

# RESULTS

## 3<sup>rd</sup> QUARTER

# 2018



Bradesco



# MAIN HIGHLIGHTS



**Bradesco**



# FINANCIAL HIGHLIGHTS



Recurring Net Income:  
**R\$5.5 billion**  
**+13.7% YoY\***



Operating Income:  
**+24.8% YoY\***



Annualized Return on Average Equity  
(ROAE):  
**19.0%**  
**+100 bps YoY\***



Expanded Loan Portfolio:  
**R\$523.4 billion**  
**+1.5% QoQ and**  
**+7.5% YoY\***



Delinquency ratios over 90 days  
**Reduction of 30 bps**  
**QoQ and 120 bps YoY\***



Tier I Capital  
**+80 bps QoQ**



# HIGHLIGHTED THEMES



## Digital Wallet & DIN Card

New payment options to our customers



## Improvement on Credit Recovery

Acquisition of 65% of RCB allows **25% increase in efficiency**



## MEI Platform

Launched on May/2018 the platform **offers services under open banking concept, reaching 357 thousand of users**



## Card Processing

Termination of JV with Fidelity allowing **significant synergy gains**



## Non-Checking account clients

Focus in deepening the relationship with our **40 million non-checking account clients**



## Mortgage Leadership

Faster process for mortgage assessment and application. Agreement with brokers.



## BIA

Bradesco Artificial Intelligence  
Largest banking implementation of **IBM-Watson in the world**



## Dow Jones Sustainability Index

**Best positioned Brazilian Bank in 2018**, a result of our focus and effort towards sustainability





# FOCUSED ON EFFICIENCY



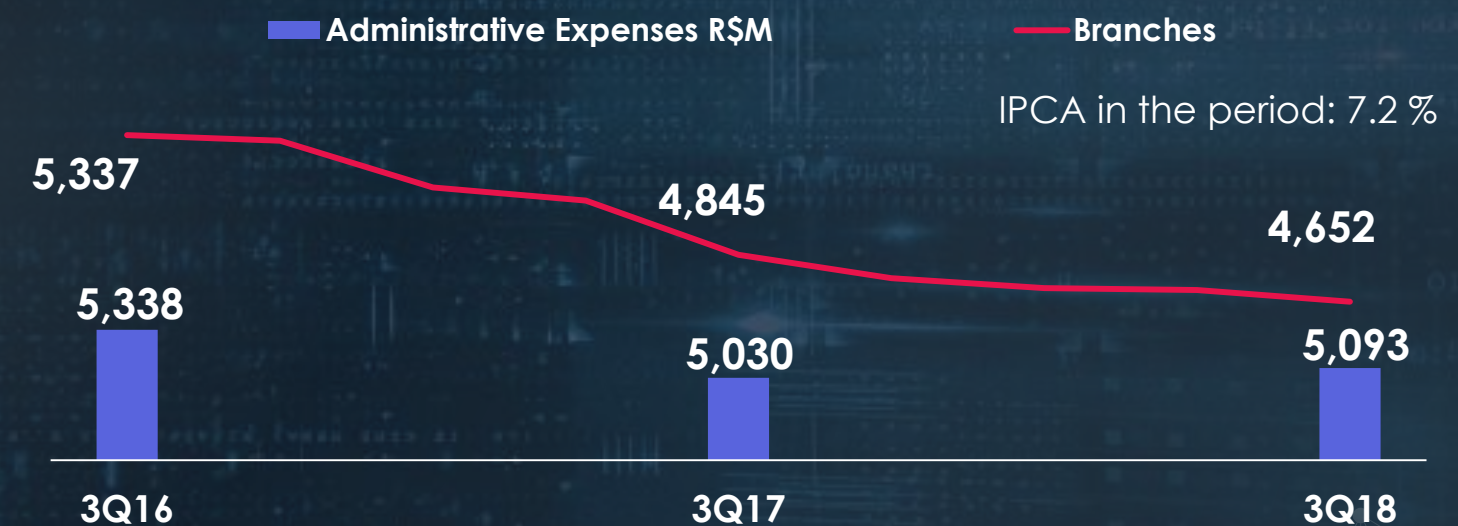
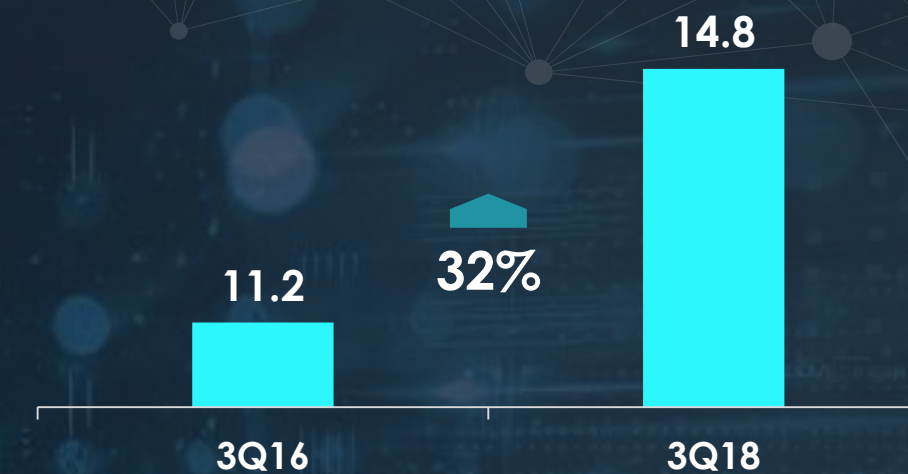
## Points of Service Optimization:

- **Adjustments** in the size of the branch network
- **Transformation of Branches** into points of services (200 in 2018)
- **Segmentation** fine tuning
- **Increase of 12%** in the efficiency of the Branch Network\*
- Offer **increase** in digital channels

### Digital Platforms

- **Customer profitability 40% higher** than branches
- **3 times more customers** per account manager
- **1.5 million customers until 2019**

Digital Checking Account Customers (million)



### Successful Case

- **Paraíba state payroll acquisition:**  
Credit Portfolio: **+50.5%**  
Deposit Volume: **+43.9%**



\*Customers served per points of services (Branch + PA+PAE)



# DIGITAL STRATEGY



## Complete Ecosystem

- Ready to serve **all generations**
- **Digital Self Service**
- **96%** of transactions made via Digital Channels;
- **65k** accounts opened through the APP (since april/18)  
+ **300k NEXT accounts**



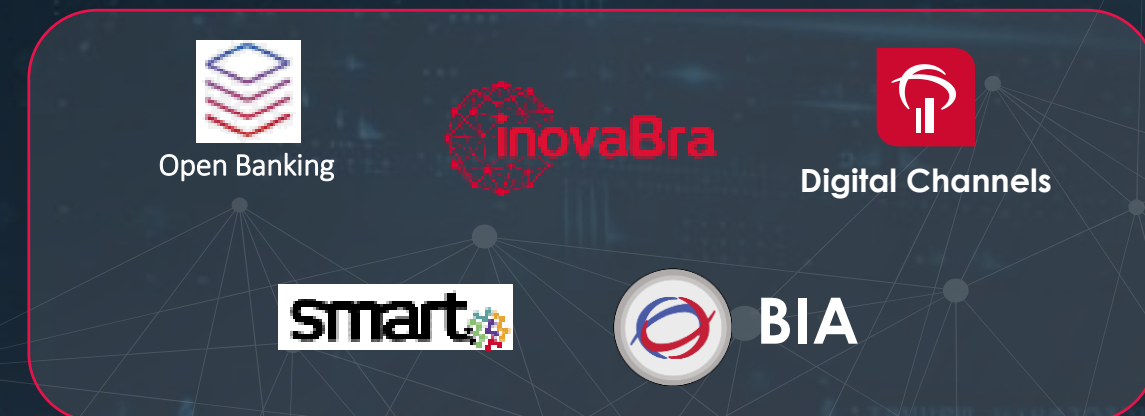
## Inovation

- Inovabra: **180 startups and 60 companies**
- Private Equity: **R\$200 million PE fund**
- **Lean and Agile** methodology



## BIA

- Largest **IBM-Watson** banking implementation in the world
- **90%** accuracy in answers
- Used by **7.5 million customers** by **56 million interactions** since Aug/17
- Multi platform: **Bradesco App, Next App, WhatsApp and Google Assistant**





# DIGITAL IN NUMBERS



**NEXT**

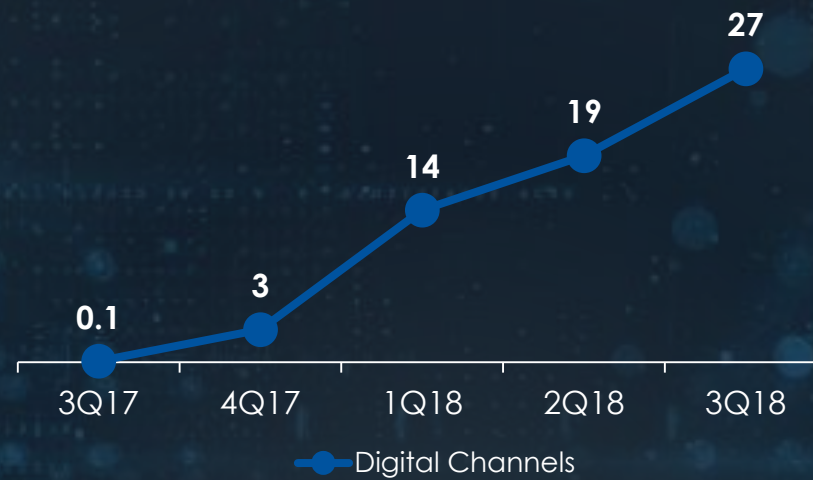
## Customer Base (Thousand)

**SOURCE** 86% Non-Bradesco Checking Account Holders

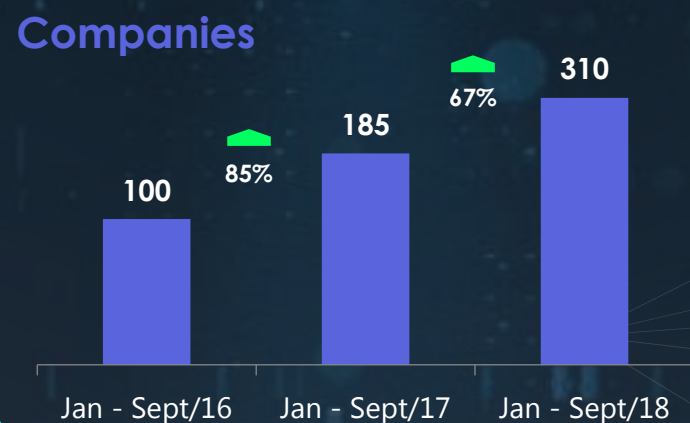
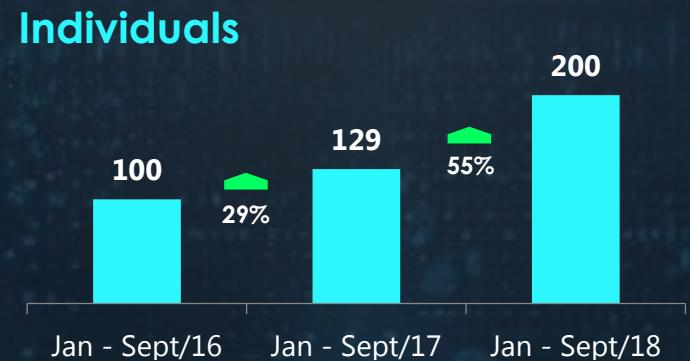
**CHURN** <2%



## New Individual Accounts (Thousand)



## Loan Origination Mobile and Internet (100 basis)



## Transactions (%) via Mobile & Internet\*

		SEPT16	SEPT18
Money Transfer within Bradesco accounts	Individuals	61%	77%
	Companies	96%	98%
Money Transfer to other Banks (DOC/TED)	Individuals	78%	86%
	Companies	96%	98%
Payments	Individuals	42%	64%
	Companies	95%	99%

## Checking Account Customers

28.1MM CUSTOMERS

53% DIGITAL

14.8MM DIGITAL

### Individuals

Digital checking account customers (million)



### Companies

Digital checking account customers (million)



\* Transactions made via Mobile App & Internet / Transactions in all channels





# PAYMENT



## Card Acquirers

- **30k Account Managers** strategically positioned throughout Brazil
- **Integrated Products:** Bradesco POS + service packages



