

# Earning Results 2Q18



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# Highlights

- **Net Income 2Q18** R\$5.2 bi. 9.7% p.a. and ROE of 18.5%<sup>(1)</sup>. Operating Income 25.7% p.a.
- **Expanded Loan Portfolio** 6.0% in the quarter, and 4.5% p.a. with an increase in the Companies and Individuals.
- **Delinquency** 0.5 p.p. in the quarter, and 1.0 p.p. p.a. Highlight for individuals and PMEs.
- **Expanded ALL** 11.7% in the quarter, and 36.1% p.a. with a drop in the PDD and in the impairment.
- **Operating Expenses** presenting a good performance.
- **Interest Margin** in line with the guidance, presenting a drop of 3.8% p.a.

R\$ billion	2Q18	Variation %		
		2Q18 x 1Q18	2Q18 x 2Q17	1H18 x 1H17
Recurring Net Income	R\$5.2	1.2%	9.7%	9.7%
Expanded ALL	R\$3.4	(11.7)%	(36.1)%	(31.2)%
Fee and Commission Income	R\$8.1	3.7%	8.3%	6.9%
Operating Expenses	R\$9.9	2.9%	0.6%	0.1%
Insurance Premiums	R\$18.2	3.7%	(1.6)%	(1.8)%
Expanded Loan Portfolio	R\$515.6	6.0%	4.5%	4.5%
Annualized Return on Average Equity (ROE)	18.4%	(0.2) p.p.	0.3 p.p.	0.3 p.p.
Tier I Capital	11.4%	(1.0) p.p.	(1.1) p.p.	(1.1) p.p.
Delinquency Ratio over 90 days	3.9%	(0.5) p.p.	(1.0) p.p.	(1.0) p.p.

(1) Year-to-Date Recurring Net Income.



# Recurring Net Income x Book Net Income

R\$ million	2Q18	1Q18	2Q17	1H18	1H17
<b>Recurring Net Income</b>	<b>5,161</b>	5,102	4,704	<b>10,263</b>	9,352
<b>Non-Recurring Events</b>	<b>(633)</b>	(635)	(793)	<b>(1,268)</b>	(1,370)
- Goodwill amortization (Gross)	(613)	(607)	(565)	(1,220)	(1,119)
- Regulatory change in Cielo (1)	-	-	(210)	-	(210)
- Other (2)	(20)	(28)	(18)	(48)	(41)
<b>Book Net Income</b>	<b>4,528</b>	4,467	3,911	<b>8,995</b>	7,982

CONFERENCE CALL – 2Q18

(1) It refers to our proportional shares in Cielo, as a result of the adjustments and effects of change of the accounting standards, from IFRS/CPC to COSIF, since it began to be regulated by the Central Bank of Brazil (Bacen), which was equated to financial institutions; and (2) It refers, basically, to contingent liabilities.



