3Q17 Earning Results

Bradesco

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3Q17 Highlights

R$ billion	3Q17	3Q17/2Q17	3Q17/3Q16
Adjusted Net Income	R$ 4.8	2.3%	7.8%
ALL Expenses	R$ 3.8	(23.1)%	(33.4)%
Fee and Commission Income	R$ 7.8	4.3%	5.0%
Operating Expenses	R$ 9.9	-	(3.9)%
Insurance Premiums	R$ 18.6	0.7%	5.1%
Annualized Return on Average Equity	18.1%	(0.1) p.p.	0.5 p.p.
BIS Tier I Ratio	13.4%	0.9 p.p.	1.5 p.p.
90-day delinquency ratio	4.8%	(0.2) p.p.	(0.6) p.p.

- ✓ **Net income** of **R$ 4.8** billion in 3Q17 with **ROE of 18.1%.**
- ✓ New **decrease in delinquency (-17bps),** allowing for **a new reduction in expense on Allowance for Loan Losses.**
- ✓ **Cost control remains a strong point.** Total costs **fell by 3.9% (3Q17 vs. 3Q16).**
- ✓ **Credit evolving gradually.** For Individuals**, annual growth of 0.7%,** and Companies shrinking.
- ✓ **Basel Index** level I **robust.**

For comparison purposes, some slides present consolidated pro forma financial information including HSBC Brasil during the entire period of 2016.

Book Net Income x Adjusted Net Income

R$ million	3Q17	2Q17	9M17	9M16
Book Net Income	**2,884**	**3,911**	**10,866**	**11,492**
Non-recurring events (net of tax effects)	**1,926**	**793**	**3,296**	**1,245**
- Goodwill amortization (Gross)	**583**	565	1,702	235
- Special Voluntary Severance Program Scheme (PDVE)	**1,262**	-	1,262	-
- Excess Provision/Rating Downgrade/Carryover (HSBC Brasil)	**-**	-	-	716
- Technical Provisions	**-**	-	-	592
- Other (1)	**81**	228	332	(298)
Adjusted Net Income	**4,810**	**4,704**	**14,162**	**12,736**

(1) In the first nine months of 2017, this refers to: (i) the regulatory change at Cielo, in the amount of R$210 million, in the second quarter of 2017; (ii) special tax regularization program, or "PERT" (Programa Especial de Regularização Tributária), in the amount of R$192 million, in the third quarter of 2017; (iii) IPO of IRB, in the amount of R$149 million, in the third quarter of 2017; (iv) impairment of non-financial assets, in the amount of R$ 47 million in the third quarter of 2017; (v) reversal of tax provisions related to social security contributions - Odontoprev, in the amount of R$ 101 million in the third quarter of 2017, and (vi) contingent liabilities. In the same first nine months of 2016, this includes: (i) lump-sum bonus to employees, in the amount of R$191 million; (ii) impairment of shares, in the amount of R$57 million; (iii) costs of migration/merger of HSBC Brasil, in the amount of R$67 million (R$18 million recorded in HSBC Brasil); (iv) gain on the partial sale of investments, in the amount of R$90 million; and (v) contingent liabilities.

Special Voluntary Severance Program Scheme (PDVE)

• Main Numbers of the “PDVE”



Adhesions: 7.4 thousand employees



Total Cost: R$ 2.3 billion*



Estimated annual effect: R$ 1.5 billion*

REDUCTION OF PERSONNEL EXPENSES

* Gross of tax effects

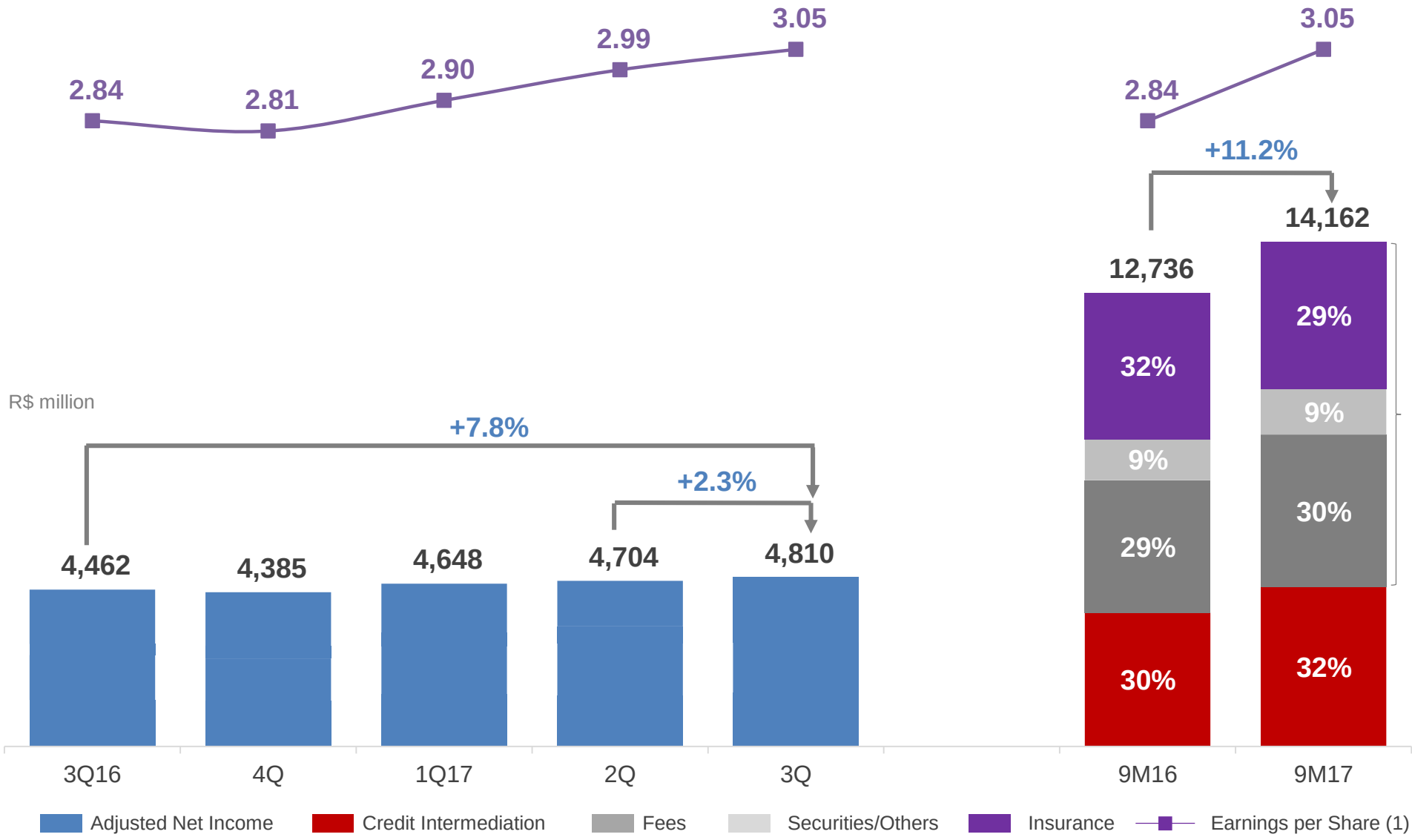
Income Statement, Total Assets, Shareholders' Equity and Returns

