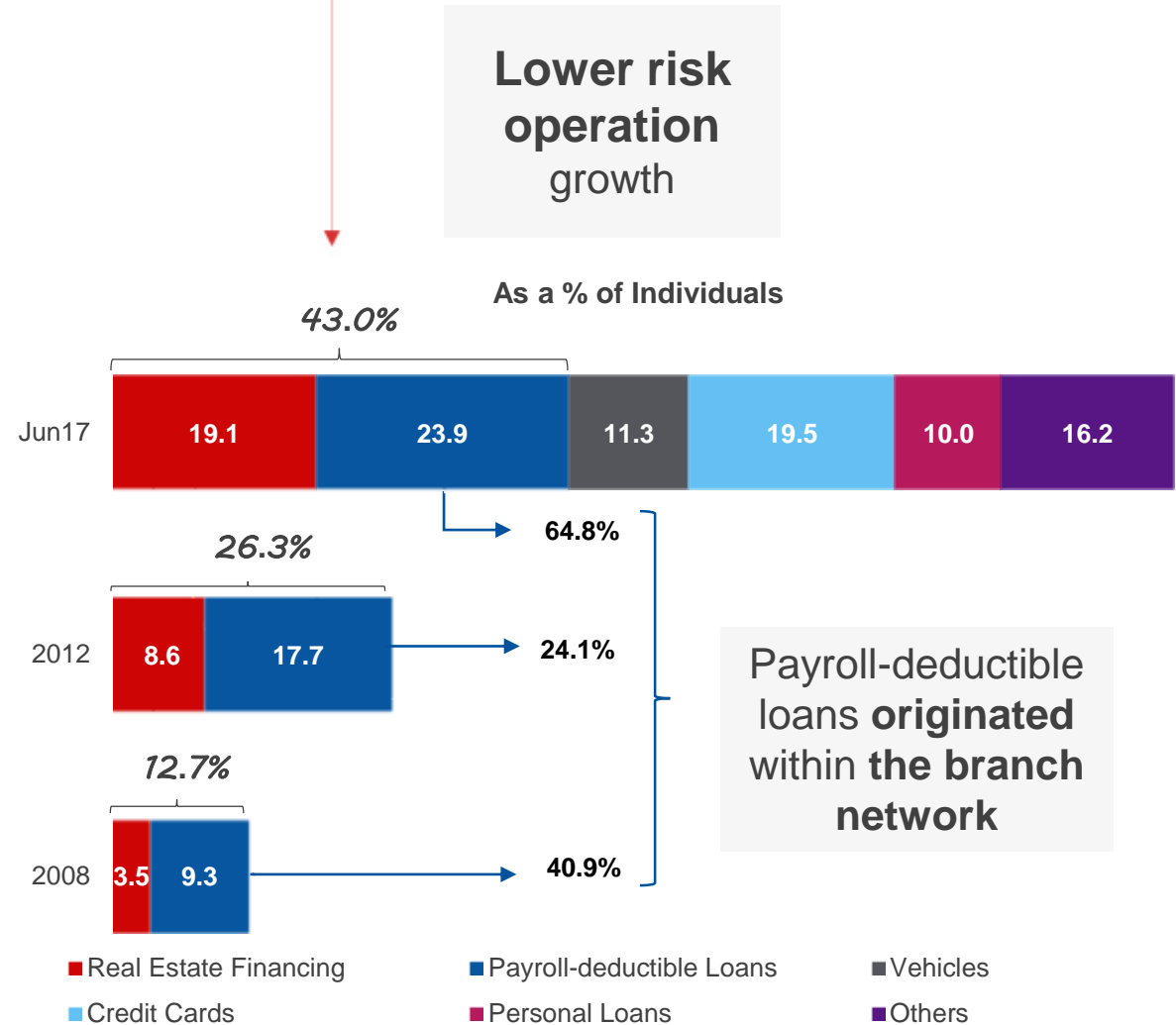
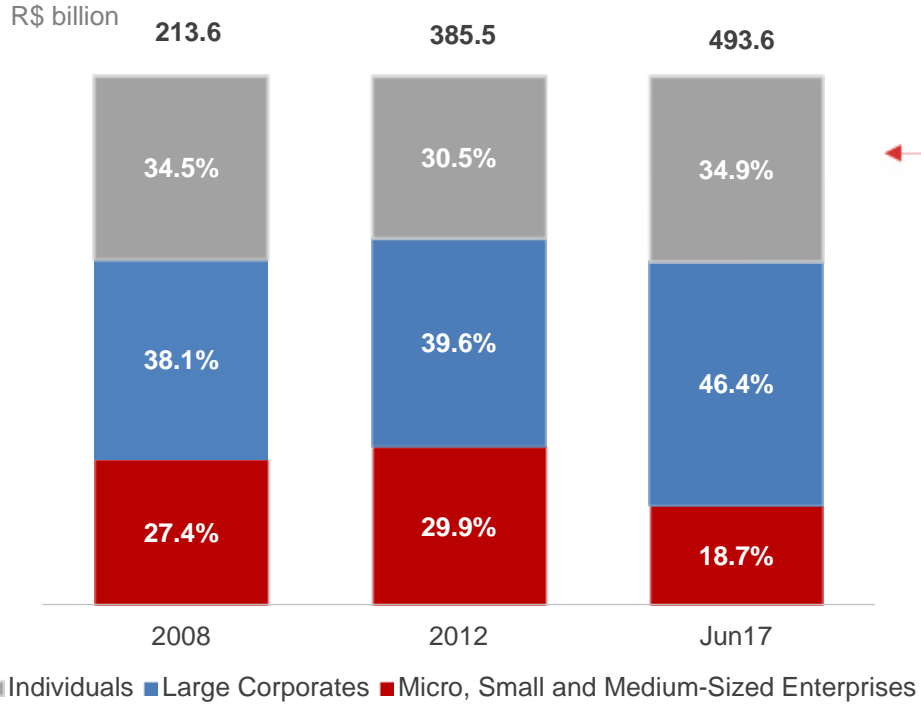
Expanded Loan Portfolio