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

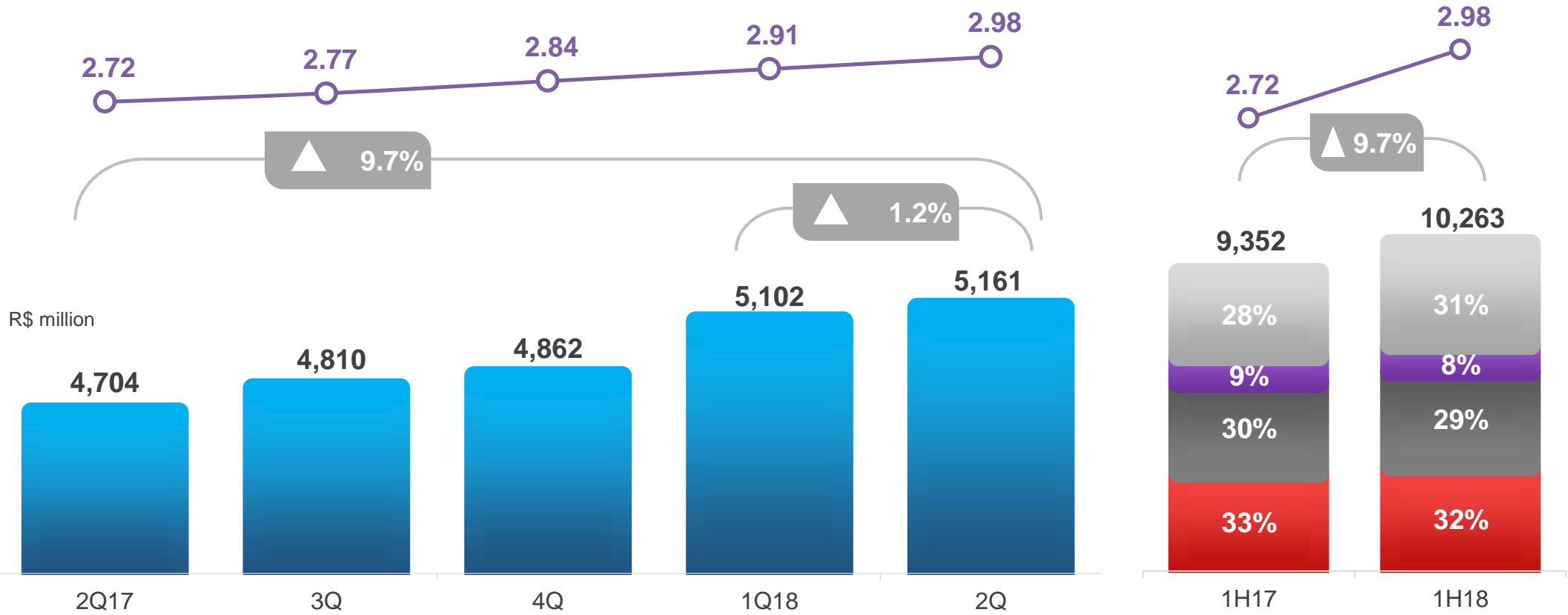
R\$ million

Recurring Income Statement	2Q18	1H18	Variation %		
			2Q18 x 1Q18	2Q18 x 2Q17	1H18 x 1H17
<b>Net Interest Income</b>	<b>15,084</b>	<b>30,770</b>	<b>(3.8)</b>	<b>(5.1)</b>	<b>(3.6)</b>
<b>Expanded ALL</b>	<b>(3,437)</b>	<b>(7,329)</b>	<b>(11.7)</b>	<b>(36.1)</b>	<b>(31.2)</b>
ALL Expenses	(4,369)	(8,968)	(5.0)	(33.1)	(27.9)
Income from Credit Recovery	1,652	3,099	14.2	(20.6)	(14.4)
Discounts Granted / Other	(507)	(992)	4.5	(1.9)	(3.1)
Impairment of Financial Assets	(213)	(468)	(16.5)	(47.8)	(43.5)
<b>Gross Income from Financial Intermediation</b>	<b>11,647</b>	<b>23,441</b>	<b>(1.2)</b>	<b>10.8</b>	<b>10.2</b>
Income from Insurance, Pension Plans and Capitalization Bonds (1)	2,205	3,720	45.5	23.8	9.2
Fee and Commission Income	8,119	15,950	3.7	8.3	6.9
Operating Expenses (Personnel + Administrative)	(9,920)	(19,559)	2.9	0.6	0.1
Other Operating Income / (Expenses) (2)	(3,907)	(7,738)	2.0	13.3	10.6
<b>Operating Income</b>	<b>8,144</b>	<b>15,814</b>	<b>6.2</b>	<b>25.7</b>	<b>21.0</b>
Income Tax / Social Contribution and Non-Operating Income / Non-controlling interests in subsidiaries	(2,983)	(5,551)	16.2	68.2	49.5
<b>Recurring Net Income</b>	<b>5,161</b>	<b>10,263</b>	<b>1.2</b>	<b>9.7</b>	<b>9.7</b>
<b>Shareholders' Equity</b>	<b>113,039</b>	<b>113,039</b>	<b>(0.6)</b>	<b>5.8</b>	<b>5.8</b>
<b>Assets</b>	<b>1,306,209</b>	<b>1,306,209</b>	<b>0.2</b>	<b>1.2</b>	<b>1.2</b>
<b>ROAE</b>	<b>18.4%</b>	<b>18.5%</b>	<b>(0.2) p.p.</b>	<b>0.3 p.p.</b>	<b>0.3 p.p.</b>
<b>ROAA</b>	<b>1.6%</b>	<b>1.6%</b>	<b>-</b>	<b>0.2 p.p.</b>	<b>0.2 p.p.</b>

(1) 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; and  
 (2) Includes Equity in the earnings (losses) of unconsolidated and jointly controlled subsidiaries and tax expenses.



# Recurring Net Income and Earnings per Share



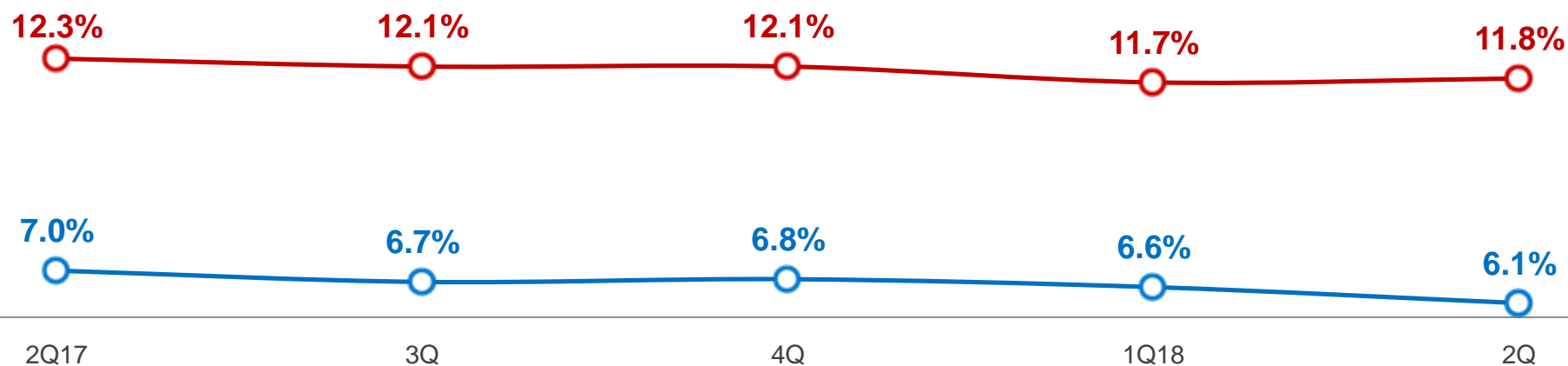
■ Recurring Net Income 
 ■ Credit Intermediation 
 ■ Fees 
 ■ Securities/Others 
 ■ Insurance 
 ○— Earnings per Share – R\$ (1)

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



# Net Interest Income

R\$ million	2Q18	1Q18	2Q17	1H18	1H17	Variation %		
						2Q18 x 1Q18	2Q18 x 2Q17	1H18 x 1H17
<b>- NII - Interest - earning Portion</b>	<b>14,979</b>	<b>15,493</b>	<b>15,778</b>	<b>30,472</b>	<b>31,678</b>	<b>(3.3)</b>	<b>(5.1)</b>	<b>(3.8)</b>
Credit Intermediation	12,127	11,690	12,517	23,817	25,298	3.7	(3.1)	(5.9)
Insurance	988	1,526	1,193	2,514	2,674	(35.3)	(17.2)	(6.0)
ALM / Other	1,864	2,277	2,068	4,141	3,706	(18.1)	(9.9)	11.7
<b>- NII - Non-Interest - earning Portion</b>	<b>105</b>	<b>193</b>	<b>114</b>	<b>298</b>	<b>250</b>	<b>(45.6)</b>	<b>(7.9)</b>	<b>19.2</b>
<b>Net Interest Income</b>	<b>15,084</b>	<b>15,686</b>	<b>15,892</b>	<b>30,770</b>	<b>31,928</b>	<b>(3.8)</b>	<b>(5.1)</b>	<b>(3.6)</b>
Net Credit Intermediation	8,690	7,798	7,139	16,488	14,638	11.4	21.7	12.6



— Quarterly average interest-earning credit intermediation

— Quarterly average interest-earning portion NIM



# Loan Portfolio (Bacen) x Expanded Loan Portfolio

R\$ million	June18	Mar18	June17	Variation %	
				Q-o-Q	Y-o-Y
Individuals	181,751	176,879	170,876	2.8	6.4
Companies	209,054	194,520	204,777	7.5	2.1
<b>Total Loan Portfolio - Bacen</b>	<b>390,805</b>	<b>371,399</b>	<b>375,653</b>	<b>5.2</b>	<b>4.0</b>
Sureties and Guarantees	71,765	72,676	73,744	(1.3)	(2.7)
Debentures and Promissory Note	47,776	38,336	41,132	24.6	16.2
Other (1)	5,289	4,234	3,037	24.9	74.2
<b>Total Expanded Loan Portfolio / Segment</b>	<b>515,635</b>	<b>486,645</b>	<b>493,566</b>	<b>6.0</b>	<b>4.5</b>
Retail	133,413	129,248	121,665	3.2	9.7
Prime	46,926	45,180	42,997	3.9	9.1
Corporate (2)	238,253	217,294	230,005	9.6	3.6
Middle Market	46,622	44,771	46,827	4.1	(0.4)
Other / Non-checking account holders (3)	50,421	50,152	52,071	0.5	(3.2)