**Bradesquinha**

85,000\*  
sales



**Stelinha**

123,000  
sales



## Digital Wallets

**220MM** smartphones  
in Brazil



**198MM**  
(90%)  
Android w/o  
NFC



**1.5MM**  
(0.7%)



**5.0MM**  
(2.3%)



**15MM**  
(7%)



## MEI Bradesco

**Small Companies**  
Bradesco's Strong offer  
in MEI Segment

**357k**  
Users

**7.2MM**  
Formalized MEIs

**Open banking**  
Platform

**Management**  
Support for  
Companies



\* Incremental sales  
on top of recurring





# • WEALTH MANAGEMENT



## Complete Investment Platform

- Ágora + Bradesco brokerage house
- Investment Advisory in Global markets
- Recommended portfolio of Investments and Pension Plans
- Service focused on the Persona
- Investments in tools and qualified people

**Prime + Private** 1.3MM  
CUSTOMERS

**300 k**  
Broker Dealer  
CLIENTS

**R\$ 400 Bi**  
AuM + AuC





# • ADDED VALUE TO SOCIETY

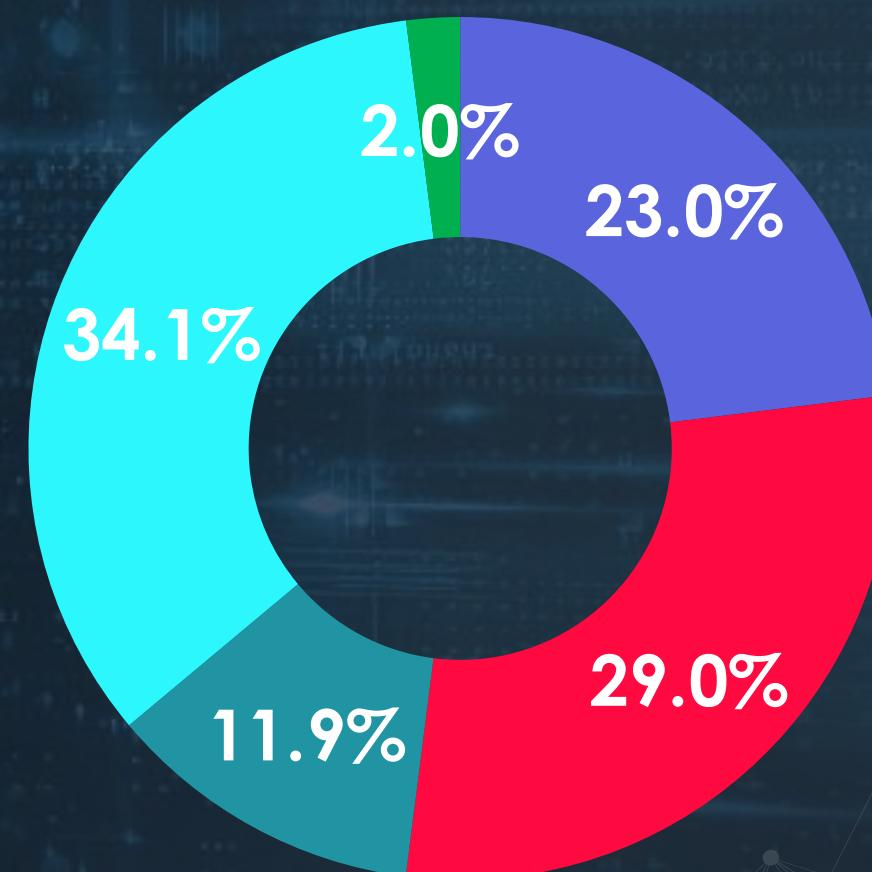


Fundação Bradesco  
is an inspiration and our greatest pride

- **97 thousand** students benefited only in 2017
- **R\$6.5 billion** invested in the last 10 years (dividends)
- Endorsement of **social, sporting and cultural activities**



Bradesco's added value reached **R\$45.0 billion** in 2018, distributed as follows:



Profit  
reinvestment

Dividends / IoC  
(paid / provisioned)

Government  
contribution

Work  
remuneration

Return on third-party  
capital (Rentals)





# FINANCIAL RESULTS

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## 3<sup>rd</sup> QUARTER 2018



**Bradesco**



# RECURRING INCOME STATEMENT

## TOTAL ASSETS, SHAREHOLDERS' EQUITY AND RETURNS

R\$ MILLION

### RECURRING INCOME STATEMENT

	3Q18	9M18	VARIATION%		
	3Q18 x 2Q18	3Q18 x 3Q17	9M18 x 9M17		
NET INTEREST INCOME	15,749	46,519	4.4	2.5	(1.6)
EXPANDED ALL	(3,512)	(10,841)	2.2	(23.3)	(28.9)
GROSS INCOME FROM FINANCIAL INTERMEDIATION	12,237	35,678	5.1	13.5	11.3
Income from Insurance <sup>(1)</sup>	1,999	5,719	(9.3)	32.3	16.3
Fee and Commission Income	8,072	24,022	(0.6)	3.2	5.6
Operating Expenses (Personnel + Administrative)	(10,099)	(29,658)	1.8	2.4	0.9
Other Operating Income / (Expenses) <sup>(2)</sup>	(3,782)	(11,520)	(3.2)	8.1	9.8
OPERATING INCOME	8,427	24,241	3.5	24.8	22.3
Income Tax / Social Contribution and Non-Operating Income / Non-controlling interests in subsidiaries	(2,956)	(8,507)	(0.9)	52.2	50.4
RECURRING NET INCOME	5,471	15,734	6.0	13.7	11.1
SHAREHOLDERS' EQUITY	115,670	115,670	2.3	4.9	4.9
ASSETS	1,356,748	1,356,748	3.9	3.4	3.4
ROAE	19.0%	18.7%	0.6 p.p.	1.0 p.p.	0.6 p.p.
ROAA	1.6%	1.6%	-	0.1 p.p.	0.1 p.p.

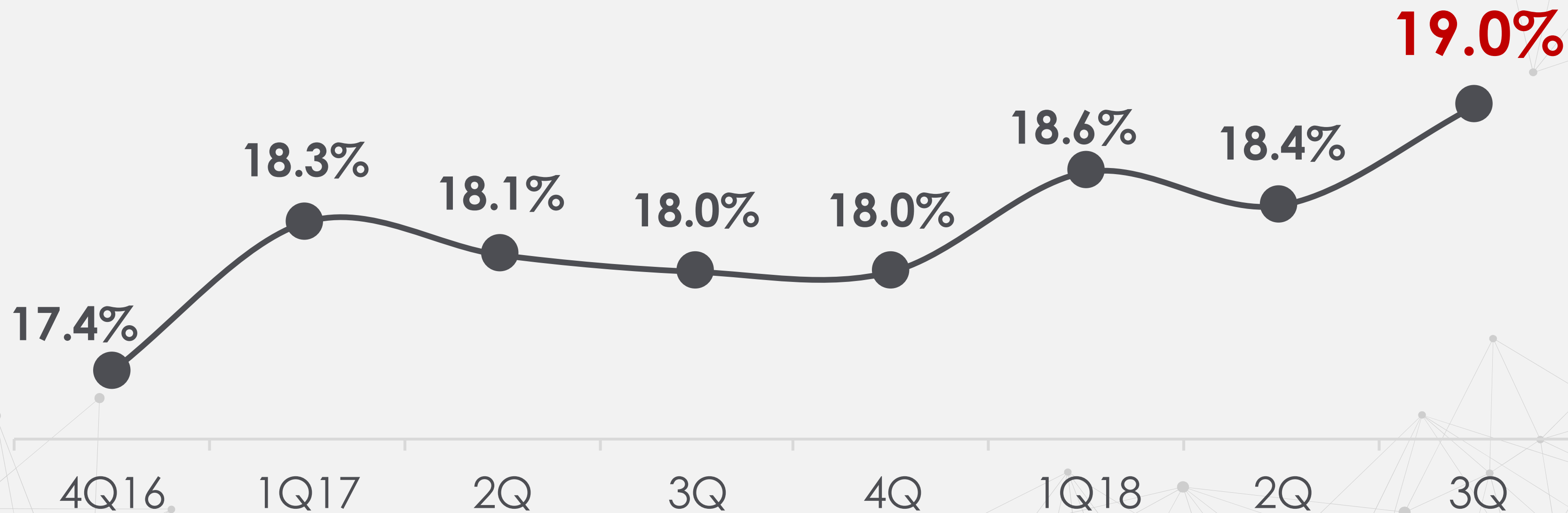
(1) Income from Insurance, Pension Plans and Capitalization Bonds = Retained Premiums from Insurance, Pension Plans and Capitalization Bonds (-) Variation in technical reserves for Insurance, Pension Plans and Capitalization Bonds (-) Retained Claims - Capitalization Bond Draws and Redemptions (-) Insurance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