R\$ million				Variation %	
	Jun17	Mar17	Jun16	Q-o-Q	Y-o-Y
Companies	321,521	330,894	298,573	(2.8)	7.7
Large Corporates	229,021	234,444	201,228	(2.3)	13.8
Micro, Small and Medium-Sized Enterprises	92,500	96,450	97,345	(4.1)	(5.0)
Individuals	172,045	171,820	148,919	0.1	15.5
Payroll-deductible Loan	41,191	39,937	36,220	3.1	13.7
Credit Cards	33,525	34,018	28,757	(1.5)	16.6
Real Estate Financing	32,926	32,589	24,674	1.0	33.4
CDC / Leasing - Vehicles	19,470	19,526	19,662	(0.3)	(1.0)
Personal Loans	17,220	17,761	15,250	(3.0)	12.9
Others	27,713	27,989	24,356	(1.0)	13.8
Expanded Loan Portfolio - Total	493,566	502,714	447,492	(1.8)	10.3

	Jun17	Mar17	Jun16 Pro-Forma	Q-o-Q	Y-o-Y Pro-Forma
Companies	321,521	330,894	360,679	(2.8)	(10.9)
Individuals	172,045	171,820	171,447	0.1	0.3
Expanded Loan Portfolio - Total	493,566	502,714	532,126	(1.8)	(7.2)