(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

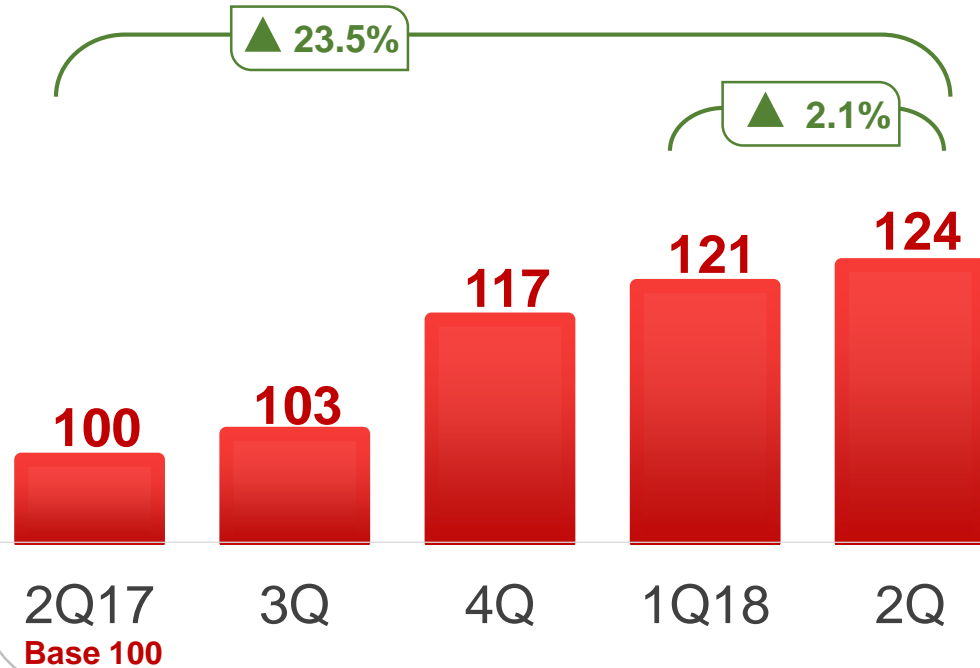
	June18	Mar18	June17	Variation %		% in relation to total June18
				Q-o-Q	Y-o-Y	
R\$ million						
<b>Companies</b>	<b>332,818</b>	<b>308,831</b>	<b>321,521</b>	<b>7.8</b>	<b>3.5</b>	<b>64.5</b>
Large Corporates	237,868	216,907	229,021	9.7	3.9	46.1
Micro, Small and Medium-Sized Enterprises	94,950	91,924	92,500	3.3	2.6	18.4
<b>Individuals</b>	<b>182,817</b>	<b>177,814</b>	<b>172,045</b>	<b>2.8</b>	<b>6.3</b>	<b>35.5</b>
Payroll-deductible Loans	46,593	45,281	41,191	2.9	13.1	9.0
Real Estate Financing	35,618	34,396	32,926	3.6	8.2	6.9
Credit Cards	33,606	32,982	33,525	1.9	0.2	6.5
CDC / Vehicle Leasing	22,167	21,584	19,470	2.7	13.9	4.3
Personal Loans	18,490	17,581	17,220	5.2	7.4	3.6
Others	26,343	25,990	27,713	1.4	(4.9)	5.1
<b>Expanded Loan Portfolio - Total</b>	<b>515,635</b>	<b>486,645</b>	<b>493,566</b>	<b>6.0</b>	<b>4.5</b>	<b>100.0</b>



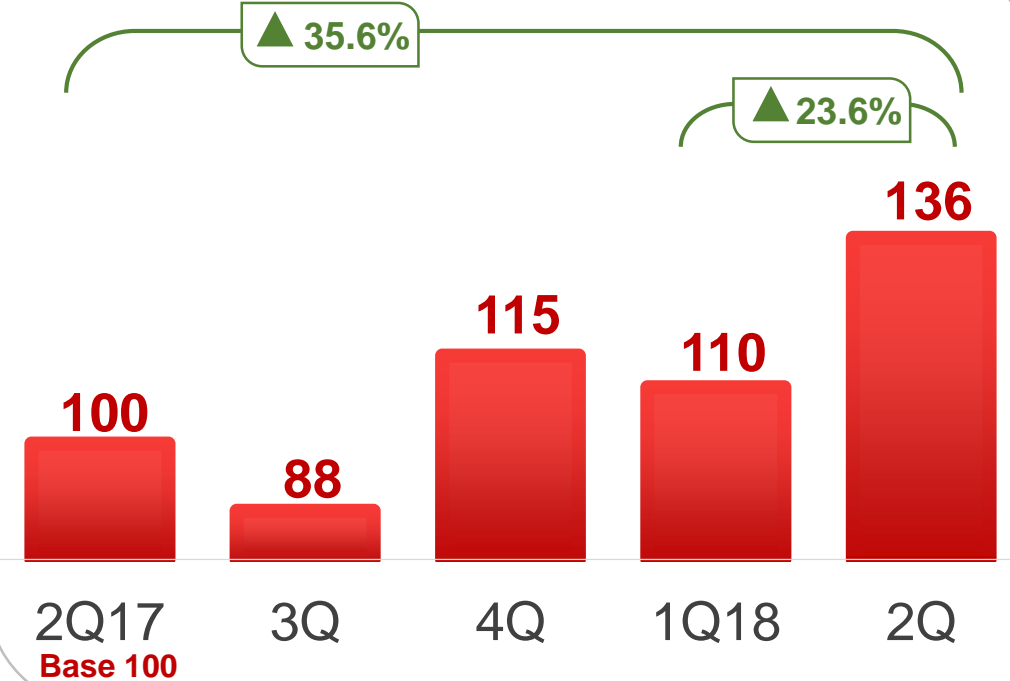


# Loan Origination per Business Day – Earmarked and non-earmarked loans

## Individuals



## Companies

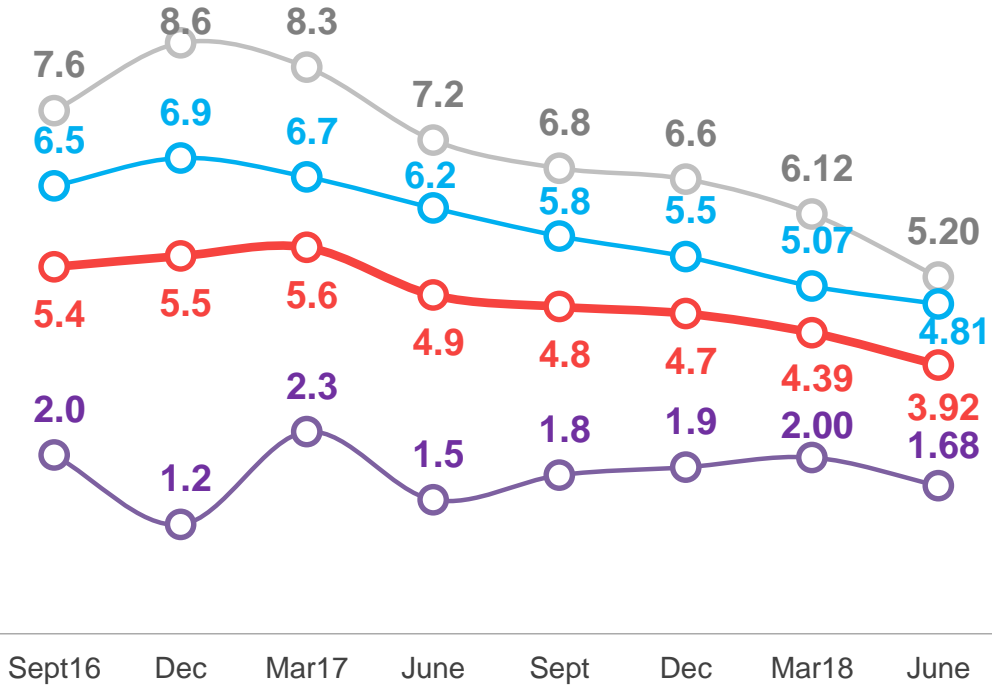


Note: Does not include sureties and guarantees, debentures, foreign exchange products and limits.