R$ million

Adjusted Income Statement	3Q17	2Q17	9M17	9M16	Variation % 3Q17/2Q17	Variation % 3Q17/3Q16	Variation % 9M17/9M16	Pro-Forma Variation % 9M17/9M16
Net Interest Income	**14,604**	**15,484**	**45,704**	**46,785**	**(5.7)**	**(13.7)**	**(2.3)**	**(10.3)**
- NII - Interest - earning Portion	**15,436**	15,778	47,114	46,316	(2.2)	(8.1)	1.7	(6.7)
- NII - Non-Interest - earning Portion	**102**	120	358	469	(15.0)	(22.7)	(23.7)	(23.7)
- Impairment of Financial Assets	**(934)**	(414)	(1,768)	-	125.6	-	-	-
ALL Expenses	**(3,822)**	(4,970)	(13,654)	(16,214)	(23.1)	(33.4)	(15.8)	(26.7)
Gross Income from Financial Intermediation	**10,782**	**10,514**	**32,050**	**30,571**	**2.5**	**(3.6)**	**4.8**	**(0.8)**
Income from Insurance, Pension Plans and Capitalization Bonds (1)	**1,511**	1,781	4,919	3,989	(15.2)	18.0	23.3	12.7
Fee and Commission Income	**7,822**	7,496	22,748	20,479	4.3	5.0	11.1	3.3
Operating Expenses	**(9,863)**	(9,865)	(29,404)	(26,289)	-	(3.9)	11.8	(3.1)
Tax Expenses	**(1,696)**	(1,718)	(5,186)	(4,345)	(1.3)	5.9	19.4	8.4
Other Operating Income / (Expenses)	**(1,804)**	(1,730)	(5,308)	(5,211)	4.3	13.5	1.9	(4.6)
Operating Income	**6,752**	**6,478**	**19,819**	**19,194**	**4.2**	**4.5**	**3.3**	
Income Tax / Social Contribution	**(1,771)**	(1,699)	(5,310)	(6,181)	4.2	(9.1)	(14.1)	
Non-Operating Income / Equity in the earnings (losses) of unconsolidated and jointly controlled	**(171)**	(75)	(347)	(277)	128.0	235.3	25.3	
Adjusted Net Income	**4,810**	**4,704**	**14,162**	**12,736**	**2.3**	**7.8**	**11.2**	
Shareholders' Equity	**110,301**	**106,807**	**110,301**	**98,550**	3.3	11.9		
Assets	**1,311,672**	**1,291,184**	**1,311,672**	**1,270,139**	1.6	3.3		
ROAE (2)	**18.1%**	**18.2%**	**18.1%**	**17.6%**	(0.1) p.p.	0.5 p.p.		
ROAA	**1.5%**	**1.4%**	**1.5%**	**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; and (2) Excludes mark-to-market effects of available-for-sale securities recorded under Shareholders' Equity.

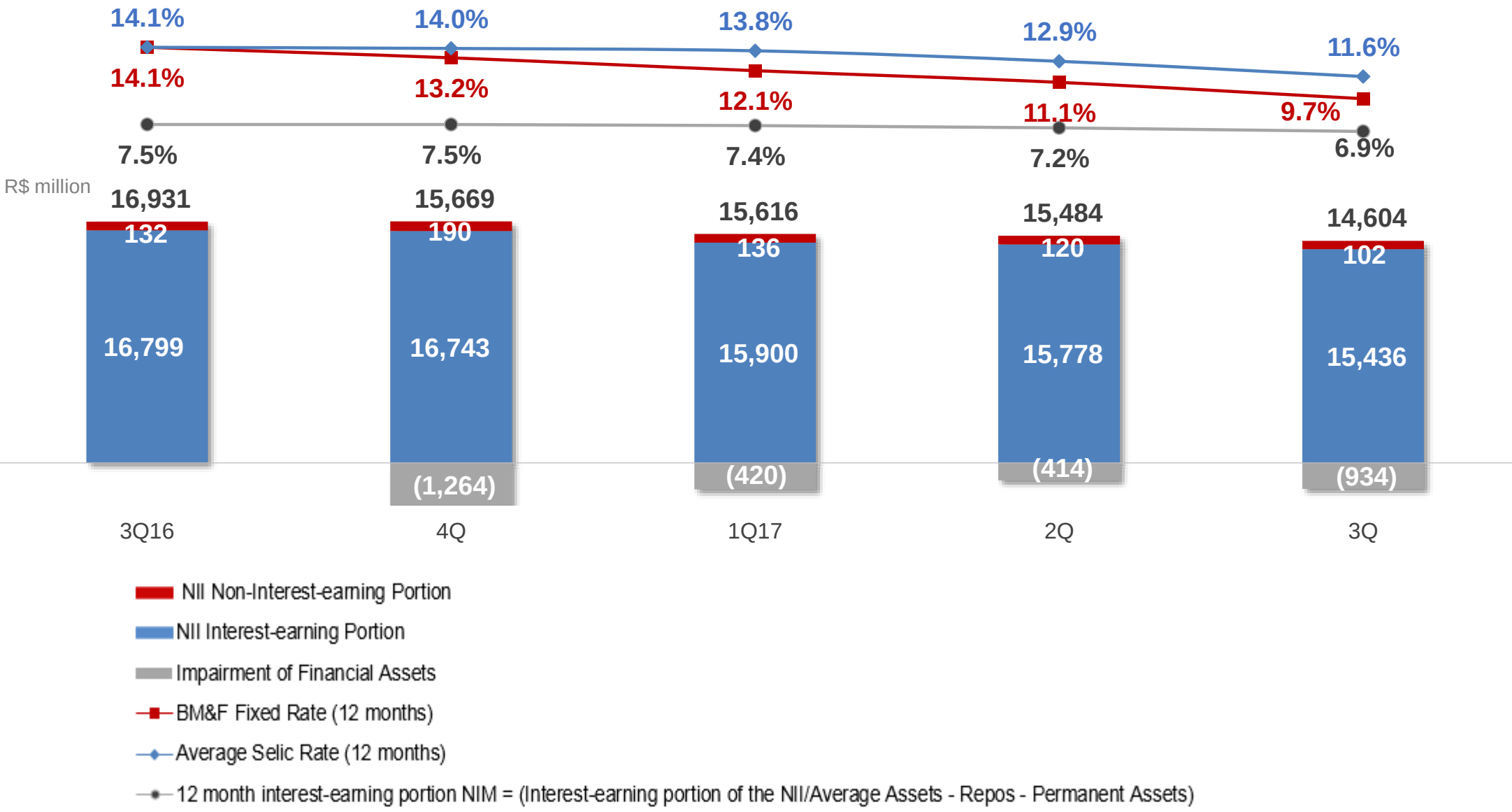
Adjusted Net Income and Earnings per Share