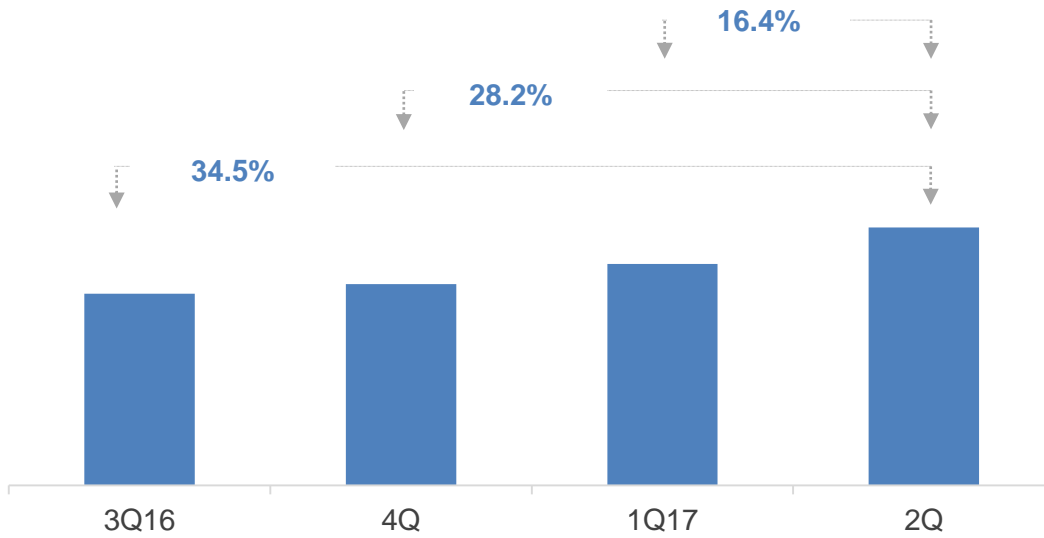
Expanded Loan Portfolio Mix



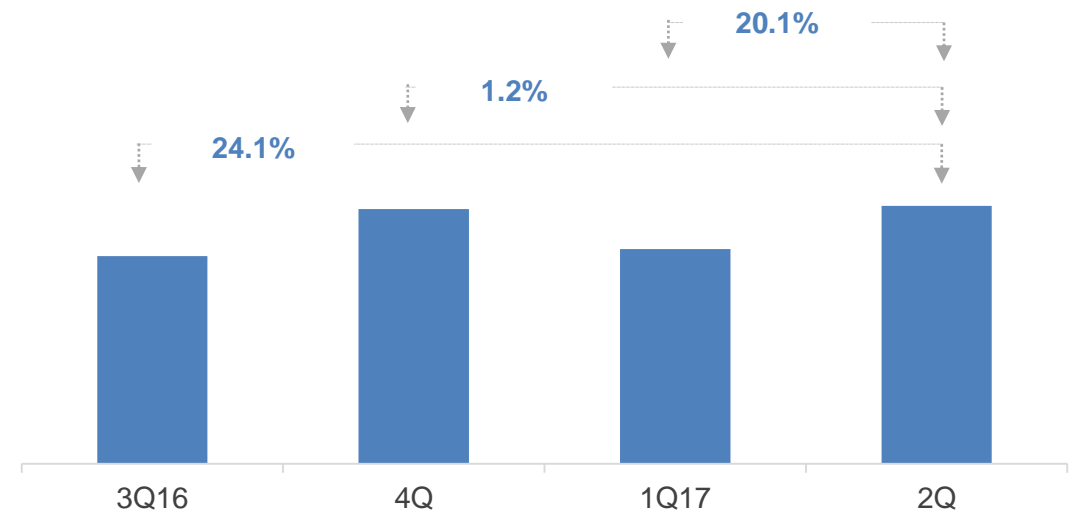
Loan Origination per Business Day



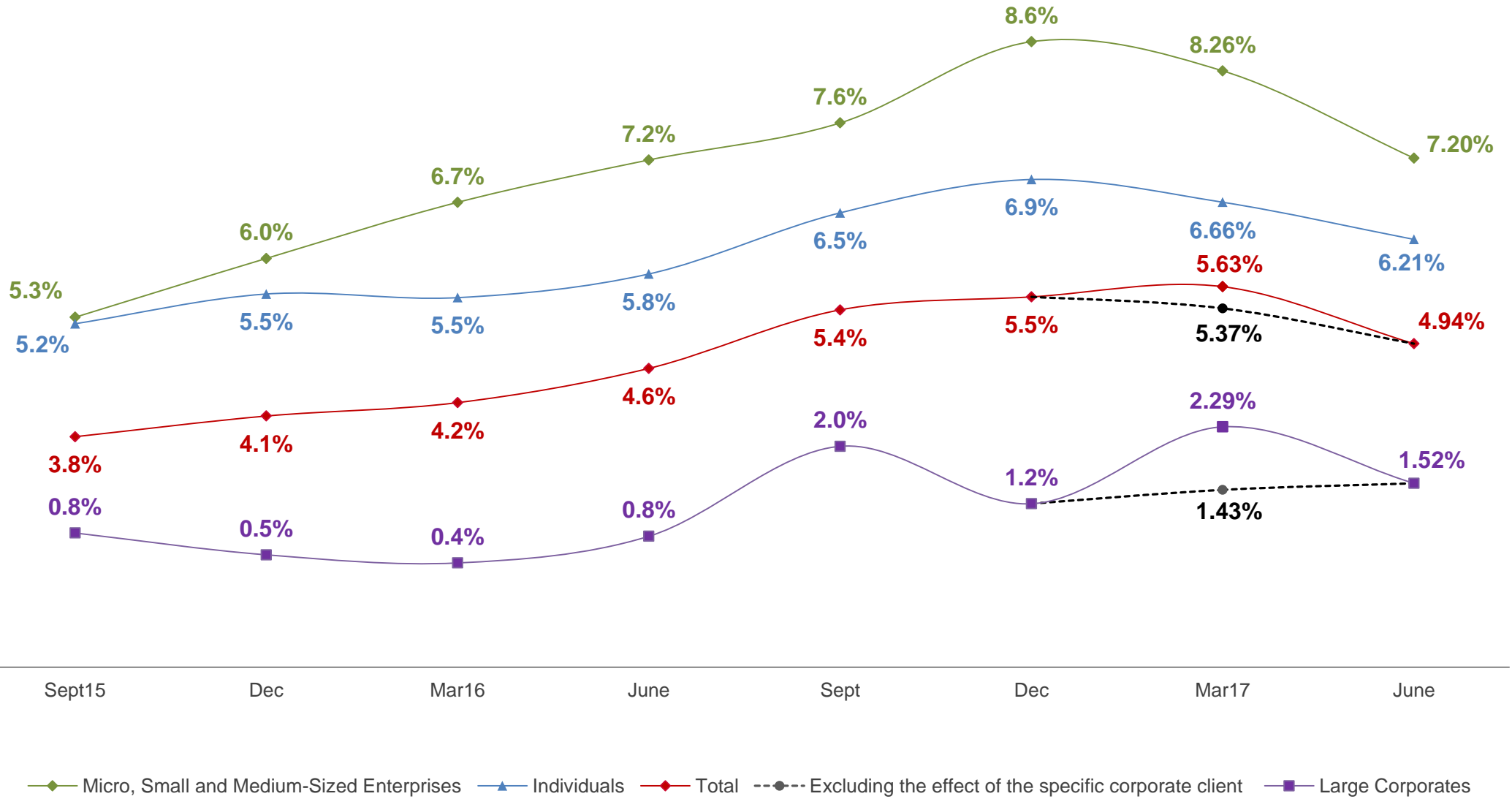
Non-earmarked loans - Individuals



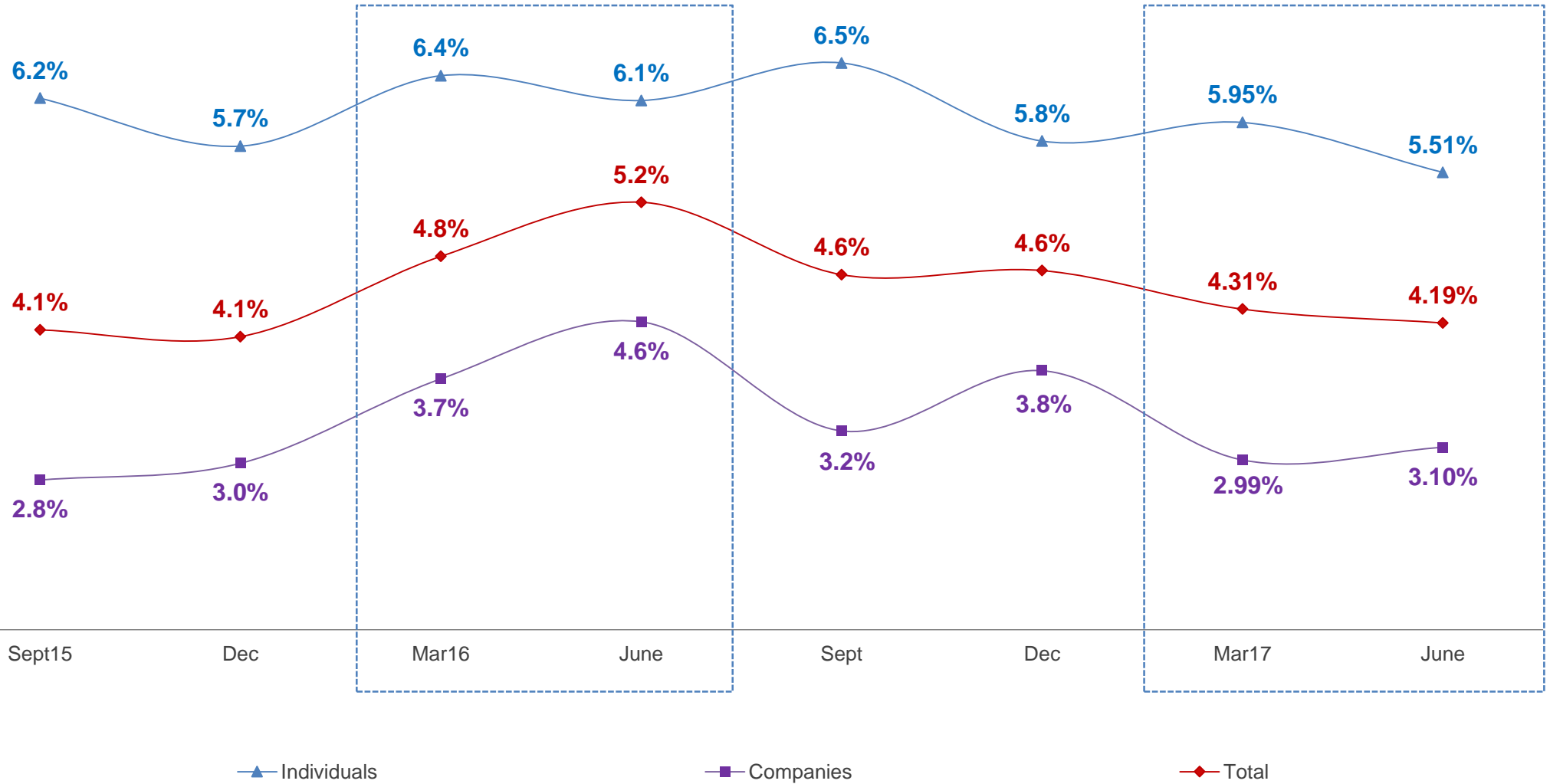
Non-earmarked loans - Companies