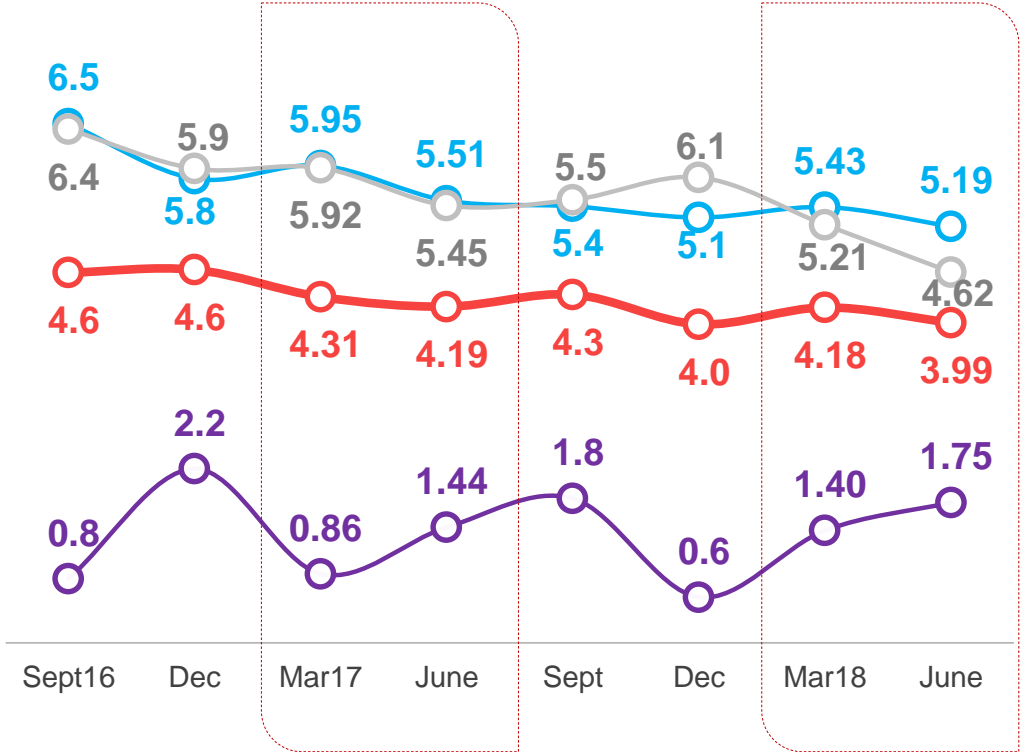


# Delinquency Ratios

## Over 90 days %



## 15-90 days %



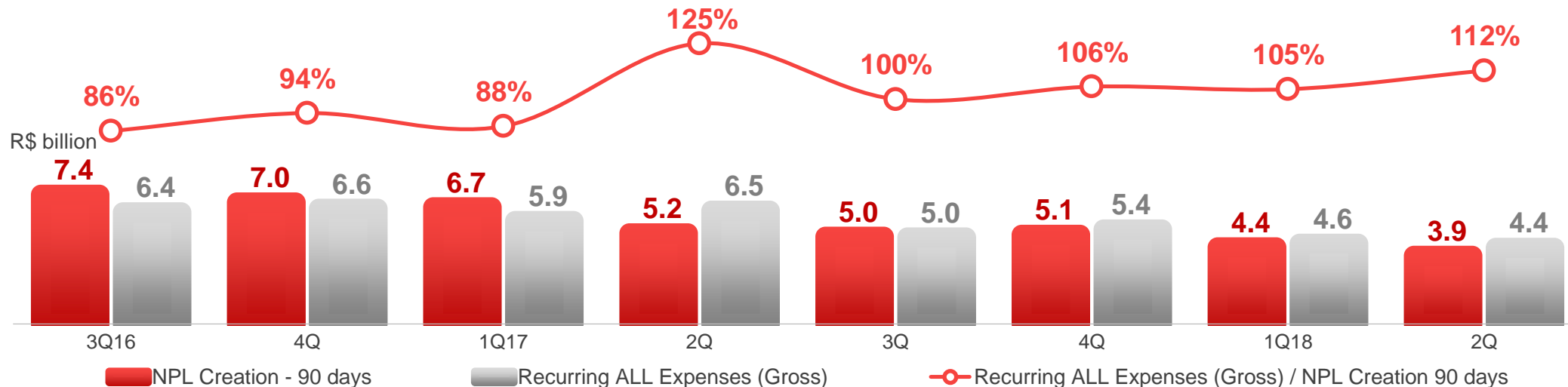
○ Micro, Small and Medium-Sized Enterprises 
 ○ Individuals 
 ○ Total 
 ○ Large Corporates

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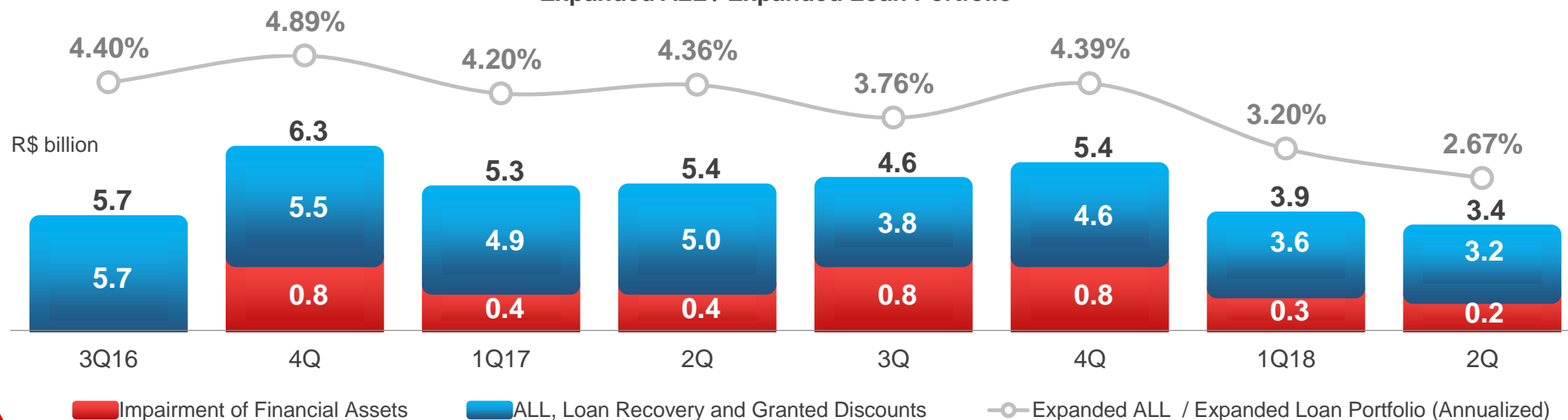