# QUARTELY ROAE

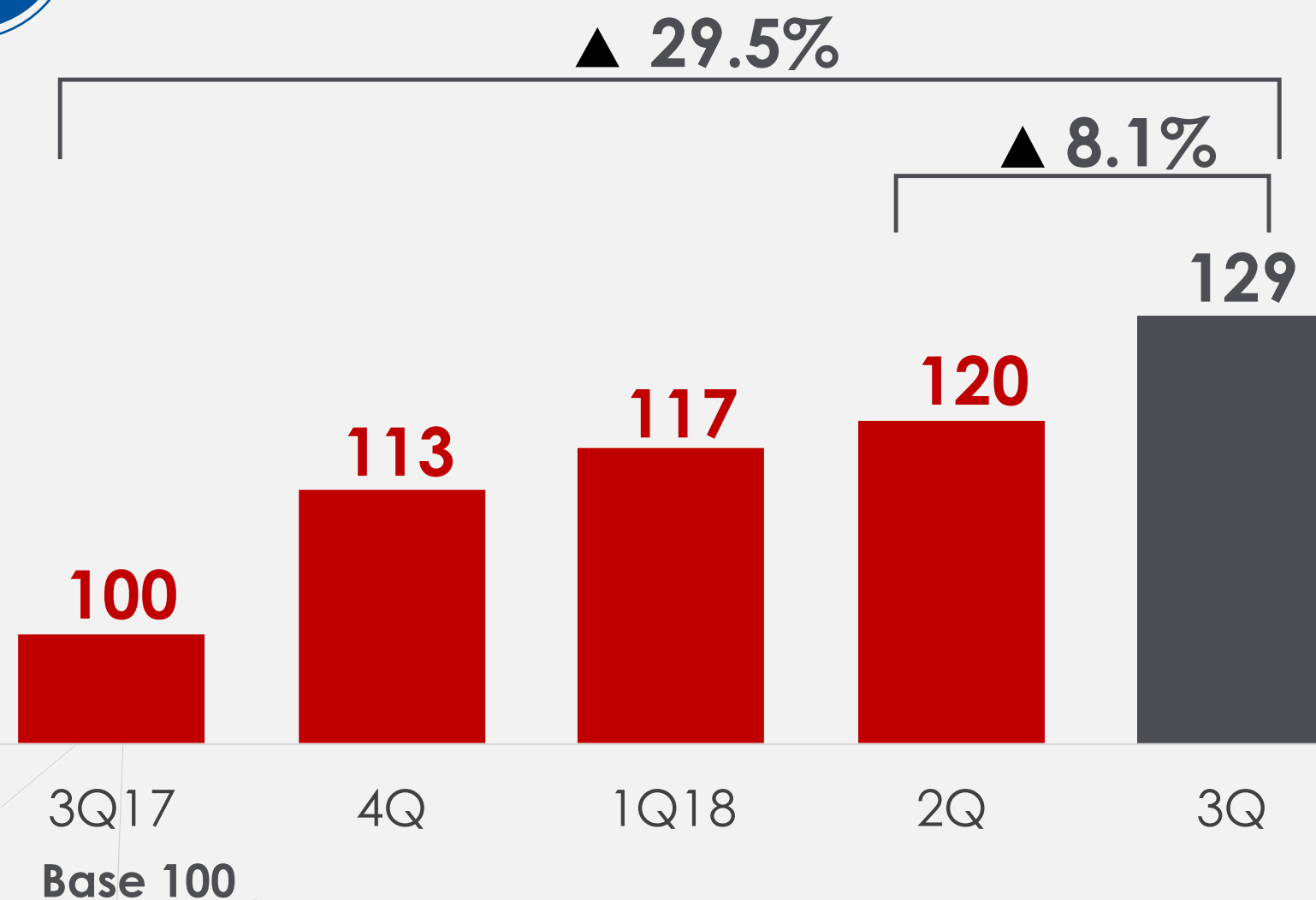




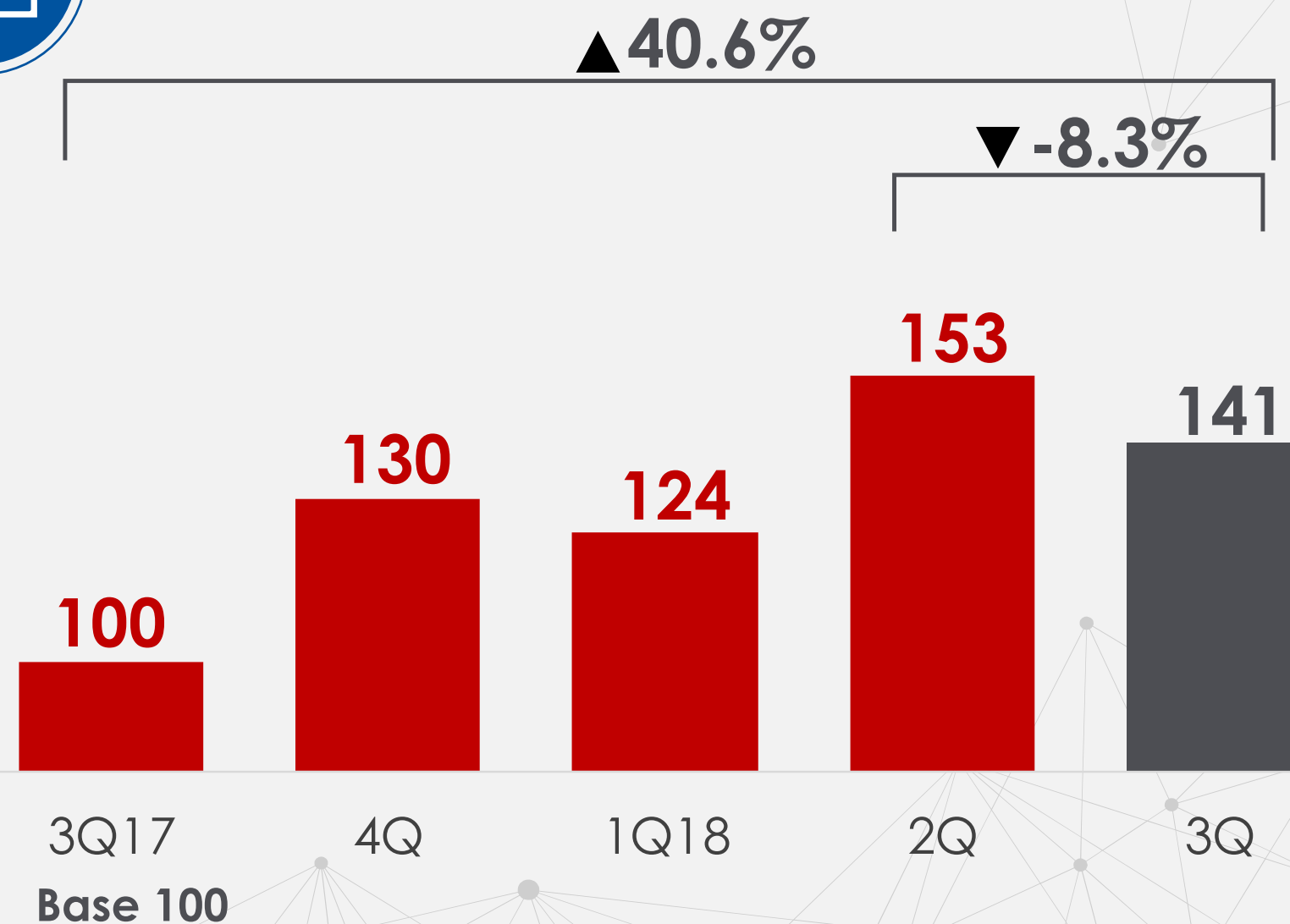
# LOAN ORIGINATION PER BUSINESS DAY EARMARKED AND NON-EARMARKED LOANS



## INDIVIDUALS



## COMPANIES





# EXPANDED LOAN PORTFOLIO

R\$ MILLION	SEPT18	JUNE18	SEPT17	VARIATION%		% IN RELATION TO TOTAL SEPT18
				Q-o-Q	Y-o-Y	
<b>COMPANIES</b>	<b>337,272</b>	<b>332,818</b>	<b>314,657</b>	<b>1.3</b>	<b>7.2</b>	<b>64.4</b>
Large Corporates	238,896	237,868	223,801	0.4	6.7	45.6
Micro, Small and Medium-Sized Enterprises	98,376	94,950	90,856	3.6	8.3	18.8
<b>INDIVIDUALS</b>	<b>186,159</b>	<b>182,817</b>	<b>172,207</b>	<b>1.8</b>	<b>8.1</b>	<b>35.6</b>
Payroll-deductible Loans	48,572	46,593	42,551	4.2	14.2	9.3
Real Estate Financing	37,051	35,618	33,305	4.0	11.2	7.1
Credit Cards	33,150	33,606	32,867	(1.4)	0.9	6.3
CDC / Vehicle Leasing	22,643	22,167	19,851	2.1	14.1	4.3
Personal Loans	19,247	18,490	17,122	4.1	12.4	3.7
Others	25,496	26,343	26,511	(3.2)	(3.8)	4.9
<b>EXPANDED LOAN PORTFOLIO - TOTAL</b>	<b>523,431</b>	<b>515,635</b>	<b>486,864</b>	<b>1.5</b>	<b>7.5</b>	<b>100.0</b>
				WITHOUT EXCHANGE VARIATION		
				1.2	5.6	

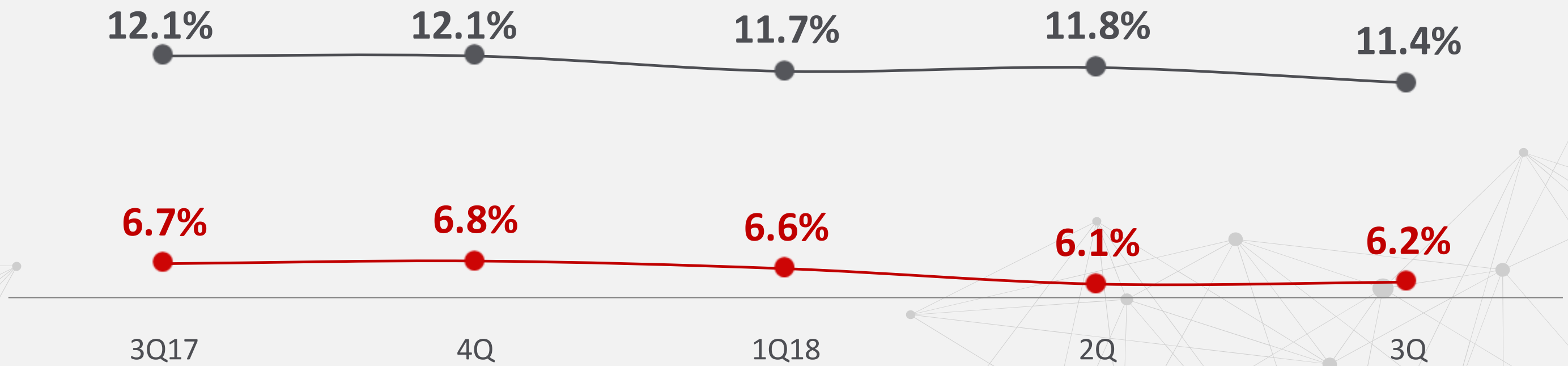




# NET INTEREST INCOME

R\$ MILLION

	3Q18	2Q18	3Q17	9M18	9M17	VARIATION%		
						3Q18 x 2Q18	3Q18 x 3Q17	9M18 x 9M17
<b>NII - INTEREST - EARNING PORTION</b>	<b>15,583</b>	<b>14,979</b>	<b>15,436</b>	<b>46,055</b>	<b>47,114</b>	<b>4.0</b>	<b>1.0</b>	<b>(2.2)</b>
Credit Intermediation	12,323	12,127	12,119	36,140	37,417	1.6	1.7	(3.4)
Insurance	1,193	988	1,503	3,707	4,177	20.7	(20.6)	(11.3)
ALM / Other	2,067	1,864	1,814	6,208	5,520	10.9	13.9	12.5
<b>NII - NON-INTEREST - EARNING PORTION</b>	<b>166</b>	<b>105</b>	<b>(75)</b>	<b>464</b>	<b>175</b>	<b>58.1</b>	<b>-</b>	<b>165.1</b>
<b>NET INTEREST INCOME</b>	<b>15,749</b>	<b>15,084</b>	<b>15,361</b>	<b>46,519</b>	<b>47,289</b>	<b>4.4</b>	<b>2.5</b>	<b>(1.6)</b>
Net Credit Intermediation	8,811	8,690	7,540	25,299	22,178	1.4	16.9	14.1



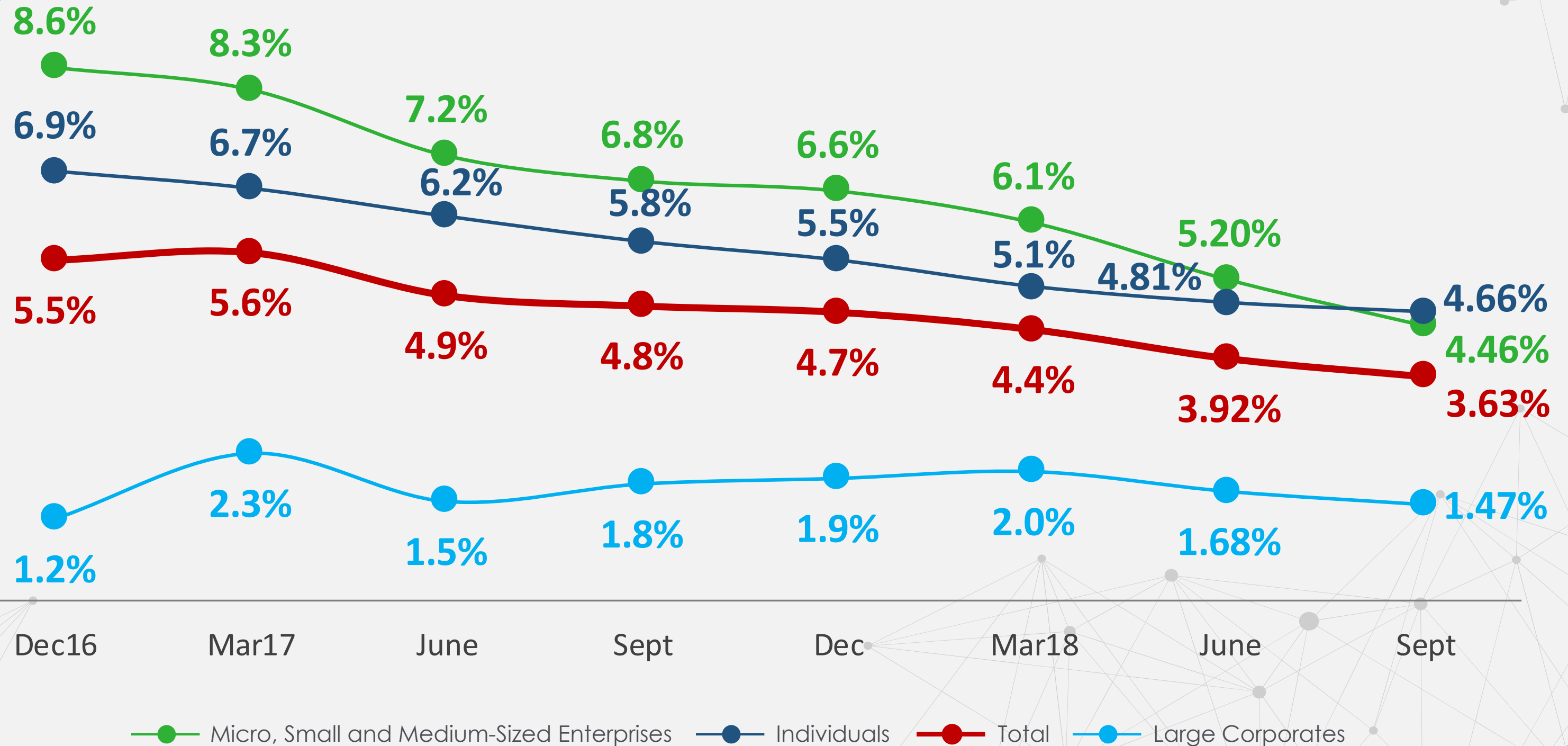
● Quarterly average interest-earning credit intermediation