Delinquency Over 90 Days



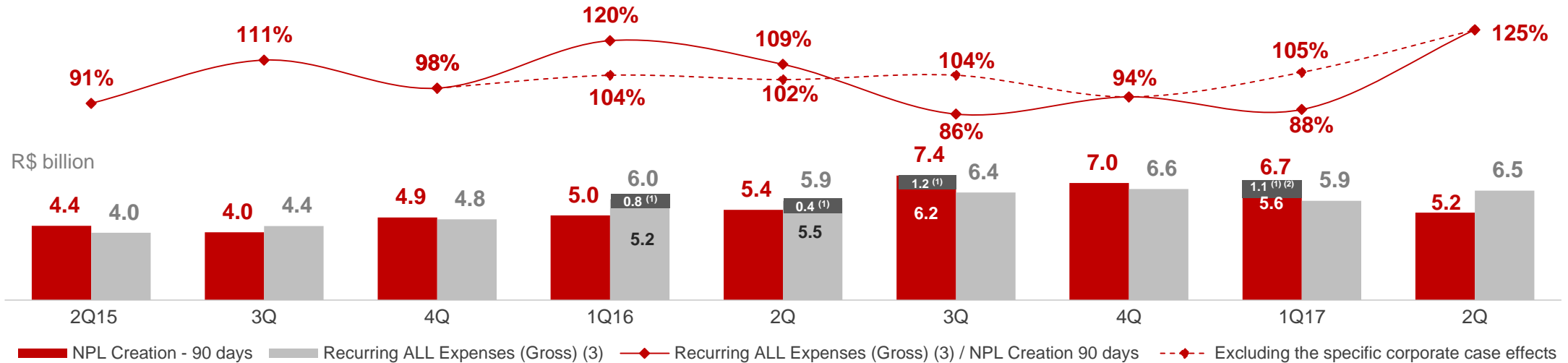
15-90 day Delinquency Ratio



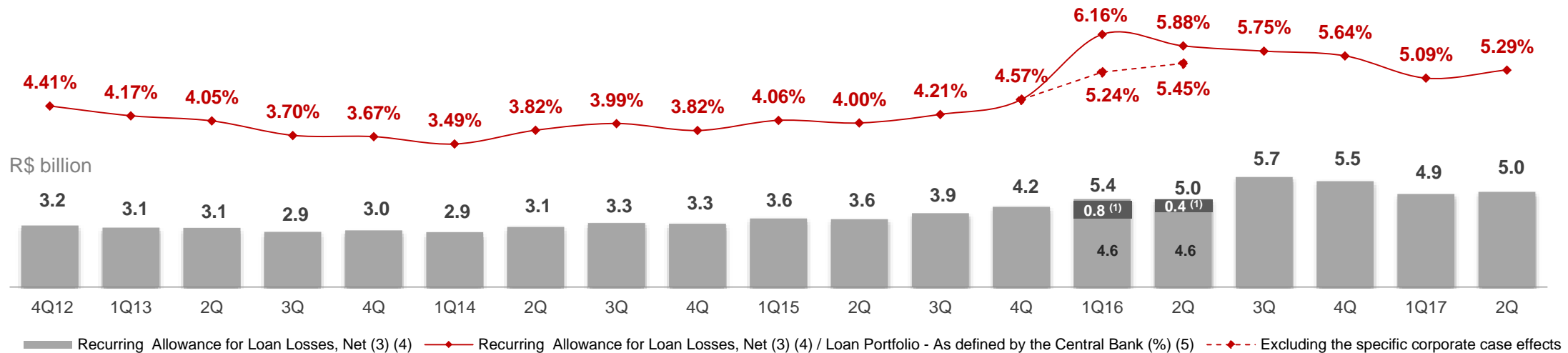
NPL Creation and Allowance for Loan Losses (ALL) Expenses



NPL Creation X ALL Expenses

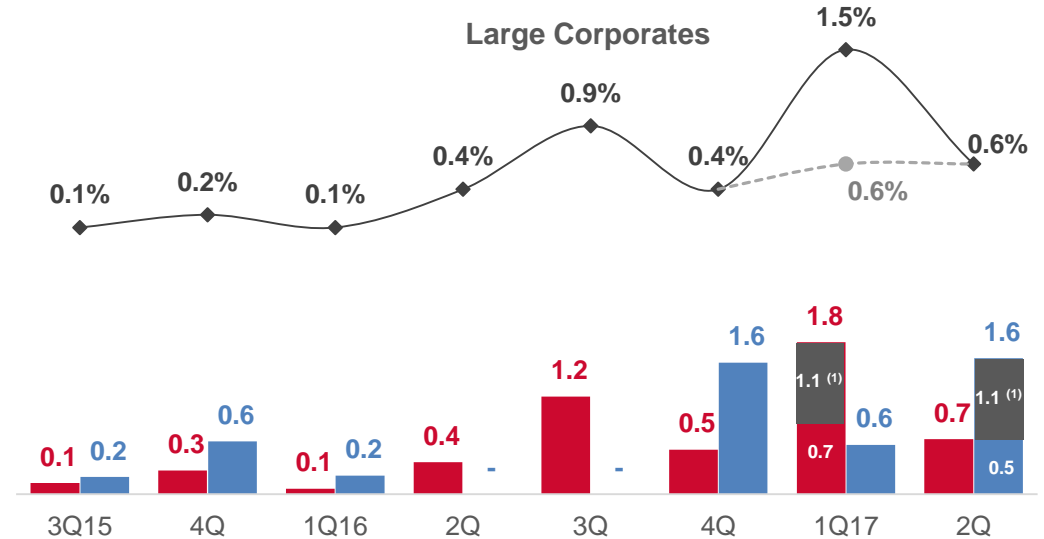
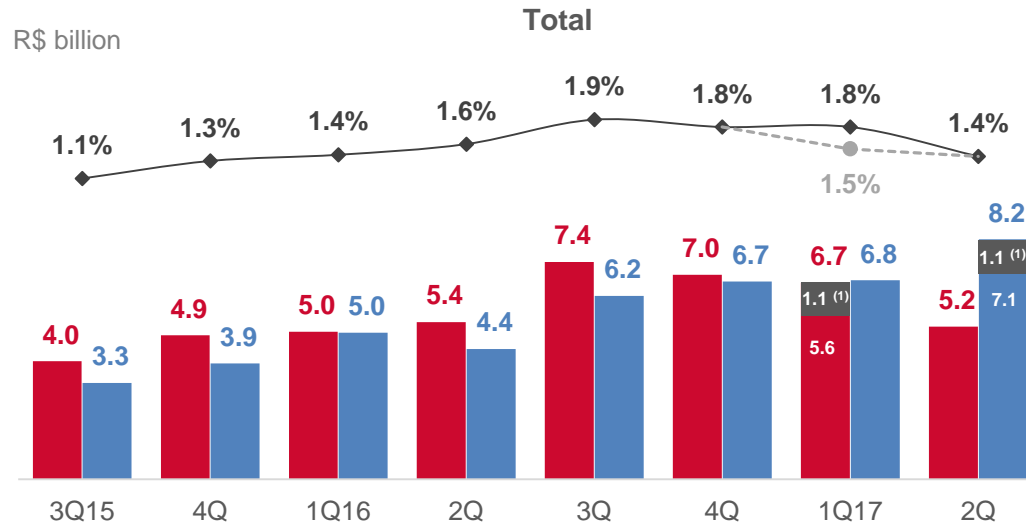