# NPL Creation and Allowance for Loan Losses (ALL) Expenses

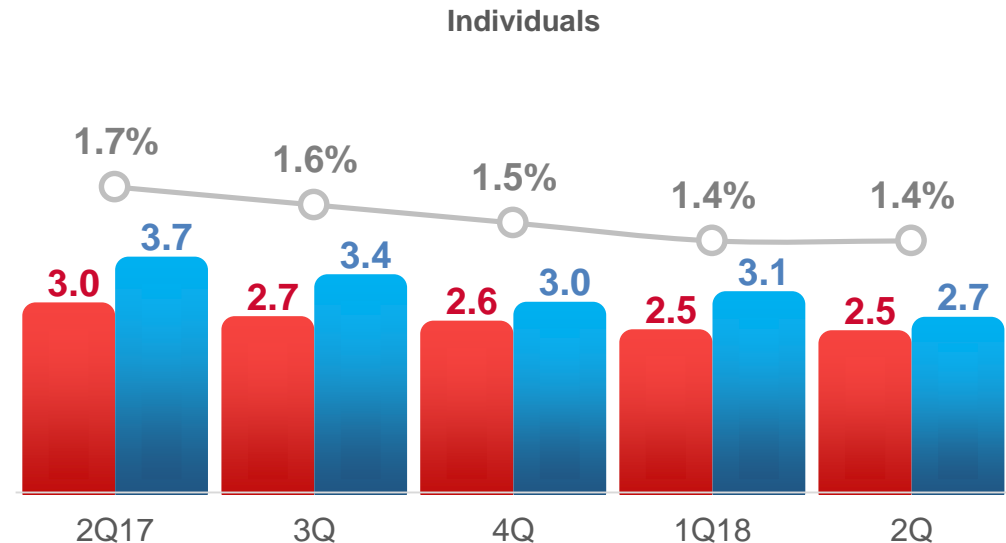
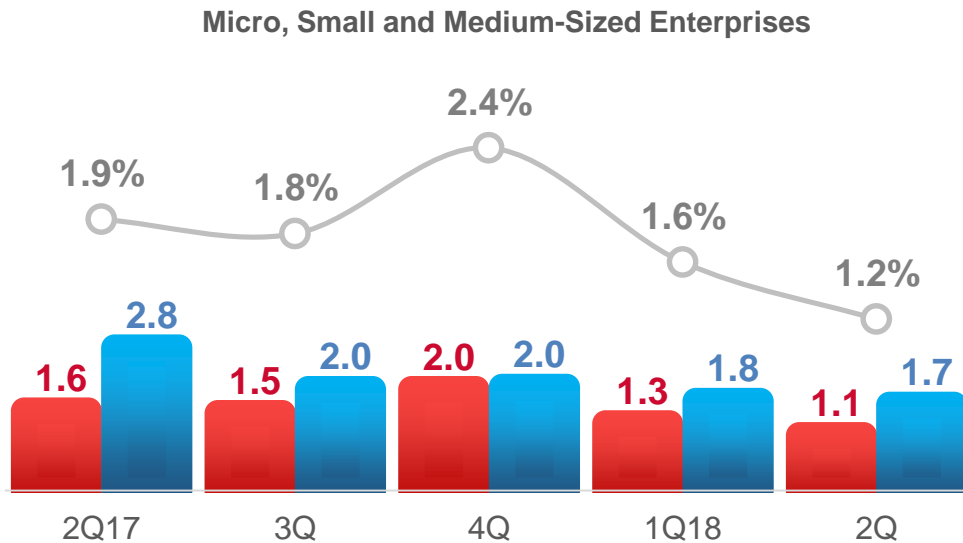
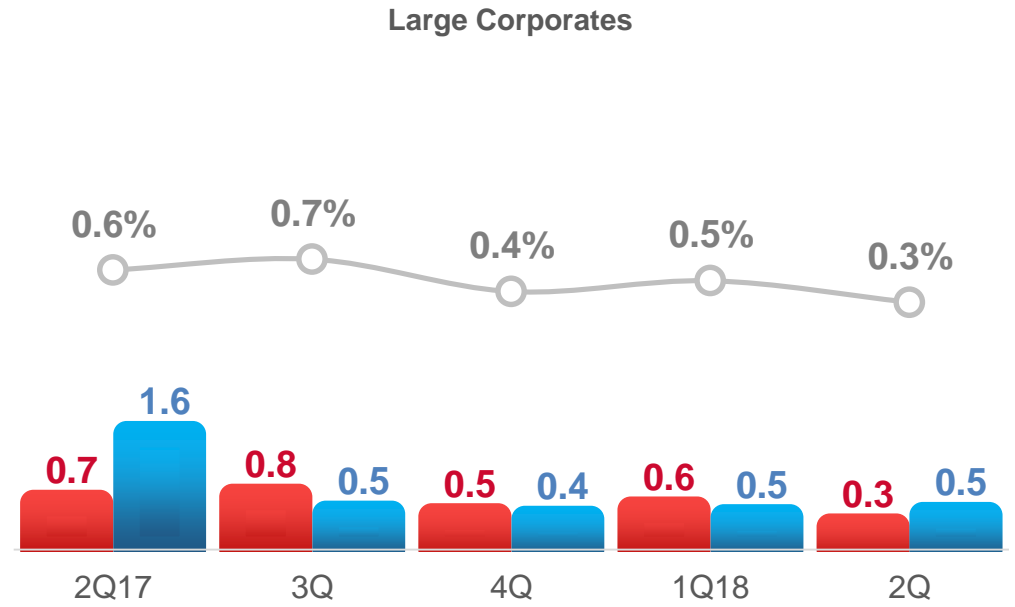
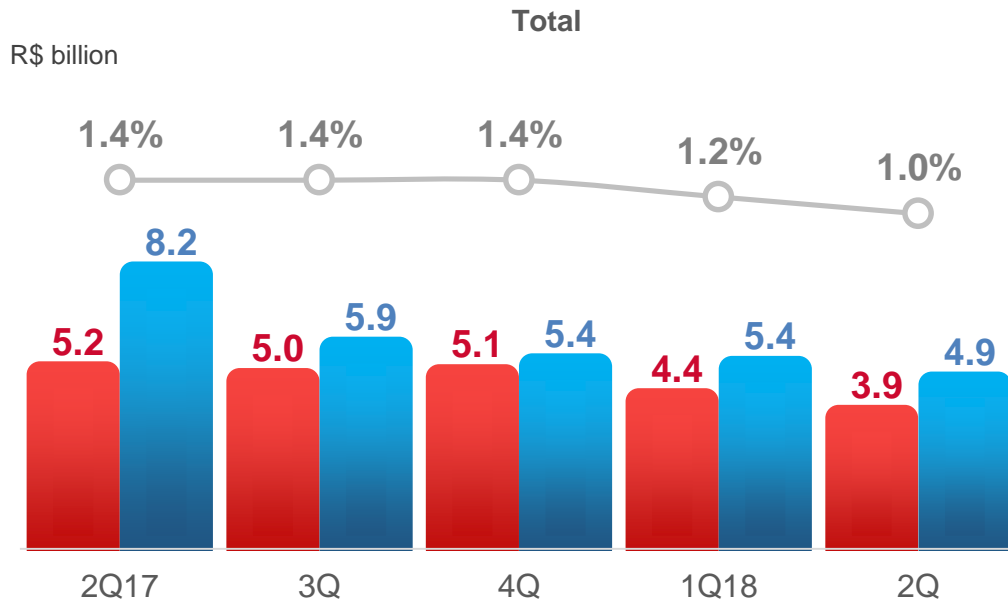
## NPL Creation - 90 days X ALL Expenses - Recurring