● Quarterly average interest-earning portion NIM





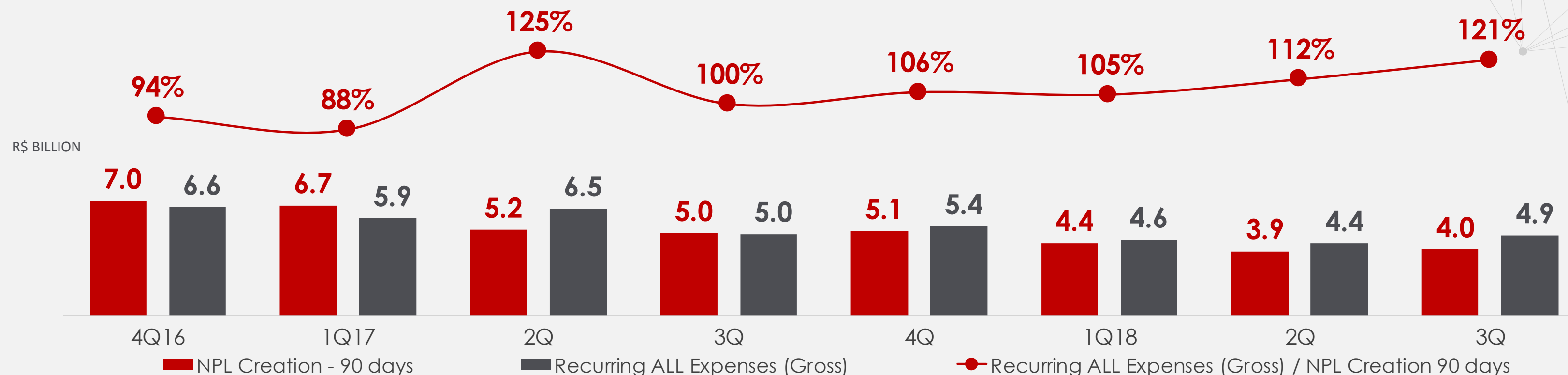
# DELINQUENCY RATIO – OVER 90 DAYS



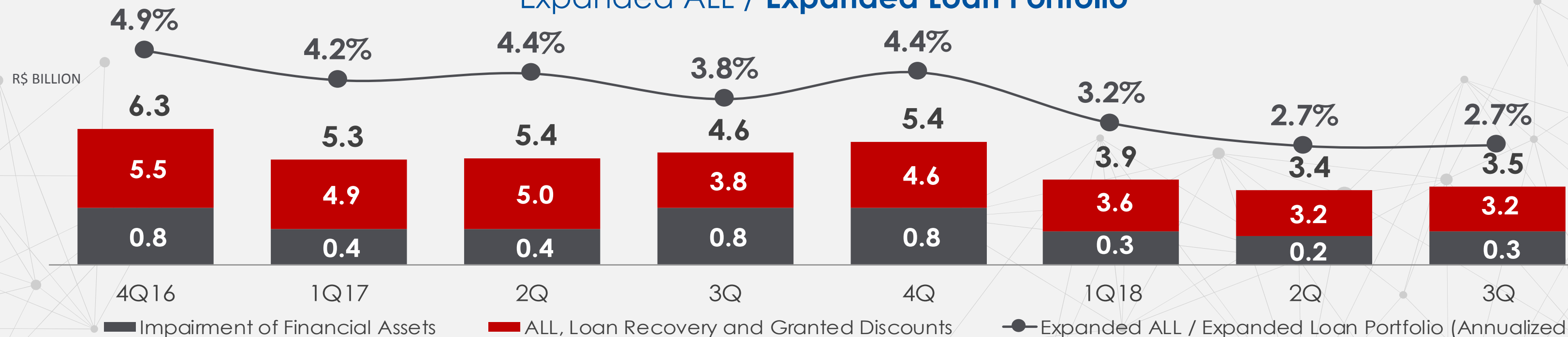


# NPL CREATION AND ALLOWANCE FOR LOAN LOSSES (ALL) EXPENSES

NPL Creation >90 days x ALL Expenses Recurring

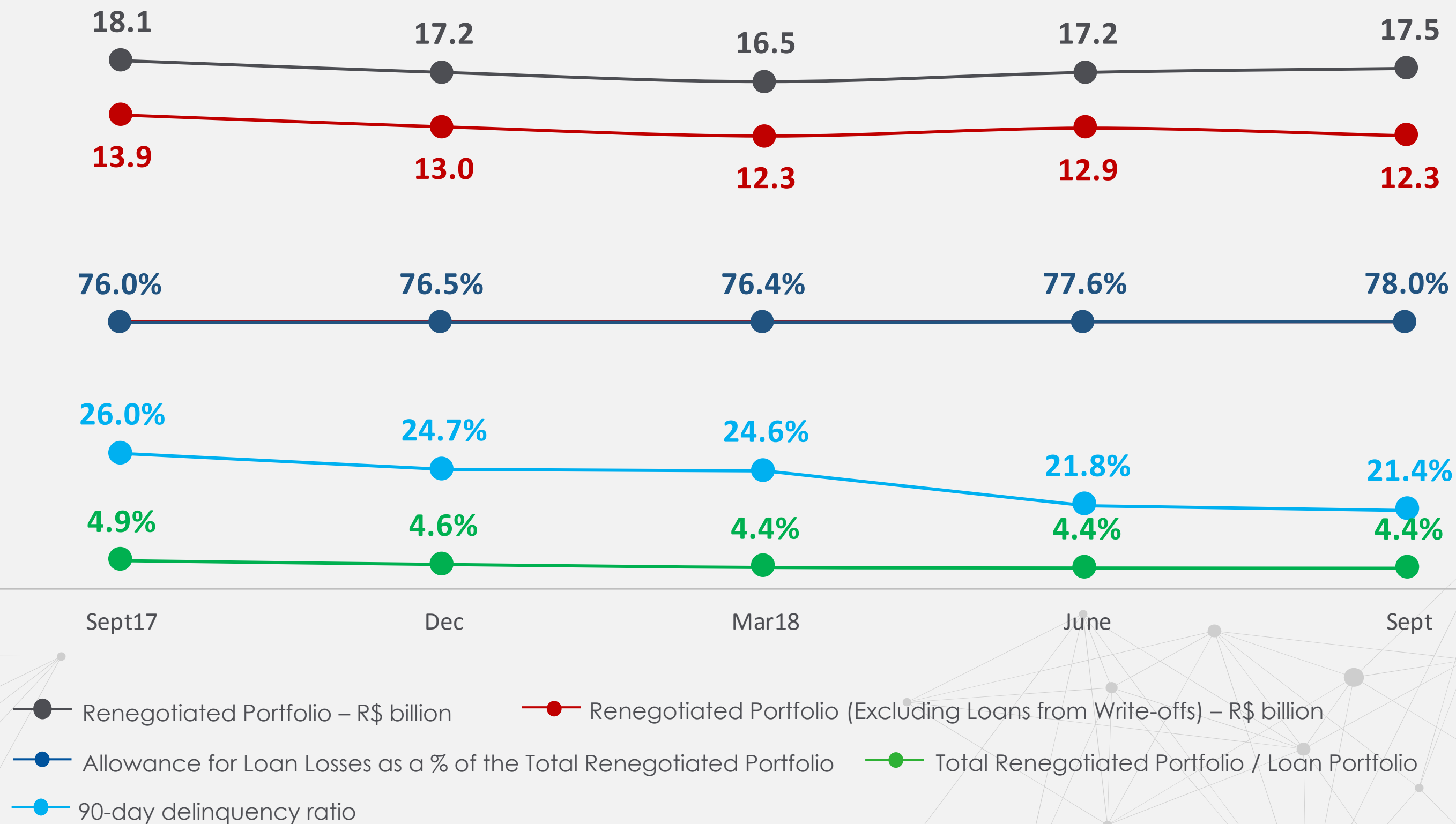


Expanded ALL / Expanded Loan Portfolio



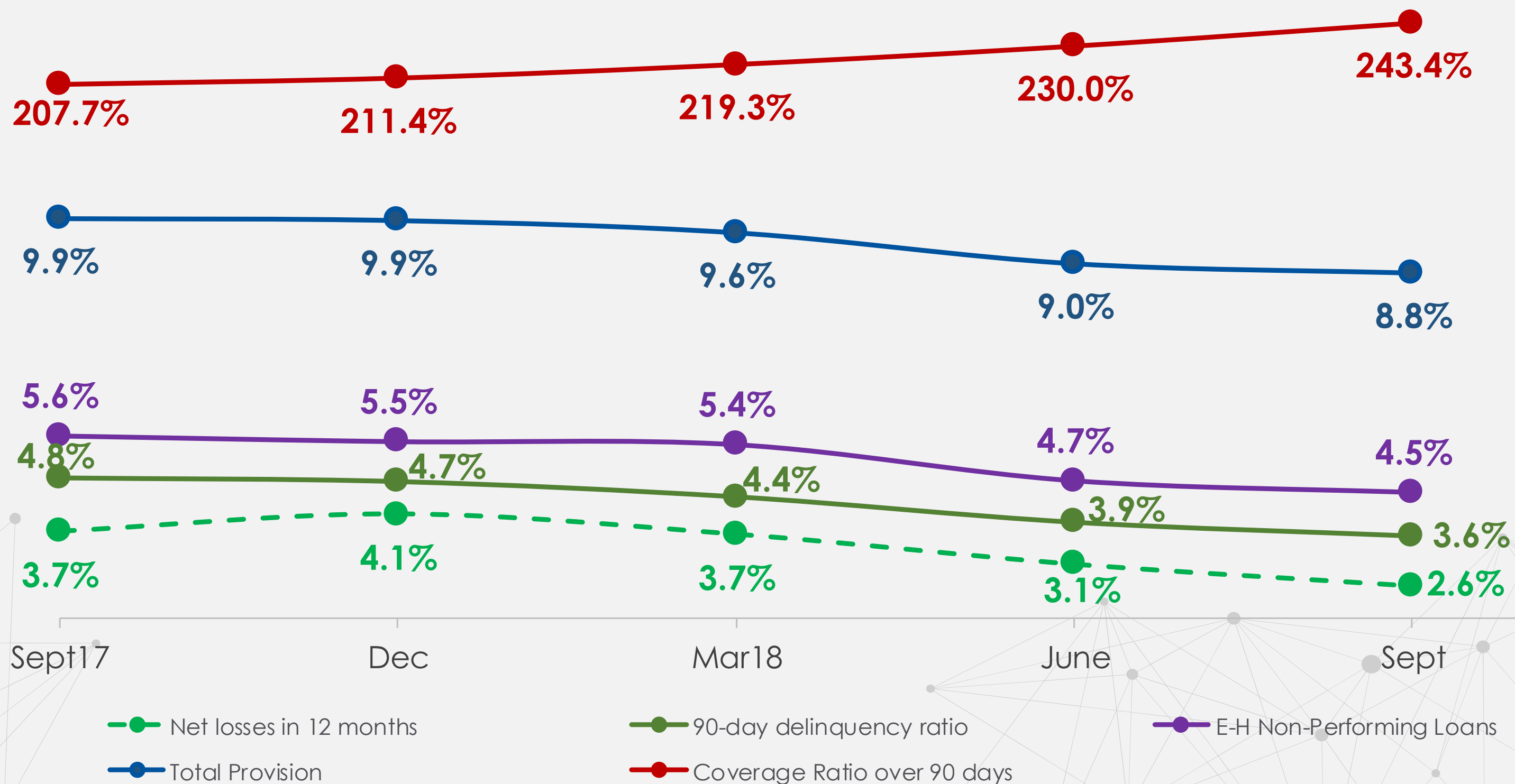


# RENEGOTIATED PORTFOLIO





# EFFECTIVE COVERAGE RATIO AND COVERAGE RATIO OVER 90 DAYS





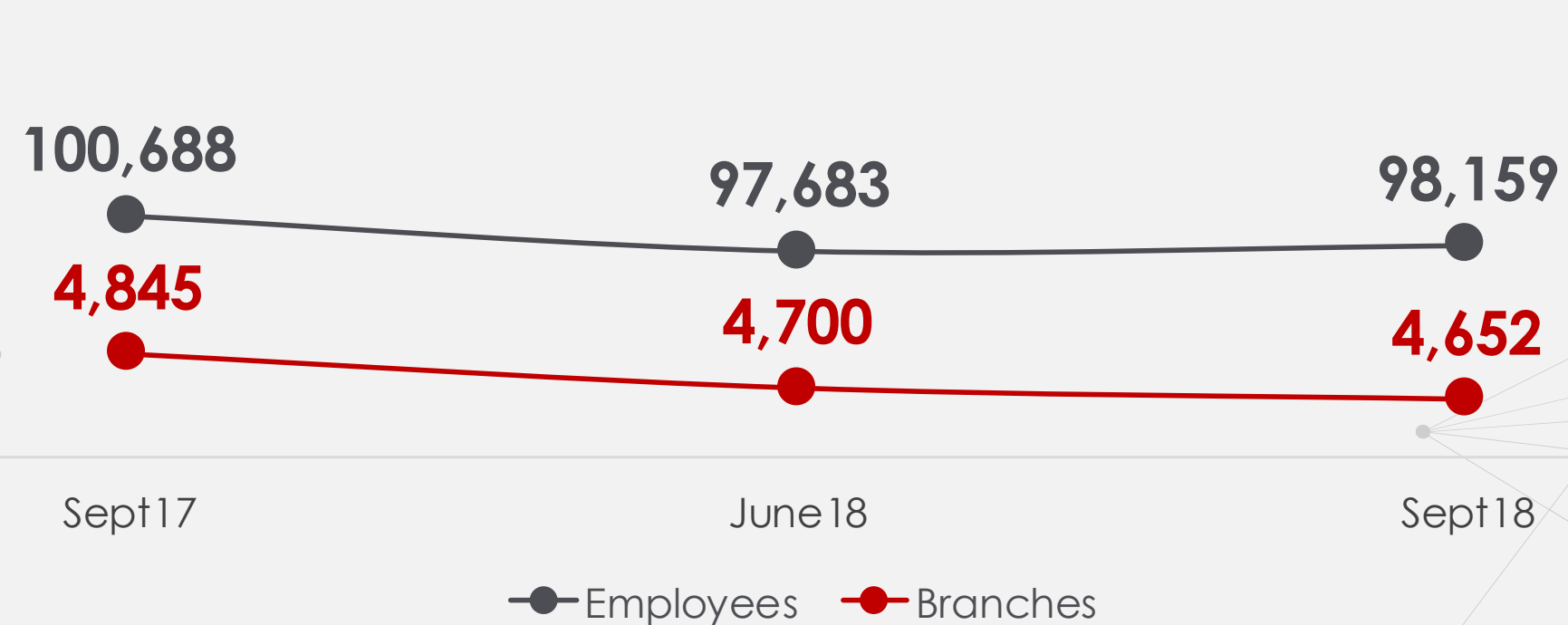
# FEE AND COMMISSION INCOME

R\$ MILLION	VARIATION%							
	3Q18	2Q18	3Q17	9M18	9M17	3Q18 x 2Q18	3Q18 x 3Q17	9M18 x 9M17
Card Income	2,865	2,788	2,789	8,416	8,076	2.8	2.7	4.2
Checking Account	1,814	1,765	1,679	5,327	4,931	2.8	8.0	8.0
Asset Management	1,008	1,007	977	3,009	2,787	0.1	3.2	8.0
Loans	728	801	718	2,253	2,223	(9.1)	1.4	1.3
Collections and Payments	602	618	601	1,832	1,763	(2.6)	0.2	3.9
Consortium Management	435	412	390	1,230	1,137	5.6	11.5	8.2
Custody and Brokerage Services	233	256	228	723	652	(9.0)	2.2	10.9
Underwriting / Financial Advisory Services	179	256	222	588	556	(30.1)	(19.4)	5.8
Others	208	216	218	644	623	(3.7)	(4.6)	3.4
<b>TOTAL</b>	<b>8,072</b>	<b>8,119</b>	<b>7,822</b>	<b>24,022</b>	<b>22,748</b>	<b>(0.6)</b>	<b>3.2</b>	<b>5.6</b>



# OPERATING EXPENSES

R\$ MILLION						VARIATION%		
	3Q18	2Q18	3Q17	9M18	9M17	3Q18 x 2Q18	3Q18 x 3Q17	9M18 x 9M17
PERSONNEL	5,006	4,927	4,833	14,762	14,622	1.6	3.6	1.0
Structural	4,064	3,905	4,022	11,848	12,038	4.1	1.0	(1.6)