Other activities account for **68%**

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

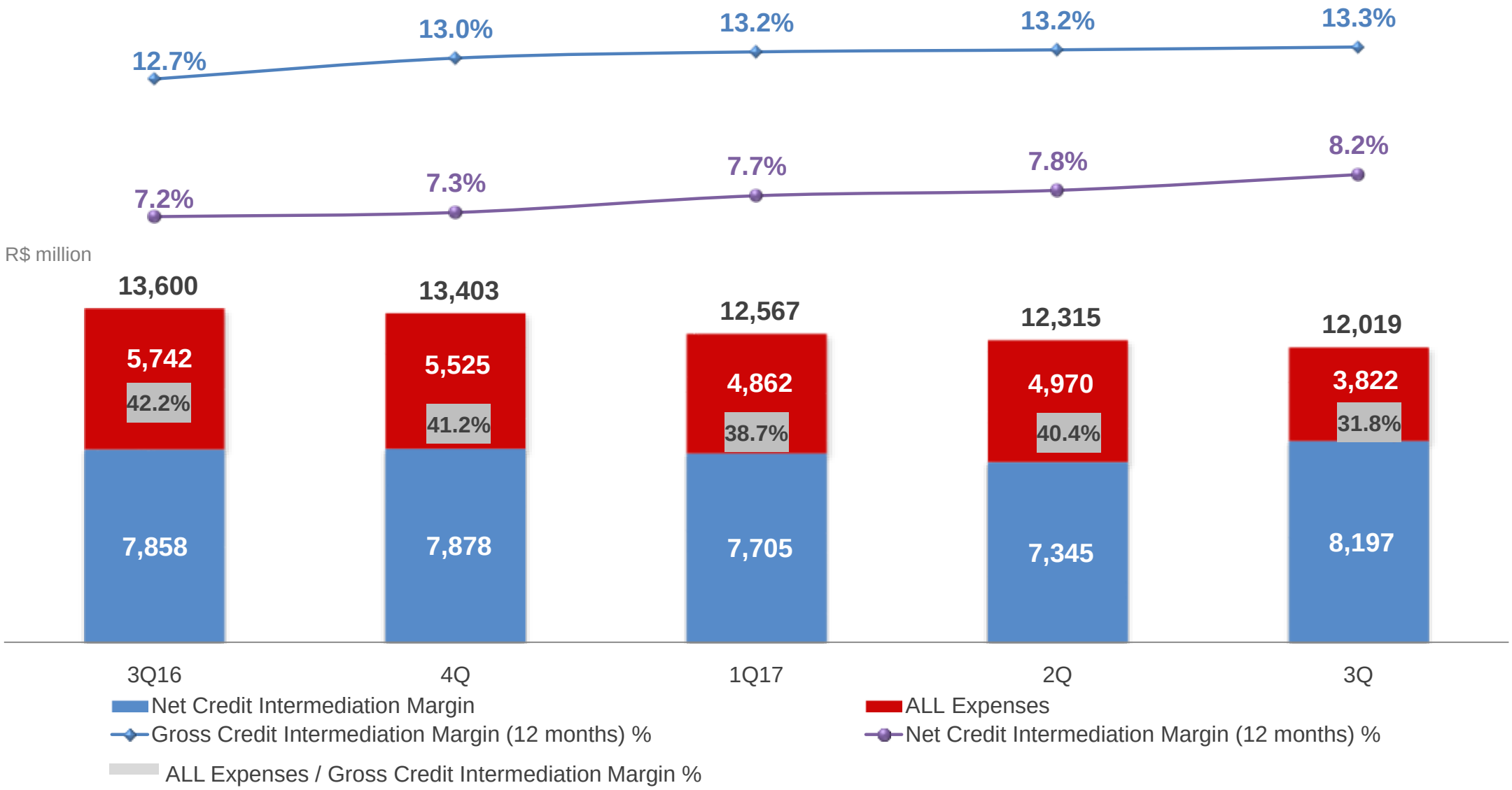
NII - Interest Earning Portion and Non-Interest Earning Portion



NII - Interest Earning Portion

R$ million	3Q17	2Q17	9M17	9M16	Variation % 3Q17/2Q17	Variation % 3Q17/3Q16	Variation % 9M17/9M16	Pro-Forma Variation % 9M17/9M16
- Credit Intermediation	**12,019**	12,315	36,901	36,494	(2.4)	(11.6)	1.1	(9.2)
- Insurance	**1,504**	1,193	4,178	4,424	26.1	(2.0)	(5.6)	(5.6)
- Securities / Others	**1,913**	2,270	6,035	5,398	(15.7)	14.9	11.8	11.8
NII - Interest-Earning Portion	**15,436**	**15,778**	**47,114**	**46,316**	**(2.2)**	**(8.1)**	**1.7**	**(6.7)**