Allowance for Loan Losses (ALL) Expenses / Bacen Loan Portfolio

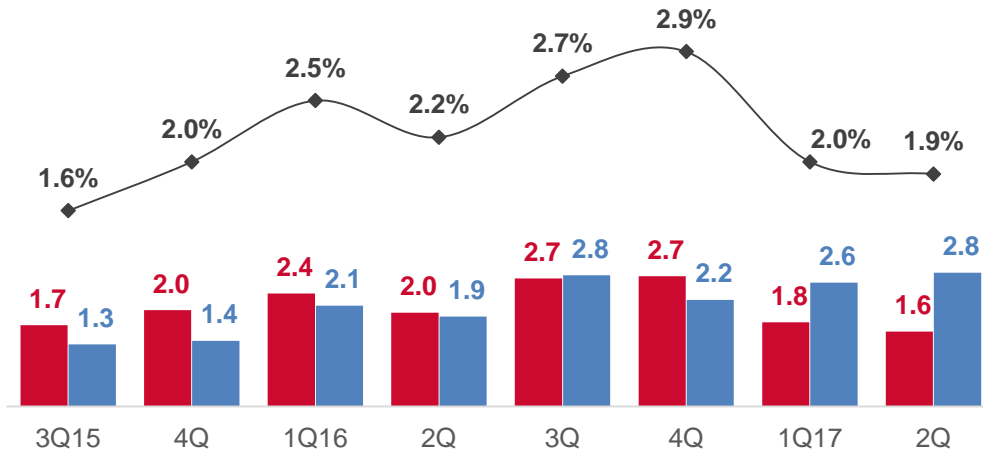


(1) Effect of the levelling of provisions for a specific corporate client; (2) Fully provisioned client; (3) Excluding non-recurring effects; (4) Managerial criteria comprising income from loan operations, expenses with discounts granted and proceeds from sale of foreclosed assets; and (5) Calculated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