Non-Structural	942	1,022	811	2,914	2,584	(7.8)	16.2	12.8
ADMINISTRATIVE	5,093	4,993	5,030	14,896	14,782	2.0	1.3	0.8
TOTAL	10,099	9,920	9,863	29,658	29,404	1.8	2.4	0.9



Sept18 x June18	Sept18 x Sept17
476	(2,529)
(48)	(193)





# INCOME FROM INSURANCE, PENSION PLANS AND CAPITALIZATION BONDS

R\$ MILLION	VARIATION%							
	3Q18	2Q18	3Q17	9M18	9M17	3Q18 x 2Q18	3Q18 x 3Q17	9M18 x 9M17
Life and Pension Plans	8,172	8,795	9,540	25,741	28,253	(7.1)	(14.3)	(8.9)
Health	6,369	6,247	5,957	18,693	17,619	2.0	6.9	6.1
Auto/P&C and DPVAT	1,504	1,511	1,558	4,308	4,634	(0.5)	(3.5)	(7.0)
Capitalization Bonds	1,543	1,670	1,582	4,639	4,591	(7.6)	(2.5)	1.0
<b>OVERALL INCOME</b>	<b>17,588</b>	<b>18,223</b>	<b>18,637</b>	<b>53,381</b>	<b>55,097</b>	<b>(3.5)</b>	<b>(5.6)</b>	<b>(3.1)</b>
<b>FINANCIAL ASSETS</b>	<b>279,870</b>	<b>278,828</b>	<b>266,232</b>	<b>279,870</b>	<b>266,232</b>	<b>0.4</b>	<b>5.1</b>	<b>5.1</b>
<b>TECHNICAL PROVISIONS</b>	<b>254,653</b>	<b>252,072</b>	<b>239,287</b>	<b>254,653</b>	<b>239,287</b>	<b>1.0</b>	<b>6.4</b>	<b>6.4</b>
<b>SHAREHOLDERS' EQUITY</b>	<b>31,659</b>	<b>33,249</b>	<b>31,901</b>	<b>31,659</b>	<b>31,901</b>	<b>(4.8)</b>	<b>(0.8)</b>	<b>(0.8)</b>
<b>NET INCOME</b>	<b>1,462</b>	<b>1,582</b>	<b>1,483</b>	<b>4,607</b>	<b>4,127</b>	<b>(7.6)</b>	<b>(1.4)</b>	<b>11.6</b>
<b>ROAE</b>	<b>18.2%</b>	<b>19.7%</b>	<b>20.9%</b>	<b>19.1%</b>	<b>19.4%</b>	<b>(1.5) p.p.</b>	<b>(2.7) p.p.</b>	<b>(0.3) p.p.</b>

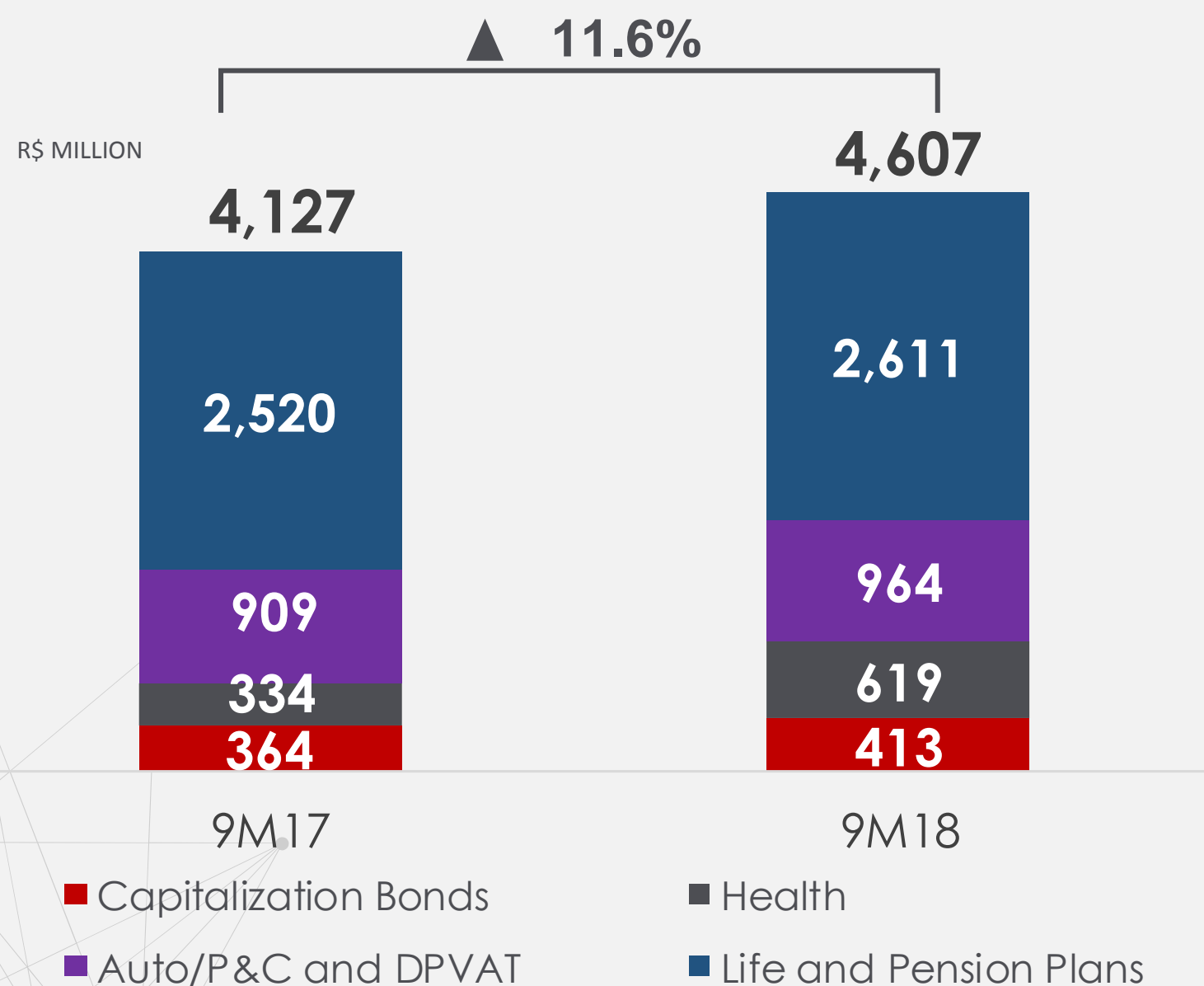




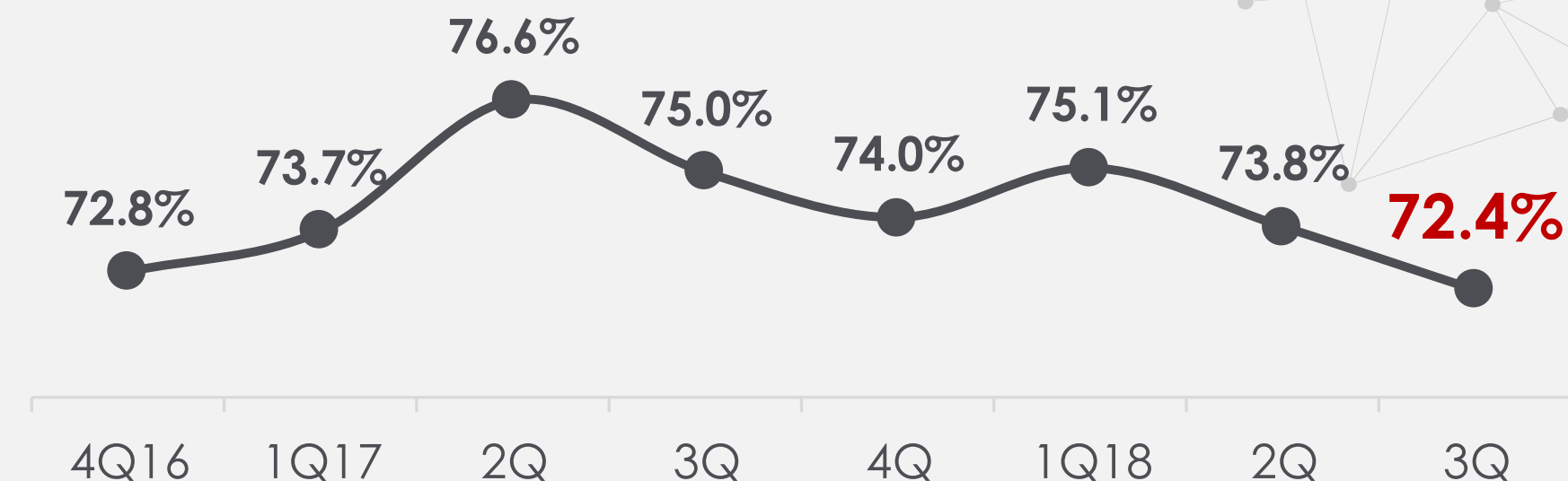
# INSURANCE, PENSION PLANS AND CAPITALIZATION BONDS