Credit Intermediation Margin

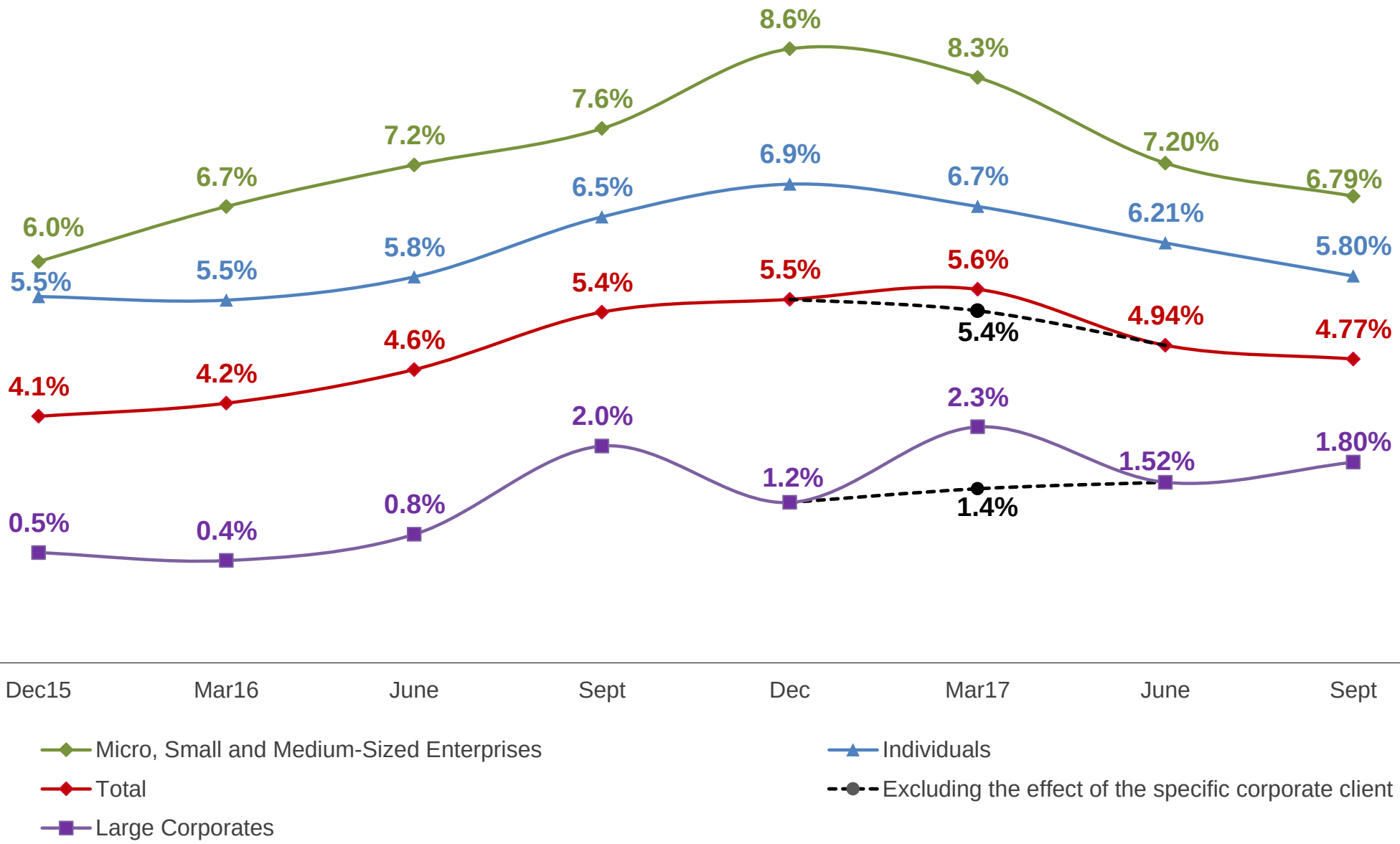


Net Credit Margin +11.6% compared to 2Q17 and +14.6% compared to 9M16

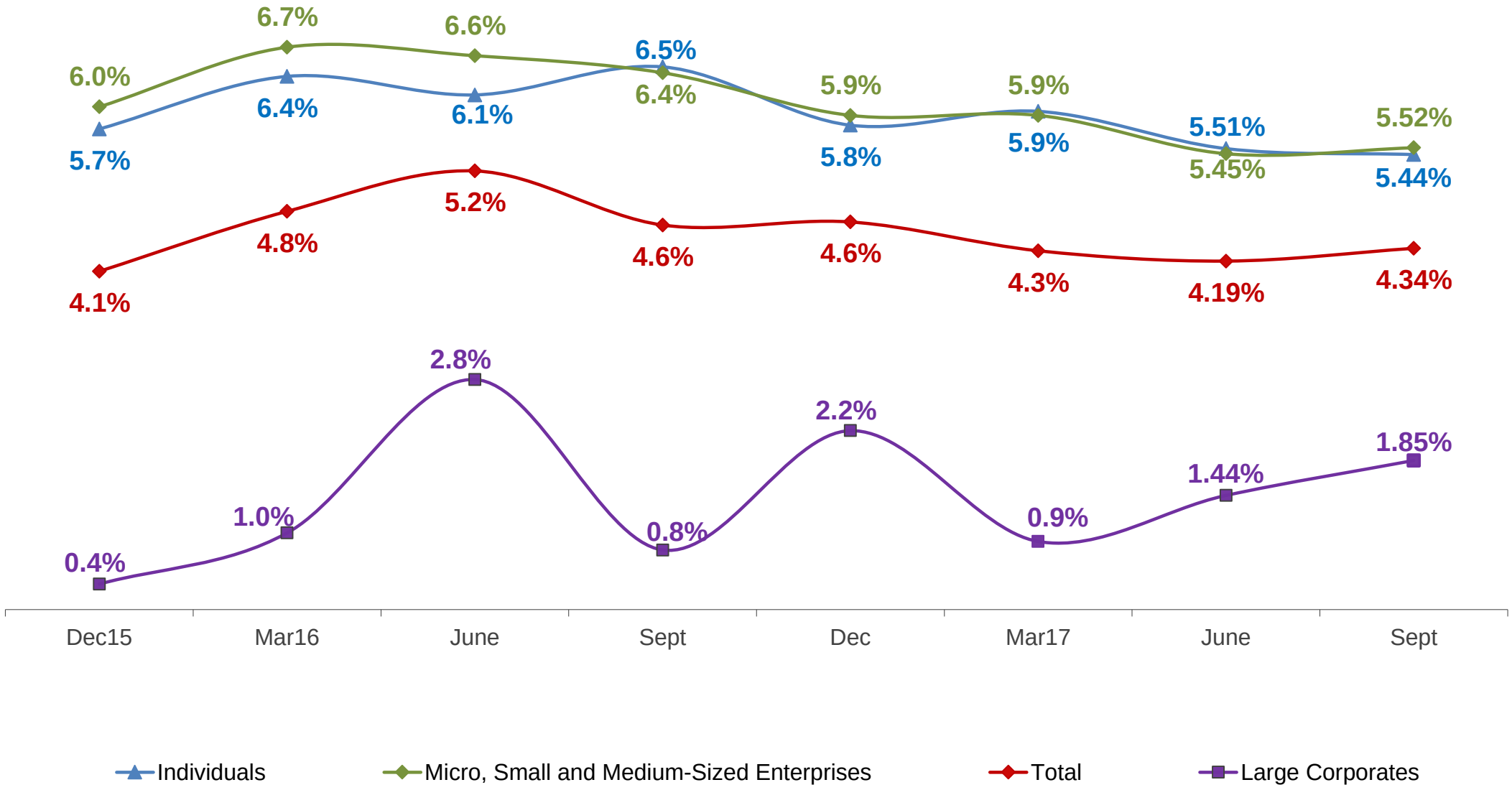
Expanded Loan Portfolio

R$ million	Sept17	Jun17	Sept16	Variation % Q-o-Q	Variation % Y-o-Y	% in relation to total Setp17
Companies	**314,657**	**321,521**	**350,704**	**(2.1)**	**(10.3)**	**64.6**
Large Corporates	**223,801**	229,021	240,119	(2.3)	(6.8)	46.0
Micro, Small and Medium-Sized Enterprises	**90,856**	92,500	110,584	(1.8)	(17.8)	18.6
Individuals	**172,207**	**172,045**	**171,067**	**0.1**	**0.7**	**35.4**
Payroll-deductible Loan	**42,551**	41,191	38,133	3.3	11.6	8.7
Real Estate Financing	**33,305**	32,926	31,719	1.2	5.0	6.9
Credit Cards	**32,867**	33,525	33,469	(2.0)	(1.8)	6.8
CDC / Leasing - Vehicles	**19,851**	19,470	20,513	2.0	(3.2)	4.1
Personal Loans	**17,122**	17,220	18,623	(0.6)	(8.1)	3.5
Others	**26,511**	27,713	28,610	(4.3)	(7.3)	5.4
Expanded Loan Portfolio - Total	**486,864**	**493,566**	**521,771**	**(1.4)**	**(6.7)**	**100.0**