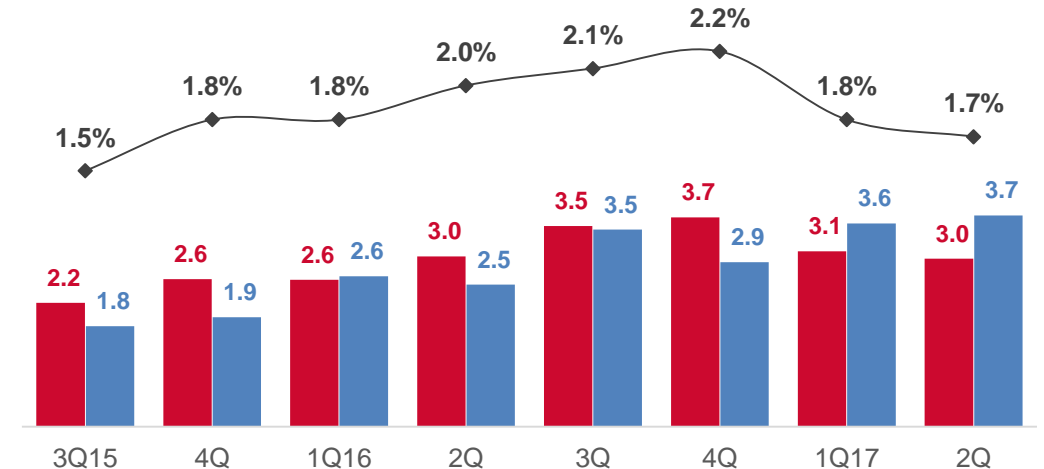
90-day NPL Creation by Segment



Micro, Small and Medium-Sized Enterprises



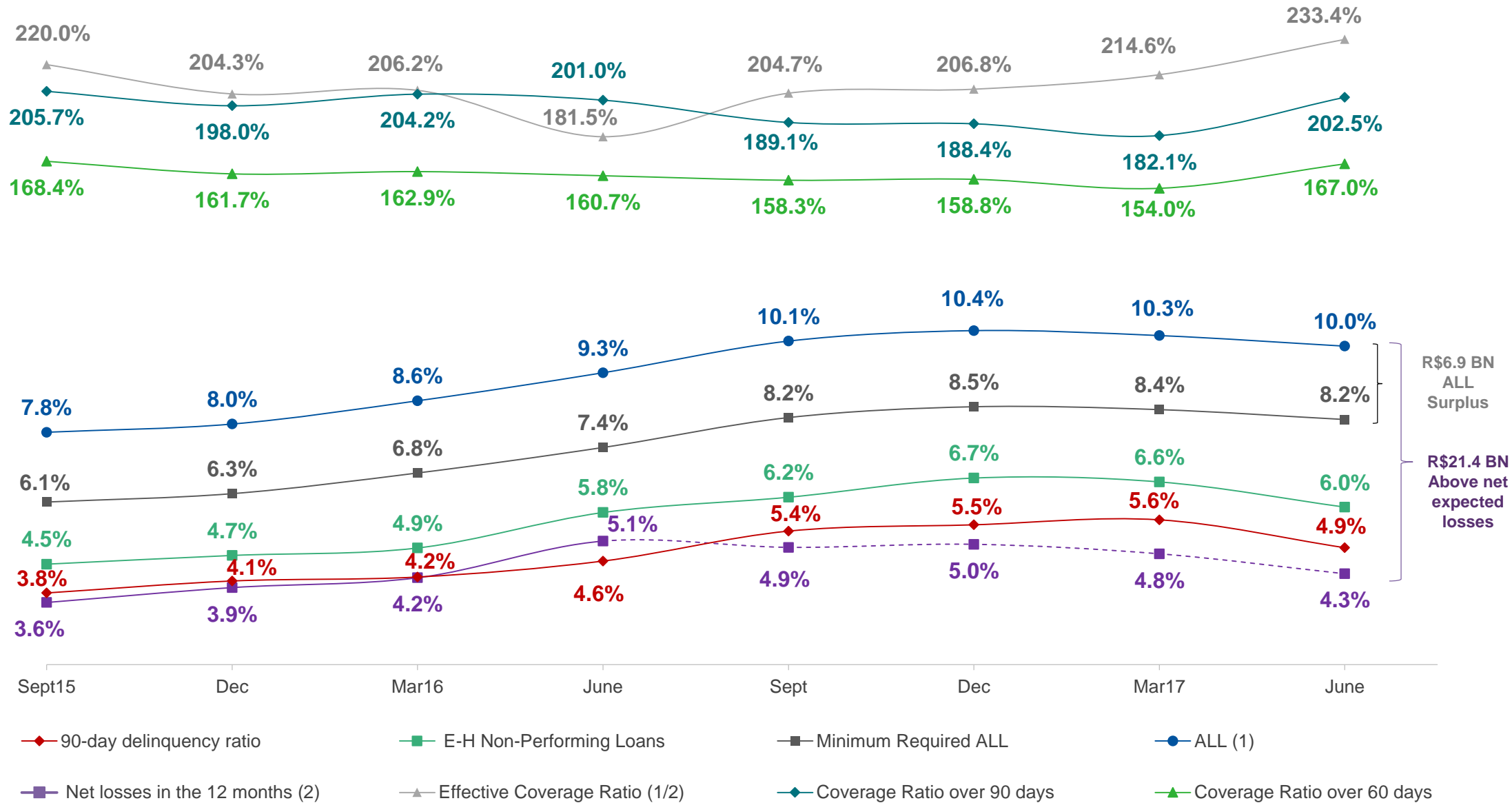
Individuals



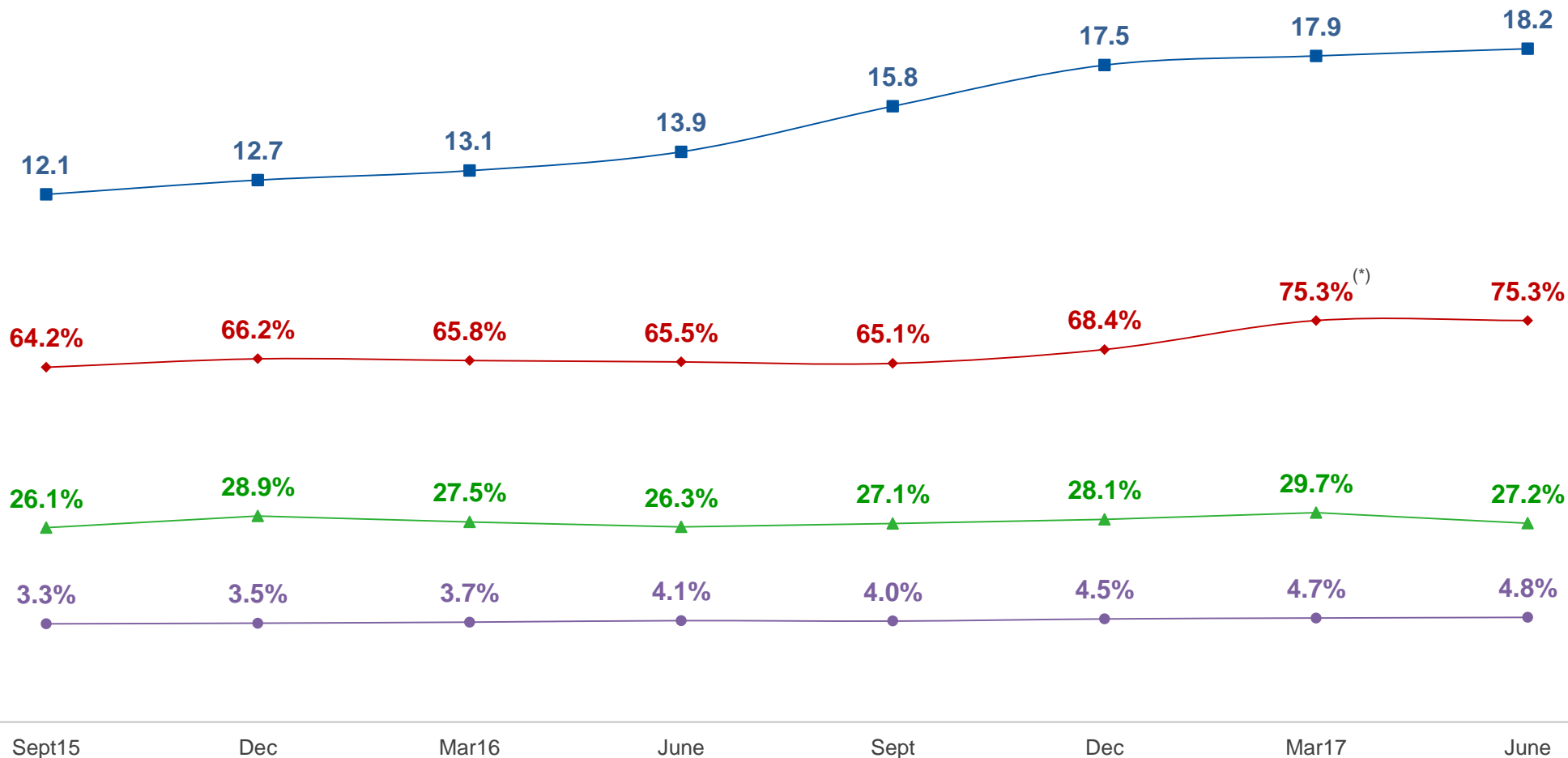
■ NPL Creation
 ■ Write-off
 ◆ NPL Creation / Loan Portfolio - As defined by the Central Bank
 ◆ Excluding the specific corporate case effects

(1) Effect of a specific corporate client.