## NET INCOME, CLAIMS RATIO AND COMBINED RATIO

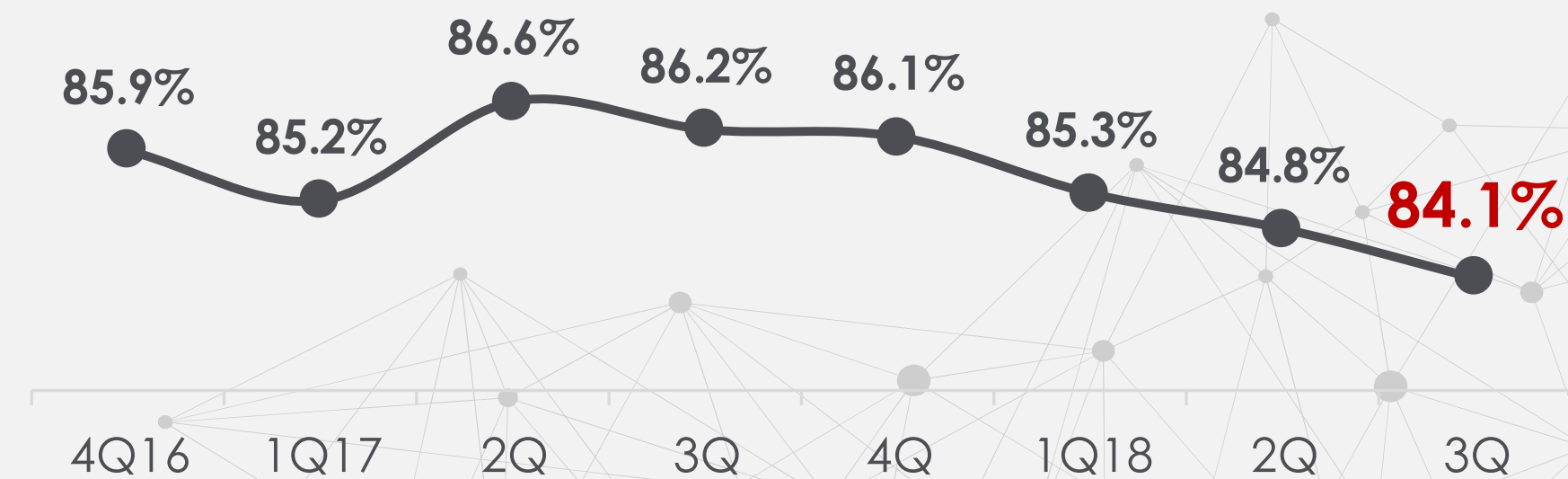
### Net Income



### Claims Ratio

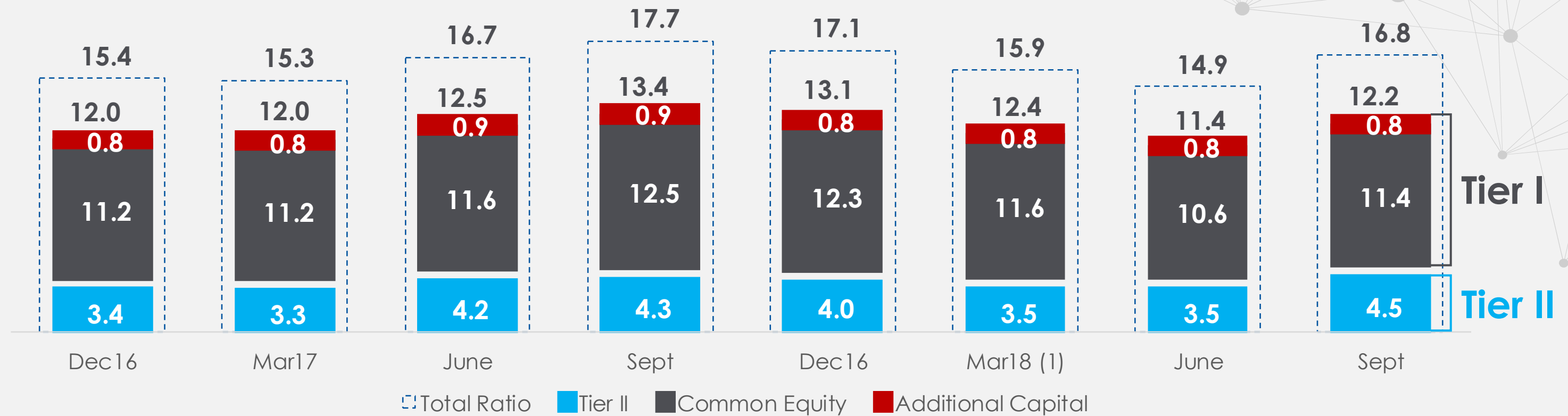


### Combined Ratio



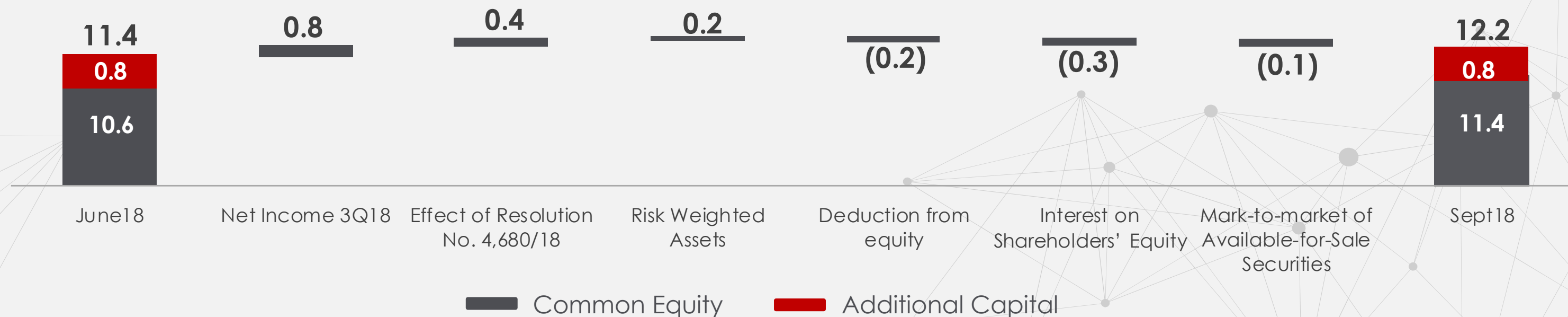
# BIS RATIO

%

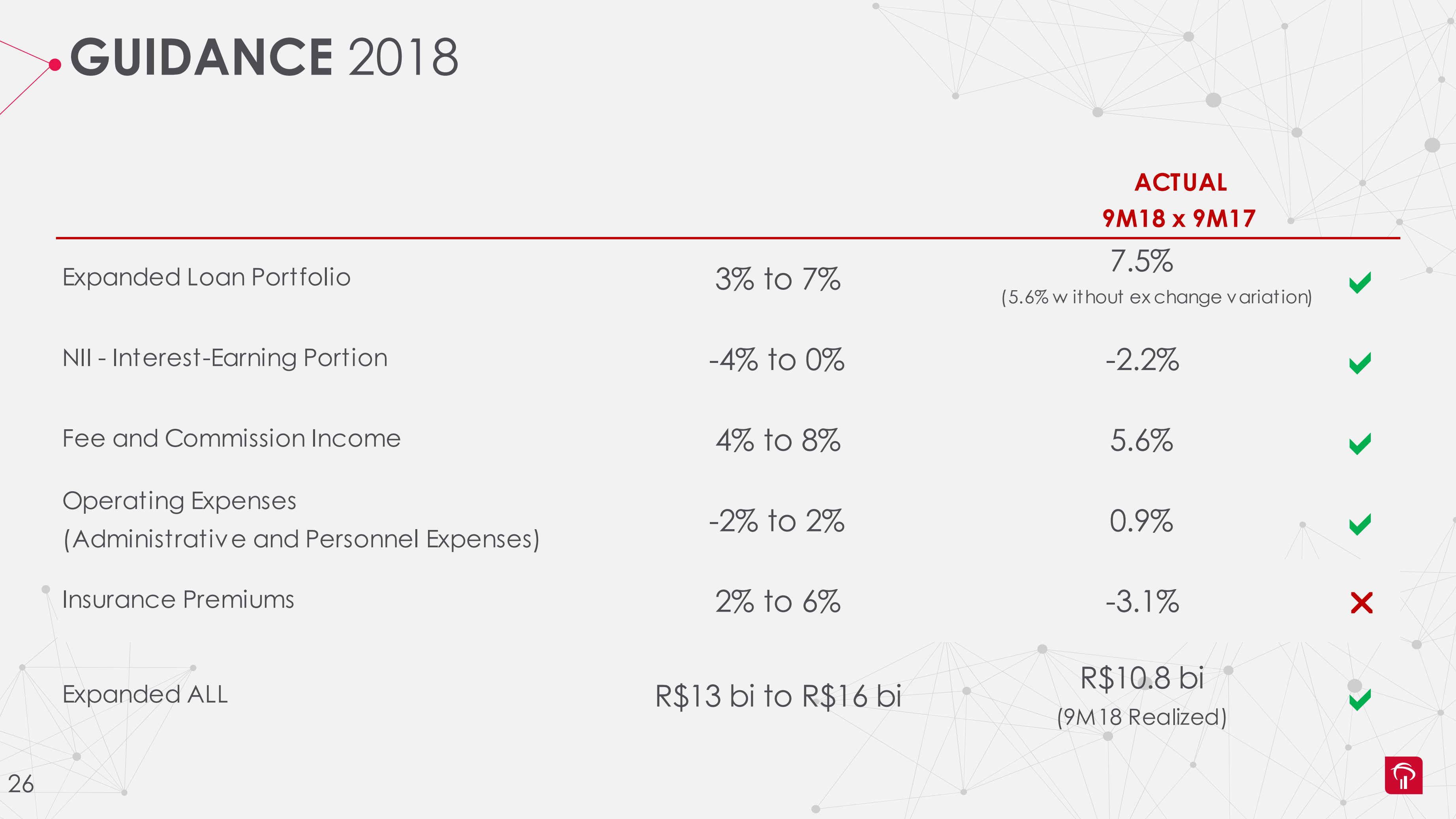


(1) Reduction related to the change in the schedule for applying deductions from equity that is now 100% in 2018 (80% in 2017).