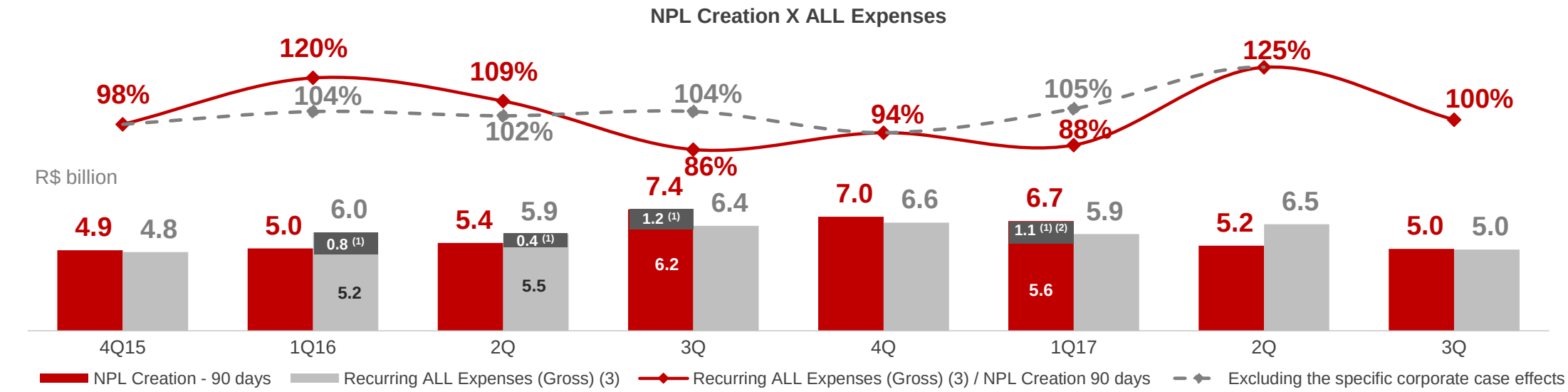
Delinquency Over 90 Days

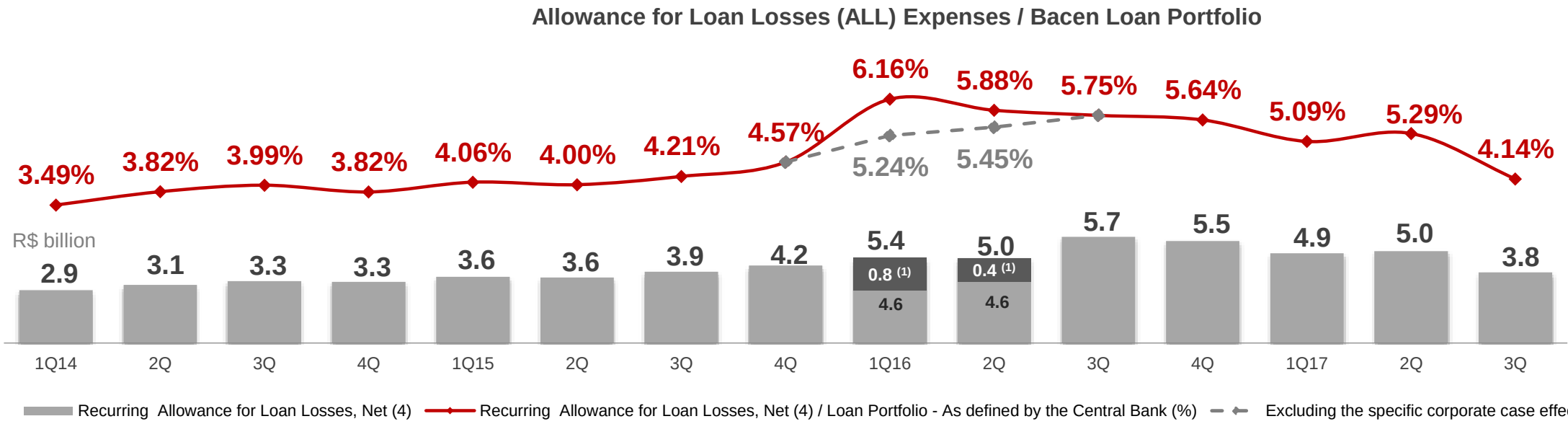


15-90 day Delinquency Ratio



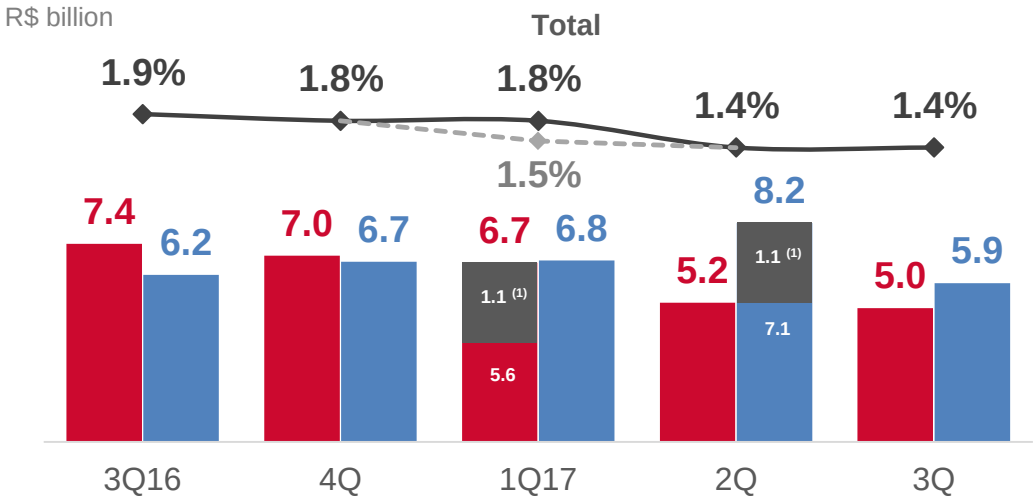
NPL Creation and Allowance for Loan Losses (ALL) Expenses