Effective Coverage Ratio and Coverage Ratio Over 90 and 60 Days



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	2Q17	1Q17	1H17	1H16	Variation %		Pro-Forma - Variation %	
					2Q17/1Q17	1H17/1H16	2Q17/2Q16	1H17/1H16
Cards	2,650	2,637	5,287	4,880	0.5	8.3	2.2	2.8
Checking Accounts	1,651	1,601	3,252	2,774	3.1	17.2	4.8	4.8
Asset Management	898	912	1,810	1,375	(1.5)	31.6	17.8	21.0
Loan Operations	774	731	1,505	1,366	5.9	10.2	(4.2)	(3.2)
Collections	475	478	953	811	(0.6)	17.5	(1.9)	0.1
Consortium Management	378	369	747	568	2.4	31.5	16.0	16.7
Custody and Brokerage Services	213	211	424	321	0.9	32.1	(2.3)	6.5
Underwriting / Financial Advisory Services	154	180	334	366	(14.4)	(8.7)	(29.4)	(15.9)
Payments	101	108	209	187	(6.5)	11.8	2.0	2.0
Others	202	203	405	381	(0.5)	6.3	(22.6)	(40.4)
Total	7,496	7,430	14,926	13,029	0.9	14.6	2.1	2.5

Variation (number)

Business Days	61	63	124	124	(2)	-
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Operating Expenses

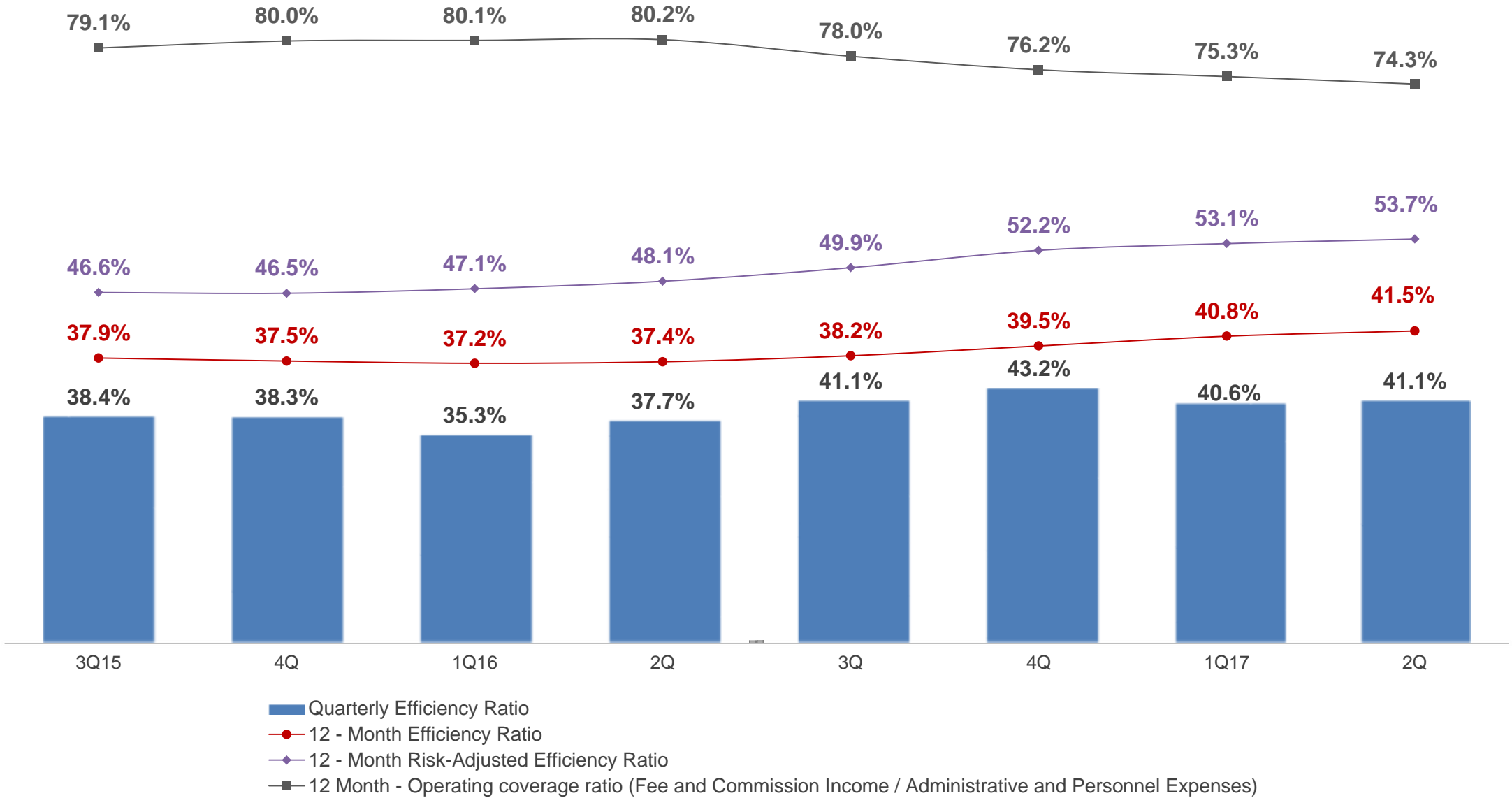


R\$ million	2Q17	1Q17	1H17	1H16	Variation %		Pro-Forma - Variation %	
					2Q17/1Q17	1H17/1H16	2Q17/2Q16	1H17/1H16
Personnel	4,967	4,822	9,789	7,636	3.0	28.2	4.3	3.1
- Structural	4,070	3,946	8,016	6,041	3.1	32.7	4.6	1.6
- Non-Structural	897	876	1,773	1,594	2.4	11.2	3.0	10.6
Administrative	4,898	4,854	9,752	8,386	0.9	16.3	(8.6)	(7.9)
Total	9,865	9,676	19,541	16,022	2.0	22.0	(2.5)	(2.7)
Employees	105,143	106,644	105,143	89,424	(1.4)	17.6		
Branches	5,068	5,122	5,068	4,483	(1.1)	13.0		
Service Points	60,673	60,929	60,673	61,677	(0.4)	(1.6)		