## Changes in the Tier I Ratio in the Quarter







# GUIDANCE 2018

**ACTUAL**  
**9M18 x 9M17**

Expanded Loan Portfolio	3% to 7%	7.5% (5.6% without exchange variation)	✓
NII - Interest-Earning Portion	-4% to 0%	-2.2%	✓
Fee and Commission Income	4% to 8%	5.6%	✓
Operating Expenses (Administrative and Personnel Expenses)	-2% to 2%	0.9%	✓
Insurance Premiums	2% to 6%	-3.1%	✗
Expanded ALL	R\$13 bi to R\$16 bi	R\$10.8 bi (9M18 Realized)	✓



# THANK YOU

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RESULTS  
3<sup>rd</sup> QUARTER  
2018



**Bradesco**



# ADDITIONAL SLIDES

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**RESULTS**  
**3<sup>rd</sup> QUARTER**  
**2018**



**Bradesco**

# RECURRING NET INCOME X BOOK NET INCOME

R\$ MILLION	3Q18	2Q18	3Q17	9M18	9M17
RECURRING NET INCOME	5,471	5,161	4,810	15,734	14,162
NON-RECURRING EVENTS	(462)	(633)	(1,926)	(1,730)	(3,296)
- Goodwill amortization (Gross)	(381)	(613)	(583)	(1,601)	(1,702)
- PDVE (Special Voluntary Severance Program Scheme)	-	-	(1,262)	-	(1,262)
- Other <sup>(1)</sup>	(81)	(20)	(81)	(129)	(332)
BOOK NET INCOME	5,009	4,528	2,884	14,004	10,866

(1) In the nine months of 2018 and the third quarter of 2018, refers: (i) to "Concilia Rio" – program of debt settlement regarding municipal taxes (ISS, IPTU, ITBI, etc.) of the city of Rio de Janeiro, in the amount of R\$ 40 million; and (ii) contingent liabilities. In the nine months of 2017, refers to: (i) regulatory change in Cielo, totaling R\$210 million; (ii) special tax regulation program – PERT, totaling R\$192 million, in the third quarter of 2017; (iii) "opening of capital (IPO) IRB, in the amount of R\$149 million", in the third quarter of 2017; (iv) impairment of non-financial assets, totaling R\$47 million, in the third quarter of 2017; (v) reversion of the tax provision related to social security contributions – Odontoprev, totaling R\$101 million, in the third quarter of 2017; and (vi) contingent liabilities.





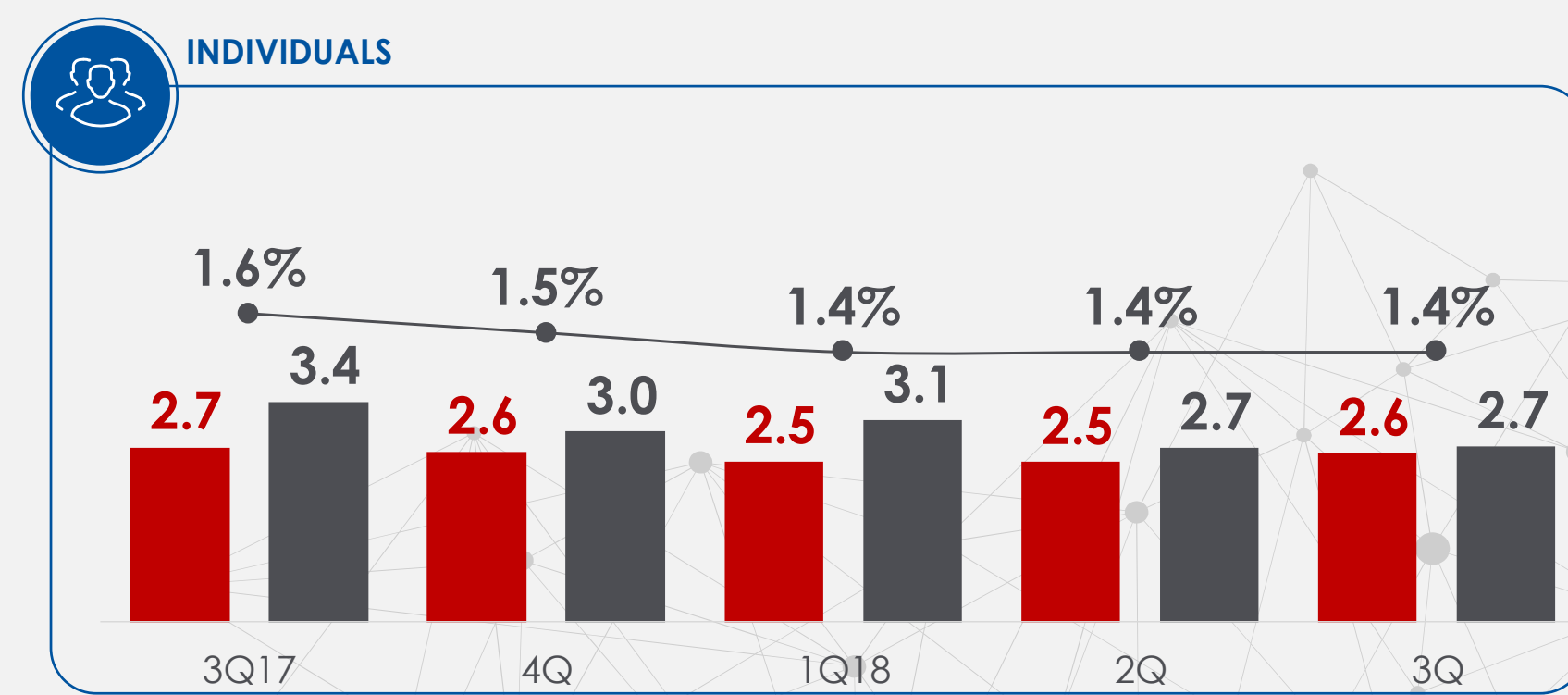
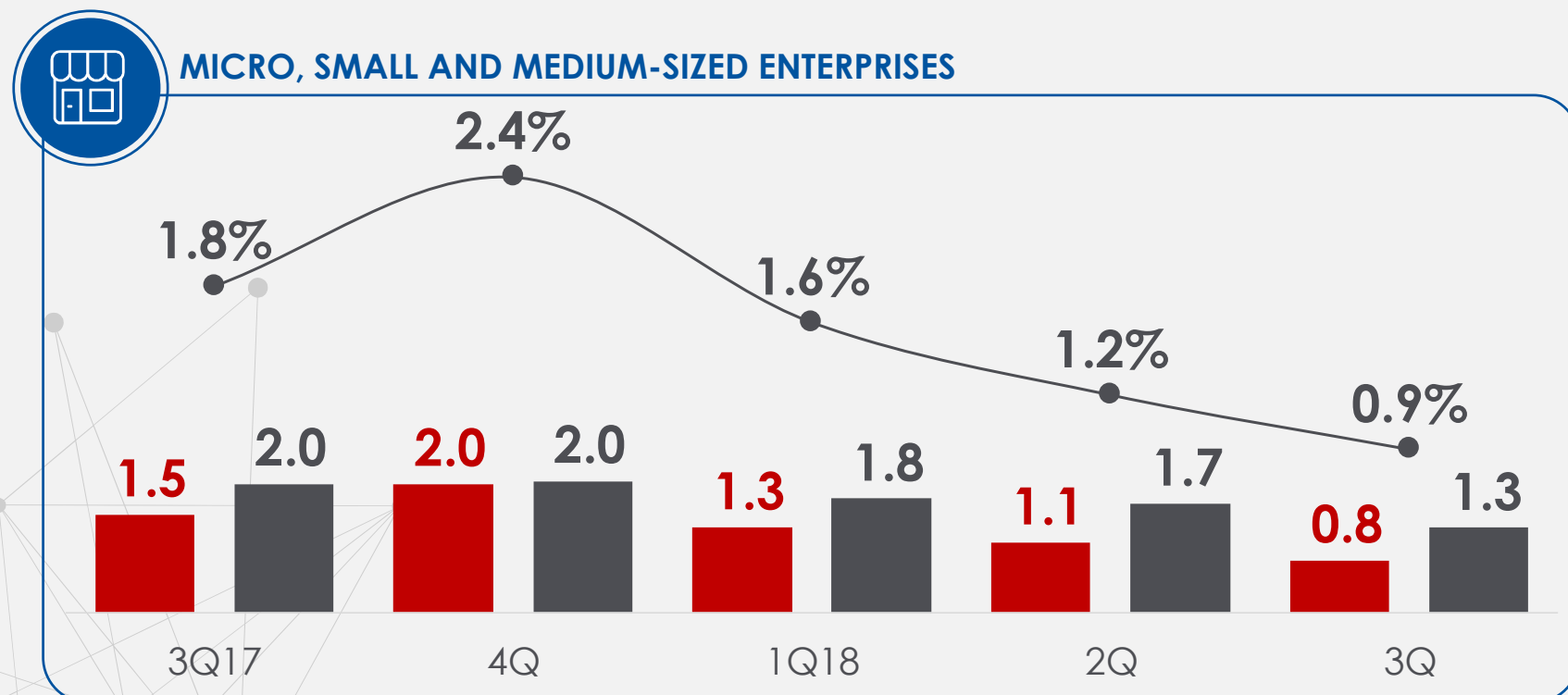
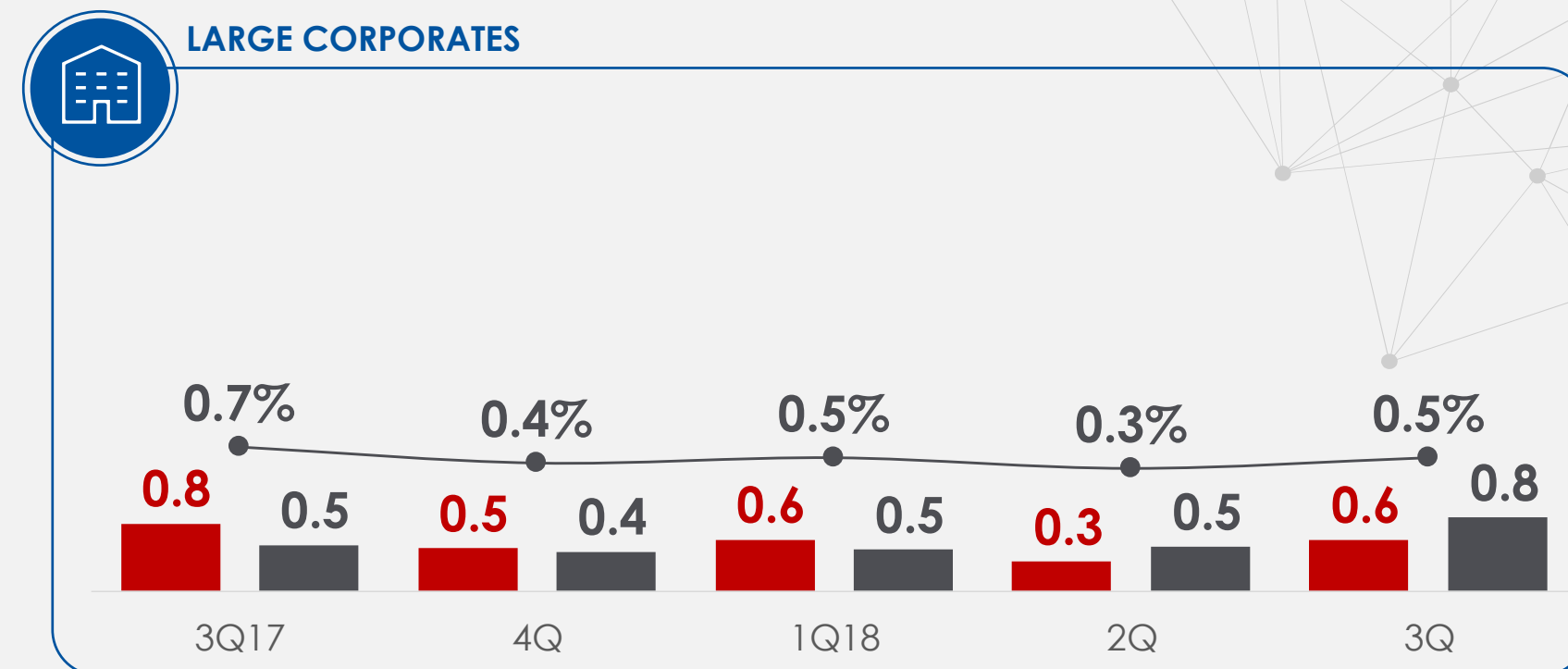
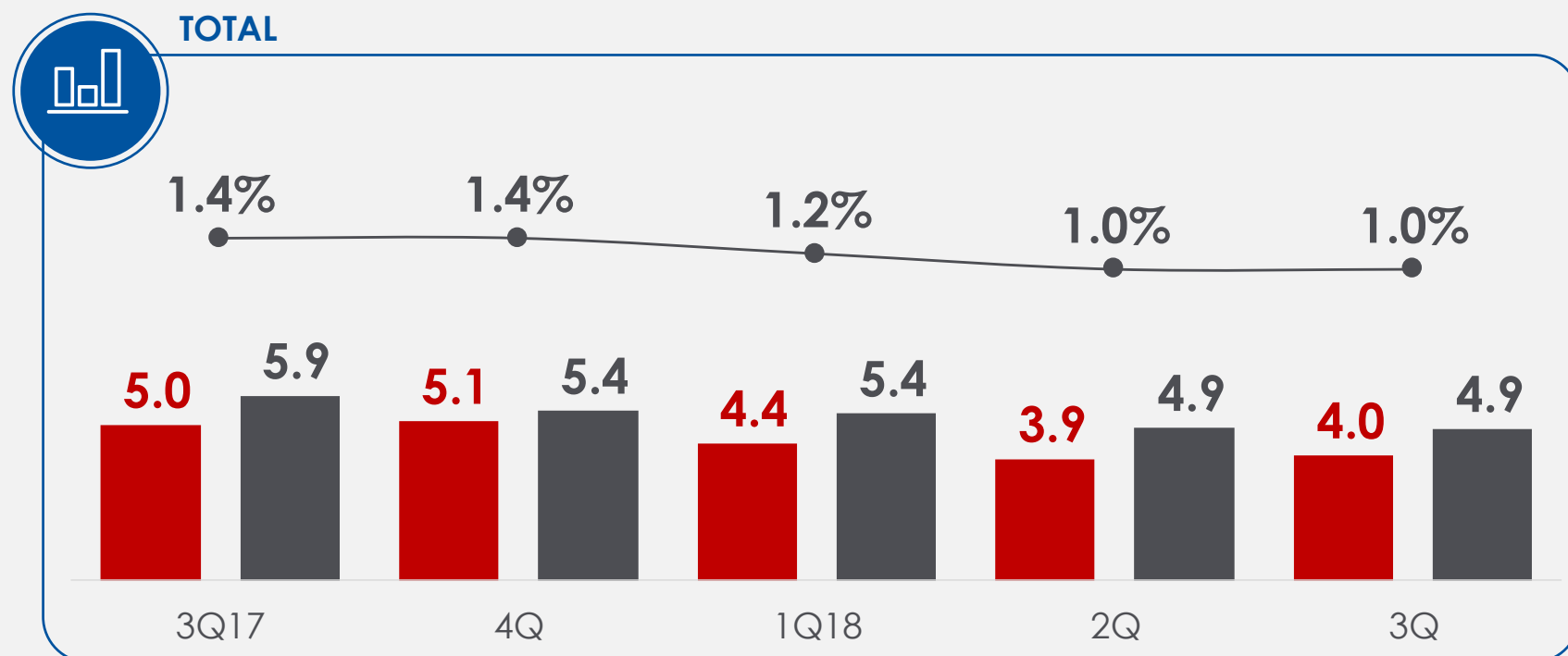
# LOAN PORTFOLIO