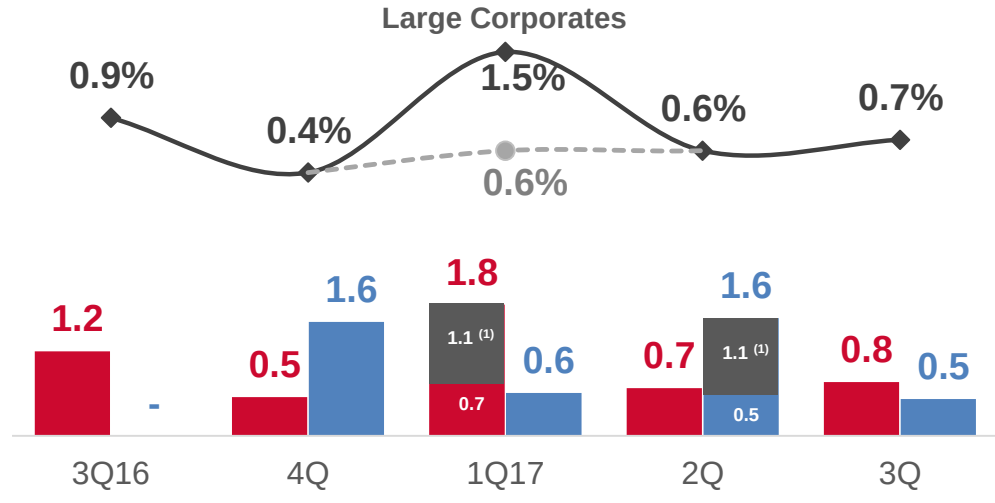


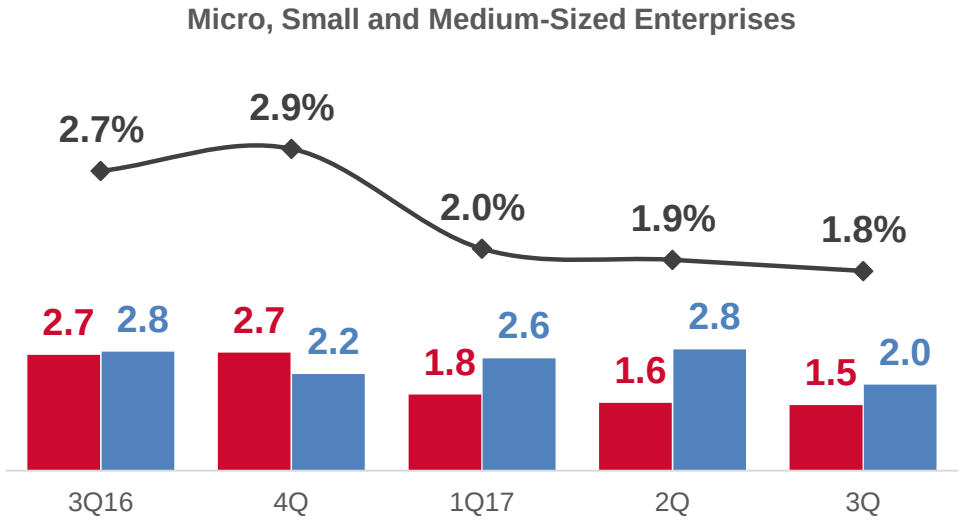


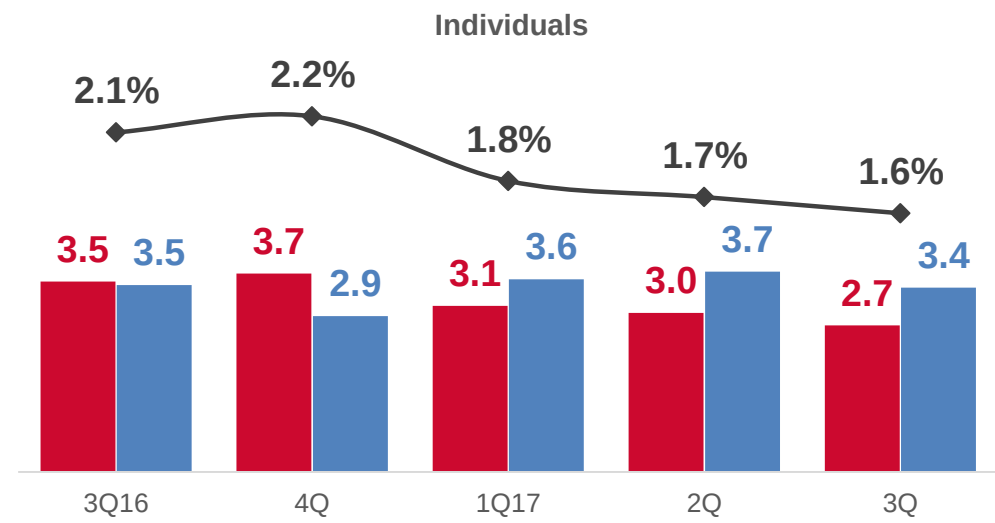
(1) Effect of the levelling of provisions for a specific corporate client; (2) Fully provisioned client; (3) Excluding non-recurring effects; and (4) Managerial criteria comprising income from loan operations, expenses with discounts granted and proceeds from sale of foreclosed assets.

