

Bradesco adjusts its risk appetite

Valor Econômico

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According to Bradesco's Investor Relations Director, André Carvalho, the bank has adopted a 'slight shift in tone' toward a more conservative risk appetite, reflecting a more challenging macroeconomic environment. Despite its caution, Bradesco still expects growth, but prioritizing safer credit lines.

Bank Executives reiterated their projections for the year, noting that the expansion of the net interest income will be the key driver of growth, alongside greater credit discipline .


Against the backdrop of a broader credit expansion cycle, and an ongoing post-pandemic recovery, Bradesco acknowledged that it has adopted a somewhat more conservative risk appetite. Amid a deterioration in the macroeconomic outlook linked to the conflict involving Iran, the bank has become more selective about the client profiles it serves. CEO Marcelo Noronha said that delinquency rates are not expected to experience major fluctuations throughout the year. He confirmed that he is comfortable with the guidance, and that Bradesco will continue to grow.

According to Bradesco's Investor Relations Director, André Carvalho, the bank has adopted a 'slight shift in tone' toward a more conservative risk appetite, reflecting a more challenging macroeconomic environment. Despite its caution, Bradesco still expects growth, but prioritizing safer credit lines. . "With a war underway and Selic rate still at 14.5%, a more cautious approach is warranted," he noted. "But this caution is not a barrier to growth. We are simply prioritizing lines of business with stronger guarantees and continuing our efforts to strengthen the balance sheet by reducing the restructured portfolio."

Noronha reiterated the bank's commitment to a gradual, "step by step" profit recovery, even with a more moderate appetite. " This represents a risk appetite with a more conservative bias, but it doesn't mean we're hitting the brakes or halting activities," the CEO said. "A more conservative stance essentially means that: 'We may assess certain models and decide that we don't have the risk appetite to pursue a particular strategy or product segment'. But maintain strong momentum."

Carvalho also highlighted the growth in revenue, which was 14% year-on-year, reaching R\$ 36.9 billion despite the "worsening" scenario. "The economy is losing momentum, interest rates remain high, but our revenues continue to show strength and commercial traction. And these revenues improve profitability, while we continue to optimize our efficiency ratios."

In terms of the increase in loan loss provisions (LLP), which reached R\$ 9.667 billion in the first quarter, up 9.5% quarter-over-quarter and 26.5% over the past 12 months, the executive explained that the increase was related to specific wholesale cases and older agribusiness credit vintages. In the wholesale segment, provisions increased by nearly R\$ 500 million in the quarter, and Noronha stated that much of the increase stemmed from a specific case and that it will not be replicated in the coming quarters.



According to Carvalho, the bank's short-term delinquency rate crept up 0.2 percentage points, reflecting a seasonal effect from the transition between the fourth and first quarters. 15 and 90 days delinquency rate rose from 3.45% in December to 3.66% in March. "This bump in the short-term delinquency rate is 100% seasonal, there's nothing here that worries us."

Addressing delinquencies in vehicle financing, he explained that the bank is managing the portfolio based on risk-adjusted returns. "We evaluate the risk associated with the operation. If the risk-adjusted return is solid, we'll move forward with it."

As for the over 90-day delinquency rate, which edged up to 4.2% from 4.1% in December, Carvalho mentioned that there is pressure from small and medium-sized enterprises (SMEs) due to government-backed credit lines such as the FGI and FGO. "The lag between delay and reimbursement affects the 'over 90' indicator, but it doesn't raise concerns because these operations carry a government guarantee."

Noronha pointed out that the government's new Desenrola program, introduced to renegotiate debts, is a positive measure and will apply to targeted products including credit cards, overdrafts, and personal loans. In any case, the impact on the result should not be significant. "While we have clients with a profile that fits the Desenrola program, I don't see significant relevance for our recurring results."

He also noted that the agribusiness sector is facing "some temporary setbacks" and remains the area of greatest concern for the bank, alongside certain credit card segments. "For some groups, this is a more difficult time. There are high interest rates and FX appreciation, which isn't very good for exporters. A somewhat weaker exchange rate would be preferable."

Executives have made it clear that the primary driver of return on equity (ROAE) this year will be net interest income. ROAE reached 15.8% in the first quarter of 2026, compared to 15.2% in the fourth quarter and 14.4% in the first quarter of 2025.

Carvalho explained that the slower sequential growth in NII with clients, which is up 2.0% quarter-on-quarter and 16.3% year-on-year to R\$ 19.948 billion, was due to fewer working days in the first quarter compared to the fourth quarter. Adjusting for business days, he said, growth would have been 5%. "In other words, we have no doubt that the trend points to growth," he said.

Analysts emphasized that Bradesco's profit was slightly above expectations, driven by the expansion of its portfolio and NII, including a strong performance in its insurance sector. Still, they highlighted that the asset quality is potentially problematic. "Bradesco posted another quarter of steady earnings growth [...] Profitability continued on an upward trend, with ROAE remaining above the cost of capital, reflecting a combination of top-line growth, a better credit mix, and tighter operational discipline," noted Genial.

Some analysts have also expressed concern over the bank's capital levels. Core capital fell by 1 percentage point quarter-over-quarter to 10.2%, but it is expected to rise to 12.7% with the effects of the corporate reorganization that created Bradsaúde, and the bank expects it to remain around that level through year-end.