## BACEN X EXPANDED

R\$ MILLION	SEPT18	JUNE18	SEPT17	VARIATION%	
				Q-o-Q	Y-o-Y
Individuals	185,249	181,751	171,008	1.9	8.3
Companies	213,755	209,054	197,891	2.2	8.0
<b>TOTAL LOAN PORTFOLIO - BACEN</b>	<b>399,004</b>	<b>390,805</b>	<b>368,899</b>	<b>2.1</b>	<b>8.2</b>
Sureties and Guarantees	71,462	71,765	72,511	(0.4)	(1.4)
Debentures and Promissory Note	47,479	47,776	42,875	(0.6)	10.7
Other <sup>(1)</sup>	5,486	5,289	2,579	3.7	112.7
<b>TOTAL EXPANDED LOAN PORTFOLIO</b>	<b>523,431</b>	<b>515,635</b>	<b>486,864</b>	<b>1.5</b>	<b>7.5</b>
WITHOUT EXCHANGE VARIATION				<b>1.2</b>	<b>5.6</b>

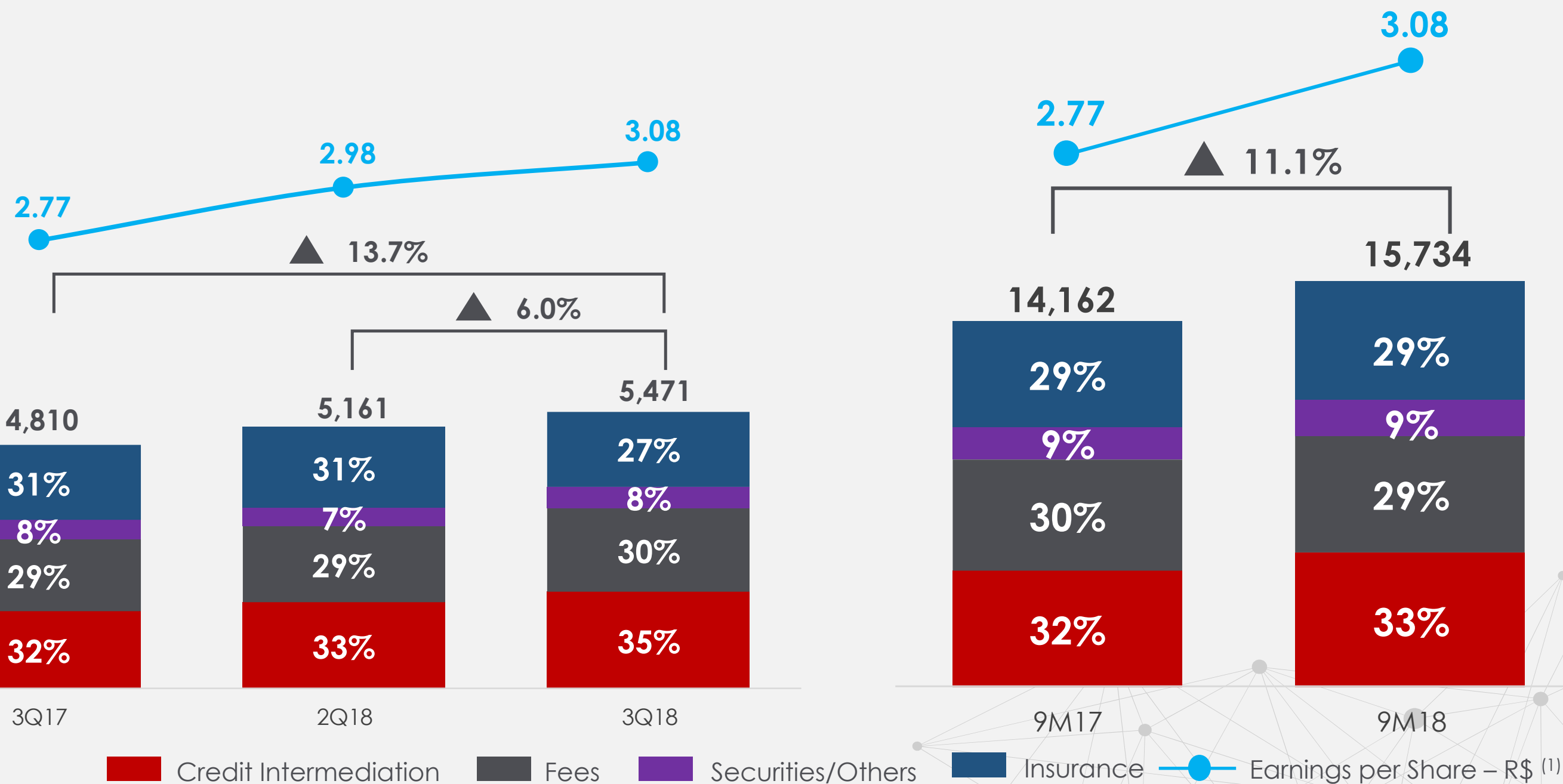
# NPL CREATION 90-DAYS BY PORTFOLIO

R\$ BILLION



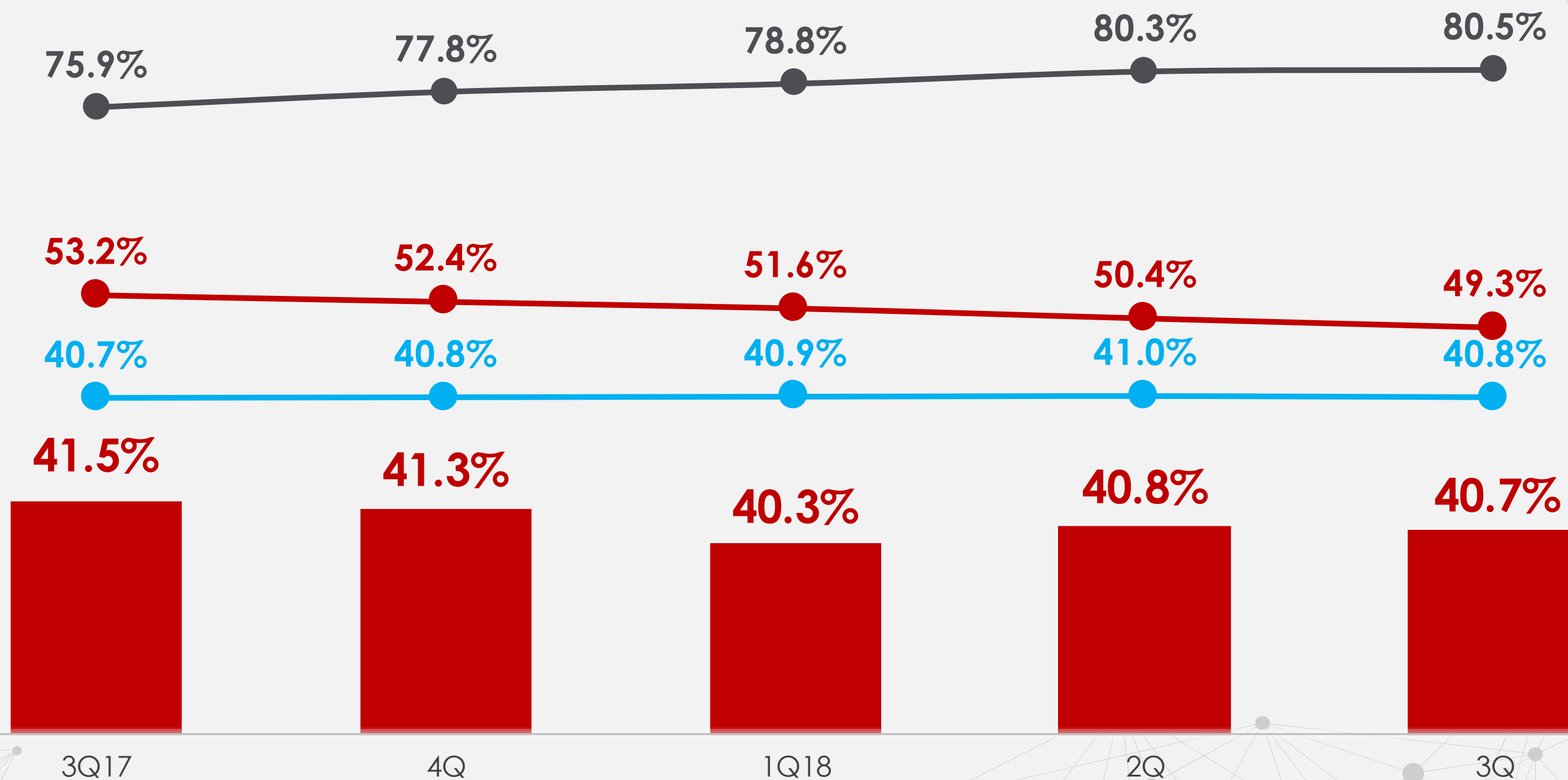


# RECURRING NET INCOME AND EARNINGS PER SHARE



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

# EFFICIENCY AND OPERATING COVERAGE RATIOS



3Q17

4Q

1Q18

2Q

3Q

■ Efficiency Ratio for the quarter

● 12-month risk - adjusted efficiency ratio

● 12-month - Operating coverage ratio (Fee and Commission Income / Administrative and Personnel Expenses)

● 12-month - Efficiency Ratio





# RESULTS

## 3<sup>rd</sup> QUARTER

# 2018



**Bradesco**