## Expanded ALL / Expanded Loan Portfolio



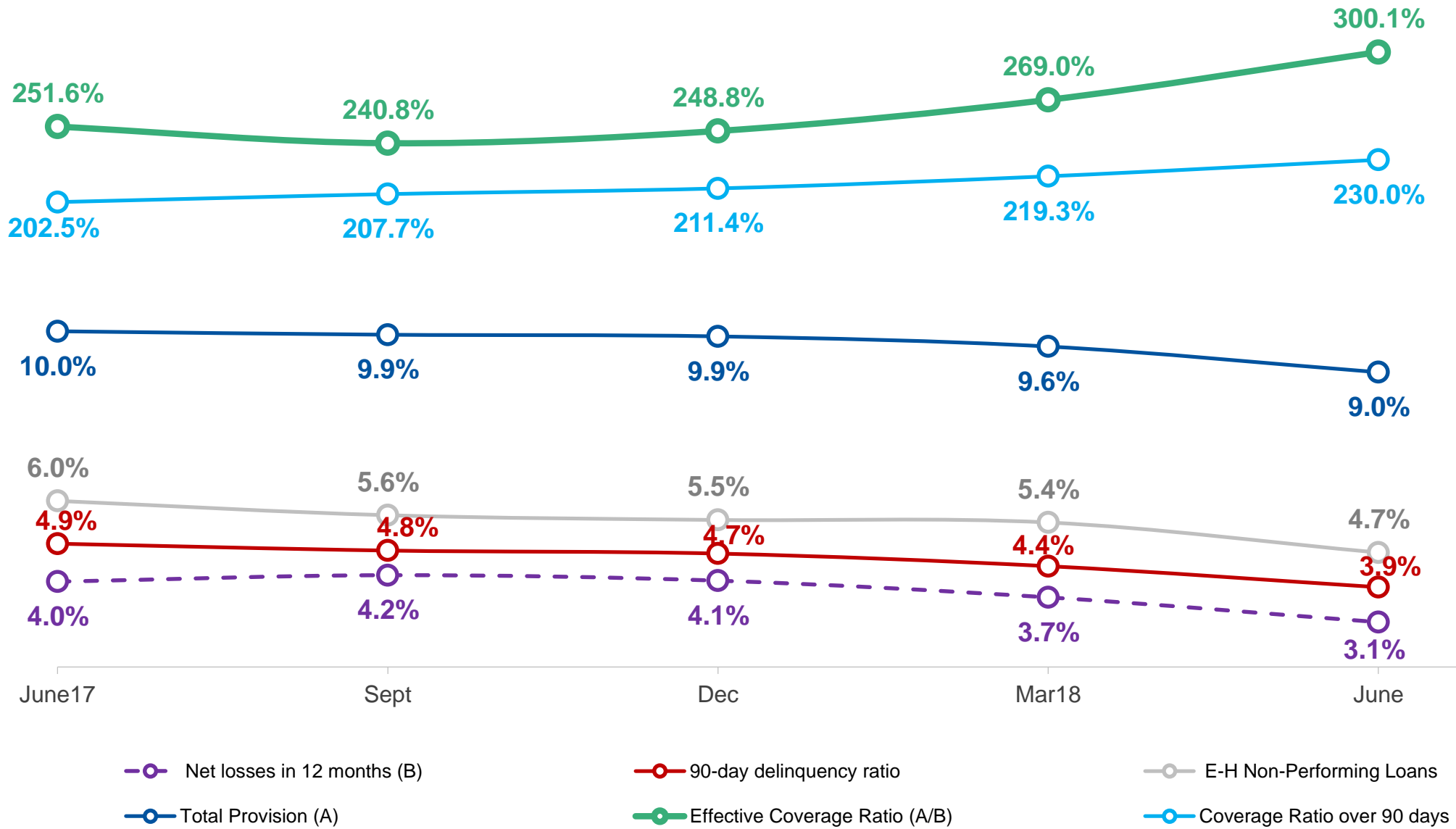
# 90-day NPL Creation by Segment



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



# Effective Coverage Ratio and Coverage Ratio Over 90 Days

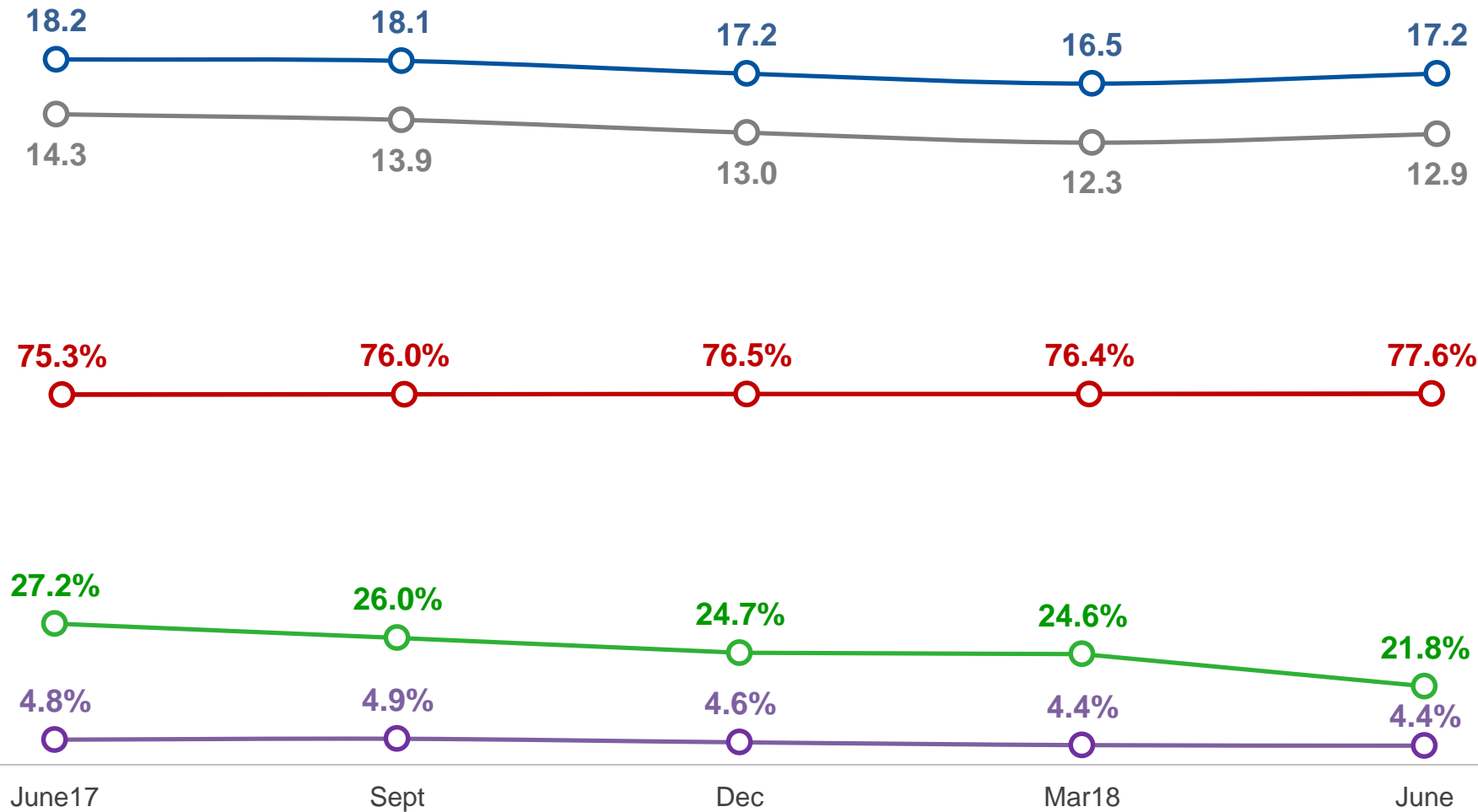


**In June18:**

- R\$6.9 bi Excess Provision.
- R\$23.1 bi ALL Above net expected losses.



# 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



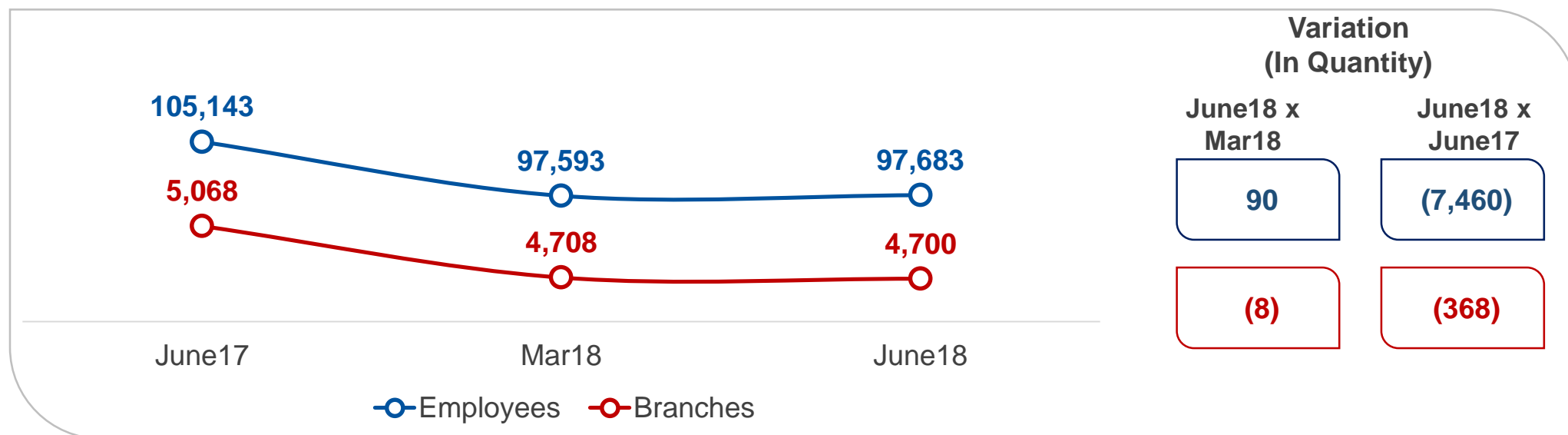
# Fee and Commission Income

R\$ million	2Q18	1Q18	2Q17	1H18	1H17	Variation %		
						2Q18 x 1Q18	2Q18 x 2Q17	1H18 x 1H17
Card Income	2,788	2,763	2,650	5,551	5,287	0.9	5.2	5.0
Checking Account	1,765	1,748	1,651	3,513	3,252	1.0	6.9	8.0
Asset Management	1,007	994	898	2,001	1,810	1.3	12.1	10.6
Loans	801	724	774	1,525	1,505	10.6	3.5	1.3
Collections and Payments	618	612	576	1,230	1,162	1.0	7.3	5.9
Consortium Management	412	383	378	795	747	7.6	9.0	6.4
Custody and Brokerage Services	256	234	213	490	424	9.4	20.2	15.6
Underwriting / Financial Advisory Services	256	153	154	409	334	67.3	66.2	22.5
Others	216	220	202	436	405	(1.8)	6.9	7.7
<b>Total</b>	<b>8,119</b>	<b>7,831</b>	<b>7,496</b>	<b>15,950</b>	<b>14,926</b>	<b>3.7</b>	<b>8.3</b>	<b>6.9</b>