90-day NPL Creation by Segment





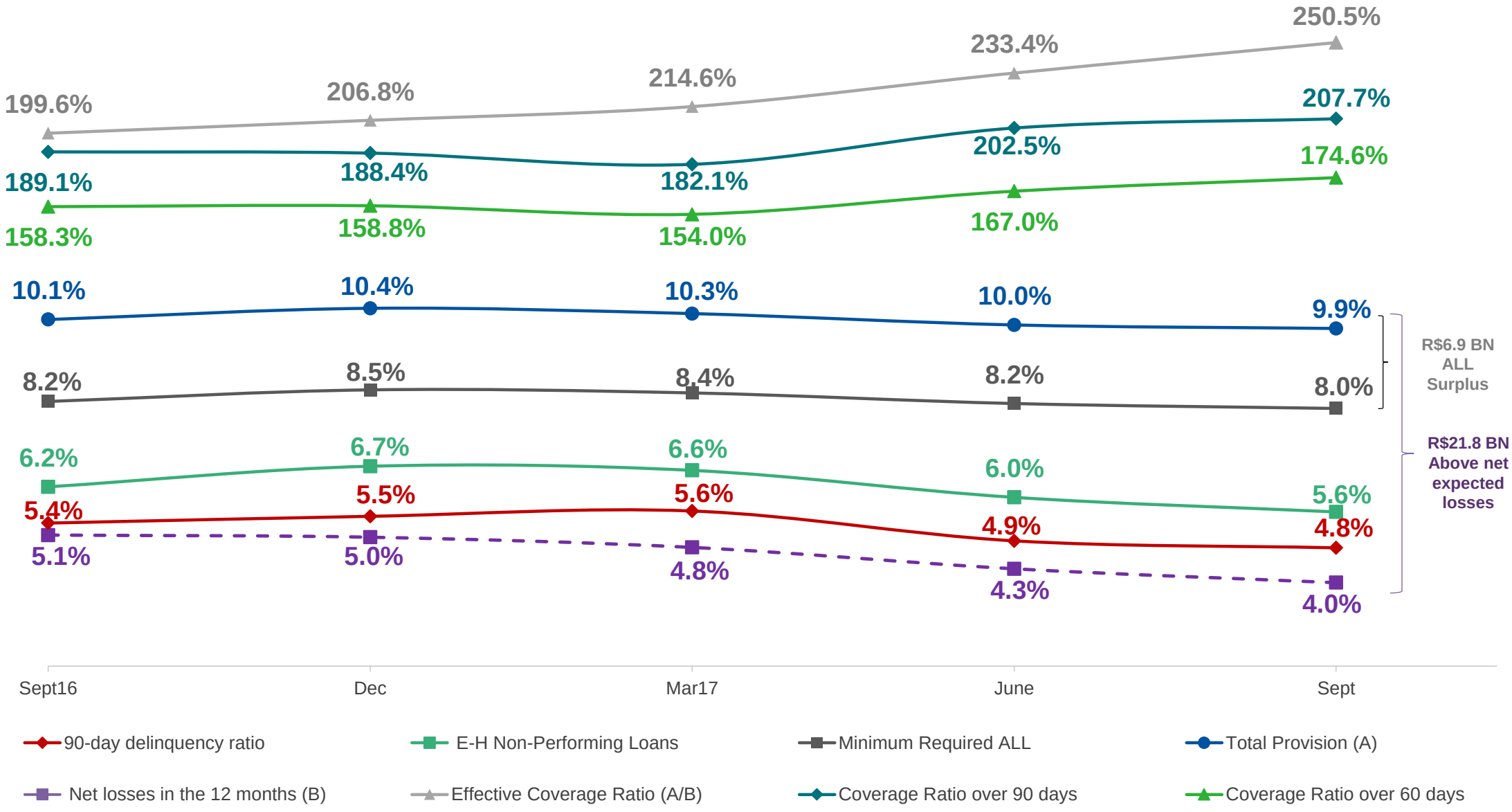




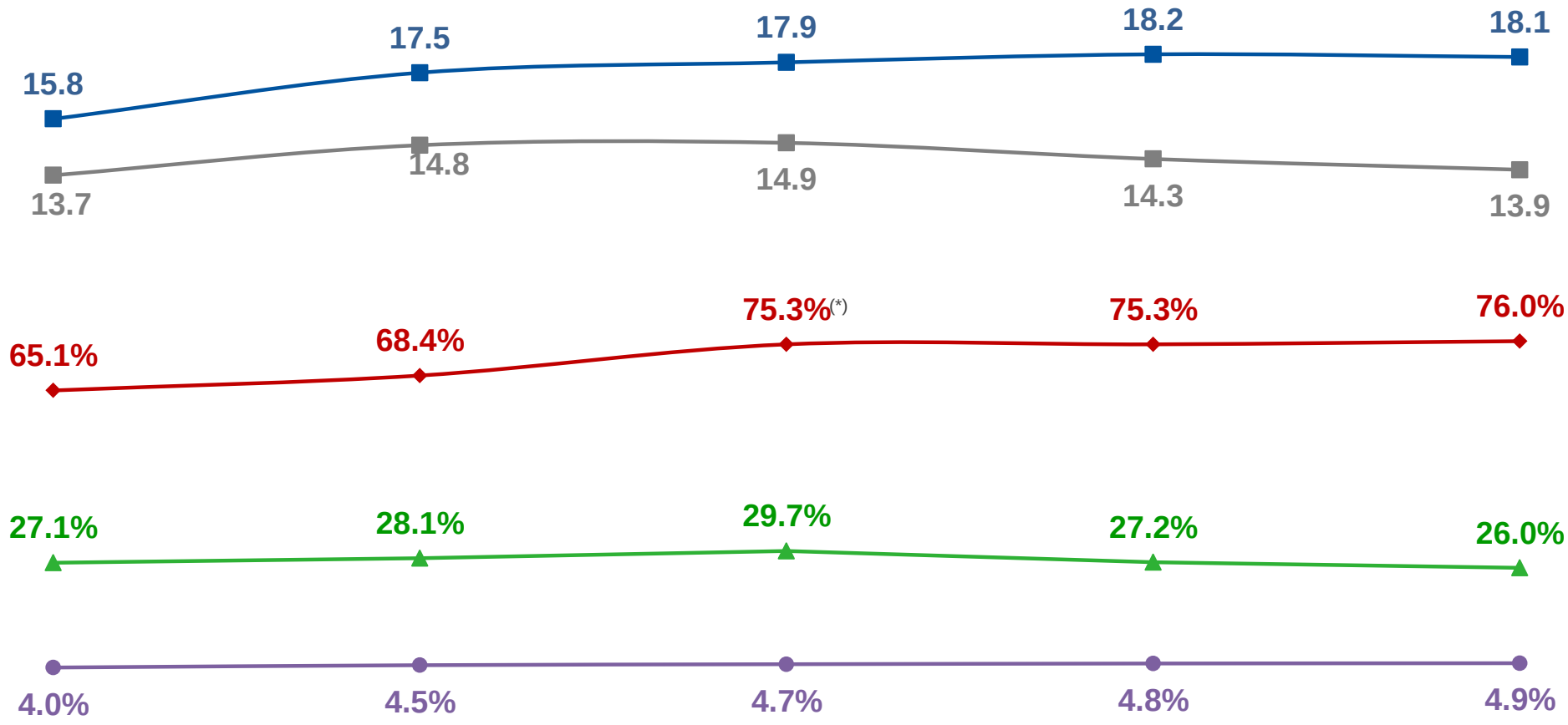
NPL Creation | Write-off | NPL Creation / Loan Portfolio - As defined by the Central Bank | Excluding the specific corporate case effects

(1) Effect of a specific corporate client.

Effective Coverage Ratio and Coverage Ratio Over 90 and 60 Days



Renegotiated Portfolio



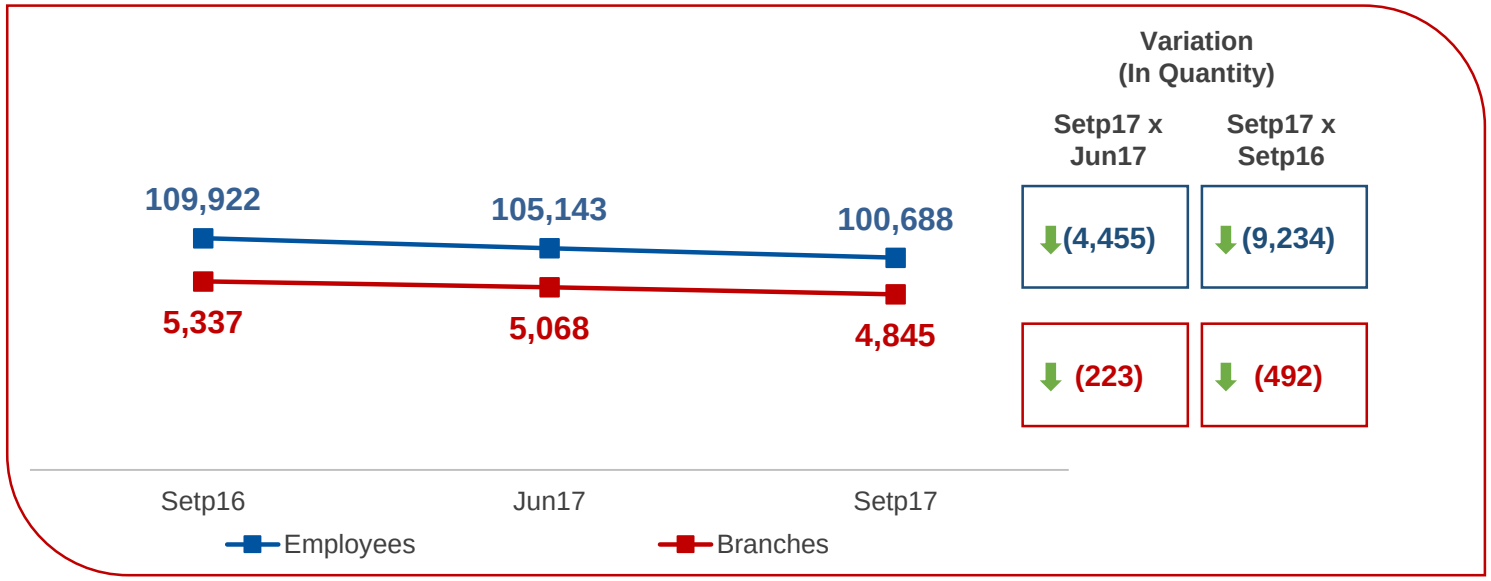
(*) The increase in the ALL on the renegotiated portfolio is due to the change in our internal criteria for allocating excess provision, without any impact on results.