Employees and Service Points - Bradesco Pro-Forma - July 1st, 2016

Employees	111,189
Branches	5,334
Service Points	65,245

Efficiency and Operating Coverage Ratios



Income from Insurance, Pension Plans and Capitalization Bonds



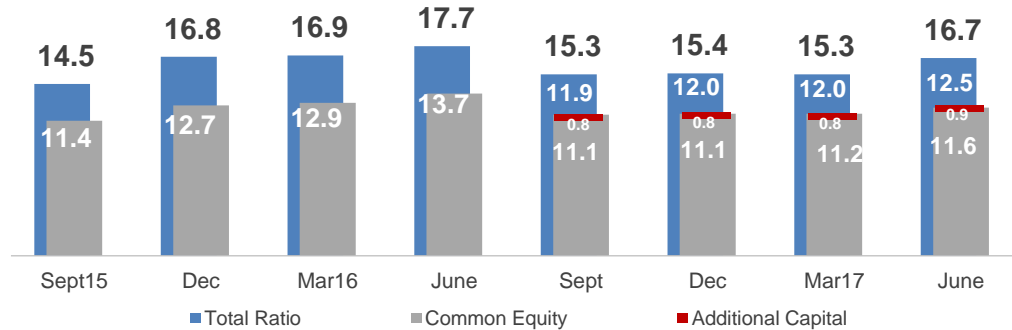
R\$ million	2Q17	1Q17	1H17	1H16	Variation %		Pro-Forma - Variation %	
					2Q17/1Q17	1H17/1H16	2Q17/2Q16	1H17/1H16
Life and Pension Plans	9,440	9,273	18,713	15,930	1.8	17.5	0.5	9.0
Health	5,869	5,793	11,662	10,694	1.3	9.1	7.6	9.1
Auto/P&C	1,596	1,362	2,958	2,877	17.2	2.8	3.0	2.8
Capitalization Bonds	1,563	1,446	3,009	2,768	8.1	8.7	1.1	(0.1)
Total Income	18,468	17,874	36,342	32,269	3.3	12.6	2.9	7.7
DPVAT	44	74	118	170	(40.5)	(30.6)	(35.3)	(30.6)
Overall Income	18,512	17,948	36,460	32,439	3.1	12.4	2.8	7.5
Financial Assets	256,028	251,140	256,028	205,230	1.9	24.8	15.9	15.9
Technical Provisions	233,640	229,433	233,640	190,649	1.8	22.5	13.6	13.6
Shareholders' Equity	29,380	28,942	29,380	24,018	1.5	22.3		
Net Income	1,270	1,374	2,644	2,544	(7.6)	3.9		
ROAE (1)	18.5%	20.2%	19.1%	22.4%	(1.7) p.p	(3.3) p.p		

(1) Calculated on a linear basis.

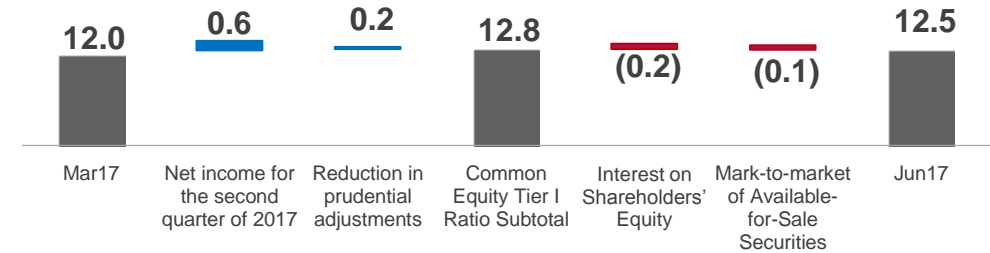


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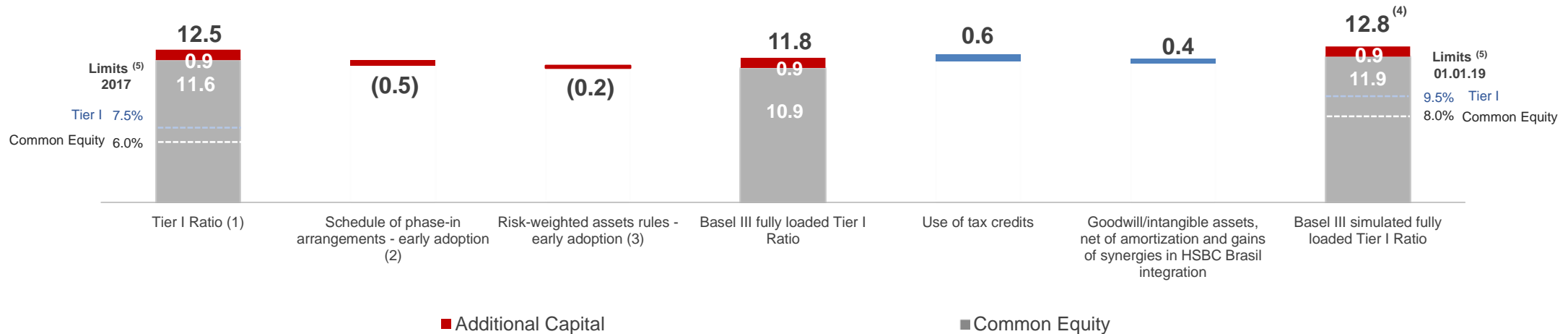
Prudential Conglomerate



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 the bank exercises the possibility of issuance of additional capital by 2018, 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.



	Previous		Revised	
	"Pro-forma" (1)	Disclosed	"Pro-forma" (1)	Disclosed
Expanded Loan Portfolio	1 to 5%	1 to 5%	-5 to -1%	-5 to -1%
NII - Interest-Earning Portion	-4 to 0%	3 to 7%	-5 to -1%	2 to 6%
Fee and Commission Income	7 to 11%	12 to 16%	2 to 6%	8 to 12%
Operating Expenses (Administrative and Personnel Expenses)	-1 to 3%	10 to 14%	-4 to 0%	7 to 11%
Insurance Premiums	4 to 8%	6 to 10%	4 to 8%	6 to 10%
ALL Expenses (Includes income from credit recovery)	R\$21 bi to R\$24 bi	R\$21 bi to R\$24 bi	R\$18 bi to R\$21 bi	R\$18 bi to R\$21 bi

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



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