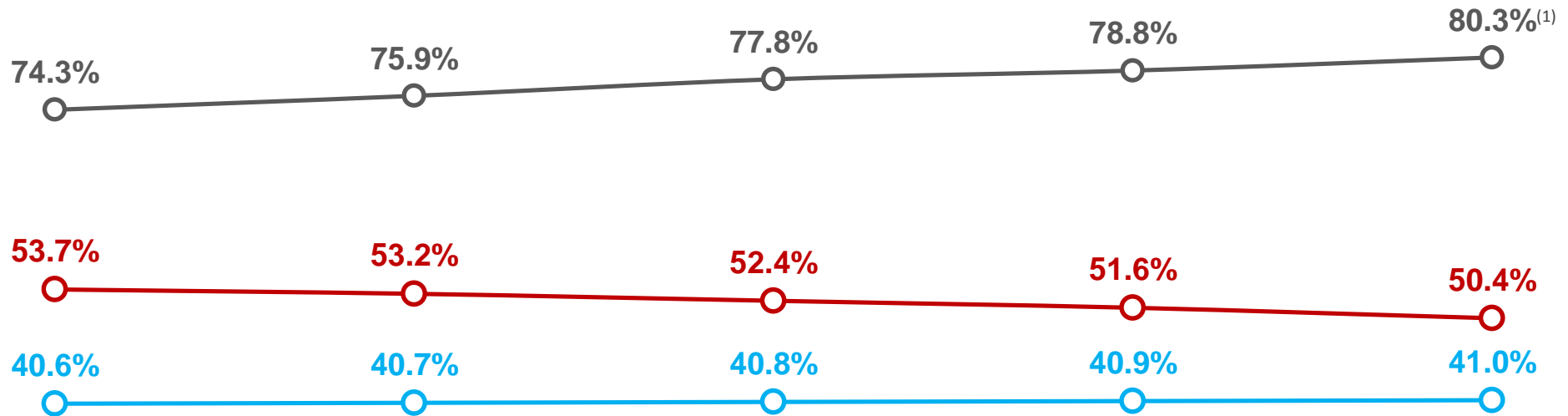
# Operating Expenses

R\$ million	2Q18	1Q18	2Q17	1H18	1H17	Variation %		
						2Q18 x 1Q18	2Q18 x 2Q17	1H18 x 1H17
<b>Personnel</b>	<b>4,927</b>	<b>4,829</b>	<b>4,967</b>	<b>9,756</b>	<b>9,789</b>	<b>2.0</b>	<b>(0.8)</b>	<b>(0.3)</b>
- Structural	3,905	3,879	4,070	7,784	8,016	0.7	(4.1)	(2.9)
- Non-Structural	1,022	950	897	1,972	1,773	7.6	13.9	11.2
<b>Administrative</b>	<b>4,993</b>	<b>4,810</b>	<b>4,898</b>	<b>9,803</b>	<b>9,752</b>	<b>3.8</b>	<b>1.9</b>	<b>0.5</b>
<b>Total</b>	<b>9,920</b>	<b>9,639</b>	<b>9,865</b>	<b>19,559</b>	<b>19,541</b>	<b>2.9</b>	<b>0.6</b>	<b>0.1</b>





# 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 81.8%.



# Income from Insurance, Pension Plans and Capitalization Bonds

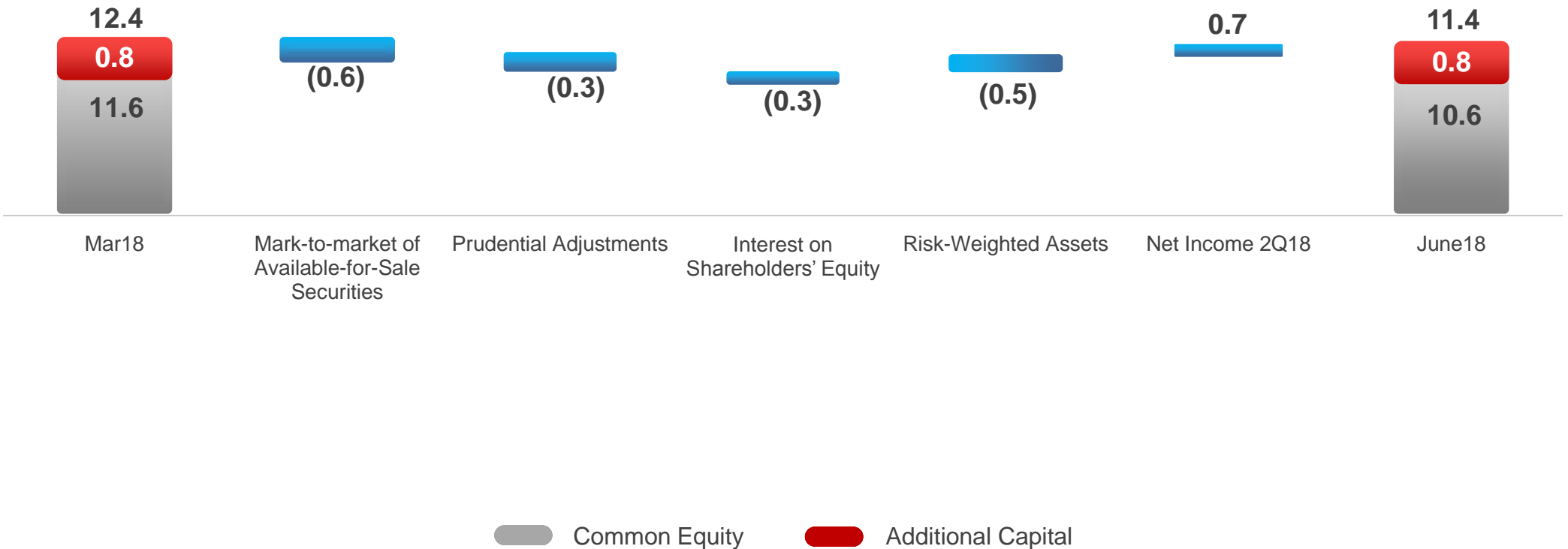
R\$ million	2Q18	1Q18	2Q17	1H18	1H17	Variation %		
						2Q18 x 1Q18	2Q18 x 2Q17	1H18 x 1H17
Life and Pension Plans	8,795	8,774	9,440	17,569	18,713	0.2	(6.8)	(6.1)
Health	6,247	6,077	5,869	12,324	11,662	2.8	6.4	5.7
Auto/P&C and DPVAT	1,511	1,293	1,640	2,804	3,076	16.9	(7.9)	(8.8)
Capitalization Bonds	1,670	1,426	1,563	3,096	3,009	17.1	6.8	2.9
<b>Overall Income</b>	<b>18,223</b>	<b>17,570</b>	<b>18,512</b>	<b>35,793</b>	<b>36,460</b>	<b>3.7</b>	<b>(1.6)</b>	<b>(1.8)</b>
<b>Financial Assets</b>	<b>278,828</b>	<b>278,982</b>	<b>256,028</b>	<b>278,828</b>	<b>256,028</b>	<b>(0.1)</b>	<b>8.9</b>	<b>8.9</b>
<b>Technical Provisions</b>	<b>252,072</b>	<b>251,231</b>	<b>233,640</b>	<b>252,072</b>	<b>233,640</b>	<b>0.3</b>	<b>7.9</b>	<b>7.9</b>
<b>Shareholders' Equity</b>	<b>33,249</b>	<b>33,878</b>	<b>29,380</b>	<b>33,249</b>	<b>29,380</b>	<b>(1.9)</b>	<b>13.2</b>	<b>13.2</b>
<b>Net Income</b>	<b>1,582</b>	<b>1,563</b>	<b>1,270</b>	<b>3,145</b>	<b>2,644</b>	<b>1.2</b>	<b>24.6</b>	<b>18.9</b>
<b>ROAE</b>	<b>19.7%</b>	<b>19.7%</b>	<b>18.5%</b>	<b>19.6%</b>	<b>19.1%</b>	<b>-</b>	<b>1.2 p.p.</b>	<b>0.5 p.p.</b>
<b>Combined Ratio</b>	<b>84.8%</b>	<b>85.3%</b>	<b>86.6%</b>	<b>85.0%</b>	<b>85.9%</b>	<b>(0.5) p.p.</b>	<b>(1.8) p.p.</b>	<b>(0.9) p.p.</b>



# BIS Ratio

%

## Changes in the Tier I Ratio in the Quarter



# Guidance 2018

	Previous	Revised	Realized 1H18 x 1H17
Expanded Loan Portfolio	3% to 7%	3% to 7%	4.5%
NII - Interest-Earning Portion	-4% to 0%	-4% to 0%	-3.8%
Fee and Commission Income	4% to 8%	4% to 8%	6.9%
Operating Expenses (Administrative and Personnel Expenses)	-2% to 2%	-2% to 2%	0.1%
Insurance Premiums	4% to 8%	2% to 6%	-1.8%
Expanded ALL	R\$16 bi to R\$19 bi	R\$13 bi to R\$16 bi	R\$7.3 bi (1H18 Realized)





**Bradesco**  
Pra frente.