Fee and Commission Income

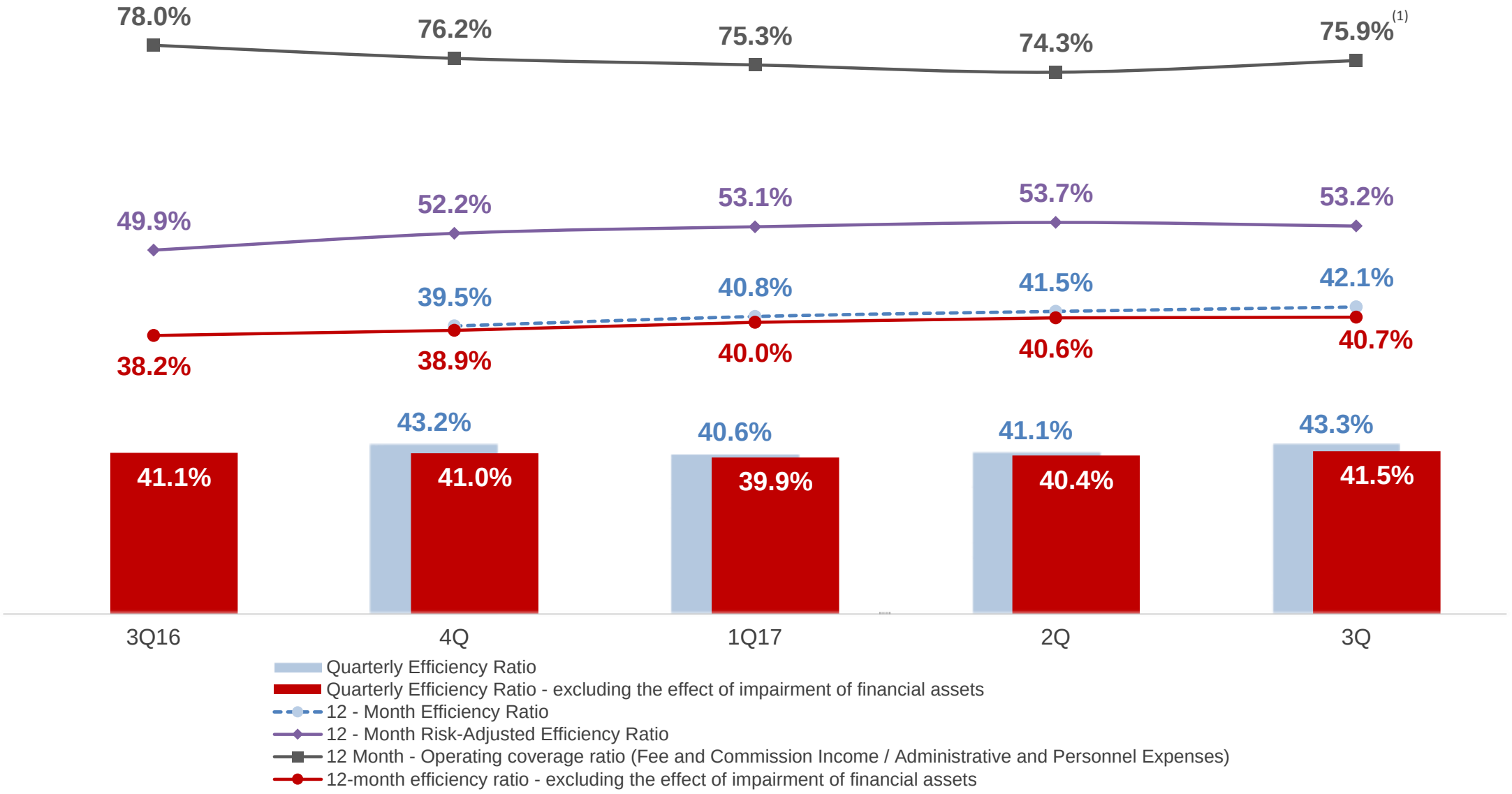
R$ million	3Q17	2Q17	9M17	9M16	Variation % 3Q17/2Q17	Variation % 3Q17/3Q16	Variation % 9M17/9M16	Pro-Forma Variation % 9M17/9M16
Cards	**2,789**	2,650	8,076	7,576	5.2	3.4	6.6	3.0
Checking Accounts	**1,679**	1,651	4,931	4,389	1.7	4.0	12.3	4.5
Asset Management	**977**	898	2,787	2,239	8.8	13.1	24.5	18.1
Loan Operations	**718**	774	2,223	2,133	(7.2)	(6.4)	4.2	(4.2)
Collections	**501**	475	1,454	1,300	5.5	2.5	11.8	0.9
Consortium Management	**390**	378	1,137	915	3.2	12.4	24.3	15.2
Custody and Brokerage Services	**228**	213	652	522	7.0	13.4	24.9	8.8
Underwriting / Financial Advisory Services	**222**	154	556	513	44.2	51.0	8.4	2.2
Payments	**100**	101	309	280	(1.0)	7.5	10.4	3.7
Others	**218**	202	623	611	7.9	(5.6)	2.0	(31.5)
Total	**7,822**	**7,496**	**22,748**	**20,479**	**4.3**	**5.0**	**11.1**	**3.3**

Operating Expenses

R$ million	3Q17	2Q17	9M17	9M16	Variation % 3Q17/2Q17	Variation % 3Q17/3Q16	Variation % 9M17/9M16	Pro-Forma Variation % 9M17/9M16
Personnel	**4,833**	**4,967**	**14,622**	**12,566**	**(2.7)**	**(2.0)**	**16.4**	**1.4**
- Structural	**4,022**	4,070	12,038	10,121	(1.2)	(1.4)	18.9	0.6
- Non-Structural	**811**	897	2,584	2,445	(9.6)	(4.7)	5.7	5.3
Administrative	**5,030**	**4,898**	**14,782**	**13,723**	**2.7**	**(5.8)**	**7.7**	**(7.2)**
Total	**9,863**	**9,865**	**29,404**	**26,289**	**-**	**(3.9)**	**11.8**	**(3.1)**



Efficiency and Operating Coverage Ratios



(1) Quarterly index 79.3%.

Income from Insurance, Pension Plans and Capitalization Bonds

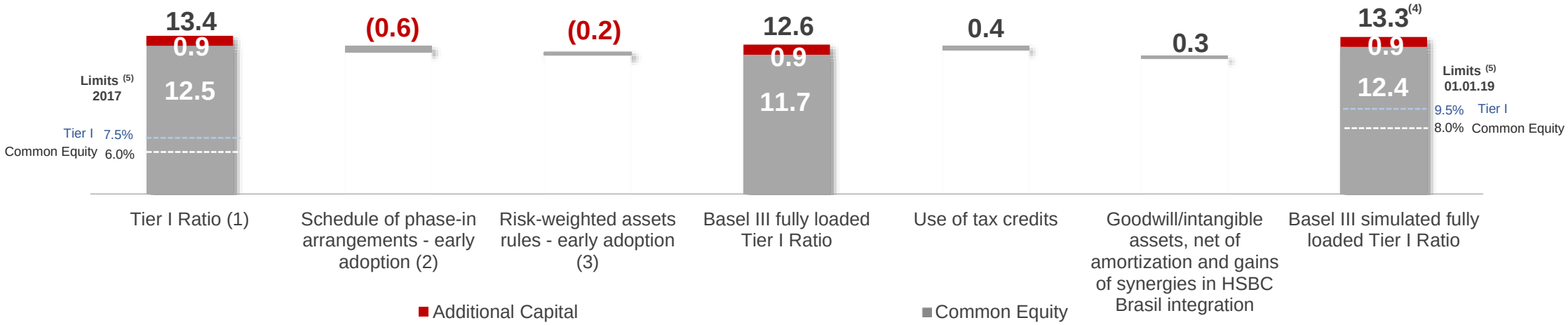
R$ million	3Q17	2Q17	9M17	9M16	Variation % 3Q17/2Q17	Variation % 3Q17/3Q16	Variation % 9M17/9M16	Pro-Forma Variation % 9M17/9M16
Life and Pension Plans	9,540	9,440	28,253	24,829	1.1	7.2	13.8	8.4
Health	5,957	5,869	17,619	16,384	1.5	4.7	7.5	7.5
Auto/P&C	1,558	1,640	4,634	4,612	(5.0)	(0.4)	0.5	0.5
Capitalization Bonds	1,582	1,563	4,591	4,347	1.2	0.2	5.6	-
Overall Income	**18,637**	**18,512**	**55,097**	**50,172**	**0.7**	**5.1**	**9.8**	**6.7**
Financial Assets	**266,232**	**256,028**	**266,232**	**230,787**	**4.0**	**15.4**	**15.4**	
Technical Provisions	**239,287**	**233,640**	**239,287**	**213,608**	**2.4**	**12.0**	**12.0**	
Shareholders' Equity	**31,901**	**29,380**	**31,901**	**26,310**	**8.6**	**21.3**	**21.3**	
Net Income	**1,483**	**1,270**	**4,127**	**4,046**	**16.8**	**(1.3)**	**2.0**	
ROAE	**20.9%**	**18.5%**	**19.4%**	**23.0%**	**2.4 p.p.**	**(4.7) p.p.**	**(3.6) p.p.**	

BIS Ratio

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 (if there were market conditions), the Tier I capital ratio would reach 13.9%; 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.

Guidance 2017

	"Pro-forma" (1)	Disclosed
Expanded Loan Portfolio	-5 to -1%	-5 to -1%
NII - Interest-Earning Portion	-5 to -1%	2 to 6%
Fee and Commission Income	2 to 6%	8 to 12%
Operating Expenses (Administrative and Personnel Expenses)	-4 to 0%	7 to 11%
Insurance Premiums	4 to 8%	6 to 10%
ALL Expenses (Includes income from credit recovery)	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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